6-9-2012

RISKING MORE THAN MONEY? ENTREPRENEURIAL ORIENTATION IN THE SOCIAL CONTEXT (SUMMARY)

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Recommended Citation
Available at: http://digitalknowledge.babson.edu/fer/vol32/iss19/4

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Principal Topic

Entrepreneurial orientation (EO) has been well established in the for-profit context as a way to determine the proclivity of firms to undertake entrepreneurial activities (Covin and Slevin, 1989, Lumpkin and Dess, 1996). To date, EO has not been extensively researched in the social context, and existing EO scale items have not been adjusted for the primary social mission (Morris et al., 2011). This qualitative exploratory research explores the EO dimension of risk taking (Lumpkin and Dess, 1996) in small nonprofit organizations in Australia and the UK, and identifies whether it is appropriate to adapt existing EO scale items to assess risk taking in the social context.

Method

Using data from a qualitative cross-country comparison of 16 small organizations, we explore the manifestation of risk taking in a purposively selected sample of traditional nonprofits, and ‘born’ and ‘adapted’ nonprofit social enterprises organizations in the United Kingdom and Australia. Traditional nonprofit organizations undertake no commercial trading activities; ‘born’ nonprofit social enterprises have undertaken commercial trading activities since inception; and ‘adapted’ nonprofit social enterprises launched commercial trading activities sometime after inception (adapted from Smith et al., 2010). Based on the literature (Covin & Slevin, 1989; Lumpkin & Dess, 2001), interviews with the Chief Executive Officer and other relevant staff were conducted. Structuring the data using NVivo, we reviewed participant responses to examine how the EO dimension of risk taking is exhibited in these social organizations.

Results and Implications

Our research reveals the multidimensional manifestation of risk in the social context, indicating that existing EO scale items be augmented for use in this context. Financial risk is still pertinent to nonprofit organizations, however non-pecuniary risks were also identified: reputation, brand image, key persons in the organization, time and effort, relationships, and leadership. Specific tactics to mitigate risk were identified by respondents, designed to maintain legitimacy and positive relationships with stakeholders. No distinctions between the three types of nonprofit organizations were identified. Future research might encompass a larger sample of the three types of nonprofits to explore the influence of the social mission and multiple stakeholders on risk taking within the social context.

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