

RESEARCH ARTICLE

Perception of Feasibility and Social new Ventures Success: an Exploratory Study

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Abstract

This research aims to understand the role that individuals' perception about the feasibility of a social venture plays on the decision to initiate a social project in Portugal and the extent to which individuals' skills and abilities shape their perceptions. To attain this goal, a survey was undertaken among a sample of individuals responsible for the creation of Portuguese social ventures. The results showed that the perception of the feasibility of the social venture is closely related to individuals' required skills/abilities and the desirability of the initiative. Specifically, it seems critical that the social value produced by the project will be fairly appreciated by the society and the target audience (donors, beneficiaries). For older people and individuals with no previous entrepreneurial and managerial experience, institutional support that increases external environment favorability is also considered important.

Keywords: *Social entrepreneurship, Entrepreneurial process, The feasibility of the social venture, Portugal.*

Introduction

Social entrepreneurship is an emerging concept that has been progressively applied to the resolution of social issues [1]. According to different authors the ultimate goal of social entrepreneurship is to create social value in a meaningful and prominent way [2-6]. To help to solve social problems and reduce social gaps an entrepreneurial approach is required to blend social value creation with economic sustainability [7].

In fact, social entrepreneurship seeks to create social and economic value in a simultaneous and mutually-reinforcing manner. The creation of economic value is seen as critical to foster organizational sustainability and enable the social venture to continue pursuing its mission. The existence of two objectives (social and economic value creation) makes social entrepreneurship an intrinsically hybrid field, as it is developed at the intersection of different activity areas [6; 8-11]. This condition introduces considerable challenges at the strategic, tactical and operational levels of the social organization.

Solving complex and persistent social problems through social entrepreneurship encompass a hard work by its actors, who face increased challenges and difficulties [7; 12-14]. The literature has pointed out that social entrepreneurs are the result of the context that surround them and which integrates a vast number of factors that can affect individuals propensity to invest in social projects [14-17].

In these circumstances, it is essential to understand what factors explain the social entrepreneurial behaviour and whether they promote the launch of new social ventures. This research tries to explore whether the perception of the feasibility of the social initiative promotes or inhibits an entrepreneurial behaviour. We also aim to explore how personal skills could influence individuals' ability to develop a project that implies the acceptance of innumerable risks. To achieve these purposes, the relevant literature is reviewed stressing the role of the entrepreneur's perceptions of the viability of a new social project.

Then we define the methodology that will be used in our empirical study. The results obtained are presented and discussed in the following section. The paper ends with the conclusions.

Previous Research on new Venture Feasibility

Risk-taking is mentioned in the literature as one of the key intrinsic factors for the adoption of an entrepreneurial behaviour [18]. The ability to take risks is expressed in the extent to which an entrepreneur is able or willing to engage in activities which involve uncertainty and for which there is some probability of failure [19-20]. When an individual assumes a risk, he/she is aware that the effective outcomes could be different from the expected ones, either for better or for worse [21].

State that to create and manage an organisation involves many uncertainties and therefore only people able to accept risks will get involved in those initiatives. In social entrepreneurship risk-taking results from the adoption of bold, novel or aggressive actions, which are developed to enable the exploitation of social opportunities [4; 18]. Perceived feasibility and desirability are important elements in the venture formation process, as they directly shape the propensity to act [22].

Perceived feasibility refers to the degree to which one believes that he/she is personally capable of forming a social venture. Perceived desirability refers to the attractiveness of generating a social venture [16; 23]. Although entrepreneurs are engaged in the risk-bearing behaviour, empirical evidence suggests that risk perception generally has a negative effect on the decision to start a new project [24-25]. Consequently, entrepreneurs will probably cease their efforts to set up a social venture if they perceive that it will not be successful.

The entrepreneur's desire to develop an initiative will, therefore, be as greater as higher the perception that the social idea will be feasible [23] and as higher the perception that the venture will produce positive results within a reasonable period (desirability) [16]. The desirability and feasibility dimensions are consistent with Ajzen's Theory of Planned Behavior [26] and as well as the Vroom's expectations theory [27].

The latter theory, despite has been mainly a research topic in the organisational behaviour field, recently was applied in the context of entrepreneurial behavior [28]. According to Vroom [27], the amount of effort that an individual exerts to attain their objectives (motivational force), will be the result of the combination of two elements: (i) the attractiveness or value attributed to a goal (valence); and (ii) the perceived probability that the goal will be achieved (expectancy).

In other words, the Vroom's expectations theory states that individual's actions are driven by its expected consequences, and that individuals' motivation is determined by how strongly they believe that a certain level of effort will lead to a specific result and how attractive this outcome is. The concept of feasibility could also be analyzed according to personality theories. The literature suggests self-efficacy as one of the most important traits [21; 28].

This trait represents individual's personal skills to deal efficiently with a variety of stressful situations and their persistence when facing adverse circumstances. Self-efficacy also expresses the extent to which individuals believe they can play the roles and tasks of an entrepreneur [21]. [29] State that people who believe they have the necessary skills (self-efficacy) and who perceive the low risk of failure are more likely to launch a new social venture. Individuals with a greater internal locus of control will also have a higher propensity to develop a social venture [30-31].

In other words, the probability of social initiatives to be created will be higher when people believe that throughout their competences, skills and efforts will find a certain solution that might be implemented. On the other hand, entrepreneurial success is dependent on the entrepreneur's belief that outcomes depend on him and are not determined by external factors such as 'luck'.

Method and Sample

Previous research has suggested that social entrepreneurs although willing to take risks related to new and innovative ventures, could be discouraged to realise their entrepreneurial intention if they perceive that (future) organisation will not succeed.

In this context, it is critical to understand how social entrepreneurs' perceptions and motivations are shaped. Taking Portugal as our empirical context, this investigation has two main purposes. Firstly, we intend to understand the role that individuals' perception about the feasibility of the (future) social venture plays in the decision making. The second purpose is to ascertain the extent to which personal characteristics and professional background constrain the formation of individuals' perception of feasibility. To achieve these aims, we use the concept of perception of viability in two important dimensions: the desirability and feasibility of the social venture.

Based on previous research about the role of feasibility perception on the decision to create a new social venture, the authors developed a structured questionnaire and pretested on ten experts in the field. The questionnaire was composed of two groups. The first included questions for general characterisation of the respondents, such as gender, age, education, area of study and professional status.

The second group focused on the relevance that different issues (10) had on the decision to start the social venture. These questions were measured on a five-point Likert type scale (where 1 corresponded to a factor with very low importance and 5 to a very important one). The final questionnaire, together with a letter detailing the study's purposes, were randomly emailed to the responsible for the creation of the existent non-governmental organizations (NGOs) for social and economic development in Portugal

and projects listed on the Portuguese Social Stock Exchange. The data was collected between September 19, 2012 and January 2, 2013. During this period, 45 responses were obtained. To gain a deeper insight of the data, besides the use of descriptive statistics we proceed to data reduction using principal components analysis. The factorial solution was based on varimax orthogonal rotation and followed the rule of Kaiser [32-33].

The analysis of the sample indicates a relative minor bias toward women (62.2%). Most of the respondents are aged between 35 and 54 years old (40%) and between 18 and 34 years old (26.7%). As can be seen in Table 1, the majority of respondents (93.3%) have higher education, while the remaining have secondary studies. No primary education has been registered. The respondents have an academic background in humanities (24.4%), economics (20%), engineering (20%) and health sciences (13.3%).

The less common areas were mathematical sciences (0%), teaching (2.2%), social sciences (8.9%) and arts (8.9%). With regard to previous professional experience, we observe that most respondents (77.8%) were employed when they get involved in the social venture and only a small percentage (4.4%) was retired. From those individuals who were employed (35 cases), almost half of them (48.6%) had been working until then in the business sector and only a small portion (14.3%) in the non-profit sector. The large majority of respondents (77.7%) were professionally satisfied when they decided to start the social initiative.

Table 1: Sample characterization

Characteristics	N (45)	%
Educational level		
Primary	0	0,0%
Secondary	3	6,7%
Higher	42	93,3%
Area of study:		
Health sciences	6	13,3%
Mathematical sciences	0	0,0%
Social sciences	4	8,9%
Economic sciences	9	20,0%
Engineering	9	20,0%
Arts	4	8,9%
Humanities	11	24,4%
Teaching	1	2,2%
Others	1	2,2%
Occupational status before starting the social venture		
Employed	35	77,8%
Retired	2	4,4%
Labor market inactive	8	17,8%
The sector where individuals worked before		

Business sector	17	48.6%
Public sector	13	37.1%
Non-profit sector	5	14.3%
Professional background		
Individuals professionally satisfied	35	77.8%
Individuals had created an organisation	14	31.1%
Individuals' parents had created an organisation	9	20.0%
Individuals' family or friends had created an organisation	24	53.3%
Individuals had experience in management	28	62.2%

Source: Author's own elaboration

Most of the respondents had never created any organisation before the social venture (68.9%), or their parents had any entrepreneurial experience (80.0%). The creation of organisations by individuals' friends or family is observed in slightly more than half of the respondents (53.3%). Most individuals (62.2%) already had experience in management, especially males and respondents with a personal or familiar tradition in the management of organisations.

Results

The analysis of the results reveals that when the decision to create the new social venture was taken, the most important variable was

the existence of a social need that was not being adequately addressed (average of 4.3) and to have sufficient competence and experience to start a new project (average of 4.0). These variables are considered most important for the decision by 58% and 40% of the respondents, respectively. To be able to identify a social need (average of 3.8) and to have the ability to be able to view risks as opportunities to create social value (average of 3.6) were also reasons reported as relevant. The other variables are considered as less important in the decision to create the social organisation, most of which have an average rating below the neutral point (3) in the 5 points Likert-type scale.

Table 2: Perception of feasibility

Variables	Average	(1)	(2)	(3)	(4)	(5)
To be able to identify a social necessity	3,8	4%	7%	27%	27%	36%
To have the ability to view risks as opportunities	3,6	7%	11%	27%	27%	29%
To have the necessary competence and experience to start the project	4,0	2%	7%	16%	36%	40%
To have enough resources for launching the social venture	3,3	13%	11%	29%	29%	18%
The existence of support and advice	2,7	18%	27%	31%	13%	11%
The existence of a favorable legal regime	2,6	27%	22%	27%	11%	13%
The existence of a favorable tax regime	2,6	31%	18%	24%	13%	13%
Facility in obtaining information to start the social venture	2,6	22%	24%	31%	13%	9%
Facility and simplicity of administrative procedures for launching the project	2,5	29%	22%	29%	11%	9%
The existence of a social need that was not being adequately addressed	4,3	2%	4%	16%	20%	58%

Source: Author's own elaboration

Notes: N=45; Scale: (1) Very low importance; (2) Low importance; (3) Null importance; (4); High importance; (5) Very high importance. To attain a more comprehensive insight of the results attained, we proceed to data reduction. The two dimensions of perception of the viability of the initiative- desirability and feasibility- were gathered during the analysis.

The desirability dimension was depicted by the variable existence of a social need that was not being adequately addressed by other organisations. Two principal components retained the feasibility dimension. The first one was related to the relevance attached to the external context favorability and comprised the following variables: 'existence of a favorable tax regime'; 'existence of a

favorable legal system'; 'facility of obtaining information to start the social venture'; 'existence of support and advice'; and 'facility and simplicity of administrative procedures'. The second component was related to the perceptions individuals had about their personal skills and includes the variables 'ability to view risks as opportunities', 'ability to identify a social necessity' and 'to have competence and experience needed to start the project'.

Next, factor scores were computed by the weighted sum score method, to ensure that items with the highest loadings on the factor would have the largest effect on the factor score [33-34]. The components achieved have good internal reliability, since the Cronbach's

Alpha is always above 0.79 [33]. The main results obtained are summarized in Table 3.

Table 3: Factors influencing the perception of new social venture feasibility

Component	Average	Standard deviation	25 Perc.	50 Perc.	75 Perc.
The relevance of the external context favorability	2,6	1,11	1,5	2,6	3,2
Perceptions about personal skills	3,8	0,95	3,1	4,0	4,7
Perception about the desirability of the social venture	4,3	1,03	4,0	5,0	5,0

Source: Author's own elaboration

Extraction method: principal component analysis; Rotation method: varimax, with Kaiser Normalization; KMO measure = 0,756; Bartlett's sphericity test: $p = 0,000$. Rotation converged in 3 iterations. The results attained reveals that individuals' perceptions about the feasibility of the initiative had considerable importance in the decision to start a new social venture. The most impacting component was individuals' perception about desirability, which reached an average evaluation of 4.3 (on a scale from 0 to 5 maximum points) and is recognised as most important in the decision making the process by more than half of the respondents.

Thus, for social entrepreneurs, the recognition of the desirability of the initiative derives mainly from the belief that there is a (worthy) social need that is not being adequately met and that the launch of the social venture will contribute for creating social value. This recognition will improve social entrepreneurs' motivation's level. Moreover, the combination of social entrepreneurs' engagement with the possession of necessary personal skills and abilities, will reduce individuals' fears of failure.

Respondents also qualify the perception about the ownership of personal skills as important to the launch of a new social venture (average of 3.8, on a Likert-type scale of 5 points). On the other hand, the perception of a favourable external context has the lowest score; although the average score is relatively close to the neutral point of the scale (mean of 2.6) with most of the respondents considering this component had low importance in the concretisation of their entrepreneurial intention. Thus, we observe that the formation of individuals' perception about feasibility derives mainly from the belief that they have suitable skills and abilities, rather than the existence of a favourable external environment.

This finding has support in the literature which argues that personality traits matter in the entrepreneurial process. The investigation shows that individuals having a higher self-efficacy and a higher internal locus of control are those who are more prone to start an entrepreneurial social venture. These personal characteristics are therefore seen as important for bearing the risks involved in the entrepreneurial activity.

Taking into consideration the respondents' personal characteristics, we do not notice gender differences in the formation of social entrepreneurs' perceptions. In fact, the results attained showed that male and female evaluate each of the three dimensions in a quite similar way. However, the other personal attributes are suggested as relevant since we have noted that individuals older than 55 attach a positive relevance to the external context favorability, while the reverse (negative relevance) is found in the other respondents.

Thus, apparently, older social entrepreneurs exhibit a lower internal locus of control or, conversely, a higher degree of external locus of control. Moreover, individuals who were already employed when the initiative started (especially in the business sector) or individuals that are not active in the labour market give more value to the existence of an unmet social need than individuals who were retired.

Individuals with no previous experience in creating organisations (albeit in an indirect way, through their parents), are more prone to highlight the existence of a favourable external context than individuals who have such entrepreneurial background. Likewise, individuals who had already experience in management shape their perception about the feasibility of the social venture mainly based on the belief they have about the ownership of the required personal skills and

assign very low importance to a favourable context. Individuals without experience in management, in turn, value in a similar way the two components (perception of the favorability of the external context and perceived personal skills).

Conclusion

Social entrepreneurship is an intrinsically hybrid field that brings peculiar risks when a new social venture is created. Existing literature suggests that risk perception usually has a negative effect on the decision to start a new project. The objective of this study was to understand the way perception of the feasibility of the social initiative promotes or inhibits an entrepreneurial behaviour. The investigation aimed to ascertain the extent to which individuals' perceptions about feasibility have influenced the decision to start a new social venture and how personal and professional factors might influence individuals' ability to develop a social venture.

The results indicate that the perception of the feasibility of the social venture has a positive influence on the entrepreneurial process and it is shaped by the awareness that the organization will produce a result that will be strongly appreciated by the general society or by a specific target group (desirability). Also, the interpretation that individuals make about the skills required to launch and develop the social project is deemed important. The score observed in the dimension desirability of the initiative suggests that social entrepreneurs strongly value the impacts their actions can produce regarding solving a social problem or creating social value. The feasibility dimension is also recognised as important, especially concerning possessing the appropriate personal skills.

The way individuals shape their perception of feasibility and the way they are deterred (or not) to launch a new social venture is constrained by their demographic characteristics and professional background. The understanding of the factors that have a greater influence in the creation of the social organisations may enable governments and policy-makers to stimulate the level of social activity in Portugal indirectly, since the public authorities act on the predictors of social entrepreneurial behaviour.

Thus, this could be achieved through the stimulus on education and the development of programs that promote management and business skills, since they can increase the predisposition of individuals to social entrepreneurship, specifically due to the influence they have on the evolution of individuals' perception of the social venture feasibility. Further, the same incentive could be attained through programs that act upon the dimension desirability, namely throughout the promotion of greater social awareness and a deeper civic spirit.

Likewise, the communication of successful initiatives on the media and the significant contribution they had to social value creation is expected to have a positive impact on future ventures. Such programs would lead social entrepreneurs to a higher personal valuation of the social outcomes their actions are supposed to produce. The recognition of the relevance of personal and professional characteristics for launching new social ventures entails very important practical implications. First, suggests that to make a country more aware of the importance of social entrepreneurs requires designing tailored public policy for different citizens' groups.

In fact, one size does not fit all since the way individuals perceive the success of the venture will differ according to their personal characteristics. Hence, for younger people, training programs and capacity building would have a higher impact on retracting social entrepreneurs' fears. Second, dissemination of existing institutional support towards older people is expected to improve their perceptions about external context favorability. The same applies to individuals who have no experience in management.

The comprehension of the drivers of social entrepreneurship is important for policy-makers, not only by the potential these organisations have on creating social value, but also by the spill-over effect they could have on economic entrepreneurship. Despite the knowledge produced by this research, many areas still deserve to be explored. Our findings are not as conclusive as we would like due to the nature of the sample and the low level of social entrepreneurship in Portugal. Thus, more research on the

feasibility and desirability of the social project is needed so that it is possible to understand better how the perceptions are

shaped and impact social entrepreneurs' choices and behaviours.

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