Use of marketing in social enterprises

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Abstract: Social entrepreneurship is relatively a new concept within social sciences. Like the case with any newly emerging field, social entrepreneurship is confronting the challenges of justifying the use of new constructs and hence the challenge of generating new knowledge and insights. Till date, the field of social entrepreneurship has majorly been consented as a multidisciplinary approach to social problem solving. In this regard, researchers are attempting to take insights from different disciplines in an effort towards delimiting the scope and context of social entrepreneurship. However, social entrepreneurship is projected or seen as sharing much in common with business management and entrepreneurship. As such, the different approaches of management domain find high appropriateness for application, explanation and further expansion of this field. In light of the above and on the basis of a few qualitative case studies conducted in the western countries till date, the paper attempts to gain critical insights about the use of marketing concepts in social enterprises.

Keywords: social entrepreneurship; social entrepreneurship; S-ENT; social enterprise; social marketing; entrepreneurship; strategy.


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1 Introduction

Social entrepreneurship (S-ENT)\(^1\) has been recognised as sharing much in common with conventional entrepreneurship. Much alike as the field of entrepreneurship is getting benefited from the entrepreneurial marketing, the social entrepreneurial endeavours are thus deemed to be benefited from the use of innovative marketing strategies as well.

The social enterprises (SEs)\(^2\) have mainly emerged as a response to the failure of the state as well as private sector in fulfilling the needs of the marginalised and poor sections of the society (Zahra et al., 2008; Leadbetter, 1997). Thus, SEs are rightly emerging as socially innovative models of development much deviated from the traditional models of business, production and consumption (Layard, 2005). Alternatively, social enterprise model is promising the development and delivery of innovative ways of social problem solving in a scenario where the traditional public, voluntary or community mechanisms fail to solve social issues.

Moreover, SEs have been identified to be operating mostly in resource constrained environments. There is a continuous reduction in the traditional resources and competitions for these common resources tend to become intensified. In order to serve the community better, the non-profit ventures have to necessarily adopt business professional operations and certain marketing techniques to gain efficiency in its services and products (Reis and Clohesy, 1999). The social enterprise started with a pure social mission in a not-for profit sector is forced to adopt some revenue generating strategies in order to sustain in the market and survival. Besides, the recent findings have highlighted the importance of competition which the SEs are facing from the for-profit sector. Thus, SEs have been projected as competing for resources with the commercial ventures in future. On the basis of resource constrained environment as well as the challenges posed by the social exclusion, the SEs like mainstream entrepreneurial ventures have to necessarily embrace some innovative entrepreneurial approaches to their marketing if they have to successfully achieve their objectives.

Keeping in consideration the growing significance of marketing in entrepreneurship theory and practice; the field of S-ENT (as sharing the principle entrepreneurship tenets) can be benefited by the innovative use of marketing strategies. However, the marketing in case of SEs has to have some unique distinctions from mainstream entrepreneurial marketing. The uniqueness of marketing approaches for S-ENT can be grounded on the basis of duality of goals pursued by the SEs. The existence of double or even triple bottom line approaches mandates the SEs to simultaneously pursue both the social as well as the financial returns for their investments. The scenario thus emphasises taking of tough decisions by the social entrepreneurs concerning which products and services to offer and which market segments to pursue. The process gains criticality especially when SEs have to develop their strategic marketing plans (Boschee, 2006).

2 Literature review

Entrepreneurship in general has been found to have much commonality with marketing. There are definite lines of overlap between the two fields. For, e.g., both the fields share pertinent areas of ‘opportunity recognition’ and ‘change’ (Shaw, 2004). According to Omura et al. (1993), both marketing as well as entrepreneurship strive to identify
opportunities in dynamic environments. Collinson and Shaw (2001) contended that marketing and entrepreneurship typically share the characteristics of being “change focused, opportunistic in nature and innovative in their approach to management”. Further, the act of transforming the resources (knowledge, money and technology) for creating value leaeden products has been found to be critical for entrepreneurial marketing. Similarly, the entrepreneurial ventures have been identified as heavily using the networks of relationships to gain market knowledge and information (O’Donnell et al., 2001; Shaw, 2002), which also serves as an area of critical emphasis in marketing management. Consequently, the competency of leveraging networking and building relationships with buyers, suppliers and others along the supply chain and in the immediate micro-environment is emerging as a critical competency for the entrepreneurial marketing managers (Carson et al., 1995; Hill, 2000). Moreover, the studies revealing the similarities between entrepreneurship and marketing seem to be growing from the past two decades (Fillis, 2000; Stokes, 2002). Even though the ‘Knowledge about entrepreneurial marketing is just in its infancy’ (Bjerke and Hultman, 2002), still the field of entrepreneurial marketing is rightly evolving as an important development in marketing theory and practice (Shaw, 2004).

Further, the recent development of literature contested that the position and management of marketing in small entrepreneurial firms tends to suitably apply over the SEs (Shaw, 2004; Bjerke and Hultman, 2002; Carson et al., 1995).

The use of marketing in small entrepreneurial firms occurs naturally in an unplanned and ad-hoc way or the use tends to be without any conscious marketing decision which resembles with SEs marketing approaches (Madill and Ziegler, 2012; Shaw, 2004; Bjerke and Hultman, 2002; Carson et al., 1995; Carson and Cromie, 1989). However, while SEs marketing has been identified as sharing much in common with entrepreneurial marketing, the existence of specific factors in the context of SEs can influence the entrepreneurial marketing of SEs for example; the factors of ‘localembeddedness’, ‘not-for-profit orientation’ have been found to influence the entrepreneurial marketing in SEs (Shaw, 2004).

3 Methodology

This paper attempts to clarify the use of social marketing in social enterprise. Thus, the main objectives of this paper are:

- to explore the nature of marketing in SEs
- to compare and contrast the use of social marketing from entrepreneurship marketing in SEs.

The paper builds upon the work of others and is thus based on the published work on use of marketing in SEs. This study will give a deep understanding of how the social marketing is practiced within SEs and other small entrepreneurial firms and emphasises the need to remove the barriers for systematic adoption of such marketing strategies for achieving social enterprise goals.
4 Nature of marketing in SEs

SEs have been identified to operate across an array of organisational forms ranging from pure not-for-profit to for-profit organisational models (Kerlin, 2006). The literature proves that the SEs have been dominantly placed in non-profit sector (Lindsay and Hems, 2004; Peredo and McLean, 2006; Austin et al., 2003). However, they have been placed in for-profit sector as well (Nicholls, 2006). Nevertheless, an increasing number of researchers are using the concept of SEs as belonging to a third sector or adopting a hybrid model. The hybrid nature of SEs have substantially been proposed, explained and accepted across different contexts over the globe. Some of the authors propounding the hybrid model of SEs include, for example, Dees (1998), Townsend and Hart (2008), Peredo and McLean (2006), Mair and Marti (1987), Defourny and Nyssens (2006), Martin and Osberg (2007), Short et al. (2009) and Dart (2004). However, irrespective of the nature of the organisational form in which the social enterprise operates, there are some distinguishing features for being called a social enterprise. One of the pertinent characteristic features includes the enterprise’s primary goals of social value creation. Besides, the non-distribution constraint mandates the enterprise to principally reinvest the surpluses in the business or in the community. Thus, while these features are regarded as distinct, they concurrently pose some distinct challenges in the strategic management of such organisation types. For example, the simultaneous pursuing of both the financial and social goals often creates tension while taking the strategic operational decisions of the enterprise (Tracey and Jarvis, 2007; Boschee, 2006). Maintaining an appropriate balance between social impact and financial viability is critical aspect of social enterprise management.

The tendency of SEs in assuming any organisational model arises primarily because of their multidimensional nature. Further, the variegated nature of the social problems complicates the matter with respect to demarking the boundaries or scope of social enterprise operation. Thus, the marketing of SEs while being innovatively entrepreneurial has to take care of specific dilemmas and factors.

5 Social marketing as an emerging marketing for SEs

The use of social marketing approaches for addressing social issues can be found in early 1990s. The early evidences of such deliberate social marketing approaches could be found in the reproductive health program campaigns propounded by Indian Institute of Management in Calcutta, 1963 (Chandy and Balakrishman, 1965). During the initial epoch, however, the use of social marketing approaches was predominantly as communication campaigns in public health awareness campaigns without covering the broader aspects of customer engagement [use of public health marketing in the USA, Australia, 1980s (Roccella and Ward, 1984)].

Social marketing has been applied in varied contexts and situations. However, the traditional views of social marketing have emphasised the change in individual behaviour as a focus of the social marketing approaches. The intension of such social marketing campaigns was mainly to achieve specific behavioural goals with respect to certain audiences. A wealth of studies have evidenced such types of ‘operational social marketing’ approaches of social marketing in the past. The recent shift in approaches of
social marketing have necessitated the conceptualisation of some ‘upstream’ approaches – that is critical to change the society as a whole in which the target customer live (laws, attitudes, cultural norms), in order to ease the individual behaviour change (Lefebvre, 2011). This orientation in the conceptualisation will ensure that social marketing approaches are utilised in more strategic settings in order to guide the strategy formulation of the organisations. Thus, the emphasis in this context would be less on specific audience.

Social marketing by definition is “the application of the marketing discipline to social issues and causes, that provides a framework for developing innovative solutions to social problems that have long perplexed and frustrated us” [Lefebvre, (2009), p.143]. The concept of social marketing stands for the marketing endeavours directed to influence the social behaviours which aims for “not to benefit the marketer but to benefit the target audience and the general society” (Madill and Ziegler, 2012). The marketing programs designed to change or alter behaviours for the individuals or society’s interests can be referred to as social marketing programs (Andreasen and Kotler, 2003). Further, in order to develop a demarcation of social marketing campaigns from the commercial marketing, Andreasen (2002) proposed the following criteria’s as benchmarks for recognising the marketing approaches that could legitimately fall under social marketing label:

- the goal of the marketing program must be ‘voluntary behaviour change’
- marketing projects must consistently use ‘audience research’
- the program proceeds with a careful segmentation of the target audience.

The central element of any influence strategy is creating attractive and motivational exchanges with target audiences. The marketing strategy tries to utilise all product, price, promotion, and place or distribution (4Ps) of traditional marketing mix. This criterion is in place to ensure that the program is not just advertising or communications. The marketing program shall pay due attention to the competition faced by the desired behaviour. However, a marketing program does not necessarily have to have all above criterion in order to be called as social marketing program. Nevertheless, campaigns that are purely communication campaigns should not be confused with the social marketing (Andreasen, 2002). Social campaigners too often practice social advertising rather than social marketing. Thus the frequent failure of many social advertising can be attributed to the lack or absence of conditions of monopolisation, canalisation, and supplementation in the social arena (Lazarsfeld and Merton, 1971). The success of a campaign will depend on the well development of product, place, promotion, etc. Such concepts were redefined and were shown to have great degree of applicability in social causes (Kotler and Zaltman, 1971). In a research paper titled, ‘Social marketing: an approach to planned social change’, Kotler and Gerald (1971) argued that specific social issues are in need of innovative solutions and approaches in order to attain public attention and support and such social causes can get benefitted from marketing thinking and planning. However, they meanwhile contented that there is sufficient distinction between social marketing and business marketing. Social marketing typically requires dealing with some core beliefs and values while as business marketing often deals with some superficial preferences and opinions. The powers as well as limits of social marketing can only be learned through applying more tools and concepts of marketing to it. Further, the process of social marketing itself appeals for some marketing research for the consequent
development of well-conceived ‘product’. This would require social marketing to move through specialised mass and communication media to reach target audiences. Further, it is argued that there may be hard or soft marketing styles, depending on which one is deemed effective in accomplishing social objectives (Kotler and Zaltman, 1971).

6 Present use of social marketing in SEs

Some studies in the west have argued that adoption of social marketing elements have got tremendous role in marketing of social ideas of SEs and thus can prove to be offering potential for the S-ENT arena (Madill and Ziegler, 2012). In a recent report of a research project over determining the key performance factors of SEs operating in Canada, Boyer et al. (2008) showed that marketing knowledge vis-à-vis marketing of products or services constitutes an active and proactive element of scaling up in SEs. In a recent case study analysis, Oprica (2013) showed how the social enterprise under study (Rotary organization, Romania) became successful in generating the trust in local community vis-à-vis in achieving its S-ENT objectives through the conscious adoption of social media and social networking approaches. The author further argues that although in terms of theory, S-ENT and social networking have nothing in common; the wise use of social media and social networking approaches can strongly benefit the S-ENT ventures. Boyer et al. (2008) in their research also found that lack of marketing skills in social entrepreneurs rendered the enterprise with little knowledge about buyers and consequently lack of knowledge about marketing was cited as one of the difficult aspects of initiating their enterprises. Further evidences are continuously emerging showing the successful adoption of social marketing in promoting the bigger societal issues and social goals of SEs to the community at large.

6.1 Use of social marketing as a contested concept

The above criteria’s of benchmarking the social marketing programs by Andreasen and Kotler (2003) has been used and encouraged by Madill and Ziegler (2012) in describing the utilisation of social marketing in a case study of ‘One Drop’ enterprise, Canada. They found the particular social enterprise was utilising many of the elements of social marketing campaigns. However, there was no conscious adoption of some innovative social marketing campaigns rather the firm had adopted certain social marketing approaches without actually knowing that they are using the same. As per authors, ‘One Drop’ firm had no background knowledge of social marketing and thus did not consciously devise any formal strategy for the social marketing adoption. The case analysis revealed that even the lay people, without any understanding of the theoretical background or even without knowing the definitions of the social marketing concept, may adopt the elements of social marketing. The use of marketing without any marketing knowledge by the SEs was further found by Boyer et al. (2008) in a project concerning the determination of the key performance factors of SEs operating in Canada. Thus, lack of knowledge cannot serve as a strong barrier to adoption of elements of social marketing and thus the SEs may intuitively adopt social marketing approaches without any formal academic knowledge (Madill and Ziegler, 2012). This goes in line with Friestad and Wright (1994), who showed that the lay people without actually knowing the names of
academic theories can have their own persuasion theories. Thus, this raises the question of how important the overall strategic view is within social marketing.

7 Conclusions

It is evident from the above discussion that social marketing is generally directed to bring some socially desirable behavioural change in the target segment. Thus, unlike commercial marketing, social marketing has some difficult goals to accomplish like bringing some long-term behavioural change in the target society. In light of the above, the results of social marketing strategies may take comparatively longer time to realise. Thus, it may obscure the social entrepreneurs from realising the potential of social marketing in driving the major social changes.

While justifying the importance of strategic social marketing, we propose that although unsystematic and unplanned adoption of social marketing elements could generate some fractional results, the SEs may fail to envision the strategic aspects of the holistic customer engagement process. Thus, the act of creating as well as maintaining the customer relationships turns to be too critical for the success of social marketing strategies.

SEs seem to be increasingly adopting the tools and techniques of social marketing. However, the social marketing literature suggests that there are a number of barriers to its successful adoption. Consequently, many practitioners and managers remain unaware about the potential of social marketing in organising or augmenting the social transformation movements. In this regard creating understanding about the overall strategic view of social marketing could go in long way in removing the barriers to its systematic adoption.

Acknowledgements

This paper is a part of the thesis work undertaken by the corresponding author for the partial fulfilment of requirements of degree of doctor of philosophy.

References


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Notes

1 S-ENT is used as abbreviations of social entrepreneurship throughout this document for reasons of space.

2 SEs is used as abbreviations of social enterprises throughout this document for reasons of space.