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1 **Causation, Entrepreneurial Orientation, Social Orientation, and Their Implications on Social**
2 **Enterprise Performance**

3

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The Influence of causation, entrepreneurial and social orientations on social enterprise performance in the nascent ecology of social enterprise

Introduction

Social entrepreneurship has been increasingly recognised as a promising approach to address societal issues by leveraging market-based mechanisms (Kay et al., 2016; Saebi et al., 2019). Social enterprises (SEs), in particular, aim to operate in a financially sustainable manner while pursuing a social mission and using a business model (Tykkyläinen & Ritala, 2021). The hybrid nature of SEs, where they balance and integrate both financial and social objectives, has attracted much attention from scholars and practitioners alike. However, hybridity poses a conundrum for social entrepreneurs to balance the tension between profit and social impact. While hybridity allows social entrepreneurs to accomplish multiple goals in a single venture, it also presents challenges in optimizing the results of both dimensions. The competing operating logics within a SE often leads to tensions and conflicts (Eiselein & Dentchev, 2020). SEs might face suboptimal results as they compromise one dimension for another (e.g., sacrificing social impact for profits or vice versa), especially when they have limited resources (Ebrahim et al., 2014; Kay et al., 2016). This highlights the need for a tailored performance management framework that can help SEs to achieve both financial sustainability and social impact.

There is currently no widely accepted performance framework for hybrid entities like SEs, as noted by previous research (Lee et al., 2014; Saebi et al., 2019). Despite the proliferation of social entrepreneurship research over the past two decades, the puzzle of SE performance remains largely unresolved due to its descriptive and conceptual nature of most research in SE (e.g., Sengupta & Sahay, 2017; pls add two more qualitative/conceptual paper on SE here). Furthermore, larger datasets from various context, particularly from the nascent ecology of social enterprise (NESE) (Haugh et al., 2022), are even scarcer (Lee et al., 2014; Staessens et al., 2019). While several performance management frameworks have been explored in the SE literature (e.g., Barraket et al., 2016; Liu et al., 2014; Lortie

47 et al., 2017), they may not be well-suited for the unique challenges faced by SEs (Haugh et al., 2022;
48 Hazenberg et al., 2016) operating in the NESE.

49 This study has the objective of developing a performance management framework that is
50 specifically designed to meet the needs of SEs operating in the NESE region. SEs are crucial for
51 marginalized communities in the NESE region as they provide a means for these communities to
52 generate economic opportunities and tackle social issues (Farmer et al., 2016; Roy et al., 2014). There
53 is limited research on SEs that draws upon experience in the NESE region particularly Singapore and
54 Malaysia despite that SE is a fast growing sector and plays a strategic role in supporting communities.

55 To address the SE performance framework gap as mentioned, this study draws upon the
56 classical entrepreneurship and strategy literature, specifically the constructs of *causation* (e.g.,
57 Barraket et al., 2016; Sanchis-Palacio et al., 2013), *entrepreneurial orientation* (e.g., Cho & Kim, 2017;
58 Liu et al., 2014) and *social orientation* (e.g., Battilana et al., 2015; Lortie et al., 2017). The aim of this
59 study is to assess the relationship between *financial performance* and *social achievement* of SEs in the
60 NESE region of Singapore and Malaysia.

61 Specifically, we draw upon is the causation-based approach to performance management,
62 which emphasises the importance of developing and executing a detailed plan to deal with
63 uncertainties (Sarasvathy, 2001). Despite its explanatory power, the relationship between causation
64 and venture performance is still not fully understood (Smolka et al., 2018). Relatedly, the relationship
65 between causation and SE performance might be vary in different operating environment and
66 population density (Haugh et al., 2022). This offers an opportunity to test how causation plays a role
67 in SE performance management in this NESE region. Secondly, although previous research has
68 examined the influence of entrepreneurial orientation on SE financial performance (e.g., Alarifi et al.,
69 2019), limited knowledge exists on its relationship with SEs' social achievements. Prior studies often
70 assessed SE performance through consolidated dimensions such as organisational performance (e.g.,

71 Bouchard & Rousselière, 2016; Felicio et al., 2013) or single aspect such as financial outcomes (e.g.,
72 Barraket et al., 2016; Meyskens et al., 2010) but not both; and we aim to bridge this gap.

73 Thirdly, social orientation refers to an entrepreneur's inclination to establish a mission-driven
74 organisation in pursuing social goals (Lortie et al., 2017). However, empirical data from the larger
75 audience on the influence of social orientation on SE's financial and social achievement, especially in
76 the NESE region is still limited (Cheah et al., 2019). This provides an avenue to examine the
77 nomological network between causation, entrepreneurial and social orientations on SEs' financial and
78 social performance in the NESE region. Finally, the importance of financial outcome as a resource for
79 achieving greater social impact is often under-rated especially among social entrepreneurs who are
80 "excessively social" (prioritizing social outcomes before financial success). In nascent social
81 entrepreneurship region, SEs typically are new and small, including the Malaysian and Singaporean
82 SEs (MaGIC, 2016; raiSE, 2019), where external supportive ecosystem are immature and inconsistent
83 (Cheah et al., 2019). Given these challenges, it is logical for SEs to achieve financial sustainability to
84 ensure their long-term viability and ability to create a meaningful social impact. This motivates us to
85 investigate the role of financial performance as a valuable resource for achieving social objectives.

86 Accordingly, in this study we aim to examine the success drivers of SEs in NESE countries.
87 We asked two research questions: (1) *to what extent do entrepreneurial behavior and organizational*
88 *strategy influence the SEs' financial and social achievement, and (2) to what extent is financial*
89 *performance related with social achievement?* To answer these questions, we developed a conceptual
90 model that comprises causation strategy, entrepreneurial orientation, and social orientation in SE
91 financial performance and social achievement. We used partial least square structural equational
92 modelling (PLS-SEM) technique to analyse survey data collected in Singapore and Malaysia. Our
93 findings offer important theoretical contribution on the study of performance management of SEs
94 while also offering practical implications.

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Literature review and hypothesis development

We first reviewed the relevant literature in SE to propose our SE performance management model. The review examines the concepts of causation, entrepreneurial orientation, social orientation, and their association with financial performance and social achievement in the context of SEs.

Causation and SE Performance

In the fields of entrepreneurship and strategic management, a prominent approach used to delineate entrepreneurs' opportunity attainments is the causation-based approach (Read et al., 2009; Sarasvathy, 2001; Shirokova et al., 2021). Notably, the causation strategy is based on the presumption of an objective reality, where opportunities exist objectively and can be uncovered through systematic data collection, analysis, and future prediction (e.g., strategic planning, budget forecasting, market survey, income, and expenditure reporting). As such, employing causation strategies is often associated with the discovery school of entrepreneurship (please cite Scott Shane and related work).

Research on causation strategy and its effects on firm performance has gained popularity in recent years, following Sarasvathy (2001) foundational paper on the domain. Causation strategy is widely accepted as the mainstream paradigm in the management literature, but it may not be the best approach in all situations. Causation strategy assumes a stable and predictable environment, which may not always be the case in reality. Market research and data analysis can provide useful information, but they cannot guarantee future success. Furthermore, extensive planning may be time-consuming and costly, leading to missed opportunities or failure to adapt to changing circumstances (Ruiz-Jiménez et al., 2021; Shirokova et al., 2021). Hence, the ongoing academic discourse on the effectiveness of causation strategy in the organisation and management literature presents an opportunity to evaluate the veracity of the causation strategy in the SE context. Presently, the relationship between causation approach and SE performance remains indeterminate, owing to a dearth of studies conducted to appraise their respective relationships and the inconclusive results in some studies (Alarifi et al., 2019; Smolka et al., 2018).

121 In this study, we argue that causation strategy can have a positive impact on SE financial
122 performance and social achievement. SEs often have limited resources to achieve their double bottom
123 lines, especially when they are small and nascent. However, causation strategy, which emphasises
124 planning before acting, can help SEs acquire and allocate resources optimally for goal
125 accomplishments (Barraket et al., 2016; Sanchis-Palacio et al., 2013). Besides, strategic planning and
126 analysis can help SEs align revenue goals with expenditure budgets, increasing transparency, and
127 enhancing the trust between founders and stakeholders such as co-workers, beneficiaries, and funders
128 (Cheah et al., 2019; Sanchis-Palacio et al., 2013). The causation approach can be more effective in
129 enabling SEs to make effective decisions, accelerate product development, and reduce the risk of
130 disbanding (Delmar & Shane, 2003). On the other hand, an effectuation strategy (Sarasvathy, 2001;
131 Shirokova et al., 2021) may increase the channels for creating opportunities, but it may also exposes
132 novice SEs to potential challenges and threats, inefficient work practices, or decisions to penetrate
133 unattractive industries or market segments (Porter, 1998; Ruiz-Jiménez et al., 2021). Therefore, we
134 propose that causation is an essential SE financial and social performance driver, as follows:

135

136 **Hypothesis 1a:** Causation is positively associated with financial performance.

137 **Hypothesis 1b:** Causation is positively associated with social achievement.

138

139 *Entrepreneurial Orientation and SE Performance*

140 Entrepreneurial orientation is a process of strategy implementation that exemplifies entrepreneurship
141 in accomplishing organizational goals and creating competitive advantages (Rauch et al., 2009). EO
142 encompasses product-market innovation, risk-taking attitude towards market opportunities, and
143 proactive behaviour towards competitors (Covin & Slevin, 1989; Miller, 1983). In addition, Lumpkin
144 and Dess (1996) added two alternative dimensions, autonomy and competitive aggressiveness, to
145 highlight entrepreneurs' independent action and competitive posture toward other market actors.

146 Numerous studies in entrepreneurship and strategy have consistently found a positive relationship
147 between entrepreneurial orientation and profit-driven venture performance, as demonstrated in a meta-
148 analysis by Rauch et al. (2009).

149 Contemporary SE literature suggests that social entrepreneurs exhibit similar behavioral traits
150 to commercial entrepreneurs such as innovativeness, proactiveness, and risk management
151 (Weerawardena & Mort, 2006). Moreover, past research has identified that the entrepreneurial
152 orientation is relevant in explaining SE phenomena (e.g., Cho & Kim, 2017; Coombes et al., 2011).
153 For instance, the entrepreneurial orientation can support social entrepreneurs in creating economic and
154 social values by developing related products or services that meet market demands and simultaneously
155 addressing social problems. However, the relationship between entrepreneurial orientation and SE
156 performance has been inconsistent in the SE literature. Some studies have found a positive relationship
157 between entrepreneurial orientation and financial performance (e.g., Cho & Kim, 2017; Liu et al., 2014;
158 Meyskens et al., 2010), while others have found no significant relationship (e.g., Coombes et al., 2011).

159 Similarly, the relationship between entrepreneurial orientation and social achievement (e.g.,
160 Coombes et al., 2011; Liu et al., 2014) has also produced mixed results, leading to ambiguity about
161 the role of entrepreneurial orientation in SE financial and social outcomes. The inconsistent findings
162 could be due to various factors, including the different dimensions of social achievement used in prior
163 studies. After evaluating the suitability of the construct's attributes, our study adopts the social
164 achievement measurement dimensions used by Liu et al. (2014). These measurement items include
165 providing more social services, catering to the needs of more disadvantaged individuals, and enhancing
166 reputation and trust. Moreover, previous research has suggested that certain factors, such as founders'
167 experiences (Ruiz-Jiménez et al., 2021) and country-level institutions (Shirokova et al., 2021), may
168 have relevant implications for the entrepreneurial orientation and firm performance. This is particularly
169 relevant to our study as we examine SEs in different populations and institutional contexts to gain a

170 more comprehensive understanding of the relationship between the entrepreneurial orientation and SE
171 performance in the NESE region.

172 Accordingly, we hypothesized a positive association between the entrepreneurial orientation
173 and SE financial performance, as demonstrated in prior studies but in different contexts (e.g., Cho &
174 Kim, 2017; Liu et al., 2014; Rauch et al., 2009). Social entrepreneurs' entrepreneurial tendency was
175 also deemed critical in determining the competitiveness levels in securing business opportunities
176 through market expansion, pursuing grants, or taking on the role of pioneers (Lumpkin & Dess, 1996).
177 However, limited studies have investigated the effect of entrepreneurial orientation on SE social
178 achievement (e.g., Coombes et al., 2011; Liu et al., 2014), prompting the present study to assess the
179 effect of entrepreneurial orientation in the SE social dimension. Therefore, we postulated that
180 innovative and proactive social leaders would be more likely to explore and develop feasible business
181 models to generate larger shared social and economic values (Porter & Kramer, 2011) as follows:

182

183 **Hypothesis 2a:** Entrepreneurial orientation is positively associated with financial performance.

184 **Hypothesis 2b:** Entrepreneurial orientation is positively associated with social achievement.

185

186 *Social Orientation and SE Performance*

187 Social orientation refers to an individual's inclination to establish socially driven organizations with
188 ethical motives (Lortie et al., 2017; Marz et al., 2003). From an organizational resource perspective,
189 social orientation is a unique entrepreneurial capability that cannot be easily transferred, replicated, or
190 substituted by other entrepreneurs. It may influence an individual's managerial competencies and
191 performance (Barney, 1991; Meyskens et al., 2010). Nonetheless, the impact of social orientation on
192 organizational performance is more complex in the SE context due to the varied and intricate pursuit
193 of specific social purposes and activities. This includes prioritizing social welfare over market-oriented
194 income generation (Battilana & Lee, 2014; Bouchard & Rousselière, 2016).

195 Numerous SE scholars, including Battilana et al. (2015), Felicio et al. (2013), and Lortie et al.
196 (2017), have shown that social entrepreneurs with a high degree of social orientation tend to allocate
197 more resources, such as time and human capital, to achieving social goals and producing social value.
198 However, the relationship between social orientation and financial performance in SE is debated
199 among researchers. Some argue that a high degree of social orientation may lead to a preference for
200 social achievement over financial performance, resulting in weaker economic efficiency and
201 productivity (Battilana et al., 2015; Renko, 2013) . This is because an excessive focus on helping
202 beneficiaries may detract from the pursuit of financial outcomes. On the other hand, some researchers
203 suggest that a high degree of social orientation can help social entrepreneurs mobilize significant social
204 capital and external support, including funding and donations, which can lead to greater SE financial
205 performance (Felicio et al., 2013) and a reduced enterprise mortality rate (Bouchard & Rousselière,
206 2016).

207 We argue that a higher level of social orientation among SE entrepreneurs would have a
208 positively impact on both financial and social performance. The social exchange theory (Cropanzano
209 & Mitchell, 2005) suggests that pursuing meaningful social changes and exceptional local community
210 development can enhance employee commitment (Choi et al., 2020), organizational pride and
211 satisfaction (Barakat et al., 2016). In turn, employees perceive their contributions and sacrifices to the
212 ethically superior venture as virtuous selflessness, thus positively influencing their job performance.
213 High socially oriented entrepreneurs with positive and amiable dispositions can nurture the internal
214 staff's sense of belonging and organizational pride (Kim et al., 2020) and enhance their appeal to gain
215 external stakeholders' appreciation and assistance (Nason et al., 2017). This assistance can include
216 volunteering services from like-minded volunteers and financial aid from the public and private sectors
217 (Cheah et al., 2019; Felicio et al., 2013). Accordingly, we concur with some scholars (Bouchard and
218 Rousselière (2016); Felicio et al. (2013) that high social orientation levels could facilitate economic

219 efficiency, especially under a supportive SE environment¹ such as in Malaysia and Singapore, while
220 accomplishing social objectives. Thus, we propose the next hypotheses as follows:

221

222 **Hypothesis 3a:** Social orientation is positively associated with financial performance.

223 **Hypothesis 3b:** Social orientation is positively associated with social achievement.

224

225 *Financial Performance and Social Achievement*

226 Organizational performance is a crucial indicator of a firm's ability to accomplish its goals. SEs are
227 hybrid organizations that operate at the intersection of the social and economic domains. Thus, most
228 SE studies (e.g., Battilana et al., 2015; Cho & Kim, 2017; Coombes et al., 2011) employ both financial
229 and social criteria to evaluate SE performance. We follow this tradition in SE research and adopt this
230 hybrid performance measurement approach by considering economic and social aspects equally
231 important, albeit serving different purposes in different sequences (Staessens et al., 2019).

232 We argue that financial performance and social achievement are intertwined for SEs, as the
233 latter often depends on the former. Financial viability enables SEs to sustain their operations, hire
234 employees, and invest in their social mission. However, SEs in the NESE region often face low
235 financial resilience and lack basic support infrastructure from public and private sectors (Cheah et al.,
236 2019). This situation is particularly problematic for SEs because financial distress can have a domino
237 effect on the organization, impacting economic feasibility, employee morale, and the ability to achieve
238 their social mission. Without sufficient financial resources, SEs may struggle to scale up, diversity
239 their activities, or reach underserved populations. This hampers the intended social impact by SEs.
240 Therefore, acquiring better financial resources through trading, donors, and funders is crucial for SEs
241 to generate greater social value in the emerging SE regions.

¹ Malaysia and Singapore were listed in the 'Top 10 best countries to be a social entrepreneur' by Thompson Reuters Foundation in 2016

242 Nevertheless, the relationship between financial performance and social achievement has not
243 received sufficient attention in many studies of social entrepreneurship, including those conducted by
244 Coombes et al. (2011), Liu et al. (2014), Sanchis-Palacio et al. (2013). The exception goes to Cho and
245 Kim (2017) who found a positive relationship between SE financial and social performance. Our
246 knowledge of the relationship between SE's financial and social performance remains fuzzy, and this
247 is we aligned with a call for more studies on SEs operating in the emerging ecology (Haugh et al.,
248 2022) to examine financial-and-social performance relationships. We propose the following
249 hypothesis:

250

251 **Hypothesis 4:** Financial performance is positively associated with social achievement.

252

253 We summarize the conceptual model and hypotheses in **Figure 1**.

254 -----Figure 1 goes about here-----

255

256

Research methodology

257 The study investigates social entrepreneurship in the Association of Southeast Asian Nations (ASEAN)
258 region as a representative case of new NESE region, which has not received much attention in existing
259 SE research. To address this gap, the study focusses on Malaysia and Singapore, two countries in the
260 region where the SE sector is still in its infancy stages. Research on SE in the NESE region remains
261 scarce, where most studies concentrate on Western and East Asian contexts (e.g., Battilana et al., 2015;
262 Liu et al., 2015; Lortie et al., 2017; you can add maybe one of my papers here to include East Asia).

263 We conducted a survey by targeting founders, co-founders, and top management of SEs in
264 Malaysia and Singapore. Participants were selected using two major databases on SE in Malaysia and
265 Singapore, namely the *Malaysia Global Innovation and Creativity Centre* (MaGIC) database and the
266 *Singapore Centre for Social Enterprise* (raiSE) database. To ensure that respondents meet the SE

267 criteria, we included three screening questions at the beginning of the survey. These questions aimed
268 to determine whether the organizations had an unambiguous social mission, were striving for a
269 sustainable revenue model, and were distributing significant profit to fulfil their social mission.
270 Respondents whose organizations did not meet these criteria were excluded from the survey.

271 We selected Malaysia and Singapore as strategic research sites because their SE sectors are
272 still in their infancy stages. Most SEs in both nations were developed in less than five years and remain
273 small in scale (MaGIC, 2016; raiSE, 2019). As a result, social entrepreneurs in these countries do not
274 have much experience or market credibility to obtain business opportunities and necessary resources.
275 Additionally, the two neighbouring countries share linguistic, cultural, and historical similarities as
276 former British colonies without relevant SE legislation.

277 Data for the survey was collected over a period of six weeks, from February to March 2020.
278 Invitations to participate in the survey were sent to all 430 SEs registered in the MaGIC and raiSE
279 databases in both countries² via email and social media. The two databases represented the entire
280 population of registered SE population thus making this study one of the largest of its kind. Reminder
281 messages were provided to the non-respondents after one week. A total of 103 responses were received,
282 resulting in a response rate of 24.0%. However, due to seven invalid responses (six unfulfilled SE
283 criteria and one suspicious response), the final sample dropped to 96 valid questionnaires.

284 We used G*Power software, a statistical power analysis tool commonly accepted in research
285 (Cohen, 1992), to determine the minimum sample size required to achieve a statistical power of 0.80.
286 With an effect size of 0.15, and significance level of 95%, and five maximum predictors, the study
287 required a minimum sample size of 92. Therefore, our final collected sample size of 96 was sufficient
288 for data analysis.

289 As shown in **Table 1**, the majority of respondents (93.8%) held the highest positions in the
290 organizations such as founders, directors, chief officers, or presidents. 53.1% of the respondents had a

² In October 2022, the databases for Malaysian and Singaporean SEs had approximately 450 and 400 records, respectively.

291 bachelor's degree, while 32.3% held a postgraduate degree. The majority of the SEs were small-scale
292 enterprises with fewer than ten employees (71.9%) and annual revenue of under one million, either in
293 Malaysia Ringgit or Singapore Dollar (81.2%).

294

295 *[Table 1 goes about here]*

296

297 **Measurement and Analytical Techniques**

298 We employed reliable and validated measurement scales to evaluate the proposed model. To measure
299 entrepreneurial orientation (EO), we adapted the nine-item scale by Liu et al. (2014), which included
300 proactiveness, innovativeness, and risk-taking. This scale demonstrated high reliability, with a
301 Cronbach's alpha value of 0.806, exceeding the threshold level of 0.700 proposed by Nunnally (1975).
302 For the social orientation (SO) construct, we adapted the four items from Lortie et al. (2017) and results
303 showed satisfactory reliability with a Cronbach's alpha value of 0.779. We adapted four items from
304 Barraket et al. (2016) and Cheah et al. (2019) to measure the causation (CS) construct. The original
305 instrument employed a nominal scale (1 = Yes, 0 = No) and sum score method. However, as sum
306 responses generally decrease reliability and validity and are not recommended for regressions (Hair et
307 al., 2017), we therefore measured CS on an ordinal scale to increase the goodness of the measurement.
308 SE performance was assessed in terms of financial performance (FP) and social achievement (SA),
309 with items adapted from Liu et al. (2014) and Miles et al. (2014). The Cronbach's alpha values for FP
310 and SA were 0.850 and 0.796, respectively. We measured multi-item CS, EO, and SO variables on a
311 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). FP and SA were assessed
312 on a 7-point Likert scale.

313 We also included control variables in the analysis, which were organizational age (Age) and
314 size (Size), based on the previous SE literature (e.g., Gras & Mendoza-Abarca, 2014; Liu et al., 2015).
315 Mature social enterprises typically have more experience, extensive social networks, and community

316 connections than recently established organizations (Gras & Mendoza-Abarca, 2014). To control for
317 the effect of Age on SE performance, we employed a 5-point scale to categorize SE age, with 1
318 indicating an organization with an age range of 0 to 1 year, and 5 for those greater than 10 years. To
319 measure SE size, Liu et al. (2015) suggest that annual revenue is a more accurate indicator than the
320 number of full-time employee, as many SEs rely on mass volunteers to assist with regular operations
321 and outreach activities. Therefore, we used annual revenue, which includes funding, donation, and
322 sales trading, as an indicator of SE size. We based the annual revenue currency on the respective
323 operating countries (= RM, Singapore = SGD), and used a 3-point scale to categorize the SE size. The
324 SE size scale ranges from 1 to 6, with 1 indicating an organization with an annual revenue of below
325 10,000 and 6 for above 1,000,000.

326 To evaluate the proposed model, we employed the partial least squares structural equation
327 modelling (PLS-SEM) technique. This approach is widely accepted in social science research and is
328 designed to provide causal explanations for complex models. The PLS-SEM technique was well-suited
329 for our study's relatively complex structural model, as it could estimate complicated models without
330 imposing distributional assumptions on the data (Hair et al., 2017). Moreover, PLS-SEM is more
331 suitable for research with smaller samples and without the restriction of normally distributed data (Hair
332 et al., 2018).

333 **Goodness of Measurement Model**

334 Overall, the measurement model employed in this study appears to be satisfactory. We undertook
335 appropriate steps to address potential common method biases, including using both ex-ante (procedure
336 control) and post-ante approaches (statistical control), ensuring respondent anonymity and
337 confidentiality, and conducting a pre-test (Podsakoff et al., 2012). The collinearity tests suggest that
338 common method bias is not present, and the multi-group analysis (MGA) analysis indicates no
339 significant differences between samples. Specifically, **Table 2** demonstrated that the variance inflation
340 factor (VIF) was lower than the five threshold values MGA (Hair et al., 2017) thus suggesting nil

341 threats of multicollinearity problem. Correspondingly, the permutation approach and MGA (Hair et
342 al., 2017) revealed insignificant differences between each dataset thus suggesting that XXX (please
343 complete the sentence using more precise language).

344 In the model, we included four latent variables with reflective measurement models (CS, SO,
345 FP, and SA) and one second-order variable (EO). EO has been modelled as a higher order construct
346 with three first-order components (EOIN/Innovation, EOPA/Proactive, EORT/Risk-Taking). The type
347 of measure considered for EO is a Type II second order formative variety (i.e., reflective first order,
348 formative second order) (Covin & Wales, 2012; Liu et al., 2014).

349 Before assessing the structural paths of the model, we conducted convergent validity, internal
350 consistency reliability, and discriminant validity tests. **Table 2** shows that the average variance
351 extracted (AVE) scores of all variables were above the threshold value of 0.50 (Hair et al., 2017),
352 which ranged from 0.570 to 0.653. Therefore, the convergent validity of the constructs was fully
353 established. Meanwhile, five indicators had loading values marginally lower than the threshold value
354 of 0.708, namely the CS4 (0.686), the EO3 (0.640), the EO4 (0.679), the SA1 (0.699), and the SO1
355 (0.662). However, as the AVE scores of these constructs were all above 0.50, this suggests that the
356 indicators had demonstrated content validity (Hair et al., 2017).

357
358 *-----Table 2 goes about here-----*

359
360 Composite reliability (CR) was determined by measuring the study data internal consistency.
361 Table 2 shows that the CR values were within the threshold values between 0.70 and 0.90 (Nunnally,
362 1975), which ranged from 0.841 to 0.882. Moreover, all VIF values were below the threshold value of
363 5.0 (Hair et al., 2017), hence indicating no correlation amongst the variables and suggesting that the
364 constructed model was reliable. Concurrently, the heterotrait-monotrait ratio (HTMT) correlation was
365 referred to assess the data discriminant validity. The HTMT ratios of all construct pairs were below

366 the threshold value of 0.85 (Henseler et al., 2015), including the first-order components EOIN
367 (innovativeness), EOPA (proactiveness), and EORT (risk-taking), which ranged from 0.213 to 0.787.
368 Therefore, the HTMT ratio results supported the discriminant validity of all variables, as depicted in
369 **Table 3.**

370
371 -----Table 3 goes about here-----

372
373 *Assessing the Structural Model*

374 After ensuring the reliability and validity of all constructs, we assessed the significance and relevance
375 of the PLS-SEM structural model path coefficients (β). Apart from p-values, we simultaneously
376 conducted three other statistical tests namely t-values, effect size, and confidence intervals when
377 examining the model relationship. Specifically, the four statistical tests were administered at two
378 significance levels of 5% (*) and 1% (**) (Hair et al., 2017), namely p-values (p , $* < 0.05$, $** < 0.01$),
379 t-values for one-tailed tests (t , $* > 1.65$, $** > 2.33$), effect size (f^2 , small > 0.005 , medium > 0.01 , large $>$
380 0.025 ; (Kenny, 2018), and confidence intervals (CI, excluding zero). We used the significance level
381 for all three threshold values as the basis to reject the null hypotheses. We employed 5,000 bootstrap
382 samples to assess the path coefficient's significance level, as suggested by Hair et al. (2017). With a
383 larger number of bootstrap samples, the estimates of the confidence intervals become more robust and
384 stable, providing a more accurate assessment of the uncertainty associated with the parameter estimates.

385
386 **Results**

387 **Table 4** portrays that the PLS-SEM analysis revealed a marginally significant relationship between
388 the CS and the FP ($\beta = 0.168^*$, $f^2 = 0.036$, CI = +/+) while the CS was positively associated with the
389 SA ($\beta = 0.207^*$, $f^2 = 0.053$, CI = +/+), thus supporting hypotheses H1a and H1b. Meanwhile, the results
390 demonstrated that the EO produced different effects on the FP and the SA, wherein a significant

391 relationship was uncovered between the EO and the FP ($\beta = 0.206^*$, $f^2 = 0.050$, CI = +/+) but not
392 between the EO and the SA ($\beta = 0.136$, non-significant/N.S.), hence supporting hypothesis H2a but
393 not H2b. The finding, therefore, suggested that a high EO level would not enhance the SA in the
394 targeted population.

395 The SO had significant direct effects on both FP ($\beta = 0.166^*$, $f^2 = 0.037$, CI = +/+) and SA (β
396 = 0.262^{**} , $f^2 = 0.098$, CI = +/+) aspects, which supported both hypotheses H3a and H3b. This means
397 that an entrepreneur's SO positively influenced organizational economic and societal performance.
398 Furthermore, the direct impact of FP on SA was statistically significant ($\beta = 0.259^{**}$, $f^2 = 0.079$, CI =
399 +/+), thus supporting hypothesis H4. This means that financial accomplishment can influence social
400 achievement for hybrid organisations.

401 For organizational age (Age) and size (Size) as the control variables, we found that Age
402 exhibited no statistical correlation with the SA ($\beta = 0.128$, N.S.), whereas Size was significantly
403 correlated with the FP ($\beta = 0.398$, $f^2 = 0.249$, CI = +/+).

404

405 -----Table 4 goes about here-----

406

407 The model predictive power and validity were determined from the determination (R^2) and
408 predictive relevance (Q^2) coefficients. The findings showed that the R^2 values of the FP and the SA
409 were 0.380 (or 38%) and 0.400 (or 40%) respectively, which posited that the FP and the SA could be
410 substantially (> 0.250) explained by their predictors (Cohen, 1988). Meanwhile, the Q^2 values of the
411 FP and the SA were 0.213 (mean value prediction/SSO = 384.000, model prediction error /SSE =
412 302.304) and 0.197 (SSO = 384.000, SSE = 308.315) respectively. As the Q^2 values of both variables
413 ($=1-SSE/SSO$) were above zero (Hair et al., 2017), the path model possessed substantial predictive
414 relevance for all endogenous constructs. **Figure 2** depicts the summary findings of the structural model.

415 -----Figure 2 goes about here-----

416

417

Discussion

418 Social entrepreneurship has gained traction worldwide as an innovative business model that integrates
419 both commercial and societal objectives (Battilana & Lee, 2014; Tykkyläinen & Ritala, 2021).
420 However, due to the hybrid nature of SEs, social entrepreneurs face both benefits and challenges when
421 operating SEs (Ebrahim et al., 2014; Eiselein & Dentchev, 2020). Many SEs struggle in improving
422 their performance, particularly in the early stages of development in regions like Malaysia and
423 Singapore, where numerous SEs remain in the survival stage despite prolonged operation years
424 (MaGIC, 2016; raiSE, 2019). Hence, understanding organizational issues and performance drivers to
425 assist social entrepreneurs and policymakers in the region becomes critical. Despite the urgency,
426 empirical studies on SE drivers in the NESE region are scarce (Saebi et al., 2019; Staessens et al.,
427 2019). To fill this gap, we drew upon the contemporary entrepreneurship and strategic management
428 literature and propose that entrepreneurs' strategic posture is significant in influencing the SE
429 performance. We developed a conceptual model that hypothesizes that causation, entrepreneurial, and
430 social orientations as determinants of SE financial and social performance.

431 The findings shed light on the connections between causation (H1a-b), entrepreneurial
432 orientation (H2a-b) and social orientations (H3a-b) on the financial performance and social
433 achievement of SEs in Malaysia and Singapore. Additionally, the study also confirmed the relationship
434 between the financial and social performance (H4). All hypotheses (H1a-b, H2a, H3a-b, H4) were
435 supported, except for H2b.

436 Firstly, the results supported hypotheses H1a and H1b, which suggests that a causation
437 approach has a positive relationship with both economic and social performance. This finding aligns
438 with previous SE research ((see Barraket et al. (2016); Sanchis-Palacio et al. (2013)). These findings
439 imply that a more structured and deliberate method to decision making and management, which
440 involves the adoption of formal strategic planning, monitoring, and evaluation practices, could help

441 SEs achieve greater financial success and positive social outcomes. Structured approach can provide
442 vital internal and external information in enabling the SEs to perform highly efficient judgments and
443 reduce the risk of costly mistake (Delmar & Shane, 2003; Porter, 1998).

444 Secondly, we found that entrepreneurial orientation was positively associated with financial
445 performance but not social achievement, supporting hypothesis H2a but not H2b. These findings are
446 consistent with prior research that suggests entrepreneurial orientation positively influences financial
447 performance in organisations (Lumpkin & Dess, 1996). The result was also consistent with past SE
448 studies that demonstrate that high entrepreneurial orientation social entrepreneurs, especially proactive,
449 innovative, and risk, could result in greater financial efficacy (e.g., Cho & Kim, 2017; Meyskens et al.,
450 2010; Santos, 2012).

451 Social entrepreneurs who are proactive in implementing ideas ahead of competitors, innovative
452 in creating new products/services following customer and market demands, and are risk-takers in
453 creating new market opportunities, would have a better financial efficacy. However, our study did not
454 find a significant relationship between entrepreneurial orientation and SE's social achievement, thus
455 H2b was not supported. The result was consistent with the findings by Cho and Kim (2017), who also
456 found positive correlation between entrepreneurial orientation and financial performance but
457 insignificant relationship with social achievement. This finding implies that a high level of
458 entrepreneurial orientation does not necessarily lead to better social outcomes in hybrid organizations.
459 Therefore, entrepreneurial orientation could predominantly capture the SE economic value while
460 minimally on the social aspect (Santos, 2012).

461 Thirdly, the study found a positive relationship between social orientation and both financial
462 and social performance, thus supporting hypotheses H3a and H3b. This finding is consistent with prior
463 research that theorizes that social orientation can lead to improved financial and social performance,
464 as well as other positive outcomes such as innovation and employee engagement (Miller et al., 2012;
465 Turker, 2009). Meanwhile, our findings refuted certain scholars' perspectives (e.g., Battilana et al.,

466 2015) that prosocial behavior would consequentially decrease the SE's financial performance. We
467 found that social orientation is essential for the resource-stricken SEs in the SE emerging region. That
468 is, possessing a high degree of social orientation level would assist SEs in developing distinctive social
469 legitimacy to attract external support, such as government funding or volunteers (Felicio et al., 2013),
470 and gaining market legitimacy with subsequent financial success. In addition, the SEs could achieve
471 more outstanding social outcomes when the founders are dedicated to tackling societal problems. This
472 implies that hybrid organizations can achieve a dual bottom line by emphasizing both social and
473 economic goals, as long as they prioritize the social orientation strategy.

474 Lastly, our study indicated that financial performance and social achievement were positively
475 related, thus supporting H4. This finding aligns well with prior research by Cho and Kim (2017). The
476 findings are particularly relevant for SEs operating in the NESE region, that often face low financial
477 resilience and lack of external support (Cheah et al., 2019). This thus suggests that economic and social
478 aspects should be equally important to SEs (Staessens et al., 2019). These findings provide evidence
479 that financial feasibility can create a strong foundation for SEs to realise their social goals (e.g., offer
480 more impactful services to those in need) in the long run, especially SEs operating in the emerging SE
481 ecology (Haugh et al., 2022; Renko, 2013). Overall, this study suggests that hybrid organizations can
482 achieve both social and economic performance by prioritizing both the causation and social orientation
483 strategies. However, while a high level of entrepreneurial orientation is important for achieving
484 financial performance, it does not necessarily lead to better social outcomes. Our study suggests that
485 hybrid organizations need to prioritize social orientation to achieve better social outcomes. Relatedly,
486 hybrid organizations should prioritize financial sustainability while attempting to achieve social goals.

487

488

Conclusion

489 We provide four main conclusions. First, we found a significant relationship between causation and
490 financial and social performance of SEs. This means that the causation-based approaches that cause

491 SEs to perform well financially may also contribute to their ability to make a positive impact on society.
492 Secondly, the study also found that entrepreneurial orientation had a positive influence on the financial
493 performance of SEs. This suggests that SEs that exhibit entrepreneurial characteristics such as
494 innovation and risk-taking are more likely to perform well financially. However, we did not find a
495 significant relationship between entrepreneurial orientation and social achievement. This means that
496 being entrepreneurial does not necessarily translate into social impact.

497 Thirdly, we found that social orientation significantly impacted both economic and social
498 outcomes. This shows that SEs that prioritize social goals are more likely to achieve both financial and
499 social success. Moreover, the study also found that financial performance was positively associated
500 with social achievement, suggesting that achieving financial success can also contribute to making a
501 positive impact on society. Finally, the study's confirmed the path model's predictive capabilities. This
502 means that the model used in the study was effective in predicting the relationships between different
503 variables and outcomes. By confirming the model's predictive capabilities, the study provides more
504 evidence that the factors identified in the study can be used to understand and improve the performance
505 of SEs.

506 *Theoretical Implications*

507 The present study makes several theoretical contributions to the existing literature on social
508 entrepreneurship. First, the study addresses an important gap in empirical research (Leidner, 2020) by
509 investigating the relationships between SE organizational performance (i.e., financial and social
510 aspects) and the performance drivers (i.e., causation, entrepreneurial orientation, and social orientation)
511 in the context of nascent SE ecology (or NESE). This is a first empirical investigation on SE
512 performance in Malaysia and Singapore, as previous studies mainly assessed SE performance using
513 smaller datasets (Bhattarai et al., 2019; Staessens et al., 2019) and did not focus on SEs in emerging
514 regions.

515 Second, this study suggests mix results (e.g., entrepreneurial orientation and financial
516 performance) and offers a test on rarely tested relationships (e.g., entrepreneurial orientation and social
517 achievement, financial performance and social achievement) in the literature. Third, the present study
518 has advanced the theoretical boundaries (Suddaby, 2014) by contextualizing SE performance and
519 selected constructs in the NESE context (i.e., Malaysia and Singapore). As discussed, the contextual
520 influence on SE operation and survival (Haugh et al., 2022). Lastly, the study's findings provide
521 valuable insights into the factors that drive the success of SEs. This is particularly relevant given the
522 increasing importance of SEs in addressing social and environmental challenges in NESE regions. The
523 study's findings have important guidance for policymakers, practitioners, and researchers interested in
524 promoting the growth and impact of SEs in emerging regions.

525 *Practical implications*

526 This study offers several practical implications for social entrepreneurs who want to achieve both
527 financial and social success. One strategy is to implement causation strategy, which has been shown
528 to be significantly correlated with both financial and social performance. Following the logic of
529 causation, social enterprise leaders should engage in systematic planning before taking action,
530 especially in smaller ventures where every decision is critical for long-term growth. In the initial years
531 of operation, SEs should prioritize achieving financial success to accumulate sufficient resources to
532 support their social achievements in the future.

533 Policymakers and SE enablers, such as MaGIC (Malaysia) and raiSE (Singapore), could
534 provide more stimulus by organizing education and training workshops to enhance social
535 entrepreneurs' management capabilities and skills. Traits such as entrepreneurial and social orientation
536 are also vital to SE financial efficacy and social value creation. Therefore, efforts and resources, such
537 as social media campaigns, should be invested in cultivating social entrepreneurial intention and
538 character development through collaboration with higher education institutions for future generations.

539 Overall, the study's findings provide valuable guidance for social entrepreneurs, policymakers,
540 and SE enablers who are interested in promoting the growth and impact of SEs. By implementing the
541 strategies and recommendations identified in this study, SEs can optimize their financial and social
542 performance and make a positive impact on society.

543 ***Limitations and Future Directions***

544 The current study possesses several limitations as the data were collected via a cross-sectional design,
545 which only offered a partial picture of the SE performance drivers. Due to the relatively small sample
546 size, the results might not be applicable across the broader population. Nonetheless, the current study
547 was one of the earliest and largest quantitative SE performance studies in the ASEAN region.
548 Moreover, as the study context focused on Malaysia and Singapore, the empirical findings could solely
549 reflect particular features which might not be apparent in the other nations.

550 Four research avenues are recommended for future studies, in which future scholars could
551 employ different research designs, such as longitudinal or experimental approaches, to grasp the cause-
552 effect relationships amongst the SE performance drivers. To further improve the current theoretical
553 framework, future studies could incorporate synergistic effects of causal and effectual methods
554 (Smolka et al., 2018) on the SE performance. Moreover, the SE organisational performance would be
555 influenced by the institutional context (Welter & Baker, 2021), which suggests that the moderating or
556 mediating effects of formal regulatory and informal normative institutions (Haugh et al., 2022) could
557 be the macro factors in determining the SE performance accurately. Urgency is also present to conduct
558 comparative and cross-country SE performance studies in increasing the finding generalisability
559 regarding the SE performance drivers.

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