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**SOCIAL ENTREPRENEURSHIP AND VALUE CREATION: MARKETING
PERSPECTIVE**

Case study in European context

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ABSTRACT

The objective of the thesis was to examine how the means of marketing can support value creation in and contribute to reaching the social objectives in the context of European social entrepreneurship. The phenomenon, recognised to contribute to the objectives of sustainable development and supported by the European Union, has gained more awareness recently with the field growing in Europe. Yet the value that the innovative social ventures produce has largely remained uncharted, partly because of the issues in measuring non-monetary value. The field of marketing in the context has not been the focus of previous research, evoking interest towards the topic especially owing to the field's ability to solve social issues by satisfying unmet needs. The research gaps discovered in the field might be a consequence of the pre-paradigmatic stage characterising the field and hindering the development of theory.

The theoretical part focused on describing characteristics of social entrepreneurship, the phenomenon in the European context and the relevant theories related to value creation, social value creation and marketing in social entrepreneurship. As the social ventures consist of various business models and earning logics with different emphasis on the creation of financial and social value, theories regarding both non-profit marketing and entrepreneurial marketing were discussed. The empirical part was created based on theme in-depth interviews conducted with 31 social entrepreneurs and 10 political decision makers from eight European countries, and the data was analysed using the approach of qualitative content analysis.

Based on the findings, marketing in social entrepreneurship can be described by the concept of bricolage with combining resources at hand with flexible and sometimes unplanned processes. In addition, the competitive means of marketing were interpreted to have a value adding qualities into the social venture. The hypothesis of the means of marketing being able to enhance the success of the social objectives was as well confirmed in the light of the findings, with marketing having a central role in both co-creating and communicating value to the stakeholders of the social venture.

KEYWORDS: Social entrepreneurship, social innovation, value creation, entrepreneurial marketing, non-profit marketing, societal marketing

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“This report, by its very length, defends itself against the risk of being read.”
Winston Churchill

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1. INTRODUCTION

The purpose of this study is to examine the phenomenon of social entrepreneurship from the perspective of marketing. It is perceived that the means of marketing can be able to contribute to the societal challenges that social entrepreneurship is answering to by creating value in the process and enhancing the success of the social venture. The input that marketing can add into the equation can be seen to support reaching the objectives of the social ventures, and marketing can also be seen to have a central role in value creation, especially customer value creation since it is one of the interfaces between the customers and the company. Thus, it is interesting to have a glimpse of how marketing is perceived in the social ventures in practice, and what kind of conclusion can be made from this in regard to the value creation by marketing and marketing as the means of intermediating the value for the stakeholders.

Entrepreneurship in general can be defined as profit seeking ambition which has the ability to enrich the overall economy and society when successful (Isenberg 2011), and it is an important driver for economic prosperity and social well being because of its ability to create economic competitiveness (Vogel 2013). While capitalism is thriving in the modern world, some entrepreneurs have begun to think outside the box and personal interests, establishing their businesses with other than monetary motives by operating as social entrepreneurs. These social ventures with social and environmental objectives are challenging the status quo and the conventional thinking about what is possible (Seelos & Mair 2015), going beyond traditional entrepreneurship with the emphasis on the social well being with a more long term scope (Satar & John 2016). The new innovative business are creating new markets with business models that can significantly extend the reach of the products and services into places where they would normally not be afforded (Elkington & Hartigan 2008: 19). It also enables the civil society and private organisations to directly influence the problems in the community without middlemen and without relying on the

public funds for the continuance of the business (Borgaza & Defourny 2001), as the enterprises are perceived as a rational and functional solution to the public sector funding and resource constraints (Dart 2004b).

Because of the global changes in consumptions habits, the shorter product life cycles and the emphasis on financial returns, the environment has been neglected. The future of civilisation as we know it may depend at least to some extent on the spread of entrepreneurship (Isenberg 2011), highlighting even more the importance of social innovations and entrepreneurship as a new preferred way of making the difference as social entrepreneurship has been recognised to contribute directly to the internationally recognised goals of sustainable development (Seelos & Mair 2015). Social entrepreneurship and the social innovations attached have also become increasingly important as new social needs are emerging (OECD 2010: 31), and in general the social dimension is viewed to deserve a greater attention because of these growing social demands (BEPA 2011). This importance is seen also in the rapid rise of social entrepreneurs (Mitchell, Madill & Chreim 2015) and the growth of the phenomenon itself (Mallin & Finkle 2007). In Europe, technological advances, globalisation and the ageing populations are changing societies at a rapid pace (BEPA 2011). Especially new communication technologies have increased the access to information, increasing the European consumers' awareness about social issues (European Commission 2013b). As social entrepreneurship was recognised as an important form of business supporting the societal development, the European Commission launched in 2011 the Social Business Initiative, aimed at support and development of the field (European Commission 2011, 2017b), illustrating the emphasis that has been placed on developing the field.

As social entrepreneurs are not primarily driven by financial motives (European Commission 2013a), they are using profits as a means to reaching the social goals instead (MARCIEE ISP. 2017b; Satar & John 2016), thus creating value to the society in one way

or another with their motives. As social entrepreneurship consist of various business models and differ in their goals, they can be seen to create value in many different levels in addition to the society as a whole. Social entrepreneurship has a tremendous role in the upliftment of the disadvantaged, the sustainable growth and therefore the development of the planet (Prabhu 1999), and it is clear that the created value goes beyond the financial aspect. These other types of added value are perhaps not recognised or appreciated, and traditionally in evaluating entrepreneurial processes only the economic value has been counted for leaving much of the social value as well as other dimensions of value underestimated (Chell 2007). These underestimated areas of value make the subject of value creation in social entrepreneurship more intriguing, with an added perspective of how the means of marketing can support the value creation and the social cause on venture itself.

In addition, it can be perceived that value creation connects to competition by creating customer value that is utilised as competitive advantage. According to the spirit of social entrepreneurship, value capture is merely a means in reaching the ultimate objective of value creation. In other words, a venture has to be able to sustain itself into a certain extent, but with additional profits reinvested in order to maximise the social impact. An optimisation has to be made with the financial and social objectives, taking also into account the planetary restrictions and the goals of sustainable development. Some of the social ventures can be roughly categorised based on their primary objectives being related to environmental preservation and sustainable development, while some have work integration of disabled and disadvantaged people as the primary purpose of existence, or the objective of introducing social solutions for instance for bringing services available for a larger part of the society. In addition to these main categories, the field includes as well examples of more general social objectives such as raising awareness for certain causes. These wide variations within the field highlight the challenges for theory building and

being able to produce theories with wide generalisability that could be applied into the fragmented field.

1.1. Introduction to the research topic

In the society today other forms of values and benefits besides financial value and growth are gaining importance partly because of changed and fragmented consumer needs and the changing perceptions towards endless consumption in general. This changes, together with the entrepreneurs with social entrepreneurial initiatives, have activated development also in Europe, while the developmental stage can also be interpreted to mirror the development of the values in the society. In general, in the context of the social entrepreneurship, the financial value is perceived the means instead of the ultimate end.

The competitive means of marketing, such as the traditional 4P's taken into consideration in the research, can be interpreted to convey and create value for the customers and the stakeholders of the company. The presence of multiple stakeholders is recognised within the field, and the communication has to be customised for their needs, making the matters more complicated and also highlighting the importance of the subject of study especially with the lack of research about marketing within the phenomenon. The management of the product, price, place and promotion are under examination in the data with hopes of revealing information regarding how the offering, communication and distribution are managed and how these measures influence the overall value creation. Regarding marketing in social enterprises, a lack of knowledge still exists, making the use of case examples reasonable with the objective of accumulating information, even with the finding being context specific and dependent on the supporting environment and ecosystem. The research topic includes multiple themes related to the phenomenon and that support reaching the objective of the thesis. Marketing is perceived in the thesis to be closely joined

together with value creation, while marketing is not the only component in the value creation network within the company. In addition, networking is expected to be of importance in the social ventures, since they are characterised as having restricted resources, which ultimately has various impacts for the operation, most importantly the financial resources available that define the boundaries of what is possible.

1.2. Research problem and objectives of the study

The aim of the study is to map the state of social entrepreneurship in the European context as well as the dimension of customer value creation through the means of marketing.

Despite of the extensive amount of research in the field, research about the *marketing* in the field of social entrepreneurship was challenging to find, identifying a clear research gap in the field (Mitchell et al. 2015). The lack of marketing related research regarding social enterprises lead to assumptions whether this might be partly due to the definitional fragmentation in the field and the wide range of business models varying between the for-profit and non-profit models, in addition to the varying emphasis between social and financial goals. The need for further research into the marketing in social enterprises was also highlighted as its correlates to the success of the venture (Peattie & Morley 2008).

Furthermore, the marketing function is identified as one of the crucial processes for growth in both the non-profit and for-profit sectors (Kannampuzha & Suoranta 2016). In addition, a lack of existing literature on the actual state of social entrepreneurship in Europe was recognised (The European Women's Lobby 2015), making studying the phenomenon in a European context even more compelling.

The theory of value creation and social value creation are seen as important factors in understanding the competitive advantages of the social companies. Value created also has a linkage to marketing, the process of communicating these values to the network of

stakeholders important to the success of the company. As marketing and value creation are connected, and marketing is recognised as a value-creating process (Morris & Lewis 1995), marketing can also be seen as the communication of the value the company creates.

Therefore the value is important to recognise in order to investigate the marketing in social enterprises. As the phenomena of social entrepreneurship consists of various different business models from non-profit to for-profits and a framework of marketing in that context seems to be lacking, in this thesis I want to find out what kind of value social entrepreneurship creates in the levels of the consumer, the business itself, and the society as a whole, in order to examine how the value can be created through marketing. As the field itself intersects a number of domains including entrepreneurial studies, social innovation and non-profit management (Dacin, Dacin & Tracey 2011), and the social ventures include a wide range of actors with business models ranging from networks to non-profits to purely for-profits with social agendas, the phenomenon can not be fully grasped by adopting theories from merely one of these fields of study. Networking has to be taken into account as well, since it has been recognised as the very essence of social entrepreneurship, and especially relevant and important because of the often strict resources (Chell 2007). The relationship with entrepreneurial and non-profit strategies has been studied, concluding that entrepreneurial goals may not be compatible with the goals and values of non-profit organisations, and they were seen to have a possible degrading effect on a non-profit organisation's values focus (Dart 2004a), highlighting the differences and possible challenges in the strategies of social enterprises.

The research tries to sketch the conditions needed for success in the ventures, and how the interventions of marketing can impact the success. It is also interesting to analyse the communication of the value and the company's offering, with additional interest on how the offering is constructed and how marketing is present in general in the processes and culture of the ventures. Within the secondary data there are 31 case companies with different motives, business ideas and business models, offering a diverse sample into the

purposes of analysing further value creation from the perspective of marketing. These companies also reflect the state of social entrepreneurship in the European region, even with the number of cases being minor. The object of interest is the value creation in the context of social entrepreneurship, and the thesis will be testing the previous deduction in the field. The central hypothesis is that value created through the means of marketing can enhance the success of the social objectives. In order to sum up, the objective of the thesis is to unveil the world of the value creation drivers from the perspective of marketing.

The research questions of my thesis is:

“How can marketing support value creation in social enterprises, the social objectives of the company and the success of the venture in the context of European social entrepreneurship?”

In order to form an overall picture of the phenomenon of social entrepreneurship and to answer the research question, the following three objectives will be examined:

- 1. What is social entrepreneurship and what kind of value does it create from the perspective of the society, the organisation and the individual?*
- 2. What kind of roles does social entrepreneurship have in the European context? What is the role of governmental support in the value creation of social entrepreneurship?*
- 3. What kind of practices can be found in the marketing of a social enterprise?*

In order to reach the objectives and answer the research question the central theories in social entrepreneurship, value creation and marketing in the field of social entrepreneurship are examined. Theory has an important role in reaching the first objective of mapping social entrepreneurship and the value it creates, while the case company data makes it possible to make observations of the business ideas within social entrepreneurship creating different forms of value. The second objective, investigating the roles social entrepreneurship takes in Europe and the governmental support is reached by combining

the theoretical findings to the practical ones found in the empirical data from the case companies. The third objective contributes directly to the research question by examining what kind of practices are found within social entrepreneurship in order to answer the research question about how marketing can support value creation in social businesses, the social objectives of the company and the success of the venture. Recent relevant data from the MARCIEE (Marketing Communication Innovativeness of European Entrepreneurs) cross-country program, funded by Erasmus+ program, is used as the main data in the research. The gathered data is used as a means in the quest of constructing an understanding about social entrepreneurship and stakeholder value creation in the society, and it includes case companies from eight European countries. The program will be further introduced in the methodological chapter explaining the methods of data collection.

1.3. Research approach and research methods

This thesis is a qualitative multiple case study utilising the deduction approach that views theory as the first source of knowledge and the starting point in forming hypotheses that are subjected to empirical study (Eriksson & Kovalainen 2008: 21-23). A qualitative approach is adopted because of the nature of the research question and since it is perceived suitable in researching social entrepreneurship as a phenomena as well as the concepts related to marketing. In addition, qualitative approaches are viewed as suitable for examining social entrepreneurship because of the pre-paradigmatic stage of the field, therefore making case studies especially valuable for the purposes of developing and complementing theory (Short, Moss & Lumpkin 2009). A *descriptive analytical* approach is chosen since the thesis aims to describe and phenomenon and further analyse find findings regarding social entrepreneurship and especially value creation in the context with aims of theory development being secondary. The main secondary data, received from the MARCIEE 2017 study, includes 31 qualitative case company interviews with entrepreneurs from eight

different European countries (Finland, France, Germany, Hungary, Iceland, Italy, Lithuania and the Netherlands), as well as 10 interviews with political or administrative decision makers, at least one from each participating country. All of the combined 41 interviews are analysed. The data analysis methods selected is content analysis, and the analysis is conducted in two parts. Content analysis was chosen since the gathering of the data included translations and some of the meanings could have been changed and analysis methods aiming at studying the language, like discourse analysis, are not accurate enough for the purpose of the study. While the aim of the study is to map value creation by the means of marketing in social entrepreneurship, content analysis enables to focus the analysis in the phenomenon and the underlying concepts behind the interviews.

1.4. Definition of key concepts

Social entrepreneurship is the development of innovative, mission-supporting or job creating ventures guided by social entrepreneurs, non-profit organisations, or non-profits in association with for-profit business models (Peredo & McLean 2006). It refers to companies that have social or societal objectives aiming at creating common good instead of purely financial goals. It can be summarised by the existence of social objectives that are reached by prioritising the reinvestment of the gained profits (European Commission 2013a, 2017b; Satar & John 2016).

Social innovation can be seen to refer to the social change implemented in response to social needs and challenges (OECD 2010: 6). It can be defined as “innovations that are both social in their ends and in their means”, innovations that are open to territorial and cultural variations. They lead into different ways for thinking and acting, challenging the existing paradigms (Cajaiba-Santana 2014). The social dimension in social innovation is seen in

both the process and the social and societal goals, and the form of innovation can range from projects to process, strategy and governance (European Commission 2013a).

Value creation is a complex process because of its subjective nature (Lepak, Smith & Taylor 2007). It is perceived to be created in a process, and dependent on customer feedback and the continuous assessment of changing customer needs (Morris & Lewis 1995). Value can be created in multiple levels, with the individual, organisational and societal level often being the focus of analysis. In addition, the process of value creation differs based on whether the value is created by an individual, an organization, or society. Value creation can also be divided into concepts of use value and exchange value. In addition, value creation is often discussed jointly with the opposite concept of value capture enabling the assessment of the created value through the lens of value capture (Lepak et al. 2007). The creation of value, more specifically the creation of social value is main purpose of social entrepreneurship (Mair & Marti 2006; Satar & John 2016) with the ventures being based centrally on value creation (Konda et al. 2015). As the market needs often guide the operation, the value is often co-created with the stakeholders, likely leading to stronger stakeholder relationships (Hillebrand et al. 2015).

A concept as well important to social entrepreneurship is **entrepreneurial marketing** that is characterised as often flexible, unplanned and naturally occurring. Entrepreneurial marketing especially in the context of social entrepreneurship involves centrally the themes of opportunity recognition, entrepreneurial effort, entrepreneurial organisational culture and networking (Shaw 2004). Overall, entrepreneurial behaviour often correlates to stronger marketing (Morris & Lewis 1995) and customer orientations, where decisions are based on the needs of the customers (Dolnicar & Lazarevski 2009). In addition, presence of bricolage, “making do” and using and combining the resources at hand to create new purposes was recognised central in entrepreneurial behaviour (Di Domenico et al. 2010).

The opposite of entrepreneurial concept, in **non-profit marketing** the financial goal in the business in general is missing (Dart 2004a), and the organisations often have organisation-centered orientations in their marketing instead of operations deriving from customer needs per se (Dolnicar & Lazarevski 2009). In addition, non-profit marketing is often identified to be lacking the required skills for executing sufficient marketing strategies (Mitchell et al. 2015), and the field is interpreted to move into more customer-oriented and entrepreneurial practices, that have been recognised to enhance the capability for accomplishing their goals (Andersson & Self 2015).

Societal marketing considers the requirements of the company in addition to the society's and the consumers' needs and long-run interest. The marketing strategy in societal marketing delivers value to customers by either maintaining or improving both the consumers' and the society's well being (Kotler & Armstrong 2008: 590). It differs from traditional marketing from the goal of communication, consisting of carefully targeted segments for the wanted change to occur (Madill & Ziegler 2012), and the adoption of its elements is identified to lead to enhanced social and economic performance in the social businesses (Satar & John 2016). The central concepts will be further explained in theoretical chapters 2, 3 and 4.

1.5. Structure of the study

The first chapter, introduction, defines the research problem and the objectives of the thesis. Chapters 2, 3 and 4 introduce the main theory regarding the phenomenon. Chapter 2 discusses social entrepreneurship, beginning from the central concepts within the phenomenon in addition to the main characteristics. The various business model, the entrepreneurial ecosystem, support from the government as well as the themes of social innovation and sustainable development are also discussed. After laying the grounds of

social entrepreneurship as a phenomenon, Chapter 3 focuses specifically on the phenomenon in the European context and contributes to answering the main research question. The aim of Chapter 3 is to examine the existing literature about the state of social entrepreneurship in Europe, and the support from the European Commission and other actors. The final theoretical chapter, Chapter 4, discusses the themes of value creation and marketing in social enterprises. Marketing is examined from the perspective of relevant theories related to entrepreneurial, non-profit and societal marketing, ending up to findings related to marketing and marketing communications in social enterprises. Finally, a theoretical framework is presented in order to summarise the central theories related to the research problem.

Chapter 5 explains the methodology of the study and presents data collection, data analysis and case criteria as well as discusses reliability and validity of the research. In Chapter 6, empirical findings are discussed. First, the case companies and country specific characteristics are briefly introduced. The findings are organised in three main themes regarding marketing and networks, industrial dynamics and the importance of governmental support, in order to analyse further the aspects of how marketing can support the value creation and how value is created by the means of marketing as the fourth theme. Finally, Chapter 7 summarises the main findings and discusses the conclusions further. Managerial implications and limitations of the research are also presented.

2. SOCIAL ENTREPRENEURSHIP AS A PHENOMENON

The second chapter investigates social entrepreneurship as a wider phenomenon. The chapter aims to give insights to social entrepreneurship as a field of research, the central characteristics of social entrepreneurship, as well as to the competitive ecosystem and the support the ventures receive from the governmental sector and other actors. Other central concepts related to the phenomenon, such as sustainable development, are also presented, since their concepts relate closely to social entrepreneurship which contributes directly to internationally recognised goals of sustainable development among others (Seelos & Mair 2015).

2.1. Social entrepreneurship as a field of research

Social entrepreneurship has become an increasingly significant domain of enquiry in academic research (Di Domenico, Tracey & Haugh 2010), partly because of the broader observation that in order to achieve the innovations the societies require, actors who prioritize the social needs are needed in addition to science and research and development functions (OECD 2010: 6). The field is also assumed to have the ability of solving social problems (Satar & John 2016), which is arguably the main purpose of social entrepreneurship to begin with (Shaw 2004). The roots of social entrepreneurship were established in the end of the 1970s, and the field developed as a consequence for the decline in economic growth followed by increased numbers of unemployment. Public revenues began to grow slower while the public expenditures were increasing at a faster rate (Borgaza & Defourny 2001), and the public sector faced external pressure to transform their operations into more business-like direction (Zietlow 2001). One solution was to begin privatising social services in order for other actors to find solutions for the unmet

needs, allowing a growth in demand for these types of services (Borgaza & Defourny 2001), setting the ground to the rise of social entrepreneurship.

Possibly because of contributing to greater good, ideologically social entrepreneurship has been presented in the literature in a positive way (Runcan & Rață 2014: 144). The appeal for the phenomena is especially strong among strongly socially aware people, deriving from their skepticism towards the ability of governments to address social problems such as environmental issues, poverty and social exclusion (Dacin et al. 2011). It has been presented as practice responding to a set of global crises with innovation at the systemic level (Nicholls 2010), but the scholars have also recognised a lack of a solid empirical foundation of the actual outcomes (Andersson & Self 2015), and also the functioning and managerial aspects have been left with little attention (Satar & John 2016).

While the subject has gained interest in the academic research for the past couple of decades, it has been criticised to be underdeveloped in terms of knowledge and thought when compared to the conventional business (Peattie & Morley 2008), and its role on economic development is seen to be riddled with well as theoretical inconsistencies in addition to the definitional controversies (Satar & John 2016; Peattie & Morley 2008). Despite of the missing consensus, the field is presented as a new model of systemic social change, political transformation and empowerment, and the solution for unmet needs and social issues (Nicholls 2010; Zietlow 2001) that traditionally have been within the responsibility of the non-profit sector, and according to some scholars the consequence of for-profit business and corporate laws that enable the issues to form (Sud, VanSandt & Baugous 2009). Some scholars have expressed concerns that adopting of entrepreneurial values and approaches in the sectors normally covered by non-profits may harm democracy because of the impact on non-profit organisation's ability in creating and maintaining a strong civil society (Eikenberry & Kluver 2004). Adopting commercial approaches and utilising market-based models in management may also cause contradictions with the social

mission (Weerawardena & Mort 2006; Weerawardena, McDonald & Mort 2010). In other words, it seems that the fear accumulates from social enterprises adopting too many entrepreneurial practices that guide them further from the social motives. This pressure for adopting entrepreneurial practices may stem from the external environment, and may ultimately lead to the poorest no longer being served (Elkington & Hartigan 2008: 38). When at the same time many public services are privatized, the ultimate fear is the decline on service quality and rise of customer costs, a traditional issue when discussing privatisation in general.

Nicholls (2010) recognised that there is no definite consensus about the meaning of the actual term of social entrepreneurship, and the research agenda is not clearly defined. Following Kuhn's teachings, he argued that the field is in a *pre-paradigmatic stage* lacking an established epistemology and including uncertainty and debate about the legitimate methods and solutions appropriate to the new area of study. The pre-paradigmatic stage was also recognised in the field of social innovation (Cajaiba-Santana 2014), a concept closely attached to social entrepreneurship. In practice, the pre-paradigmatic stage forms barriers to cross-disciplinary dialogue and advances in the field (Dacin, Dacin & Matear 2010), and decelerates theory development in the organisational sciences (Dacin et al. 2011). The stage is speculated to exist in social entrepreneurship since the definitions are developed in different domains in the non-profit to for-profit range (Short et al. 2009), clarifying also the lack of research into the practices utilised in the field.

Because of the pre-paradigmatic stage, the field suffers from the phenomenon of multiple terms lacking definitions in addition to the confusions between the terms (European Commission 2013a; Peattie & Morley 2008; Madill & Ziegler 2012). The terms have found out to have different meanings in for example between Europe and the United States (OECD 2010: 186), and the definitions also vary in a national level across Europe (Dacin et al. 2011). In general, the definitions often focus on four key factors; the characteristics of

individual social entrepreneurs, the sphere of operation, the processes and resources and the mission of the venture (Dacin et al. 2011). Clearing the definitions is important in order to differentiate social enterprises from other types of public or commercial organisations, as well as to make comparisons between them (Peattie & Morley 2008), and to offer legislators and investors the information they require (OECD 2010: 189).

2.2. Central concepts within the phenomenon

First of all, it should be stated that **social entrepreneurship** is not, even though sometimes mistaken for as, socially responsible corporate behavior (Dorado 2006). Nevertheless, in some of the ventures the social emphasis may be close to the concept of corporate social responsibility. Social entrepreneurship is often used as an umbrella term, and probably the most distinctive classification is that social entrepreneurship combines social goals familiar to the third sector with an entrepreneurial state of mind in business operations (European Commission 2013a; Madill & Ziegler 2012). The term has been also given “extended” and “limited” definitions, depending on whether the phenomenon is seen as a new aspect for the non-profit world, or as a wider societal force for change (Nicholls 2010). The extended definition includes companies with innovative activity and a social objective in either the for-profit sector, corporate social entrepreneurship, the non-profit sector, and the definition recognises business across sectors, such as hybrid business models. The limited definition in the contrary recognises typically only the phenomenon of applying market-based skills and business expertise in the non-profit sector (Austin, Stevenson & Wei-Skillern 2006). For the purposes of this thesis, an extended view of social entrepreneurship is adopted, recognising the social aspect and the social goal of the business as a determining factor.

The extent of disagreement about the definition of *social entrepreneurship* may be clarified with the examples of OECD (2010: 212-213) adding a two paged annex in their publication

listing the definitions, in this case the 29 of them. Similar lists were also found in other publications as well (Dacin et al. 2010). The definition of social entrepreneurship has also been operationalised instead of trying to create new definitions. European Commission (2014b) operationalised the term as three dimensions, leading social enterprises to exist where the three dimensions, *the entrepreneurial dimension*, *the social dimension* and *the governance dimension* overlap. The entrepreneurial dimension separates social ventures from traditional non-profits by incorporating economic activities into the business as the social dimension illustrates the social motives missing from traditional entrepreneurship. The third dimension, seen as the dimension separating social ventures from the traditional business the most, the governance dimension, is in turn interpreted as the existence of mechanisms that lock in the social motives and goals of the organisation (European Commission 2014b).

Social enterprises in turn are defined as “ventures in the business of creating significant social value in an entrepreneurial and market-oriented way through generating own revenues in order to sustain their business” (European Commission 2013a; Satar & John 2016), with a social value creation mission (Satar & John 2016). The definition includes many different organisational types that varying in their size, activities, legal structure, ownership and funding, as well as the geographic scope, motivations of the business and the degree of profit orientation. The organisations can also have different views on relationships with culture and communities (Peattie & Morley 2008), but despite the differences, they have been characterised as dynamic entities (Borzaga & Defourny 2001) flexible and innovative at nature, and accountable to those they are meant to serve by the nature of their primary motives, often based on strong collectiveness by utilising the commitment of active members and voluntary participation (European Women’s Lobby 2015). Social enterprises in turn a part of the **social economy**, that also includes other actors like charities, foundations, cooperatives and networks. The social economy can have an important role in the regional development (European Commission 2013a, 2017a), and it

is seen as the proportion of Europe's economy that intends to make profits for people other than investors or owners (European Commission 2017a). It is also said to have great potential in supporting the economic development and improvement of wellbeing (European Commission 2013b).

When it comes to the individuals behind enterprises, entrepreneurs, in general, are seen as individuals seeking to generate value through the creation or expansion of economic activity. This is accomplished by identifying and exploiting new products, processes or markets (OECD 2010: 33). **Social entrepreneurs**, in turn, are typically individuals who initiate social innovation and change (Shaw 2004; European Commission 2013a), and who often are motivated by the opportunity to use innovative approaches, resources and contacts in new ways to solve unsolved issues (Shaw 2004). A social entrepreneur can also be interpreted to be a group, a network, an organisation or group of them (Guo & Bielefeld 2014: 5). They are a group of a wide range of social innovators from the private and public sector (European Commission 2013a) with a purpose of “finding what is not working and solving the problems by changing the system, spreading the solution, and persuading entire societies to take new leaps” (Madill & Ziegler 2012). Even with the lack of consensus around the terminology, they can be characterised generally as creative, entrepreneurial, agenda-setting and ethical (Shaw 2004). Interestingly, their motivations seem to be derived from the needs to create a more ethical ways of doing business and more sustainable models for business operations (European Women’s Lobby 2015).

Social innovation, essential to social entrepreneurship, has only recently entered social sciences although the concept is as old as mankind (Cajaiba-Santana 2014). It is gaining speed globally since the social media has brought changes to the ways people communicate with each other, making individuals and groups faster and more direct in their participation (OECD 2010: 40; European Commission 2013a), while simultaneously the interrelatedness of different stakeholder groups in many industries is highlighted (Hillebrand et al. 2015).

Social innovations are perceived as particularly important in promoting the competitiveness of the European region as well (European Commission 2013a). They are established when a new idea leads into a new ways for thinking and acting, leading to changes in existing paradigms (Cajaiba-Santana 2014). The innovations are often formed in informal situations and within a network of connections (Konda et al. 2015), and they are said to be constructed socially as individuals are collectively engaging in meaningful activities while monitoring the outcomes of their actions (Cajaiba-Santana 2014). They can occur in many fields, for instance planning and development, emissions trading, fair trade, habitat conservation, sustainability, international labour standards, migrants, social service delivery, or supported employment that aims to employ disabled and disadvantaged individuals (OECD 2010: 198; European Commission 2013a; MARCIEE ISP. 2017b). Moreover, they may relate to improving the lives of poor and marginalised groups (Alvord, Brown & Letts 2004), for example with the case of the microloans phenomenon improving lives in many developing countries (Alvord et al. 2004; Dorado 2006; Dacin et al. 2011; Cajaiba-Santana 2014) where new and innovative ways of doing business are especially important because of restricted resources (Konda et al. 2015).

The innovations have been recognised to be social rather than technological (Peattie & Morley 2008), and the outcomes might consist of several elements and take forms of new institutions, structures of collaborations as well as social movements and practices (Cajaiba-Santana 2014). The innovative characteristics are often present in the services or in the organisation (Borgaza & Defourny 2001), and innovation can also occur in a level of social phenomenon (Cajaiba-Santana 2014). Independent of their form and outcome, the creation of social innovations is at increasing importance especially because of the global financial and economic crisis (OECD 2010: 195), partly explaining the impacts of social entrepreneurship since as a concept, it is a social innovation as such (Konda, Starc & Rodica 2015), and a high level of social innovation is common to social entrepreneurship (European Commission 2013a, 2017b). Even though in theory innovation is closely joint

with social entrepreneurship, not all social enterprises are innovative or led by social entrepreneurs, and not all social entrepreneurs lead social enterprises (European Commission 2013a), which often are considered as either innovative or primarily motivated by social change and development (Prabhu 1999).

Sustainable development is a crucial concept embedded in the social entrepreneurship. It has become an increasingly important subject globally (Runcan & Rață 2014: 144; Seelos & Mair 2015), and a global metaphor guiding many international efforts (Konda et al. 2015). It has been defined as “the development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. The field includes a wide range of studies regarding the integration of social, economic and environmental needs, in the level of both local and global needs (Runcan & Rață 2014: 143-144), and the sustainability efforts often focus on people, profit, and the planet (Weerawardena et al. 2010). The objectives within sustainable development often include themes such as the environment, human rights, health and education (Seelos & Mair 2015), as well as poverty eradication and promotion of sustainable patterns of consumption and production (Runcan & Rață 2014: 143-144). These objectives are quite similar with the motives and goals of social entrepreneurship, and the social ventures could therefore be interpreted to support the goals on sustainable development as well on the broader scale. Furthermore, the need for sustainability has been proposed to be a key dimension of social entrepreneurship (Weerawardena et al. 2010), further connecting the concepts together.

2.3. Characteristics of social entrepreneurship and social enterprises

Social entrepreneurship is seen “paradoxical”, since there are tremendous opportunities in the field and a rapid rise in practitioner numbers while the research in the field still lacks consensus about the central paradigms (Peattie & Morley 2008). Despite of this uncertainty,

the main distinguishing characteristic of social entrepreneurship is the social and societal purpose of company being combined with the entrepreneurial spirit of the private sector (European Commission 2013a; Madill & Ziegler 2012), and the higher prioritisation of social value creation (Mair & Marti 2006). In addition to the social purposes being central to the business (Peattie & Morley 2008; Seelos & Mair 2015), the main activity involves trading goods and services (Peattie & Morley 2008). In addition to these characteristics, the process of creating social enterprises as well as the processes within the company, have been characterised by the term *bricolage*, involving improvisation and a refusal to be constrained by limitation (Di Domenico et al. 2010), defined as “the process of creating something out of nothing in resource-constrained environments” (Kannampuzha & Suoranta 2016), also a term connected to entrepreneurship in general.

Conforming with the European Commission, the social objective, often in a form of a high level of social innovation is the reason for the commercial activity, and the profits are mainly reinvested with a goal of achieving the social objective (European Commission 2013a, 2017b). Characteristic to social enterprises is also that while their primary purpose is not obtaining a return on capital, they are a part of a stakeholder economy and contribute to a more efficient market competition (European Women’s Lobby (2015). Social organisations tend not to distribute their profits, yet in some cases the generation of profit for shareholders can be part of the long term strategy (Peattie & Morley 2008), relating to the selected business model. This example of range of attitudes towards financial goals and profit distribution clears the reasons behinds the issues related to the definition of terms related to social entrepreneurship. The phenomenon is simple in a conceptual level but yet hard to define because of the variations and wide range of business models. When the phenomenon is viewed on a more philosophical level, social enterprises are recognised to have a strong emphasis on the values and ideologies in the way business is conducted (Prabhu 1999). Social businesses have to balance between the social and financial goals, affecting the operational decisions of the company (Satar & John 2016).

Even with the financial goals with a role of supporting social goals, the goals that the companies have are recognised to be mainly social and environmental (Di Domenico et al. 2010). The goals can also relate to cultural aspects. In the case of many social ventures, especially in the field of arts and culture (Dacin et al. 2010), close resemblance with the concept of cultural entrepreneurship with the primary goal of cultural diffusion or enlightenment has also been discovered (Dacin et al. 2010). In order to reach the social goals, in many cases the entrepreneurs are finding innovative solutions to take advantage of underused resources (European Commission 2013a), therefore by doing this they contribute to optimisation of resources and resource allocation. Despite of the characteristic lack of resources in social entrepreneurial ecosystem, social entrepreneurs tend to utilise them in much the same way as the traditional entrepreneurs (Dacin et al. 2010).

When it comes to **financial resources**, no individual financing model has been founds, as several social enterprises are operating a complex *hybrid* funding model, mixing income from different sources in addition to the sales of goods or services. The acquisition of resources in general is viewed as challenging, because of challenges in the valuation of the social venture. One mentionable source of financial investments are the new type of investors dedicated to financing ventures with social impact while putting the emphasis for the return-on-investment on other than monetary returns (Dorado 2006), and in their case, social ventures gain competitive advantage against traditional investments. Besides of financial return on investment, these new investors are seeking for *social return on investment* (SROI) as well as *emotional return on investment* (Eikenberry & Kluver 2004).

Even with the global perspective and global opportunities in the field, the social ventures often include the creation innovative locally responsive strategies and systems (Prabhu 1999), as the goal ultimately is scaling up the business and perhaps copying the concept in order to maximise the social impact globally (Satar & John 2016). Even with ambitious and large scale goals, most social enterprises are mainly small and locally based, having an

impact on local development (Borgaza & Defourny 2001). Their ability to scale up and thus be able to solve the social issues of a global scale has been questioned because of issues related to for example organisational legitimacy and structure and politics (Sud et al. 2009).

In social entrepreneurship, **networking** is identified to be one the critical factors (Satar & John 2016) with literature highlighting the importance of social networks both in the creation and the sustaining of new ventures (Anderson & Jack 2002). Networks are important because they enable the acquisition of market and customer information and contribute to identification of opportunities (Shaw 2004), as well as essential for mobilising collective action and addressing various social problems (Eikenberry & Kluver 2004). They have also been identified as an important entrepreneurial marketing tool (Shaw 2004), and can also act as communication channels for the social business (Dacin et al. 2010) as well as support the scalability of the social venture (Dacin et al. 2011). The role of the networks is to help the company gain experiences, support and skills, relational resources, in addition to the physical resources (Di Domenico et al. 2010). Entrepreneurs are seen as natural networkers (Chell 2007), and entrepreneurial research recognises that where the companies may lack in resources, they thrive in utilizing networks and relationships (Shaw 2004). Comparing to both the traditional entrepreneurship and the non-profit sector, a social entrepreneur has to manage a wider network of relationships with funders, managers, employees, volunteers, board members, government, and other partners such as other non-profit organisations (Austin et al. 2006; Sud et al. 2009).

Stakeholder theory in general consists of taking account the interests of all appropriate stakeholders simultaneously (Hillebrand, Driessen & Koll 2015). In addition, the presence of **multiple stakeholders** has been identified to have the possibility to further complicate the relationships (Sud et al. 2009). Because of the limited resources, striving for creative arrangements and building a rich network of contacts and resources as well as managing the relationships effectively is crucial to social entrepreneurs (Austin et al. 2006). Prabhu

(1999) emphasized that the building of external relations in order to establish legitimacy with multiple actors, like the government, funding agencies, other social entrepreneurs and the customers of the company, is critical in the world of social entrepreneurship. It should also be noted that different individuals are recognised to attach different meanings to social entrepreneurship, and they might define the phenomena as a particular outcome (Andersson & Self 2015). In the case of non-profit organisation, it has been argued that they have less need to building strong relationships with the traditional key stakeholders (Eikenberry & Kluver 2004). This leads to a notion that the importance of networks and stakeholder relationships can vary between the different types of social enterprises, depending on their business model and strategy recognising the key stakeholders. To sum up, the success of the social enterprise relies partly on the networking capability of the entrepreneur (Satar & John 2016; Dacin et al. 2010), and in addition, it is the interpersonal relationships that have the most crucial role to in the success of the communication between individuals (Anderson & Jack 2002).

Social enterprises face some **competition** from the direction of commercial enterprises, various third sector actors and other social enterprises (Borzaga & Defourny 2001), among others for capital (Kannampuzha & Suoranta 2016). Social companies may also face competition in the form of competing ideologies, and the instances affected by and opposing these ideologies (Prabhu 1999). The surprising view of lack in competition for social enterprises can be explained by the nature of the ventures as they are seen to bridge the gap between demand and supply, where others actors fail to deliver. They therefore face little competition from the governmental or local authorities and the non-profit sector (Borzaga & Defourny 2001). The overall market situation, however, has been creating increasingly competitive environments for the non-profits as well (Weerawardena et al. 2010). Social enterprises are seen to have more difficulties in gaining competitive advantage, since they have to adopt a business-oriented approach and compete in markets satisfying the needs of customers at least as well as the competition while reaching for the

social goal at the same time (Peattie & Morley 2008). The competitive advantage can contain rarity or involve some other socio-economic value that social entrepreneurship is able to create (Chell 2007). Yet again, it seems that the business model affects the ability to compete with commercial actors, and the social companies have to compete against commercial actors in the traditional price and quality axis, unless they are able to create additional value that appeals to the stakeholders and customers

2.4. From for-profit to non-profit business models

The prevailing motive of social value creation in social entrepreneurship is one factor defining the selection of the organisation structure (Satar & John 2016; Peattie & Morley 2008), and the chosen form of operation can also depend on the business model and the specific social needs that the organisation is solving (Mair & Marti 2006). In general, social enterprises are closely associated with communities that are characterised by limited access to resources. The field covers different entities with a specific legal status, like cooperatives, foundations, associations and mutual societies (Di Domenico et al. 2010). The companies are positioned between the traditional private and public sectors and have both for-profit and not-for-profit business logics (Dees 1998; Dorado 2006; European Commission 2013a), but they are traditionally concentrated on the non-profit sector (Dorado 2006; Mallin & Finkle 2007; Satar & John 2016). Even with this concentration, social enterprises can also be purely for-profit companies defining their mission with double bottom line (Dorado 2006), and the social aspect can also only relate to the product or service without intentional social goals. Curiously, despite the popularity that non-profit sector has gained among social ventures, especially gaining equity can be difficult since the non-profits are not able to accept investments and there are difficulties in being entirely financed with debt. This can be seen as one the reasons behind some of the organisations converting into the direction of for-profit business models (Dees 1998).

Calling social enterprises non-profits is criticised as misleading since as any traditional company, a social enterprise needs to make profit and a surplus in order to ensure the continuance of the business in the long term (European Commission 2013a). Despite of this notion, in order to simplify the situation, social ventures are categorised into **non-profit**, **for-profits** and **hybrid business models**, sometimes referred to as *cross-sector* companies in between the non-profit and for-profit sectors (Dorado 2006). Table 1 illustrates the social enterprise spectrum in the simplified form, sketching out the motives, methods and goals of the different types of social enterprises. In the table non-profits are separated from for-profits on the basis of what the ventures appeal to, what the drivers behind the business are, and whether the main goal of operation is the production of social or economic value, the basic dimensions of value social entrepreneurship creates.

	Purely Philanthropic (non-profit)	Hybrid	Purely Commercial (for-profit)
Motives, Methods & Goals	Appeal to goodwill Mission driven Social value	Mixed motives Mission and market drivers Social & economic value	Appeal to self-interest Market driven Economic value

Table 1. The social enterprise spectrum (Dees 1998).

While the hybrid business models are very common in social entrepreneurship (Satar & John 2016; Peattie & Morley 2008; Zietlow 2001), at the same time their hybrid nature makes them challenging businesses to manage (Satar & John 2016; Peattie & Morley 2008). Adopting a hybrid business model often translates to deriving revenues from a combination of market sources, market-rate capital, the sale of goods and services to both the public and private sector, and non-market sources such as government subsidies, grants and private donations (Dees 1998; European Commission 2014). Furthermore, these sources can also include non-monetary contributions such as voluntary work (European Commission 2014). Curiously, compared to non- and for-profits, hybrid business models

are found to be more likely short lived, because creating an opportunity is seen more motivating than the creation of a company itself (Dorado 2006). This finding can be linked to the notion of social entrepreneurs motivations deriving largely from the need to find more ethical and sustainable ways of doing business (European Women's Lobby 2015). While all the different business models were identified to create multiple forms of value, hybrid models were perceived as the concentration of the most interesting ventures in terms of innovation, and for-profit centric models to offer the best opportunities in scaling and replication (Elkington & Hartigan 2008: 36, 200). Finally, it should be taken into account that a social company may comprehend multi-unit operations simultaneously with differences in financial objectives and funding structures (Dees 1998).

2.5. The entrepreneurial ecosystem

Entrepreneurship is said to attract more of it by creating conditions that support the growth in a relatively short period of time, thus generate economic and social benefit (Isenberg 2011). Likewise, successful entrepreneurs are likely to create more entrepreneurship, and the positive spillover effects reach into the ecosystem strengthening all of its domains. Even if the companies are sold in a short period of time, the entrepreneurs often remain involved in the ecosystem reinvesting their wealth and experience (OECD 2013). In literature, the concept of entrepreneurial ecosystems brings researchers together in a quest seeking to explain why and what benefits comes from companies clustering together in geographical space. The ecosystem approach emphasises local and regional environments and the conditions required to generate and support entrepreneurship (OECD 2013). Since the appearance of Isenberg's article *How to Start an Entrepreneurial Revolution* in 2010, the use of the term *entrepreneurship ecosystem* has become common and received much attention from the academic community (Isenberg 2016). The entrepreneurial ecosystem, the theoretical background behind the formulation of the research questions in the

MARCIEE program (MARCIEE ISP. 2017b; 2017c), can be among other defined as “a set of interconnected potential and existing entrepreneurial actors, entrepreneurial organisations, institutions and entrepreneurial processes, which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial environment” (OECD 2013). An ecosystem can be industry specific or may have evolved from a single industry to include several, and while geographically bounded, they are not confined to any specific geographical scale (OECD 2013).

Conceptually, the ecosystem illustrates the elements believed to promote entrepreneurship, implying also the existence of a self-organising, self-sustaining, and self-regulating system (Isenberg 2016). Being self-sustaining requires an ecosystem in which the actors are near each other and become mutually reinforcing. The clusters, concentrations of interconnected companies, suppliers, service providers and training institutions often formed around a specific technology or product, should be let to grow organically instead of government trying to force their creation or development (Isenberg 2010). The role of the government is important, and at the same time its approach to building the ecosystems can be misinformed if benchmarking economies different in structure. In addition, the best practices in ecosystems seem to be created in environments with scarcity of legal frameworks, resources and the transparency in governance (Isenberg 2010), highlighting the restrictions governments can cause to the business. Isenberg’s original ecosystem model contains six main domains, *policy, finance, culture, supports, human capital* and *markets*. The modified model (Figure 1) utilised in the MARCIEE program adds two domains into Isenberg’s ecosystem; *industrial dynamics* and *crowdsourcing*. The model, lacking causal paths as an illustration of several variables interacting in complex and specific ways, is seen beneficial especially because it reflects the world as it has an effect on the entrepreneur’s perceptions, decisions and impacts the success (Isenberg 2011). This in turn limits the value of generic causal path identification (OECD 2013), shifting the focus to the domains.

In this thesis, a special interest is in the domain of *markets*, as the research question concentrates on finding successful marketing actions that communicate value to stakeholders and that support success of the social venture. The domains of *support* and *industrial dynamics* are also under investigation, as the aim of the thesis is also strongly related to support from the environment and industry dynamics especially in the form of competition and how other entrepreneurs are perceived. In the ecosystem model, the domain of market is further divided into early customers and networks, and in this thesis, the networks are the most important in answering the research question while the model as a whole offers acts as a platform in grasping the phenomenon and reaching the objectives. In addition, the domains of the model are used as guiding themes in the content analysis of the thesis.

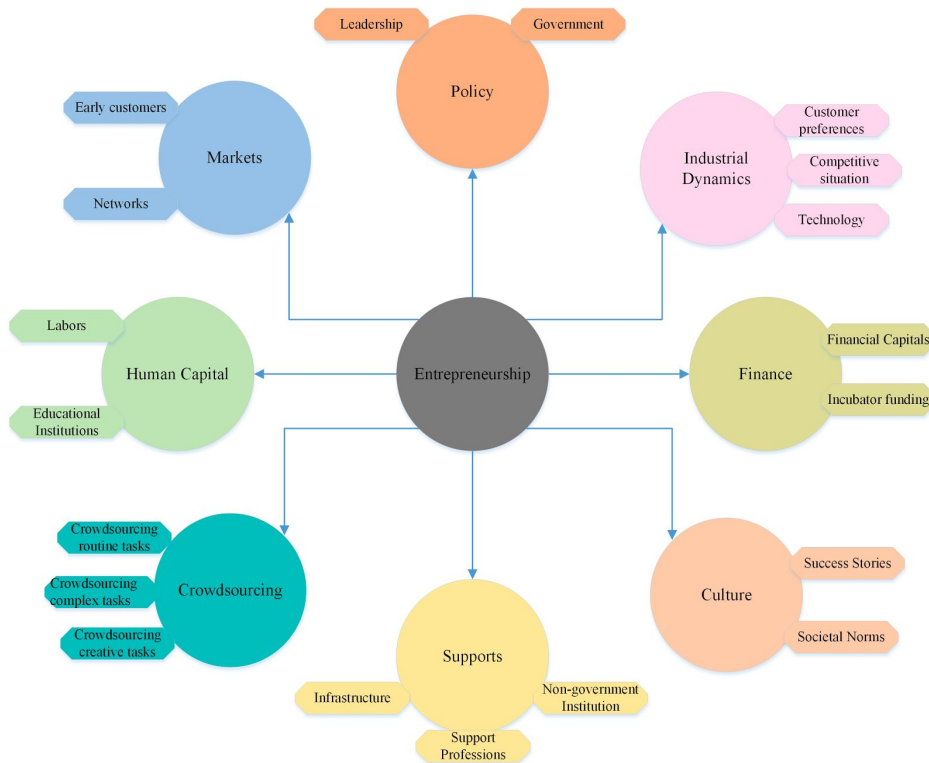


Figure 1. Entrepreneurial ecosystem framework (modified from Isenberg 2010)

One important actor in the ecosystem is the policy makers intervening in the ecosystems. These intervention measures have to be measured in order to be effective, raising the need for measuring the effectiveness of the components in the ecosystem and the ecosystem as an entity, since the measurements allow comparisons between ecosystems and between countries (OECD 2013). Vogel (2013) has created an entrepreneurial ecosystem index (see Figure 2) based on three main levels: *individual*, *organisation* and *community*. The index is created to rate and assess entrepreneurial ecosystems with multiple indices contributing to the overall view of the successfulness of the ecosystem.



Figure 2. Entrepreneurial Ecosystem Measurement Indices (Vogel 2013).

When it comes to assessing the value social entrepreneurship creates, Vogel's measurement indices are used as a starting point that outlines important themes that entrepreneurship can have an effect on, on the three main levels. The same classification is used in the thesis, in order to examine the phenomena and created value from different point of views.

2.6. Support from the government and other actors

Entrepreneurial ecosystems can have similarities with markets in the way they may be influenced by policies are establishing the frameworks within which the actors in the ecosystem interact with each other (Isenberg 2016). Social entrepreneurs are depending on different support actors, like for example state actors, incubators, funders and other entrepreneurs in various aspects of the entrepreneurial functions (Austin et al. 2006; Satar & John 2016). The governments are playing an important role in forming the legislation regarding the ecosystem of the company (Satar & John 2016), and the creation of a virtuous cycle of entrepreneurship has been interpreted to be the responsibility of the government and public leaders. This requires the creation, enhancing, cultivating and evolving a geographically concentrated ecosystem (Isenberg 2011), posing challenges for the policy-makers. The focus is suggested to be on the entrepreneurial actors, the resource providers, and entrepreneurial connectors within the ecosystem as well as the entrepreneurial environment. In addition, the policy-makers should assess the weaknesses and strengths of the ecosystem and monitor the effects of interventions completed (OECD 2013). It should also be noted that the role of the government is crucial in some social and environmental challenges, and the social ventures alone can not tackle issues as wide as for instance saving the world's fisheries (Elkington & Hartigan 2008: 198).

In general, supporting entrepreneurship should be in the interest of the policy makers because of its positive spillovers affecting the society as a whole (Isenberg 2011). The policy approaches should also evolve over time because of the dynamic and complex nature of the ecosystems, and the emphasis on the appropriate forms of intervention relies on the maturity of the ecosystem (OECD 2013). The best overall value is gained in a setting where the system is relatively independent of central control (Isenberg 2016). Therefore, the impact of the interventions may be wide and can possibly cause negative effects, and the ideal situation would be to minimise the interventions in order to allow the ecosystem to

balance itself. In countries like India, where a rapid rise in social entrepreneurship in the past decade has been witnessed, the government is suggested to adopt the “well-defined minimum role”, where the actions of the governmental actors are not restricting the development of the business (Satar & John 2016). India, however, is considered to be a developing country, but nevertheless the findings can be seen relevant in other parts of the world as well.

3. SOCIAL ENTREPRENEURSHIP IN THE EUROPEAN CONTEXT

The purpose of this chapter is to deepen the understanding about social entrepreneurship in the European context. The chapter briefly presents remarks from previous research in the context laying out special characteristics of social entrepreneurship in Europe, and aims to illuminate the state of social entrepreneurship in the area. The elements of the European social enterprise sector as well as the support it receives from the government and other actors are also discussed in order to further understand importance of the supports domain in the entrepreneurial ecosystem.

3.1. The European environment

When it comes to studying the state of social entrepreneurship in the Europe, the national environment as well as cultural aspects have to be taken into consideration in order to begin to understand the differences in practices and outcomes. The success of social entrepreneurship can be seen to be to partly relying on the atmosphere and the receptiveness of the society and the consumers, relating to ethical values and cultural background. In addition to the national environment, the state of the social entrepreneurship in the area is also affected by the overall environment in a European level. Europe today is seen to be faced with challenges from globalisation, budget restrictions and demographic changes thus welcoming new innovations and business models supporting the competitiveness of the area (Konda et al. 2015). The societies as well have changed considerably in the last five decades becoming more diverse and more polarised in the ability to adapt to change (BEPA 2011), posing new challenges to the social enterprises that are sometimes portrayed as a breakthrough in the European third sector, since they emphasize the productive dimension, a domain in which the third sector has been criticised about lacking (Borzaga & Defourny 2001).

Country specific policies have a tremendous effect on the creation of new and innovative SMEs, and many of the member countries in the OECD, including many countries in Europe, are adopting a systemic policy approach in which entrepreneurship is supported as part of national innovation strategies (OECD 2010: 5). Regional strategies also incorporating social innovation are starting to emerge in Europe, and some countries are incorporating social innovation into their strategies regarding innovation and the economic development (European Commission 2013a). Regarding Europe, many studies about social entrepreneurship with regional focuses have been conducted, and the need for country specific research has been highlighted (Peattie & Morley 2008; European Women's Lobby 2015; European Commission 2014b etc.). Following up on the Social Business Initiative, the Commission explored the main features of social entrepreneurship in a extensive research involving 28 countries. Increasing the limited understanding about the current state, size, and scope of social enterprises was considered important, as well as insights to the social enterprise ecosystems within the countries (European Commission 2014b). The maturity of the ecosystem effects how businesses are welcomed and supported, and countries with better developed ecosystems are discovered to show a higher percentage of entrepreneurs measuring the social impact of their business (European Women's Lobby 2015), impacting to among others the attractiveness of the business from investors perspective and further promoting the field and highlighting the importance of measuring the effects and value the social ventures create.

As sustainable development was recognised to have a common ground with social entrepreneurship (Runcan & Rață 2014: 143-144), and it could be speculated, that a country receptive and motivated to the concept of sustainable development could also have more fruitful circumstances for the social ventures to prosper. European countries' progress towards sustainable development has been studied by ranking the countries according to three indicators; the Human Development Index (HDI) with 186 countries evaluated, the Environmental Performance Index (EPI) with 132 countries evaluated, and the Sustainable

Society Index (SSI) with 151 countries evaluated. The HDI measures human development with the dimensions of health, education and living standards. The EPI in turn measures environmental burden of disease, effects on human health and ecosystem as well as climate change, while the SSI aims to show the level of sustainability within the dimensions of environmental, economic and human wellbeing, counting also the social development (Runcan & Rață 2014: 147-148). Table 2 illustrates the rankings based on the three indices regarding the seven European countries from which the case companies have been collected.

Ranking	HDI 2013 Min 0 - max 1 (health, education, living standards)	EPI 2012 (strongest and weakest environ- mental performers)	SSI 2012 (human, environmental, economic well-being)
	Netherlands (0.921) /4th	France (69.00) / 6th	Finland (6.09) / 8th
	Germany (0.920) / 5th	Italy (68.92) / 8th	Italy (5.69) / 16th
	France (0.893) / 20th	Germany (66.91) / 11th	Lithuania (5.68) / 17th
	Finland (0.892) / 21st	Netherlands (66.65) / 16th	Germany (5.56) / 22nd
	Italy (0.881) / 25th	Lithuania (65.50) / 17th	France (5.38) / 37th
	Hungary (0.831) / 37th	Finland (64.44) / 19th	Hungary (5.29) / 42nd
	Lithuania (0.818) / 41st	Hungary (57.12) / 45th	Netherlands (5.26) / 44th
(Lowest score among the EU countries)	Bulgaria (0.782) / 57th	Romania (48.34) / 88th	Malta (3.87) 135th
Number of countries evaluated in the index	186	132	151

(HDI = the Human Development Index; EPI= the Environmental Performance Index; SSI= the Sustainable Society Index)

Table 2. Ranking of the selected EU countries according to HDI, EPI and SSI (modified from Runcan & Rață 2014:147).

In order to illustrate the rankings further, lowest scores among the countries in the European Union, that was the object of the study the results are derived from, are presented. Iceland, unfortunately, was not evaluated in the original study since it is not a member country. To compare, highest score for HDI was for Norway (0.955), for EPI Switzerland (76.69 points) and for SSI also Switzerland (7.36). When considering the seven countries evaluated, according to the HDI measuring human development the Netherlands (4th) and Germany (5th) were clearly distinguished from the other countries. The next identifiable group contained France (20th), Finland (21st) and Italy (25th) clustered closely together, and finally Hungary (37th) and Lithuania (41st) at the bottom end. It should also be noted that all of the countries in analysis are in the *very high human development* category, in which the score of 0.8 is perceived to be the limit from the category of *high human development* (Runcan & Rață 2014: 148). The EPI, measuring more environmental aspects, placed France (6th) and Italy (8th) at the top while other countries followed less clustered in the centre leaving Hungary at the 45th place far behind from Finland, which curiously was placed 19th against my presumptions about Finland placing higher in the environmental aspects compared to for example Germany or even more curiously Lithuania, which is commonly classified as developing from the perspective of the maturity of the entrepreneurial ecosystem in general. Finally the SSI, illustrating the level of sustainability including social development, placed Finland (8th) in a leading position against the other seven countries. Yet again some clustering could be identified with Italy (16th), Lithuania (17th) and Germany (22nd) being one group and France (37th), Hungary (42nd) and the Netherlands (44th) being another. Overall, out of the seven countries Hungary seemed to perform the weakest based on all the three indices, and generally the results of the indices did not correlate to each other, with one of examples being the Netherlands having at the same time the best and weakest results on two of the indices from the seven countries evaluated.

3.2. The state of social entrepreneurship in Europe

When mapping the conditions of social entrepreneurship in Europe, the European Commission (2014b) concluded that identifying common patterns of development across Europe is extremely difficult because of legal, institutional and policy systems differences across the countries, even with converging views in definitions and understanding on the phenomena. When it comes to the terminology, *social enterprise* is seen a synthesis for several terms in use at national level, but the definitions still vary across countries. In addition to the varying definitions, also the economic weight of the social enterprises is found to be unevenly distributed throughout Europe. The variations of social entrepreneurship in the European countries can be explained by certain factors, out of which the most common are recognised to be the level of development of the economic, social and legal systems, and the characteristics of the welfare systems and the traditional third sector. Simplified, in the countries where the level of development is considered higher and the demand for social and community care services is increasing, the number of social enterprises is higher and they develop more quickly. Furthermore, the legal environment often directs the form of business, and the field of social entrepreneurship is interpreted to lean towards the modes of co-operatives in countries where co-operatives are easy to establish from the legal perspective as well as in terms of profitability, like for instance in Finland. (Borzaga & Defourny 2001.)

The entire European social economy, including also other actors than social enterprises, represents 10 percent of all businesses in the European Union and employs about 6 percent, which translates to more than 11 million people of the employees in the Union's member countries (European Commission 2011, 2017a; European Women's Lobby 2015). Within Europe's *social economy*, associations, foundations and other similar forms cover 65 percent of the employment, if both paid and voluntary work is included (European Commission 2013b). To form a view of how much the size of the domain varies inside

Europe, in 2012 it was studied that Germany was leading in the number of social ventures with 513 727 organisations in the social economy. In France, the number was 192 497, in Finland 134 490, in Italy 97 699 and in Hungary 61 024, as other countries that were not in the top ten had a total of 434 804 organisations (European Commission 2013b). This suggests that the social entrepreneurship phenomenon is especially strong in Germany where the number of ventures is over double the number of ventures in France with Finland and Italy not far behind. In addition to their contribution to employment, social economy enterprises are especially important because of their ability to impact regional development, environmental and consumer protection as well as social security policies (European Commission 2017a). It is also notable, that in some countries like France and Italy, the employment in the social economy grew during the economic crisis while declining in other areas of the economy (European Women's Lobby 2015), even further differentiating social ventures from other actors in the economy. In practice, the legal forms of social enterprises vary in Europe from associations, foundations, cooperatives and share companies. In addition to these, new legal forms exclusively designed for social enterprises by tailoring existing legal forms have been established. To illustrate the overall situation in Europe, social enterprise networks have been found to exist in almost all the member states, supporting development, offering guidance and acting as an advocates for the social sector. Furthermore, this supportive role has been found to be especially strong in France and Italy (European Commission 2014b).

In European Commission's data on social entrepreneurship regarding Hungary, Romania, Spain, Sweden and the UK, 75 percent of social ventures worked on challenges relating to *training and education, economic, social and community development, social service delivery, and the environment* in form of sustainable growth. The ventures were found to introduce more novel innovations to the markets than the traditional businesses motivated by monetary goals (European Commission 2013a). In most European countries social ventures are also seen to be extending their activities to regard multiple services, and the

linkage to social policies is weakened due to stronger interest towards the local communities. Curiously, it was found that the social enterprises in Europe are often focusing more to the interests of their employees than to participation by the beneficiaries or to the benefits that the company is creating to the community (Borzaga & Defourny 2001).

As social enterprises are engaged in different activities in order to reach their social value creation motives, Borgaza & Defourny (2001) identified these activities dividing into two main fields: *work integration* and *social and community care services provision*. **The work integration** social enterprises are found in principle present in all the European countries, and many organisations have the aim of providing disadvantaged workers with job training in order to support them in the integration to open labour markets. The majority of services are located across the spectrum of social welfare services or social services of general interest, focusing on issues such as long term care for the elderly and for people with disabilities as well education and childcare (European Commission 2014b). **The social and community care services** category, producing among others services for disabled and disadvantaged people, was also present in almost all European countries, differing from the first category by the number of enterprises as well as the type of services offered. In some companies, these two fields are integrated. In few countries, Finland and Lithuania being examples also studied in the MARCIEE study, social entrepreneurship was recognised in the national laws, but focusing mainly on social enterprises involved in work integration (European Commission 2014b).

The future development of the field of social entrepreneurship is seen to depend on several conditions, one of the most important and central being the improvement of the awareness and knowledge about the ventures as well as their role in finding solutions to global issues. Improving the legal framework related to social entrepreneurship and possible tax reliefs might also boost the development of the field, and the support is generally strived for as the

social enterprises are perceived to have a wide impacts in contributing to the reform of European welfare systems by the means of income distribution and the providing of a greater volume of supply and by improving the quality of services and jobs (Borzaga & Defourny 2001). The European Commission (2014b) recognised that while there are differences between countries, the barriers in social entrepreneurship are typically related to access to market and finance (European Commission 2014b; European Women's Lobby 2015), inadequate understanding of the concept of social enterprise, absence of common mechanisms for measuring impact and the lack of specialised business development services as well as supportive legislative frameworks. In addition, the general economic environment is viewed mainly as a constraint on the continued development of social enterprise and at the same time challenges in internal business operations are also seen vital. On the operational side, lack of competencies necessary for scaling is seen as the main barrier for scaling-up activities in the business (European Commission 2014b). Perhaps because of the challenges in impact measurement, European Women's Lobby's (2015) extensive research among women entrepreneurs presented the finding of 64 percent of women social entrepreneurs not measuring social impact of the venture at all. Even with barriers and challenges to overcome, social entrepreneurship is expected to gain in strength in Europe with expanding activity and the probable emergence of new forms of social enterprise (European Commission 2014b).

3.3. Support from the European Union and other actors

The European Union institutions are supporting the development of social entrepreneurship and the social economy through a number of policy initiatives aimed at different areas impacting the phenomena (European Commission 2013b). One single important support measure recognising the importance and possibilities of social entrepreneurship was *the Social Business Initiative*, launched in 2011 by the European Commission. The initiative

was aimed at introducing a short-term action to support the development of social enterprises, which were considered as the key stakeholders in the social economy and in the field of social innovation (European Commission 2017b). The main objective was to promote *a highly competitive social market economy*, and the importance placed on the development of social economy and social innovation are also seen as the themes are strongly included as well in the Europe 2020 strategy (European Commission 2011, 2013b, 2017b). The initiative contained eleven measures categorised under themes of increasing the visibility of social entrepreneurship as a field, easing social enterprises to obtain funding as well as making the legal environment friendlier for social enterprises to operate in. The initiative was also set to identify best practices by establishing an extensive register of social enterprises in Europe (European Commission 2017b).

To further follow up the initiative, the Social Impact Measurement Sub-group, was set up in 2012 with a mission to agree on a methodology in order to measure the socio-economic benefits created by social enterprises (European Commission 2017b), which in general been has categorised as challenging. Specifically, the measurement of social impact is tough and the lack of data is problematic since the element of social value is the central added value for social enterprises (European Women's Lobby 2015). In other words, the companies have difficulties in measuring and authenticating their ability to create social and other non-monetary value, while that non-monetary value is precise what creates most of the value created by the social ventures. It can be thus viewed that in general social ventures are facing more, or at least different, challenges than the traditional enterprises, and that is why the role of support is quite important. The Union encourages the member states to support the development of social enterprises within their sphere of competence (European Commission 2011), and to sum up, enhancing the development of social entrepreneurship seems to be strongly in the Commission's agenda.

One important operator supporting the creation of sustainable employment and infrastructure is the European Regional Development Fund (ERDF), financing direct aid to

investments in particularly SMEs. Another important operator is the European Social Fund (ESF), with a purpose of reducing differences in prosperity and living standards, promoting economic and social cohesion by co-funding national, regional and local projects aimed at improving the levels of employment and the quality of jobs (European Commission 2013a, 2014b). Both these operators have played an important role in many countries, especially in the newer member states. Their role has also been important in the older member states, where the main agenda is raising visibility and profile of social enterprises by arranging events and generally connecting different actors. Moreover, there are many incubators supporting social business innovations (European Commission 2013a, 2014b), and their number is growing (European Commission 2014b). Co-working spaces for entrepreneurs are also increasing, offering social entrepreneurs a supporting environment as well as networking opportunities. Governments are also having important roles in supporting social entrepreneurship by regulations and supportive actions. Support can be also gained from The European Social Fund, that target funds at the development and promotion of the social economy, especially through education, training and support in networking (European Commission 2013a). To draw a conclusion, networking in general seems to be highly valued and supported, and thus its role on the success of the social venture could be perceived central.

In addition to supporting social entrepreneurship in general, *social innovations* are supported by the European Union by different means and actors, including policy frameworks, The European Regional Development Fund (ERDF) and The European Social Fund (ESF), the Framework Programmes for Research and Technological Development as well as the Competitiveness and Innovation Framework Programme (CIP) among others. Similarly to the Social Business Initiative, the European Social Innovation Initiative was set up holding forty measures to improve social innovation governance, funding, implementation and research in the Union (BEPA 2011). In 2001 the Union adopted its first *Strategy of Sustainable Development* making the matter one of its major political

objectives. As persistent patterns of unsustainable behaviour was recognised to continue, the strategy was revised in 2005 and 2009, and was focused on changing the behaviour of European consumers into a more sustainable direction. As a consequence, all members of the Union today have their own national strategies in place (Runcan & Rață 2014: 144-145).

In terms of support for social enterprises, when investigating the eight countries participated in the MARCIEE program, Germany, France and Italy have initiated an especially wide range of development and support services. In Hungary and Lithuania an opposite trend was recognised as the countries had limited or no publically funded services targeting social entrepreneurship. The lack of services from the public sector was related strongly to the newer member states, but interestingly, the lack of publicly funded support services was found in Finland, Germany and the Netherlands. In addition, in Finland and the Netherlands the development of support programs has been claimed to be deliberately procrastinated (European Commission 2014b).

4. VALUE CREATION AND MARKETING IN SOCIAL ENTERPRISES

This chapter aims to discuss value creation in a context of social entrepreneurship in order to understand what kind of value these social ventures are creating and what effects can these characteristics have in terms of marketing and how the means of marketing can ultimately support the success of the ventures. Marketing in social enterprises is discussed from several perspectives. In addition, findings from this chapter are used to forming a rough understanding of whether the existence of social motives affect the marketing of a social company, or should the chosen marketing related decisions and strategies be derived merely on the basis of the earning logic, being for-profit, non-profit or a hybrid business model. Marketing communications are also briefly discussed in order to further examine the concept of value creation through the means of marketing in a social entrepreneurial context. Finally, a theoretical framework is presented in order to connect the relevant theories together and portray the connection between the central themes in the research.

4.1. Social entrepreneurship and value creation

Social entrepreneurship can be seen as a complementary economic approach, based centrally on value creation (Konda et al. 2015). Even with value creation as a foundation of the business, contributions made by social ventures are challenging to measure because of the mostly non-monetary nature of social enterprises and outcomes of the business (Satar & John 2016; Peattie & Morley 2008). As the meaning of social entrepreneurship differs across individuals and stakeholders, and the meaning can be attached to particular outcome (Andersson & Self 2015), it can be thus assume that the perceived and the expected value as well can be seen to differ across the various stakeholder groups as evaluations of the outcomes vary.

With innovation closely linked to social entrepreneurship, value creation through innovation has been an area of interest in entrepreneurial studies. Innovation is also central to value creation in entrepreneurship leading to competitive advantage and better financial performance (Morris, Coombes, Schindehutte & Allen 2007). Social entrepreneurship creates innovations particularly for social impact (Alvord et al. 2004), and the social innovations aim to create value for society (Konda et al. 2015), at a wider scope than aiming the value at the level of individuals, even though the value created can be seen to affect all the levels - the individual, the organisational and the societal. The double bottom line, balancing between the social and financial motives, adds pressure to the social entrepreneur in making the right decisions in order to create value. It can be viewed that the social enterprises are striving to create profits in order to assure the sustainability of the company and the creation of this social value (Chell 2007). Traditionally it has been perceived that for-profit ventures are creating economic value while the creation of social value rests more on the non-profit sector. This notion has been questioned suggesting that despite the business model, all ventures create **blended value**, and the form depends on the emphasis between *the economic, social and environmental values* (Elkington & Hartigan 2008: 174).

While value is created in a process, value creation is also seen to be dependent on customer feedback and the continuous assessment of changing customer needs (Morris & Lewis 1995). One term closely related to social entrepreneurship and value is *social capital*, defined as a productive resource facilitating action and business operation while creating value (Anderson & Jack 2002). In other words, it can be viewed as sets of resources embedded in relationships among the individuals, communities, societies and networks, and it is a process in its own as the end result of networking activities (Anderson & Jack 2002; Mair & Marti 2006). Similar to social value, building social capital has been the responsibility of the non-profit sector (Eikenberry & Kluver 2004), but now social ventures are adding their input because of their social goals. When discussing the ability to create

value, company's lifecycle can be seen to affect the created value. Based on the entrepreneurial ecosystem theory, using start-ups as a study subject opposed challenges with economic growth, since the nature of start-ups made the economic growth uncertain because of uncertainty connected to the start-up stage. Economic growth is said to occur *when business actors create extraordinary value for customers and capture extraordinary economic value for themselves*, and this can be related to recombining assets, repurposing existing assets, and acquiring or creating completely new ones (Isenberg 2016). Even with many social enterprises being in a start-up stage, their contribution to economic growth has been recognised as a movement (Prabhu 1999), implying that the social companies may have unexpected abilities to create value taking account their small size or early stage of life cycle.

4.1.1. Social value creation

The main objective of social entrepreneurship is seen to be the creation of *social value*, (Austin et al. 2006; Di Domenico et al. 2010; Satar & John 2016 etc.), and because of that the social ventures are often presumed as non-profits (Weerawardena et al. 2010). Yet, according to studies, the biggest potential in the creation of social and environmental value has been found in the case on hybrid business models (Elkington & Hartigan 2008: 37), highlighting the abilities of new business models. As *social impact evaluation* can be considered a critical success factor in social entrepreneurship, this impact, both negative or positive, can be seen at the same time as the main value created by the company (Satar & John 2016). The European Women's Lobby's (2015) study about social entrepreneurship in Europe revealed that 44 percent of entrepreneurs sought social impact on the level of a specific social group, for example a school, a homeless shelter or a family. Also the scope of social impact was found to vary, and in the study 33 percent of enterprises focused on regional impact, 34 percent on national impact, and 26 percent on an international impact. To examine the matter from a different perspective, the level of social impact tends to be

focused on *societal, community* and *individual* levels. The societal level, with a purpose of changing attitudes against groups of people or certain issues and the attempt to impact the behaviour of people on a larger scale, is suggested to be the most common level of social impact that entrepreneurs are achieving for in Europe.

Social value creation takes place in a setting where companies have both economic and social motives guiding decisions, and the creation is often closely related to the economic outcomes producing financial resources used in reaching the goals of the business (Dacin et al. 2011). It is created in the process of satisfying the social motives and finding solutions to unmet social needs, enabling the improvement of communities and the lives of individuals (OECD 2010: 186). It can be created by non governmental organisations, social enterprises and other ventures (Mulgan 2010). Especially in environments that are scarce in resources, using the resources at hand and combining them in order to create new purposes is fundamental to social value creation and achieving financial sustainability (Di Domenico et al. 2010). Some clear examples of social value are work integration and the generation of employment opportunities, as well as training and development, skills development, social capital and community cohesion (Di Domenico et al. 2010). Social value can also be perceived to be formed through activities in *a social value chain*, including three main components; *procurement of supplies* from disadvantaged suppliers using or environmentally sustainable solutions, *operations* including activities from employment of disadvantaged individuals and solving problems to enabling solutions to people who normally could not afford them, to finally activities in *marketing and distribution*. The latter consist of the usage of modern technology or local traditional habits contributing to value creation (Guo & Bielefeld 2014: 75-76), placing marketing one of components in the social value chain recognising its importance in value creation.

Zietlow (2001) brought out a dilemma regarding social value creation; is the social entrepreneur providing social value adequate to compensate for all the resources used to

create that value. This is especially hard to evaluate considering that many aspects of the value created is hard to define, and the improvements made by social entrepreneurship are therefore hard to evaluate (Dacin et al. 2011). One reason behind the difficulties in assessment is that value is not an objective fact but instead emerges from the interaction of supply and demand, making the customers' willingness to pay the key factor. In addition, consensus among consumers about the desired outcome can be missing (Mulgan 2010). Quantifying value is often required, but at the same time it is impossible in the case of many dimensions of value (Dacin et al. 2011). From the need of evaluation of value the term of *social return-on-investment* is being born (Austin et al. 2006), with hundreds of competing tools for measurement (Mulgan 2010). To maximise the social-value production chain and social impact as well as social returns, the social entrepreneurs must have a clear understanding of the enterprise's mission and the ways they are producing change and value for different stakeholders (Austin et al. 2006). Some factors can also lower the social value. Social businesses have been criticised in the past for their tendencies to be dependent on external funding and therefore lacking self-sustaining dimensions, and with the tendency to employ non-entrepreneurial employees, these characteristics have been recognised to have a possibility of weakening the enterprise's social value (Chell 2007).

4.1.2. From value capture to value creation

The capture of value, often seen as the main motive of traditional entrepreneurship, includes the company gaining back value in the form of sales, market share and profits. The opposite, **the creation of value**, leads to satisfied and loyal customers that buy more (Kotler & Armstrong 2008: 19), leading ultimately back to value capture, stressing the importance of satisfying the needs of the customers. Understanding how value is created is important in entrepreneurship, thus also making the logic of value creation an emerging subject of research (Short et al. 2009). Value itself can be separated into two dimension; the *use value*, referring to quality or performance of a new job, product, or service valuable

from the perspective of customer, and the *exchange value*, defined as the monetary amount that realises with the exchange of the product or service, or for the use of value. As value is often perceived to be co-created with the stakeholders, individuals, organisations and societies, that also have also been studied as sources of value creation (Lepak et al. 2007) in addition to their roles of value users, roles that may ultimately overlap. Thus the nature of the dimensions of value creation can be interpreted as complex.

Level of analysis/ Source of value creation	User of value	Value Creation Process	Value Capture Process
Individuals	Consumers Client Organisation	Knowledge creation Search Ability Motivation Training	Network position Unique experience Tacit knowledge
Organisations	Consumer Society	Invention Innovation R&D Knowledge creation Structure & social conditions Incentives, selection and training	Rare, inimitable, non substitutable resources Intangible resources
Society	Individuals Organisations Government	Innovation & new firm creation Competition Capital investment Incentives Laws & regulations	Factor conditions Demand conditions Supporting industry infrastructure Firm strategy & rivalry

Table 3. Dimensions of value creation (adapted from Lepak, Smith & Taylor 2007).

The value creation process is characterised as subjective and context-specific. According to the dimensions of value creation (see Table 3), *individuals* can create value by developing new tasks, services, jobs, products or processes that the users value. They create the value with among others skills and knowledge, and the value they may capture can relate to their unique positions in their social networks, their specialised expertise accumulated in the

process of value creation. *Organisations* create value when they develop new ways of doing things by creating new technologies, raw materials or combine resources in a new way. Therefore the company's structure, ability to innovate and the R&D function have impact on value creation. Value capture in this case involves resources that are inimitable in order to create competitive advantage, and especially resource management is seen as a critical mechanism through which value can be captured. When it comes to *the society*, societal actors can create value by programs and incentives supporting entrepreneurship and innovation. Value capture happens through retaining the value they are making, and it is supported by resource advantages, demand conditions, markets and industry infrastructure. With the presence of multiple stakeholders and goals varying from financial to social, the issue of value creation becomes very complex stressing the importance of capturing value. In addition, the stakeholders may also question the fairness of value distribution, trying to gain a larger share of the returned value (Lepak et al. 2007).

4.1.3. Value created by social entrepreneurship

When examining the value that social entrepreneurship creates, it has become evident that the social value is perceived as the main goal of operations, making it the central value of interest in this thesis. In line with the theory of stakeholder marketing, the value creation process takes place throughout the stakeholder network instead of being restricted to the company. Moreover, value co-creation occurs with multiple stakeholders, and the creation can not fully grasped by focusing on only one of the stakeholders (Hillebrand et al. 2015). Social enterprises are perceived to have a goal of pursuing the opportunities of creating socio-economic value, that in turn is based on the realisation of a competitive advantage. When it comes to value creation in a social entrepreneurial setting, value is seen to serve two purposes; it positions the enterprise among other competitive enterprises, and simultaneously generates wealth that is to be distributed amongst its stakeholders. The social enterprise's outcomes must also be sustainable in order to maintain value creation of

both the economic and the social value (Chell 2007). In order to scale up the social initiative in the quest of maximising the social effects, Alvord et al. (2004) recognised the alternatives to either be expanding the coverage to provide services to more people, expanding the products and services to provide broader impacts to primary stakeholders or scaling up impacts indirectly by initiating activities that impact the actions with an ability to change the behaviour of others. In addition to maximising social effects, social enterprises strive to generate additional benefits, for instance enhanced community cohesion and increased social capital, achieved through active stakeholder participation, both in the creation, the management and the governance of the social enterprise (Di Domenico et al. 2010). In a broader sense, social entrepreneurship can also be seen as a catalyst for social transformation (Alvord et al. 2004), in the same sense that change itself is seen to be the catalyst for entrepreneurial activity (Morris & Lewis 1995). Therefore, if able to activate even social transformation, it become evident why the impacts of social entrepreneurship have been difficult to measure.

Social enterprises are using new ways of producing services through innovative forms of involvement of *consumers* as the co-producers of the service, the local *community* as volunteers in the venture, and the *employees* themselves (Borgaza & Defourny 2001). Value was perceived to be created in the process of co-operating with the stakeholders, offering insights to the examination of value creation from the perspective of the individual, the organisation and the community. Apart from the social contribution that social entrepreneurship creates, the organisations are creating and adding value by *empowering their customers, creating jobs, and improving the utilisation of developmental funds*, therefore in the larger scale contributing to the economic growth as well (Prahbu 1999). As individuals attach different meanings to social entrepreneurship (Andersson & Self 2015), they consequently can also value the outcomes of social entrepreneurship differently. Viewed through the concept of Vogel's (2013) ecosystem indices measuring the success factors of an entrepreneurial ecosystem, social entrepreneurship can be interpreted to have

effects on the culture, personal wealth and work- and life satisfaction indices that form the individual level of the analysis. The organisational level, consisting of organisational performance, can also be affected if adopting a view that the existence of the social aspects can have effects on an organisational level. The community level, consisting of several indices related to among others policies, markets, job creation, networks, innovation and education, is though the most discussed level of value while social entrepreneurship affects the society by employing disadvantaged people or supporting various social causes while the whole business often is based on social values and the creation of social value. In addition, the social economy and social entrepreneurship can be seen as tools for developing social inclusion, since the ventures often provide employment opportunities for different groups of people struggling with challenges relating to impairment, poverty or exclusion among others (European Commission 2013a).

This creation of value on the level of the society is also highlighted compared to the traditional entrepreneurial activities that often primarily create wealth and assist in accumulating capital growth (Chell 2007). Social innovations are seen to create value to societies and improve productivity by creating new and sustainable capabilities and opportunities that are driving change in a wider perspective (Konda et al. 2015). While the scope of a social operation often is local, and the social innovations within social entrepreneurship are linked to local development (OECD 2010: 196; Dacin et al. 2011), the ventures and innovations can have wider and global impacts (Dacin et al. 2011). Looking into the future, social entrepreneurship has potential in value creation in several important fields of opportunities, relating to demographics, environment, health, gender, education, and multiple forms of security. A perhaps still undervalued topic, the opportunities in especially security can be seen important, when social ventures can have an impact on themes such as food security and security in energy production (Elkington & Hartigan 2008: 85-87, 114). Despite of their ability to solve social issues, it should be remembered that social ventures alone can not solve the extent of the social issues we are dealing with

today (Sud et al. 2009). The importance of examining the value social entrepreneurship is creating for the different stakeholders is great in examining the matter of marketing related actions further.

4.2. Theoretical considerations of marketing in social entrepreneurship

Marketing is perceived as one of the success factors in social entrepreneurship. Especially social marketing strategies, marketing channel management as well as marketing skills are viewed important (Satar & John 2016). Keeping the balance between the social and financial motives, the double bottom line, also has an effect on the management of a social business, also making the marketing decisions more difficult than in either commercial for-profit or traditional non-profit organisations (Chell 2007). Marketing is also viewed as an activity with a double-bottom line, having to attract both the beneficiaries and the funders, and the marketing practices of successful entrepreneurs often involves having a small target group that is expanded based on availability of resources (Kannampuzha & Suoranta 2016). When examining marketing in social entrepreneurship, it should be noted that in the context of SMEs the theories developed for large organisations might not be suitable (Gilmore & Carson 1999), limiting the scope of analysis to the direction of entrepreneurial marketing. As the business models within social entrepreneurship vary from non-profits to for-profits with new types of hybrid models in between, also the field of non-profit marketing should be considered in the quest of sketching the field marketing in a social entrepreneurial context. As much of the social entrepreneurship literature supports using entrepreneurial goals, strategies and tactics to achieve the social goals (Dart 2004a), and entrepreneurial modes of operation are recommended for non-profits to enhance effectiveness (Andersson & Self 2015), the entrepreneurial context is emphasized in the examination of marketing strategies and concepts. Social and societal marketing, as well as the effect of multiple stakeholders have to be taken into account in order to define possible

theoretical paths to explain marketing in social entrepreneurship. The concept of marketing through networking, suitable for especially SMEs (Gilmore & Carson 1999), might also offer insights to the phenomena and is thus presented.

Marketing as a managerial task is suggested to be introduced especially at the smaller social entrepreneurial businesses, and particularly the field of promotion and communication is seen central. Generally, marketing can be perceived as a compulsory cost rather than essential part of the success of the company (Zietlow 2001), creating issues since marketing is at the same time identified to be important to the success of the company (Kannampuzha & Suoranta 2016). Moving away from the traditional process-centered, and at the same time organisation-centered, view of marketing, the American Marketing Association (AMA) broadened the definition of marketing to be “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”, and simultaneously the concept of stakeholders as recipients of value was removed. This though has viewed to have had no effect on the relevance of the concept of *stakeholder marketing*, defined as an orientation that considers also other stakeholders such as individuals, employees, institutions, communities, governments, and society at large in addition to the traditional view of primarily considering the needs of the *end consumers* (Gundlach & Wilkie 2010) and the *distributors* of the company (Hillebrand et al. 2015). The interrelatedness of the stakeholders is also emphasized, making the explicit tensions between stakeholder interests an important factor to be considered. In addition, the stakeholder orientation includes the notion that the control over marketing activities has become dispersed (Hillebrand et al. 2015), thus affecting the marketing management.

In **stakeholder marketing** relationships to other stakeholders may have an effect on customer relationships and it is the diverse network of stakeholders that ultimately co-creates value. Adding to the traditional concept of value co-creation the stakeholder

perspective takes into account the value being co-created by more than two actors. Value co-creation with stakeholders will likely lead to stronger stakeholder relationships which can lead to brand awareness and a good reputation and perception of fairness; in other words possible competitive advantage for the company. Relationships in general are perceived especially important in the business-to-business (B2B) context, where personal relationships have been shown to drive interfirm relationships (Hillebrand et al. 2015). As stakeholder marketing takes into account all stakeholders who may be affected or may affect the marketing activities of a firm and considers them as prospective recipients of value (Gundlach & Wilkie 2010), the concept may thus be relevant in the context of social entrepreneurship, especially since both concepts include the society as a relevant recipient of value. Interaction with the stakeholders is also a common characteristic in the field of **sustainable marketing**, the process of creating, communicating and delivering value to end customers while preserving natural and human capital, thus having the effect of marketing being conducted in a sustainable manner. The concept of sustainable value seems similar to the idea of corporate social responsibility, that can be interpreted to be in the opposite corner of the ventures with purely social and environmental goals, ventures considered at some regions as the traditional characteristics of social entrepreneurship. The existence of the *triple bottom line*, that highlights building competitive advantage through the economic, environmental and social dimensions of sustainability (Martin & Schouten 2012: 18-19, 190, 239), is also central to sustainable marketing as to social entrepreneurship. making the concept of sustainable marketing itself interesting to be viewed in the context of social entrepreneurship.

Kotler & Armstrong's (2008: 10) marketing concept (Figure 3) places knowing the needs of the customers as a starting point instead of the selling concept starting with existing products promoted in order to gain profits through volume in sales. Since social entrepreneurship specifically exists to answer the unmet needs of the society, the marketing

concept is selected to form a simplified view of the way marketing is approached in social enterprises often having the unmet needs as driver for the venture.

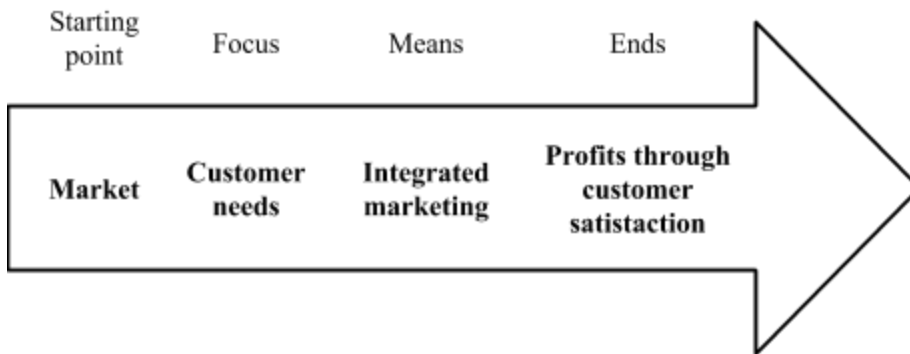


Figure 3. The marketing concept (adapted from Kotler & Armstrong 2008: 10).

According to the concept, the means by which customer satisfaction is achieved are reached by *integrated marketing* and *integrated marketing communications* (IMC), defined as the integration and coordination of communication channels with a goal of delivering a clear, consistent and compelling message to targeted segments. The concept entails that every brand contact delivers a message, leaving the role of IMC to be bundling together all the messages and images (Kotler & Armstrong 2008: 50, 400-401). The concept seems also suitable because of its simplicity, and while integrated marketing as a concept seems popular and recommended in managing the company's communication as one uniform entity.

4.2.1. Entrepreneurial marketing

Since introduced in the beginning of the 19th century, entrepreneurship has had different meanings but usually it is used to describe a specific set of activities related to the introduction of new products and services into the markets (Dorado 2006). Generally, it is characterised by risk-taking, innovativeness and proactiveness (Weerawardena & Mort

2006; Morris et al. 2007), concepts also recommended for social entrepreneurs to adopt (Weerawardena & Mort 2006). The concept of entrepreneurship has many points of interface with marketing, for example businesses idea identification, innovation, and market opportunity analysis, and the business plan includes market feasibility analysis as well as a marketing strategy (Morris & Lewis 1995; Shaw 2004; Dorado 2006). Furthermore, marketing and entrepreneurship can both be seen as opportunity- and environmentally driven processes that create value. The stages of marketing are seen to develop from production-oriented to selling-oriented to customer satisfaction-oriented, to finally societal benefits-oriented as the society advances in the stages of economic development (Morris & Lewis 1995). In general, the importance of marketing is perceived grand, since the function is able to offer recommendations that can be utilised in enhancing resource allocation and making decisions about the product portfolio (Morris & Lewis 1995). At the same time, limitations in resources was also identified in a entrepreneurial marketing context, in which innovative and efficient use of networks and relationships can be used to compensate for the scarcity of resources (Shaw 2004).

The field of entrepreneurial marketing has concentrated largely on profit-oriented small companies, but yet the theories are seen relevant to be examined also in the social and third sector contexts (Shaw 2004). Since little theory was found on the marketing strategies or marketing practices in social enterprises, looking into entrepreneurial marketing, proposed as an innovative and less resource-intensive marketing method for resource-restrained small enterprises in their growing stages (Kannampuzha & Suoranta 2016), may give insight into the subject. Even while social enterprises have been adopting entrepreneurial approaches to their marketing actions, there might be practical challenges when the theories are applied to the non-profit context (Shaw 2004) dominating the field of social entrepreneurship, a field that is also traditionally perceived less efficient than the for-profit business models (Andersson & Self 2015). Overall, it has been found that applying entrepreneurial approaches to marketing enables companies to manage marketing in a more informal way

and be better positioned. Therefore the use of the approaches enhances identification and exploitation of the market opportunities (Shaw 2004), and it also argued that adopting marketing strategies from commercial marketing is necessary for achieving financial self-sufficiency (Mitchell et al. 2015) enabling the continuance of the venture. Shaw (2004) identified four themes relevant to understanding entrepreneurial marketing in a social enterprise context; *opportunity recognition*, *entrepreneurial effort*, *entrepreneurial organisational culture* and *networks and networking*. The management and position of marketing in social enterprises is also seen to be similar to entrepreneurial marketing as the marketing often is unplanned and occurs naturally. Furthermore, this flexibility of entrepreneurial marketing is perceived suitable for social entrepreneurship because of the changing and challenging environment in the field. Differing from the traditional for-profit context, the networks are used in order to solve social needs rather than consumer needs, and the opportunity recognition also is derived from social needs instead of demand from the market (Shaw 2004).

4.2.2. Non-profit marketing

Non-profit marketing is seen as a concept based on the cluster of values, ends, and content of the organisations behavior. The distinctive characteristics compared to entrepreneurial activity are the motives and goals of the business (Dart 2004a). Marketing has become an important part in the strategies of non-profit organisations such as museums, colleges, churches and even government agencies, who compete against other actors for support and membership (Kotler & Armstrong 2008: 27-28). Non-profit organisations are recognised often to have an organisation-centered orientation in marketing (Dolnicar & Lazarevski 2009), and marketing is generally viewed in a positive light yet still it may be considered undesirable by some actors. The negative perception may be derived from the view of marketing as waste of money straining resources, the view of marketing invading the privacy of consumers, or the view of marketing activities as means of manipulation

(Mitchell et al. 2015). It has also been perceived as merely promotion and selling of products that consumers do not need (Dolnicar & Lazarevski 2009). In addition to this, the marketing skills in non-profit organisations have identified to have room for improvement, leaving gaps especially to fields of market research and strategic marketing, possible jeopardising the ability to operate in the marketplace (Mitchell et al. 2015). Thus, marketing capabilities can be seen to increase in importance when moving from non-profits to for-profits in the spectrum because of the nature of the ventures. Whether they should, is another discussion entirely.

As mentioned before, entrepreneurial and market-driven orientations have identified to contribute to sustainable advantage in for-profit organisations and have important implications in the non-profit context (Morris et al. 2007). In addition to innovativeness and being socially focused, also the market-orientation has been perceived as the reason behind social entrepreneurship's ability to solve social problems so well (Sud et al. 2009). It should be remembered that entrepreneurial strategies might not be suitable for all non-profits, since the product itself might not be to be altered according to customer needs (Dolnicar & Lazarevski 2009) and since adopting market-driven mindsets can lead to compromises in reaching the mission because of interference and pressure in the form of competition (Eikenberry & Kluver 2004). Marketing strategies and instruments suitable to non-profits can include market segmentation, product positioning, advertising and communicating via different channels the target groups use. Fundraisings and public relations are also viewed as important marketing activities in non-profit context (Dolnicar & Lazarevski 2009), where market-orientation involves taking into account the needs of both the donors and customers (Morris et al. 2007), thus possibly in the social entrepreneurial context all of the various stakeholders. It has been suggested that non-profit social entrepreneurial organisations, if market-driven, should initiate or continue only the activities that are profitable (Eikenberry & Kluver 2004).

As new fields tend to use existing theory in a new context, the theories based on non-profit marketing are also discussed in a social entrepreneurial context (Andersson & Self 2015). Yet again, it has been suggested that non-profit organisations can become more efficient and sustainable by adopting social entrepreneurship in their strategy and operations. More specifically, adopting entrepreneurial practices, that has been portrayed sometimes as even necessary, have been recognised to lead to better investment decisions and enhanced capability for accomplishing their goals (Andersson & Self 2015), partly because of difficulties in accumulating financial investments as well as because of competitive reasons (Dees 1998). Therefore, it can be concluded that the non-profit sector and the processes within might be less effective than in entrepreneurial and the social entrepreneurial contexts. This leads to a notion that the theories developed for the non-profit sector may not be suitable for examining the wide the marketing practices in social entrepreneurship, but they offer insights to the group of social businesses operating in the non-profit sector, and in the cases where more entrepreneurial behaviour is not reasonable or practical.

4.2.3. Social and societal marketing

Social and societal marketing, both connected to social entrepreneurship (Kotler & Armstrong 2008: 590; Mitchell et al. 2015), have been causing confusion with the terminology. The concept of societal marketing, illustrated in Figure 4, is seen as a principle of enlightened marketing guiding the company to make marketing decisions by considering the consumers' needs and long-run interest and the society's long-run interest in addition to the company's requirements. The marketing strategy should deliver value to customers in a way that either maintains or improves both the consumers' and the society's well being. In other words, in a socially oriented marketer's interests is the need to create products both pleasing and beneficial (Kotler & Armstrong 2008: 590). The connection between social entrepreneurship and **social marketing** has been studied with promising results for the combination (Satar & John 2016; Madill & Ziegler 2012), leading Satar &

John (2016) to propose that the successful adoption of social marketing elements ultimately leads to enhanced social and economic performance in the social business. Social marketing and social enterprises are increasingly perceived to have the shared agenda of social change as the purpose of the business (Mitchell et al. 2015), making the concept suitable to the social entrepreneurial context.

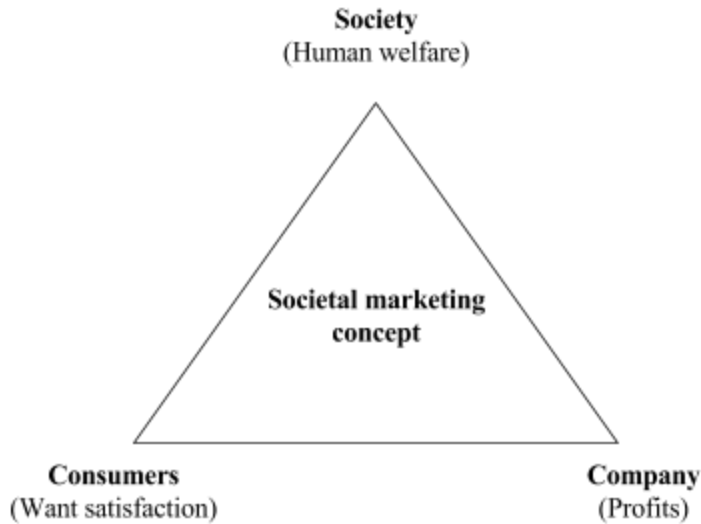


Figure 4. Societal marketing concept (Kotler & Armstrong 2008: 11).

Social marketing can be particularly attractive for social entrepreneurs, but simultaneously they may not have the resources or knowledge necessary for conducting extensive social marketing campaigns. The attractiveness of social marketing partly rests on its nature affecting voluntary behavioral change, and the strategies have been used in raising awareness, for example in promoting understanding about the importance of clean water and sanitation value (Madill & Ziegler 2012). Social marketing as a strategy is seen suitable especially for ecosystems with a scarcity of resources, commonly identified in the third sector (Madill & Ziegler 2012). Social marketing is also being viewed as a legitimate approach in the eyes of the stakeholders because of consistency with the social mission (Mitchell et al. 2015), even further supporting the use of social marketing theories in a social entrepreneurial context. The aim of social marketing is to influence social behaviors

“not to benefit the marketer but to benefit the target audience and the general society”. Accordingly, social marketing programs are marketing programs with a specific aim of changing behaviours. It differs from traditional marketing on the basis of the nature of the goal of communication. Segmentation of target audiences is done carefully and the marketing strategy attempts to use all the four P’s of the traditional marketing mix, and the possible competition that the wanted change can counter is evaluated with precision. The need of change is derived from the individuals’ and the society’s interests, which must be balanced in order to create transformative social change (Madill & Ziegler 2012). Singh, Saini & Majumdar (2015) identified different scenarios of social problems where social marketing solutions have been used in solving the problems, presented in Table 4 in order to illustrate the practical level of the concept.

Social Problems	Social marketing solution
Unavailability of products/ services	Creation of innovative products/ services
Poor quality of existing products/ services	Creation of high-quality products/services at affordable prices
Affordability problem (high price of existing products/services)	Innovative products/services at affordable price
Lack of awareness regarding product and services	Promotion (focusing on behavior change communication)
Accessibility problem (target audience remotely located, difficult to access through existing system)	Place, distribution, and partnership

Table 4. Social marketing solution to social problems (Singh, Saini & Majumdar 2015).

The table also illustrates the usability of social marketing concept in the field of social entrepreneurship, bringing out its ability to answer social problems in various ways with the four Ps; the product, price, place and promotion. Madill & Ziegler (2012) proposed that

social marketing can be attractive especially for the third sector actors since they are not in a position that allows them to legislate behavior change, and their resources are scarce. In addition, because of limited resources, adopting selected elements from social marketing rather than implementing complete and wide campaigns is seen a preferred course of action. Often this adoption of elements is done unconsciously, and it is not rare that the marketing strategy is completely missing (Shaw 2004). Finally, in the field of social marketing, the notion of value co-creation with customers is common, as it has been seen as the means to behaviour change (Madill & Ziegler 2012). To sum up, the power of social marketing is in its ability to support change in social behaviour and general opinions in the society. Therefore, it can be especially useful for the type of social enterprises with strong goals that require and include the change of attitudes. As most social enterprises are found based on the needs of the communities and the need for new solutions, social marketing can be promising in the toolbox of social entrepreneurial marketing, and one of its benefits is the wide range of costs that depend on the extent of the campaigns.

4.3. Marketing in social enterprises

When it comes to business strategies, social entrepreneurship can stimulate ideas for socially acceptable and sustained business strategies (Satar & John 2016). As marketing strategy is a part of the set of strategies involved in entrepreneurial business, it is interesting to examine whether interesting strategic responses related to marketing can be found in the context. Mitchell et al. (2015) conducted a rare study mapping marketing in social enterprises, identifying social enterprises to be similar to not-for-profit organisations as well as SMEs in their approaches to marketing. Marketing itself was viewed in a positive light in 14 of the total 15 company cases, and the marketing actions in social enterprises were seen to differ based on the emphasis between the social and financial goals of the company. Thus marketing in the ventures using hybrid business models was expected to

differ from the for-profit and non-profit models. In line with the concept of stakeholder marketing, the marketing practices in social enterprises have to take account multiple stakeholders. Furthermore, a high degree of marketing competence was found among social enterprises, leading Mitchell et al. (2015) to propose these enterprises ideal within which to utilise the social marketing approach, with focus on **low-cost marketing and communication strategies**. In general, it should be noted that the marketing strategies used in the context of social entrepreneurship are customised to match local requirements. The strategies are influenced by customer orientation, and the success of the implementation is perceived to depend on the knowledge and skills of the entrepreneur as well as research conducted (Singh et al. 2015). **Innovativeness** is generally perceived as a key factor in the marketing of a social enterprise (Short et al. 2009). In case of non-profits, it is viewed to be an essential component because of the competitive nature of the market (Weerawardena & Mort 2006). As social entrepreneurship and innovation were closely attached, innovation can also be found in the marketing of the company. *Marketing innovation* is defined as the implementation of a new marketing method involving significant changes in product design or packaging, or product placement, promotion and pricing (OECD 2010: 47).

Bricolage, that was used to describe the processes within the social company (Di Domenico et al. 2010), was also proposed by Kannampuzha & Suoranta (2016) as a method of marketing in the often resource-constrained social enterprises, based on the theory of entrepreneurial bricolage. This conforms with the proposal of using and combining the resources at hand to create new purposes, that was recognised fundamental to social value creation and financial sustainability (Di Domenico et al. 2010). Bricolage often contains the use of networks as a method of co-creation, and in entrepreneurial start-ups bricolage often is connected to using entrepreneurial marketing techniques as well. Bricolage in general was identified characteristic to social entrepreneurship, often relating to entrepreneurial bricolage, presented in Figure 5. in more detail *network bricolage* and *entrepreneurship education bricolage* were the mechanisms used to address the limited resources, especially

in the cases where the development of the company is in its early stages. Network bricolage is defined by an entrepreneur utilising already existing personal and professional networks as resources, and the perhaps more surprising entrepreneurship education bricolage deals with using students, business mentors and various university resources in order to develop creative solutions in situations where resources available for marketing are scarce.

(Kannampuzha & Suoranta 2016.)

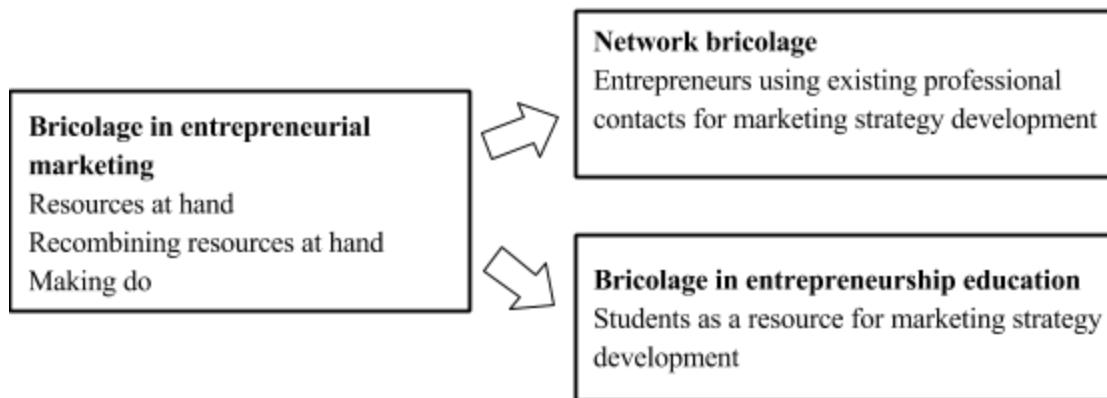


Figure 5. Bricolage in entrepreneurial marketing (Kannampuzha & Suoranta 2016).

To broaden the perspective to social enterprise marketing, according to the theory of **sustainable marketing**, the marketing strategy is conducted with a somewhat classical way by first identifying marketing opportunities and selecting the target segment, market and market position. Then a marketing mix is created and implemented, including taking into account *the product, pricing, communication* and *distribution* strategies. The final step is following up the strategy and making improvements when needed (Martin & Schouten 2012: 24). Another field, **social and societal marketing**, in the purposes of this thesis discussed as one in terms of characteristics and the basic ideology, emphasizes taking into account the differences in contexts, socio-economic settings of the target audience as well as the type of the social venture when designing social marketing programs, which are viewed as increasingly attractive in social entrepreneurship (Singh et al. 2015).

Marketing management, defined to be the implementation of activities for creating, communicating, delivering, and exchanging offerings including and conveying value for customers, other stakeholders, and the society (Gundlach & Wilkie 2010), is important since it implements the strategy created for marketing. The traditional marketing strategy normally defines the target group and the mechanism of value creation, and it is elaborated into an integrated marketing program that delivers the intended value. The program consists of a set of tools, a marketing mix, traditionally classified into four P's: product, price, place and finally promotion, that deals with the communication of the value (Kotler & Armstrong 2008: 12), and especially in the context of hybrid business models the marketing program is developed typically by the entrepreneur and created in order ensure that the disadvantaged are aware and can access offering (Elkington & Hartigan 2008: 38). Yet again, scarce resources might be the reason why the entrepreneur often is behind the marketing strategy, and while resources can be seen to become more scarce when moving from for-profit to non-profit models in hybrid businesses resources can accordingly be interpreted to be more scarce than in traditional for-profit businesses.

Integrated marketing communications (IMC) are recommended for integrating and coordinating the various communication channels in order to deliver a consistent and compelling message about the company (Kotler & Armstrong 2008: 400-401). This related to the concept of branding, and while it is not the area of interest in this thesis, it should be noted that because the brand can have multiple meanings across stakeholders and the communication entails many different channels, a need to compress and unify the message is recognised (De Lencastre & Côte-real 2010), supporting the concept of IMC. According to the general view in literature, understanding of branding is quite strong in social enterprises (Mitchell et al. 2015). Social enterprises are identified to have two fundamental marketing strategies to choose from; *the market push strategy*, introducing a novel product or service into a market, and *the market pull strategy* where the offering is introduced to a market because of recognised needs (Mitchell et al. 2015). When it comes to **targeting** the

segments, three broad strategic alternatives have been proposed. *The mass marketing strategy* with same offering and marketing activities targets the whole market, *the differentiated strategy* pursues several segments with unique offering and activities, while *the concentrated strategy* focuses only on one chosen segment (Guo & Bielefeld 2014: 83).

Networks and networking can be used as a marketing tools in addition to their other qualities. An entrepreneur's network can consist of both personal and business relationships, and networking itself can be proactive, passive and reactive, depending on the issues and individuals involved (Gilmore & Carson 1999). Quite obviously, the connections itself within the network can be weak or strong (Guo & Bielefeld 2014: 62) but they can be used for entrepreneurs in order to execute marketing through their daily communication activities, either planned or unplanned, supporting the notion of unplanned activities within entrepreneurship and thus social entrepreneurship. Networks can also be the source of information used in order to make marketing decisions and networking can ultimately guide entrepreneurs to determine the suitable marketing mix that form a coherent entity (Gilmore & Carson 1999).

When examining the tendencies for engaging in **market research** in social enterprises, it should be noted that natural innovativeness of social enterprises has been questioned because of their tendencies of not being widely involved in research and development activities (Peattie & Morley 2008). This can be due to market research being unable to identify future opportunities and risks and instead it is seen as looking into the past not able to answer the urgent and relevant needs of the markets (Elkington & Hartigan 2008: 18). As social entrepreneurship is seen to be in between the commercial and third sector, it can be also true that similar to the third sector and non-profits, marketing strategies and marketing communication strategies may be a somewhat unfamiliar ground and because of this, the importance of market research in the making of the marketing mix related decisions is recommended (Zietlow 2001).

4.4. Marketing communications

In social entrepreneurship, marketing communications should be addressing both the funders and the customers of the company, highlighting the importance of resource allocation (Zietlow 2001). As different target groups require varying marketing campaigns (Dolnicar & Lazarevski 2009), and dealing with multiple stakeholders groups simultaneously characterises social ventures, customising the communication can be viewed as crucial in creating a successful marketing communications strategy with clearly defined market segments (Guo & Bielefeld 2014: 83). In addition, involving the stakeholders seems central in the marketing communications of a social company, and thus the communications channels are recommended to include also interactive activities in combination with the traditional channels (Ellis 2010: 169). When it comes to making strategic decisions about the product portfolio, in analysing the financial viability of a product or service, the social aspect has to be taken into consideration beside the financial goals (Satar & John 2016). **Sustainable marketing communication**, defined to be the communication, messages and media directed to the company's stakeholders in order to reach the marketing and sustainability objectives (Martin & Schouten 2012: 239), can also be conceptually suiting since sustainability is often present in the goals on social ventures. The traditional marketing mix of price, product, place and promotion in relation to social entrepreneurship has also been discussed, and especially pricing is seen as a major issue, and understanding price elasticity of demand as well as marketplace supply and demand were seen important (Zietlow 2001).

As social enterprises can be seen to utilise the same **marketing channels** as in traditional entrepreneurship, it should also be noted that the marketing channels can also be the networks in the social company's ecosystem (Dacin et al. 2010). Moving from the marketing channels to the communication channels, like many companies today, also the social enterprises are found to adopt social media platforms as promotional tools quite

frequently, and the technology was used in order to communicate the company's activities to interested stakeholders (Mitchell et al. 2015). Generally, as anticipated from the characteristics of SMEs, social enterprises were found to lack resources in order to invest in marketing and thus the majority of social enterprises were found to use promotional approaches attempting to minimize costs by using low-cost tools consistent with word-of-mouth as a communication channel. Interestingly, using word-of-mouth as a promotional tool was found to lead to better and long-lasting relationships with stakeholders (Dolnicar & Lazarevski 2009).

What is the **content** of the communication? In the context of non-profits some studies have suggested that emphasizing the educational strategy in the communication resulted in a negative impact on financial performance of the venture. Similarly, in the context of social entrepreneurship emphasizing the social mission can possibly diminish the ability to secure clients (Mitchell et al. 2015). Furthermore, Singh et al. (2015) emphasized the importance of customising the offering and promotion techniques based on the needs and wants of the local society. A company's promotion mix, in other words the *marketing communication mix* defines the five major promotion tools to be advertising, sales promotion, public relations, personal selling and direct marketing, all with different tools used in the communication. Moreover, when taking into account the principle of integrated marketing communications, the five tools are blended into a consistent and clear company and brand messages, connecting the tools into an entity (Kotler & Armstrong 2008: 399 - 402). Also the new digital technologies are offering means to reaching the target audiences (Kotler & Armstrong 2008: 485; Martin & Schouten 2012: 214). It is seen to provide social entrepreneurs multiple options for reaching their target segments, but at the same time assessing the risks and costs of direct marketing is emphasized because of limited resources, especially in the non-profit context (Mallin & Finkle 2007; Martin & Schouten 2012: 214). It is recommended in B2B context where the communication is often highly targeted (Martin & Schouten 2012: 214).

4.5. Theoretical framework

The theoretical framework of the thesis, presented in Figure 6, summarises the central theory regarding the research problem. In the framework, *governmental support in the European context*, a topic illustrated by among others European Commission, sets the boundaries of support that in part impact the opportunities of the social ventures. The support received from the government can be further divided into the main categories of financial support, networking support and the infrastructure containing also the legislative environment defining what is possible within the legislative framework. In addition, it should be noted that the appropriate support is seen to depend on the maturity of the ecosystem (OECD 2013).

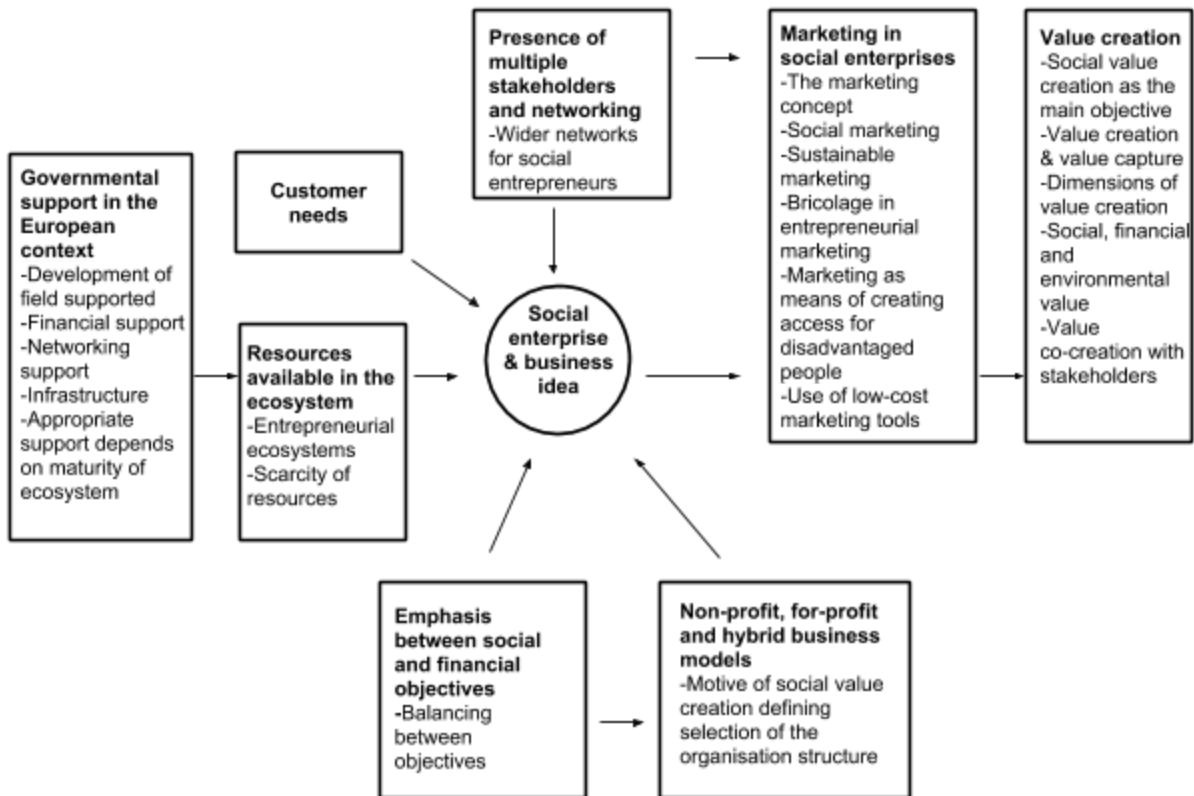


Figure 6. Theoretical framework.

The support is perceived to impact the *resources available in the ecosystem*. Theory of entrepreneurial ecosystems (Isenberg 2010) is also relevant since it defines the supporting landscape of the company and the resources available as well. In addition, the field of social entrepreneurship is characterised by the prevailing scarcity of resources (Madill & Ziegler 2012; Kannampuzha & Suoranta 2016 etc.), impacting the operations, the marketing function and thus the value creation of the company. *The social enterprise and the business idea* is central to the discussion as well, with customer needs that as well guide the decision made in the company. The *presence of multiple stakeholders* is also central to social enterprises with the companies having wider networks than traditional entrepreneurs (Austin et al. 2006; Sud et al. 2009), making also the *networking* activities important to the ventures in general. Furthermore, the presence of multiple stakeholders is interpreted to have direct impacts to both the business idea and the company itself, as to the marketing activities that the company is engaged in. The *emphasis between social and financial objectives* also has impacts to the social enterprise and how the business is conducted, with balancing between objectives (Satar & John 2016) characterising the drivers behind decisions in the ventures. The emphasis has impacts to the company's business model between the central *non-profit, for-profit and hybrid business models* as alternatives. Here, the motive of social value creation is seen to define the selection of the organisation structure (Satar & John 2016; Peattie & Morley 2008), illustrating roughly the relationship between the objectives, business idea and the actual business chosen with the business model as well having impacts to the business idea and what the business ultimately is about.

The business idea and the company's reasons for existence, with the customers needs, support, objectives and business model all together contribute to the *marketing in social enterprises*. Within the themes, Kotler & Armstrong's (2008) marketing concept works as a basis for explaining customer- and marketing-oriented ways marketing is approached in the ventures, with the customers being more widely interpreted as stakeholders, suiting better

to the phenomenon. In addition, the concepts of social marketing (Madill & Ziegler 2012) and sustainable marketing (Martin & Schouten 2012) are perceived relevant because of their similarities with the concept of social entrepreneurship. Bricolage in entrepreneurial marketing (Kannampuzha & Suoranta 2016) assumably illustrates the flexible and informal way marketing is conducted in entrepreneurship thus also the social form of it, with the notion of low-cost marketing tools being used (Dolnicar & Lazarevski 2009) partly because of the restricted resources in the field in general. Furthermore, it should be taken into account that because of the non-profit emphasis on the field, compared to the traditional goal of for-profits to emphasize the financial return through marketing, marketing can also be used as means of creating access for disadvantaged people (Elkington & Hartigan 2009).

Stemming from the research problem, marketing is suggested to have impact to the value creation of the venture, by supporting the creation of value through the means of communicating the company's message to the stakeholders. Social value creation as the main objective on the company (Austin et al. 2006 etc.) is central to examining what kind of value is created in order to illustrate the role of marketing in the value creation process. The theoretical background regarding value creation and value capture (Kotler & Armstrong 2008) is also important, since social entrepreneurship often is characterised by value creation being superior to value capture that often is the goal of traditional entrepreneurship. The dimensions of value creation (Lepak et al. 2007) as well as the concepts of social, financial and environmental value (Elkington & Hartigan 2008) are as well important, in addition to value co-creation with stakeholders (Lepak et al. 2007), stemming from the large amount of stakeholders affecting the process of value creation. Isenberg's ideas behind the concept of entrepreneurial ecosystems is utilised adding the elements of value creation and marketing as well as the European context. The concept summarises well the factors that should be taken into account when examining the support and the overall value creation of the venture in which the supporting measures may be perceived as influential.

5. METHODOLOGY

In this chapter, the methodology guiding the research is presented in detail, containing the research philosophy, research approach, research methods and the methods used in data analysis. This chapter also introduces the MARCIEE program which was the main source of secondary data in this research, and the case criteria behind the case selection. The elements of multiple case study and comparative case study are as well briefly presented in addition to the reliability, validity and coverage of the thesis.

5.1. Research approach and philosophy

A qualitative research approach is selected for this thesis, since the starting point of the research question and process was the qualitative interviews received from the MARCIEE program. In qualitative research, the two main research approaches, deduction and induction, represent the basic aspects of inquiry guiding the means of accumulating knowledge. *Deduction*, the approach most suitable for the research and studying the phenomenon, views theory as the first source of knowledge and the starting point in forming hypotheses that are then subjected to empirical study in a linear process (Eriksson & Kovalainen 2008: 21-23). The central hypothesis in thesis is that value created through the means of marketing can enhance the success of the social objectives. Thus value from the perspective of marketing is analysis in the thesis as the theoretical background forms a framework in which the phenomenon is discussed. A *descriptive analytical* approach is chosen for the research because of nature of the research question with the aim of describing the phenomenon and analysing findings regarding social entrepreneurship and value creation with the means of marketing.

5.2. Case study research

According to Eriksson & Kovalainen (2008: 116-117) case study research should be viewed more as a research approach than a method, since there hardly is any limit on the empirical data used and the analysis methods vary considerably. As a research approach, it is most suitable when addressing complex issues that are difficult to study with purely quantitative methodologies, like in the case of social entrepreneurship, a field in a paradigmatic stage. In case study research, defining the appropriate research questions is often done in dialogue with empirical data, the preliminary research questions are evolving during the research process which often begins with preliminary topics and questions driving the collection of the empirical data and accumulation of knowledge (Eriksson & Kovalainen 2008: 116-119; 127). In this research, the empirical data drives the formulation of final research question and preliminary objectives are set based on the entity of information gained from the theme interviews. Suitable theoretical base is then outlined in order to begin to explain the phenomena further. In addition to classification of single and multiple case studies, case study research has been divided into two types, *intensive case study* focusing on finding out as much as possible from a limited number of cases and *extensive case study* that focuses on mapping common patterns and properties across cases (Eriksson & Kovalainen 2008: 118-119).

This research has the elements of an extensive case study, while the goal is to both map common patterns and differences across cases, as well as to highlight successful concepts among the case companies (Eriksson & Kovalainen 2008: 122; 157). The focus will be on successful business concepts and ideas in a larger view, marketing and value creation as well as the relationship and network views. Comparisons are criticised to be missing in the findings of research in the context of social entrepreneurship (Dacin et al. 2011), and thus some guiding comparisons between the countries are made in the limits of the number of cases that restrict generalisations made from the findings. The thesis also has elements from

an *instrumental case study approach*, since the cases are used as instruments allowing the generation of knowledge that extends beyond the case itself (Eriksson & Kovalainen 2008: 124). A good case study is also said to consider alternative perspectives examining the subject from several directions (Eriksson & Kovalainen 2008: 133). Therefore the phenomena is discussed from the perspective of the consumer, the company and the society in order to understand the reality of the phenomenon.

5.3. Methods of data collection

In 2015 I was able to participate in Budapest in the MARCIEE-program, in which university students, doctoral students, postdocs and researchers from eight European countries as well as other interested researchers collaborated in a three year program investigating entrepreneurship in Europe (MARCIEE ISP. 2017d). Being familiar with the study and having interest towards entrepreneurship, I was very fortunate to be able to utilise the qualitative cross-country data gathered in 2017 investigating the subject of social entrepreneurship. This data will be used as the empirical data in the research. Since the themes within the data consisted of among others the motives, the ecosystem, networking and marketing communications in the context of social entrepreneurship, the data as a whole raised the interest of further research into the marketing and value creation aspects of social enterprises.

The ten European universities participated in the study were Hogeschool Utrecht from the Netherlands, Université de Savoie from France, University of Vaasa from Finland, University of Vilnius from Lithuania, Budapest Business School from Hungary, Universities of Kassel and Mannheim from Germany, Universities of Trento and Pavia from Italy, and University of Iceland. Students were given a chance to apply for the program, and each university team was responsible for gathering data from at least one

three social companies in a start-up stage. Each country was also to conduct an interview with at least one political decision maker in charge of regulating and supporting social entrepreneurship (MARCIEE ISP. 2017a; 2017b). The group assignment for the national teams was designed to investigate the support that social entrepreneurship receives from the institutional environment (MARCIEE ISP. 2017b). The data from the interviews with the political decision makers enables some *triangulation*, a process of using multiple perspectives to refine and clarify the findings (Eriksson & Kovalainen 2008: 292-293), with a goal of comparing the opinions of the entrepreneurs against the political decision makers, whose perspective also helps in forming a view of how the phenomenon of social entrepreneurship is generally known and accepted in the societal level.

5.3.1. MARCIEE program

The international MARCIEE program, funded by the Erasmus+ program, recognises the importance of entrepreneurship to the economic growth of the countries. The digital communication services in social media are creating possibilities in communication regardless of limited resources, and research opportunities regarding these services and new innovative technologies contributing to customer relationship management are highlighted in the program. The main practical aim of the program is “to strengthen the innovativeness of European entrepreneurs and to professionalise their intercultural communication and marketing activities in order to establish competitive advantages over non-European entrepreneurs” (MARCIEE ISP. 2017d). The theme of study conducted in 2017 was the infrastructure requirements and support for social entrepreneurship, with an aim to investigate how the institutional environment supports social entrepreneurship in each participant country (MARCIEE ISP. 2017b). As the program as a whole studied entrepreneurship, the dimension of social entrepreneurship was included because of the high level of congruence between the political and social entrepreneur objectives (MARCIEE ISP. 2017b).

The study focused primarily on start-up companies. The theoretical framework related to entrepreneurship still applies to the companies in the start-up stage, as entrepreneurship often is equated with start-ups, typically newly registered firms, and entrepreneurship and start-ups often are seen as the one and the same (Isenberg 2016). This view poses some challenges, and for instance it has to be taken into consideration that when it comes to value creation, the companies that support the employment and have highest growth often have been in operation for decades, and the success is difficult to predict since few of the large start-ups show employment or revenue growth of any significance in the long term (Isenberg 2016). The flyer for for MARCIEE program in Trento 2017 is presented in Appendix 3.

5.3.2. Theme in-depth interviews

The national teams in charge of acquiring the data were given a request to conduct three in-depth interviews with individuals from divergent social entrepreneurial companies or organisations operating in different sectors either in B2B or business-to-consumer (B2C) markets. In addition to these interviews, one interview was to be arranged with a politician familiar with the concept of social entrepreneurship. The political orientation was less relevant but the recommendation was to avoid respondents representing extreme left- or right-wing political parties in order to achieve a homogenous sample. The interviewees were asked to get the entrepreneurial interviewees' perceptions on the support available for social entrepreneurial companies from administrative institutions and politicians and their view on the infrastructure in the country regarding social entrepreneurship. The latter included different types of infrastructure that could be discussed, containing the resource-related, the institutional-legal, the knowledge and the communication infrastructures. (MARCIEE ISP. 2017b). The framework of questions in the interviews are presented in Appendices 1 and 2.

In the interviews, themes of status, performance, priorities, benchmarking and communication were discussed. The theme of communication is specially interesting for the thesis since it maps the respondents view on what the major impacts of social entrepreneur are on the societal level. Besides the themes above, the politicians were also asked about their perceptions of the infrastructure in the country and whether they are satisfied with the support offered to social entrepreneurs and how the support could possibly be improved. All the interviews were asked to be recorded on tape, and a complete transcript delivered. The interviews were primarily conducted in English, but in case of using other languages, the translation of the transcript was also required. In addition, signed agreements were received from the interviewees allowing the given information and their name to be utilised in the MARCIEE program (MARCIEE ISP. 2017b).

5.3.3. Case criteria

Since the data included 31 theme interviews with social entrepreneurs as well as 10 interviews with political decision makers, decisions with case selection had to be made as well as possible limitations. It is notable, that the amount of cases collected per country varies from two to seven, thus making quantitative comparisons impractical within the case study. While some evidence supporting the use of single case studies has also been presented (Eriksson & Kovalainen 2008: 117-118), I chose to utilise as much from the material as possible in order to examine the phenomena as extensively as the cases enable. The information also enables better mapping of marketing practices in the field and revealing possible differences between the countries. Even though the original study only included eight European countries, I believe that the countries enable making some general comparisons as well as offer a overview of the social entrepreneurship as a phenomenon. Utilising all the cases also enables a best practices view to the marketing concepts and contributes to the search of successful marketing actions that support goals the social companies. When it comes to selecting the appropriate case companies, Eriksson &

Kovalainen (2008: 122) argue that the selection of cases in extensive case study would not be based on statistical sampling, but on theoretical aspects, and the cases should be similar enough to generate new theory or verify existing theory. Collecting similar kind of empirical data is also recommended in order to have materials for the possible comparisons made between the cases. The similarity of the data between the companies enables some comparisons between cases, even though the companies have different earning logics and operate in different domains. The case companies and their offerings differ significantly from each other, and therefore the interest will be on the broader view in analysing the theme of value creation through the means of marketing based on the findings from the cases.

The case companies were originally selected by country teams collecting the data for the international event, and they were selected on the basis of their social features in the business activities. The cases though represent a wide range of different types of social entrepreneurship, as their business models vary from non-profit organisations, collectives and networks to purely for-profit organisations with a product or service creating social value and enabling social benefits. The case companies belong to the category of small and medium-sized enterprises (SMEs) defining the focus of the research. The limitation is also natural since social enterprises generally tend to be small in size (Borgaza & Defourny 2001), and since the SME sector accounts for 99 percent of the companies in the OECD area as well as 50-75 percent of value added across the countries. OECD is a forum where 30 democracies are working together in order to address the economic, social and environmental challenges of globalisation, and the Commission of the European Communities takes part in the work while many European countries are members of the organisation (OECD 2010: 5). To further define the state of entrepreneurship in Europe, in all the member states in the European Union on average over 95 percent of all businesses are categorised as micro businesses that employ less than ten people (European Commission 2013a).

5.4. Data analysis

The scope of issues covered in the questions (presented in Appendices 1 and 2) is wide ranging from the purpose of the company to the importance of networks and precise marketing actions taken in order to communicate the value created by the social company. The interviews are analysed using the approach of **qualitative content analysis**, that consist of searching underlying themes in the research materials (Bryman & Bell 2003: 417). Content analysis is a form of textual analysis used for comparing and contrasting texts to test hypotheses, and it is based on a systematic examination of the data with different units of analysis (Eriksson & Kovalainen 2008: 187, 303). It is used as the analytic technique in the research since it is suiting to making comparisons between the cases and helps in forming a perception of the phenomenon. Content analysis is also chosen because of the translations made during the research process in which the original data was accumulated have effects on possibilities using methods that study the language, making them not appropriate since the original meaning is not completely transferred when the translation is made. In addition, the students responsible for this step in the process are not professional translators and therefore the subject of the examination is the content in the interviews and the perceptions of the interviewees.

The process of the analysis begins with familiarising with the data as whole in order to have an insight about the theoretical base the data relates to. The analysis begins with *with-in case analysis* where the analysis is focused on each individual case separately, in order to find appropriate and innovative examples of conducting business. In multiple-case studies this phase is followed by *cross-case analysis*, where the cases are compared in order to find similarities or differences and in contrast to theory (Eriksson & Kovalainen 2008: 130). Cross-case analysis helps in forming country specific observations about social entrepreneurship as well as the formulation of themes that arise from the interviews. As the interviews cover different themes and subjects, thematic coding, classification of the issues

and themes in the empirical data, will be utilised in the analysis of the data and in the research process from the beginning of the study (Bryman & Bell 2003: 428-429; Eriksson & Kovalainen 2008: 128-129), and among the end results of the approach is concepts, referred as the building block of theory. The empirical analysis and findings accumulated from the case companies are presented in the form of central themes supporting the subjects in the objectives and the research question. The case companies are briefly presented along with a discussion of central country specific characteristics. After presenting the relevant themes contributed by the empirical data, value creation by the means of marketing in the social entrepreneurial context is analysed. For reporting the case studies, a *linear-analytic structure* is adopted. In this structure of reporting, the problems and research questions are formulated, the literature is reviewed and the theoretical framework then presented. This is followed by the methodology section, analysis of the cases, and the findings and finally the conclusions (Eriksson & Kovalainen 2008: 131-132).

5.5. Reliability, validity and coverage

In qualitative research, the concepts of *reliability*, *validity* and *generalisability* form a basic framework for the evaluation of research (Bryman & Bell 2003: 287; Eriksson & Kovalainen 2008: 291-292). Reliability is related to consistency in research and refers to the extent of which the study is repeatable (Bryman & Bell 2003: 33). Validity in research on its turn refers to whether the conclusions drawn based on findings give an accurate enough explanation of the circumstances and what actually happened in the process. In other words, the findings must be true and certain, accurately representing the phenomenon with suitable evidence. Generalizability in the qualitative research refers to whether the results of the research can be extended to a wider context (Eriksson & Kovalainen 2008: 291-292), and across social settings, and it is also referred to as external validity (Bryman & Bell 2003: 287). However in literature there is a debate over whether the accuracy of

methods such as interviews can be evaluated with traditional criteria of reliability and validity. In qualitative research, validity aims at providing research with a guarantee about the report or description being correct (Eriksson & Kovalainen 2008: 291-292). The research must also have *credibility*, that includes the researcher's familiarity with the topic, sufficient data for argumentation of the claims made in the research and systematic analysis between *original* categories and observations. Another important evaluation criterion is *resonance*, the researcher's ability to draw novel meanings and analytic interpretations. It can be viewed important for the research since the critique towards grounded methods was highly concentrated on the interpretations done during analysis and coding that guide the end results of the study (Eriksson & Kovalainen 2008: 170), appearing in the quality of the analysis and the conclusions and implications of the study. Thus the analysis on the qualitative data might vary among different interpreters, and therefore some appropriate quotations from the interviews are presented in order to clarify the way the interviewees perceived different themes.

In this thesis, especially the generalisability of the results has to be considered, because of the small amount of cases that leads to an uneven representation of the companies at least from the perspective of comparisons. The cases can also be interpreted to be depending on the ecosystem and the business environment, thus in terms of success factors the conditions for the case companies are unique. In other words, the coverage of the study is quite narrow even with the number of cases, and it can only reveal successful concepts in unique environments. Therefore in the quest of analysing the finding regarding value creation, generalisations have to be made with caution even though the results may reveal interesting theoretical findings about the field that is somewhat new in research. The goal of the thesis relies largely on the empirical findings derived from the case companies, and also the generalizability of the results across industries has to be further evaluated.

6. EMPIRICAL FINDINGS

This chapter examines the findings from the 31 case companies and the 10 interviews from the political decision makers. First, an overview of the case companies is presented with general characteristics, moving on to country-specific characteristics presented together with a brief introduction of the case companies and their businesses. After the introductory part, the findings are presented organised into the four themes. The theme of *marketing and networks as success factors* examines the importance of networks and stakeholders, and the marketing practises and strategies together with marketing communications supporting the success. *Industrial dynamics supporting value creation* consists of findings related to the competitive situation the social entrepreneurs feel themselves to be in, and offers a perspective to the matter of how they perceive other social entrepreneurs. This contributes further to the matter of cooperation and thus value co-creation and ultimately added value. The final theme, *the importance of governmental support*, includes categorised findings regarding the attitudes of the entrepreneurs towards their country's overall entrepreneurial environment and support, including analysis of the perspective of the political decision makers. Together, the findings from the previous themes contribute to the final theme of *value creation through the means of marketing in the social entrepreneurial context*.

6.1. Overview of the case companies

First of all, the case companies represented a wide range of different business models, earning logics, and domains, thus making the data rich in variety. The customers of the ventures also varied with 19 ventures are interpreted to work in the B2C context and eight in the B2B context. In addition, four of the case companies operated at the same time in both markets, emphasizing the concept of utilising all resources in best possible manner with the help of flexible business models and cooperation. It should be mentioned, that

explicit classification between the contexts is challenging because of the lack of information regarding some of the cases and with some companies also operating on peer-to-peer basis.

When it comes to the categorisation between **non-profit and for-profit business models**, the interpretations are personally created on the basis of the analysis of the interviews' contents, since complete information regarding legal status was not given in all of the interviews. A rough classification was also perceived relevant from the perspective of further analysis into the business ideas and value creation mechanisms. Table 5 illustrates the distribution between the non-profit, for-profit and hybrid business models. The full listing of case companies, their central features and business ideas is presented later in the theme discussing the findings of the analysis from the perspective of marketing and value creation, since the business idea and business model both have impacts on the value that the venture is able to create.

Country	Number of case companies	Non-profit	Hybrid	For-profit
Finland	3	1	-	2
France	4	2	1	1
Germany	6	2	-	4
Hungary	3	2	1	-
Iceland	3	-	-	3
Italy	7	3	1	3
Lithuania	2	1	-	1
The Netherlands	3	2	-	1
Total	31	13	3	15

Table 5. Interpreted business models of the case companies.

Based on the interpretation of the information available, out of the 31 ventures 15 could be classified as for-profits, 13 as non-profits and three as hybrids businesses. The classification comes from the prevailing or mentioned business model, and in this case the hybrids are categorised with caution based primarily on information in the data. Roughly, the ones that mentioned operating simultaneously in for example as a charity and a for-profit are taken into account. This sample of companies thus presents larger amount of for-profits, as the majority of social enterprises were commonly recognised as non-profit organisations based on the current theoretical findings.

When it comes to the business ideas on the ventures, it should be highlighted that the companies presented innovative concepts and processes with a strong sense of utilising the resources at best possible way in order to maximise social and environmental impacts. Thus, despite of having other primary social goals, of the companies operated as well in the field of work integration, contributing to value creation at multiple levels simultaneously. All together, almost half (15) of the companies had features of work integration in their operations employing different people with disabilities, or concentrating into certain groups such as the elderly or moms having hard time finding jobs after giving birth. With some companies such as HAVER the main purpose of the venture was purely changing attitudes and raising awareness, in this case regarding Judaism. The other main reasons for the business were related to the themes of environment and sustainable development with 12 companies having the themes as part of the venture, also illustrating the strong presence of the themes in social entrepreneurship in general. Interestingly, half of the companies operating in B2B markets had environmental goals, more frequently than in the companies operating in B2C markets. All together, four companies were simultaneously engaged in work integration and had environmental goals present. In Table 6 country level overview of the case companies and their emphasis on the social and environmental objectives is presented.

Country	Number of case companies	Elements of work integration	Environmental or sustainable cause present	Average time in operation (years)
Finland	3	2	1	17
France	4	3	1	9.8
Germany	6	4	3	22.2
Hungary	3	1	0	16
Iceland	3	0	2	2.3
Italy	7	2	4	13.3
Lithuania	2	1	0	-
The Netherlands	3	2	1	9.3
Total	31	15	12	13.8

Table 6. Overview of the case companies and the social objectives.

Even with the small number of cases, some guiding remarks can be made from the data regarding the state of entrepreneurship in Europe. The average time in operation for the companies was 13.8 years. The average from Germany was the highest, verifying and illustrating the theoretical notions of the country's long history in social entrepreneurship. After Germany, the case companies from Finland and Hungary had the oldest case companies, Hungary coming perhaps a bit of a surprise because of the young ecosystem in the country regarding the phenomenon. Information about the year of establishment of the case companies regarding Lithuania was not available. Overall, the average time in operation was surprisingly high compared to the image that is portrayed especially in the public discussion. In addition, the level maturity of the case companies was also surprising from the perspective of the analysis of the interviews with the political decision makers and the state that the current legislative landscape and supporting infrastructure are in. With some of the examples existing as long as sixty years, one might have assumed a more

developed awareness about the phenomenon in general and in the governmental decision making. When it comes to the scope of the operations, overall eight of the cases had a local scope, 13 a national scope and ten cases an international scope. Figure 7 illustrates the scope of operations for the companies on a country-specific level. In Iceland, a concentration of international efforts was present, as in Lithuania both of the companies operated in a local scope. Otherwise the distribution was quite even. However, it should be noted that the small number of companies weakens the findings and especially their generalisability, offering merely a directional perspective to the matter.

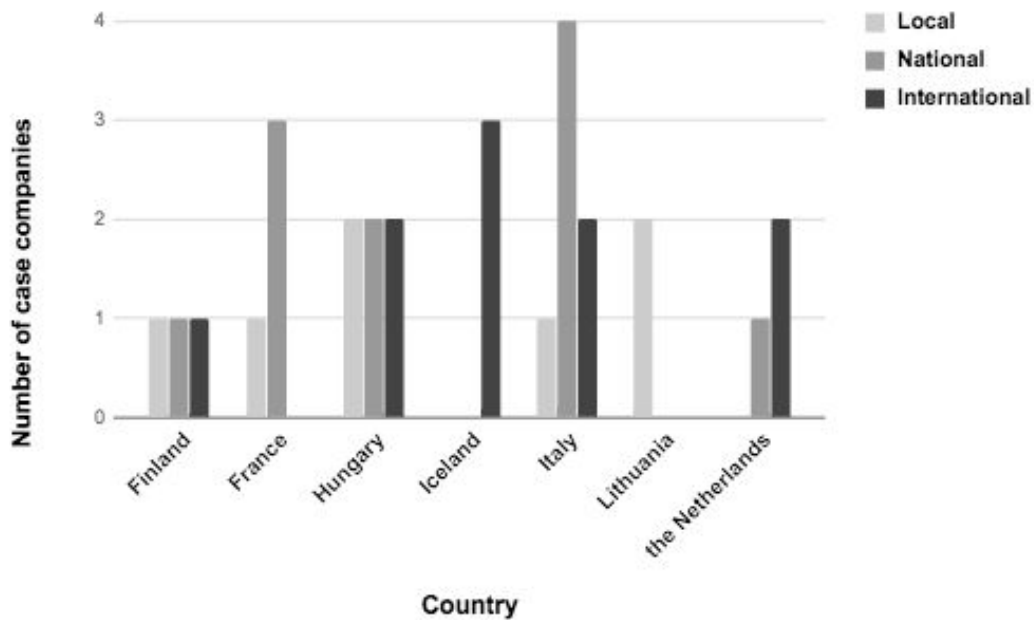


Figure 7. The scope of operations in the case companies

It should also be noted that in case of some of the ventures, such as the waste food restaurant, the business idea and thus the scope of operations is more scalable to other regions and countries, while many are specific to the local context and environment. Some case companies, such as Radygo, are especially interesting also from the perspective of their **worldwide applications**. Radygo has innovated a anti-radiation textile that can be

used in various ways in order to protect people from harmful radiation, and the awareness raising aspect of the company was perceived challenging also because of the large industries, like the mobile industry, are the ones suffering from the possible further verifications of the research related to mobile phones not being that safe as previously assumed. Another good examples of an innovation with global applications are previously mentioned Autarcon with the technology for purifying water, and WASP with innovation of printable houses that generate energy. In the case of KernIdee from Germany the innovative aspect related to processes with the company selling food without packaging, thus contributing to the amount of waste. While the venture has a local scope, the concept could as well be utilised worldwide for reducing the amount of waste. Interestingly, the entrepreneur expressed another issue being solved; the standard size packaging leading to consumers buying more than needed with consequences to food being wasted as well.

The concepts and innovations might not be unique as among others Company X mentioned to have copied the business model from another company. The company operates in peer-to-peer business, an element that can be the social aspect itself with contributions to the sharing economy. In other words, social innovations can inspire others to strive for similar goals, with financial or social motives in mind, ultimately spreading sustainable and social concepts in a global scale. To give an example of a venture utilising especially well various technical innovations in addition to networks, Waste to Taste reducing food waste and social exclusion cooperates with other surplus food-operators and utilises among other a mobile application for reducing food waste of supermarkets, and two separate mobile applications for reducing food waste of restaurants. Interestingly, it was presented that when it comes to selecting the appropriate business model, Company X from France mentioned the issue with the societal aspect is that as soon as they identify themselves as entrepreneurs having also the financial goals present, they are viewed as “the bad guys”. In other words, ventures with societal aspect are perhaps assumed to be primarily non-profit,

and the presence of financial motives might create concerns about the funds allocated to the social goals being decreased.

As mentioned before, also the emphasis between **the financial and social goals** varied substantially. While some of the companies had a clear social emphasis and considered themselves as social enterprises or actors, the others had a strong emphasis on the financial aspect keeping the social goals present in the strategic vision. While the social drivers and motives were clear in majority of the cases, in some ventures it is not the main reason for business, such as in the case of Autarcon from Germany developing drinking water solutions with the social aspect stemming from engineering. In other words, social entrepreneurship can be interpreted to exist without an explicit intention or motives for being a social entrepreneur, an extreme example being Cinetix, a B2B company not regarding itself as a social venture with classification stemming from the contribution to sustainable development. Yet, the general way of relating to profits was accurately described in the interview regarding the Italian non-profit company Aldia producing services for children, disabled and the elderly.

“There are profits but they are not generated for remuneration of its members. Profits generate work for its members and welfare for other people (who use our services) and the remain part of profits is reinvested.” (Aldia)

6.2. Country-specific characteristics and introduction of the case companies

In this chapter, some central country-specific characteristics are presented together with short descriptions of the case companies, in order to illustrate the developmental stage of the ecosystems in the countries and the domains the case companies operate in.

Companies in Finland

The phenomenon of social enterprise is seen to be generally underdeveloped in Finland, the reason behind being argued to be the absence of strong government support. Market deficiencies attached to the markets are perceived to relate to first of all funding while the business model is not well known and thus investments are difficult to acquire. The second recognised challenge was public sector policies fearing market distortions and therefore are not directly supporting the ventures. Improvements however, have been identified as the country has a commonly accepted definition for social enterprises, as well as *the Social Enterprise Mark* that provides social enterprises a recognised status and that is used as well as a tool for marketing and communication. Finland is recognised to have strong traditions in co-operatives and voluntary help. The number of social enterprises is seen to be significant, and the companies are operating in very specific fields, for example in employment services. When it comes to networking, many organisations such as the Union of Social Enterprises, the Social Entrepreneurs' Association of Finland, the Finnish Social Enterprise Research Network (FinSERN) and the Academy for Finnish Social Entrepreneurship are offering support, education, networking opportunities and generally raising awareness about the phenomenon. (European Commission 2014a.). There were three case companies from Finland. **Finvacon** is a B2B company owned by The Invalids of Vaasa region and it operated of the field of work integration as it employs people with special characteristics and availability to work on a part-time basis in the case of approximately 60 percent of the employees. **Minduu** is a company bringing psychiatrists and psychotherapists together with people in need of help with a goal to reform the system by which people are guided psychiatric services from the public sector. The third company, **Waste to Taste** is a non-profit association that is reducing food waste with a waste food restaurant with a mission the battle against climate change. The resources, in this case food, that is not utilised in the restaurant is given to charity, and in addition these, the company

employs immigrants and refugees with attempt to reduce social exclusion - thus contributing to solving multiple issues at the same time.

Companies in France

In France, no formal policy or legal framework specific to social enterprise has been developed, however political recognition of the sector is found to be strong with the governmental support and the networks perceived as well established. Especially initiatives of regional governments are perceived as significant. The long evolution of the social economy is suggested to be manifested in the wide range of business models in the field, with the social economy though consisting of mainly micro and small entities with only a few large organisations that contribute to approximately 42 percent of total employment within the social economy (European Commission 2014a). The social enterprise sector has been especially efficient in creating innovative social and community care services, mainly achieved through the integration of social and labour policies (Borzaga & Defourny 2001) and ending up to innovations being both technological and social (European Commission 2014a). The scope of social impact is mostly on national and local levels, as in the case of the companies interviewed, and the tradition of measuring the social impact was found especially successful in the country (European Women's Lobby 2015). The public support system is focused toward specific types of entities or specific type of contribution such as work integration, instead of being targeted to social enterprises in general. In addition, the number of available public support as well as the interest towards the development of the social economy is one of the highest among the member countries of the Union, and the activity in support has increased in particular since the economic crisis. When it comes to networking, the ecosystem is seen rich in supporting initiatives thus creating a friendly environment for social enterprises to thrive in (European Commission 2014a).

All together, there were four case companies from France. **AfB France** is a company reconditioning computer and network system parts at the end of their lifecycle. Axalp is a cooperative of entrepreneurs, involving disabled entrepreneurs, that operates as an alternative for establishing a company. **FBI Prod** is an association operating in France and Switzerland with a purpose of using art and culture to create social cohesion. The fourth company, “**Company X**” is a peer-to-peer rental company. Three out the four companies are involved in work integration in their operations, highlighting the presence of work integration as a common characteristic for social ventures. According to AfB France that operates in the field of work integration and raises awareness about disability, the French community is not sufficiently aware informed about the subject of disability, and a lot of work needs to be done in raising awareness in order to change people’s attitudes.

Companies in Germany

Germany was one of the first countries in Europe leading the way in development of the social economy. The social enterprises in Germany are identified to be not that clearly different from the public or third sector operators (Borzaga & Defourny 2001), complicating the definition of a social enterprise perhaps more than in the other European countries. Consequently, no specific legislation or a formal definition of social entrepreneurship exists and the estimates about the number of social enterprises vary from few hundred to a hundred thousand depending on the utilised definitions and methodologies (European Commission 2014a). Yet the country has an established and matured social enterprise ecosystem (European Women’s Lobby 2015) with a large number of support organisations (European Commission 2014a). No major market deficiencies are reported regarding to financing in the country, yet the social ventures are seen to be dependent on external funding especially in the start-up stage (European Commission 2014a). All together, there were six case companies from Germany, collected from two different regions. From Kassel, **Autarcon** is a for-profit company within the social entrepreneurship

sector that develops technology for drinking water solutions to regions with water is not available. **KernIdee** is an organic grocery store selling food without any packaging striving for environmental impacts, and **Alte Liebe** is a employing elderly in making hats that are sold in the webstore and through some retailers with activities for the employees arranged with the profits. From Mannheim, **Lieblang** is a service company offering human resources, **Markthaus** consist of various companies employing people with disabilities in the form of arranging food-markets and secondhand events in places where people have difficulties in accessing services. The sixth company from Germany, **Biotopia**, operates in the field of work integration by reducing youth unemployment as the main agenda.

Companies in Hungary

In Hungary, the social enterprise ecosystem is seen to be quite new (European Women's Lobby 2015) missing a legal definitions as well as an explicit governmental strategy targeting the development of the sector. In addition, the supporting infrastructure is seen to be in need for development. Nevertheless, networking opportunities are provided by regular conferences and events that gather the stakeholders in the field. The phenomenon has large concentrated on the non-profit sector, with the main target group for many social enterprises in the country being the long-term unemployed with ventures contributing to work integration. The central market deficiency in case of Hungary is perceived to be the lack of awareness of the concept of social enterprise among the investors, and while the ventures might be able to gather nonrecurring funds, finding follow-up investments to finance the continuance of the venture can be especially challenging (European Commission 2014a). This difficulty was expressed by one of the companies operating as a hybrid business having had their financial support ended years ago, while at the same time another company with non-profit model reported ten percent of their funds coming from the government. Thus, the concentration of the non-profit sector may have lead into more

developed support structures for the businesses, while for the new type of hybrid businesses the structures and processes have not yet been fully established and recognised.

There were three case companies from Hungary with a strong emphasis on the non-profit sector as anticipated. **Máltai-Pékség** is a hybrid organisation with two parts, a charity organisation providing shelters, retirement homes and crisis assistance, and a non-profit bakery focusing on commercial activity. **HAVÉR** is a venture aimed at changing attitudes about Judaism in the country operating in a national level. The third company, **Bike Maffia**, is an organisation offering homeless people with physical and psychological support. All case companies in Hungary operated in B2C field, with Máltai-Pékség operating simultaneously in the B2B field as well. Supporting previous findings derived from the theory, the networks and communication channels within Hungarian non-profit sector were described as extensive by an entrepreneur, who also highlighted the friendly terms and active cooperation between social entrepreneurs. One of the entrepreneurs mentioned also that high labor costs in the country causes issues, in addition to the struggle of not being compensated enough as an entrepreneur. This illustrates another issue with social entrepreneurship in general; while in theory the entrepreneurs are driven by the cause instead on financial returns, in reality also the financial aspect can become limiting factors even with charitable intentions.

Companies in Iceland

From the countries taken into analysis in the thesis, Iceland was the most challenging to find previous research about, possibly since the country is not a member on the European Union which has initiated plenty of research into the subject. The country was evaluated one of the wealthiest and most developed nations in world before the economic crisis in 2008 collapsed all the three major banks, leading to lower investment rates, increasing employment and various negative social effects (Ellis 2010: 4-5), suggesting the risen need

for social enterprises in the country. While the theoretical background was vague, it was also the reason why Iceland was decided to be taken into analysis since the interviews might contribute into sketching a directional view of the state of social entrepreneurship in the country. From Iceland, there were three case companies, **Crowbar** producing food from insects and contributing to the global issue of food shortage, **TravAble** with a solution for people with reduced mobility helping them to get access to information about where their requirements are taken into account, and **E1** is a company with an application connecting owners of electric cars with owners of charging stations thus supporting the outspread of electric cars and the decrease of emissions. It should also be noted, that in all of the cases the scope of operation was international, partly due to legislative difficulties in the country or perhaps derived from the small size of the markets. In two of the cases, an environmental aspect was present in the social goal, with none of companies operating in the field of work integration thus differing from the other countries analysed. In addition, Iceland was the only country with all for-profit representation, and the average time of operations (2.3 years) was the smallest as well compared to the other countries with the overall average being 13.8 years.

Companies in Italy

In Italy, the social enterprise ecosystem is seen as established (European Women's Lobby 2015) and well developed compared to other European countries with a specific legal form and status for social enterprises existing (European Commission 2014a). The number of social enterprises is great with thousands of organisations belonging to the category (Borzaga & Defourny 2001), and the networks and consortiums of social enterprises enable also the small organisations to access procurement opportunities with requirements unable to be met by an individual organisation (European Commission 2014a). In the country work integration is included in approximately 30 percent of the social cooperatives operating in the field. In addition, it has been recognised that the pressure from growing competition

from for-profit companies in markets served by social enterprises was recognised as a challenge for the development of the field (European Commission 2014a). The networks and support systems are perceived as well developed in the country, with the main deficiencies in the market perceived to be the lack of information and financial instruments targeted for social enterprises leading consequently to more expensive financing. Nevertheless, social cooperatives, the most important form of social enterprise, also benefit from favourable tax conditions regulated by the government (European Commission 2014a).

As in the case of Germany, the Italian data was collected from two cities, Pavia and Trento. In addition, the representation was the largest with seven case companies from the country. From Pavia, the case company of **Aldia** is a cooperative producing services for children, disabled and the elderly. **Aurora 2000** is a cooperative producing services for disabled people, and **Piano C** an hybrid company supporting women in employment after pregnancy. **WASP** in turn has an innovative solution for printing houses in the poor areas thus contributing to social welfare and sustainable development by houses producing energy as well. From Trento there were case companies, **SIWEGO** with a pollution reducing platform for logistics solutions, **Il Chercio Vivo** that reduces environmental impact of disposable diapers by rental and laundry of reusable diapers, and **Cinetix** dealing with engineering solutions for among others enhancing the lifetime of products.

Companies in Lithuania

Lithuania as well was viewed to have a newer social enterprise ecosystem (European Women's Lobby 2015), affecting to the developmental stage of the field. The country was however among the first new member states in the Union to adopt the Law on Social Enterprises. In the country the concept of social enterprise has different meanings with different stakeholders, and most policy makers operate with a narrow definition compared

to the social sector. In line with the ecosystem being relatively new, no networks or mutual support mechanisms for social enterprises, labels or certifications are found to exist. Networking still exists, and some individual initiatives and events funded by various donors are replacing the still developing field. Also publicly funded support is available, and the social ventures are commonly utilising programmes aimed at non-profit organisations and SMEs (European Commission 2014a). Interestingly, one of the main barriers of the development of the field is a limited number of disabled participating in the labour markets because of lack of motivation stemming from favorable disability pensions, as social entrepreneurship in Lithuania mainly focuses on work integration with the main target group being the disabled employees. When it comes to the perceptions about the field, European Commission's (2014a) research about the ecosystems revealed a dissatisfaction towards social entrepreneurship from some of the stakeholders from the public sector because of constantly increasing demand for public funds (European Commission 2014a), raising concerns about the phenomenon and its benefits to the society at large being not fully understood. The data included two case companies from Lithuania, **Urte** that creates jobs in towns for local people unable to find work in big cities and **Justina** offering training in the field on volunteering for business and non-profit companies by joining needs and workforce with process organisation as the main function of the venture.

Companies in the Netherlands

In the Netherlands, no widely accepted definition of social enterprise exists. Social enterprise networks are nevertheless found to exist, some of which only recently developed. One of the greatest barriers for the phenomenon in country is perceived to be the lack of recognition of social enterprises in the national context, with the missing legal definition hindering among others the investments. In the country, a half of the businesses are reported to measure their social impact, typically a variable measured by the number of people supported by the venture (European Commission 2014a). In the ecosystem, the

government perceives social enterprises not to be in require of any special treatment over the other types of enterprises, leading to the social ventures are relying on the support mechanisms that generally target the enterprise sector. With lacking support from the government, the field is supported strongly in terms of education (European Commission 2014a). Like the social enterprises in Germany, also the companies in the Netherlands were similar to the actors in the public or third sector (Borzaga & Defourny 2001). Similar to the situation in many other countries, the demand for external finance exceeds the supply creating challenges for development (European Commission 2014a). The data included three case companies from the country. **Skyway** is an organisation that is helping people with limitations by inspiring and activating, with the means of organising different events among other activities such as a buddy program, in addition to raising awareness about different themes. **Radygo** in turn is a company developing technology for anti-radiation garments in cooperation with clothing companies manufacturing the garments. The third company, **Social Impact Factory**, is a non-profit organisations that serves as a platform and process facilitator for different organisations, social entrepreneurs and initiatives to join together in order to solve social and environmental issues.

6.3. Marketing and networks as success factors

In the first theme, the findings regarding value creation, the importance of networks and stakeholders and the findings related to marketing are presented. Regarding the theme of marketing, the data was more fragmented with some of the themes not arising in the interviews. Nevertheless, in many of the cases the state of marketing and more detailed information regarding the matter could be interpreted from other content in the interviews while not perhaps directly asked about marketing.

6.3.1. The importance of networks and stakeholders

Overall, the importance of stakeholders in the context of social entrepreneurship was especially highlighted based on the findings from the interviews. The existence of multiple stakeholders was also mentioned with its complications. Cooperation with various stakeholders became also a central theme, thus the form depending on the company's business model. In the case of Autarcon from Germany, some of the stakeholders were participating voluntarily in the company because they believed in the cause by for instance in the field of networking, in this case related to water purification. Cooperation with educational institutes was also brought up, as it also support the challenge of resource restrictions.

“We have partnerships, for example with university professors or companies. Especially because of research projects, we have a lot of contact to external stakeholders that are willing.” (Autarcon, Germany)

As many of the social companies operate a hybrid business model, the social venture can also be a network in its own right. Axalp in France is a cooperative offering the legal frame, professional insurance, accounting management and other activities of all the entrepreneurs belonging to the network, making the entrepreneurs legally employees of the cooperative. The social aspect of the company mainly is that some of the entrepreneurs are disabled. In other words the cooperation takes care of the management enabling a same legal entity for all the entrepreneurs and allows the entrepreneurs to concentrate on the operational aspects. Another example of a similar venture is Social Impact Factory in the Netherlands, operating as a platform for social entrepreneurs and different initiatives to be matched with different organisations for solving issues related the environment and social welfare. At the moment, projects the company is involved with related to among others how to employ people that are difficult to employ and creating jobs for the youth. Interestingly, the company sourced

ideas and business ideas from the network, and the ideas have been eliminated until three of the best will be launched as pilot projects for the next year. Social ventures can also form joint networks stemming from the similar causes and reaching for extra added value because of the existence of the network, as the example from Italy illustrates.

“There are no conflicts, moreover sometimes we develop and work on different themes. There is no competition, we collaborate in order to create a network with a higher added value.” (Aurora 2000)

A strong ecosystem has non-profits and other actors assisting in networking between the enterprises, investors and other related parties, in order to exchange knowledge. The case companies were quite active in their participation to different networks, and many of the companies were part of multiple networks through which help, information and strategic follow up was retrieved. Some of the companies were also very active in their participation in different events and meetings.

“We attend a dozen meetings a year through all these networks. For us it is an opportunity to communicate with people who share our vision, our motivations, and who can be at the same stage of development as we are, or with the same concerns.” (Alexandra Rabiller, AfB France)

Simultaneously, in countries with undeveloped ecosystems or lack of support for the ventures, the importance of networks and other entrepreneurs can be even more important and networking activities frequent. Sometimes, networking may lead into opportunities in non-financial support like in the case of Skyway from the Netherlands, where absence of support mechanisms was identified.

“There are initiatives that create, combine or connect people. For example, in Amsterdam there is the impact HUB...They are a worldwide network of buildings, so the organization offers buildings for social entrepreneurs who need office space. Not only do they offer desks, but they also offer connection service, and organize workshops, business programs, business coaching sessions.” (Skyway, the Netherlands)

6.3.2. Marketing practices and strategies

While marketing related data was not received in all of the interviews, some conclusions can be made from the marketing concepts and the ways marketing is perceived in the companies. To draw a characterising conclusion about the marketing activities in social enterprises, bricolage and the possible **absence of a marketing strategy** were recognised in the descriptions the entrepreneurs gave about their marketing related actions.

“We have had a communication/media plan in some point but it has really been forgotten with all this rush and hustle. For example we had a plan that we would inform the media six times a year with different themes so that they could publish those bulletins (or not) but we have not had the time for do so anymore. Once again the plan was great but the execution was not so great.” (Kaj Sundén, Finvacon, Finland)

The interview with Autarcon from Germany highlighted the notion that even with marketing strategies missing and the resources often not available primarily for marketing because of other necessary processes in the company especially in the beginning stage, improving marketing activities was described to be “a big help” for the company. In general, the resources available for marketing were scarce in the companies and it was present in the way marketing was described. In the companies that had a person with experience in marketing in the company, the perception was that they were aware of the marketing actions not being perfect, stemming mainly from the lack of monetary resources as well as time. The early stage of development, or perhaps even the suggested lack of marketing strategies in non-profit and thus social enterprises, was present also in some of the cases. Also lack of abilities in marketing was mentioned to be hindering the development.

The social enterprises were identified to have two main marketing strategies to choose from, *the market push strategy* that introduced a new product or service into a market, and

the market pull strategy where the offering was introduced based recognised needs of the consumers and society. In the example of Skyway and Radygo from the Netherlands, the use of market push strategy, that I personally assumed to be the less utilised, was mentioned in the interview conveying a perception of an **organisation-centered** approach into business as well. In the case of Radygo the approach assumable stems from product centered offering with development of an innovative textile blocking radiation, a technology that has global markets.

“So, none of these projects that we have started was a demand for. It is not that we did market research and that we saw where people benefit from. For everything we developed, we needed to create a market for ourselves... That is also why we never spend a lot of attention on what people think of us, because we are going to make it happen anyway. It would make it easier if we knew what people think of us, but it has been our way to follow our gut instinct. Which has worked so far, but I wouldn't recommend it to anybody else.” (Skyway, the Netherlands)

As presented earlier, also the lack of engaging in **market research** was also accurate in the case of this venture, in addition to element of bricolage that was expressed as perhaps not the best strategy for doing things in general. In three of the ventures, engaging to market research activities was mentioned in the form of occasional customer surveys or focus groups. Perhaps because of the often small size of the social ventures, in only one interview hiring employees for marketing and sales was mentioned.

6.3.3. Marketing communications supporting the success

Marketing communications seemed to be perceived as important and measures to improve the field by raising funds for creating a communication strategy were reported. Taking advantage of the free media attention gained from the goal and purpose of the company was also recognised in the data, with one of ventures even reporting to be using only free methods of communication because of restricted resources. In general, the low budgets

were common leading to the frequent use of **free media** attention and free communication channels.

“No, no we do not pay at all for communication. It is often journalists who follow the projects. When it comes to promotion, we are supported by our partners, the communes as well, sometimes even for printing. We only spend money very rarely.” (Nicolas Croquet, FBI Prod, France)

Many of the case companies voiced out that their budgets for marketing are small in general, affecting the utilised marketing channels as well. In addition, the notion of customising marketing actions based on the segment brought out in the theoretical part seemed to be relevant also in practice.

“Depends on the stakeholders.. From the medias we use social media and content marketing... But the channels changes and it is really challenging to us find the right channels. When we are talking about the other stakeholders, for example the public, we have a lot of conversations and meetings. And about the public awareness, we have had some attention in media, which is super important to us because we can't put much money into marketing.” (Henri Valvanne, Minduu, Finland)

In some of the companies, the press has reported to welcome the social companies with their social agendas in a positive way, both in a national and local level, leading to more media coverage for the companies. In addition, this coverage was perceived as especially important and valued, and in some cases leads to stakeholders and customers contacting the company proactively.

“As the From Waste to Taste project has grown bigger, many people, supermarkets and associations are contacting us. Although, at the beginning I used Facebook as my marketing tool. Also a supplement of Helsingin Sanomat called NYT published an article about us and it was shared over 11 500 times in social media, then we realized that we are doing something great.” (Johanna Kohvakka, Waste to Taste, Finland)

The social ventures commonly communicated their messages by organising and attending to different **events**. AfB France was reported to be involved in raising awareness on among other disability and ecology, and the company is present in events that are in line with the company's values. In general, the communication was tailored to fit the different stakeholders in those ventures that were active in marketing communications, with tailored contents and communication channels that suited the stakeholders preferences the best. It should also be noted that the preferred channels may also be derived from the company's values, like in the case on the company with an environmental goals refusing to use any printed materials in their advertising and communications. The companies presented a wide range of different communication channels used simultaneously, the emphasis nevertheless on the social media platforms. It should also be mentioned, that the usage behaviours of the target segments also affect the appropriateness of the channels and content of communication used.

“We inform people by social media. I speak for groups on events or at schools. Stakeholders come here at network meetings, entrepreneurial people. Sometimes I meet them also in bars.” (Derek Mekkering, Radygo, the Netherlands).

“My purpose is to make publicity on social media to save time and catch that range of people who are already familiar with internet and the usage of apps. Viral advertisement is the key word...those initiatives are cheap and highly effective.. I believe this is the best way to reach many people in the cheapest way” (SIWEGO, Italy)

SIWEGO, the company in question in the latter example, also used customers as resources for the viral advertisement by arranging competition for the customers to send the videos, thus outsourcing part of the production of marketing. It was revealed in the case of Lieblang, a company from Germany working in the field of employee and company development, that recommendations were perceived more valuable for the company than advertising in general. The use of social media platforms as communication channels might still not suit for all the companies, especially those operating in the B2B markets with the presence of fewer and more important relationships, like in the case of Cinetix from Italy.

“We want to use more social networks, that we are not using right now - it’s one of our weak point. The original business is very customer intimacy-related with very strong relation with few customers and so we didn’t use social networks in the past.” (Cinetix, Italy)

The anticipated bricolage in the processes of a social enterprise became visible in the form of making do and quick decisions leading to issues with internal communication, as the following example illustrates.

“There is only one thing that the association is lack of, which is communication, Everyone gets informed at the very last minute.” (Zsolt Nagy, Máltai-Pékség, Hungary)

Some companies informing to be communicating mainly online in addition to face-to-face meetings, that were though in some cases perceived time consuming in a situation with already much to do taking account that the ventures are often small and at first generally employ only the entrepreneur. Yet, like in the case of Finvacon, as a B2B company with one major client in Finland responsible for 75 percent of the turnover, the marketing efforts were mainly centralised to personal communication, and with a new international approach, targeted to one particular segment, in this case a sector. In addition, communication platforms and instant communication applications such as WhatsApp were utilised also internally in the case of Autarcon from Germany, because of their ability to enable live troubleshooting in plants worldwide without additional costs. In general, social media platforms were used to deliver more real time information, while for instance the frequency of newsletters was not that high.

In addition to the expected communication channels such as social media, company websites and different events, in order to communicate especially with a goal of raising awareness for certain causes, one social company is launching a book while simultaneously changing their name to be in accordance with the name of the book, thus relating also to *branding*.

“As by the first of January we are going to change our name from Skyway to Posibilize. So the book is going to be called Posibilizing, which is our philosophy and organization. Philosophy has 10 different elements and 10 different values like integrity, responsibility, empowering context etc. Each chapter will discuss one of these elements illustrated by a story that I have experienced in the history of 30 years of Skyway.” (Skyway, the Netherlands)

An interest towards the matter of whether the social aspect of the company is highlighted in the marketing and communication of the social business was raised earlier in the thesis.

While some entrepreneurs merely do not perceive the social factor as a competitive advantage or relevant to the marketing, it seems that some of the companies perceive the emphasis as more of a risk, stemming from the negative associations the word “social” has in the society or the word being perceived as not suiting in general.

“I feel that in Finland a social entrepreneur or a company has a negative ring to the word social which means that although a social entrepreneur or company could get financial support they do not want to be one because of the negative impact it has in the eyes of the stakeholders. All in all I do not find any positive impact the term social would have in the business world in here.” (Kaj Sundén, Finvacon, Finland)

“It's a very cumbersome word. That we are but we don't talk about it in our marketing or when we are fronting our product. Let's say we are creating an ad for the product we made then we never talk about ourselves as a social company. In our messages we make it clear that this is a more sustainable solution than our competitors offer.” (Stefán Atli Thoroddsen, Crowbar, Iceland)

One company in Hungary perceived their competitor to be engaging in social activities and employing disabled workers just because of the benefits received from the employment and the ability to use the matter as a marketing trick. This perception similar to almost greenwashing, illustrates how the social aspect may be perceived as a negative factor in the communication, if used wrong or if interpreted as a insincere act by the stakeholders.

At the same time, some entrepreneurs feel that the social cause is the competitive factor that can affect the willingness of consumers to join in the cause.

“But what I mostly notice is that people are willing to cooperate so much more when you have the worthy purpose and again there comes in with the entrepreneurship, the only thing you can think off is your wallet then not many people likely would like to support and they would like to support if you give them a lot of money as well. Which is nothing wrong with it, but I think the soon there is a third purpose or if there would be third community benefit from your product, people are willing to support you so much more than if you only did it for your own self.” (Skyway, the Netherlands)

In the case of Skyway from the Netherlands, the ultimate goal of the communication was to inspire people, thus engaging in communicating the awareness and their reason for existing instead of particularly proactively focusing on the sales. In this case, also by the means of YouTube videos trying to communicate the thought of using personal restrictions as inspirations instead of limitations. This illustrates the different ways stakeholders can be involved in the cause, and the way they can act as an extension of the company’s marketing if they are convinced about the cause.

6.4. Industrial dynamics supporting social entrepreneurship

The perceptions of the entrepreneurs towards the themes of competition and relationships to other social entrepreneurs were discussed in the interviews as well. As competition would normally improve quality by adding pressure to the companies, in case of the social ventures the situation can be interpreted to be a bit different. Stemming from the finding from the interviews, there was no mentionable **competition** recognised relating to the businesses at least in a negative sense. On the contrary, as the following example illustrates, competition was sometimes perceived even to be a welcomed factor enhancing the social cause and the success of the attempt in making a change in attitudes, especially when the ventures consisted of a strong presence of a matter in which awareness has to be raised in the society. Sometimes, the receiver of the pressure was the government in the form of companies campaigning for changes in legislation.

“Because the more companies which are in this field, the more impact we are going to make as a social entrepreneur. We protect people.” (Derek Mekkering, Radygo, the Netherlands).

Competition in general was perceived as less a threat as in the context of traditional entrepreneurship and the traditional way of doing business, illustrated by a case from Italy.

“Being a lot of things to do, in my opinion competition does not make sense.”
(Piano C, Italy)

The main object of competition mentioned in the interviews was competition donations. The slight lack of competitive spirit may stem from the non-profit business models and the overall situation in the non-profit context regarding competition. One common conclusion however can be made from the interviews, being that the motives and objectives of the entrepreneurs are perceived more important than the negative impacts of being close with the competitors. Competition between social enterprises was also characterised as “respectful”, summarising the findings well. In addition, the ventures seemed aware of their competitors and the competitive situation in general. Simplified, **other social entrepreneurs** were perceived as sources of information and support as long as the companies were not competing from the same resources or operating in the same markets.

“As for sharing knowledge and experiences, we will have it with enterprises who are not on the same market as us.” (Alexandra Rabiller, AfB France)

In four of the cases close cooperation with other social entrepreneurs was mentioned, and overall the communities were depicted as small with entrepreneurs often being aware of each other. Some of the companies were cooperating with their direct competitors as well, further illustrating the general attitudes towards competition. In some of the cases, attitudes towards other social entrepreneurs were extreme positive with no competition in their relationships, and the field was also characterised as itself by actions of sharing instead of competing in the unexploited field.

“Social enterprise is another initiative that is an easy platform to share about your experience and to benefit from each other’s lessons. So, I have some good friends who are social entrepreneur themselves or doing something in the same field. We used to have a group of 20 who came together every year for one weekend, in which we would share with each other and have fun as well and do air guitar contests.. But often we are very serious and focussing on changing the world and making it a better place.” (Skyway, the Netherlands)

“It is really nice community. We see each others in different trainings and events so that’s a place for us to see each others. There is no competition between us; it’s more about doing work together and trying to find some cooperation opportunities and how to improve things.” (Henri Valvanne, Minduu, Finland)

“There is a nice start-up scene in Kassel, for example Rucksackspende. We have many collaboration with companies that seem to be competitors at first sight. However, the market is so big and unexploited that it is only possible to help each other. “ (Autarcon, Germany)

In the last example though the warm relationships can also be partly explained by the entrepreneur adding that there is only few social companies in the same industry, decreasing competition. Also as the interview of Aurora 2000 from Italy presents, even cooperation with other social entrepreneur is a possible in addition to cooperation with for-profit companies. At the same time, in some cases the common goals were enabling the actors to work together despite of possible differences in ways of operating, with guesses of similar goals inevitably leading to cooperation.

“We do not organize common events with other organizations, but we know each other, and if there are any problems, they are there to help. There are some organizations with whose means of working I do not agree with, but I think we all have space for ourselves and the main goal is that they help in achieving different social goals as well.” (Bike Mafia, Hungary)

“Social acting companies are working together because it leads together if you have the same goals and interests.” (Alte Liebe, Germany)

Some companies had close connections also to other social entrepreneurs with similar causes arranging events together, and mentioning that the competition for resources does

not cause larger issues. In the case of Radygo the social goal, in this case protecting people from radiation worldwide, leads to the company cooperating internationally with direct competitors in order to share their knowledge and developed the product further.

“Well I do have contact with some other companies who also manufacture radiation protective solutions. Those are actually the only social enterprises I have contact with. And they are located in Germany.” (Derek Mekkering, Radygo, the Netherlands)

The communication with other entrepreneurs especially in close proximity was mentioned in two of the interviews, possibly for natural benefits gained from being close to each other. In the case of Finvacon, the CEO meets other local social entrepreneurs on a daily basis, highlighting also the variation between the case companies and social ventures in general. In addition to interacting with others close by, communication with ventures abroad was not uncommon. As all the ventures are unique and successful measures are depending also on the maturity and conditions of the ecosystem, changing knowledge with foreign entrepreneurs may cause issues in the case of ecosystems far apart from each other in terms of maturity leading the discussion into more practice-oriented direction as the case from Lithuania implies:

“More often we communicate with local social entrepreneurs, but when we talk about practice then there is more connection with social businesses from abroad. But the problem while cooperating with them is that the perception of social business is different. Situation in our country is just at the starting point compared to foreign countries. Sometimes it’s hard to use their experience because it just doesn’t work in our country.” (Justina, Lithuania)

When it comes to interacting with other social entrepreneurs in practice, the meetings were often **physical** if only possible, and in addition organised by various networks the companies belong to. In case of international relationships and stakeholders the meetings tended to be virtual because of geographical distances and practice.

“So we prefer to meet each other physically, always alternately.. On the national level it is a bit different, also there are physical meetings. Here on the spot also relatively frequently, directly and physically. And otherwise completely classical, through telephone and e-mail” (Thomas Weichert, Markthaus, Germany)

When it comes to the content of the meetings of social entrepreneurs, one entrepreneur from the Netherlands specifically highlighted that they communicate their mistakes in special meeting in order for other to learn from them. This openness was also characterised as unusual for the Dutch culture, and the subject was approached with the means of humor in order to make the discussions easier. It can also be discussed whether the maturity of the ecosystem impacts the way other social entrepreneurs are perceived. In Lithuania the social entrepreneurs seem to be perceiving other entrepreneurs in a positive light as the community is small and according to one entrepreneur, everyone knows each other and are willing to share experiences. Perhaps the lacking support in general drives the entrepreneurs to value support from the direction of other ventures over seeing them as primarily competitors.

6.5. The importance of governmental support

Instead of making comparisons between the countries, the case companies will be regarded as European in order to analyse the importance of governmental support in the context. The purpose of theme is to analyse what the governmental support means in terms of value creation. The findings are gathered into themes describing the entrepreneurs’ perspectives regarding support as well as the perspective of the political decision makers interviewed. In terms of support, it should be noted that in a strong entrepreneurial ecosystem the public leaders should act as advocated to entrepreneurship, opening doors and promoting the field. At the same time, the government should remove structural barriers (Isenberg 2010). First of all, when it comes to support, it should be noted that not all of the entrepreneurs think that additional support for social ventures is needed in the first place, highlighting the

personal characteristics of an entrepreneur largely affecting how the state of support is received.

“When it comes to being supportive I am quite liberal. I don’t think you can expect any support, because in the end you must do it yourself and you have to develop yourself and do what is necessary to achieve success. What I do expect from the government is that they don’t work against you. So, they don’t make it any more difficult than it already is. If I look at our government, I think it is relatively easy to start-up an organization, company, or to become your own employer. So that is relatively easy and the government is doing a good job on that.” (Skyway)

Few of the entrepreneurs highlighted the fact that they do not expect different treatment from the government based on their social status. Simultaneously, the overall perception though was that social enterprises should be treated differently because of their social value creation and additional benefits that traditional companies can not or will not deliver. It should be noted that out of all the countries evaluated in Germany the attitudes towards support were the most positive with all of the six interviews having primarily positive attitude towards support from the government with entrepreneurs generally satisfied with the current state of support in the country. The perceptions from the three Dutch and three Icelandic entrepreneurs were as well all mainly positive, in case of the Netherlands perhaps more surprisingly since the ecosystem and support in the country is less developed than in Germany. In the Dutch cases, the main criticism was targeted to legislation and awareness of the social issues, not having critique on the financial or other form of support the ventures receive. In Finland, curiously, in all of the interviews negative comments were voiced out regarding the support. The distribution between positive and negative impressions is presented below in Figure 8.

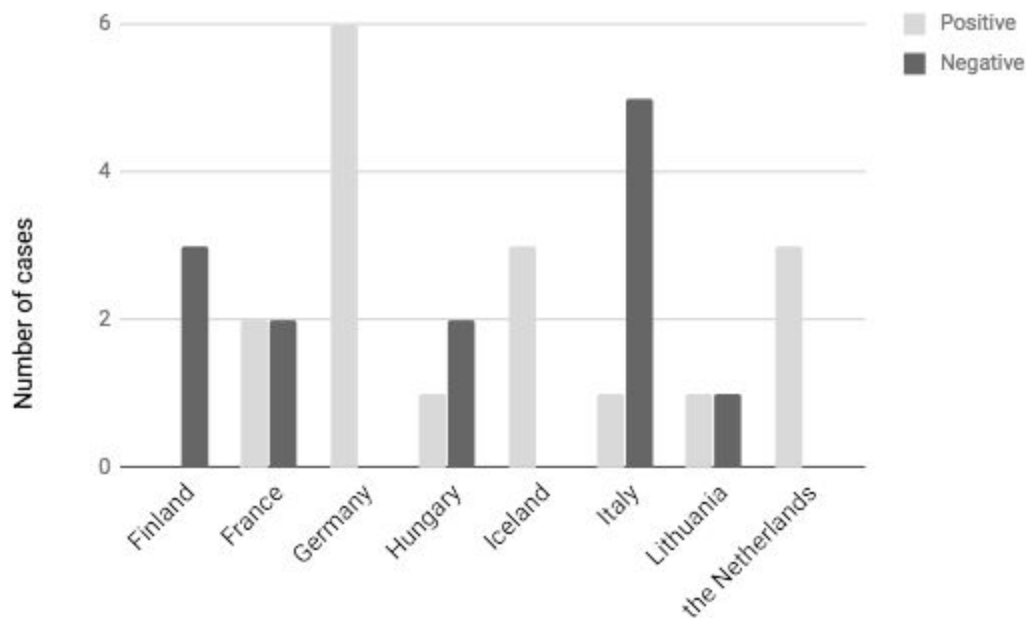


Figure 8. Attitudes towards support in the countries.

Even with challenging and complicated processes from the perspective of the entrepreneurs, the attitude towards support was mainly positive, with 17 of the 31 interviewees with positive attitudes and not having criticisms as the main topic of discussion. This classification is based on personal interpretation about the way entrepreneurs answered the questions regarding the matter. Within the category of negative perceptions the critique was mainly mild, with a few entrepreneurs though presenting extreme disappointment towards the received support and the state of support for social enterprises.

6.5.1. Forms of support

The central forms of support discussed in the interviews were *financial support*, *non-financial support*, *support by legislative framework* as well as *non-governmental support*, which is discussed briefly because of its contribution to overall value creation.

Financial support

In the interviews, perhaps the most common area of critique was the availability of financial support, as brought up by the research conducted by the European Commission (2014a). The perception of support in the interviews in general reflected the developmental stage of social entrepreneurship in the country. In addition, the entrepreneurs and the political decision makers seemed to have similar understanding about the current availability on support. In Lithuania, financial support was perceived to be hard to find especially in the beginning stage of the business. The interviews with the entrepreneurs in the country nevertheless conveyed a perception of understanding that the undeveloped nature of the field also reflects to the possibilities of government being able to generate enough support. Some of the companies involved in **work integration** benefit from support aimed at compensate the shortfall created by “less productive” workers. Government can also support for instance the renovation of business premises to accommodate employees with disabilities. These aids were considered important also in terms of business development and growth.

“Obviously, if we did not have this support, it would have been very difficult to create so many jobs in such a limited time. At this level, we are really satisfied and grateful to be able to benefit from these aids.” (Alexandra Rabiller, AfB France)

In line with European Commission’s findings (2014a) regarding France, even with complicated processes, the amount of different support mechanisms and aids was as well perceived as great, and even with good intentions, perhaps the cause of some of the confusion.

“It is just that I think that there is too much help, they should simplify the tax system...There should be only one entity that would be, for example, “BPI France” that would take care of everything and at least it would be much simpler for companies like us.” (Company X, France)

Finvacon, the B2B company operating in the field of work integration receives little financial support with **no special treatment** because of the status of being a social venture. Financial support for salaries were nevertheless received because of the challenged employees, like in the case of traditional businesses. The marketing manager of the company was seemingly disappointed in the support the ventures are receiving, questioning the understanding of the phenomenon in the governmental level.

“All in all we get the same amount of financial support as any other company in Finland. The members of the ministry of Finland could come here to visit and to look how we run this kind of business and how this model could work in other companies as well and how the government could support societal companies...I think it is pretty obvious that I am quite disappointed that our society does not support this kind of companies. The society cannot support if it does not even understand.” (Kaj Sundén, Finvacon, Finland)

Regarding the case company Minduu, similar opinions were expressed:

“There is no financing for social entrepreneurs in Finland, they are in the same category as all the other companies. That’s the hard thing there, because if you apply those normal financial supports, they assume your company’s main goal is to maximise profits...Our goal is also to have a most profitable company but it is subsidiary to the social good. The logic is different and it’s not only to reaching profit and that impacts applying of financial support.” (Henri Valvanne, Minduu, Finland)

The same finding was also present in the case of TravAble receiving mainly non-financial support.

“Yes, we fall under the same legal environment as other companies. We are not defined any differently legally, as a social project and our access to funding is the same as any other company I’d say, exactly the same.” (Ósk Sigurðardóttir, TravAble)

It was also highlighted in the interviews that the financial support may require some specific criteria, bringing the discussion back to the differences between a social and a societal company. KernIdee from Germany receiving the same support as other companies, requested more support aimed generally at companies that are involved in protecting the

environment, for instance in the form of tax reliefs. In some of the case companies the negative perceptions stemmed from the companies being treated the same way as traditional enterprises, and the ability of the government to understand the profound implications and value creation in social entrepreneurship. Some companies have also received financial aid in form of **winning awards** based on their social aspect, like Company X in France operating in the field of peer-to-peer rental services. A company from Lithuania received funds abroad in the form of Norwegian grants and cross-border programs.

Non-financial support

Crowbar from Iceland received funding from Technology Development Fund for first year of operation making the business possible, with additional support from different companies. The company has also received non-financial support from accelerator program in Europe.

“Well, of course we got a lot of support through the competition and then we got connection to all the capitals of the Nordic countries for example, Reykjavik Department of Welfare and we got the assistance we needed from them really and connection to necessary parties.” (Ósk Sigurðardóttir, TravAble)

When it comes to non-financial support, in Germany more teaching of the phenomenon in school was perceived to be adding value to the field. In general, the importance of education regarding the phenomenon was mentioned in many of the interviews. The political decision maker from Italy expressed strong opinions about non-financial support being even more effective for the social ventures in the long run, and especially support in networking was interpreted as essential in order for the supporting measures to be adequate.

Support by legislative framework

In many of the cases the critique was not targeted directly to the support aimed at social entrepreneurship, but instead to the government's role in **changing and developing the legislation** regarding the social and environmental issues related to the ventures' goals. In addition, requests for specific areas of legislation not regarding social entrepreneurship were expressed, in the next example regarding the strategy about electric cars in Iceland, while other countries have been utilising their own sustainable energy sources in similar ways as well.

“I think it has been a good support, but you always want something more...I would wish it (the infrastructure) was a little bit better. I think there is some support missing.” (Axel Rúnar Eypórsson, E1, Iceland)

Non-governmental support

In addition to governmental support, non-governmental support was also mentioned in the interviews. The ventures can have assistance from **volunteers**, and in addition professionals helping with for instance legal consulting. Some of the case companies were cooperating with different **commercial companies**, from which additional support was gained. The commercial companies may gain positive awareness from their donations into charitable causes in addition to their will in participating in charity. Máltai-Pékség in Hungary receives flour donations from a famous Hungarian pasta producer and Autarcon in Germany receives donations from various non-governmental organisations in addition to corporate social responsibility departments of large firms. In addition, competing for support for projects funded by mainly American corporations and foundations with similar agendas was mentioned in the context of changing attitudes against Judaism. This brings a small concern of for-profit funders being possibly able to affect the venture into the direction that can ultimately enhance their commercial goals, possibly interfering with the

social cause intentionally or unintentionally. In addition, as in the case of Finvacon, interactions with **other social entrepreneurs** were perceived crucial from the perspective of the success of the venture, with the contribution of non-financial resources such as information and networking.

“So many different backgrounds and we have had face-to-face meetings and shared fruitful discussions about the successful cases. I argue that our success with work bank has been due to the discussions and knowledge from other work banks, which has helped us to reform and develop our operations regarding the work bank system.” (Kaj Sundén, Finvacon, Finland)

Support from the European Union was also mentioned in the interviews, with an emphasis on the issues of diverse legislations and laws from multiple levels.

“Regarding European funds, it happened once that we received the last instalment of the subsidy only three years later”. (Nicolas Croquet, FBI Prod, France).

In the case of Crowbar from Iceland, EU legislation has also caused issues in the form of banning marketing and sales of insect foods, forcing the company to stop selling their products in the country. Fortunately, the main markets were in Asia, leading to the issues not terminating the whole business.

“What happens is, in those 17-18 year that this regulation had been on the table it hadn't been signed in Iceland. Suddenly, before we produce our bars and are importing 1/3 of our production to Iceland they sign the regulation and from that moment we are forbidden to sell our product. The week before, perfectly legal. We had been bringing attention to our project in Iceland before this happened.” (Stefán Atli Thoroddsen, Crowbar)

Regarding the criteria sometimes needed in order to receive financial aid, in case of European funds the support can be only utilised in certain areas of the business, complicating possibly the matter.

“The funding (from European Social Fund) was only for supporting functions to prevent social exclusion, not to start a waste food restaurant or for the salaries. I don’t know if it is even possible to get support from the government other than the startup grant for new entrepreneurs. As we hire also people that find it hard to get a job, we can apply for pay subsidy from The Social Insurance Institution (KELA) on an ad hoc basis.” (Johanna Kohvakka, Waste to Taste)

6.5.2. Critique expressed towards support

The main topics of critique in the interviews were the lack of knowledge about the support available, complicated processes in applying for support, the duration of the process it takes to receive the financial aid, the amount of support available and the inconsistent flow of financial support. In addition, it was perceived in some cases that the legislators are not familiar enough with the phenomenon, with hopes of improvements to the legislation regarding the support. General concerns related to the field being not enough developed in the country were brought up mainly in the cases of the countries having less developed ecosystems and legislation customised for the ventures not present. As the example from Lithuania illustrates, it was perceived by the interviewed entrepreneurs that the governmental support in the field is not yet developed because of the state of the phenomenon in the country, with one entrepreneur describing the general perception of social entrepreneurship being merely related to volunteering and free time. With some similarities, in Finland for example the general understanding of social enterprises was somewhat primarily connected to work integration.

It can also happen that the barrier for support can be **the lack of knowledge** about the support available in addition to the **complicated processes** in applying for the various forms of support. In some cases, the interviewees though also concluded that the strategy is to first develop the product before applying for any financial support. Complicated process were also viewed to take valuable time from the development of the venture itself.

“Then there are certainly other aids that we could have asked for... it would have been necessary to know what aids, what files to mount, and from whom. This search for information was at the time complicated for us, because the company also had to take care of its development.” (Alexandra Rabiller, AfB France)

“So I would really prefer France to simplify things rather than create grants, aids or whatever. Because finally it takes you a lot of time. And this time you spend trying to get these grants, well actually you do not spend it to develop your business.” (Company X, France)

One Dutch entrepreneur saw opportunities in the support mainly in increasing the accessibility of information regarding the field, mentioning financial administration, human resources, marketing and communication as the main issues at the moment in need of support and guidance. Also **the duration of the process** to benefit from the aids can be perceived to be long. The duration was brought up as a hindering factor in the development while the long processes are not flexible enough for reacting quickly to new market opportunities. The case example of Aurora 2000 highlights the need of regions having opportunities in supporting the ventures with faster processes.

“...I would like that at the regional level there was a higher ability to create possibilities, opportunities and provide funds for local cooperatives. Regions and provinces should be emancipated and more active from the national institutions in this field, but they should start to provide assistance as soon as problems arise, not when they're already there. This is one of the main issues in Italy.” (Aurora 2000, Italy)

A founder of a case company requested that the government would support companies more especially in the start-up phase since the venture was nearly abandoned because of difficulties in the beginning. Regarding private investors, it was perceived that their knowledge of social entrepreneurship has not been developed and there currently are no investors specifically supporting social causes. Overall, all three entrepreneurs interviewed voiced out negative associations and improvements when it comes to the support from the government, with especially the amount of support highlighted, possible because the

companies did not enjoy any special benefits based on their social status. It was brought up that the support gained had ended since the start-up phase in a venture currently mainly receiving private donations. In addition, this **inconsistency in the flow** on financial support was perceived problematic, perhaps illustrating a larger issue of not being able to plan ahead. In addition, one of the reasons behind lack of support was suggested among others to be that the **legislators are not familiar** with the operational side of running and enterprise, leading to issues because of poor knowledge. Heavy taxes especially in the beginning phase of the business were brought up as barriers hindering the development.

“Even though you did not start your activity yet, you’re already taxed. It’s crazy, you have no turnover and you already have taxes that come, it’s not normal. We should do the opposite. There should be zero taxes for the five first years. You hire people, you create jobs, you are not taxed, that would be better.” (Company X, France)

In one of the interviews the biggest support that the entrepreneur would hope from the Dutch government was *developments in legislation* regarding accessibility for disabled people in the country in general, instead of being related in some way to financial support like in the majority of the interviews. In accordance, another entrepreneur perceived the main factor to the developed to be legislation regarding how freelancers should be contracted with confusion in field at the moment. With these being the primary developments the entrepreneurs wished for, it can be concluded that the expected financial returns are not the most important ones and the situation depends widely on the context. In addition, the concerns were not merely related to the development measures of social entrepreneurship and the role of the government in supporting the field. In Italy, the law does not support hybrid organisations. Financial resources were depicted as hard to find with by one the entrepreneurs, with need support for networking activities expressed. Some entrepreneurs perceived the infrastructure and the support in general in a negative light with criticism especially targeted towards taxation.

“It’s not a healthy system: we you have profits you have to pay a lot of taxes, when you are in difficulties you’re left alone. For example, I don’t think that the money reinvested should be taxed.” (WASP, Italy)

The underdeveloped stage of the phenomenon in general was also brought out in the interviews together with the recent improvements in the situation.

“When I started I was studying abroad and when I came to Finland and started my company I was to be honest really disappointed, mainly to the atmosphere and people’s awareness. But it has improved a lot in last few years and it’s going to a better direction even though Finland is coming behind others.” (Henri Valvanne, Minduu, Finland)

6.5.3. The governmental perspective to the perceived support

The central themes in the interviews with the political decision makers were the awareness of the phenomenon, the role of the government in support and the state of support, and the varying amount of support in different regions. In addition, challenges with the terminology were brought up, as well as possible actions for promoting social entrepreneurship. Regarding the terminology, in Finland, social entrepreneurship has also a more loose term of “societal entrepreneurship”, referring to the main goal being societal good in general. The confusion was also discussed in two of the entrepreneurial interviews regarding the country, illustrating all together the present state of confusion in terminology in the field.

According to the Finnish political decision maker interviewed, the **public awareness** of social entrepreneurship is very low in Finland, and the entrepreneurs should make primarily the efforts to raise awareness by telling their success stories and achievements. Measures towards the development of the field were nevertheless mentioned regarding the financial support law that was revised two years ago enabling longer periods of support for the entrepreneurs. Also in Iceland, while the interviewees were not pleased with the

development of the social entrepreneurial environment, different developments regarding among other clearer legislation and reliefs in taxes were being planned. In the interviews with the political decision makers in Hungary, a Parliament assistant of an European Parliament representative and local government representative, it became evident that the phenomenon is not widespread in the country and the development is slow. Surprisingly one of the reasons behind being named to be that the word resonates to “socialist” with negative impacts. Because of this, raising awareness about social entrepreneurship in addition to careful branding were perceived as important in order to get the new generations involved in these types of businesses. Curiously it was also mentioned that the Hungarian government has been having difficulties with corruption in the past, affecting to EU resources being allocated on a political basis. Perhaps related to this, concern about the government not wanting to raise certain issues into public discussion was stated. The concept of social entrepreneurship was somewhat familiar to the interviewees from the governmental side, with Fabienne Grebert from France summarising the phenomenon well by commenting “*We need to have social added value through the creation of jobs and we need environmental added value through the reduction of environmental impacts*”. In Iceland, the two political decision makers interviewed, the Icelandic Minister of Social Affairs and Housing and an expert from the Ministry of Welfare were familiar with many cases of social entrepreneurship in the country, mentioning all the three social enterprises analysed from the country.

Regarding **the role of the government**, In some of the interviews with the political decision makers, the importance of non-financial support was highlighted. In one of the interviews, the role of the politicians to be “opening doors” for the entrepreneurs. The creation of networks was also mentioned as one important factor in the success of the company in many of the interviews, emphasising the governmental perspective of encouraging the entrepreneurs in engaging in networking activities, proactively and arranged by the support from the government. In Italy for instance, a “soft” regulation was

perceived to be the best approach into the matter regarding the legislation. In some countries, support exists but it is **not directed to social entrepreneurship** per se. In France, the development of the social economy and social enterprises was not on the immediate agenda with support in general level and a specific aid scheme for social entrepreneurship missing. Support was also guided at more detailed areas of excellence, start-ups or other actors having the competitiveness of the region as a goal, as also in the case of Lithuania where especially projects relating to work integration were mentioned to be supported with special notion to immigrants and disabled people. In the Netherlands the ventures were similarly not perceived to be in need for targeted support thus no special facilities for support on a national level exists. Nevertheless the creation of special legal forms was perceived important while at the same time the country was evaluated to be far behind from other European countries in terms of the development of the field.

In Iceland and Lithuania, the government supports social enterprises in some ways, supporting part of the different types of ventures. In the case of Lithuania the support is among others in the form of tax reliefs, but the ventures are not uniform with the definitions suggested by the Commission, illustrating further the different interpretations about what the boundaries of social entrepreneurship are. In many of the cases working in the field of work integration support for employing disabled people was offered to replace the losses in effectiveness. In Finland, in the case of these ventures including work integration long-term flexible salary support is offered by the government, and this support was perceived effective since it enables the companies to create jobs. In addition, the disabled receive personal financial support that enables them to earn 430 € per month without losing their support. Regarding France, it was also brought out that cities do not have **resources to** offer individual support, and according to the interviewee from a regional level, the support must be put in place by local and regional authorities. On the opposite, in some cities, such as the city of Mannheim in Germany, fostering of social entrepreneurship has been set as a strategic goal of the city's development. Differences between municipalities were also

brought up in the interviews. In Italy, the regions have some power over the supportive measures in the field, leading to some areas of country being more developed and attracting social entrepreneurship more than others. These findings highlight the different possibilities of support being offered at different levels from local to national, and that the cities in some countries have some opportunities in choosing the initiatives and ventures that they would like to support additionally. In some cases, some ventures received support from the national level and local level from the municipality simultaneously, with comments of their contribution to the whole society being recognised and thus supported.

Actions for promoting social entrepreneurship were also discussed in the interviews. In order to promote social entrepreneurship, it was mentioned regarding France that the social and environmental impacts should be assessed in addition to the creation of new jobs, for being able to make further decisions. In Iceland, the supporting measures were also planned in the form of developing and increasing education regarding the matter, increasing social awareness among the youth. The government has also requested cooperation with universities, and it has been active in different projects with other countries in order to advance the development of the phenomenon. In addition, innovation that was perceived as crucial element of the success of the ventures along with the dimensions of technique, plan, process and the attitude. In Italy, the future on the field was perceived bright with a significant positive turning point in the legislative framework being developed. In general, the spirit in the interviews encouraged cooperation and exchange of practices with other countries, especially in the case of the field being undeveloped.

In addition, it was suggested in Hungary and Lithuania that the social entrepreneurs should be more active in their demands for development and a missing pressure from the side of the society, highlighting the role of the entrepreneurs in the development of the field. In both countries the ecosystem in social entrepreneurship was characterised as quite new, leading possibly to the entrepreneurs having a more significant part in the development and

education since knowledge from the governmental side might still be developing and the awareness of the phenomenon needs measures from both the government and the actors of the social economy. In the case of a Dutch organisation working as a network within social entrepreneurship, the company worked together with local governments assisting them in creating the supporting infrastructure for the field. In the interview, the biggest concern relating to support in addition to the lack of risk investments was actually the scalability of the ventures despite of the support mechanisms in place.

“I see that from the work we do with local governments, I think it is getting more attraction and people become more aware of what we are doing but it is still...it doesn't really scale. I mean the sector is scaling but not the businesses themselves.”
(Social Impact Factory, the Netherlands)

6.6. Value creation through marketing in the social entrepreneurial context

The purpose of this chapter is to further examine the aspects of the social entrepreneurship in the case companies in order to sketch the different dimensions of value that is created. Interest is on what kind of social entrepreneurship these companies are reflecting and what kind of activities the companies are involved in. This in turn contributes to the further analysis of the drivers of value creation in marketing and the ways marketing can support the success of the ventures. In addition, differences between the countries when it comes to the value creation logic is also under examination. The previous three themes regarding the findings of the research are viewed from the perspective of value creation, in order to understand the possibilities of marketing as **the means through which the value is created**. First, value creation has to be examined in order to further analyse how the business ideas of the ventures are creating value. Value creation was recognised as a complex process with a subjective nature. It can be created in multiple levels, often analysed in the individual, organisational and societal levels, with individuals, organizations and societies being perceived as both the creators and receivers of value

(Lepak, Smith & Taylor 2007). In addition, relevant to social entrepreneurship especially is that the capture of value, traditionally assumed as the main purpose of traditional entrepreneurship, is merely a means of creating stakeholder value. This emphasis of value creation over value capture perhaps separates the value creation in the context of social entrepreneurship most comparing to traditional entrepreneurship. It can also be derived from the data that most of the ventures seem to have a customer-oriented approach into the business as well as marketing, with the basis of the operation often being the needs of the stakeholders and recognised problems not yet solved in the society.

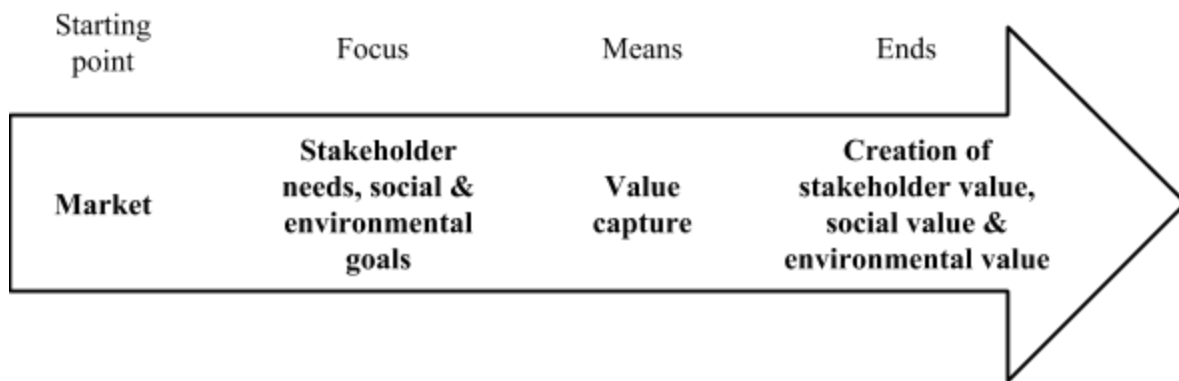


Figure 9. Value creation in social entrepreneurship (based on The marketing concept from Kotler & Armstrong 2008: 10).

Based on principle of Kotler & Armstrong's (2008: 10) marketing concept explaining integrated marketing as a means to achieving profits through customer satisfaction with markets and the needs on the customers as starting point, Figure 9 illustrates the way customer value and capture are positioned in the context of social entrepreneurship, in which the needs of the customers often are the basis of operations. Some adjustments are made into the original figure for illustrating the situation on social enterprises. First of all, instead of merely the customers, the whole range of stakeholders has to taken into account. Thus, the social dimension adds the social and environmental goals into the focus in addition to the stakeholder needs. Value capture is the means through which the creation of

stakeholder value, social value and environmental value are achieved as the ultimate objective of business. It should also be noted, that similarly to the original marketing concept, markets were identified as the starting point of business in most of the case companies often established to serve a certain need or to solve an issue.

When examining what kind of value social entrepreneurship creates, it is central to understand the varying business models within the field. Table 7 in the next page portrays the complete list of case companies containing the business ideas that ultimately affect the venture's ability to create value in the dimensions of financial, social and environmental value. As mentioned before, the classification between non-profits, for-profits and hybrid business models was interpreted and at time challenging. According to Dees (1998) the hybrid models have mixed motives, mission and market drivers and social as well as economic value as the main goals of business. According this categorisation, all of the social ventures could be interpreted as hybrid businesses based on their goals of creating both social and economic value. Yet some including to this category were legally non-profits and perceived themselves as ones too. Therefore, as mentioned, hybrids were categorised in clear situations when information regarding the matter was voiced out. When it comes to the for-profits, they were interpreted to be in the category because of their mainly commercial business models or if no cues relating to having social motives were given.

Country	No.	Company	Markets	Interpreted business model	Established	Business idea	Elements of work integration	Environmental aspect
Finland	1	Finvacon	B2B	For-profit	1970	Company operating as a workshop for invalids in the B2B sector	x	
	2	Minduu	B2C	For-profit	2012	Company that brings psychiatrists and psychotherapists together with people in need of help		
	3	Waste to taste	B2C	Non-profit	2016	Waste food restaurant and a project targeting climate change and the amount of food wasted	x	x
France	4	AfB France	B2B	For-profit	2012	B2B company reconditioning computer and network system parts at the end of their lifecycle	x	x
	5	Axalp	B2C	Non-profit	2000	Cooperative of entrepreneurs with some disabled entrepreneurs	x	
	6	FBI Prod	B2C	Non-profit	2003	Association using art and culture to create social cohesion	x	
	7	Company X	B2C & B2B	Hybrid	2014	Peer to peer rental business of boats		
Germany	8	Autareon	B2B	For-profit	2003	B2B company developing drinking water solutions and water purification		x
	9	Kernldee	B2C	For-profit	2016	Organic grocery store selling food without any packaging		x
	10	Alte Liebe	B2C	For-profit	2016	Company employing elderly in hat making	x	
	11	Lieblang	B2B	For-profit	1951	B2B service company offering human resources	x	
	12	Markthaus	B2C	Non-profit	1997	Organisation employing people with disabilities	x	
	13	Biotopia	B2C	Non-profit	1986	Organisation reducing youth unemployment	x	x
Hungary	14	Máltai-Pékség	B2C & B2B	Hybrid	1990	Charity organisation and a non-profit company employing disadvantaged people		
	15	HAYER	B2C	Non-profit	2002	Foundation aimed at changing attitudes regarding Judaism		
	16	Bike Mafia	B2C	Non-profit	2011	Organisation helping homeless people with physical and psychological support		
Iceland	17	Crowbar	B2C	For-profit	2013	Company producing food from insects		x
	18	TravAble	B2C	For-profit	2016	Company with an application for people with reduced mobility		
	19	E1	B2C	For-profit	2015	Company with an application connecting owners of electric cars and charging stations		x
Italy	20	Aldia	B2C	Non-profit	1977	Cooperative producing services for children		
	21	Aurora 2000	B2C	Non-profit	1998	Cooperative producing services for disabled people		
	22	Piano C	B2C	Hybrid	2012	Association and a for-profit company supporting women in employment after pregnancy	x	
	23	WASP	B2B	For-profit	2003	B2B company developing low-cost housing for poor areas with printable solutions		x
	24	Siwego	B2C	For-profit	2016	Company with a pollution reducing platform for logistics solutions		x
	25	Il Chercio Vivo	B2C & B2B	Non-profit	2017	Rental and laundry of reusable diapers for children and adults	x	x
	26	Cinetix	B2B	For-profit	2003	B2B company engineering solutions and developing longer lives for products		x
Lithuania	27	Urte	B2C	Non-profit	-	Organisation employing local people unable to find work in big cities	x	
	28	Justina	B2C & B2B	For-profit	-	Company offering training services for business and non-profit organisations		
Netherlands	29	Skyway	B2C	Non-profit	2003	Foundation helping people with limitations by inspiring and activating	x	
	30	Radygo	B2B	For-profit	2013	B2B company developing technology for anti-radiation garments		x
	31	Social Impact Factory	B2B	Non-profit	2007	Organisation working as a platform for social entrepreneurs and other actors	x	

Table 7. The complete list of case companies in the study.

The European Women's Lobby's (2015) study about social entrepreneurship in Europe revealed that 44 percent of entrepreneurs sought social impact on the level of a specific social group, for example a school, a homeless shelter or a family. Regarding the scope of social impact, in the study 33 percent of enterprises focused on regional impact, 34 percent on national impact, and 26 percent on an international impact. Corresponding figures from the case companies were 26 percent local, or regional, impact, 42 percent national impact and 32 percent international impact. This illustrates a similar distribution between the studies, though the limited number of case companies and the interpretations related to the scope of operations impact the reliability and generalisability of the findings. As assumed, the production of especially environmental value is strongly present in the case companies, in addition to work integration. This finding is yet in line with the European Commission (2014b) finding of social enterprises being widely involved in work integration with operations found in all the European countries. The majority of services focus on issues related to elderly, people with disabilities, education and childcare, the same themes as found in the data. The social and community care services category producing among others services for disabled and disadvantaged people was also present in almost all European countries (The European Commission 2014b). In the data, 19 of the ventures had the interests of the **disabled and disadvantaged** groups of people somehow impacting the business, thus a strong representation in the social and community care services category can be interpreted to be found in the sample evaluated in the thesis. These type of ventures can be as well interpreted to have a main emphasis on the value creation to the societal level, while creating value on are higher level than the individual.

As mentioned before, it is challenging to evaluate the value that being created in social enterprises in general because of the emphasis on the non-monetary values. In addition, the challenge was especially brought up in the context social value creation, the main motive of social entrepreneurship. Thus, the value can be outlined in a general level not focusing on individual cases. While creating value for the society for instance as the main level of

focus, according to my own interpretation, value can be simultaneously created on a individual level, by enhancing the wellbeing of an individual in some ways. When adding the dimension of the organisation to the picture, the company creates value to itself by the process of value capture, that leads to the overall enhancement of the social or environmental objective of the venture. In Figure 10, based on the analysis of the data the case companies are positioned in the landscape of social entrepreneurship categorising the ventures into the ones where the social aspect, for instance work integration or supporting unprivileged groups of people, is dominating the business, and the ones where the social aspect resembles more traditional corporate social responsibility measures. At the same time, the ones with dominant social aspect can be interpreted to have a non-profit orientation, where the corporate social responsibility resonates to traditional for-profit entrepreneurship with in this case an additional social or environmental aspect classifying the venture as a social enterprise.

Environmental aspect			
	◦ Radygo	◦ Cinetix ◦ KernIdee	◦ Siwego ◦ WASP ◦ E1 ◦ Autarcon ◦ Crowbar
Environmental aspect & elements of work integration			
◦ Biotopia ◦ Waste to taste	◦ Il Chercio Vivo		◦ AfB France
Elements of work integration			
◦ Máltai-Pékség ◦ Skyway ◦ FBI Prod	◦ Axalp ◦ Urte ◦ Markthaus	◦ Finvacon ◦ Alte Liebe	◦ Lieblang
◦ Social Impact Factory		◦ Piano C	
◦ Aurora 2000 ◦ Bike Maffia ◦ HAVER ◦ Aldia	◦ Company X	◦ Minduu	◦ TravAble ◦ Justina
Strong social aspect (Non-profit)		Social aspect resembles Corporate Social Responsibility	(For-profit)

Figure 10. Case companies in the landscape of social entrepreneurship.

The figure categorises the companies based on their strength of the social aspect, with additional classification based on their participation in operations regarding the environment and work integration. In addition, companies operating simultaneously in both activities are separated in order to further illustrate the innovativeness of the ventures as well as the possibility of the ventures to contribute to several issues at the same time. Interestingly, the figure reveals surprisingly well the distribution and the characteristics of the case companies when comparing the strength of the social aspect present in the companies. The companies tackling environmental issues were primarily positioned nearer the corporate social responsibility dimensions in the figure. When elements of work integration were in the equation, it seems that the social aspect strengthens and the forms of businesses resemble the non-profit models. It should be noted that the companies are positioned to the map based on personal interpretation, in order to give a guiding perspective to the forms of businesses. Value creation was a topic less discussed in the interviews, with only few comments relating to the subject of what kind of value social entrepreneurship creates. Nevertheless, the entrepreneur from Crowbar summarised well the value that is being created and the societal level of value creation.

“I'd say they create value not just for their consumers but also for society.” (Stefán Atli Thoroddsen, Crowbar, Iceland)

Indeed, while not perhaps voiced out, the existence of the main goal of social value was present in majority of the cases. Highlighting further the emphasis on social value creation, the societal level where a purpose is to change attitudes against groups of people or certain issues and to impact the behaviour of people on a larger scale, was suggested to be the most common level of social impact that entrepreneurs are achieving for in Europe (The European Women's Lobby 2015). The findings from the case companies support this suggestion with 21 out of the 31 cases having some kind of changes in attitudes on a societal level. The objectives for the companies contained among other themes of changing behaviour and attitudes regarding waste food, the use of excess packaging, use of insects as

nutrition, longer lifecycle for materials, attitudes towards disposable diapers, disabled people, the water shortage, amount of pollution, Judaism, homeless people, the use of energy, sustainable housing solutions for the developing areas, radiation safety in modern technology and attitudes towards social entrepreneurship. In addition, attempts in trying to change the behaviour of youth in order to reduce isolation, the way people are getting help for psychological issues and the way people are relating to their own disabilities was among the agendas as well.

It should also be mentioned, that the networking activities in the case companies were strongly present with the ventures cooperating closely within their networks. The theoretical findings implicated that social enterprise networks were found to exist in almost all the member states the Union with their contribution to development and their role in offering guidance and acting as an advocates for the social sector (European Commission 2014b). Within the case companies, the amount and the size of networks varied among the cases, but overall majority of the companies were active in their networking with information and other resources accumulated from them in addition to the possibilities in the field of cooperation with other actors for reaching the cause. Thus, networking consists also of the actual communication within the network and by this definition relates to marketing. As the entrepreneurs were found to use their personal networks in marketing strategy development according to the concept of bricolage (Di Domenico et al. 2010; Kannampuzha & Suoranta 2016), these relationships and thus communication with the stakeholders within the networks can be perceived important. Especially in the case of companies, the networks were producing a large part of the venture's overall value creation by producing contacts that support the venture, the ventures objective and thus value creation.

To sum up, the social enterprises were found to contribute to the creation of social, financial and environmental value (Elkington & Hartigan 2008). All of these types of value

were recognisable in the case companies' agendas and business models. The financial value was also perceived central in the sample of companies, with strong representation on the for-profit sector. In addition, Hillebrand et al. (2015) suggested value co-creation with the stakeholders likely leading to stronger stakeholder relationships, a notion that has to be taken into account since the stakeholders seem to have an important part in value co-creation in the social ventures. As stakeholders were used as value co-creators by the means of engaging them to spread the awareness and messages of the company, it is clear that the value co-creation as a concept is used in the social ventures, even if the marketing functions were characterised as undeveloped.

Value creation through marketing

When analysing the ways by which the means of marketing can create value, it should also be noted that marketing can be perceived as creating value in its own by acquiring customers and conveying the company's messages to stakeholders. Based on the theory of Kannampuzha & Suoranta (2016) **bricolage** in entrepreneurial marketing consisted of combining resources at hand and "making do" with innovation related strongly to the concept. In addition, in bricolage as well as the entrepreneurial marketing in general, it was highlighted that in marketing can occur without explicit intentions thus the marketing strategy itself might be missing. Entrepreneurial marketing was joined with especially SMEs and startups, highlighting the impact of scarce resources that often are primarily used into the most urgent operations in the company from the perspective of the continuance of the business. The theory of bricolage also included network bricolage, entrepreneurs utilising existing contacts for marketing strategy development, and the bricolage in entrepreneurship education, where the resources consisted of students, yet highlighting the implications of the scarce resources. When bricolage is central in the ventures, it can be seen to impact the value creation in a way that the value creation may not be planned and happen also unconsciously. Thus, value creation processes are not always thought of in the

marketing strategy development, especially if a strategy is missing or is the execution of the strategy is not fully completed.

It is notable, that marketing was also recognised to be used as **means of creating access** for disadvantaged people (Elkington & Hartigan 2009). In this case, the means of marketing contribute to value creation in both the individual level and the company level with informing the beneficiaries or customers about the offering with a goal of getting them engaged, the form depending on the business model. Many of the case companies operated in this field of bringing solutions to disadvantaged groups of people, for instance the disabled for whom a company developed an app that informs them about the accessibility of the services, for instance if information about wheelchair accessible restrooms is needed. In this case, it remains to be discussed whether value to the society has also been created simultaneously, even if it was not the main object of value creation. To conclude, the means of marketing convey the information about the company's services to the customer, who ultimately receives the value offered when engaging with the company. Without marketing communications, the individual would not be aware of the offering and the company could not receive customers or beneficiaries into their business. Even if not actively communicating with the stakeholders, usually a venture at least had a website through which the communication takes place.

The competitive means of marketing, such as the traditional 4P's, guide the focus to the management of the product, price, place and promotion in the ventures, with interest on how the offering, communication and distribution are managed. From the perspective of value creation, with the management of the offering marketing can assure that the offering is matching the stakeholder needs and issues in the markets, with among others means of market and customer research. In addition, with a successful offering value is being created for the customer, for instance in the case of services for disabled people. In some way, marketing is creating value by informing the customer about a service

enhancing the customer's well being, with majority of the value being realized or co-created in the service process or at the time of the purchase of a product and after that moment forward,, depending on the perishability of the product or service. As mentioned before, communication can be perceived to have a crucial role in the success of the venture since it is the means of communicating with the stakeholders and making the society aware of the venture and the objective it strives for. Without it, the existence of the company would not be known by the stakeholders, and based on these interpretations, it seems that the initial suggested hypothesis about the means of marketing being able to enhance the success of the social objectives can be confirmed in the light of the findings, taking into account the context-specific nature of the conclusions. When it comes to distribution, the cases illustrated a the use of digitalisation in this category, with applications designed for individuals and business. One application was even targeted for optimising logistics and reducing pollution. Generally, the distribution can contribute to value creation by further supporting and improving availability and therefore the possible amount of people being influenced. Overall, the competitive means of marketing can influence the competitiveness of the company, even when the competitive spirit in the social ventures was not that high because of the common goal often being prioritised.

It should also be noted that there seems to be great opportunities for the social ventures in the field of digital solutions, since they offer cost-effective solutions that suit well the scarce financial resources in the field of social entrepreneurship. As many of the companies were created around an application that was used as a platform to the operations as well as the means of communication, it seems that the digitalisation has enabled more options for the social enterprises as well supporting them in reaching the objectives. Especially, the digital solutions can be seen to have improved availability of services as well as new innovations that can operate even as the main feature of the venture. When it comes to the mobile applications, the customer experience is being improved with easier and more convenient solutions. It should also be noted that when it comes changing attitudes or

behaviour in a larger scale, convenience and the easiness of the service may be especially important. Especially when dealing with attitude changes that require some extra inconvenience from the customer, for instance taking your own containers for food when going to buy groceries, in order to ultimately contribute to reducing waste. To sum up, the possibilities enabled by digitalisation seem to be the central elements of marketing in the case of the social enterprises, where resources often are scarce and innovative solutions have to be sought out in order to maximise the impact on the venture and value creation. In addition, the means of marketing have to be able to impact the customer's feelings and values in order to launch change, especially regarding the ventures that consist of a strong challenge of changing fundamental behaviour or rooted attitudes. When analysing the ways how the means of marketing can support the success of the social venture and value creation, the case of Skyway from the Netherlands perhaps illustrates the situation well. The company's goal on communication is to inspire people with an intention to engage them in communicating the company's message and operating as parts of the marketing function. In other words, stakeholders are involved in the cause through the means of marketing, by first communicating the message to them and convincing them to act as advocates of the cause. Thus, marketing brings value to the company in the form of raising awareness and engaging the stakeholders, and brings an accumulative effect if the customers are successfully engaged in the operation. If the cause is valuable and noble, engaging into the venture might add value also directly to the customer when the customer is positioned into the cause. To simplify, engaging in environmental protection or raising awareness for cancer might be done purely because of the good cause, but simultaneously it enhances the customer's personal brand and the way the customer is perceived and appreciated by others.

The spirit of social entrepreneurship also supported the use of social and societal marketing in the context because of similar objectives. According to the societal marketing concept, society, company and the consumers have to be taken into account in the marketing

strategy as well, with focus on human welfare, consumer needs and company profits (Kotler & Armstrong 2008: 11). In the case of social entrepreneurship, the consumers can be interpreted as stakeholders in a larger sense, but the concept still seems to be suitable for the purposes of the social ventures. According to Singh et al. (2015), social marketing can contribute into solving social problems with different solutions, which can also be interpreted as value creation. The level of created value can thus also be dependent on the problem being solved. In the concept, unavailability of services is solved by creation of innovative services and the poor quality of existing services solved by the means of creating better quality services at affordable prices, also in line with the concept of social entrepreneurship. Similarly, issues in affordability can be solved by innovative services at yet again affordable prices, and issues with accessibility with means of place, distribution and partnership. Perhaps the issue most discussed in the thesis, the lack of awareness regarding products and services, is dealt with the solutions provided by means of promotion, especially focusing on behavior change communication. This raises the notion of certain type of communication being able to affect behavioural change better than others, highlighting further the need for choosing the right approach and content based on the wanted outcome, in addition to customising the content to fit the needs of the different stakeholders. An interest towards whether existence of social motives impact the marketing of a social company, or should the chosen marketing related decisions be derived on the basis of the business model. It seems, that the social cause largely guides the appropriate measures for marketing, since the communication can be seen to differ when comparing for instance a charity organisation and a for-profit company with a product and organisation centered approach. The charity needs to promote the cause and gain donations, while the for-profit company has an emphasis on gaining financial investments and promoting the product to the customers, with other stakeholders perhaps in a less important role when it comes to the need of communicating to the segment. Based on the theoretical findings, the importance of the wanted outcome of the communication is great, especially when dealing with larger issues that require raising awareness.

7. CONCLUSIONS

This chapter finally summarizes and discusses the key findings of the study contributing to the objectives of the research. Conclusions to be made from the findings are as well presented. The chapter also includes the discussion of the managerial implications in addition to the limitations of the study that affect the applicability of the results and implications to generalising the results in other contexts.

7.1. Discussion and conclusions

This thesis was a qualitative multiple case study with a descriptive analytical approach, discussing the phenomenon of social entrepreneurship in the European context, aiming to further examine the concepts of marketing used in the field, a topic of which research was challenging to find. The pre-paradigmatic stage (Nicholls 2010) is also visible in missing consensus about the definitions in the field, and the definition of social enterprises was found to vary between continents, countries and stakeholders, making also the measurement of the ventures' social impact difficult. While the definitions vary, there are differences in deciding which ventures are regarded as social enterprises and are thus eligible for financial and other forms of support from the government and other actors. The ventures are also competing for investments, and with the challenges in measuring the effects, collecting investments becomes harder, possibly harder than for the traditional for-profits that can more easily quantify their achievements. Perhaps ironically, at the same time the contribution of these ventures to sustainable development and development of the planet, social welfare and economic growth in general is perceived important and even necessary while the ventures solve problems that other actors are unable to solve and that are partly caused by current way of capitalism. In order to reach the objectives of the study and answer the research question, the results from the 31 case companies and 10 interviews

with political decision makers from eight European countries (Finland, France, Germany, Hungary, Iceland, Italy, Lithuania and the Netherlands) in addition to the relevant theory were examined. The data was analysed with the means of content analysis in order to reveal common patterns in the sample.

The research question in this thesis was:

“How can marketing support value creation in social enterprises, the social objectives of the company and the success of the venture in the context of European social entrepreneurship?”

The research question was set to be answered through the following three objectives forming an overall picture of value creation in the context of social entrepreneurship :

- 1. What is social entrepreneurship and what kind of value does it create from the perspective of the society, the organisation and the individual?*
- 2. What kind of roles does social entrepreneurship have in the European context? What is the role of governmental support in the value creation of social entrepreneurship?*
- 3. What kind of practices can be found in the marketing of a social enterprise?*

Social entrepreneurship, differing from traditional entrepreneurship by alternative motives and innovation at the core, is challenging the conventional thinking about what is possible as is seen as a set of strategic responses to environmental turbulence and situational challenges. The field is assumed to have the ability of solving social problems (Elkington & Hartigan 2008, Sud et al. 2009 etc.), and the ventures bring solutions to people who normally could not afford them and especially contribute to work integration of disabled people, that in some countries is the main field social entrepreneurship is connected to (Di Domenico et al. 2010; European Commission 2014b). Besides helping the individuals in the society and the economic growth, social entrepreneurship is solving issues related to sustainability and environment as well, with often local level of operation. Even with the

contribution to the local community, some ventures are national and some even have succeeded to scale up to the level of global movement. In general, social entrepreneurship and the social innovations have become increasingly important with new social needs emerging and size of the field is increasing with the number of social entrepreneurs rising rapidly, since the establishment of the roots of social entrepreneurship in the end of the 1970s (OECD 2010: 31). As the main motive of social entrepreneurship is to create social value (Austin et al. 2006), value creation is at the core of the business and the ventures deliver value at multiple levels. Thus the communication of the value, that marketing can be seen to be in responsibility of, is an intriguing subject to study especially with the lack of research with marketing at the same time perceived as one the most important operations in the company in terms of the success of survival of the venture. It should be also noted, that because of often restricted resources (Konda et al. 2015), especially networking is found to be central to social entrepreneurship, adding the presence of multiple stakeholders into the picture with a double-bottom line with the financial and social motives of the venture.

The phenomenon covers different legal statuses, such as cooperatives, foundations, associations and mutual societies, positioned in the the for-profit and not-for-profit continuum. However, the ventures are typically concentrated on the non-profit sector (Dorado 2006; Mallin & Finkle 2007; Satar & John 2016). When it comes to funding, several social enterprises are found to operate a complex hybrid funding model that combines income from different sources in addition to the sales of goods or services. The attractiveness of the for-profit business models is stemming from better opportunities in resource acquisition while non-profits are having more challenges in finding investments (Dees 1998 etc.). This may be one of the reasons behind hybrid business models being popular in the field, combining the best features of the non-profit and for-profit business models. With many good qualities, the hybrid nature also makes the management of the business more challenging. In addition, the hybrid models were perceived as the most interesting ventures in terms of innovation (Elkington & Hartigan 2008: 36, 200), and in

general, the for-profit world is seen to offer the best opportunities in scaling up the venture, leading to a notion of the hybrid models having perhaps the greatest opportunities in affecting to the social well being in a larger scale. It should be also taken into account, that according to some views pure non-profits can not exist since a social enterprise needs to make profit in order to ensure reaching the social motives and the continuance of the business in the long term.

Familiar from traditional entrepreneurship, the concept of *bricolage* (Di Domenico et al. 2010; Kannampuzha & Suoranta 2016), defined as “the process of creating something out of nothing in resource-constrained environments” was found to be characteristic to the phenomenon, highlighting the innovative and perhaps not that planned nature of the processes within the concept. Even with social value creation often the main motive behind social entrepreneurship, it should be noted that while the social ventures tend not to distribute their profits, in some cases the generation of profit for shareholders is part of the long term strategy, depending on the selected business model. The ventures are furthermore seen to be balancing between the financial and the social goals (Satar & John 2016), which can be purely social, environmental or relate to cultural aspects as well. Social entrepreneurship is seen to be based centrally on value creation, especially social value creation, leading to the social enterprises often being connected primarily to the non-profit sector. The companies are portrayed to create profits in order to secure the sustainability of the company (European Commission 2013a) and the creation of the social value, with the capture of value being merely the means through which the value for the stakeholders is created. It has been suggested that the social ventures create blended value, the form if the value depending on the emphasis between the economic, social and environmental values of the venture (Elkington & Hartigan 2008). Furthermore, the ventures were interpreted to create value on the levels of individual, organisation and the society, in some cases for multiple levels simultaneously. In addition, these three levels can simultaneously act as the creators and users of value, illustrating the complex nature of value creation.

When it comes to *the roles of social entrepreneurship in the European context*, identifying common patterns of development across Europe is portrayed difficult because of differing legal, institutional and policy systems. The variations have been explained among others with different levels of development of the economic, social and legal systems in addition to the characteristics of the welfare systems and the third sector. Generally, the social enterprises have been portrayed as a breakthrough in the European third sector answering to unsatisfied needs, and the ventures were found to introduce more new innovations to the markets than the traditional businesses (Borzaga & Defourny 2001). The business models vary from non-profit to for-profit, yet the hybrid business models were identified to have most interesting and innovative ventures. Interestingly it was also recognised that while the legal environment directs the form of business, the social ventures tend to lean choose modes of co-operatives if the legislation enables them to be easily established (European Commission 2011, 2017a; European Women's Lobby 2015). The activities within often regard either work integration, aiming at employing disadvantaged workers, or social and community care services provision. Among the case companies work integration was especially highlighted, in addition to the strong emphasis on developing services for disabled and disadvantaged people. In addition, the objectives of sustainability and environmental protection were as well strongly represented, illustrating the wide range of contributions made by the field in Europe. The role of social entrepreneurship seems to be the improvement of social and environmental well being in the area, with the ability to answer to unmet needs that other actors have failed to answer.

As sustainable development is closely connected to the phenomenon (Seelos & Mair 2015), the countries in the data, with Iceland excluded, were also examined from the perspective of the progress towards sustainable development measured with the indicators of the Human Development Index (HDI), the Environmental Performance Index (EPI) and the Sustainable Society Index (SSI). Comparisons were unfruitful on the basis of the results of the indices not correlating with each other with countries having at the same time the best

and weakest results on the indices, yet the countries formed some identifiable clusters with many of the countries ranking average results and some clearly weaker. To make some conclusions, Lithuania and Hungary seemed to perform the weakest compared against the other countries, in line with the ecosystems of the countries being relatively new and thus undeveloped especially in terms of support. Curiously at the same time Lithuania performed much better than for instance Finland in the EPI index, illustrating the fragmentation of the results.

The communities of social entrepreneurs were depicted as small and the entrepreneurs often were aware of each other and the ventures in the country. In addition, the competition was mild with some of the companies even cooperating with their competitors in order to enhance the joint cause. To sum up the findings regarding industrial dynamics, relationships to other social entrepreneurs as well as to organisation and other stakeholders were warm, and competition was a welcomed feature yet again driving the field and the social causes forward. Other entrepreneurs were more likely seen as sources of knowledge and support than as competitors. In some cases, cooperation was limited to local associations for logistical reasons and the meetings between the entrepreneurs were mainly physical if possible. It can be speculated how much the selected business model affects the willingness to cooperate with other social entrepreneurs. As some of the case companies were operating with a non-profit business model, the attitudes towards cooperation were mainly positive, perhaps because of the emphasis on the social goals.

As the example from the situation in Hungary, the Netherlands and Lithuania illustrates, the economic and developmental stage on the social economies are quite different between the countries, and these countries with less developed ecosystems, basic support systems and networks, the social companies have weakened possibilities in thriving and becoming profitable compared to other ecosystem. However, strong networking and cooperation with other social entrepreneurs seems to replace some of the missing support, and the support

relevant to the venture is also context specific. The main topics of critique were the lack of knowledge about the support available, complicated processes in applying for support, the duration of the process it takes to receive the financial aid, the amount of support available, the inconsistent flow of financial support, the legislators are not familiar enough with the phenomenon and the field being not enough developed in the country. In addition, in some countries such as Finland and Lithuania the general perception of social entrepreneurship was narrow with interpretations of it including only volunteering or being primarily connected to work integration. These themes expressed by the entrepreneurs were in line with the European Commission's (2014b) findings about the barriers in the countries being typically related to access to market and finance, inadequate understanding of the concept of social enterprise, absence of common mechanisms for measuring impact, the lack of specialised business development services and supportive legislative frameworks. This supports the notion of these barriers noticed being further confirmed and still relevant for the entrepreneurs in the social economy today.

When it comes to the interviews with the political decision makers, the central themes were the awareness of the phenomenon, the role of the government in support and the state of support, and the varying amount of support in different regions. To sum up the discussions, the phenomenon was known but the awareness could need improvements in all of the eight countries. The role of the government seemed to be perceived similarly on both sides, and despite of the negative comments relating to the support and support not directly being focused at the ventures, the overall spirit was nevertheless hopeful and positive, with measures for development being initiated at least on some level in all of the countries. Curiously, there were differences between the countries relating to special support, with some countries clearly perceiving that the ventures should have normal support comparing to traditional projects and companies. In the countries with less support available, the entrepreneurs had managed to find support from other directions. To draw a conclusion, from the entrepreneurs' perspective, while it was perceived that social ventures should

receive more support than the traditional ones focusing on financial return, there was a clear lack of support programs aimed at social entrepreneurship specifically. With also an entrepreneur bringing out a lack of knowledge as well, it seems that the support available is fragmented because of lacking systems from the governmental side, and therefore possibly making it more difficult to apply for financial and other form of aid. It also seems that the programs the ventures have been receiving support from, have been at times time consuming and complicated from the perspective of the entrepreneurs. To draw a conclusion, *the role of the government* in value creation is seems to be supporting the ventures and setting boundaries as well, limiting the creation of value from one perspective. More importantly, the government supports the ventures with financial and non-financial resources and knowledge, enabling the continuance of the business as well in some of the cases. In other words, the government as a stakeholder can be perceived to be a part of the value creation chain as a co-creator of value. Without the government's input, in some cases the value would not be realized to the end customer because of missing resources for establishing the company, and from this perspective the governmental input can contribute to the development of the field as a whole, by also connecting different actors in the form of networking support.

Marketing and marketing communication practices were studied in order to form a perspective of the practises that ultimately contribute to reaching the social objectives of the company. It should be noted that with the decisions regarding the marketing concepts, strategies and management, the double bottom line results in more complex decision making than in either commercial for-profit or traditional non-profit organisations. In addition, marketing can also be used as the means of creating access for disadvantaged people (Elkington & Hartigan 2009). The marketing strategies in social enterprises had similarities both with non-profit organisations as well as SMEs, deriving from the wide range of business models in the field. In social entrepreneurship, the marketing has to thus attract both the beneficiaries and the investors, and having small target groups expanded if

resources allow was recognised characteristic. Overall, the theoretical findings suggested that the non-profit ways in marketing are slowly being replaced with more entrepreneurial approaches (Morris et al. 2007 etc.). In line with traditional entrepreneurship, marketing in social enterprises often is characterised by the term bricolage, occurring unplanned and naturally, leading to the flexibility of entrepreneurial marketing being perceived suitable for the context. According to the concept, the adoption of the elements often happens unconsciously with a marketing strategy possibly missing. Social marketing strategies are affecting voluntary behavioral change, and from the perspective of the stakeholders is perceived as a legitimate approach since it is consistent with the social mission that often guides the social enterprises together with the individuals' and the society's interests (Mitchell et al. 2015). Since the goals are related to driving change in a larger scale and the attempt to affect how people are behaving, promotion can be seen to be especially important since raising awareness is central at least in some of the cases of social ventures. In addition to the stakeholders having impact on marketing decisions, the business idea and the wanted outcome of communication can also be interpreted as important subjects to be taken into account when it comes to marketing in the context of social entrepreneurship. It should also be remembered that value co-creation with the stakeholders is suggested to lead to stronger stakeholder relationships (Hillebrand et al. 2015), highlighting further the importance of stakeholders and the importance of co-creation of value.

The adoption of the concept of social marketing was also recognised to enhance social and economic performance in the social business, and the scarce resources in the field also supports the use of *social marketing* as a strategy (Madill & Ziegler 2012; Satar & John 2016). Because of these scarce resources, the use of free communication channels was highlighted against paid advertising in the empirical findings. Some of the case companies even mentioned using free means of marketing as the only means, referring to the resources that often have more urgent places to be targeted to. The opportunities enabled by digitalisation were also utilised among the case companies, with among other applications

as the centre on business. When it comes to the content of the communication, it should also be noted that the companies seemed not to emphasize the social objective particularly, with some entrepreneurs perceiving it as a possible negative aspect especially in the countries where the terms of social and social entrepreneurship might have negative impressions.

The research question, “How can marketing support value creation in social enterprises, the social objectives of the company and the success of the venture in the context of European social entrepreneurship?”, lead to the discovery of marketing having possibly a tremendous impact on the value creation dimension. Overall, in the light in the findings and personal interpretation, the hypothesis of the means of marketing being able to enhance the success of the social objectives can be confirmed. The findings are nevertheless context-specific, but perhaps illustrate well similar findings related to marketing in general. As marketing traditionally has a tremendous role in especially customer acquisition and is perceived important in general, the same findings can be seen to be relevant in the field of social entrepreneurship. In this case, perhaps the communication has an especially highlighted role taking into account the strong emphasis on the non-profit sector and raising awareness being a central component in business as well. Especially in the cases where changes in attitudes or behaviour is needed from the audience of the communication, the content of the communication has to be well developed, in order to convey the central message and to engage and capture the attention of the stakeholders important to the social business. Overall, the importance of marketing in value creation is perceived grand based on the findings, since in many of the cases a strong emphasis on communication is required because of the objectives of the companies.

It was interpreted that when it comes changing attitudes or behaviour in a larger scale, convenience and the easiness of the service might be especially important for engaging the customers but also from the perspective of the innovations being able to create value by

bringing services closer to the customers with contributions to many dimensions of the value. Especially the mobile applications seem to have big potential in the field of improving existing processes, by harnessing the potential of technology into solving existing and future issues. Digitalisation in general can be interpreted to have a revolutionising impact on the possibilities of social entrepreneurship, in addition to the innovativeness in the field of technology. Together, these developments can contribute to the global issues not yet solved, and guide the way into the more sustainable future where the needs of the whole society is taken into account with financial motives no longer being the main purpose of business. The future of social entrepreneurship seems promising despite of the slow development of the field yet in some countries. An entrepreneur from Italy summarised exceptionally well the prevailing hopeful spirit regarding the phenomenon, and though the context is national, we could sure hope that the development described will continue as a worldwide phenomenon enabling better lives for more people globally.

“Moreover, now the historical period changed. The aim is not more the maximization of profits as it was during capitalism but within the new society the goal is generating profits in order to improve workers’ conditions and the services’ quality. If there are unused profits they are simply reinvested for growth.” (Aldia, Italy).

7.2. Managerial implications and limitations

First and foremost, when it comes to social entrepreneurship and managerial decisions within, the recent changes in consumer behaviour, fragmented stakeholder needs and the general values in the society should be taken into account. It seems that the alternatives for traditional business models have become more popular as their social and environmental contributions have become more important in the eyes of the society. In addition, concepts such as sustainable development and the sharing economy with peer-to-peer solutions

without middlemen seem to be developing as the new preferred emphasis. The concept of *bricolage* was found strong in the case companies, highlighting that the even in the successful ventures marketing strategy can be missing with the processes relating to marketing inconsistent and sometimes consisting of improvisation. Resources should thus be used with innovative spirit, taken advantage of the solutions available.

The competitive means of marketing were found to have the ability to create competitive advantage and enhance the success of a social venture by communicating the venture's message thus raising awareness and supporting customer acquisition. As especially the role of marketing communication was enhanced in the findings, it can be suggested that communication should be prioritised and planned well, in addition to the customisation to different stakeholders in need of differentiating content. In case of companies with strong objectives of raising awareness or changing behaviour, the importance of engaging communication can be seen even more important.

The marketing strategy should be fitted into the context with different emphasis on different groups of stakeholders depending on the venture and the objectives, with a notion of the entrepreneurs having to deal with larger amount of stakeholders, perhaps compared to both the pure forms of non-profit and for-profit contexts. In addition, in case of companies operating in B2B markets, physical forms of communication were preferred because of the existence of fewer customers with more importance placed on a single customer or in this case group of stakeholder. When it comes to value creation, value co-creation is suggested with the positive effects engaging stakeholders into the business. Stakeholders were also perceived as important sources of value in terms of marketing, when the customers are successfully engaged in the marketing on the venture by sharing the company's messages in social media and adding their own content connected to the venture. Networking as well can be recommended for the entrepreneur, since the function is interpreted to have the ability to compensate for the scarce resources often characterising the field. The networks enable the acquisition of market and stakeholder information and

can be used as instrumental in informing the company about local conditions and the local social needs waiting to be met. They can also act as important entrepreneurial marketing tools and communication channels for the social enterprises. These findings suggest a great importance of the relationships with stakeholders and their role as the co-creators of value as well as networking in general. Thus it can be perceived that successful relationships can contribute to overall added value.

In addition, *low-cost solutions* should possibly be preferred because of strict resources, highlighting the possibilities in digitalisation and free and low-cost communication channels. All of the case companies were using some social media platforms, with many mentioning them as their main channels of communication. The use of the channels was further justified by the ventures using the same channels their stakeholders are used to communicate through. This further highlights the importance of customising the strategy for individual groups of stakeholders. The opportunities of digitalisation should also be more frequently utilised as tools of marketing, since they appear to contribute especially to the lack of resources in the field and the creation of stakeholder value. *Competitive advantage*, however, is a field the social enterprises seem to have difficulties in, since they have to adopt a business-oriented approaches satisfying the needs of customers while at the same time aiming to reach the social goals. They have to compete in the traditional price-quality axis, unless able to create additional value appealing to the stakeholders. While being critiqued for being unable to compete with price due to inefficiency, they can still be interpreted to gain competitive advantage in the minds of the ethical consumers, who possibly would be willing to choose the more sustainable and socially beneficial product or service over the most affordable solution. Improved management and a generous amount of information towards the consumers might lead to an increase in the number of social ventures and strengthen the possibilities for a shift into a more sustainable way of conducting business with a constant societal perspective driving the decisions.

When it comes to support, from the analysis of the best practices, the best ecosystems seem to be created in environments with scarcity of legal frameworks, resources and the transparency in governance. This especially highlights the effects that too strict regulations from the governments can cause to the business. The best value is received when the system is relatively independent of central control. Still, the support mechanisms are important, and governments are playing an important role in forming the legislation that ultimately determines the ecosystem in the region. In other words the support is important, yet too much of it can interfere with the innovativeness and the “thinking out of the box” - state of mind social entrepreneurship is known for. Based on the findings, the social entrepreneurs in Europe can also be encouraged into of proactive measures for the development of the field, especially in the countries where the ecosystem is perceived as less developed in terms of support and the state of the phenomenon. It seems, that the governmental side is expecting the actors in the social economy to voice out their ideas and suggestions regarding the field, though the actual possibilities of impacting for instance the legislation is left to be seen. To sum up, the phenomenon offers plenty of topics for further research especially in order to deepen the understanding regarding marketing in the context.

It should be noted that the case companies were originally selected randomly by the country teams in MARCIEE based on the loose criterion provided to them, and the data collected can be regarded as a discretionary sample. Thus with a different selection the results of the thesis could have different details and conclusions. The cases represent through a wide sample of companies connected to social entrepreneurship, and even with the amount of cases per country varied significantly some conclusions about the overall state of the phenomenon in Europe can be made with caution. The results are nevertheless context specific and offer an overview about the phenomenon in the selected countries, and the emphasis is thus on the qualitative findings to be made from the data. Even with standard questions for the theme interviews, there was some variation between the cases in terms of which of the questions were asked and answered since the conversations and themes

brought up by the entrepreneur affected the final content of the interview. Nevertheless, the contents between the interviews were similar enough to complete a qualitative study. In addition, the analysis includes interpretations about the themes discussed in the interviews and regarding the value creation in the context of marketing.

The theoretical framework chosen for the thesis also impacts the direction of the results and the focus on the themes perceived as relevant. Thus another set of theoretical base could have produced a different focus and thus different emphasis on the findings. The amount of cases also has effects on the finding of marketing being able to contribute to the venture's success, nevertheless successful examples were found among the cases, implying that in some cases this claim is accurate. Thus, there is a need for future research regarding the means through which marketing can enhance the success of the social venture, and especially regarding the role and importance of marketing in this support of the success. Furthermore, the phenomenon might need quantitative approaches as well, in order to describe the phenomenon further. Future study might also limit the scope into specific business models, since there seemed to be differences between the business model and business logics, complicating the formation of accurate suggestions regarding the utilisation of marketing for additional value creation. In addition, more research into the topic of the maturity of the company affecting the preferred means of marketing could clarify the field of marketing in the social entrepreneurial context.

8. REFERENCES

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9. APPENDICES

Appendix 1. Questions for the social entrepreneurs (MARCIEE ISP. 2017b).

1. As a social entrepreneur, what is your main motive for that?
2. Can you provide examples of your social entrepreneurship activities and its consequences/results?
3. Which type of support do you get as a social entrepreneur and what does it mean for your company, if you don't get any, which support would you need/suggest?
4. Are you aware of support for social entrepreneurs in other countries, if yes, which ones?
5. Please describe your embedding (supportive-or unsupportive) infrastructure (e.g., your access to resources relevant for you (including financial support), institutional-legal environment, and abilities to communicate with and to your stakeholders).
6. Can you explain how happy or unhappy you are with the social entrepreneur's infrastructure in your community/region/country (resources, institutional legal, educational or communication).
7. How can volunteers contribute to leveraging the social impact of your entrepreneurial endeavour? Do others devote resources (e.g. lifetime of money)? Did you ever think about crowd sourcing?
8. How do you actually communicate to and with your stakeholders (e.g. customer/clients, volunteers, and public media)? Which media are you using? Are you satisfied with the public awareness of your social impact?
9. How and how frequently do you meet with other social entrepreneurs? Where are they located? Do you share your experiences and learn from each other or are you rather competing for the same resources, or even both? Where do you meet them (physically or virtually)?

Appendix 2. Questions for the political decision makers (MARCIEE ISP. 2017b).

1. Can you please explain which types of support you provide to social entrepreneurs at the national level? Are you aware of complementing measures at any regional level?
2. Your assessment: How effective are the measures just mentioned? Which of them are most efficient, which are least efficient?
3. Are you aware of support for social entrepreneurs in other countries, if yes, which ones? Do you meet and share experience with political decision makers or administrative leaders from foreign countries, who are in charge of regulating and supporting social entrepreneurs?
4. How do you benchmark the effectiveness of your activities? What do you consider to be last year's major achievement in supporting social entrepreneurs?
5. Please describe the embedding (supportive-or unsupportive) infrastructure (e.g., access to resources (including financial support), institutional-legal environment, and abilities to communicate with and to your stakeholders) of social entrepreneurs. Are there any specific issues for social entrepreneurs?
6. Please assess the infrastructure by means of effectiveness and efficiency. What is best, what is worst on the national level? Are you aware of regional supports complementing the national infrastructure?
7. How can you (or your colleagues) as politicians improve this infrastructure at the national level?
8. How do you assess the public awareness of social entrepreneurs' achievements in your country?
9. As a politician, which recommendation do you have to increase the public awareness of social entrepreneurs' success on a national level?

Appendix 3. MARCIEE flyer Trento 2017.

How to apply
Send a short letter of motivation and CV no later than 16 October 2016 to:

- Dutch applicants: Prof. Gerrita van der Veen (Hogeschool Utrecht)
- French applicants: Prof. Stephane Ganassali (Université de Savoie)
- Finnish applicants: Prof. Arto Rajala (Vaasan Yliopisto)
- German/Kassel applicants: Prof. Raif Wagner (Universität Kassel)
- German/Mannheim applicants: Prof. Hans Rüdiger Kaufman (HdWM)
- Hungarian applicants: Prof. Judit Papp (Budapest Business School)
- Icelandic applicants: Prof. Audur Hermannsdóttir (Háskóli Íslands)
- Italian/Trento applicants: Prof. Italo Trivisan (Università degli Studi di Trento)
- Italian/Pavia applicants: Prof. Birgit Hagen (Università degli Studi di Pavia)
- Lithuanian applicants: Prof. Dolores Sánchez Bengoa (Vilnius universiteto Tarptautinio verslo mokykla)

Further information
<http://www.uni-kassel.de/go/marciee>



Marketing Communication Innovativeness of European Entrepreneurs

MARCIEE

**Intensive Study Program (C3):
Institutional Environment and Social entrepreneurship**

5 days in Trento, Italia (30.1 – 3.2.2017)



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Funded by the European Union



You Benefit from

- A systematic coaching provided by a team of well-established European advisors
- Hands on advice for cultural diverse communication in practice
- Incorporation of new media channels in the context of culture
- Individual benchmarking for every participant
- The program is designed to give attendees the strongest possible set of tools and training to help maximise intercultural communication efficiency
- Networking possibilities for entrepreneurs and stakeholders in their institutional environment



Strategic Partnership MARCIEE

The importance of entrepreneurs is significant for the economic development of European economies. Entrepreneurs have the chance to differentiate themselves from established competitors in the market with the help of dialogue communication. The new digital communication services in the field of social media provide excellent possibilities for entrepreneurs to address their clients regardless of limited resources and cultural boundaries.

Entrepreneurs' adaption of modern communication technologies and innovative customer relationship maintaining technologies open a broad range of research opportunities. Entrepreneurs are often innovators in their domain, but insufficiently trained in establishing and maintaining customer dialogues. Moreover, their levels of customer relationship management differ and they are often not familiar with the use of modern technologies in support of these processes. One practical aim of MARCIEE is to strengthen the innovativeness of European entrepreneurs and to professionalize their intercultural communication and marketing activities in order to establish competitive advantages over non-European entrepreneurs. The international cooperation of doctoral students, post-docs and other interested researchers makes it not only possible for them to have access to data from different European nations, but also to learn how to cope with intercultural challenges. These concern the contents of research activities (e.g. equivalence of scales in intercultural comparisons) and the differing research traditions, processes and theoretical explanations across cultures.

Institutional Environment and Social Entrepreneurship

- 5 days' workshop in Trento 30.1 – 3.2.2017
- Individual assistance and feedback on communication concept for social entrepreneurs
- Specific recommendations based on institutional and cultural differences of the target markets



Your Contribution

- Committed work in teams with the national and international assignments (pre-Trento work).
- Active participation in the 5 day workshop during 30 Jan - 3 Feb 2017 in Trento, Italia.
Note: additional travelling days (29 Jan and 4 Feb).

Limited Seats available Apply 16 Sep – 16 Oct!

- The University of Vaasa has only 6 seats!
Application through registration via **WebOodi**.
Send your motivation (¼ page) letter with your CV to arto.rajalala@uva.fi
- if more than 6 applicants, the selection is based on study performance and indicated motivation.



MARCIEE

Your Profile

We aim to educate young students and entrepreneurs interested in:

- Entrepreneurship,
- International communication & marketing,
- Customer relationship management,
- Interaction & (Social) networking, and
- Cross-cultural management