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## THE SOCIAL AND ENTREPRENEURIAL ORIENTATION OF SMALL BUSINESSES: MUTUALLY EXCLUSIVE OR REINFORCING? (INTERACTIVE PAPER)

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## INTERACTIVE PAPER

### THE SOCIAL AND ENTREPRENEURIAL ORIENTATION OF SMALL BUSINESSES: MUTUALLY EXCLUSIVE OR REINFORCING?

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#### Principal Topic

As argued by Acs and Phillips (2002) it is not only “the creation of wealth (entrepreneurship)” but also “the reconstitution of wealth (philanthropy)”, which has been essential for the inherent dynamism of the market economy (*Ibid.*, p.201). However, we understand little about the entrepreneurship – philanthropy link in institutional contexts that differ from that of leading developed market economies. Accordingly our research agenda is to investigate the entrepreneurship-philanthropy nexus in a very different context of Lithuania, a country which shed a command economy system twenty years ago.

In particular, we are interested to see if the cluster of attitudes and strategies of firms conducive to entrepreneurship, i.e. their entrepreneurial orientation (Covin & Slevin, 1989), is consistent or contradictory with philanthropy? In other words, is philanthropy strongly associated with some core components of entrepreneurship, or is it an entrepreneurial anomaly, relying on a minority of economic actors that provide important links with wider, non-economic communities.

#### Method

The study draws on 270 randomly sampled, phone interviews with owners and owner-managers of small and medium-sized enterprises (SMEs), i.e. firms with less than 250 employees. Interviews were conducted in Lithuania during January- March, 2008. Our results are based on confirmatory factor analysis combined with regression analysis.

#### Results and Implications

Despite the legacy of informal institutions that is conducive neither to entrepreneurship nor to civic society, we found that by now, (i) the companies that score highest on entrepreneurial orientation construct, (ii) that perform best and those (iii) that have foreign owners are also most likely to declare their commitment to philanthropy. Our findings that most entrepreneurial firms are also involved in philanthropy are consistent with the perspective on the pattern of development in an entrepreneurial economy as outlined by Acs and Phillips (2002).

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