

## THE RELATIONSHIP OF SOCIAL VALUE ORIENTATION AND SOCIAL ENTREPRENEURIAL ORIENTATION ON ORGANIZATIONAL PERFORMANCE: A STUDY ON SMALL AND MEDIUM ENTERPRISES IN EGYPT

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**Type of manuscript:** research paper

**Abstract:** *Although there is a growing interest in socially driven Small and Medium Enterprises (SMEs) and their importance for developing countries, there is still a lack of understanding of the importance of social value orientation (SVO) and social entrepreneurial orientation (SEO) and their contribution to organizational performance. The objectives of this research are to investigate the impact of social entrepreneurial orientation and social value orientation on organizational social and economic performance. The methodology used in this research is based on quantitative analysis by using a questionnaire to gather the required data. Structural equation model analyses (SEM) using AMOS software were used to analyze the data. The main conclusions drawn from this study are the direct effect between social value orientation and organizational performance (economic performance, social performance) is statistically significant, and the direct effect between social entrepreneurial orientation and organizational performance (economic performance, social performance) is statistically significant. The findings of this research have several implications for the development of socially driven small and medium enterprises: First, it highlights the importance of SVO and SEO in the success of socially driven SMEs, demonstrating that these orientations can positively impact organizational social and economic performance. Furthermore, the findings of this research serve as a basis for further research into the impact that SVO and SEO have on organizational performance and can provide guidance for academics, policymakers and practitioners. Finally, this research can also be used to inform the development of strategies and policies to promote the growth of socially driven SMEs in developing countries.*

**Keywords:** social entrepreneurial orientation, economic performance, social performance, social entrepreneurship, social value orientation, small and medium enterprises.

**JEL Classifications:** D22, L25, L31, M14, O12, O16, O35, M21, L26, M13, M10, O1.

**Received:** 23.04.2023

**Accepted:** 15.06.2023

**Published:** 30.06.2023

**Funding:** There is no funding for this research.

**Publisher:** Academic Research and Publishing UG, Germany.

**Founder:** Academic Research and Publishing UG, Germany; Sumy State University, Ukraine.

**Cite as:** Dewan, A., Tantawi, P., & Amara, D.F. (2023). The relationship of social value orientation and social entrepreneurial orientation on organizational performance: a study on small and medium enterprises in Egypt. *SocioEconomic Challenges*, 7(2), 31-44. [https://doi.org/10.21272/sec.7\(2\).31-44.2023](https://doi.org/10.21272/sec.7(2).31-44.2023).



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## Introduction

To enhance their effectiveness through mobilising their internal resources within the management of Social, economic, and environmental dilemmas such as ecological disasters, climate change crises, unemployment and rising public health concerns, pandemics such as COVID-19, and their implications are becoming a growing global concern. This resulted in the emerging interest and recognition among professionals and researchers in the vital role corporations with social motives could play in addressing such challenges and creating a social impact while generating profit to achieve sustainable development. Ventures and enterprises have progressively become dynamic in addressing social issues during the late decades. It could be indicated that the job of ventures and enterprises as actors are equipped to transform social challenges into financial chances and sustainable economic opportunities (Martinez-Conesa et al., 2017). Social enterprises are understood to have a binary mission: succeeding in their social purpose and their financial sustainability (European Commission, 2013). They are generally considered a hybrid business model organisation between their intentions as a creator of social value and a pursuer of commercial profits. Social entrepreneurs are adopting social innovation and change approach, inspired by the prospect of adopting an innovative scheme and the creative use of resources and networks to satisfy needs (Thompson et al., 2000). They serve as agents of societal change with innovative methods (Dees, 2001).

Furthermore, the significance of Social Value Orientation (SVO) was rationalised by Weerawardena and Mort (2006) as an essential strategic factor to support dynamic capabilities in the organisation's social enterprise environment, especially considering rising uncertainties. Social Value Orientation is also considered an organisational-wide value-driven management philosophy aiming for the corporation to meet its objectives in a more entrepreneurial, just, and sustainable approach (Miles et al., 2013). They also consider SVOs equally entrepreneurial and value-driven, focusing on meeting community social and environmental needs while meeting economic sustainability. Moreover, there is a growing interest and attention among academics and practitioners to studying the Entrepreneurial Orientation (EO) paradigm as part of understanding an essential construct of corporate entrepreneurship and management (Hernandez-Linares et al. 2018). Entrepreneurial orientation is also considered the best way to assess entrepreneurial success, but little has been applied to social entrepreneurial studies (Kraus et al., 2017). Although the study of Entrepreneurial Orientation and its implications on firm performance has been widely studied recently (Sciascia et al., 2014), the area is still under-researched in developing countries (Hu and Pang, 2013), the MENA region and Egypt in specific. Preceding studies by Shin (2018); Shin and Park (2019); and Rakhmani and Bhinekawati, (2020) confirmed that Social Entrepreneurial Orientation has a significant positive effect on social enterprise performance. Emerging attention in recent decades among governments, international organisations, and the United Nations is given to the vital role played by socially driven and socially responsible corporations in guarding the natural foundations of life and preserving our planet for current and future generations, as well as provide people with the opportunity to live in dignity and prosperity. Such socially-driven corporations and SMEs are the fundamental cornerstones to securing further sustainable economic business growth by eradicating poverty in an inclusive manner while preserving the environment and combating climate change.

Furthermore, social enterprises and having a social value orientation benefit the corporation in many ways. Social enterprises' benefits include building more robust customer and beneficiary relationships, improving employee motivation and relations, amplifying productivity, and enhancing reputation and brand awareness (Anderson, 2020), besides the social benefits affecting the community through the companies' pursuit of creating social value. This rationalises the aims of this research – the necessity of identifying the relationship between Social Value Orientation (SVO) as an organisational philosophy and Organizational Performance (both economic and social performance) in socially-driven SMEs in Egypt as well as the relationship between Social Entrepreneurial Orientation (SEO) on Organizational Performance (economic performance and social performance).

## 2. Literature Review

The importance of socially driven and responsible corporations in preserving the environment and eradicating poverty while providing economic growth has gained attention from governments, international organisations,

and the United Nations. Socially driven corporations and SMEs benefit the community and enhance customer relationships, employee motivation, productivity, and reputation. This research intends to examine the relationship between Social Value Orientation (SVO) and Organizational Performance, as well as Social Entrepreneurial Orientation (SEO) and Organizational Performance in socially driven SMEs in Egypt. The literature review discusses the concepts of SVO and SEO, and their effects on Economic and Social performances, leading to the development of research hypotheses.

Social Value Orientation (SVO) is considered the first independent variable. Social Entrepreneurial Orientation (SEO) and its components (Social Innovation, Proactiveness, and Risk Taking) is the second independent variable, and Organizational Performance (Both Economic and Social performances) is considered the dependent variable.

## **2.1 Social Value Orientation (SVO)**

Social Value Orientation in Social Enterprises is defined by Miles et al. (2013) as the organisational-wide philosophy of management that is value-driven and focuses on the Enterprise's objectives that are realised through both an entrepreneurial and a sustainable attitude, which is adopted for this paper. Likewise, SVO is also defined by Jang and Ji (2021) as "a trend pursuing social values as the degree and recognition for social value realisation". SVO is also expressed as the dispositional weight individuals assign to outcomes for themselves and others in interdependent situations (Murphy and Ackermann, 2014; Pletzer et al., 2018). Social value orientation (SVO) is classified into four categories: individualistic and competitive as pro-self-values and cooperative and altruistic as prosocial. Additionally, Bull and Ridley-Duff, (2019) proclaimed that SVO reveals the nature of social enterprises peruse to achieve their social mission.

Furthermore, some studies introduce Social Value Orientation as part of Emerson's Blended Value Orientation (BVO), which incorporates both the concepts of social and economic value orientation (Porter and Kramer, 2011). It is also claimed that social entrepreneurs should follow the Social Value Orientation is the balance and harmonious synchronisation of social and economic values (Pirson, 2012; Nicholls, 2007). Although it is concluded that creating a BVO is the most critical essence of social enterprises, there is still insufficient research to measure the BVO of social entrepreneurs and its relation to performance (Pirson, 2012; Porter et al., 2011). Although the concept of BVO argues that the corporation's social and economic values are not detached from each other, we believe that the corporate economic orientation is implicit in all corporations in them peruse to achieve financial returns and that SVO should be studied separately to set the boundaries between traditional enterprises and social enterprises adopting a SVO, as it is not usually embedded in the orientations of the company, especially in the Egyptian context.

## **2.2 Social Entrepreneurial Orientation (SEO)**

Social Entrepreneurial Orientation (SEO) is a strategic behavioural orientation directed at resolving social market failures and creating better social value to maximise social impact (Dwivedi and Weerawardena, 2018). It is understood to be the combination of both social and entrepreneurial orientations. Social entrepreneurs are motivated by the opportunity to adopt an innovative approach and the creative use of resources and contacts to satisfy needs (Thompson et al., 2000). In 2015 the United Nations introduced the United Nations Development Goals (SDGs) to help achieve the revealed 2030 Sustainable Development Agenda, which world leaders adopted at the historic United Nations Sustainable Development Summit (United Nations, 2015). The identified 17 Sustainable Development Goals containing 169 targets explicitly emphasised the vital role played by the private sector to achieve the goals using their innovation and creativity (Ye et al., 2020), which would be achieved through socially driven corporate-led initiatives, and social enterprises adopting Social Innovation. The desire to do more, to meet the most pressing social needs, and to do everything possible with the existing corporations' resources characterise some of the reasons encouraging such social entrepreneurial behaviours (Morris et al., 2011). The widely accepted core elements of EO were initially identified by the significant study conducted by Miller (1983) as the acceptance of risk-taking and innovation as the two core behavioural elements contributing to business success. Accepting risk implies the action of tolerating a costly commitment with an uncertain future. Innovativeness represents the achievement of producing new combinations to address internal and external processes, products, and services. Proactiveness was later integrated as an element of EO and its conceptual

framework to echo the objective of corporations to become the first to satisfy customers' needs and wants (Lieberman and Montgomery, 1988). Hence, EO includes innovation, proactivity, and the assumption of risk (Chen and Hsu, 2013).

Moreover, Lumpkin and Dess (1996) supplemented the previous three dimensions of SEO by adding the two dimensions of autonomy and competitive aggressiveness. Likewise, Lacerda et al. (2019) have identified a sixth dimension to SEO in the nonprofit sector, "reciprocity," subdivided into collaboration, cooperation, and partnership. Reciprocity encapsulates the capacity of NPOs to inaugurate priorities and cooperate with their peers.

Additionally, the dimensions of innovation, risk-taking, and proactivity are more frequently used as the elements to measure EO (Wales et al., 2011). Considering the appropriateness of considering these dimensions used for this study, and in agreement with the SEO orientations suggested by Kraus et al. (2017), these latter two introduced dimensions to literature will not be included in this study since in literature the majority of empirical studies on EO and SEO does not have either competitive aggressiveness (which is usually incorporated in the dimension of proactiveness), or the dimension of autonomy (Wales et al., 2011). Moreover, the sixth dimension Lacerda et al. (2019) identified as relevant to the nonprofit sector is out of the scope of this study. Consequently, and for this study, the main three factors determining Social Entrepreneurial Orientation (Social Innovativeness, Proactiveness, and tendency to take risks) will be considered.

### **2.3 Social Enterprise Performance (SEP)**

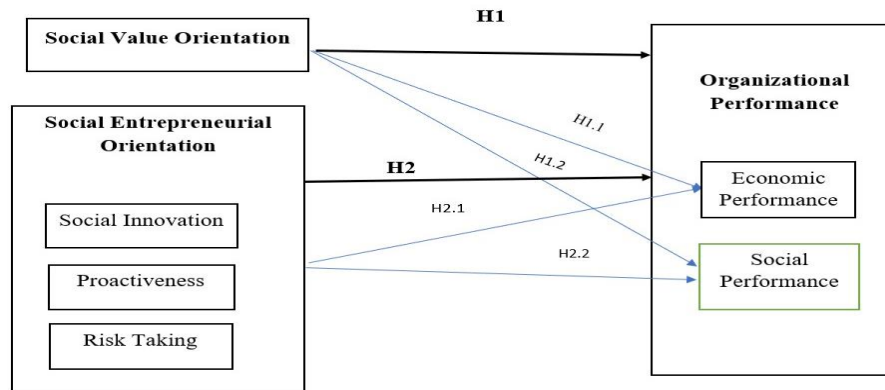
Although there is no general agreement on the concept of Performance of Social Enterprise (SEP), there is an academic consensus claiming that both the economic performance of profit generation and the social value of achieving social goals must be pursued concurrently (Weerawardena and Mort, 2006; Shaw and Carter, 2007). Previous studies have shown that four significant factors affect SEP: human factors, institutional factors, organisational factors, and environmental factors (Shin, 2018). The corporations' top management and leaders and their capacity to be social entrepreneurs, adopting social entrepreneurship beside the employees' competencies, are considered part of the human factors affecting SEP (Zheng et al., 2017). Measuring Social Enterprise Performance (SEP) in SMEs adopting social orientations and purposes is difficult to quantify compared to purely commercial ones, which use straightforward and tangibly performance measurements, including financial indicators (Austin et al., 2006). Also, numerous studies on SEP have introduced definitions and measurements for both economic (financial) and social performance and have conducted an analysis of factors that influence it (Liu et al., 2015). Shin and Park (2019) argue that performance indicators for Social Enterprises are primarily measured through two results: Social Performance (Social Value Creation) and Economic Performance (Financial Sustainability). Accordingly, and due to the hybrid nature of socially driven SMEs, the two dimensions of SEP (economic performance and social performance) are considered in this thesis. The following quote clearly describes such hybrid nature, which provides the base to measure the performance of such corporations, "Social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns. Profitability is still a goal, but it is not the only goal, and profits are re-invested in the mission rather than being distributed to shareholders" (Boschee and McClurg, 2003). It has been noticeably argued that the performance of an organisation may be assessed through financial values, typically through employing a financial accounting system or non-financial indicators (Hendriksen and Van Breda, 1,999 cited in Zafar et al. 2022). Based on the 2019 Global experts pool released by (Thomson Reuters Foundation, 2019) on "The best countries to be a Social Entrepreneur", In the general score, Egypt's rank had risen to 24<sup>th</sup> worldwide, rising six places since 2016, and the first in Africa followed by Nigeria and South Africa, and second in MENA following the United Arab Emirates. Egypt also ranked 4<sup>th</sup> in the "gaining momentum" category. It also came as the top African country among the five nations where youth under 25 are enthusiastic about working for a social enterprise and advanced to eighth place in access to non-financial support, which is considered a critical gain compared to the 2016 results. Building on these studies, there is an urgent need to address the research gap related to SMEs as Social Enterprises and their significant role in leading socially-oriented entrepreneurial activities to achieve sustainability and provide solutions to prosocial-economic concerns, especially in the MENA region. Thus, this study evaluates the



adoption of the Social Value Orientation as an organisational behavioural motivation and philosophy besides embracing Social Entrepreneurial Orientation as a path to enhance Organizational Performance in enterprises, including economic performance and social value creation. This relationship is being evaluated in Egypt as a representative of developing countries.

### 3. Conceptual Framework

Based on the literature review, the conceptual research framework is formulated as below:



**Figure 1. Conceptual Framework**

Source: developed by the Authors.

### 4. Research methodology

According to Creswell (2012), quantitative research is an inquiry, practical approach for describing trends and explaining the relationship among variables found in the literature. In this research, the researcher used a non - probability sample in a cross-sectional study. A survey was used in which a representative sample of the population comprised 432 managers in socially driven SMEs from Egypt. The companies' profiles targeted for this study are SMEs with 20 employees or more. The samples for the study are chosen based on the Convenient Sampling approach. (Also known as availability sampling). This involves selecting cases because they are readily available to the researcher (Saunders et al., (2019). The population problem is the lack of a nationwide database listing Egypt's socially driven SME sector. This led the researcher to rely on multiple sources for the required data. To overcome this problem, the researcher used different nodes of socially driven SMEs, including (UNDP, Techno Summit, Egypt Innovate, Nahdet El Mahrousa, Heliopolis University, and Alexandria Business Association) among other individual SMEs. Each of these nodes had a network of accelerator labs, incubators, and co-working spaces that the researcher connected directly with the heads of those nodes. To conduct this research, a questionnaire is used for data collection. The researcher used WhatsApp, LinkedIn, and Emails to send the link to the questionnaire to those networks of socially driven SMEs in Egypt. The questionnaire is sent via (google forms online surveys). The data collected from the questionnaires are analysed using the Statistical Package for Social Sciences (SPSS) to analyse quantitative data, including descriptive statistics (frequencies and percentages) and inferential statistics (correlations) and Structural Equation Model analyses (SEM) using Analysis Moment of Structures (AMOS) software, will analyse the hypothesised models.

### 5. Results and Findings

The research questionnaire was administered to seven hundred (700) respondents; 474 questionnaires representing 67.7%, were returned, 42 questionnaires representing 6%, were incomplete or ineligible or refusals, and 226 (32.3%) were not reached. There were 432 acceptable responses, a response rate of 61.7%, which is highly adequate for the nature of this study.

Measurement items have standardised loading estimates of 0.5 or higher (ranging from 0.537 to 0.913 at the alpha level of 0.05, indicating the convergent validity of the measurement model. Discriminant validity shows the degree to which a construct is actually different from other constructs (Hair et al., 2019).

The average variances extracted (AVE) should always be above 0.50 (Hair et al., 2019). Table 1 shows average variances extracted (AVE) of the particular constructs (Social Innovation = 0.591, Proactiveness = 0.569, Social Value Orientation = 0.538, Economic Performance = 0.725, Risk Taking = 0.529, and Social Performance = 0.682) are more than 0.500. Overall, these measurement results are satisfactory and suggest that it is appropriate to proceed with evaluating the structural model.

Table 1. Model Validity and Results

Variables	Composite Reliability CR	Average Variances Extracted AVE	Square Root of AVE	Maximum Reliability MaxR(H)
Social Innovation	0.878	0.591	0.769	0.885
Proactiveness	0.884	0.569	0.754	0.923
Social Value Orientation	0.815	0.538	0.733	0.905
Economic Performance	0.940	0.725	0.852	0.946
Risk Taking	0.736	0.529	0.727	0.825
Social Performance	0.928	0.682	0.826	0.934

Source: compiled by Autho developed by the Authors.

Composite reliability (CR) is used to measure the reliability of a construct in the measurement model. CR is a more presenting way of overall reliability and determines the construct’s consistency (Hair et al., 2019). The CR of (Social Innovation = 0.878, Proactiveness = 0.884, Social Value Orientation = 0.815, Economic Performance = 0.940, Risk Taking = 0.736 and Social Performance = 0.928). So, it identified that all constructs have good reliability in the measurement model.

**Measurement model Results:** The 6 factor was subjected to CFA using the AMOS software. DF was 146 (it should be more than 0),  $\chi^2/DF$  has a value of 2.921, which is less than 3.0 (it should be less than or equal to 3.0). The RMSEA was .063 (it should be less than 0.08). The TLI index was .952, which is close to 1.0 (a value of 1.0 indicates a perfect fit). The CFI was .959. All indices are close to a value of 1.0 in CFA, meaning that the measurement models support the factor structure determined through the CFA.

**Structural model**

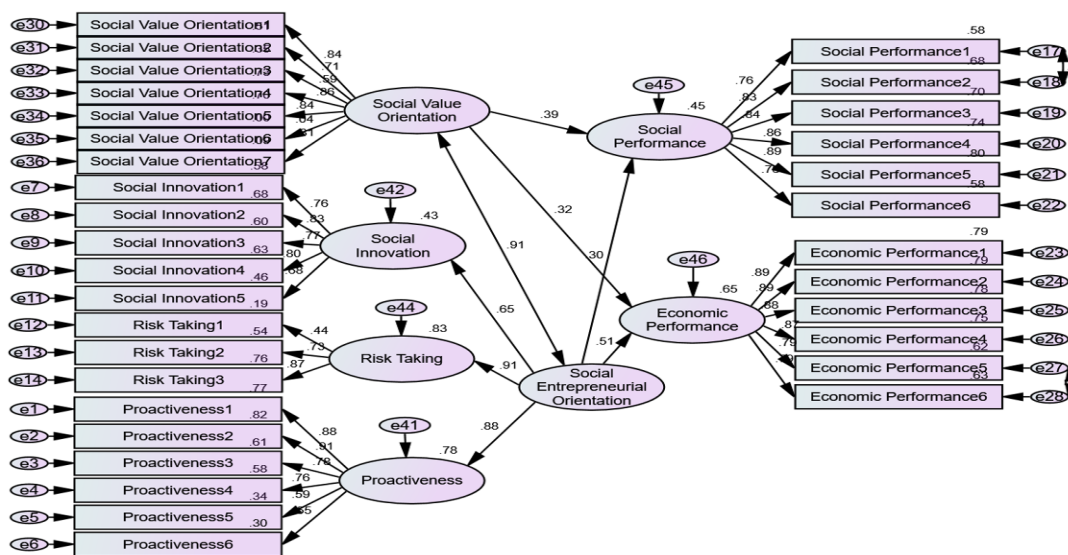


Figure 2. Structural Model

Source: Final Result by Authors.

**Structural model summary:** The results of the structural model using the AMOS software show that DF was (485) should be more than 0),  $\chi^2 / DF$  has a value of 2.889, which is less than 3.0 (it should be less than or equal 3.0). The RMSEA was .063 (it should be less than 0.08). The TLI index was .913, which is very close to 1.0 (a value of 1.0 indicates a perfect fit). The CFI was .920. All indices are close to a value of 1.0 in CFA, meaning that the measurement models support the factor structure determined through the CFA.

## 6. Discussion

This research study examined the impact of Social Value Orientation and Social Entrepreneurial Orientation on Organizational Performance (Economic Performance and Social Performance) in developing countries represented by Egypt. This study addresses the gaps in the literature regarding both Social Value Orientation (SVO) and Social Entrepreneurial Orientation (SEO). Few quantitative studies explored SVO and SEO and their relation to organisational performance in SMEs. Furthermore, limited research is implemented in the developing countries and MENA regional context. According to the literature and previous studies presented, preliminary studies examined the role of SVO and SEO in boosting performance in socially driven SMEs.

Due to the individual tests of the significance of the relationship between the variables. It reveals that, as expected, a relationship between Social Value Orientation and Organizational Economic Performance ( $\beta = 0.316$ , CR (Critical Ratio) = 2.553,  $CR > 1.96$ ,  $p = 0.011$ ,  $p < 0.05$ ). Therefore, (H1.a: Social Value Orientation Impacts Organizational Economic Performance.) is supported. Moreover, the result shows that H1.b: Social Value Orientation impacts Organizational Social Performance "Social Impact". ( $\beta = 0.388$ , CR (Critical Ratio) = 2.724,  $CR > 1.96$ ,  $p = 0.006$ ,  $p < 0.05$ ). is supported, as it predicts that "Social Value Orientation impacts Organizational Social Performance". Based on the results of "H1.a: Social Value Orientation has an Impact on Organizational Economic Performance" and "H1.b: Social Value Orientation has an Impact on Organizational Social Performance", "H1: Social Value Orientation has an Impact on Organizational Performance (Economic Performance, Social Performance)" is supported. That result is consistent with (Shin and Park, 2019), who stated that Social Value Orientation impacts Organizational Performance (Economic Performance, Social Performance). This research study is conducted in response to several researchers' recommendations regarding the shortage of empirical studies in this field (Lacerda et al., 2019; Syrjä et al., 2019).

The results supported hypothesis H1: Social Value Orientation impacts Organizational Performance (Economic Performance, Social Performance). That result is consistent with (Dess, 2001; Muethel et al. 2011; Miles et al., 2013; Miles et al. 2014; Anner, 2016; Bull and Ridley-Duff, 2019; and Shin and Park 2019). This relation is essential for SMEs to determine the corporation's social commitment to their clients, the public, and the media (Bagnoli and Megali, 2011) and to distinguish the corporation from competitors (Cocca and Alberti, 2010). However, this study's results contradict Van de Ven et al. (2015), who conducted a study examining the relationship between SVO and group performance in a business simulation. The results showed that SVO was not significantly related to group performance outcomes. Also, the findings did not match the findings of a study (Murnighan and Kim in 1993) that did not find a significant relationship between SVO and organisational performance. The study examined the SVOs of individuals within teams and their team's performance in a business simulation. The results showed that individual SVOs were not related to team performance, suggesting that personal preferences for resource allocation may not be as necessary as team dynamics in determining performance outcomes.

Furthermore, adopting a SVO has a higher favourable implication on employees' degree of performance, increases loyalty to their corporation, and has the fundamental motivation to obtain the corporation's goals with enthusiasm and would want to stay more in their company (Lee et al., 2008). Additionally, the sense of employees being dynamically committed created by adopting SVO will lead to employees having less intention to leave the corporation (Haque et al., 2019). It would help reduce withdrawal behaviours, for instance: lateness, absenteeism, and voluntary employee turnover (Kim and Beehr, 2019).

The findings of this research study show that pertaining to H2.a: Entrepreneurial Orientation has an impact on Organizational Economic Performance ( $\beta = 0.507$ , CR (Critical Ratio) = 3.867,  $CR > 1.96$ ,  $p = 0.000$ ,  $p < 0.05$ ). It is supported, as it predicts that "Entrepreneurial Orientation impacts Organisational Economic Performance". The result shows that H2.b: Entrepreneurial Orientation impacts Organizational Social Performance "Social Impact".

( $\beta = 0.301$ , CR (Critical Ratio) = 2.073,  $CR > 1.96$ ,  $p = 0.038$ ,  $p < 0.05$ ). is supported, as it predicts that "Entrepreneurial Orientation has an impact on Organizational Social Performance "Social Impact". Based on the results of "H2.a: Entrepreneurial Orientation has an impact on Organizational Economic Performance" and "H2.b: Entrepreneurial Orientation has an impact on Organizational Social Performance", "H2: Entrepreneurial Orientation has an impact on Organizational Performance (Economic Performance, Social Performance)" is supported. That result is consistent with (Adro et al., 2021), who stated that Social Value Orientation impacts Organizational Performance (Economic Performance, Social Performance). That result is consistent with (Kraus et al. 2017; Farooq and Vij, 2018; Rezaei and Ortt, 2018; Syrjä et al., 2019; Pinheiro et al., 2021; Halberstadt, 2020; Khan and Bashir, 2020; Bhinekawati, 2020; Tindiwensi et al. 2020; Vaitoonkiat and Charoensukmongkol, 2020; Kumar and Dwivedi, 2020; and Darmanto and Bukirom, 2021). Innovativeness is considered a key player in social entrepreneurial actions as it generates new and innovative business ideas, as demonstrated in Portuguese NPOs (Adro et al., (2021). Social proactiveness is reflected in offering new services or products, causing a first-mover advantage and unique results to increase economic performance (Avlonitis and Salavou, 2007). Also, Kraus et al. (2012) have also confirmed a positive relationship between proactive corporation behaviour and SME performance. However, regarding the risk-taking dimension, this study recommends that SMEs avoid taking on higher-risk projects, especially in such a period, speaking about socio-economic problems faced worldwide these days and, of course, the consequences of the Covid 19.

Thus, it is suggested that the socially driven SMEs working in Egypt focus on entrepreneurial orientation, especially innovation. In addition, its focuses on the processes and results of social entrepreneurial activity. This framework recognises that social entrepreneurship in developing countries depends on a direction toward the social, which is reflected in the desire to solve society's problems, thus generating, in addition to economic value, social and environmental values. The final research model has sought to examine and understand the effects of social value orientation and social entrepreneurial orientation on organisational performance (economic and social) in Egyptian socially driven SMEs.

Nevertheless, the findings contradict Hockerts and Wüstenhagen (2010) conducted a study examining the relationship between SEO and financial and environmental performance in a sample of European firms. The results showed that SEO was not significantly related to financial or environmental performance, suggesting that the relationship between SEO and performance outcomes may be complex and context-dependent. Moreover, it contradicts Mair and Marti (2006), who examined the relationship between SEO and performance outcomes in the social entrepreneurship sector. The results showed that SEO was not significantly related to performance outcomes, suggesting that other factors, such as organisational capacity and institutional support, may be more important for predicting success in the social entrepreneurship sector.

This paper has a dual significance, both academically and practically. Academically, the current research fills the gap and supplements the literature by studying the main dimensions of SVO and SEO and their impact on social and economic performances in the Egyptian SMEs context. To the best of the realisation of the researcher, there is no other study concerning SVO or SEO in Egypt. Hence, this research study aims to fill this knowledge gap by investigating SEO and SVO's relationship with organisational performance (social and economic performance) in Egyptian Socially driven SMEs. The research developed a model that contributes knowledge to other models that have recommended expanding the investigative scope using the structural equation modelling technique. Therefore, an integrated framework estimated structural model corroborated the hypotheses, as the Social Value Orientation and Social Entrepreneurial Orientation construct explained 45.2% of Social Performance variance ( $R^2 = 0.452$ ); besides, Social Value Orientation and Social Entrepreneurial Orientation construct explained 64.8% of Economic Performance variance ( $R^2 = 0.648$ ).

Practically, the findings of this research have several implications for the development of socially driven SMEs. First, they highlight the importance of Social Value Orientation (SVO) and Social Entrepreneurial Orientation (SEO) in the success of SMEs. Organisations with a high SVO will likely prioritise social impact over financial gain. In contrast, those with a high SEO are likely to have a robust entrepreneurial orientation and focus on innovation and growth.



Therefore, policymakers and practitioners interested in promoting the development of socially driven SMEs should consider strategies to foster these orientations among entrepreneurs and managers. Second, the findings of this research provide guidance for policymakers and practitioners in developing countries who seek to promote the growth of socially driven SMEs. The results suggest that policies and practices that support the development of SVO and SEO can lead to improved organisational performance, both in terms of economic and social outcomes. These policies may include training and education for entrepreneurs and managers to foster these orientations and create an enabling environment for the growth of socially driven SMEs. Such an environment may include access to finance, market opportunities, and supportive legal and regulatory frameworks.

In conclusion, this research underscores the importance of SVO and SEO for the success of socially driven SMEs. The findings suggest that policies and practices supporting these orientations' development can improve organisational performance and contribute to sustainable economic and social development in developing countries. The next section of this paper will present recommendations for policymakers and practitioners based on the findings of this research.

## 7. Limitations

There is a problem of receiving invalid data regarding the questionnaires not being filled in properly or some questions being left blank. The approach of web-based questionnaires enabled concealment and prevented respondents from submitting incomplete questionnaires, which represents an advantage.

The researcher faced a population problem: the lack of a nationwide database listing Egypt's socially driven SME sector. This led the researcher to rely on multiple sources for the required data. The researcher used different nodes of socially driven SMEs to overcome this problem. Each of these nodes had a network of accelerator labs, incubators, and co-working spaces that the researcher connected directly with the heads of those nodes. In addition, the researcher used WhatsApp, LinkedIn, and Emails to send the link to the questionnaire to those networks of socially driven SMEs in Egypt.

## 8. Directions for Future Research

The researcher utilised a quantitative approach; it is recommended for future research to use mixed studies. The researcher predicted and mitigated some of these limitations through the methods and analysis techniques adopted.

This research has investigated the impact of Social Value Orientation and Social Entrepreneurial Orientation on Organizational Performance (Economic Performance and Social Performance) in Egyptian socially driven SMEs. Future research needs to be extended to be conducted in other developing countries.

The research study has assembled an integrated framework to assist the Egyptian socially driven SMEs. Further research is required to comprehend the applicability of this framework to other governmental organisations to investigate whether there are other factors to be added.

One of the limitations of the current research was that the relationship's dynamics were realised. This was accomplished when the research was cross-sectional, and data were collected throughout a specific time frame. Therefore, if the data were collected longitudinally, one would gain more insight into the relationship dynamics and different deliverables. Consequently, it is recommended that researchers collect and analyse data during different years.

**Author Contributions:** conceptualisation: Abdalla Dewan; methodology: Abdalla Dewan; software: Abdalla Dewan; validation: Abdalla Dewan; formal analysis: Abdalla Dewan; investigation: Abdalla Dewan; resources: Abdalla Dewan; writing original: Abdalla Dewan; draft preparation: Abdalla Dewan; writing-review and editing: Abdalla Dewan; visualization: Abdalla Dewan; supervision: Passent Tantawi, Dalia Fahmy Amara.

**Conflicts of Interest:** Authors declare no conflict of interest.

**Data Availability Statement:** Not applicable.

**Informed Consent Statement:** Not applicable.

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Appendix 1. The conceptual and operational definitions of the variables

Variable	Conceptual definition	Operational definition
<b>Social value orientation</b>	It is defined as "the organisational-wide philosophy of management that is value-driven, and that focuses on the Enterprise's objectives that are realised through both an entrepreneurial and a sustainable attitude" (Miles et al., 2013)	The Social value orientation construct is measured by using the scales developed by Jang and Ji (2013), Miles et al. (2013), and Sharir and Lerner (2006). The researcher will use 7 items of the scale. The respondents will be asked to describe their experiences on a 5-point Likert scale ranging from strongly disagree to strongly agree. Items used to measure SVO are: <ul style="list-style-type: none"> <li>- We attempt to provide products and services required by customers/beneficiaries</li> <li>- Our company contributes to community development and sustainability</li> <li>- Our company puts more importance on public interests than individual interests</li> <li>- Our company has a strong emphasis on creating new innovative services and/or products to better meet the needs of our beneficiaries/customers and other stakeholders</li> <li>- We strive to serve the needs of our customers in an environmentally sustainable manner</li> <li>- Our strategy is inspired by our ethical and moral principles</li> <li>- When evaluating a new proposed initiative, we consider if it promotes equity and justice or environmental sustainability</li> </ul>
<b>Social entrepreneurial orientation</b>	SEO is defined by Lumpkin and Dess (1996) as "the process, practice, and decision-making activity that leads to a new innovative entry". SEO is also considered the application of entrepreneurial orientation in social enterprises and nonprofit organisations (Darmanto and Bukirom, 2021; Hu and Pang, 2013).	Social entrepreneurial orientation is measured by using the scales developed by Covin and Denni (1989); Miles et al. (2013); Kraus et al. (2017); Pinheiro (2021); Weerawardena and Mort (2006). The researcher will use 3 dimensions and 14 items of the scale. The respondents will be asked to describe their experiences on a 5-point Likert scale ranging from strongly disagree to strongly agree. <u>The Social Innovation dimension</u> is measured by using 5 items: <ul style="list-style-type: none"> <li>- Our company aspires to develop new and innovative products and services</li> <li>- Our company continuously pursues innovative change</li> <li>- Social innovation is important for our company</li> <li>- We invest heavily in developing new ways to increase our social impact or to serve our beneficiaries</li> <li>- In our company, new ideas to solve social problems come up very frequently</li> </ul> <u>The risk-taking dimension</u> is measured by using 3 items: <ul style="list-style-type: none"> <li>- We are not afraid to take substantial risks when serving our social purpose</li> <li>- Bold action is necessary to achieve our company's social mission</li> <li>- We avoid taking a cautious line of action whenever social opportunities might get missed by taking such an approach</li> </ul> <u>The Proactiveness dimension</u> is measured by using 6 items: <ul style="list-style-type: none"> <li>- Bold action is necessary to achieve our company's social mission</li> <li>- Our company develops new products and/or services based on customer wants</li> <li>- We introduce new business processes, products, and/or services faster than competing companies</li> <li>- we aim to be in the vanguard for making the world a better place</li> <li>- our company has a strong trend to be in front of others in its approach to its social mission</li> <li>- Usually, we begin actions that other social entrepreneurs copy</li> </ul>

## Appendix 1 (cont.). The conceptual and operational definitions of the variables

Variable	Conceptual definition	Operational definition
<b>Organisational Performance</b>	Organisational performance is assessed through financial values, typically through employing a financial accounting system and/or non-financial indicators (Hendriksen and Van Breda, 1999, cited in Zafar et al., 2022) and/or non-financial indicators as expressed by (Hendriksen and Van Breda, 1999 cited in Zafar et al. 2022).	Organisational performance is measured using the scales developed by; Miles et al. (2013); and Sanzo et al. (2015). 2 dimensions and 12 items of the scale are used. The respondents will be asked to describe their experiences on a 5-point Likert scale ranging from strongly disagree to strongly agree. <u>The social performance</u> dimension is measured by using 6 items: <ul style="list-style-type: none"> <li>- Our company operates in an environmentally sustainable manner</li> <li>- Our company operated in a socially sustainable manner</li> <li>- We help mobilise interest in more social welfare initiatives</li> <li>- Our beneficiaries and stakeholders recommend our services/products to others</li> <li>- The company considers the professional development of employees</li> <li>- The company takes into consideration improving working conditions for employees</li> </ul> <u>The economic performance</u> dimension is measured by using 6 items: <ul style="list-style-type: none"> <li>- We are more effective in serving our beneficiaries than our competitors</li> <li>- Our effectiveness has increased in previous years</li> <li>- We are more efficient in serving our customers/beneficiaries than our competitors</li> <li>- We have increased our company's efficiency in previous years</li> <li>- Our financial position has increased in previous years</li> <li>- Our company is financially sustainable</li> </ul>