

EXPANDED ABSTRACT

Survival of new social ventures. An approach based on qualitative comparative analysis fsQCA

Objectives

This article has as main objective to check how some entrepreneur's and venture characteristics are related to new social venture survival. Specifically, related to the venture, five conditions have been studied, these conditions are: venture workforce, initial capital and three variables that assess the quality of the social venture plan (business plan). Regarding the entrepreneur's conditions, the experience related to the new venture activity, training level and specific training, and entrepreneurship motivation have been taken into account.

Study design and methodology

The study uses a sample that oscillates between 291 and 212 start-ups according to the period considered. The two outcome original variables are survival at 31 December of the third year (ST+3) and at 31 December of the sixth year (ST+6) after the new venture foundation. Both variables are dichotomous (1 = survival; 0 = failure).

The access to this sample has been possible with the collaboration of the Program Management and Planning Service from the Valencia Institute of Youth (IVAJ). This institution provided data on these ventures, whose creators were young entrepreneurs under 30 years old, or under 30 years but partnered with co-workers aged over 30 years, who applied for a grant.

Our propositions or tenets imply the existence of an interplay between business plan quality and entrepreneur and firm characteristics. In this case, different combinations of causal conditions could lead to the same outcome. Therefore, taking into account the limitations of conventional quantitative methods to study the effect of different possible causal recipes on survival, this study uses Qualitative Comparative Analysis, specifically fsQCA. QCA methods build and test theories of complex antecedent conditions that are sufficient or necessary to explain an outcome condition (e.g., firm survival). That is, the goal is to determine if any of the conditions, or a combination of the conditions that have been numbered in the previous section are sufficient or necessary to explain new social ventures' survival.

Results

Due to the nature of the analysis that has been applied, the results can be divided into two blocks. The first one come from testing whether any of the causal conditions and their negation are necessary for the 3-year and 6-year survival. Our results show that any of the antecedent conditions is necessary or “almost necessary” for any outcome condition because any consistency score exceeds the threshold of 0.9.

The second group of results shows models of sufficiency analysis. In ST+3 there are four main causal configurations that lead to firm survival. There are some conditions that are present in the four combinations, these conditions are both specific training and the level of entrepreneur’s training, economic and organizational viability and initial capital. On the other hand, one of the combinations shows a curious characteristic, that is, the lack of financial viability makes the likelihood of survival grow. The most logic explanation is that as we are analyzing social ventures, and that these organizations trust more on subventions and public helps that on self-financing.

At t+6, as at t+3 there are also 4 causal configurations that lead to firm survival. From the results it can be extracted that, specific or related training and training level, and economic and organizational viability are important conditions in explaining new venture survival. These results are similar to those obtained in the short run. However, there are one of the conditions that loose importance in the medium run, initial capital. Contrarily, related experience, which was not a key antecedent condition at ST+3 appears in the four relevant causal combinations in ST+6.

Limitations of the study

The limitations of the study are mainly related to the sample. The first limitation comes from the nature of the entrepreneurs; the sample is composed by entrepreneurs who live in the Valencian Community and who are all under 30, or under 30 but partnered with co-workers aged over 30 years. That characteristic of the sample makes difficult the extrapolation of the results at other territories and types of entrepreneurs. It is therefore advisable for subsequent research to replicate the study in a different geographical area, employing a sample comprising entrepreneurs of any age, which would probably make previous experience play a more determinant role when explaining new social venture survival. Likewise, it would be advisable to examine the real role played by the business plan, that is, if new ventures use it for something more than as a means of obtaining public support.

Conclusions

The most important conclusion is that any of the studied antecedent conditions alone is necessary or almost necessary, but these conditions take part of diverse overlapping causal configuration sufficient for displaying survival of both new and established social ventures. In fact,

there are some antecedent conditions that are relevant in the short and medium run. These conditions are related to the entrepreneur's background, his/her training and experience. Moreover, the economic and organizational viability of the social venture plan are also important. One of the most important conditions at the short run, initial capital, loses importance at the long run. Probably because there are new social ventures that survive in the short run because of their amount of financial capital, but are not able to generate resources to be reinvested in a longer run.

fsQCA offers a deeper understanding of the role of the different antecedent conditions, because it allows analyzing the effects of combining indicators of the quality of the business plan with entrepreneur and business characteristics. Furthermore, this technique allows researchers to consider different combinations of initial conditions that are able to foster firm survival probabilities, a result impossible to obtain with, for example, multivariate logistic analysis.

Practical implications and original value

The results are especially interesting for institutions responsible for the management of public or private aid programs aiming to foster entrepreneurship. They offer a guide for the assessment of new entrepreneur projects, taking into account variables or conditions that are particularly relevant to predict survival probabilities, at least at the short and medium run.

This study highlights the fact that the entrepreneur's background should be object of consideration due to two reasons. Firstly, because it should be taken to account when deciding the projects to bet on, and, secondly, because theoretical and practical training of actual and potential entrepreneurs is shown as a profitable investment of public and private funds, especially in the case of social ventures. Finally, a real and flexible social venture plan could be a very interesting management tool, if managers have the knowledge and the will for an adequate implementation.

KEYWORDS: Social entrepreneurship, business survival, entrepreneur characteristics, size, business plan, fsQCA.