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Strategic Marketing for Social Enterprises in Developing Nations

Nigel Chiweshe
University of KwaZulu-Natal, South Africa

Debbie Ellis
University of KwaZulu-Natal, South Africa

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Section 1 **Strategic Marketing and Social Enterprises: Nexus of the Two Domains**

The preliminary chapter defines and describes the two primary domains of this book and presents an analysis of the literature at the nexus of these domains. The aim is to determine from literature how strategic marketing can be, and has been found to be, relevant in social enterprises.

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Strategic Marketing for Social Enterprises: Nexus of the Two Domains	1
<i>Debbie Ellis, University of KwaZulu-Natal, South Africa</i>	
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The purpose of this introductory chapter is to define and describe the two primary domains of this book and present an analysis of the literature at the nexus of these domains. The aim is to determine from literature, how strategic marketing can, and has been found to be, relevant in social enterprises. The analysis finds strong support for the value of strategic marketing in social enterprises and presents evidence of research proving this value. Recommendations are thus provided to social entrepreneurs and managers of social enterprises on the key elements of strategic marketing that should be applied in their organizations. The chapter provides a foundation for the complimentary Chapter 8, which looks for evidence of strategic marketing in three South African social enterprises. It also provides a strong platform from which other chapters in the book present research on specific elements of strategic marketing in a variety of social enterprise contexts.

Section 2 **Marketing in Social Enterprises**

Chapters in this section present a focus on specific aspects of marketing within the context of social enterprises providing recommendations to marketers in these organizations on how to address various aspects of marketing.

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Marketing in Social Enterprises: The Role of Value Creation Through Relationship Marketing.....32

Chinmoy Bandyopadhyay, Xavier Institute of Management, India

Subhasis Ray, Xavier Institute of Management, India

Social enterprises are created to solve social problems through market-based interventions. While the existing literature describes the types and nature of marketing in social enterprises, the role of relationship marketing in social value creation has not been considered. This chapter explores the role of a relationship approach to marketing to enhance the acceptability of social enterprises and their innovative solutions. The chapter uses an illustrative case of an Indian social enterprise. The case describes how a social enterprise uses relationship marketing with their stakeholders for the successful adoption of social innovation and its sustainability. The findings indicate three enabling factors for relationship marketing: customer-orientedness, mutual trust and commitment, and a supportive institutional setup. A relationship marketing approach helps social enterprises in two ways, co-creation of value and customization of the offering. The case contributes to our understanding of the role and relevance of strategic marketing approaches in addressing social problems.

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The purpose of this chapter is to examine marketing communication tools used by Pietermaritzburg social enterprises to reach their stakeholders. In discussing the marketing activities used by social enterprises it focuses on the use of marketing communication tools of social enterprises in terms of attracting potential stakeholders. For many social enterprises, the use of marketing may be limited to the products and services they offer, the way they approach fundraising and public relations, and how they develop the way they communicate to raise awareness of and change attitudes to various problems. Social enterprises do not have a larger view of using marketing to influence behaviors that benefit individuals and communities.

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Socially sustainable development can be driven by individuals, entrepreneurs, growing start-ups, and international companies. As social entrepreneurs, people opt for a form of organization that contributes to social improvement through entrepreneurial means. The question is: How do they do it? The resource dependence approach (RDA) assumes that all decisions and activities of a (social) enterprise are based on information about its environment. Therefore, the four key components of the social enterprise (individual, organization, social innovation, market orientation) must be appropriate. In this chapter, therefore, social enterprises are outlined as active participants and shapers of the economy and society. Since an active improvement with regard to socially sustainable development is focused by the social enterprises in Africa, a description of the social enterprise's environment is also given within the framework of topical focuses. The goal is to derive recommendations about action for social enterprises to achieve their goals.

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Langelihle Khayaletu Nxumalo, University of KwaZulu-Natal, South Africa
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A social enterprise needs to determine about how social media fits into the digital architecture of the enterprise and how social media transforms the social enterprise. Through effective use of social media, companies have captured substantial efficiencies in customer care with reductions in handling time and cost per case of more than 30%. Enterprises have been able to increase their participation in collaboration by more than 200% and increased revenue by more than 100% through social business strategy implementation. These enterprises have been able to attain this by building and implementing a digital social collaboration platform in less than three months.

Section 3 **Social Enterprise Customers**

Chapters in this section focus specifically on the potential customers of social enterprises.

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The Market Opportunity for Social Enterprise in Developing Nations: The Sub-Saharan Middle Class..... 132

Paul Egan, UCT Unilever Institute of Strategic Marketing, South Africa

James Lappeman, UCT Unilever Institute of Strategic Marketing, South Africa

In this chapter, the authors explore the market opportunity for social enterprises by drawing on the sub-Saharan middle class. Specifically, they look at some key indicators of market size, potential, and diversity. By making use of a 10 city study on the sub-continent, a range of topics emerge that expose high levels of heterogeneity between markets. As the world's fastest growing continent (in population) as well as one of the poorest regions on earth, sub-Saharan Africa is a key target for social enterprises that seek to change lives while running sustainable profit-making organizations. As this chapter adds to the narrative around market sizing and potential, the discussion also points to the need for a sophisticated view of social enterprises as propagated in this book as a whole.

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Sandile Sandile Mkhize, University of KwaZulu-Natal, South Africa

Debbie Ellis, University of KwaZulu-Natal, South Africa

Food security has become a major social concern. Social entrepreneurs seeking to address this social concern aim to produce safe food products which cause no harm to either consumers or the environment. To achieve these social goals social enterprises apply business principles and practices one of which includes a marketing orientation. This involves thoroughly researching and understanding the targeted consumers so as to best satisfy their needs. This chapter reports on a study of organic food consumers so as to assist social enterprises aiming to target and satisfy their needs.

Section 4

Evidence of Strategic Marketing in Social Enterprises

Chapters in this section provide context-specific examples of strategic marketing in action in social enterprises in a range of countries, industries, and social enterprise types.

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Debbie Ellis, University of KwaZulu-Natal, South Africa

Evelyn Derera, University of KwaZulu-Natal, South Africa

Social enterprises represent a unique form of organization with both commercial and social objectives. As such, the application of strategic marketing to these organizations is not clearly understood. Chapter 1 developed a framework for analyzing strategic marketing, which is applied in this chapter to three South African social enterprises to assess the evidence of the application of strategic marketing in the social enterprise context. The results of the study reflect rich qualitative data providing evidence of the application of elements of strategic marketing as well as adaptations more appropriate to the social enterprise context. From these lessons, recommendations are made for social enterprises applying a more systematic approach to strategic marketing in their organizations.

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Katja Schneider, Chemnitz University of Technology, Germany

Marlen Gabriele Arnold, Chemnitz University of Technology, Germany

The global social, economic, and ecological sustainability challenges are immense, particularly in Africa. Given the continent's specific characteristics, there is a strong need to either shape "traditional" business models or to consider alternative corporate strategies. Those should in particular foster social change and progress through economic development. Social entrepreneurship is regarded as such an alternative approach. In addition, stronger aligning firms' business models to CSR dimensions as laid out in international standards such as ISO 26000 might be a valuable trajectory. By using an exploratory comparative case design and qualitatively analyzing the websites of four African textile companies, this chapter illustrates how social sustainability is being pursued. The findings suggest that sustainability-oriented textile companies strongly emphasize social sustainability, in particular labor practices, community involvement, and development. This enables further research on drivers and implications for sustainability marketing strategies in global textile value chains.

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Potentials of Frugal Innovation to Combine the Social and Economic Objectives in the Marketing of Social Enterprises: The Case of EinDollarBrille e.V.247

Anne Dressler, Chemnitz University of Technology, Germany

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Social enterprises strive to address social problems and pursue economic goals. In doing so, they also have to deal with the question of how to structure their marketing approaches to balance social and economic marketing goals. Frugal innovation often aims to address social problems with solutions that are affordable and of high quality. At the same time, these innovations are embedded in economic structures and aim to generate profits. Thus, it is assumed that such innovations influence the design of marketing strategies. This case study reveals how the social enterprise EinDollarBrille e.V. combines social and economic aims in its marketing approach based on a frugal innovation. The findings are consistent with previous research that social enterprises should try to overcome seeming contradictions of marketing goals. It is proposed that social enterprises could consciously pursue strategies that create synergy between their dual aims. Thereby, frugal innovations can be advantageous.

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Neeta Baporikar, Namibia University of Science and Technology,

Namibia & University of Pune, India

Social entrepreneurship is a rapidly growing discipline that is attracting the interest of governments, researchers, media, and organizations. Social enterprises have the ability to impact nations economically, environmentally, and socially by solving most pressing problems such as poverty, hunger, pollution, and education to name but a few through provision of their innovative products and services. So, in order for social enterprises including special schools to function effectively and efficiently, deliver innovative and quality services, and achieve their goals, they need sufficient sources and funding. Many researchers also cite that lack of funding is one of the greatest challenges and this is further aggravated due to lack of proper marketing of their services. Hence, adopting an exploratory research design and mixed method approach, the objective of this chapter is to apprehend the challenges of social enterprises in special education with a focus on schools, especially in emerging economies.

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Bibi Zaheenah Chummun, University of KwaZulu-Natal, South Africa

Microfinance deployment is an important measure of development to the low-income entrepreneurs and households in their journey of poverty and social upliftment in the African countries. Microfinancial services, which were previously randomly available to the low-income, financially excluded households are presently a possible pathway to improve the way they could utilize to develop their small businesses and achieve their business goals. Although the provision of microfinancial services in the African countries continue to grow, the results show that the microfinance organizations are not strategically market-prone in the delivery of services. In this era of fierce competition, key marketing strategies and approaches are required such as the need for proper market orientation and planning, competitive edge in their marketing mix, training and development, among others to promote social progress to the low-income entrepreneurs.

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Preface

As the global population fast approaches the ten billion mark (UN, 2017), capitalism has revealed impressive progress in health and wealth on a global scale, however the world faces some major social challenges, and these are particularly prevalent amongst developing nations. Most of the global population growth comes from emerging and developing markets (UN, 2017) and they represent 85% of the global population (Lagarde, 2016), but developing nations are also faced with severe challenges such as poverty, illiteracy (World Bank, 2018), disease, inequality and unemployment, particularly amongst the youth, for example in South Africa (Chiweshe, 2016). According to a UN (2015) report, all 193 United Nations member states agreed on the seventeen Sustainable Development Goals (SDGs), which were based on the eight MDGs (Millennium Development Goals). The goals relate to sustainable energy, employment, infrastructure, cities and habitation amongst others (UN, 2015). These SDGs include, for the first time, a focus on promoting conflict-free spaces, inclusive societies and strengthening the means of implementation through greater institutional capacity and collaboration with all relevant stakeholders (UN, 2015). In order to deliver the SDGs by 2030, innovative shifts through unlearning bad practices of the past are required (UN, 2015). The focus is on the participation and inclusion of people, partnerships amongst all actors, gender responsiveness and improvements to risk and disaster management (UN, 2015). The United Nations regards sustainable development as the cornerstone of a balanced long-term global development focusing on the three dimensions of economic development, social development and environmental protection (UN, 2015). Should any one of the dimensions be weak then the system as a whole is unsustainable (UN, 2015).

The SDG Report (2018) reveals some progress in realising these goals however there are still some massive challenges. The SDG Report (2018) reveals that, in some of the targeted areas, the progress that has been made in fulfilling the sustainable development goals is insufficient to meet the Agenda's goals and targets by 2030. This holds true for the most disadvantaged and marginalized groups who are mostly found in the developing world (SDG report, 2018). Some of these challenges are:

THE CHALLENGES

Inequality

There is growing inequality in developed states and even more so in the developing world (Deaton, 2013; Piketty, 2014). For example, South Africa is one of the most unequal countries in the world with a consumption per capita Gini coefficient of 0.63 in 2015 (WorldBank, 2018). “While some forms of discrimination against women and girls are declining, gender inequality continues to hold women back and deprives them of basic rights and opportunities” (SDG Report, 2018, p. 3).

Poverty

While global poverty figures have declined, Barne and Wadhwa (2018) report that of the 736 million people living in extreme poverty, 41% are concentrated in sub-Saharan Africa.

Education

According to the SDG Report (2018), more than half of children and adolescents worldwide do not meet the minimum proficiency standards in reading and mathematics. The youth, the 1.8 billion people between the ages of 10 and 24, of which almost 90% live in developing nations (UN, 2019), represent the future of nations and yet 617 million lack the necessary basic numeracy and literacy skills which are needed to break the cycle of poverty and reduce inequality (UN, 2018). UNESCO (2017) reports that “91% of primary school-age children in low-income countries will not achieve minimum proficiency levels in reading and the rate is 87% in maths compared to 5% and 8% respectively in high-income countries”. While the problem may not be as dire in all developing nations, it is still a major concern. For example, in South Africa “a 2012 study published by the University of Stellenbosch found that “at least a quarter of children are enrolled but have learnt so little in six years of formal full-time schooling that they have not even mastered functional literacy or numeracy” (Wilkinson, 2014, p.1). Disparities in education along the lines of gender, urban-rural location and other dimensions still run deep, and more investments in education infrastructure are required, particularly in LDCs (SDG Report, 2018).

Unemployment

Globally 20% of the youth (under the age of 25) who could be employed are not (ILO, 2019b) and “the dependency ratio (i.e. the proportion of economically inactive people relative to the active)” is rising (ILO, 2019a, p. 1). In addition to this, in low-income countries, employment does not guarantee escaping poverty as the ILO Director of Research, Damian Grimshaw, indicates that “700 million people are living in extreme or moderate poverty despite having employment” (ILO, 2019a, p. 2). Working poverty, as this has been termed, is widespread in low-income countries and especially amongst the youth (ages 15-24) where “one in three young workers in low- and middle-income countries were living in extreme or moderate poverty in 2018 (ILO, 2019b, p. 17). These challenges impede economic and social development. Youth are three times more likely to be unemployed than adults, evidence of this is found in developing nations such as South Africa where Youth Unemployment sits at 55.2% (Stats SA, 2019). This shocking figure is further exasperated by the fact that the youth account for 63% of total unemployment in South Africa (Stats SA, 2019).

Environment

The above social challenges are also accompanied by environmental, cultural (Lamont, 2018) and geopolitical challenges (Lagarde, 2016). “Nine out of 10 people living in cities breathe polluted air” (SDG Report, 2018:3). Lagarde (2016) reports that between 2016 and 2030, as much as \$90 trillion will be spent on infrastructure investment, mostly in developing nations but this could potentially have massive negative effects on the environment. John Roome, Senior Director for Climate Change at the World Bank, reports that less than one percent of the world’s current investment can be certified as ‘green’ (EWN, 2017) and as it is the global population already faces an ecological overshoot of 1.7 (Lin et al., 2018) meaning it takes the earth one year and eight months to regenerate what is used in resources in a year (GFN, 2018). Barne and Wadhwa (2018) quote a World Bank Global Shock report which estimates that climate change will push an additional 100 million people into extreme poverty.

Health

“In 2015, 2.3 billion people still lacked even a basic level of sanitation service and 892 million people continued to practise open defecation. Close to 1 billion, mostly rural people still lack electricity.” (SDG Report, 2018:3). The SDG Report (2018) further reveals that in 2016, 870 000 deaths were as a result of unsafe drinking water, unsafe sanitation and lack of hygiene which led to diarrhoeal diseases, malnutrition

Preface

and intestinal infections (SDG Report, 2018). “In sub-Saharan Africa, the HIV incidence among women of reproductive age is 10 times the global average” (SDG Report, 2018:3). The number of undernourished people globally has worryingly increased from 777 million in 2015 to 815million in 2016 (SDG Report, 2018). This has been attributed to growing conflict in many of the world’s regions, climate change and growing inequality (SDG Report, 2018). Stats from 2005 to 2016 reveal that close to 45 percent of all countries and 90 percent of least developed countries have less than one physician per 1,000 people, and over 60 percent have fewer than three nurses or midwives per 1,000 people (SDG Report, 2018).

Thus despite concerted efforts to address the United Nation’s sustainable development goals, in many areas progress is not on track and developing nations in particular face huge challenges.

SOLUTIONS

Despite global commitment to the attainment of the United Nation’s Sustainable Development Goals, the overwhelming burden of social support by governments in developing nations has made it nearly impossible for governments to address these challenges. In addition, resource scarcity and corruption, often prevalent in these countries, prevents governments and even NGOs from dedicating serious attention to these problems (Zahra, Rawhouser, Bhawe, Neubaum, & Hayton, 2008). According to Peter Brabeck-Letmathe, Board Chairman of Nestle, “it is society that gives us the right to be active, our licence to operate. A business leader has to think about how to solve the societal challenges of today, because if we don’t solve them, we will not have a business” (WEF, 2019, p.1).

In the past, the social and for-profit sectors evolved on separate tracks but recently they have converged on the need to generate social value in addition to profit (Battilana, 2018). This ‘boundary’ has become porous as organisations are expected to offer not only economic but also social value (Ioannou and Serafeim, 2015; Lee and Jay, 2015; Margolis and Walsh, 2003). One way that organisations have attempted to address the social challenges facing the world and add social value in addition to economic value is through corporate social responsibility (CSR). Crowther and Aras (2018) explain that CSR involves for-profit organisations ensuring sustainability in their operations so that they do not use more resources than can be generated to ensure that future generations have access to resources, and that they are transparent and accountable for their actions. Aguinis (2011, p. 855) more specifically defines CSR as “context-specific organizational actions and policies that take into account stakeholders’ expectations and the triple bottom line of economic, social, and environmental performance”. CSR is seen as an important

strategic tool that can help an organisation differentiate itself and gain competitive advantage (McWilliams, Parhankangas, Coupet, Welch, & Barnum, 2016). According to Nizam Jali, Abas, and Shabuddin Ariffin (2017) however, for several decades, various organisations globally engaged with CSR for purposes of revealing their commitments and responsibilities towards society at large. These responsibilities and commitments were fulfilled through the provision of monetary and non-monetary resources which were used for social purposes that enhanced the quality of life of society and also improved the organisations' reputation (Nizam Jali et al., 2017).

Social enterprises present an alternative to CSR for addressing the world's most challenging social and environmental challenges. While overlaps exist between CSR and social enterprises (Palakshappa & Grant, 2018), this book focuses specifically on social enterprises. Though no single definition is yet to emerge, most scholars agree that social enterprise entails the integration of social welfare and commercial aims in an organization's core (Wry & York, 2017). Social enterprises combine the fulfillment of social objectives with the discipline, innovation and determination of businesses. The Social Enterprise Organisation defines social enterprises as "businesses which are set up to change the world. Like traditional businesses they aim to make a profit but it's what they do with their profit that sets them apart – reinvesting or donating it to create positive social change" (www.socialenterprise.org.uk). Social entrepreneurs use entrepreneurial and business principles to create organisations to achieve social change (Basargekar & Rawat, 2015). They combine social and profit objectives but the social objective is the primary objective (Bocken, Fil, & Prabhu, 2016; Moorthy & Annamalah, 2014). These organisations are therefore often described as hybrid organisations (Doherty, Haugh, & Lyon, 2014; Grassl, 2012). Thus social enterprises, in contrast to businesses involved in CSR, have the primary aim of achieving social objectives and thus social change, while profit objectives provide the means for achieving this. "The joint pursuit of social and financial aims distinguishes social enterprises from both commercial organizations where social responsibilities are ancillary to financial concerns and non-profits that rely on donor support to pursue social welfare aims" (Wry & York, 2017, p. 437). Despite these definitions there is still not definitive clarity on a social enterprise definition and as will be seen in the chapters of this book, a wide range of definitions and types of social enterprise exist.

Social enterprise has gained acclaim as a tool that addresses problems such as poverty, inequality, and environmental degradation (Wry & York, 2017). Social entrepreneurship and social enterprises have drawn sizeable attention and resources in this millennium (Chiweshe, 2016). However, how marketing strategies for such enterprises are, and should be, formulated (Choi & Majumdar, 2014; Gras & Mendoza-Abarca, 2014) has not been adequately addressed. The very hybrid nature of social enterprises has presented challenges in light of institutional complexity, as they

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combine different logics these being market (profit) and social welfare (Battilana, 2018). While the need for a marketing orientation has been found to be critical to social enterprises (Glaveli & Geormas, 2018), the application of strategic marketing theories, analyses and practices in the context of social enterprises is relatively untested and requires research to aid social entrepreneurs in most effectively achieving their goals. The rise in prominence of social enterprises and the development of an ecosystem supporting them have sparked interest amongst scholars. This book seeks to further contribute to this development by exploring the role of strategic marketing in social enterprises.

OBJECTIVE OF THE BOOK

The mission of the book is to provide insights into the marketing of social enterprises from a developing state perspective as these communities are usually the ones afflicted with massive social challenges not as prevalent in developed states.

TARGET AUDIENCE

The book is intended for academic practitioners, scholars, entrepreneurial advisors, and potential and existing social entrepreneurs seeking to improve their offering to address social challenges.

ORGANIZATION OF THE BOOK

The book is organized into 12 chapters in four sections. A brief description of each section follows:

Section 1: Strategic Marketing and Social Enterprises – Nexus of the Two Domains

Section 1 introduces the two main conceptual domains of the book: strategic marketing and social enterprise. The preliminary chapter which comprises this section, defines and describes the two primary domains of this book and presents an analysis of the literature at the nexus of these domains. The aim is to determine from literature how strategic marketing can, and has been found to be, relevant in social enterprises. The analysis finds strong support for the value of strategic marketing in social enterprises and presents evidence of research proving this value.

Recommendations are thus provided to social entrepreneurs and managers of social enterprises on the key elements of strategic marketing that should be applied in their organisations. The chapter provides a foundation for the complimentary chapter, Chapter 8, which looks for evidence of strategic marketing in three South African social enterprises. It also provides a strong platform from which other chapters in the book present research on specific elements of strategic marketing in a variety of social enterprise contexts.

Section 2: Marketing in Social Enterprises

Chapters in this section present a focus on specific aspects of marketing within the context of social enterprises providing recommendations to marketers in these organisations on how to address various aspects of marketing.

Chapter 2, “Marketing in Social Enterprises: The Role of Value Creation Through Relationship Marketing,” focuses on a specific aspect of strategic marketing being the relationship marketing and its role in social value creation. The chapter uses a case of an Indian social enterprise to illustrate how social enterprises can use relationship marketing with their stakeholders for the successful adoption and continuation of social innovation. The findings indicate three enabling factors for relationship marketing which help social enterprises in the co-creation of value and customization of the offering. The case contributes to better understanding of the role and relevance of strategic marketing approaches in addressing social problems.

Chapter 3, “Social Enterprise Marketing Communication” also focuses on an aspect of strategic marketing by looking specifically at marketing communication tools and how these can be used by social enterprises to attract stakeholders. The chapter examines the marketing communication tools used by Pietermaritzburg social enterprises to reach their stakeholders and reports on a qualitative study that examines social entrepreneur’s perceptions and experience with marketing communication tools. The chapter identifies the tools these social enterprises found to be most effective to attract target audiences such as funders and customers. It also provides recommendations on the use of marketing communications tools for social enterprises.

Chapter 4, “Strategic Utilization of Online Platforms for Social Entrepreneurs, Social Sustainability, and Social Improvement,” uses the resource dependence approach (RDA) to guide social enterprises to survive in the long term so as to achieve their social objectives. The aim of the chapter is to give recommendations to social entrepreneurs on possible online activities for survival. The chapter indicates how social enterprises are embedded in their environment, which consists of the local community, the national economy and global challenges thus creating awareness of the interconnectedness of social enterprises and (global) social or environmental

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problems, and how the problems and (global) solutions affect the social enterprise and vice versa. A close focus is placed on sustainability issues as a global challenge, a market orientation based on the (online) platform and the African context as a determinant of the community and the national economy. The chapter provides an understanding of the links between social enterprises and the social challenges that should be improved and what type of action social entrepreneurs can take to promote their success.

Chapter 5, “Social Enterprise Digital Marketing in South Africa,” focuses on the specific strategic marketing tool of digital marketing. The aim of the chapter is to provide guidance for social enterprise owners on adopting digital marketing through social media and the use of digital marketing as a complementary tool to traditional advertising. The chapter also reports on a review of research on digital marketing in social enterprises as reflected in South African academic journals and finds that coverage has been limited. Recommendations for how social enterprises can use digital marketing are provided as well as for future research on social media marketing in social enterprises.

Section 3: Social Enterprise Customers

Like traditional for-profit or commercial organisations, social enterprises need to identify, understand and satisfy the needs of their targeted customers. The chapters in this section focus specifically on the potential customers of social enterprises.

Chapter 6, “The Market Opportunity for Social Enterprise in Developing Nations: The Sub-Saharan Middle Class,” explores the market opportunity for social enterprises of the sub-Saharan middle class. As the world’s fastest growing continent (in population) as well as one of the poorest regions on earth, sub-Saharan Africa is a key target for social enterprises that seek to change lives while running sustainable, profit making organisations. By making use of a 10 city study, the chapter investigates key indicators of market size, potential and diversity and reveals high levels of heterogeneity between countries in sub-Saharan Africa. It presents some of the challenges and opportunities for marketers who want to understand developing nations as a market and provides recommendations to social enterprises operating in this space.

Chapter 7, “Social Enterprise Consumers - the Case of South African Organic Produce Consumers,” again focuses on potential customers of social enterprises. In this case the customers would be those purchasing organic produce to support environmental wellbeing as well as their own health. As food security becomes a more and more pressing social concern, social entrepreneurs seeking to address this social concern, aim to produce safe food products which cause no harm to either consumers or the environment. To achieve these social goals social enterprises apply

business principles and practices one of which includes a marketing orientation. This involves thoroughly researching and understanding the targeted consumers so as to best satisfy their needs. This chapter reports on a study of organic food consumers so as to assist social enterprises aiming to target and satisfy their needs. The exploratory study reports on a sample of South African consumers' understanding, perceptions and behaviours with regards to organic fresh produce. Based on the findings, recommendations are made for social entrepreneurs targeting these consumers.

Section 4: Evidence of Strategic Marketing in Social Enterprises

Chapters in this section provide context-specific examples of strategic marketing in action in social enterprises in a range of countries, industries and social enterprise types.

Chapter 8, "Evidence of Strategic Marketing in Social Enterprises: Lessons From a Developing Nation," discusses the application of the strategic marketing framework, developed in Chapter 1, to three South African social enterprises to assess the evidence of the application of strategic marketing in the social enterprise context. The results of the study reflect rich qualitative data providing evidence of the application of elements of strategic marketing as well as adaptations more appropriate to the social enterprise context. From these lessons, recommendations are made for social enterprises applying a more systematic approach to strategic marketing in their organisations.

Chapter 9, "Strategic Sustainability Marketing and Social Responsibility in the Textile Industry: Opportunities and Challenges in Africa," focuses specifically on the global textile chains and seeks to determine how social and sustainability values are reflected in communication and marketing strategies and how the interests and objectives of various stakeholders are addressed. By using an exploratory comparative case design and qualitatively analyzing the websites of four African textile companies, this chapter illustrates how social sustainability is being pursued. The chapter provides practical management implications for social sustainability in Africa as well as the interplay between innovative business models and strategic sustainability communication and marketing in the African textile sector.

Chapter 10, "Potentials of Frugal Innovation to Combine the Social and Economic Objectives in the Marketing of Social Enterprises: The Case of EinDollarBrille e.V.," discusses frugal innovation and the role it can play to address social problems with solutions that are affordable and of high quality. The case study reveals how the social enterprise EinDollarBrille e.V. combines social and economic objectives in its marketing approach based on a frugal innovation. The case of EinDollarBrille e.V. demonstrates how an organization pursues its social mission by using marketing

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strategies that incorporate the key features of a frugal innovation. It is proposed that frugal innovations can enable an enterprise to advance social missions without undermining economic aims.

Chapter 11, “Challenges to Social Enterprises in Special Education,” deals with public social enterprises that offer special needs education. Set in Namibia, and using the business model canvas (BMC) approach, the chapter investigates the major challenges of financing social enterprises in the public education sector and explores the sources of marketing so as to ensure alternative funding to social enterprises in the public education sector. The chapter proposes various marketing communication tools to help social enterprises source alternative funds.

Chapter 12, “The Evolution of Microfinance Products to Promote Microentrepreneurship Towards Social Progress of African Countries,” focuses on microenterprises, which are important as they create employment and alleviate poverty, and marketing challenges faced by microfinance institutions that provide funding to the microenterprises. The chapter provides recommendations to microfinance institutions on how best to apply strategic marketing.

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Nigel Chiweshe
University of KwaZulu-Natal, South Africa

Debbie Ellis
University of KwaZulu-Natal, South Africa

Section 1


Strategic Marketing and Social Enterprises: Nexus of the Two Domains

The preliminary chapter defines and describes the two primary domains of this book and presents an analysis of the literature at the nexus of these domains. The aim is to determine from literature how strategic marketing can be, and has been found to be, relevant in social enterprises.

Chapter 1

Strategic Marketing for Social Enterprises: Nexus of the Two Domains

Debbie Ellis

 <https://orcid.org/0000-0002-8464-6022>
University of KwaZulu-Natal, South Africa

Evelyn Derera

University of KwaZulu-Natal, South Africa

ABSTRACT

The purpose of this introductory chapter is to define and describe the two primary domains of this book and present an analysis of the literature at the nexus of these domains. The aim is to determine from literature, how strategic marketing can, and has been found to be, relevant in social enterprises. The analysis finds strong support for the value of strategic marketing in social enterprises and presents evidence of research proving this value. Recommendations are thus provided to social entrepreneurs and managers of social enterprises on the key elements of strategic marketing that should be applied in their organizations. The chapter provides a foundation for the complimentary Chapter 8, which looks for evidence of strategic marketing in three South African social enterprises. It also provides a strong platform from which other chapters in the book present research on specific elements of strategic marketing in a variety of social enterprise contexts.

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INTRODUCTION

The global population is predicted to reach 9.8 billion by 2050 with most of this growth coming from emerging markets (UN, 2017). Emerging markets represent unique environments offering opportunities for new insights that could further develop entrepreneurial theory (Anderson & Ronteau, 2017, p. 8) and its application. Emerging markets are often different to developed markets as well as between themselves and are more dynamic and rapidly changing than developed markets (Anderson & Ronteau, 2017) and often face the greatest social challenges such as poverty, illiteracy and unemployment (WorldBank, 2018). Emerging markets include China, India, Brazil and South Africa amongst others (*World Economic Situation and Prospects 2019*, 2019). According to Doherty, Haugh, and Lyon (2014, p. 431) research and literature specifically related to social entrepreneurship and enterprises originates mainly from western nations and yet important developments are occurring in Asia and Africa that represent a gap in knowledge that future research should aim to fill.

Society's desire for philanthropy has created many new opportunities for entrepreneurs (Carraher, Welsh, & Svilokos, 2016). Doherty et al. (2014, p. 421) describe several factors that have led to the rise of social enterprises; including "deficiencies in economic justice and rising inequality" reflecting market failures, alternative economic systems, new public service delivery models and the changing nature of charity-giving behaviour which forces donor-dependent organisations to generate revenues. These varying push factors have led to a variety of social enterprise types. Despite the various forces leading to the rise in social enterprises, there is limited agreement on the definition of social entrepreneurship and social enterprises leading to a variety of definitions in existence (Grassl, 2012, p. 38).

While these differences in definitions and social enterprise types will be expanded upon in more detail later, it has been found that marketing and particularly strategic marketing and a marketing orientation positively impact organisations' performance, be they large or small (Siu, Fang, & Lin, 2004; Smith, 2003; Wirtz, Tuzovic, & G. Kuppelwieser, 2014). Despite growing attention focused on social enterprises, there has been limited attention paid to how marketing strategies for such enterprises are, and should be, formulated (Choi & Majumdar, 2014; Gras & Mendoza-Abarca, 2014).

This first chapter's purpose is to present an overview of the two primary literature domains of social enterprises and strategic marketing and then through thorough analysis of social enterprise literature, discuss the nexus of these two domains for evidence of the application or importance of strategic marketing in social enterprises. The chapter begins by defining social entrepreneurship and describing the rise of social entrepreneurship and the various types of social enterprises pursuing both social and economic performance. It continues to discuss strategic marketing as an important managerial function. The elements of strategic marketing are then

discussed in relation to social enterprises providing literature evidence of the nexus of the two domains. The chapter concludes on the role of strategic marketing in social enterprises and makes recommendations to social enterprise managers. The chapter should be read in conjunction with Chapter 8 where the strategic marketing framework developed in this chapter, is used to analyse three South African social enterprises providing evidence of the extent of strategic marketing being implemented in these organisations. The following section discusses the phenomena of social entrepreneurship and social enterprises.

BACKGROUND

In this section the two core domains of this book, social enterprises and strategic marketing, are defined and discussed.

Social Entrepreneurship, Social Enterprises and the Social Entrepreneur

Social entrepreneurship has always existed (Janssen, Fayolle & Wuillaume, 2018). Before the wide interest and emergence of the term social entrepreneurship, most activities under the social entrepreneurship banner were known as ‘community development’ or ‘community purpose organizations or enterprises’ (Tracey & Phillips, 2016; Tan, Williams, & Tan, 2005). The origin of non-state/non-private enterprises can be traced back to the 19th century (Sepulveda, 2015). As capitalism advanced, groups of people linked to religious, socio-political established organizations such as voluntary associations, charities and co-operatives with the aim of combating the rise of social and economic needs emanating from increasing public unrest associated with capitalist tendencies of production leading to industrialisation (Sepulveda, 2015). One particular example of a pioneers of this concept is Florence Nightingale, an English social reformer and statistician, and the founder of modern nursing, who in the nineteenth century developed hospital environments during the Crimean war to care for wounded soldiers (Dhar, 2018). Her efforts resulted in the mortality rate dropping from 40% to 2% (Roberts & Woods, 2005).

Social organisations were established primarily to improve the living conditions of the most vulnerable individuals in society and to promote the redistribution of wealth and social justice (Sepulveda, 2015) by solving the most painful problems of society such as poverty, hunger, unemployment, illiteracy, and diseases (Akhmetshin, Kovalenko, Goloshchapova, Polyakova, Erzinkyan & Murzagalina, 2018). Until now, the purpose of social organisations has not changed. These developments gave origin to the social economy also known as non-profits, voluntary and charity organisations.

Social entrepreneurship has over the years attracted interest in research from a wide number of people leading to a large number of different definitions. Saebi, Foss & Linder (2019) concur that the concepts of social entrepreneurship, social enterprise and social entrepreneur are highly contested and has prompted different meanings among different people. In addition, these definitions differ in both content and approach (Neck, Brush, & Allen, 2009). Hence, there is no generally accepted definition of these terms (Saebi, Foss & Linder, 2019; Littlewood & Holt, 2018a). The problem with describing social entrepreneurship lies in isolating the meaning from minor scale social operations serving community needs to complex social enterprises aimed at developing high turnover operations (Urban, 2010). In some cases, the social enterprises are geared towards addressing inefficient structural policies leading to a radical shift in the socio-economic environment (Urban, 2010). Within the complex nature of social activities lies the most common charitable work portrayed by persons making a social difference in societies (Urban, 2010).

Table 1. Process-based and entrepreneur-centric definitions of social entrepreneurship

Author	Definition	Type of Definition
Saebi, et al. (2019, p. 72/3).	“Social entrepreneurs display entrepreneurial characteristics, such as a propensity to take risks, innovativeness, ability to recognize opportunities, and resourcefulness. They exhibit characteristics associated with prosocial behaviour, such as a strong ethical fibre, moral agency, and a socio-moral motivation”	Entrepreneur-centric definition
Dees (1998); Roberts and Woods (2005)	Social entrepreneurs pursue goals and objectives that relate to solving specific problems within the social economy, and they are more concerned with satisfying social needs rather than commercial needs	
(Macke, Sarate, Domeneghini, & da Silva, 2018, p. 678)	“Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems”, such as hunger, illiteracy and poverty.	
Littlewood and Holt (2018a, p. 532)	“Social entrepreneurship is a process involving innovative combination of resources to pursue opportunities that catalyze social change and/or address social needs”	Process-based definitions
Littlewood and Holt (2018b, p. 54)	“Social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions”.	
Zahra, Rawhouser, Bhawe, Neubaum, and Hayton (2008)	Social entrepreneurship incorporates activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth.	
Bacq and Janssen (2011)	“Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aimed at creating social value by means of commercial, and market-based activities using a wide range of resources”	

Additionally, the definitions of social enterprises can be viewed from two distinct schools of thought known as the process-based approach and the entrepreneur-centric approach (Neck et al., 2009). Table 1 presents examples of definitions from these schools of thought.

The entrepreneur-centric approach, stresses the social entrepreneur as an individual, while the process-based definition emphasizes what a social entrepreneur does. The process-based definitions also highlight the fact that like entrepreneurship, social entrepreneurship is a process, which entails a series of events from the decision to become a social entrepreneur to establishment of a fully functioning venture.

The entrepreneur-centric definitions displayed in Table 1 stress two key issues, namely the characteristics of a social entrepreneur and the motives or goals of the entrepreneur. Similar to the personality traits or characteristics of an entrepreneur, the social entrepreneur exhibits characteristics of innovativeness, propensity to take calculated risks, opportunity identification, resourcefulness, just to mention a few. However, the characteristics differ from an ordinary entrepreneur in that these characteristics are associated with prosocial behaviour, such as strong ethical fibre, moral agency and socio-moral motivation. Innovation is central to starting ventures that address social challenges facing communities (Littlewood & Holt, 2018b; (Zahra et al., 2008). Many researchers (e.g. Carraher et al., 2016; Pache & Chowdhury, 2012) argue that social entrepreneurs are a precise class of entrepreneurs. While the conventional entrepreneur is concerned with making money and growing their business, the social entrepreneur is concerned with satisfying a social need, helping a society to be better than it was yesterday (Welsh & Krueger, 2013), and expanding operations to increase social impact. Social entrepreneurs believe that there is more to life than business and making money (Carraher et al., 2016). Caring for people and providing them with opportunities are critical components towards the progression of a better world (Carraher et al., 2016). Provision of a better world for all is in line with the 2030 agenda for Sustainable Development (UN, 2019). The Sustainable Development Goals (SDGs) recognize that ending poverty must be aligned with strategies which build economic growth and address a range of social needs (UN, 2019). These social needs include ending hunger, access to quality education, health, social protection and job opportunities, while tackling climate change and environmental protection (UN, 2019). Hence, some researchers (e.g. Carraher et al., 2016) have labelled social entrepreneurship as ‘caring capitalism’ because achievement of relevant social goals relies on the ability to compete in the marketplace, in particular, the ability to strategically position the enterprise within the highly competitive social market place.

The process-based approach on the other hand emphasises the fact that social entrepreneurship entails a series of actions or steps conducted with the aim of achieving social value for a social cause. The process involves identifying,

evaluating and exploiting opportunities with the goal of solving social needs and bringing about social change. Central to this process is optimal combination and use of scarce resources to maximise delivery of social goods or services. Yunus, Moingeon, and Lehmann-Ortega (2010) concur that social enterprises are distinct from other forms of organisations because of the role of compassion that motivates operations. One definition, which stands out from Table 1, is by Bacq and Janssen (2011). This definition captures modern characteristics of social entrepreneurship, which are rooted in sustainability. The definition captures both the series of events involved in creating social enterprises and the commercial aspect of profit making for such entities. Battilana, Sengul, Pache, and Model (2015, p. 1680) state that more research is needed to explore and understand how social enterprises function and operate to achieve sustainability within highly competitive markets and unpredictable global trends. One of the functions of any organisation is marketing. This chapter focuses specifically on the strategic marketing function within social organisations to understand how this is achieved.

Business Models for Social Ventures

Social ventures are either established for-profit or not-for-profit (Carragher et al., 2016; Letaifa, 2015). No particular model is better than or preferred to the other (Cheng & Ludlow, 2008). What matters in practice are other specific factors such as the quality of the management team, the market environment or the strength of competing organisations (Cheng & Ludlow, 2008). One advantage of social ventures, regardless of the type of business model is tax exemption (Yunus et al., 2010).

For-profit social ventures are built on an explicit social objective that strives to create social value while securing profits and doing so in an innovative way (Saebi, et al., 2019). These profits are re-invested into the social venture for purposes of sustaining business operations (Yunus et al., 2010). Non-profit social ventures on the other hand, rely on external funding for their operations (Yunus et al., 2010). However, the main challenge facing these ventures is that continuity of funding is unpredictable. Haugh (2007) argues that in most cases these ventures usually start as not-for-profit ventures and later create strategies to become income-generating enterprises. In today's economic environment, social entrepreneurs are constantly finding ways to generate additional income to supplement declining streams of traditional revenue (donations or grants). Hence, building sustainability in such business models is central to the business strategy. Figure 1 shows the models for social ventures.

Non-Profit Model: Under the non-profit model, two different groups are identified, the dependency (also known as the leveraged non-profit ventures) and the self-sufficiency group (also known as the hybrid non-profit ventures) (Abu-Saifan,

Figure 1. Non-profit and for-profit models (Abu-Saifan, 2012)



2012). The dependency category includes those organisations such as cooperatives and charities that rely heavily on member contributions and donations to fund operations (Abu-Saifan, 2012). These entities include orphanage centres, HIV/AIDS and cancer societies. The danger or downfall of dependency firms is the tendency to create a philosophy of reliance amongst beneficiaries and sponsors (Kim, Pandey, & Pandey, 2018). Lack of support or goodwill from donors can also result in dependency firms failing to operate or create social value (Kim et al., 2018). As a result, trading activities of the social venture increase or decrease in relation to its revenue base (Cheng & Ludlow, 2008). Examples of social ventures using this model are Kiva Microfinance Company and Ashoka. Kiva Microfinance Company is a non-profit organization that allows people to lend money via the internet to low-income entrepreneurs and students in over 80 countries (Kiva, 2019). Ashoka is a global organization that identifies and invests in leading social entrepreneurs with innovative and practical ideas for solving social problems (Ashoka, 2018). Kiva Microfinance Company covers its operating costs from tips, donations, corporate partnerships and grants (Thorpe, 2018), while Ashoka’s operations are funded by private sources such as leading business entrepreneurs, foundations, individuals and corporations (Ashoka, 2018).

The self-sufficiency category includes those businesses that are financially independent and can operate for a foreseeable time without donor funding. The model emerged as a critical route to earn revenue, which will in turn generate consistent income to further the social mission of the enterprise (Yunus et al., 2010). These entities generate income that is not used to create wealth for the owner but is used

to sustain the business and the profit is reinvested into the business venture (Abu-Saifan, 2012). The main purpose of a social entrepreneur this model is to maintain a balance between producing income (financial revenue) and achieving social impact (Worth, 2013) (also known as “double bottom line”) that guides its operations and achievements (Saebi, et al. 2019; Sepulveda, 2015; Dees & Anderson, 2003). The main objective of this model is to ensure that social motives do not cripple the business model; and that efforts for profit are not overtaken by the social goal (Worth, 2013). Worth (2013) argues that most social enterprises fail to achieve their social impact because of conflict of interests that arise between managers and owners in maintaining financial and social outcome balance of the enterprise. Worth (2013) suggests that the sole role of social business managers is to build capacity of the non-profit organisation and apply key business techniques such as strategic planning, strategic management, performance management and marketing. This will assist the enterprise to be able to generate its own profit, which can be used to expand its trading activities and become sustainable. According to Lyons, Townsend, Sullivan, and Drago (2010), social entrepreneurs pursuing this model are expected to constantly innovate and not only rely on voluntary donations, as they are not sustainable.

For-Profit Model: Ventures created for profit operate on social and commercial grounds which results in monetary benefits for the owners. These entities make profit from business operations and can choose where to invest their profits (Wijnberg, 2014). Social enterprises using this model do not have direct impact on society, but may have social impact when the venture employs disadvantage people in the community. According to Cheng and Ludlow (2008), such social impacts (e.g. employment creation) are considered as accidental and a by-product of business trading activities. Social entrepreneurs pursuing this model sometimes form subsidiaries where they will make tax-deductible donations to fund their social activities. An example of such subsidiaries include charity foundations (Cheng and Ludlow, 2008).

Social enterprises pursuing a profit generator model have a higher success rate of attracting capital from business angels and venture capitalists than social ventures that seek to maintain a balance between financial returns and meeting social needs. Social ventures using this model operate in highly competitive markets. Therefore, they ought to produce superior products or services that create value to the customer for them to remain operational (Cheng & Ludlow, 2008). An example of a for-profit model is Grameen Bank, which is owned by Muhammad Yunus. Grameen Bank was established to bridge the gap between low skilled and rural people and access to finance through loans. Grameen Bank makes profit from the interests generated from loans, but has also impacted the society in a positive way. The for-profit ventures are crucial because they not only address society problems, but also contribute the economy. According to UK government data, there are roughly 70,000 social enterprises in the country that contribute about £18.5 billion to the UK economy and employ almost a million people (Villeneuve-Smith & Chung, 2013).

Differences Between Social and Commercial Entrepreneurship

Social entrepreneurship differs from commercial entrepreneurship in terms of its purpose or mission, the type of opportunities it identifies, the type of resources it mobilises and the way performance is measured (Austin, Stevenson, & Wei-Skillern, 2012; Westhead, Wright, & McElwee, 2011). Austin et al. (2012) add market failure as one of the fundamental differences between the two types of entrepreneurship. These differences are briefly explained below:

Market Failure: Social ventures emerge as a result of a social-market failure for delivery of a public good (Austin et al., 2012). It is the mandate of governments to deliver public goods or services. Consumption of public goods by nature is often associated with consumers who are unable to pay for the good, yet the good is a basic need (Austin et al., 2012). Examples of public goods are electricity, and clean water. Commercial entrepreneurs are reluctant to fill this gap due to their emphasis on profit, resulting in failure of commercial market forces to meet these needs (Austin et al., 2012).

Purpose or Mission: The purpose of social entrepreneurship is to create social value for the public, whereas the purpose of commercial entrepreneurship is to generate profit, resulting in private gain (Austin et al., 2012; Westhead et al., 2011). In cases where social enterprises generate profit, the profit is invested back into the venture for expanding social value creation.

Type of Opportunities Identified: Social entrepreneurship emerged out of failure by the private sector to meet people's needs (Austin et al., 2012; Westhead et al., 2011). The main aim of the private sector is to generate profit. Thus, a problem for a commercial entrepreneur is an opportunity for a social entrepreneur (Austin et al., 2012; Westhead et al., 2011). Whilst commercial entrepreneurship focuses on breakthroughs and new needs, social ventures tend to focus on serving basic, long standing needs more effectively though innovative approaches (Austin et al., 2012; Westhead et al., 2011).

Resource Mobilisation: The demand for social entrepreneurial programmes and services far exceeds the capacity of social entrepreneurs serving those needs (Austin et al., 2012; Westhead et al., 2011). As a result, social entrepreneurs are required to create innovative means of mobilising and managing scarce resources to meet increasing demand for social goods (Austin et al., 2012; Westhead et al., 2011). Existence of scarcity of resources often forces social entrepreneurs to resist the temptation of expanding the venture beyond capacity (Austin et al., 2012; Westhead et al., 2011). Social ventures rely on mobilisation of different kinds of resources that ought to be managed differently through creation of a strong network of supporters who donate to the venture (Austin et al., 2012; Westhead et al., 2011). These supporters range from individual donors to complex organisation-based funders.

Performance Measurement: Social entrepreneurship is measured through social impact, whereas commercial performance is measured by profit, market share and customer satisfaction (Austin et al., 2012; Westhead et al., 2011). Additionally, transaction value of social enterprises differs from commercial enterprises in kind, customers, timing, flexibility and measurability (Austin et al., 2012; Westhead et al., 2011). For example, social ventures deliver different kinds of value to different stakeholders such as its staff, volunteers and funders (Austin et al., 2012; Westhead et al., 2011). Customers for social ventures often lack economic power, yet commercial enterprises focus on customers with buying power.

The previous section has focused on defining the domain of social entrepreneurship and describing the different forms of social enterprise. It has also highlighted the differences between social and commercial enterprises and the challenges these differences present to the social entrepreneurs and managers of social enterprises. Attention now turns to the second domain of focus in this book: Strategic Marketing. This domain is also defined and its components discussed to provide a framework for describing the nexus of the two domains in the various bodies of literature in the latter section of the chapter.

Strategic Marketing

Consistency in definitions of strategic marketing appears even more rare than for social enterprises. As Vassinen (2006, p. 1) states “in management discourse, strategic marketing is found everywhere. Yet, one will rarely come across two identical definitions”. In addition, while the term is used often in management and marketing research, it is seldom actually defined, even when it is included in the title. Even textbooks on Strategic Marketing seldom actually define the concept however the topics covered imply that they constitute a variety of stages, steps or processes.

The Business Dictionary defines strategic marketing as “identification of one or more sustainable competitive advantage a firm has in the markets it serves (or intends to serve) and allocation of resources to exploit them” (BusinessDictionary). Recently, Chernev (2018) states that strategic marketing is about creating value while tactical marketing is about delivering that value. According to Varadarajan (2018), strategic marketing entails the allocation and commitment of resources that affect the long term performance of the organisation, while Morgan, Whitley, Feng, and Chari (2019, p. 4) define field of strategic marketing as “marketing-related phenomena and decisions that are important to understanding the long-term performance of product/ brands, SBUs, and firms”. Varadarajan (2010, pp. 119-120) probably gives the most detailed explanation of strategic marketing. He describes strategic marketing as a domain of study and marketing strategy as the organisational strategy construct.

Varadarajan (2010, pp. 119-120) describes strategic marketing as,

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encompassing the study of organizational, inter-organizational and environmental phenomena concerned with (1) the behavior of organizations in the marketplace in their interactions with consumers, customers, competitors and other external constituencies, in the context of creation, communication and delivery of products that offer value to customers in exchanges with organizations, and (2) the general management responsibilities associated with the boundary spanning role of the marketing function in organizations.

Varadarajan (2010) further explains that strategic marketing as a domain includes the marketing strategy:

- Scope which includes both the internal organisation and the external market
- Process from planning and creation or development to implementation and evaluation
- Behaviours by the organisation including competitive, cooperative and collusive behaviours
- Context which deals with the inclusion of key 21st century strategic activities e.g. “market orientation, organisational culture, organisational learning, market and marketing knowledge management, Web technologies, sustainable business practices, CSR, social media”(Varadarajan, 2010, p. 124).

In addition to the above aspects of marketing strategy, Varadarajan (2010) also describes strategic marketing as including intra- and inter-organisational relationships which operate both vertically and horizontally.

Hunt (2015) builds on the work of Varadarajan by combining the principles of Resource Advantage (R-A) theory and suggests that in addition to the above, strategic marketing focuses on the societal impact of an organisation’s marketing strategies. This addition reinforces the applicability of strategic marketing to social enterprises where social objectives are primary to commercial, or profit-oriented objectives, as discussed in the section above.

Putting the various definitions of strategic marketing together, strategic marketing involves thorough analysis of all levels of external and internal environment to thoroughly understand the opportunities and threats the external environments and stakeholders present, and the strengths and weaknesses in terms of management orientation, resources and capabilities under management’s control that the organisation has to work with to take advantage of the opportunities and protect itself against the threats. Armed with this knowledge, strategic marketing involves the development of a market-oriented mission and objectives, corporate growth and competitive strategies. Finally, strategic marketing involves the identification of target markets, the development of a value proposition and positioning strategy and finally the planned marketing mix strategies

to achieve the desired position to best satisfy the target market. Key to these processes are the principles of relationship marketing. As marketing, like any other management function involves the process of planning, implementing and controlling, so too must strategic marketing evaluate the performance towards the marketing objectives and take corrective action where needed.

Elaborating on the key elements of strategic marketing extracted from the section above, the following section investigates the nexus of strategic marketing and social enterprise domain literature to determine the applicability and evidence of strategic marketing in the social enterprise context.

The Nexus of Literature on Strategic Marketing and Social Enterprises

Despite growing attention focused on social enterprises, there has been limited attention paid to how marketing strategies for such enterprises are, and should be, formulated (Choi & Majumdar, 2014; Gras & Mendoza-Abarca, 2014). Various aspects of marketing have been found to be beneficial to social enterprise, for example, a marketing orientation (Glaveli & Geormas, 2018) however, these organisations often lack the skills, attitudes, organisational culture, systems and procedures, including those related to strategic marketing, that are needed to fulfil the commercial goals (Battilana et al., 2015; Madill & Ziegler, 2012; Mason & Doherty, 2016) which in turn are required to achieve the social mission and objectives. Thus the application of strategic marketing theories, analyses and practices in the context of social enterprises remains relatively untested and requires research to aid social entrepreneurs in most effectively achieving their goals.

Market Orientation

Integral to the implementation of strategic marketing is the adoption of a market orientation (Walker & Mullins, 2014). Market orientation has been found to be important in achieving sales and profit goals but may be more of a failure preventer than a source of competitive advantage (Kumar, Jones, Venkatesan, & Leone, 2011). More recently according to Frösén, Luoma, Jaakkola, Tikkanen, and Aspara (2016), a market orientation, although not a guarantee of success, has been found to be a necessary condition for superior business performance and thus a market-oriented organisational culture should be developed (Frösén et al., 2016; Kumar et al., 2011). Market orientation has also been found to positively affect business-to business relationships (Racela, Chaikittisilpa, & Thoumrungroje, 2007). According to Kotler, Armstrong and Opresnik (2018,) organisations should adopt the marketing concept

which entails in-depth understanding of customers in order to create relationships, value and satisfaction for customers. Jaworski and Kohli (1996, p. 131) define a marketing orientation as “the organisation-wise generation of marketing intelligence pertaining to customers, competitors, and forces affecting them, internal dissemination of the intelligence, and reactive as well as proactive responsiveness to the intelligence”. Narver and Slater (1990), on the other hand, describe a marketing orientation as comprising three behavioural components: a customer orientation, a competitor orientation and inter-functional orientation. Similarly Cravens and Piercy (2009) explain that all functions within the organisation must work together to collect and utilise competitor and customer intelligence to best satisfy the needs of the market. Thus consumer engagement (Kotler et al., 2018; Leeflang, 2011), market sensitivity (Varela & del Río, 2003) and marketing intelligence (Avlonitis & Gounaris, 1999), as well as the use of that information to create superior customer value (Kotler et al., 2018; Varela & del Río, 2003) are key requirements for a market orientation. These elements of market orientation align with the strategic marketing focus on analysis, both internal and external, and the need for organisation-wide commitment to achieving customer satisfaction, as precursors to the development of strategies.

In the social marketing literature where the focus is on behaviour change, the customer orientation component of the marketing orientation is emphasised. Hopwood and Merritt (2011) explain that to achieve behaviour change, e.g. to encourage a child to do their homework when they get home from school, the audience whose behaviour needs changing, must be thoroughly researched and understood so as to understand their needs, wants, attitudes, current or competing behaviours as well as barriers to that behaviour. A societal marketing orientation goes even further, to incorporate the requirement that all organisational activities, even if they satisfy customer needs, should at least not be detrimental to society (Cant, 2011).

The marketing orientation appears to be an aspect of strategic marketing that social enterprise theory and literature does seem to have incorporated, as a market orientation is often described as one of the key dimensions of social entrepreneurship. Choi and Majumdar (2014, p. 367) for example, point to the importance of a market orientation and describe a market orientation as one of the five key dimensions of social entrepreneurship. Glaveli and Geormas (2018) also found that adoption of a marketing orientation affects achievement of commercial goals in the social enterprise context and that the effect is due to the customer rather than competitor orientation. These authors explain that a competitor orientation is likely to be less important because social enterprises tend to focus on niche markets where state and market competition is either absent or weak. A strong understanding of customer needs is however crucial.

Analysis of the Social Enterprise Marketing Environment

Strategic analysis is a core aspect of strategic marketing (Fahy & Smithee, 1999; Walker & Mullins, 2014). Kotler et al. (2018) explain that the marketing environment comprises micro elements such as suppliers, marketing intermediaries, competitors, customers and various publics or stakeholders; and macro elements such as the demographic, economic, political, cultural, technological and natural environments, in addition to the internal environment of the organisation. Thus key analyses required are customer, collaborator and company analyses (Chernev, 2018). A SWOT analysis helps to identify the strengths and weaknesses within the organisation as well as the opportunities and threats that are external to the organisation (Lee & Kotler, 2016).

Austin et al. (2012) state that social enterprises need to closely monitor their marketing environment so as to develop strategies that help to minimise the effects of adverse contextual conditions or trends and maximise the opportunities from favourable events or trends in the environment. Thus for the social enterprise, strategic marketing begins with the analysis of the social enterprise environment, inclusive of the various stakeholders therein, and then the development, implementation and evaluation of strategy to best meet both the social and commercial needs. This “trading for a social purpose” means social enterprises must “identify and exploit market opportunities” (Tracey & Jarvis, 2007, p. 671). In the social enterprise context these often involve unmet social needs (Shaw & Carter, 2007). To do this, market analysis is the first critical analysis which aligns with a customer orientation. Liu, Eng, and Takeda (2015) found the market information management capability to be positively correlated with social enterprise performance. This capability involves understanding the needs of the community (Chell, 2007) but also their attitudes, behaviours and challenges to need satisfaction (Hopwood & Merritt, 2011). In understanding target audiences, organisations pursuing a social cause need to understand the competing behaviours, the barriers to desirable behaviours, the motivators and influences of that behaviour (Lee & Kotler, 2016). Thus social enterprises applying strategic marketing would be expected to have close ties with, and monitoring mechanisms, within the communities they operate.

The environment in which social enterprises operate is increasingly characterized by competition (Doherty et al., 2014, p. 422). Social enterprises not only compete with other social enterprises for resources, but compete with private sector organisations within the marketplace. Both forms of competition require analysis. As Doherty et al. (2014) explain, for social enterprises to meet their social objectives and achieve the desired social change, they must generate sufficient income to invest in their commercial or business activities as well as their social projects. This requires resource acquisition (Tracey & Jarvis, 2007) which is necessary to achieve the balance between achieving competitive advantage and engaging with key stakeholders to

achieve social value. Nga and Shamuganathan (2010) explain that social networks can be a source of financial, human and emotional resources. Strategic resources for social enterprises may also include funding, skilled employees and/or volunteers, management capabilities, networks with key stakeholders and access to raw materials. “Key challenges for the social enterprise are to mobilise financial resources and manage people” (Doherty et al., 2014, p. 431). While the required resources to achieve competitive advantage and social value may be different and often involve a trade-off, the two activities may not always be in conflict (Wilson & Post, 2013). The creation of social value may in fact, enhance income generation which in turn could help to achieve the social goals. However in many cases, increased competition in the market intensifies the tension between social and financial goals (Mason & Doherty, 2016).

Strategies for Growth

Once strategic marketers have analysed their marketing environment, they can develop strategies for growth. Growth can be in terms of existing product or service offerings and/or customers, or new products or services and/or customers (Walker & Mullins, 2014). Ansoff (1979) originally developed the product-market growth matrix which includes market penetration, market development, product development and diversification strategies (Chernev, 2018). Kotler and Keller (2012) termed these strategies intensive growth strategies and expanded the growth strategy typology by discussing integrative and diversification growth strategies with greater risk but also greater growth potential.

Identifying growth opportunities has been found to be important to social enterprises. Liu, Takeda, and Ko (2014) found that social enterprises also need to constantly search for ways to improve existing product or service offerings and develop new offerings. Vickers and Lyon (2014) identify three growth strategies commonly used by social enterprises. The first they describe as ‘small and beautiful’ where the social enterprise deepens its impact on the local community within which it is embedded. This can be best likened to a market penetration strategy. The other two growth strategies Vickers and Lyon (2014) identify relate more to market development strategies where social enterprises seek to broaden their impact to other communities. Bocken, Fil, and Prabhu (2016) reiterate that the traditional growth strategies outlined by Ansoff can all be used to scale up social enterprises. For example, social enterprises can increase the number of users of the service through market penetration or market development strategies, and expand the service to achieve better social impact through product development or diversification strategies. However these authors state that in addition to these growth strategies, social enterprises can diversify their revenue streams and increase revenues per

stream. Doherty et al. (2014, p. 423) explain that “social enterprises can grow by either scaling up their financial or their social (or environmental) impact”. The authors further describe three growth strategies available to social enterprises: 1) “expand organically by increasing market penetration and the scale of their own activities”; 2) “share ideas and encourage replications of a successful model by other organisations”; or 3) employ ‘social franchising ... of the business format’. According to Tracey and Jarvis (2007, p. 671), the latter is “most promising strategy for encouraging growth and disseminating best practice”. Thus social enterprises applying strategic marketing may at some stage, be expected to implement one or more growth strategies.

Segmentation, Targeting and Positioning

A key step in strategic marketing is the development of a market strategy which Varadarajan (2015) explains is deciding which markets to compete in. Hunt (2018, p. 35) defines market segments as “intra-industry groups of consumers whose needs, wants, requirements, tastes and preferences with regard to an industry’s output are relatively homogeneous”. Segments may differ in lifestyles, behaviours and susceptibility to behaviour change (Lee & Kotler, 2016). Organisations must decide which segments to target so as to maximize customer satisfaction and value while at the same time achieving organizational goal attainment (Chernev, 2018). Appropriate targeting improves organisational efficiency and effectiveness by focusing on the segments most likely to respond positively, and thus profitably, to the organisation’s efforts (Hastings & Domegan, 2014; Hopwood & Merritt, 2011; Kotler et al., 2010). Size of the segment, problem incidence and severity, vulnerability of the segment, ability to reach the segment and receptiveness to the behaviour change proposition are often criteria for target market selection in social marketing settings (Lee & Kotler, 2016).

Once target markets are identified, a value proposition is developed to communicate the value of the offering to the target market and should be captured in a positioning statement (Kotler et al., 2010). This value proposition represents the position the organization or brand wishes to occupy in the target audience’s mind (Kotler et al., 2010). The position should differentiate the organization or brand from competitors (Walker & Mullins, 2014) on attributes relevant and important in influencing the target market’s behaviour (Hawkins, Mothersbaugh, & Best, 2007; Kotler & Armstrong, 2012). Hlady-Rispal and Servantie (2018) reinforce the crucial role of the value proposition. They define the value proposition as the ‘steering axle’ which “enables value generation, facilitates value capture and targets value sharing” (Hlady-Rispal & Servantie, 2018, p. 73). These authors explain that the social enterprise’s ability to achieve social impact is dependent on its ability to understand the benefits sought

by beneficiaries, thus positioning on attributes relevant and important to the target audiences is crucial in the social enterprise context. This is reinforced by Austin et al. (2012) who state that the social value proposition (SVP) should be central to the organisations strategy development as the social purpose is central to the social enterprise. Capital and human resources can then be mobilised to achieve this SVP. Positioning in the social context may focus on the desired behaviours, on helping audiences overcome the perceived barriers to the desired behaviour, on the benefits audiences can expect if they behave as desired, or to upstage the competition (Lee & Kotler, 2016).

Marketing Mix Strategies

Finally, for effective marketing strategy, the marketing mix elements should work together to deliver and communicate the desired position (Kotler et al., 2010). Organizations should avoid a ‘one size fits all’ strategy and should adapt the marketing mix for specific target audiences (Hunt, 2018; Kotler et al., 2010). The marketing mix includes products and services making up the offering, the price, distribution and accessibility, and promotion or communication (Kotler et al., 2010) and may also include the services mix elements of process, people and physical evidence (Lovelock & Wirtz, 2007). Social enterprises can use the marketing mix elements to reduce barriers to behaviours and enhance the potential benefits (Lee & Kotler, 2016). At this stage, marketing shifts from being strategic to being operational or tactical (Chernev, 2018). Although each of the mix elements can play a crucial role in achieving the social enterprise’s strategic marketing objectives, using the definitions of strategic marketing discussed above, a discussion of these more tactical elements of the marketing mix in detail is beyond the scope of this chapter. Other chapters in the book focus on several of these mix elements and their role in strategic marketing in social enterprises in more detail.

Relationship Marketing

Yoganathan, Jebarajakirthy, and Thaichon (2015) argue that recently organisations have shifted their philosophy from a marketing orientation to a relationship marketing orientation. Varadarajan (2010) places a lot of focus on various internal and external relationships that are crucial to strategic marketing. For example, he mentions both vertical and horizontal internal relationships such as between different levels of the enterprise and between different functions within the enterprise. He also stresses the importance of external vertical and horizontal relationships. Vertical external relationships or alliances exist between the enterprise and its suppliers and intermediaries (Lyon, 2011), while horizontal relationships include strategic alliances

and competitor collaboration (Varadarajan, 2010). Arena, Azzone, and Bengo (2015, p. 652) describe social enterprises as comprising “relationships with the system of stakeholders”. Similarly Doherty et al. (2014) describes social enterprises as coalitions of stakeholders that spend time and resources to network, communicate, lobby and negotiate with stakeholders to build and retain legitimacy. These strategic partnerships are similar to those found to be important to not-for-profit enterprises in garnering support and participation at grass roots and for legitimising of the social mission (Gliedt & Parker, 2007). Domegan (2008) explains that relationships may be at micro or individual level, meso or organisational level or macro or societal level. Key elements in successful relationships include trust (Baron, Conway, & Warnaby, 2010), interaction (Hastings & Domegan, 2014), value creation (Marques & Domegan, 2011), cooperation (Domegan, 2008) and commitment (Baron et al., 2010). By offering greater value than costs in the various relationships, social enterprises can create greater perceived value and resultant relationship quality which in turn improves the success of the social marketing endeavour (Beachcroft-Shaw & Ellis, 2017). Similarly, where social enterprises can develop trust is target audiences, cooperation with and commitment to, the social enterprises offerings should also improve.

Key stakeholder groups may include philanthropists, social activists, campaigners, customers, volunteers (Doherty et al., 2014) and commercial enterprises (Bridgstock, Lettice, Özbilgin, & Tatli, 2010). Bridgstock et al. (2010) found that social enterprises can achieve key resources and competencies through developing relationships with commercial enterprises that provide examples of good practise, collaborative opportunities, talented staff and funding. In this way social enterprises can access capital (Mair & Marti, 2006) from both commercial and philanthropic sources providing flexibility (Chertok et al., 2008 cited in Doherty et al., 2014). Davies and Ryals (2010) also demonstrated the considerable benefits of social capital gained through networks for fair trade social enterprises. Dacin, Dacin, and Matear (2010) contend that social entrepreneurs use their community embeddedness and strong relational ties with stakeholders to secure external resources that represent voids within their own enterprises. They leverage relationships with stakeholders in cooperative, rather than competitive ways to access needed external resources. Relationships within these social entrepreneurs’ networks facilitate the sharing of rich information and knowledge which in turn helps in the development of creative and innovative solutions to meet community needs (Nga & Shamuganathan, 2010; Thompson & Doherty, 2006). Social enterprise networks have also been found to be important in making social entrepreneurs aware of local conditions and the unmet social needs (Shaw & Carter, 2007). These authors found that social entrepreneurs face less personal, financial risk by involving and using their relational ties to build local credibility and support for their enterprise.

Thus social enterprises applying strategic marketing will be expected to develop and foster relationships with a variety of stakeholders both internal and external to the enterprise.

Evaluation / Control

Like all management functional areas, strategic marketing begins with planning, progresses to implementation and should end with evaluation (Varadarajan, 2010). Performance measurement should involve setting the standards for performance, determining the necessary measures of that performance, obtaining the needed data, comparing performance to goals and taking the necessary corrective action (Walker & Mullins, 2014). As such, strategic marketing control is about measuring progress towards goal attainment (Chernev, 2018). According to Frösén et al. (2016), alongside a market orientation, marketing performance measurement is the most commonly known and used strategic marketing concept by practitioners. It was also found to be beneficial to all organisations irrespective of size, although the specific metrics used may vary. Lee and Kotler (2016) state that evaluation measures should include inputs, i.e. the resources used by the enterprise; outputs, i.e. a description or stocktake of the activities performed; outcomes, i.e. the audience or target market responses; impact, i.e. on the social issue being addressed; and finally return on investment, i.e. the net benefit divided by the costs.

An obvious challenge for social enterprises stems from the hybridity in which both social and economic goals exist (Grassl, 2012) creating tensions and necessitating trade-offs which affect resource utilisation (Doherty et al., 2014). Austin et al. (2012, p. 372) explain that commercial entrepreneurs can use quantifiable and tangible measures such as market share, customer satisfaction and financial indices, but the social entrepreneur's social purpose measurement is far more challenging due to "nonquantifiability, multicausality, temporal dimensions, and perceptive differences of the social impact created". These authors explain that this difficulty in measuring performance leads to a social marketplace that seldom rewards good performance for example, with additional funding or resources, but also doesn't punish poor performance as readily as the commercial marketplace does. Nevertheless, social entrepreneurs should be pro-active in their monitoring of the environment and the organisations responses to it, so as to capitalise on the most favourable opportunities and mobilise its resources most effectively for the greatest social impact (Austin et al., 2012). However these authors caution that part of the evaluation process is to ensure that the social enterprise remains focused and at any given time defines an appropriate scope of the opportunity and the necessary resources required to achieve the social value proposition (SVP). With the ever-present multitude of opportunities for social impact, the social enterprise must not overextend its resources and thus erode its SVP.

Arena et al. (2015) indicate that social entrepreneurs need to achieve both managerial and social effectiveness. While managerial effectiveness they define somewhat vaguely as achieving the organisation's objectives laid out in the strategic plan, social effectiveness is defined as meeting the needs of the target community and includes fairness in providing access to the social enterprise's products and services, involvement and participation by relevant stakeholders, and communication and transparency in the information provided to this stakeholders. In addition, the social enterprise should be efficient in converting resources into product or service outputs and should ultimately achieve the desired impact. Impact is the desired benefits or changes to the community and may be in the form of changes in knowledge, skills, values, status, or life conditions (Arena et al., 2015).

Thus social enterprises applying strategic marketing should be involved in the important management process of evaluation.

RECOMMENDATIONS TO SOCIAL ENTERPRISE MANAGERS AND ENTREPRENEURS

It is recommended that social enterprise managers start their implementation of strategic marketing by adopting a market orientation. This means establishing inter-functional market intelligence systems to collect and disseminate information useful to decision making, on both customers and competitors (Jaworski & Kohli, 1996; Narver & Slater, 1990). This information will help the social enterprise understand it's markets, satisfy their needs, develop competitive advantage and achieve sales and profit goals thus satisfying both their social and profit objectives (Frösén et al., 2016; Glaveli & Geormas, 2018). Acquiring this information should involve actively engaging with consumers (Kotler et al., 2018). Although Glaveli and Geormas (2018) state that a competitor orientation is seldom found in social enterprises, it is recommended that social enterprises incorporate a competitor orientation both in terms of identifying competing behaviours for desired behaviours as well as competition for resources like funding. Opportunities for collaboration and stakeholder relationships should also be investigated as part of the marketing environment analysis (Bridgstock et al., 2010; Chernev, 2018; Varadarajan, 2010). Thus internal strengths and weaknesses and external opportunities and threats should be identified by the social enterprise in preparation for the development of their marketing strategy (Lee & Kotler, 2016). To have the maximum social effect, social enterprises need to scale up activities, expand operations to new communities or look for additional revenue streams. These activities would benefit from a systematic analysis of the various growth strategies available in the strategic marketers' arsenal.

Networking with other stakeholders interested in addressing the same social issue can also lead to knowledge sharing and growth by encouraging other organisation start-ups replicating the successful social enterprise's model (Doherty et al., 2014). Franchising is another possible growth model to investigate (Doherty et al., 2014; Tracey & Jarvis, 2007).

An important part of strategic marketing is the identification and choice of target market(s) and development of the value proposition (Chernev, 2018). Effective targeting means that resources can be more effectively and efficiently used to achieve the greatest benefit (Kotler et al., 2010), both in terms of commercial and social objectives. There is a strong alignment between recommendations to adopt a market orientation, analysis of the customers in the marketing environment, and the process of segmentation and targeting. Developing a clear understanding of the segments in the market and their unique characteristics in terms of attitudes, behaviours and responses to marketing variables, requires thorough analysis, which is more likely to be seen as important and necessary when there is a market orientation as the dominant management philosophy in the enterprise. Thus working on these elements of strategic marketing in social enterprises should be a key focus. While numerous criteria for targeting exist in the literature (e.g. Lee & Kotler, 2016), the enterprise must determine which criteria make the most sense in their specific context.

Only once the enterprise has a clear understanding of who they are targeting, can a value proposition be developed as this must not only utilise the enterprises competitive advantages but must 'speak' to the factors most important to the target market. It is no good developing a value proposition based on something the enterprise is good at, i.e. has competitive advantage in, if this is not important to the target market. Thus the value proposition is pivotal in strategic marketing as it should represent the culmination of the marketing environment analysis by combining key strengths (from an internal analysis) with the analysis of the competitors (competitor analysis), to identify one or more competitive advantage, as well as the target market (market analysis), to choose a value proposition that resonates with them. It is also pivotal as it drives and provides focus to the marketing mix strategies which are developed to achieve the desired position in the mind of the customer of the enterprise or product brand (Kotler et al., 2018).

Finally, social enterprises should treat the marketing function like any other management function by engaging not only in the critical planning and implementation stages but also by evaluating performance against marketing objectives. With the stretched resources many social enterprises have, this is arguably even more important as management can't afford to waste resources. Use of inputs, development of various outputs, achievement of outcomes and impact, as well as return on investment should all be measured (Lee & Kotler, 2016).

CONCLUSION

This chapter has defined social enterprises and discussed and analysed the major elements of strategic marketing and the evidence of such in the social enterprise literature. The evidence above supports the important role that strategic marketing can play in social enterprises and recommendations based on this analysis of the nexus are provided to social enterprise managers. The chapter makes three key contributions. Firstly it defines the two main phenomena that are the focus of the book and as such sets the scene for the rest of the book. Secondly it provides evidence, at least from an analysis of literature perspective, of the nexus of these two literature domains indicating that strategic marketing is indeed important to social enterprises. Finally in order to discuss the nexus of the two domains, it was necessary to develop a framework representing the main elements of strategic marketing which could then be used for analysis. This chapter has focused on literature evidence of the importance of strategic marketing in social enterprises, however the chapter should be read in conjunction with Chapter 8 where the strategic marketing framework of elements developed in this chapter, is used to analyse three South African social enterprises providing evidence of the extent of strategic marketing being implemented in these organisations.

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KEY TERMS AND DEFINITIONS

Emerging Market: Country markets that are developing and becoming more advanced.

Market: Potential customers for a product.

Position: The perception a person has of a brand or organisation; what comes to mind when they hear the name; what it stands for in their mind.

Positioning Statement: An organization's statement of how it wishes to be positioned in the mind of target markets.

Target Market: Group of customers that the organisation targets with an offer designed to satisfy their needs.

Value Proposition: Statement of the value the organisation promises to the customer.

Section 2

Marketing in Social Enterprises


Chapters in this section present a focus on specific aspects of marketing within the context of social enterprises providing recommendations to marketers in these organizations on how to address various aspects of marketing.

Chapter 2

Marketing in Social Enterprises:

The Role of Value Creation Through Relationship Marketing

Chinmoy Bandyopadhyay

 <https://orcid.org/0000-0002-8566-6869>
Xavier Institute of Management, India

Subhasis Ray

Xavier Institute of Management, India

ABSTRACT

Social enterprises are created to solve social problems through market-based interventions. While the existing literature describes the types and nature of marketing in social enterprises, the role of relationship marketing in social value creation has not been considered. This chapter explores the role of a relationship approach to marketing to enhance the acceptability of social enterprises and their innovative solutions. The chapter uses an illustrative case of an Indian social enterprise. The case describes how a social enterprise uses relationship marketing with their stakeholders for the successful adoption of social innovation and its sustainability. The findings indicate three enabling factors for relationship marketing: customer-orientedness, mutual trust and commitment, and a supportive institutional setup. A relationship marketing approach helps social enterprises in two ways, co-creation of value and customization of the offering. The case contributes to our understanding of the role and relevance of strategic marketing approaches in addressing social problems.

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INTRODUCTION

Social enterprises, as defined by numerous researchers, blend both social welfare and revenue generation in an accountable way (Battilana & Lee, 2014; Mair & Marti, 2006; Peredo & McLean, 2006). They bring social innovation into a market and create value for their target communities by offering products and services to relevant consumers or users. For example, to protect the environment from the harmful effects of plastics, many social enterprises come up with plastic free containers to be sold in the marketplace. Hence, the success of social enterprises depends on their capability to market their products or services to their potential consumers. Marketing is also required to raise funds and create awareness around the social cause a social enterprise takes up. For example, non-availability of water creates distress among community members, and if no government or non-government support is available, a social enterprise can fulfil the need for water through a viable business model that creates a “more responsive, personalized and joined-up way” (Leadbeater, 2007, p. 3). By bridging market gaps and bringing innovative solutions for community development, social enterprises primarily oriented to address social issues and not just focused solely on making money (Dees, 2003). However, many social entrepreneurs fail in carrying out their social mission (Rykaszewski, Ma, & Shen, 2013; Seanor & Meaton, 2008). Numerous researchers noted that a structured, professional approach to marketing can help many social enterprises survive and sustain (Jenner, 2016; Miles, Verreynne, & Luke, 2014). The authors argue that, failure in social enterprises is not just about lack of marketing prowess or understanding. A wider, relationship building and management orientation is required for social innovation and enterprise to be accepted and adopted by the community. Many social innovations require behaviour change from communities (Cajaiba-Santana, 2014). Such behaviour changes require social enterprises to disseminate knowledge and answer consumer queries throughout the adoption cycle. Thus building a relationship with target communities and creating a positive appreciation of the new product/service is as essential as the quality of the product or service that a social enterprise offers. Further, a relationship marketing approach is also required to build a beneficial relationship with other players in the social enterprise ecosystem- i.e., funding agencies, implementing agencies, government departments, and so on. Relationship marketing is an approach that enables marketers to build up long-term connections with customers. In a bid to attain loyalty from customers, this approach involves taking a broader view of the business relationship, going beyond one or two transactions (Grönroos, 2004; Oly Ndubisi, 2007). Thus, Relationship marketing, widely adopted by product and service companies, can provide social enterprises with a framework to succeed.

In the following sections, the authors discuss the need for marketing in social enterprises. As marketing activities typically focuses on creating value for the customers and the society, the authors illustrate the process of value creation through relationship marketing. Using the example of women-led fishing enterprise in India, the authors explore whether and how relationship-based marketing can help social enterprises. The findings indicate that customer-orientedness, mutual trust and commitment, and a supportive institutional setup are the possible enabling factors for a relationship marketing approach to succeed. Once these enabling factors are in place, relationship marketing provides social enterprises with two distinct benefits: a) reduced resistance to new ideas, products and services and b) value co-creation with community members. In conclusion, the authors highlight that relationship marketing can help social enterprises in attaining their social objectives.

MARKETING IN SOCIAL ENTERPRISES

Social enterprises seek to address social problems through innovative, socially relevant products and services sold commercially. Although, social entrepreneurs try to utilize their personal contacts to sell their products/services; but working alone, sometimes they fail to create the desired level of demand for their products/service (Hynes, 2009; Peattie & Morley, 2008). Therefore, to convey the benefits of the offering or the innovation, social enterprises may need specific marketing effort (Bhattacharya, 2013; Singh, Saini, & Majumdar, 2015). In the marketing process, they would define, position and communicate the value of their offering to their prospective users.

Often faced with limited financial resources, social enterprises may not be in a position to spend much on marketing activities. This leads to the adoption of less expensive marketing techniques (Satar, John, & Siraj, 2016; Shaw, 2004). It is found that social enterprises rely heavily on web-based platforms or social media to showcase their initiatives and offerings (Mitchell, 2011; Wong & Tse, 2016).

Studies undertaken to understand the practice of marketing in social enterprises highlight factors influencing marketing effectiveness (Shaw, 2004), inadequate resources for marketing activities (Bull & Crompton, 2006), strategic marketing decisions (Boschee, 1995), and unsystematic adoption of marketing principles (Satar, John, & Siraj, 2016). Some studies describe how social enterprise marketing is conditioned by the existing tension between social and economic objectives in such organizations. A number of decisions related to allocation of financial resources or manpower in marketing activities often depends on which of the two objectives gets more importance (Mitchell, Madill, & Chreim, 2016; Peattie & Morley, 2008).

Even as social enterprises cater to complex and varied social problems, the newness of the solution often evokes hesitation and resistance (to adopt) from the target groups (Ram & Sheth, 1989). It is thus important for social innovations to be aligned closer to the ‘functional’ and ‘psychological’ aspect of the user/ target community and communicated effectively to the consumer. Relationship marketing can help in better understanding of different kind of barriers and the existing situation. Capacity and awareness building programs related to the different aspects of innovation can help the target community in coming to terms with the novel solution to their problems. The authors believe social enterprises can benefit not only from relationship marketing but also from social marketing and macromarketing perspectives. Let’s consider an example below.

If a social enterprise wants to promote organic agriculture and decrease the use of chemical inputs in agriculture, then building the understanding of the farmers about this method of farming is likely to be the first step forward. The handholding may be provided in areas such as farming techniques and crop registration. Demonstration of the proposed benefits is also a big part of this kind of handholding and training process. Trained and informed farmers tend to adopt methods like organic farming, which may be alien to them earlier. This will not only lower the level of resistance, but a skilled community may also act as an important ally for the enterprise in its effort to scale up (Cash, 2001). Local opinion leaders may act as a catalyst to the process of minimizing the initial barriers and later these leaders can help in scaling up these innovations by building institutions (Tuan, Singleton, Dzung, & Palis, 2010).

While marketing offers obvious benefits to social entrepreneurs, majority of the social entrepreneurs care more about doing good for the society by solving social issues, which often draw their attention away from the necessary business tools like marketing. Also, many of them, coming from a non-profit organization background, possess negative attitude towards marketing, often termed by researchers as legacy mindset. Such attitude may cause problems as social entrepreneur tend to take majority of the strategic decisions (Dees, 1998, 2012; Peattie & Morley, 2008).

To sum up, resource constraints and legacy mindsets in social enterprises hinder adoption of marketing. However, marketing is crucial not only for wider visibility of social enterprises but also to help community members understand new products, resolve any doubts about their usage and learn how to benefit from such innovations, offered by social enterprises. In the next section, the authors will elaborate on the process of value creation through relationship marketing.

CONCEPT OF VALUE IN RELATIONSHIP MARKETING

Good relationships with customers, among other things, is crucial for an organization to become successful (Hennig-Thurau & Hansen, 2000). New consumers are more uncertain and indecisive and require extra attention from an organization. Relationship marketing involves interactions with consumers and such interactions decrease the uncertainty in the minds of the consumers (Berry, 1995; Gummerus, Koskull, & Kowalkowski, 2017; Jones, Reynolds, Arnold, Gabler, Gillison, & Landers, 2015; Morgan & Hunt, 1994). Engaging consumers in the design and production of the offering always makes it possible to produce offerings as per their needs. In other words, this co-production, in turn, creates value for the consumers as it results in personalized products and services (Dey, Pandit, Saren, Bhowmick, & Woodruffe-Burton, 2016; Payne & Holt, 2001; Prahalad & Ramaswamy, 2004a; Sheth & Parvatiyar, 1995).

Although the rationale behind the existence of social enterprises is to devise solutions to social problems, the solution alone cannot ensure acceptability. Before adopting anything, users often measure the cost they have to incur for proposed benefits (Premkumar & Roberts, 1999). There are two ways value may be created, one is by providing more benefits through innovation, and the other is by decreasing the tangible and intangible costs for a given range of benefits (Zeithaml, 1988). For example, in a fishing community, a new fishing technology for better productivity may not gain acceptance. A more acceptable solution must ensure that all the associated costs such as input cost, storing cost, and maintenance cost are kept low. Hence, while introducing a social innovation, attention should be paid to minimize the perceived loss of adopting a new/novel way of doing things. For example, while proposing a new low-cost cultivation technology to marginal farmers, attention should be paid to how the new technology alters the entire farming system of those marginal farmers. Social entrepreneurs need to have more clarity about the consumers'/users' activities within which the innovative product or service will be embedded. No innovation can create a social impact unless there is clarity about "what a customer is trying to do with the firm's offering at a particular time and place" (Ravald & Grönroos, 1996, p. 22). This can be achieved by early interaction with user groups to understand their attitude towards the new product or service.

Feedback from target consumers/users provide indications for areas of improvement and the possibility of customizing the product. This will also increase the level of ownership by the target community (Payne, Storbacka, & Frow, 2008; Prahalad & Ramaswamy, 2004). For instance, solar lights offered by a social enterprise to street vendors may come up with the value proposition of seamless lighting facility for eight hours; however, the consumers may want some changes in the design of the

device and color of the light. Hence, there must be ongoing interaction with the consumer to ensure value creation through social innovation.

This interaction at the early stage of adoption creates value for the customer by giving her adequate information for better adoption. Thus, value is created by a) innovation and b) providing information and maintaining a long-term relationship. Since customer resistance to adopting an innovation is the highest during the introduction phase, social innovators/ entrepreneurs need to build a relationship with customers at earlier stages of the adoption of social innovation. In such a situation, relationship marketing provides a viable solution for the social innovator/ entrepreneur as customers tend to put the quality of the relationship before the offerings (Ravald & Grönroos, 1996). With a relationship marketing approach, the customer is encouraged to evaluate her whole experience of the new solution. For widespread utilization of a social innovation, a sense of reliability and trust must be there from the users' side to take care of the basic cost elements, such as opportunity cost, transaction cost, and relationship cost. Grönroos (1997) put forward the argument that a concerted and well-managed effort from the organization can keep the relationship cost down and can provide better services. As interactivity is the core of relationship marketing, there is a need for intra-organizational collaboration. That means, making innovations more useful and acceptable should not be the task of one designated segment of an organization (Grönroos, 1994), it should be seen as an organization-wide responsibility. Take, for example, a social enterprise that is committed to providing quality health services at an affordable price to a poor, unserved community. The relationship building for such a social enterprise should not be limited to the doctor-patient relationship alone. The idea is to have an effective collaboration among all the employees involved in clinical procedures to make the patient feel comfortable in this new set up.

In sum, relationship marketing can help social enterprises to build trust, get ideas for improvement. That means, relationship marketing enables co-creation of value and reduce resistance to adoption of a new product or service. Next, the authors present a case of community based inland fishery project based in India. The case is an example of an non-profit organization creating a community-based social enterprise for providing sustainable livelihood to the marginalized members of society

ILLUSTRATIVE CASE: COMMUNITY-BASED INLAND FISHERIES IN BANKURA, WEST BENGAL, INDIA

This is a case depicting a pilot project on fisheries in the Bankura district of West Bengal, India promoted by Revitalizing Rain-fed Agriculture (RRA) Network¹ and Pradan² (a national level NGO) started. The project intended to bring about a

significant positive change in the income level of fishing community members and provide sustainable livelihood options. Fisheries in Bankura faced the problem of diseconomies of scale as the producers are scattered across the region. Production rate is low due to under-utilization of the water bodies. Market linkage with larger players is not viable as individual fisherfolks have limitations in providing a continuous supply of products. Unaware of market standards and needs, they fail to comply with product standard and safety requirements. Members of the community came from Scheduled Castes and Tribes (a historically marginalized group of the Indian population, given a special status by the Indian constitution) and were eager to increase their income levels. The project aimed to achieve more financial returns to the producers by introducing fishery as a livelihood option and linking them to the market.

Problems

Despite challenges such as inadequate understanding of fishery techniques, infrastructure, and capital, the women members of *Marangburu Mahila Swanirbhar Gosthi* (a self-help group formed with the help of implementing agencies) was taking some steps towards a sustainable market-driven system for community-based inland fisheries. A majority of the group members had access to a waterbody, and they were rearing different varieties of fish as per their knowledge, resources, and customs. There was no organized effort to create sustainable livelihood even though the community members had some experience in fishery activity. They lacked an understanding of the fish market dynamics. Limited access to different infrastructure led to the lower adoption of recommended management practices. For instance, different arrangements are needed for preparing the waterbody, rearing fish, and then to harvest the produce. The implementing agency (Pradan) was playing a catalytic role in creating both an understanding and an interest among the members in doing fish farming in an organized way.

Different activities related to inland fishery demands a certain level of investment. However, there were limited or no financial services (except the internal financial arrangements by the group members) for individual producers. Commercial banks did not provide loans as the poor community members could not provide collaterals. The local water bodies continued to be under the control of village elites, resulting in limited access to the fishing community members. The project area was riddled by weak government extension services and unavailability of private facilitating agencies that provide technical inputs such as seeds and fishing equipment. Fishers did not have access to information related to management practices, technologies, market prices, storage, and handling.

Climatic variability, lower adaptive capacity, and the perishable nature of the product (i.e., fish) added to the problems faced by the fishing community. The lower level of water supply in the water bodies was the biggest problem. As all these water bodies were rain fed with four months of water availability, the fishing community resorted to distress harvesting which in turn affected their output. The theft was expected to increase as the project took shape. Non-availability of required infrastructure and inferior level of understanding led to lower adoption of recommended management practices by the producers. For example, there was only one big size fishing net in the area provided by the implementing agency, and each member took turns in using it. This made it difficult to follow the recommended practice of checking the growth of fish every 15 days.

The challenge for the implementing agency was to overcome these obstacles and build a resilient, community-run social enterprise that could ensure a sustainable livelihood for the community members.

The Intervention

With the help of the implementing agency, women self-help groups (SHGs³) were formed. The idea was to create a community-based social enterprise through which the members could earn their living in a dignified way while giving shape to their entrepreneurial aspirations. Tulsi Didi (SHG member) was the point person for carrying out water testing for all the water bodies. She had also motivated other members of the group. All the members used homemade fish feed (made from crop residues) for fishery activities. An internal credit system was put in place to take care of the cost related to different activities. Their labor and homemade feed met one-third of the cost, and the balance was given as a grant by the implementing agency and the fishery department.

The group members planned to be self-sufficient for procurement of seeds and seedlings. This was done by taking a water body on lease for seed and seedling cultivation. In the short term, they are planning to purchase seed and seedlings from SHG members in adjacent areas. They are also planning to purchase a big fishing net through the group so that they can follow some of the recommended practices seamlessly. The surplus harvested produce is to be sold to the fish vendors.

TRACKING THE EXPERIENCE OF THE COMMUNITY MEMBERS

This illustrative case is written based on field visits in January 2016 in the state of West Bengal, India. Informal interactions were conducted to understand the concepts related to marketing and value creation. The key aspects that were discussed during

these informal interactions were the role of the implementing agency, the relationship of the community with implementing agency, and the perception of the community about the initiative. The informants were the Self-Help Group (S.H.G.) leaders/ members and the implementing agency personnel (project executive). The broad questions that were asked to the community members were: How do they rate their relationship with the implementing agency? Do this relationship add value to their activities? If yes, what is the nature of the value created by the association? The interactions were not recorded and transcribed. However, the field notes during those interactions and observations are the basis for the observations made in this illustrative case.

Relationship Management

Support from the implementing agency holds special significance for SHG members. They felt elated with the newfound support and respect. The association with the personnel from the implementing agency has guided them in performing the day to day operation of fishery well.

Our relationship with 'dadas' (brothers, i.e., representatives from Pradan) helped us immensely. We learned a lot from them, from negotiating with different parties to maintaining financial records. Unity among our SHG 'didis' (sisters, i.e., SHG members) and the support from Pradan has helped us. (Leader of S.H.G. federation)

Co-Creation of Value (Individualized Process)

Discussion with the personnel of the implementing agency shows how the intervention has evolved and strengthened through the participation and partnership of the community. Co-creation takes place through mutual learning between the implementing agency and the social enterprise. For example, earlier the control of all the fishery activities was in the hands of the male members of the community. With time, the participation of women S.H.G. members increased, and the status of management from the community got improved. Finally, the control of the fisheries activities shifted to the hand of women S.H.G members. The implementing agency was new to this form of the fishery and could learn from the indigenous knowledge of the community members.

The inland fishery activity is new for us. We officially introduced the activity to our portfolio of activities with this program. The program is in the very nascent stage, and we are trying to capture and build on the indigenous knowledge of the community. (Project executive, Pradan-implementing agency)

Better Adoption (and Decreasing Resistance)

Results show that positive experience may have minimized the hesitation and enable the acceptance of the innovative solutions offered by the implementing agency. For instance, an earlier project on Systemic Rice Intensification (S.R.I.) paddy cultivation technique had already created a positive image of such projects among community members and they were open to the idea of adopting the current project.

It took much time to convince our husbands to trust them (personnel from the implementing agencies). Once we got good yield through S.R.I technique (paddy cultivation technique), our partners stopped intervening to some extent. They now have allowed us for the fishery activity, and some of them also help us by lending hands. (Woman S.H.G. member)

Capacity Building Through Training

During focus group discussion (F.G.D), the women S.H.G. members explained how the capacity building efforts of the implementing agencies helped them in forming productive clusters (Porter and Kramer 2011). Training programs on water body preparation, measuring fish seed quality, feeding, and harvesting took place during the initial period of the project. One of the members of the S.H.G. noted:

Though we had some understanding of the different processes involved in the fishery activity, the training programs have helped us in many ways. We learned to carry out the required activities in a more organized and productive way. We are now much more confident to run this activity on a larger scale by engaging and motivating others. (Women S.H.G member)

Different Elements in Value Creation

Phills, Deiglmeier, and Miller (2008) defined social innovation as “a novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals” (p. 34). The processes under the inland fishery project were proposed, revised and co-created, making them more effective and efficient. The fishery activity started to generate value in the form of generated income and nutrition for the families. One important finding was that the process of value creation was not limited to the implementing agency and the community only. The implementing agency involved different agencies/bodies in strengthening the project like- local government fishery department, seed supplier, agriculture

universities, and local market. Such collaborations contributed to the value creation process (Sheth and Parvatiyaar, 2002)

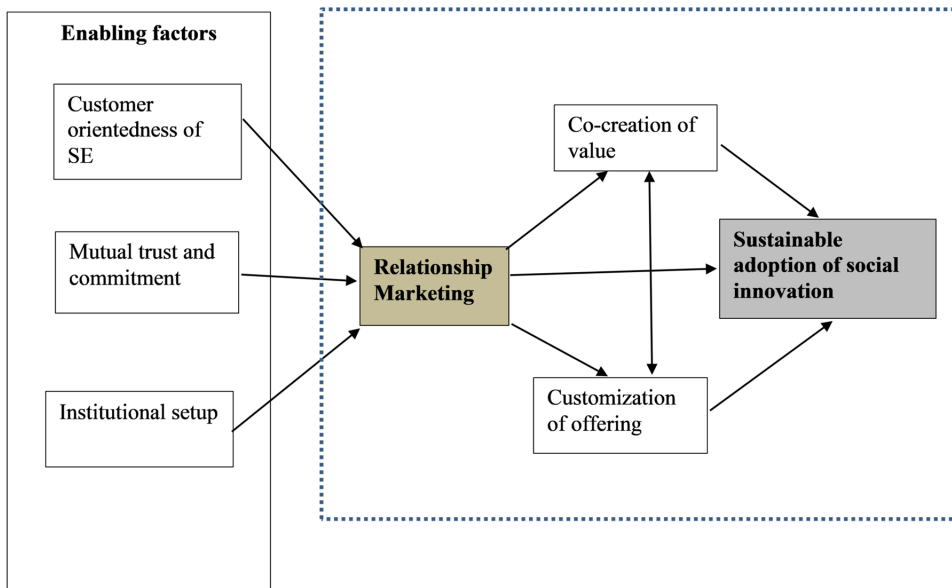
We consider ourselves as the facilitator and try to mobilize different kinds of resources and support for the community. We believe, this fishery program will be successful only through a collaborative effort from different parties. For every project/program, we follow convergence strategies, and this project is no different. (Project executive, Pradan-implementing agency)

The next section discusses the implication of the findings and propose a model of relationship marketing for social enterprises.

DISCUSSIONS

The authors present their findings in the form of a model (shown in Figure1.) that can help us understand the antecedents, processes and outputs while adopting a relationship marketing approach in a social enterprise setting.

Figure 1. Conceptual model explaining the role of relationship marketing for social innovators and entrepreneurs



Enabling Factors for Relationship-Based Social Enterprise Marketing

The findings point to the fact that there are certain pre-conditions for a relationship marketing approach to work. The authors call them as enabling factors. Rather than having a social or an NGO mindset, social enterprises need to have an understanding and appreciation of the customer/consumer culture, needs, contexts and aspirations. In the given case, the implementing agency could understand that building on the entrepreneurial aspiration of village women can lead to a better organization of the community enterprise. However, given the social context of rural Indian society, help was also sought from the male members who have experience and expertise in fishing.

Second, social enterprises often bring in a new way of thinking or living, e.g. creating women-led community enterprise in a male-dominated society and industry. This requires mutual commitment and trust (Morgan & Trust, 1994). Though inland fisheries is not an alien activity for the constituents in the project location, it is not a frontline livelihood activity for them. It is neither an easy decision for them to include the activity to their livelihood portfolio. It is the trust of the community towards the implementing agency and their personnel that prompted them to participate in the program. Relationship marketing has a big role to play in this context. Relationship marketing may help in decreasing perceived risk and increasing reliability, trust, and commitment. In an ambience of trust and commitment, more interconnected and uniform adoption can be expected. Social enterprises need to invest in building this relationship of trust and respect rather than pushing through their social agenda. This aspect is particularly crucial for social enterprises as their target communities are often abandoned by government agencies and traditional NGOs and are likely to be sceptical of any new interventions around them. In the given case, trust and respect came from the implementing agency's good track record and history in the region.

Finally, social enterprises are unlikely to succeed in the relationship marketing approach without a preexisting institutional setup or at least a prevalent framework. The structure of forming women's self-help group for livelihood has been successfully tested and provided an institutional set-up for financing which is critical for the survival of the social enterprise. Government's initiative across various departments - fisheries, women development, development of marginalized groups, rural development- ensured the possibility of last mile linkage with various policies. Institutional set-ups thus provide a mechanism to build and develop relationships. Social enterprises would thus do well to identify and capitalize on these enabling factors while building a relationship with target communities.

Benefits of Relationship Marketing Approach

A relationship marketing approach helps social innovators and entrepreneurs in two ways.

1. Creating better value through customized, co-created solutions
2. Reduces the barriers and community resistance to new product/service

Co-creation of value through the active participation of the community is very important for the effectiveness and voluntary adoption of social innovation. The studied implementing agency seemed to have adopted the process of co-creation as they were implementing the implementing fishery project for the first time. The S.H.G members informed the author, they agreed to participate in the activity only after detailed interaction with the implementing agency on the cost-benefits. As indicated by Prahalad and Ramaswamy (2004a), a transparent system and constant interactions with the consumers lead to better participation and decision making from them. The project implementing team allowed all the inputs from the beneficiaries to come in. According to the respondents, one of the most important changes that took place is the shift of control of fishery activities to the hands of women S.H.G members. Case analyses reveal that the S.H.G groups plan and design the processes of fishery activity by their own with help from the implementing agency. A notion of ownership can be sensed through the interactions with S.H.G members. Innovation is about incremental changes, and customization is a crucial ingredient in all these changes. The rate of adoption will naturally increase for customized/personalized solution. Relationship marketing can help social enterprises to understand and work with community members to co-create products and services. Such a co-creation process builds ownership, accountability and sustainability of the business models adopted by social enterprises.

Due to the disruptive nature, consumer resistance is a common phenomenon for any innovation. Therefore, understanding the reasons behind the resistance and then to address them is important (Ram et al., 1989). To cater to this problem, one must have an interactive relationship with the end users and in this way the resistance can be negated to some extent. The case analysis helped the authors to understand that a good relationship and the associated success (good yield from S.R.I technique of paddy cultivation) prompted the community to adopt inland fishery as a livelihood activity. The inclusive community-based inland fisheries livelihood model would be more effective if it can tap into the value chain of the community through constant interactions. The best way to cater to the value chain of the constituents is to have an understanding of their activity profile and then to fit the new activity effectively and productively. The process should be seamless to lower down the resistance from the community.

Co-creation of value and increased acceptance of proposed solution together can lead to a sustainable adoption of a new way of living. Relationship marketing helps social enterprises to achieve closer interaction between the S.H.G. members and their supporters (e.g. the implementing agency), which in turn leads to a better planned and organized fisheries activity.

A few limitations of the study must be taken into considerations. First, the study is based on the authors' first-hand experience during field visits. Some part of the narration is self-reported, and there is a need for a further empirical investigation. Second, the period of the study is not very long and that restricted the number of interviews and study locations. Third, the selection of the case is decided by the implementing agency and not by the authors. Fourth, multiple cases could have given the study a comparative insight (Yin, 2013).

Further research is needed to explore and expand the idea of value creation and relationship with a larger scale and scope. Focusing on the issue under study from a different angle (for example the role of another marketing approach such as social marketing) would enrich the understanding. Instead of using one case, the further works should focus on multiple cases to have comparative analysis.

CONCLUSION

This chapter focuses on how social innovation and entrepreneurship can gain by adopting relationship marketing as part of their value creation process. Social entrepreneurs do well in uncovering needs and providing innovative solutions to solve social problems. Yet, many of them fail to create a sustainable business model. The authors see a big role that marketing can play in changing the situation. Review of the existing literature and firsthand experience of the authors show that this may not be due to any inherent fault with the new product or services. Rather, it may arise because social entrepreneurs do not pay enough attention to know, understand and relate to their target customer segments. Business organizations use marketing principles and practices for a better understanding of consumer behavior and the delivery of superior customer experiences. Social enterprises could also benefit from such a practice. Consumers often adopt a product because of the relationship they perceive with a brand or an organization. Social enterprises can focus on relationship marketing with their potential consumers. This will mean helping communities ease into a new product, service or behavior; answering their initial apprehension; and solving teething problems. In the process co-creation of value and customization of offering can happen.

The authors look at a social innovation that involved enhancing the income of marginalized groups through the promotion of inland fisheries in West Bengal, India and discuss how relationship marketing could be used to understand the challenges of building such community based social enterprises. Social enterprises must take the lead in ensuring better adoption and applicability of social innovation for the creation of sustained social value. Social enterprises play the critical role of bridging gaps in the delivery of social and public goods and services. An improvement in their performance can lead to a better quality of life for marginalized communities. Relationship marketing may hold the key to such an outcome. This study on the influence of marketing on social innovation and social enterprises is expected to contribute to the present practices of project/program implementation by the social enterprises, nonprofit organizations, and government agencies. The study is meaningful in the Indian context, given the increasing number of interventions in rural and low-income areas to solve social problems. For practitioners, the study offers some important insights on enabling factors for relationship marketing and the two benefits that can accrue from such relationship building activities: individualized value creation through interaction and co-production and reduced resistance to a new product or service. Given the challenges posed by social and environmental issues today, many look at social enterprises as a way towards sustainable development. A relationship marketing approach can only improve the impact of social enterprises on the vulnerable and marginalized of the world.

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KEY TERMS AND DEFINITIONS

Customer Engagement: An interactive process to involve the customers with an organization and its offerings.

Marketing Orientation: Is the process of developing and providing products and services according to the needs of potential consumers.

Relationship Marketing: A marketing approach requiring building a relationship with customers.

Social Enterprise: Refers to organizations that address social problems in an innovative way and sustain themselves by generating commercial value out of their innovation.

Social Innovation: Is a new way to fulfill social needs or address long-standing social issues.

Value Creation: Is the process of providing benefits at a given cost.

ENDNOTES

¹ RRA network (<http://www.rainfedindia.org>).

² Pradan (<http://www.pradan.net/>).

³ Group of men or women, whereby they mutually support (both social and economic) each other. Moreover, these groups are usually used to avail bank loans.

Chapter 3

Social Enterprise Marketing Communication

Nonkululeko Bhengu

University of KwaZulu-Natal, South Africa

Nigel Chiweshe

University of KwaZulu-Natal, South Africa

ABSTRACT

The purpose of this chapter is to examine marketing communication tools used by Pietermaritzburg social enterprises to reach their stakeholders. In discussing the marketing activities used by social enterprises it focuses on the use of marketing communication tools of social enterprises in terms of attracting potential stakeholders. For many social enterprises, the use of marketing may be limited to the products and services they offer, the way they approach fundraising and public relations, and how they develop the way they communicate to raise awareness of and change attitudes to various problems. Social enterprises do not have a larger view of using marketing to influence behaviors that benefit individuals and communities.

INTRODUCTION

Researchers have over the past years assessed what organisations identify as being “top of the mind issues” (Bonchek & France, 2018). Some of the issues identified in the past are those relating to the use of digital platforms, customer experiences and crisis management (Bonchek & France, 2018). The issue of profit and purpose came to the fore with greater prominence (Bonchek & France, 2018). This pursuit of purpose created an entrepreneurial opportunity to provide goods and services that address “this purpose” in the form of social enterprise.

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In the past social enterprise was modelled as the tenant of non-profit charitable organizations that attracted human and social capital with community uplifting motives (Chell, 2007). It can be argued that social enterprises are businesses set out by social entrepreneurs to provide financial support, social services and bring social change (Larsen, 2012). Most of the social enterprises are operating in an unattractive market whereby it is difficult to attract investors, which are their stakeholders.

Social enterprises have generally operated in resource constrained environments (Satar, Siraj, & Danish Chesti, 2016). This has forced social enterprises to adopt more complex business management activities (Satar et al., 2016). These business management activities have included various marketing techniques to enhance their efficiencies (Satar et al., 2016). According to (Madill & Zieger, 2012; Powell & Osborne, 2015) for many social enterprises, the use of marketing may be limited to the products and services they offer, the way they approach fundraising and public relations, and how they develop the way they communicate to raise awareness of and change attitudes to various problems.

Marketing is essential to social enterprises in communicating with customers (community) and investors as they are the key stakeholders of the organization. Moreover, these stakeholders need to have the necessary information about the organization. According to (Liu, Eng, & Takeda 2015; Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011) the implementation of marketing concept is considered as a key market-based resource, which is important in recognising the marketing opportunities and it assist the organization to acquire knowledge about customers. Furthermore, the market-based resource assists social enterprises to identify opportunities for commercial trading. Business and marketing scholars - have not paid much attention in improving the effectiveness and the impact of marketing in social enterprises (Petruzzellis, Chebat, & Palumbo, 2015). Hence, Social Enterprises tend to lack when it comes to marketing themselves to customers and investors.

Research Problem

Petruzzellis et al. (2015, p61) state, “There currently exists a lack of published research into marketing strategy in social enterprise organizations”. Shaw (2004) and Miles (2014) highlighted that there has been research addressing marketing but research addressing marketing based on Social Enterprises is minimal. Marketing and communication strategies are important to social enterprise marketing because it influences the perceptions of internal and external stakeholders (Smith, Knapp, Barr, Stevens, & Cannatelli, 2010). Since communication or marketing is a valuable tool for social enterprises, the question that surfaces are how effective social marketing is influencing stakeholders or potential investors.

Social Enterprise Marketing Communication

Normal enterprises, enterprises that are commercial, enterprises that only pursue to make profit and they seek to improve economic value (Dees et al. 2002) they are driven by profit motives, marketing has shown to be an effective tool reflected through their profit margins and customer base. The more the customers and profit, the more effective marketing is to the enterprise. The effectiveness of social marketing on the other hand is complicated based on the nature of social enterprises (Madill & Ziegler, 2012). Unlike normal enterprises, social enterprises are not profit driven by profit or motives of having a customer base. Investors become less keen in investing something with less or little substantial gain. As a result, social marketing for investors becomes less interesting due to the lack of financial gains or payment.

Research Objectives

- To identify the marketing communication tools used in social enterprise marketing.
- To examine the use of marketing communication in social enterprise ventures.
- To determine the effectiveness of marketing communications tool to social enterprises.

Research Questions

- What are the marketing communication tools used by social enterprises?
- How are these marketing communication tools used by social ventures?
- What is the effectiveness of marketing communication tools for social enterprises?

MAIN FOCUS OF THE CHAPTER

Social Enterprise

Social Enterprises are organizations which seek to fulfil social objectives funded by market-based activities. Rivera-Santos, Littlewood & Kolk (2015) defined social enterprises as small community enterprises, NGOs, co-operatives using income generating strategies to become more sustainable, furthermore, these enterprises have a desire to social and environmental change. The primary objective of social enterprise is to solve social problems through financially sustainable business, and the surpluses created by the business are reinvested to solve social problems (Steinman & Rooij, 2012; Rivera-Santos et al., 2015, Miles et al., 2014). Furthermore, social enterprises aimed at meeting that needs that are not yet met, and they seek to be

effective and efficient to fulfil their mission and their objectives. Hence, social enterprises fill the gap left by government. Social enterprises have both economic value and social value (Srivetbodee, Igel & Kraisornsutthasinee, 2017). Thompson, Mawson & Martin (2017) argued that social enterprises provide disadvantaged communities with opportunities in the labor market.

Social enterprises are not the same as traditional non-profit organizations; they use business approaches to gain profit and reinvest the profit made to achieve social goals, as their mission is to solve social issues and provide with services that help the local community (Volkmann, Tokarski, & Ernst, 2012, Srivetbodee et al., 2017). In social enterprises, profit is generated for social objectives and to assure sustainability and survival of a social enterprise.

Entrepreneurial Marketing and Marketing for Social Enterprises

Marketing's significance in general entrepreneurship has been growing both in theory and in practice (Satar et al., 2016). Seeing as social entrepreneurship shares the tenet of entrepreneurship, social enterprises can draw great benefits from using innovative marketing strategies too (Satar et al., 2016).

Marketing is accomplishing the objectives of a firm relies upon knowing needs of target markets (Kotler and Armstrong, 2010). The concept of marketing is mostly used for commercial enterprises. Currently the concept of marketing has expanded to non-profit organizations which include social enterprises (Srivetbodee et al., 2017). Non-profit organizations engage in marketing activities for communicating, delivering and exchanging ideas of the social mission (Liu, Eng, & Takeda, 2015). Non-profit organizations engage in marketing activities for communicating, delivering and exchanging their ideas of social missions, however, marketing for commercial business would not be the same as marketing of non-profit businesses/ social enterprises.

NPOs have challenges concerning marketing where they do not have funds to implement some marketing strategies, (Pope, Isely & Asamoatutu, 2009) in their literature highlighted that the biggest stumbling block is that the large funders do not see the importance of marketing therefore, sees it as an expense. Marketing is one of the important areas of business that offers promise for more efficient and effective management of social enterprises (Miles et al., 2014 & Srivetbodee et al., 2017). Furthermore, it is challenging for social enterprises to manage the contending interest as different stakeholders have different interests.

According to Petruzzellis et al., (2015), the role of marketing is clearly understood in commercial businesses, but it not the same as of social enterprise as commercial marketing is mostly focusing on marketing with the aim of making a profit. However, the owners/managers of social enterprises have not developed enough knowledge

base on marketing approach. The traditional “concept of marketing focuses on four things which are customer orientation, customer satisfaction, integrated marketing and focuses on profitability” (Miles et al., 2014, p551).

Hence, the scope of marketing should be flexible towards social enterprises. Lui et al., (2015) argued that the concept of marketing is considered as a key market-based resource, which supports the entrepreneurial process of opportunity and recognition by helping organizations to acquire knowledge about their customer needs and communicating the need to necessary employees. Miles, Verreynne, & Luke, (2014, p98), (Oriade, & Robinson, 2017, p. 79) defined entrepreneurial marketing as identifying opportunities and transforming resources of types such as knowledge, money, and technology which are attained both internally and from organisations networks and alliances, to co-create products which customers perceived to of value.

Marketing Communication

Marketing communication provides selected information to consumers (Falát & Holubčík, 2017). This information is conveyed ideally with the fastest and in the most efficient form (Falát & Holubčík, 2017) (Zaušková, Bezáková, & Grib, 2015). Properly formulated marketing communication of a company translates into an increase in the number of consumers and ultimately the sales of goods and services (Falát & Holubčík, 2017). The primary objective of any marketing communication is the transfer of the message between the sender and the receiver (Falát & Holubčík, 2017). The way the marketing communication message is received by the consumer is crucial, as it is important to ensure that it will not cease to exist in the amount of information and that it will be interesting for the customer (Zaušková et al., 2015).

The most common used forms of marketing communication are advertising, sales promotion, public relations, personal selling, direct marketing and event marketing (Falát & Holubčík, 2017). Through using the unique strengths of the various contemporary media choices available today, a marketer can potentially sequence them in more powerful ways to move consumers more quickly along their decision journey than was ever possible before (Batra & Keller, 2016).

Integrated marketing communications (IMC) are the coordinated, consistent means by which firms attempt to inform, incentivise, persuade, and remind consumers directly or indirectly about the products and brands they sell (Batra & Keller, 2016). Technological advances and other factors have transformed the marketing communications environment and present new challenges and opportunities to marketers (Batra & Keller, 2016).

“IMC is a strategic marketing process specifically designed to ensure that all messaging and communications strategies are unified across all channels and are centred on the customer. The IMC process emphasizes identifying and assessing

customer prospects, tailoring messaging to customers and prospects that are both serviceable and profitable, and evaluating the success of these efforts to minimize waste and transform marketing from an expense into a profit-centre” (Batra & Keller, 2016, p. 139).

With the challenges presented by new media, shifting media patterns, and divided consumer attention, the optimal integration of marketing communications takes on increasing importance (Batra & Keller, 2016).

Social Marketing

Social marketing has been more focused on public sector organizations, but it has been discovered that for social enterprises to be successful, they could use social marketing to fulfil their social missions (Madill & Zigler, 2012, Mitchell, Madill, & Chreim, 2016). According to (Miles et al., 2014, p4) “Social marketing is the broadened concept of marketing including the tools and techniques such as segmentation, target marketing and positioning strategies to non-business issues as diverse as social goods like education and social causes”. Dibb (2014) and Gordon (2013) argued that there is a necessity to broaden the concept of marketing to social marketing for social enterprises to consider achieving their social missions.

In this context, social marketing is seen to be the solution to social problems. Social marketing shall not only focus on changing individuals’ behavior but must determine the reasons behind individual’s behavior, as behavior determines the responses from individuals (Nandan, London, & Bent-Goodley, 2015, Madill & Zeigler, 2014). Hence, social entrepreneurs need to influence behaviours of their stakeholders to gain the positive response for their business operation, through effective communication. Madill & Ziegler (2012) argued that social marketing gives social enterprises potential to communicate their business function.

According to (Madill & Ziegler 2012, p342), “social marketing seeks to influence social behaviours not for marketers but the market audience and the general society”. Social marketing is the application of discipline marketing to social issues and causes that provide the framework for developing innovative solutions to social problems (Madill & Ziegler, 2012). However, based on the definitions of social enterprise and social marketing, it can be argued that social enterprise marketing seeks to influence the behaviour of individuals and societies (Molthan-Hall, 2016). According to (Miles et al., 2014, p04) “Social marketing is the broadened concept of marketing including the tools and techniques such as segmentation, target marketing and positioning strategies to non-business issues as diverse as social goods like education and social causes”. Therefore, social marketing suggests solutions for social problems and targets people identity.

Furthermore, the behavioural change is accomplished through the creation, correspondence, delivery and trade of competitive social promotion offer that initiate intentional change in the intended interest group, and results in the advantage to the social change campaigns, compliances and more extensive society (Dann, 2010 & Nandan, 2013). Social marketing shall not only focus on changing individuals' behaviour but must determine the reasons behind the individual's behaviour, as behaviour determines the responses from individuals (Nandan, 2013). Therefore, social entrepreneurs need to influence behaviours of their stakeholders to gain the positive response for their business operation, through effective communication. Maddil & Ziegler (2012) argued that social marketing gives social enterprises potential to communicate their business function.

Networks and Networking as a Communication Tool for Social Enterprises

Networks and networking are an important marketing tool (Shaw, 2004). Sagarino, & Rubi, (2018, p.95) defines networking as a "marketing method which a company taps agents to reach potential customers that could not be contacted by traditional online or offline marketing methods". Networking assists the social enterprises to gain necessary information about the local community they are operating in, recognizing opportunities and introducing themselves to potential funding sources and identifying what are the needs that were not yet attended to. Networking undertaken by social enterprises is essential for building trust and creditability to the community and possible funding sources.

According to (Doherty, 2009 & Srivetbodee et al., 2017), the elements of networking are crucial to social enterprises, because it gives the social enterprise the opportunity to communicate with customers or the potential stakeholders about the organization's functions. Srivetbodee et al., (2017, p206) "Building alliances with other complementary actors helps social enterprises scale up social value by widening the social impact to key stakeholders". Building alliances would benefit social enterprises to create both economic and social value, sharing knowledge and increase access to resources (Srivetbodee et al., 2017, Carraher, Welsh, & Svilokos, 2016).

The most widely recognized utilization of the idea of an interpersonal organization in social enterprise writing, consider organizing a basic ability for the achievement of an organization, frequently requires an alternate aptitude set and capabilities contrasted with business enterprise (Dufays & Huybrechts, 2014). Especially the social entrepreneur ought to be equipped for associating with social and group values and assembling their genuine potential through networking (Gaffurini, 2015).

Avoiding to associate with the correct system may restrict access to assets and lower the confidence of the staff (Lettice & Parekh, 2010), in this regard delaying the ability to enhance proper communication (networking) with the stakeholders may delay the success and growth of the social enterprise.

Social Enterprise Marketing

Social Entrepreneurs put their focus on developing their business which is determined by their courage to support and contribute to their local community. Marketing in the context of social enterprises is aiming to meet the needs of the society and marketing is important for sustainability and success of the enterprise (Oriade & Robinson; 2017, Volkmann et al. 2012). Social enterprise marketing emphasis more on their social mission, with the services that they are offering to the society. Hence, marketing will help the social enterprise to build a reputation and gain recognition of what they are offering.

Oriade & Robinson (2017) and Srivetbodee et al., (2017) argued that social entrepreneurs seek to work with enterprises that share similar aims, as they are driven by meeting the social aims, and the social enterprises seek to maintain the good reputation for building good relationship with the community they are working on. Hence, for the social enterprises to maintain a good relationship with the community they need to have great communication that will set them to the great record to the community and the investors that are willing to collaborate with the social enterprise. Volkmann et al., (2012), argued that communication ensures a positive relationship with the supporters, employees, the public and potential donors (stakeholders), and it ensures that the relationship is maintained. However, the SEs are targeting the donors and volunteers, which means the social enterprise uses the cost-efficient tools to promote themselves (Volkmann et al. 2012).

Kotler, Kartajaya, & Setiawan (2010) called attention to as online networking turns out to be more expressive, customers are wholeheartedly imparting their encounters and insights, which are ending up progressively powerful on other purchasers' decisions and inclinations. The Online networking apparatus cultivates a situation where customers frame solid connections in which the gatherings impact each other's perspectives, mentalities, learning, data gathering, obtaining behaviour, and post-buy appraisals (Mangold & Faulds, 2009 and Srivetbodee et al., 2017). Online networking furnishes business visionaries with a chance to team up and impart information to their system, accordingly creating and making a new versatile business that is more effective.

A social enterprise is the one that created and tackled social communications as a prime driver in accomplishing organizational objectives. Pope et al. (2009) on their findings argued that non-profit organizations, are shifting to online marketing

Table 1. Communication tools for social enterprises

Communication tools	Definition	Example
Networks & networking	“Building alliance with complementary actors and key stakeholders” Srivetbodee et al., (2017, p206).	Fundraising and public relations
Social Media	“Social media a new form of media that involve interaction and participation” Delina, (2016, p1158).	Facebook, twitter, Instagram and blogs
Online marketing	“Online marketing is a marketing activity that is conducted online through the use of internet technologies” Jones, Malczyk & Beneke, (2011, p4).	website and emails
Traditional marketing	Traditional marketing refers to the old media used to communicate the products with customers Bhayani, & Vachhani, (2014).	Newspaper adverts, magazines and radio advertisements.

to build relationships and informing the public about what they do. Frequently, such cooperation is empowered with social instruments (Wong & Tse, 2016). Even so the NPOs/social enterprises have challenge of lack of expertise and financial resources that hinder them from taking good advantage of internet marketing.

Businesses are existing in the 21st century; there is no business that survives without having online marketing tools (Wong & Tse, 2016). Therefore, social media is one of the important and effective communication tools for different organizations. According to Volkmann et al., (2012), social media channels are cost-efficient, and it allows the beneficiaries to access the necessary information about what is offered by the organization. Oriade and Robinson (2017); Srivetbodee et al., (2017) & Pope et al. (2009), states that the nature of modern marketing communication forms such as blogs, social media networks and websites provide valuable opportunity to publicize the work of the social enterprise and really place emphasis on the benefits of the work they do, whilst developing strong relationship with the local communities they are operating in.

Table 1 presents the summary of marketing communication tools that are used by social enterprises to attract and communicate with their key stakeholders.

METHODOLOGY

The authors used qualitative research, to examine people’s experiences in detail through the use of semi-structured interviews, focus group discussions and observations (Hennink, Hutter & Bailey, 2011). The study chose qualitative research method

because it assists by making sense or interpret phenomena in terms of meaning, option, perceptions and experience.

This chapter made use of semi-structured interviews as data collection method, the interviews were audio recorded. The author used non-probability sampling which is convenient sampling, whereby the researcher or the author collects data based on the availability of population members (Sekaran & Bougie, 2016). Data of this chapter was collected from a social enterprise located in KwaZulu-Natal Pietermaritzburg. This study used thematic analysis based on collected data, the recorded data was transcribed, and categorized to identify the relevant themes. Themes came directly from collected data, themes were linked to the existing literature making sure that they answer the research questions and meet the research objectives.

FINDINGS

Identify the Marketing Communication Tools Used in Social Enterprise Marketing

The study found that social enterprises are using various communication tools that are accurate and affordable for their social enterprises. This finding is similar to the finding of (Powell & Osborne, 2015) when they stated that marketing approach do exist in social enterprises but lack of resources which limit them to devote it. Social enterprises before using specific communication tools they look at the need and the person who needs information about the social enterprise. Respondent 1 indicated the following:

We can't spend a lot of money on marketing because we do not have a lot of money.

The purpose of this research objective is to identify the marketing communication tools used by social enterprises. Hence, Table 2 presents the findings of the study of what types of communication tools used by social enterprise.

Based on the findings of this study, the social enterprise uses booklets and brochures as one of their communication tools to market themselves to potential stakeholder such as volunteers, investors and the local community. Booklets and brochures are used as a traditional way marketing (Pepe & Bournique, 2017). Respondent 1 further said that “we produce a book every year which is our annual report which covers all our information it also includes our audited financial statements, we use that book as our marketing tool”, “we produce a book every year which is our annual report which covers all our information it also includes our audited financial statements, we

Social Enterprise Marketing Communication

Table 2. Marketing communication Tools

Respondents	Types of Communication
Res 1	Traditional marketing Social Media Online Marketing
Res 2	Fundraising Social Media
Res 3	Traditional marketing Fundraising Social media
Res 4	Networking Social media
Res 5	Fundraising Social media

use that book as our marketing tool”. However, these tools provide information about the organization, their activities, mission and objectives they are willing to achieve.

The study also found that the social enterprises also use traditional marketing such as newspaper advertisements, magazine articles and leaf’s (Oriade & Robinson, 2017, p79). This study found that traditional marketing in the form of newspaper advertisements proved to be a challenge to social enterprises through responses such as the:

Challenge for my enterprise is the money for marketing because even the newspaper space costs an arm and the leg to advertise there.

This study discovered that social enterprises mostly use the social media networks and websites as their marketing communication tool as they define it as easy and affordable. Some of the responses support of this included:

We can not spend much money on marketing because we do not have a lot of money.

These findings of the study are similar to the finding of (Volkman et al. 2012) where they found that the online marketing (social media channels) are cost-efficient and it allows the beneficiaries to have access to information of what does the social enterprise offer. Oriade & Robison (2017) and Srivetbodee et al., (2017) in their findings explained in the study stated that the social media networks and websites provide with a valuable opportunity for social enterprises to display their work and build the strong relationship with their stakeholders as well as their local community.

This study found that the social enterprise uses social media and the organization's website as their marketing communication tool to reach out to their stakeholders (investors, volunteers and customers) as the organization engages in different activities. Responses such as "We have a Facebook page, and we have the website, the organization is not just the fashion school. There is a museum we have people who come to the museum, we have a School at the bottom we have Fashion school, and we also have tourism so whatever we do goes on one page; the organization's Facebook page or the website" illustrated the use of social media as a marketing communication tool.

The social enterprise interrogated revealed the use of public relations as a social enterprise marketing communication tool

Fashion show is sort of fundraising for the following year even the machines none of our students come with the machine we provide the machine for every student, not like other fashion schools.

This finding corroborates past research by (Oriade & Robinson 2017, Lue et al., 2015) fundraising, self-promotion and public relations are another marketing communication tool that is used by social enterprises. The study found that the social enterprise use fundraising activities as one of a way of communicating their social enterprise to potential stakeholders. The social enterprise has different activities that are related to fundraising whereby they use products they produce and the services they provide to fundraise and be able to attract stakeholders (investors) to the organization. Fundraising activities of the organization include museum passport (competition) and fashion shows.

Examine the Use of Marketing Communication Tools in Social Enterprise Ventures

The findings of the study revealed the marketing communication tools that are used by social enterprises to be social media networks, websites, fundraising and networking. The findings of this study found that the social enterprise believes that their marketing differs from commercial marketing, social enterprises have financial issues regarding marketing. Therefore, they use affordable tools to market their social enterprise.

Social enterprises use social media networks to share their activities, events and share all the information of the organization. They believe that social media and website assist to market themselves to the community, investors and volunteers (Kotler et al. 2010). Four out of five (80 per cent) respondents mentioned that the social enterprise uses social media marketing as their marketing tool. The

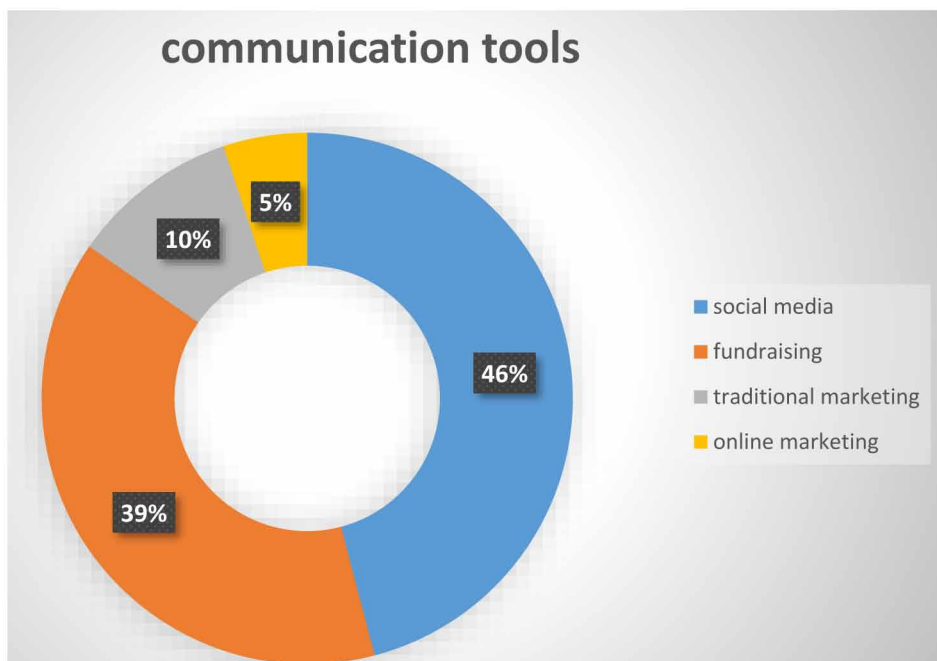
Social Enterprise Marketing Communication

organization believe that it is social media marketing that assists them in connecting with volunteers and investors from different places, as online marketing enables the information to circulate around the world; which allows people outside the country to know their organization. Oriade & Robinson, (2017), Pope et al. (2009) in their findings mentioned that online marketing is effective for non-profit organizations to pass their message to their key stakeholders.

Figure 1 presents the most used marketing communication tools in social enterprises. The findings found that the most used tools are social media, followed by fundraising, traditional marketing and online marketing.

The social enterprise uses donor marketing which relates to Public Relations; donor marketing requires the strong public relations department, which should have the ability, to communicate and build a relationship with the investors (Madill & Zieger; 2012, Powell & Osborne, 2015). Donor marketing and target appeals refer to the fundraising of the organization; the organization is seeking for money donations from the investors. Museum passport is used to attract schools students and people to the museum, there are competitions that are held by the organization as a way of marketing the activities of the social enterprise and letting the society know about the existence of the organization.

Figure 1. The use of marketing communication tools



I partnered with other museums as well that a way of marketing to get the people to come through as well, so we have to have competition, at the end of the day they know that they going to get something.

Competitions benefits the schools as well as the organization as there are prices to be earned; however, the money that is earned through fundraising events are reinvested to the organization for future purposes (Oriade & Robinson, 2017; Powell & Osborne, 2015).

The organization use fashion show as form of fundraising and marketing what they do as the organization. Fashion show gives fashion school students to show the work they have done and their fashion skills to people. The fashion show is not the only way that they display their work they also do fashion for Durban July handicap to market themselves to people, and they represent the organization, this is the way they are promoting themselves. Respondent 5

Durban July we get exposure when people come and ask us what we do.

However, the aim behind Fashion School is to groom their students to become entrepreneurs with the skills they provide them with.

Therefore, this chapter concludes that the tools used by the social enterprise are brochures & booklets, social media, fundraising, networks and newspaper advertisements. However, the study also concludes that newspaper advertisement is not commonly used on social enterprises.

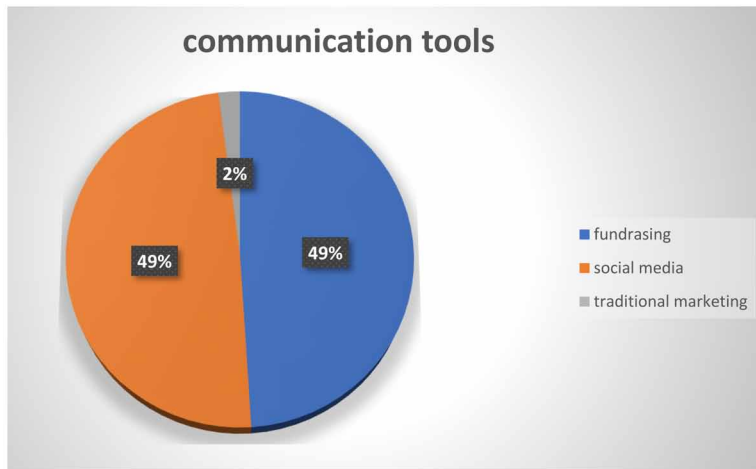
Determine the Effectiveness of Marketing Communications Tool to Social Enterprises

Miles et al., (2014) has pointed out the marketing is essential for enterprises it can be either commercial of social enterprises and its support an important area that offers a promise of effective and efficient management of social enterprises. It is important for enterprises to have communication with their stakeholders which includes (the volunteers, customers, investors etc.).

Figure 2 presents the effectiveness of marketing communication tools used by social enterprises. Interviewed respondents mentioned three types of communication tools that they believe they are effective named as fundraising, social media and traditional marketing. However, the findings of the study found that the more effective tools the social enterprise use is fundraising, the study also found that fundraising help the SE by attracting new people.

Social Enterprise Marketing Communication

Figure 2. Effectiveness of marketing communication tools



Social media and website have enabled the social enterprise to have greater achievement based on investors and volunteers; where they learn about the organization online and have interest to invest in it either by donating money or offering manpower for the social enterprise's activities.

According to findings of the study it is concluded that the most effective communication tools are fundraising and social media marketing; as respondents stated the use of fundraising and social media its ability to attract people to events that the organization is performing when they are fundraising and the responses that they get from people whom see their posts on their social media platforms.

RECOMMENDATIONS

It is not easy for social enterprises to use some traditional marketing communication tools because of financial issues. In this case the social enterprise may try to seek assistance to improve their communication tools such as negotiating with the community radio stations, and local newspapers to expose themselves, as not all people would go to social media or website just to search for an organization, therefore, the organization can make use of newspaper advertisements. It would be helpful to social enterprises to have funders that would support their marketing strategies to improve, as much as they are social enterprises but marketing is also important to portray the work that they do to their target audience.

Effectiveness of materials that are by the organization can be improved, where by the organization contributes the brochures and booklets around their city; as not all people go to their organization to be handed in the booklets. This could help the organization to attract more people to the social enterprise (students for fashion school, customers who would be interested in craft work and tourists), and it could bring in more donations as the brochure provide details for people who wants to donate.

CONTRIBUTION OF THE STUDY

In South Africa, there is there is limited academic research conducted based on Social Enterprise Marketing. Therefore, this research project provides insights on the importance of social enterprise marketing to social enterprises in South Africa, enlighten them how social enterprise marketing can improve their enterprises if they consider it. It also encourages social enterprises to adopt the strategic marketing strategies to be able to sustain themselves financially and be able to attract investors and targeted population for their enterprises.

AREAS FOR FUTURE RESEARCH

- Based on the gaps that were mentioned in the study; the future studies could focus on the challenges or issues faced by social enterprises when it comes to marketing.
- The future study can further look at the marketing strategies used by social enterprises in the developing nation, this can assist social enterprises to improve their performances.

CONCLUSION

This chapter examined and showed the marketing communication tools used by Pietermaritzburg social enterprises. The study showed that marketing is not only important in commercial enterprises but also in social enterprises. Even though social enterprises are not the same with the commercial enterprises the study showed that social enterprises could adopt entrepreneurial marketing as it is effective and enable the social enterprises to show themselves to stakeholders.

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KEY TERMS AND DEFINITIONS

Communication: Communication is a significant exchange of information amongst two or a group of people.

Integrated Marketing Communication: Integrated Marketing Communications recognizes the value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines advertising, public relations, personal selling, and sales promotion and combines them to provide clarity, consistency, and maximum communication impact.

Marketing Communication: Marketing communications is the activity undertaken by organization as part of their marketing strategy. The term promotion is used interchangeably with marketing communications.

Marketing Concept: Marketing is accomplishing the objectives of a firm relies upon knowing needs of target markets.

Networking: Networking is a marketing method which a company taps agents to reach potential customers that could not be contacted by traditional online or offline marketing methods.

Social Enterprise: Is an organization that has applied the concept of social entrepreneurship to create a social value to find solution to social problems.

Social Entrepreneur: Is an individual that realizes the opportunity in the market to create an innovative idea to address social challenges.

Social Entrepreneurship: Social entrepreneurship is a process of starting up a new enterprise to follow opportunities to solve social issues. Social entrepreneurship is involved in all functions, activities associated with new social opportunities and the creation of social enterprises.

Social Marketing: Social marketing is the broadened concept of marketing including the tools and techniques such as segmentation, target marketing and positioning strategies to non-business issues as diverse as social goods like education and social causes.

Chapter 4

Utilization of Online Platforms by Social Entrepreneurs for Social Sustainable Development

Anja Herrmann-Fankhänel
Chemnitz University of Technology, Germany

ABSTRACT

Socially sustainable development can be driven by individuals, entrepreneurs, growing start-ups, and international companies. As social entrepreneurs, people opt for a form of organization that contributes to social improvement through entrepreneurial means. The question is: How do they do it? The resource dependence approach (RDA) assumes that all decisions and activities of a (social) enterprise are based on information about its environment. Therefore, the four key components of the social enterprise (individual, organization, social innovation, market orientation) must be appropriate. In this chapter, therefore, social enterprises are outlined as active participants and shapers of the economy and society. Since an active improvement with regard to socially sustainable development is focused by the social enterprises in Africa, a description of the social enterprise's environment is also given within the framework of topical focuses. The goal is to derive recommendations about action for social enterprises to achieve their goals.

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INTRODUCTION

Social entrepreneurs are people who combine a social purpose or a non-profit sector with economic knowledge or a profit-oriented motivation (Mair, Robinson, Hockerts, & Universidad de Navarra, 2006). Social entrepreneurship thus builds a bridge between solving social or environmental problems with profitable business models, two things that have usually been separated until now. From a strategic point of view, Porter (2013) sees this as an option that could solve social problems better than has been attempted so far. Usually non-profit organizations are good at being aware of social problems and finding solutions, but they lack a suitable financial background to secure their resources for them; and companies have a suitable financial background, but do not have the competence to solve social problems. In this constellation, the solution of social problems hardly improves from a global perspective. According to Porter (2013), only by linking the solution of the social problem with for-profit organizations and business-based methods will change be possible. "Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and non-profit organizations. (Hockerts, 2006). Figure 1 illustrates the idea of social enterprises between traditional enterprises and NGOs or the public sector or charities (Abu-Saifan, 2012). This indicates that the objectives are similar to those of NGOs, but at the resource level, social enterprises tend to focus on profit, as traditional enterprises do.

By understanding social enterprises as organizations with a socially or environmentally problem-oriented mission, a profit-oriented strategy for fulfilling the mission makes them an organization that aims to survive; survival in the sense of work in a strategic perspective and on a daily basis. When social enterprises are seen as a solution to social problems, it is also necessary to help these organizations survive, develop and thrive and compete with other organizations (Mort, Weerawardena, & Carnegie, 2003). From a theoretical point of view, the Resource Dependence Approach (RDA) describes critical aspects of corporate survival in ever-changing environments and strategies for companies to adapt to the environment and thus ensure survival, as well as the importance of individuals within a company. Thus, assumptions from the RDA can be useful to help social enterprises succeed. In addition, it can serve as a logical framework to discuss ways in which social enterprises can function successfully and how social entrepreneurs should build a new socially motivated and profit-oriented enterprise.

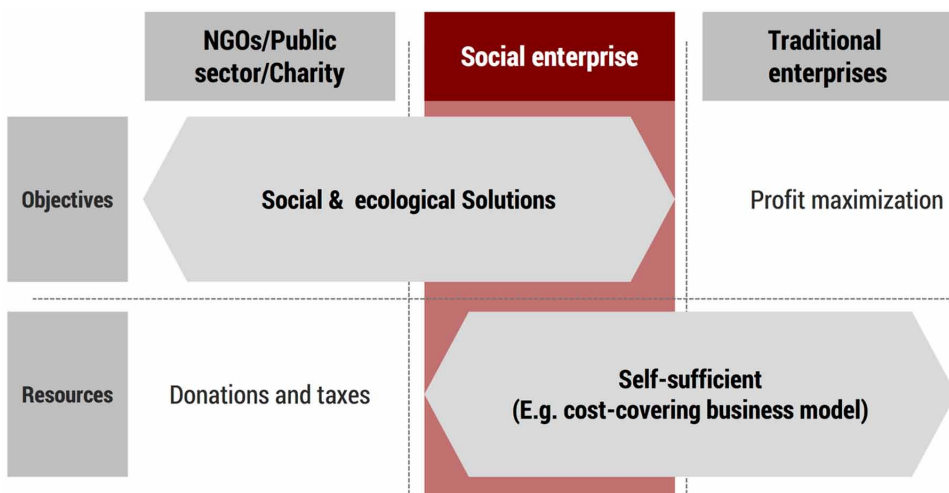
The chapter is divided into three parts to answer this question and derive recommendation. The social enterprise is first described to understand the specificity of this type of organization. Since social enterprises are part of their environment, the RDA is outlined to raise awareness of interactive interrelations between organizations

such as social enterprises and organizations and actors of the environment. This part positions the social entrepreneur in an interactive environment relevant to the pursuit of (social or environmental) objectives. The aim is to give some recommendation to social entrepreneurs on possible activities for survival. Then the “environment” of a social entrepreneur is outlined.

SOCIAL ENTREPRENEURSHIP

Social enterprises are a kind of organization that are relatively new and can be count as start-ups. From cases in the UK some features are outlined by Social Enterprise UK. Based on research with about 9.000 cases, social enterprises are organizations that have a clear social and/or environmental mission, that are set out in their governing documents, that concentrate where they are most needed, that are business-oriented, that are often younger than three years, that generate most of their income through trade, that reinvest the majority of their profits, that are autonomous from the state, that are controlled by the majority in the interest of the social mission, that are accountable and transparent, that act globally, that have an inclusive and diverse leadership, that employ at least one person who is disadvantaged in the labor market, and that pay fair wages (Social Enterprise UK, 2012, 2018). These characteristics do fairly offer practical insight into inner-organizational aspects such as finances, leadership, and human resources.

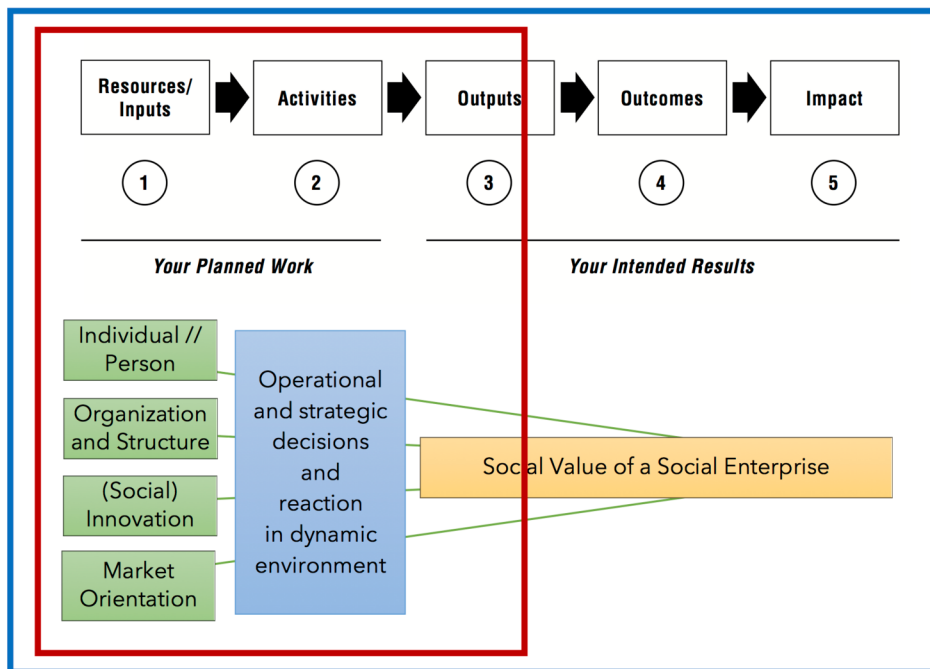
Figure 1. Social enterprises (Adaption from Abu-Saifan, 2012)



In recent times, the individual, who is a social entrepreneur, has attracted a lot of attention and is at the center of research, as Macke, Sarate, Domeneghini, & Silva (2018) outline. Besides being a business, social and innovative person that creates social, community and financial values and therewith far-reaching change by maximizing the number of people who prevail, it is their attitude, ambition, persistence and *behavior* that counts. The person (and its behavior) is one out of four key components that are essential. The other are the organization, the social innovation and the market orientation (Choi & Majumdar, 2014). It is the strategic design and operational maintaining of these key components to ensure the creating of social and business outputs, outcomes, and impacts because that is the base for the social entrepreneur to decide and act properly. operationally and strategic (Weerawardena & Mort, 2006). Hence, these four key components will serve as guidelines for structuring the argumentation of this chapter.

By linking these issues to the logic model of how organizations do their work (W.K. Kellogg Foundation, 2006), one thing becomes obvious, these facts on social entrepreneurship do not tell anyone *how to act in detail or at the operational level* (activities) (2) (see Figure 2). The logic model consists of five steps that differ in an

Figure 2. Social enterprises specifics organized in logic model (Adapted from W.K. Kellogg Foundation, 2006)



organization's planning and intentions, as shown in figure 2. The red box illustrates the inside of the company and the blue box the outside or environment of the social enterprise. Therefore, this investigation always has internal and external elements of an organization, such as resources and activities that take place inside and outside of the organization, as well as output, outcomes, and impacts that have an external dimension. It is also visible that the four key components by Choi & Majumdar (2014) associated with the resources, must be commensurate with the social value of the social enterprise.

RESOURCE DEPENDENCE APPROACH

Basics of the Theory

Within the following explanations around the RDA, the facts and causal relationships will be presented with three main perspectives. The significance of individuals within organizations is presented because the person of the social enterprise is a relevant factor. The environment of an organization is described because social enterprises have to deal with it. And the behavioral options for organizations to deal with changes in the environment are intended to provide social enterprises with a better understanding of proper action. These were chosen in order to focus on particular issues of social enterprises.

In brief, the RDA is a theory that explains the links between actors (Gretzinger, 2008) and a changing environment and how actors survive in this environment by adapting behavior to ensure resources (Pfeffer & Salancik, 2003). Resources can be money, products and services. These resources are particularly crucial for an actor if their absence endangers the existence of an organization, a person or a community (Kempf, 2007). In addition to individuals, collective actors do exist, such as groups, networks and organizations, which are understood as associations of individuals with their own goals and behaviors (Pfeffer & Salancik, 2003).

An organization must maintain itself, which aims at internal processes. They must also gain resources from other actors in the environment and grant them to them as well (external processes) (Weik & Lang, 2013). The actors are confronted with uncertainty due to changing resource flows, which are associated with economic, social and cultural changes within the environment (Wolf, 2005). The actors, whether individual or collective, are not determined by their environment. Rather, they can react to changing resource flows, e.g. through structural, process-related and behavioral adaptation (Nienhüser, 2008). For companies, there are diversification, cooperation, mergers or methods that influence the system as options for dealing with this resource-related uncertainty (Gretzinger, 2008). There are opportunities for individuals to leave organizations or participate in new ones (Pfeffer & Salancik, 2003).

The Importance of Individuals for Organizations

The understanding of each individual as an important resource for a company also refers to the *power of the individual*. The RDA assumes that power arises with the control of resources and that power comes from resource ownership, the control of access to one's own resource, the use of resources or access to their use, or the establishment and enforcement of rules on ownership, access and use of one's own resources (Pfeffer & Salancik, 2003). In addition, the participation of a person in an organization, group or network is determined by each person's goals and expected benefits compared to non-accession (Pfeffer & Salancik, 2003). Individuals calculate in which organization their personal goals are better achieved.

Information is a critical component within the RDA because it is the basis on which management must make the right decisions (Handfield, 1993). Recipients, interpreters of information and actors who decide and act on the basis of this information are always individuals within the RDA (Pfeffer & Salancik, 2003). In other words, each individual is important (for a company) because of their criticality of environmental information. For example a management individual needs the "ability to effectively respond to their environment what "is a function of how it is perceived through the information obtained" (Handfield, 1993 p: 306). If the decisions of people within the company are wrong, the survival of the company is at risk. Therefore, the awareness of individuals who interpret their environment to understand what the challenges of a focal organization are, is important (Coupet & McWilliams, 2017). „After all, anyone can make decision or take actions – it requires much more skill to be correct.“ (Pfeffer & Salancik, 2003, p: 20).

The Environment of an Organization

The environment of an organization influences decisively whether an organization will survive and thrive in it (Singh, Power, & Chuong, 2011). The actors within an environment are not determined by the conditions of an environment, but can interact in many ways with the environment and the other actors in order to survive and achieve their organizational goal (Pfeffer & Salancik, 2003). Thus, each actor of an environment has the possibility to influence the environment and all actors within the same environment. This affects a large number of actors such as competitors, institutions and start-ups, but also customers, a community and private individuals.

This can also go hand in hand with designing the environment in a way that makes it useful for a company, because e.g. designing government regulations with the help of the right relationships is also a way of dealing with uncertainty (Hillman, Withers, & Collins, 2009). These are ways in which change is possible under the

RDA. Similarly, a change in social problems initiated by social entrepreneurs or even private initiatives is understood as a change within the RDA. That can have an impact on the individual, organizational, institutional or global level. Of course, the scope of e.g. social entrepreneurs or private initiatives may be very limited, e.g. to a small community. But depending on the goal of an organization and the need for the influence needed to achieve it, there are different ways of interacting with others in the environment.

Interrelations Between an Organization and Its Environment

It is important to be aware of a central assumption of the RDA. The RDA primarily does not outline the survival-relevant characteristics of individuals, structures or organizations. It is all about appropriate *behavior*, broad awareness and flexible decisions to respond to changes in the environment, regardless of the best qualities. It is the environment that must be analyzed in order to know what to do as a company. Because the environment is what constitutes an organization, what kind of environmental impact is relevant and what kind of influence is necessary from the organization to adopt and create the environment (Coupet & McWilliams, 2017). Therefore, no list of perfect features can be outlined, but recommendation on behavior can be given, derived from the characteristics of an environment. Dealing with an environment affects long-term survival according to Malatesta & Smith (2014) by ensuring the flow of resources needed such as people, materials, information and money; by ensuring the power to influence and control resource flows; and by ensuring the legitimacy of key stakeholders.

From the perspective of *management*, Singh et al. (2011) outline seven issues that need to be considered in order to survive and thrive as an organization in general. These are consistent with Malatesta & Smith (2014), but are more detailed. Table 1 illustrates the link between the seven awareness-issues and the three tasks for organizations on the left. This shows that an organization, such as a social entrepreneur, must be active at three levels: operational for resource flows, inter-organizational for control and strategic for long-term legitimacy.

ASSUMPTIONS ABOUT SURVIVAL-ENSURING ACTIVITIES OF SOCIAL ENTERPRISES

Freedom of choice and behavior means that companies interact with other actors in a plenty of ways. But by distinguishing organizations according to their characteristics and activities and referring to their success or failure in a particular environment, useful and unsuitable behaviors can be assumed (Sheppard, 1995). Since the focus

of the chapter is on social entrepreneurship, the following part presents the activities of organizations with similar characteristics of social enterprises to ensure survival.

Harkins & Forster-Holt (2014) summarize the importance of the entrepreneur himself with reference to *new companies*. They are the central resource for ensuring the survival of the new company, because often one person is the driving force behind this new and small organization. It means that new companies, unlike older companies, manage dependencies in all parts of the business model to avoid resource scarcity. In doing so, they build micro resource flows in a new way to survive and thrive and grow alongside older or larger businesses. For new companies, it is often survival-ensuring to work with larger and more powerful organizations. In this way a new organization can emerge, i.e. a new structure and/or new resource flows, which is then a new part of the environment and thus a potential opponent or partner for other organizations, individuals or institutions (Pfeffer & Salancik, 2003).

When *social objectives* are focused by and (social) enterprise, the achievement of this social objective or the fulfilment of tasks depends on market conditions. Lefroy & Tsarenko (2014) have explained why the fulfilment of goals is critical for non-profit organizations internally and externally (Lister, 2003). First, the achievement of the goal itself is linked to the perceived competitiveness of an organization (Milne, Iyer, & Gooding-Williams, 1996). Secondly, this contributes to attracting donations, funds, volunteers and other inter-organizational relationships (Deephouse & Carter, 2005). And in a broader perspective, perceived competitiveness also defines the reputation and legitimacy of a non-profit organization within a market. It is therefore of vital importance to demonstrate the achievement of social goals under difficult market conditions (Lefroy & Tsarenko, 2014). In addition to a *social mission or goals*, having (inner) organizational goals helps non-profit organizations to deal with the experienced environmental uncertainty. Inner-organizational goals facilitate decision-making, action and access to new markets or lobbying to achieve positive results. The goals have a mediating function. The focus depends on the market conditions: If market conditions are tough, a focus on external relations is relevant; if they are looser, a focus on internal improvements is helpful from a strategic point of view (Lefroy & Tsarenko, 2014).

The RDA is a theory that focuses on *strategic questions* about the survival of companies in interaction with their environment (Hillman et al., 2009). One basic assumption is that the environment is constantly changing, e.g. the changing market situation. All companies acting within the environment are affected by these changes, whether they are for-profit or non-profit (Lefroy & Tsarenko, 2014). To deal with this, an organization mainly tries to improve its own autonomy or legitimacy or both. Both objectives can be promoted through inter-organizational arrangements. Uncertainty about resources or demands requires strategic decisions and the establishment of inter-organizational relationships (Pfeffer & Salancik,

Table 1. Recommendation for social enterprises' activities based on RDA

Dealing with the environment (Malatesta & Smith, 2014)	RDA Management Awareness (Coupet & McWilliams, 2017)	Collected Assumption for social enterprises based on RDA (see part: Interrelations between an organization and its environment)	Recommendation for social enterprises
<p>Ensure the flow of required resources: (Operational relationship with your environment)</p>	<p>For resources you need to establish relationships with others who have them</p>	<p>“Autonomy (about resources) will increase through interdependencies that improve strategic flexibility such as mergers, acquisitions and alliances.”</p>	<p>I For resources flows to be strategic flexible, establish inter-organizational arrangements.</p>
	<p>All coalitions you have are majorly formed to manage uncertainty of your environment where you obtain resources, power, and legitimacy</p>	<p>“Legitimacy can grow through visible connections with well-known outsiders, e.g. from politics and institutions.”</p>	<p>II For legitimacy, build visible links with reputed actors from institutions and politics.</p>
	<p>Understand customers and supplier linkages as kinds of connection to your environment</p>	<p>“It means that new companies, unlike older companies, manage dependencies in all parts of the business model to avoid resource scarcity. In doing so, they build micro resource flows in a new way to survive and thrive and grow alongside older or larger businesses.”</p>	<p>III To thrive beside older counterparts, include linked actors from all parts of your business model.</p>
<p>Ensure power to influence and control resources flows: (Embeddedness in the environment)</p>	<p>Relationships to the environment are defined, controlled and limited by social and legal matters</p>	<p>“It is therefore important to raise awareness of political change. For recommendation and consultation, researchers see a valuable path in alliances and interlocks in general because they can provide access to information.”</p>	<p>IV For information and counsel about changes in the environment, create alliances and interlocks.</p>
	<p>The organization is part of a bigger social system and hence needs to receive legitimacy and must be of worth especially its goals and activities</p>	<p>“It is therefore of vital importance to demonstrate the achievement of social goals under difficult market conditions (Lefroy & Tsarenko, 2014).”</p>	<p>V For your standing in your environment, demonstrate the reaching of your social- or ecological-problem driven mission.</p>
<p>Ensure legitimacy from important stakeholders (Strategic relationship with environment)</p>	<p>There is an external perspective or judging of organizations regarding their effectiveness by e.g. customers and an internal perspective or judging by yourself regarding the efficiency of resource consumption due to activities of the organization</p>	<p>“In addition to a social mission or goals, having (inner) organizational goals helps a non-profit organization to deal with the experienced environmental uncertainty... If market conditions are tough, a focus on external relations is relevant; if they are looser, a focus on internal improvements is helpful from a strategic point of view (Lefroy & Tsarenko, 2014).”</p>	<p>VI For internal efficiency and to mediate environmental uncertainty, follow (inner) organizational goals beside the social mission.</p>
	<p>On the one hand organizations need to adapt to the environment and on the other hand it changes the environment therewith</p>	<p>“At the political level of influencing one’s own environment, Hillman et al. (2009) have three indications as to what might be relevant in order to shape the environment in a favorable way: Since political action correlates with dependency, engage politically if there is a high environmental dependency! Since organizations in the same environment tend to choose similar forms of political action, try to find partners with whom you could jointly try to influence politics! Since benefits accrue because of linkages to politics, create linkages to politics!</p>	<p>VII For creating a long-term favorable environment, liaise with partners who experience a similar (political) environment, allow your organization to adapt to change, be agile.</p>

2003). Autonomy will increase through interdependencies that improve strategic flexibility such as mergers, acquisitions and alliances. Legitimacy can grow through visible connections with well-known outsiders, e.g. from politics and institutions (Drees & Heugens, 2013).

For example, public organizations seem to be more sensitive to political interests than to market conditions in terms of legitimacy (Meyer & Rowan, 1977). It is therefore important to raise awareness of political change. For recommendation and consultation, researchers see a valuable path in alliances and interlocks in general because they can provide access to information (Davis et al., 1991; Drees & Heugens, 2013). Having information about what happened is much appreciated and sometimes the only thing to rely on. At the *political level* of influencing one's own environment, Hillman et al. (2009) have three indications as to what might be relevant in order to shape the environment in a favorable way: Since political action correlates with dependency, engage politically if there is a high environmental dependency. Since organizations in the same environment tend to choose similar forms of political action, try to find partners with whom you could jointly try to influence politics. Since benefits accrue because of linkages to politics, create linkages to politics.

Summed up, these assumption gathered from research about organizations with similar features or circumstances led to a specification of the seven awareness-issues from Singh et al. (2011) for social enterprises (see Table 1). Since the environment is, according to RDA, the most important "place" to get information about what to do, the next part of the chapter will focus on the environment of social entrepreneurs.

THE ENVIRONMENT OF SOCIAL ENTREPRENEURS

Analyzing the Environment for Getting to Know What to Do

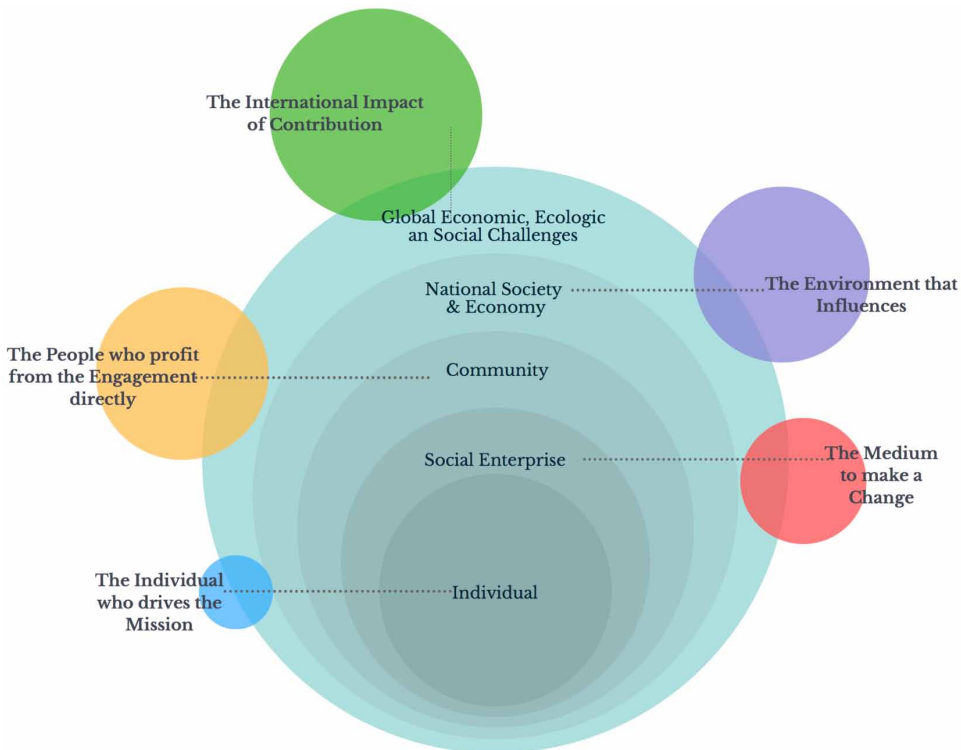
As described above, social enterprises are characterized by a person who is massively involved, social innovation that solves a social problem, the market orientation of the organization and the organization itself as a space or place where everything can take place (four key components). Therefore, it is assumed that everything from the environment that touches these key components is relevant to the social entrepreneur. The following argument focuses first on the person responsible for the analysis of the environment and the conclusion about the operational and strategic behavior of the organization. Second, current issues of a potential social enterprise environment are addressed to illustrate how the environment can be analyzed in terms of social innovation and market orientation.

The Individual and the Social Enterprise in Its Environment

The social entrepreneur, the individual, is responsible for the management and everything that has been said so far about information, behavior, organization, environment, relationships and strategy. Figure 3 illustrates this with the individual at the center of social enterprise, the community, the national economy and global challenges. The individual is sender and receiver of information and initiator of action at every level according to RDA. This illustrates the embedding of the social entrepreneur and his organization in a community, an economy and global challenges - such as social and environmental problems.

As a first step, the social enterprise offers a social innovation for a local, national or global social need. And in a second step, it is influenced by global challenges, national programs and local solutions. According to the RDA, these two phases are

Figure 3. Embeddedness model of an individual, who is a social entrepreneur (own representation)



Embeddedness of a Social Entrepreneur

circular, continuous and intertwined. The role of the social entrepreneur in this is to make both phases successful. For this purpose, the social entrepreneur must analyze the environment and derive measures for his organization from it.

The organization itself, with its structure, behavior and impact, is one of the four key components that are important for social entrepreneurship. However, since the RDA sees the organization and its structures as a response or as a result of environmental characteristics and long-term adaptation to them, the organization itself and its structure or characteristics cannot be regarded as fixed aspects when it comes to the environment. The given characteristics of social enterprises from the introduction are thus understood as the result of interaction with the environment.

The environment consists of a community, a (national) economy and society as well as global social, ecological and economic challenges in which the social entrepreneur and his organization are embedded. Therefore, the following part will focus on environmental aspects and set topical focusses according to the chapter theme. Social innovation and market orientation are at the forefront, because these are two important aspects for social entrepreneurs to be successful. Information about sustainable development as a global challenge influencing social innovation, on sharing economy as a current version of market orientation and on the African context will serve as specification for understanding social entrepreneurship in Africa. This will give an idea of how to analyze the environment and draw conclusions from it. As a result, the recommendation will be based on assumptions about survival-ensuring activities of social enterprises based on RDA. But of course, this is not seen as all-encompassing, because every social enterprise faces special challenges in its specific environment.

Social Innovation and Topical Focus 1: Global Challenge of Sustainable Development

A central theme of social enterprises is the social innovations with which they bring a change in social problems. When understanding social innovations such as Mulgan (2006) and Mulgan, Tucker, Ali, & Sanders (2007), some core principles are relevant: unfulfilled needs, ideas and solutions, (individual) motivation and action, diffusion, supportive environment, adaptation, (social) organizations, networks and interaction that are linked in a four-step process. Then the social innovation entered the market and has an impact at the environment.

Social innovation and the process take place mainly in social organizations to meet social needs, while business innovation takes place mainly in profit-oriented organizations to achieve profit maximizing goals (Mulgan, 2006; Mulgan et al., 2007). Since social entrepreneurs combine business tools or methods to solve unfulfilled social needs, they are understood as a new type of organization. From

this perspective, social enterprises then influence the environment as innovation itself. Social enterprises are a result of the constant change of the environment in a first instance. In the second instance, they are a change from the perspective of other actors to which individuals, organizations and institutions can respond. The effects of the social enterprise enable above all an improvement of the social or ecological problems and thus a (socially) sustainable development.

From a global point of view, sustainability is receiving a lot of attention with the help of the Sustainable Development Goals (SDGs). The SDGs summarize the most important unfulfilled social needs on a global level and enabled measuring the scope of each problem in every country of the world more or less (Sustainable Development Knowledge Platform, n.d.). They were collected, agreed, measured and compared worldwide. Thus, the SDGs and related research provide a basis for social businesses to come up with ideas about unfulfilled needs and inspiration from around the world about what could be done.

It is assumed that there is an international awareness of global, unfulfilled (social) needs. And there is a global, institutionalized assessment of their improvement or development. And it is also obvious that the solution of social problems or needs is decentralized. There are many international organizations or institutions that deal with them, there are national programs to promote their solutions, and there are now social entrepreneurs who focus on particular social or ecological problems. A social entrepreneur thus can profit from an environment full of information, potential partners, competitors to meet social needs. And actors for social sustainability such as social entrepreneurs need to know these partners from outside the focal organization and society and economy to create improvement jointly (Mani et al., 2016). Sustainable development is, in doing so, understood as an inter-generational and thus strategic process (Peterson, 2016).

Social entrepreneurs can contribute by preventing or reducing structural barriers and/or inventing, promoting and importing helpful or meaningful structures for sustainable development. In particular, the socially sustainable society concept by Missimer, Robèrt, & Broman (2017b) underlines this perspective by outlining structural obstacles that must be absent for the creation of a socially sustainable society. These obstacles refer to objectives such as health and well-being. Addressing these issues as a social entrepreneur means to create innovative products or services to hinder obstacles and use them to build a competitive advantage (Brown et al., 2009). But it does also mean to focus on structures and behavior fostering inner-organizational health, well-being, and gender equality. The areas in which companies must have overarching mechanisms or structures are health, meaning, impartiality, influence and competence, which must be practiced in the (social) enterprise (Missimer et al., 2017b). These have an impact on social sustainability at the societal level referring

Table 2. Specification of recommendation for social enterprises based on sustainability

Recommendation from RDA	A precision of recommendation based on aspects about (social) sustainability
II For legitimacy, build visible links with reputed actors from institutions and politics.	→ Reputed actors can come from local, national or international level which are positively associated with the SDGs.
V For your standing in your environment, demonstrate the reaching of your social- or ecological-problem driven mission.	→ Do an active reporting locally, nation-wide, and globally. Maybe an integration of a broadly agreed measuring instrument such as ISO 26000 in Germany can support that.
VI For internal efficiency and to mediating environmental uncertainty, follow (inner) organizational goals beside the social mission.	→ Internal goals can focus on health, meaning-making, impartiality, influence, and competence, which than also contribute to the image of an organization if they are met.
VII For creating a long-term favorable environment, liaise with partners who experience a similar (political) environment, allow your organization to adapt to change, be agile.	→ Other actors with a similar mission have to face a similar environment. Try to find them and liaise with them. If it is a local problem you try to solve, search locally, if it is an international issue, search internationally. → Managing the organization as a social enterprise will lead to change of the environment and challenge all other actors of the environment such as customers, suppliers, competitors, and institutions.

to improvement regarding diversity, self-organization, shared meaning, trust and learning opportunities (Missimer, Robèrt, & Broman, 2017a).

This topical focus delivers options for specifying recommendation from RDA (Table 2).

Market Orientation and Topical Focus 2: Sharing Economy

For Narver & Slater (1990), market orientation contributes to profitability. Based on customer and competitor orientation as well as inter-functional coordination, a company knows the important aspects on which it must make the right long-term and economic decisions. It is essential to share information within the entire company about customers, competitors and other important influences in order to interpret it and make it the basis for the behavior of the entire company (Slater, Mohr, & Sengupta, 2010). A market orientation therefore ensures that customer needs, the behavior of competitors and partners in the environment are conscious and become the internal guideline for organizational decisions and actions. From the view-point of social enterprises, this is important because they have the special ability to solve social or environmental problems and to be profitable. Thus, the entire social enterprise requires information about issues regarding the social mission and the market it is acting in.

Of course, it is impossible to outline market conditions, market participants and market development for each sector in which a social entrepreneur could act. But in terms of customer orientation or even integration, there is a cross-industry “new” behavior of companies, often accompanied by technology-based business solutions. Constant communication via the Internet and apps makes it possible, for example, to actively integrate customers into organizational activities. This is made possible by Web 2.0 and its functions, being permanently connected with others and above all by the ability to generate content interactively (Belk, 2014). The use of Web 2.0 such as online platforms enabled a new dimension of market orientation by a customer, competitor and further influencer integration. And if the business idea is linked to the goal of creating social added value or social change, these possibilities are often discussed in the context of the sharing economy (Hamari, Sjöklint, & Ukkonen, 2016; Heinrichs & Grunenberg, 2012; Müller, 2014).

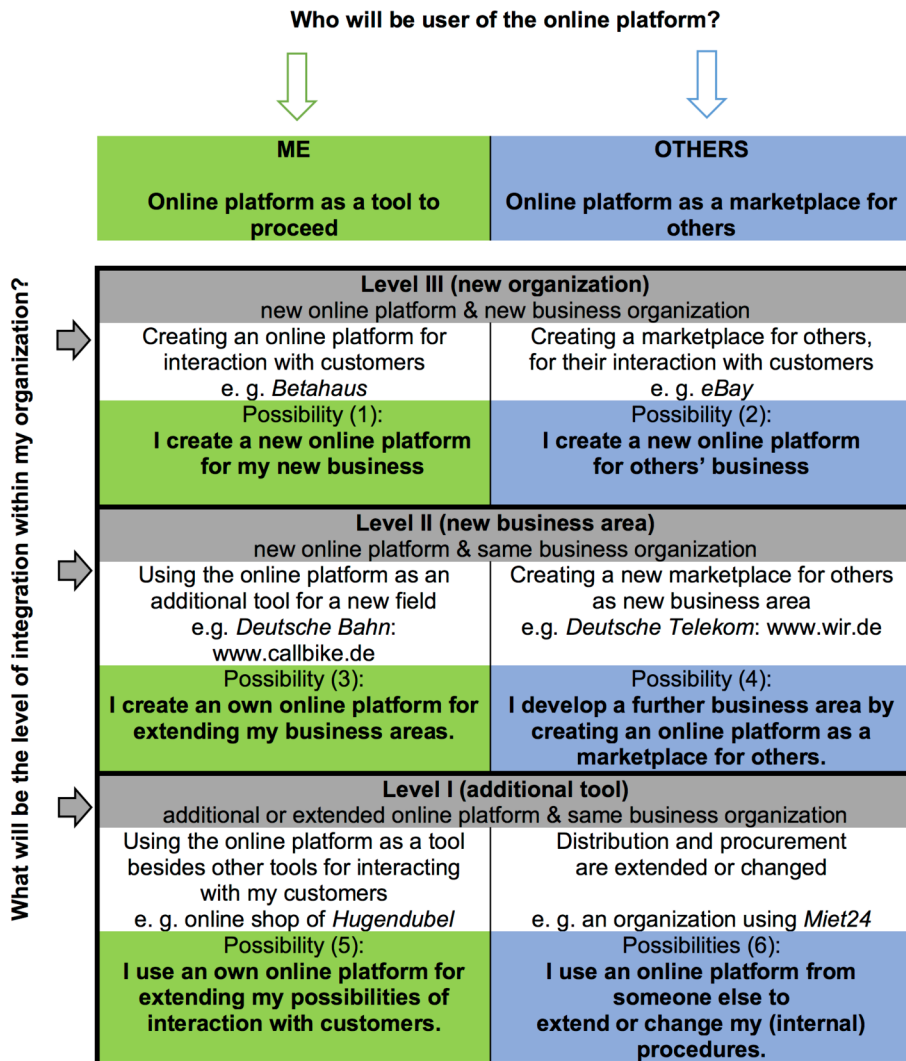
Even more far-reaching are the notions of crowds (Gassmann, 2012). Competitors and all kinds of interest groups can also be integrated into a part of a company such as innovation (e.g. open innovation (Baldwin & von Hippel, 2011; Chesbrough, Vanhaverbeke, & West, 2006; Hippel & Krogh, 2003)) and finance (e.g. peer-to-peer lending (Pur, Huesig, Mann, & Schmidhammer, 2014)). Organizations often implement this with the help of online platforms. Since market orientation concentrates on both customer and competitor orientation, the crowd and sharing economy approaches are an opportunity to shape interrelationships with the environment. A major advantage of these two concepts is the acquisition of information, which is then shared internally across functions and forms the basis for decision-making.

From a management perspective, online platforms are built as tools to support or change the relationships with suppliers and customers or to create marketplaces for others (Herrmann-Fankhaenel, 2019). Regardless of whether an online platform has a social goal or not, Herrmann-Fankhaenel (2019) outlined six possibilities for online platform integration in business affairs.

This highlights four aspects: online platforms can change customer interaction by having a new channel to get connected (Possibility 5); create a new online platform to expand business areas (Possibility 3); and invent an online platform to create an entirely new business based on customer integration such as coworking (Possibility 1). In addition, online platforms will be created to design companies that make the operator the creator of a marketplace where supply and demand (besides technical support) are not influenced by the marketplace operator. The opportunity within these types is to enable two- or multi-page networks and benefit from network effects (Davidson, Habibi, & Laroche, 2018; Parente, Geleilate, & Rong, 2018).

From the view-point of social entrepreneurs, profiting means being financially profitable and being socially or economically profitable. With the help of online platforms, social entrepreneurs can find new ways to achieve their goals more

Figure 4. Online platform integration in organizations based on the Sharing Economy in Germany (Herrmann-Fankhaenel, 2019)



easily, optimally or per se, as they can link demanders and providers of social or environmental problems in simpler or previously impossible ways. These technical possibilities to implement market orientation are only a tiny part. Either way, the digital possibilities of network design open up a broad perspective of customer integration and customer-integrated business concepts. Social entrepreneurs who focus on social issues can thus benefit from these ideas. But, of course, it can only be a solution if internet is available.

Table 3. Specification of recommendation for social enterprises based on Sharing Economy

Recommendation from RDA	A precision of recommendation based on aspects about Sharing Economy
I For resources flows to be strategic flexible, establish inter-organizational arrangements.	→ For procurement of resources online market places are a new way of receiving important resources. → A social enterprise can be built as a marketplace or two-or multi-sided network to enable a connection of demanders and suppliers of a social or ecological problem. These may improve the flow of resources.
III To thrive beside older counterparts, include linked actors from all parts of your business model.	→ Online platforms and crowd concepts allow the integration of costumers, competitors, and suppliers in the business easily.
IV For information and counsel about changes in the environment, create alliances and interlocks.	→ Online platforms can be one way the make that easier, participative, fair, and even.
VI For internal efficiency and to mediating environmental uncertainty, follow (inner) organizational goals beside the social mission.	→ Online platforms and technical applications to integrate people cross-functionally in sharing information within the organization is leading to transparency and an improvement in jointly deciding on reactions to the environment.

This topical focus delivers options for specifying recommendation from RDA (Table 3).

Topical Focus 3: The African Context

Although so far, every part of social enterprises, the individual, the organization, the social innovation, the market orientation have been discussed, a further topical focus is integrated. The African context for social enterprises is, as Figure 3 shows, a significant part of the environment. In general, the assumptions made from all parts can be used primarily for any social enterprise around the world. But as already mentioned, the environment is the most important aspect to consider. Thus, the economy is important and will influence decisions and activities of a social enterprise. Some aspects are now outlined.

In Africa, among non-resource intensive countries, activity in 2018 and 2019–20 is expected to remain robust. Solid growth, supported by infrastructure investment, will continue in the West African Economic and Monetary Union (WAEMU), led by Côte d’Ivoire and Senegal. Growth prospects have improved in most of East Africa, owing to improving agriculture sector growth following droughts and a rebound in private sector credit growth. Growth in Ethiopia will remain the highest in the region, as government-led infrastructure investment continues. However, many challenges remain. Public debt levels are rising, which might jeopardize debt

sustainability in some countries; the availability of good jobs has not kept pace with the number of entrants in the labor force; and poverty is widespread. While the region's per capita gross domestic product growth will turn positive in 2018, it will remain insufficient to reduce poverty significantly. Total poverty headcount at the international poverty line (\$1.90/day in 2011 PPP) is projected to decline only marginally.“ (World Bank, 2018)

This summary about the African continent opens the perspective of major issues in Africa: it is economically growing, but variously between countries; ecological problems such as droughts are a challenge; there are various investments that face an increase of public debt; and poverty and missing proper jobs are characteristics of Africa at the moment. Also Africa - OECD (2018) & United Nations Economic Commission for Africa (2018) outline similar aspects and challenges about Africa. It is one continent with countries that differ in economic growth, humanity problems and solutions, and culture (Hofstede, 2018). The United Nations (2018) classify all countries all over the world in developed, in transition and developed countries. Africa therein is discussed as a developing continent. And when focusing sustainability Africa is “In spite of the fact that the child mortality rate in Sub-Saharan Africa declined five times faster during 2005-2013 than it was 1990-1995, the region still detains the highest rate. Furthermore, 70% of its population still suffers from lack of access to improved sanitation facility, 41% of its inhabitants still live, in 2015, with less than \$1.25 a day and out of the 57 millions of global out-of-school children of primary school age in 2015, 33 million are in Sub-Saharan Africa. In the past two decades, Northern Africa has not registered any improvements in women's access to paid employment, with women still holding less than one out of five paid jobs in the non-agricultural sector.” (Sustainable Development Knowledge Platform, 2018)

All these topics about Africa illustrate the challenges a social entrepreneur faces in building a social enterprise in Africa. It is particularly important that the entrepreneur must carry out adequate research on specific environmental aspects in order to derive decisions and measures. Africa cannot be understood as the environment of a social entrepreneur, it is rather the specific national economy and culture. But what can be done on the continent or at the global level is to find partners and a network to find solutions to the problems and to work for sustainability worldwide.

DISCUSSION: SOCIAL ENTREPRENEURS FOR SUSTAINABLE DEVELOPMENT

The chapter stressed the importance of the individual behind a social enterprise very strongly and the power of a person that is based on its resources, its decisions and its action to change social or ecological circumstances. This is very important for every

individual, social entrepreneurs, organization or institutions: If the global goal of sustainable development becomes orientation each and every one can contribute to reach this goal by allocating resources to, deciding accordingly and acting purposely. Acting is possible as an individual by joining adequate organizations such as social enterprises instead of other firms, by creating social innovation or building new social enterprises and therewith make a change towards sustainable development. It is personal decision and action that enables the change and the chapter outlined some option and orientation of doing this properly, particularly about behavior of individuals who are social entrepreneurs.

At the international level, online platforms within the sharing economy are increasingly entering areas related to social issues. Owyang (2014a, 2014b, 2016) collects online platforms of collaborative consumption and organizes them into industries. It becomes clear that online platforms have only recently been discovered in the areas of health, municipality and learning as a way of dealing with these issues. In these areas, there has been an increase in associated online platforms dealing with health or learning. The potential of online platforms for social enterprises needs to be investigated practically while theoretically it seems to exist.

Moreover, it is argued in the literature that it is generally more common for social organizations that promote the solution of social problems to be organized as non-profit organizations (Mulgan, 2006). Some cases in Germany have been identified as social innovations with profit-oriented legal forms (Herrmann-Fankhaenel & Huesig, 2016). From this, it can be concluded that the use of online platforms can overcome the separation between a social or a for-profit organization. Two- or multi-sided markets or (online) platforms can enable the integration of a social mission and economic success within one (social) enterprise. Based on these results, online platforms can be a medium used by social enterprises to promote social or environmental missions.

In the African context, it is important to ask critically about businesses that deal with socially or environmentally urgent problems and need electricity or the internet. The concepts of marketplaces or networks and thus business models based on intermediaries between supply and demand also work without the internet. Furthermore, the concept of the sharing economy seems to be questionable. In the African context, a sharing economy is nothing new. The idea of self-organization within communities, without intermediaries and with the help of network effects, is discussed in Africa as something normal and traditional (Neuwirth, 2017). Since these ideas are known in the African context, a business based on them, such as marketplaces or networks on online platforms, could be a sensible option for further development. And since online platform marketplaces create the time and space to connect with customers, suppliers and other key players, they can help develop the business to be profitable from the point of view of social entrepreneurs trying to deal

with the environment to thrive and solve social problems. Rather, the marketplaces of online platforms are favorable when it comes to social sustainability requirements that exist in Africa.

Arnold, (2018) outlined at Business Management 2018 in Durban the perspective of understanding African countries as models for sustainability. African countries perform much better in terms of their ecological footprint. Arnold (2018) concluded that it can be useful to understand what countries, e.g. in Africa, are doing that leads to a small ecological footprint and is therefore worth transferring to other countries. Looking at all countries in the world and how they perform within the SDGs it becomes clear that all countries are still developing countries in terms of sustainability, as no country reaches 100%. Rather, it shows which tasks each country has and where (social) entrepreneurs are most valued and thus also what the environment of these (social) entrepreneurs looks like.

FUTURE RESEARCH DIRECTIONS

It would be of interest to measure the impact by social enterprises on a (socially) sustainable development. Within this chapter some causalities of actors and their environment were outlined, what may help to model such an investigation. In addition, the role of online platforms, their acceptance by people from different countries and their design could help to improve performance in achieving social goals. Finally, investigations that deal with the verification or falsification of the outlined recommendations for social enterprises within this chapter would be a worthy contribution to support social enterprises to thrive and survive because it could outline adequate behavior.

CONCLUSION

With the help of the RDA, this book chapter showed how social enterprises are embedded in their environment, which consists of the local community, the national economy and global challenges. In particular, it aimed to illustrate how a social or environmental mission of an individual and his or her enterprise is embedded in the current and global issue of a sustainable development. This created awareness of the interconnectedness of social enterprises and (global) social or environmental problems, how the problems and (global) solutions affect the social enterprise and vice versa. The chapter thus provided an understanding of the links between social enterprises and the social challenges that should be improved and what type of action social entrepreneurs can take to promote their success.

In particular, the persons who are a social entrepreneur and what their behavior needs to be like were at the center of this chapter. To address these aspects, four key components have been presented that must be designed to serve the mission, namely the person, the organization, social innovation and market orientation. And since the RDA assumes that the information from which a person derives decisions and actions comes from the environment, these four key components were discussed against the background of a social entrepreneur's environment. A close focus is placed on sustainability issues as a global challenge, a market orientation based on the (online) platform and the African context as a determinant of the community and the national economy. As said before, the part of the analysis of the environment of a social entrepreneur was done to give an idea of how to create an awareness of an environment. Of course, each social enterprise is confronted with a different environment and since each individual differs in the perception and interpretation of the environment, this part is very limited when it comes to translating it into other contexts.

In this chapter, the RDA served as a framework for social entrepreneurship and as a derivation of behavioral recommendations for contributing to global challenges such as (social) sustainability. Therefore, the logic model was used to show the gap between the recommendation on behavior and action that could lead to the success or survival of social enterprises. Seven research-based recommendations were generated from research on RDA, which provided empirically based assumptions on how organizations, especially new, socially mission-driven, and small organizations, can survive. The RDA was thus linked with social enterprises at the level of activities and thus for practical implementation.

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KEY TERMS AND DEFINITIONS

Africa: Is an important continent with a variety of challenges varying between countries but with a potential to learn from about having a smaller ecological footprint.

Crowds: Are collections of individuals that are able to jointly contribute to an issue they expect to be important without being massively organized, structured or actively, externally controlled.

Individuals: Are normal people that have the ability to positively contribute to sustainable development by allocating their resources, ideas, decisions and behavior properly.

Resource Dependence Approach: Is a theoretical perspective about how actors are linked with their environment by purposefully interaction as (re)-action to constant change.

Sharing Economy: Is an online platform based economic behavior by all kinds of organization to accomplish organizational goals including social, ecological and economic issues. The focus is to enable an easy communication and interaction with costumers and key partners.


Social Entrepreneurship: Is a hybrid and new form of organizations to focus on social or ecological challenges and solving them with successful means of business organizations.

Sustainable Development: Focuses on aspects that ensure fair inter-generation dealing with all resources.

Chapter 5

Social Enterprise Digital Marketing

Langelihle Khayaletu Nxumalo

 <https://orcid.org/0000-0002-9637-8176>
University of KwaZulu-Natal, South Africa

Nigel Chiweshe

University of KwaZulu-Natal, South Africa

ABSTRACT

A social enterprise needs to determine about how social media fits into the digital architecture of the enterprise and how social media transforms the social enterprise. Through effective use of social media, companies have captured substantial efficiencies in customer care with reductions in handling time and cost per case of more than 30%. Enterprises have been able to increase their participation in collaboration by more than 200% and increased revenue by more than 100% through social business strategy implementation. These enterprises have been able to attain this by building and implementing a digital social collaboration platform in less than three months.

INTRODUCTION

According to Accenture Digital (2018), social media has come of age for business. Ninety per cent of American companies with at least 100 employees makes use social media for purposes of marketing (Emarketer, 2014). Social media is no longer a complementary tool to communicate with or a pleasantry to marketing communication (Poll, 2014). As a matter of fact, eighty-eight percent of executives are of the opinion that, a company's use of social media is crucial to sustainable competitive advantage

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(Poll, 2014). Further to this eighty-four percent of executives were of the opinion that social media enhances relationships with stakeholders (Poll, 2014).

A social enterprise needs to determine about how social media fits into the digital architecture of the enterprise and how social media transforms the social enterprise (Accenture Digital, 2018). Through effective use of social media, companies have captured substantial efficiencies in customer care with reductions in handling time and cost per case of more than 30 percent (Accenture, 2018). Enterprises have been able to increase their participation in collaboration by more than 200% and increased revenue by more than 100% through social business strategy implementation (Accenture, 2018). These enterprises have been able to attain this by building and implementing a digital social collaboration platform in less than three months (Accenture, 2018).

According to Emergent Digital (2018), social enterprises face the challenge of access to adequate financial resources and therefore need to adopt a lean digital marketing strategy in a competitive marketplace.

Digital marketing through social media is one of the most cost-effective ways for a social enterprise to make an impact on the digital community (Emergent Digital, 2018). There are no inherent costs associated with setting up a social media account on any of the most popular social media networks such, but you do need to consider the resources required to undertake the work (Emergent Digital, 2018). Furthermore, there is a massive and active following on major social media channels with figures well into the billions (Emergent Digital, 2018).

Perspective of Chapter

Aim of Chapter

The chapter offers guidance for social enterprise owners on how to adopt digital marketing through social media and the use of digital marketing as a complementary tool to traditional advertising. A concise review and synthesis of research on digital marketing in two of the leading South African academic journals is conducted. The chapter provides a descriptive and qualitative strategic guide to social enterprises. This chapter also reveals a knowledge gap in terms of social media marketing for a social enterprise, from a South African context.

Chapter Objectives

- To explore the extent of Social Entrepreneurship and Social Media Marketing coverage in two South African high impact factor journals
- To explore the characteristics Social Media Marketing in South African high impact factor journals

BACKGROUND

Traditional Entrepreneurship

Successful entrepreneurs are business icons and role models among many in communities. Their success is normally translated into the creation of jobs and the community benefits in the process (Burns and Dewhurst, 2016). The term 'Entrepreneurship' is associated with French economists who used it as a term to refer a person who 'undertakes' a project or something of great importance (Dees, 2017). With this in mind, currently, there is no single agreed upon definition of entrepreneurship among scholars and researchers in this field (Lee, 2010; Junaid, Durrani, Mehboob-ur-Rashid and Shaheen, 2015; Audretsch, Kuratko and Link, 2015; Burns and Dewhurst, 2016; Hornsby, Messersmith, Rutherford and Simmons, 2018). In an attempt to understand the definition of this often complex discipline, entrepreneurship has been defined in the following ways;

Takii (2011) defined entrepreneurship as the ability to predict changes in the business environment and adapt to those changes. Junaid *et al.* (2015) labels "entrepreneurship as an economic phenomenon", highlighting that the role of entrepreneurs has a huge emphasis on the creation of value, the market place and the economic scope (p.36). Additionally, Junaid *et al.* (2015) define entrepreneurship as "the process of evaluating, committing to and achieving, under contextual constraints, the creation of new value from new knowledge for the benefit of defined stakeholders" (p.41).

One of the most simplified definitions of entrepreneurship comes from the Business Dictionary.com (Cited in Audretsch *et al.* 2015), describing it as "the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit" (p.704).

Audretsch *et al.* (2015) summarised the themes related to the concept of entrepreneurship by saying it "implies many different things: innovation, ideas, creativity, new venture development, discovery, and economic growth, just to name a few" (p.704). They further argue that the reason for the many definitions can be credited by the different ways scholars view the concept of entrepreneurship.

Social Entrepreneurship

Social entrepreneurship is a concept developed from the discipline of entrepreneurship. According to Dees (2017) social entrepreneurship is a concept that is very much suited for the current time period, where it combines the discipline of entrepreneurship and with the spirit of tackling social/environment issues. Phillips, Ghobadian, O'Regan and James (2015) see social entrepreneurship as "an important point of

departure from classical entrepreneurship and the prevalent non-profit and for-profit enterprises” (p.429). Dees (2017) further describes social entrepreneurship as a mixture of innovation and determination that has the ability to fill the gap left by Government and philanthropic efforts.

One cannot dispute the contribution and influence of philanthropic efforts into the concept of social entrepreneurship. Frumkin (2017) credits this influence to venture philanthropy, which changed the narrative from businessmen donating blindly to charitable causes; to businessmen wanting to measure the return on investment of their donations. This concept meant being fully invested in the social cause.

Santos (2012); Rivera-Santos, Holt, Littlewood, and Kolk (2015) describe a social enterprise as an entity meant to address a particular cause or need, this “highlights the trade-off that exists between value creation and value capture in the combination of social and commercial goals” (p.6). These authors agree with Dees (2015) to a certain extent in that they believe social enterprises arise to fill the gap left by Government and the market. Santos (2012); Rivera-Santos, Holt, Littlewood, and Kolk (2015) also describe social enterprises as entities on a pursuit of sustainable solutions to ignored problems.

There is a distinguishable difference between entrepreneurship and social entrepreneurship. The most fundamental difference is that the key aim for traditional entrepreneurship has a primary focus on profit and increased value for the owners. One can argue that Corporate Social Responsibility Programmes engaged by traditional enterprises addresses societal and environmental issues but some authors disagree with this notion. Phillips, *et al.*, (2015) point out that the discipline of Corporate Social Responsibility needs to question the primary motivate of traditional enterprises.

Dees (2017) suggests that the social mission is an integral part of the social enterprise and this influences how the social entrepreneur would perceive opportunities. A traditional entrepreneur on the other hand would perceive opportunities with the goal to create value for themselves (Hindle, 2015).

That being said, there are more similarities between traditional and social enterprises like the fact that there are no universally accepted definitions of both traditional and social entrepreneurs (Smith, Bell and Watts, 2014; Burns and Dewhurst, 2016). Smith, Bell and Watts (2014) further argue that both traditional and social entrepreneurs poses the same personality traits, motivation and innovation levels, the difference fundamentally comes down to the purpose and values.

Digital Marketing

Digital marketing is a phenomenon simplified by Järvinen, Tollinen, Karjaluoto and Jayawardhena (2012) as the “use of technology in marketing efforts” (p. 103). Technology used in digital marketing may include the use of the internet, mobile phones, wireless communication and other digital mediums. Digital marketing

tools may also include the use of websites, emails, social media applications, Short Messaging Services (SMS) and the adverts an individual receives after receiving a 'Please call' (Taiminen and Karjaluo, 2015; Channel Mobile, 2016). According to Ryan (2016), the current developments in digital marketing involving the internet, software applications and the devices that allow people to connect with whoever, whenever; is one of the biggest disruption to marketing.

According to Tiago and Veríssimo (2014), in the past, digital marketing activities like email based advertising and websites were used merely as platforms to share information regarding a product or service. Currently, digital marketing is used as a medium that promotes interactions between buyers and sellers. This is done through personalised advertising via intelligent searches and behavioural advertising. According to Hanna, Rohm and Crittenden (2011), digital marketing has broken a number of product and marketing myths including the perception that the web can only be useful for obtaining information. The second myth was that forums encouraging consumers to engage regarding a product or service were dangerous platforms.

Currently, the most effective digital marketing tool is social media. According to Taiminen and Karjaluo (2015), a business ceases to exist if it cannot be found on any digital platform by today's consumer standards. This is an indicator to how valuable digital marketing, especially social media is to an enterprise. A study done by Tiago and Veríssimo (2014), using data gathered from one hundred and seventy organisations, showed how eighty-one percent of organisations who participated in digital marketing were investing more on social media presence, as compared to sixty-five percent that invested in emailed based advertising; and fifty percent that invested on digital ads. This increased investment is due to the continuous and relentless growth of social media users around the world (Groza, Peterson, Sullivan and Krishnan, 2012; Karimi and Naghibi, 2015).

Social Media Marketing

Marketing has entered an age where consumers refuse to just be passive consumers of goods and services; but they want to be part of the creative process up until the marketing stage. Thanks to Web 2.0 and more specifically, social media; consumers now have the power to dictate the nature in which products are marketed towards them (Hanna, *et al.*, 2011; Karimi and Naghibi, 2015).

Social media marketing is referred to as online marketing activities that make use of web and mobile applications to collaborate or share information with users that has allowed businesses to interact with their customers and therefore be able to analysis brand image and buying behaviour of consumers (Bemoff and Li, 2008; Mangold and Faulds, 2009; Weinberg and Pehlivan, 2011, Järvinen, *et al.*, 2012; Tuten and Solomon, 2015).

Social Media Marketing is described as the use of Social Media platforms to meet marketing goals along with other traditional marketing means. This includes the use of all the social media technologies and features to meet marketing goals (Dahnil, *et al*, 2014).

One of the most noticeable advantages of social media marketing, is that it requires little financial investment to set up unlike other digital marketing tools that require substantial amount of investments (Al-Qirim, 2007; Michaelidou *et al*, 2011; El-Gohary, 2012; Karimi and Naghibi, 2015; Alexrad, 2018). This would ideally be suited to entrepreneurial ventures which generally have limited access to funds to support marketing campaigns.

Social Media as an Interactive Platform

Social Media has changed the way enterprises do business and build relationships with their customers. Social media is made up of online social information sharing platforms that make use of the internet applications (Kaplan and Haenlein, 2010; Groza, *et al*, 2012; Järvinen, *et al*, 2012; Karimi and Naghibi, 2015). Social media also described as “bounded groups of individuals, organizations, communities or societies that are linked, where members interact, discuss and exchange knowledge” (Palacios, Paíz and Padilla, 2005; Cited Vásquez and Escamilla, 2014, p.533). According to Ryan (2016), “that interaction can encompass text, audio, images, video and other media, individually or in any combination” (p.156). Social media has also been described by Karimi and Naghibi (2015) as web based systems that allow users to create online communities that grow based on the number of users associated to the user. Social media has allowed real life social relationships to transfer into the virtual world, resulting in these online or virtual communities (Tiago and Veríssimo 2014).

Social media plays a crucial role in propelling societal and environmental issues into the spotlight and urging people around the world to take action against these issues (Brown, Guskin and Mitchell, 2012; Gire, 2017).

There are various popular social media platforms used by consumers around the world. Some of these platforms are popular around the regions in which they were created like Russia’s “VKontakte” or South Africa’s “MXit” (Smith, 2016; Herman, 2016).

There are many platforms available and some of these platforms have large number of users around the globe like Facebook and You Tube (Murnane, 2018). These social media platforms all help direct traffic to the entrepreneur’s website and raise awareness of the product or service being provided by the organisation (Karimi and Naghibi, 2015, Ryan, 2016, Murnane, 2018).

It is therefore important for a social entrepreneur to know the different social media platforms available, how they work and how they can contribute to a solid social media marketing strategy (Ryan, 2016).

One of the biggest mistakes about social media platforms is that they are looked at as standalone platforms when they can be more effectively used together; too many platforms though can cause confusion to customers and render the marketing strategy ineffective (Digital Marketing Institute, 2018). There is no single agreement on how to categorise the different social media platforms. It is therefore extremely important to have a clear social media marketing strategy as this will allow the enterprise to get the best value from this digital marketing strategy (Järvinen, et al, 2012; Alexrad, 2018).

Importance of Digital Marketing in Social Enterprise

The most attractive reasoning for the adoption of Social media marketing as a marketing strategy by Small businesses and Non-profit organisations is because it provides numerous opportunities and reduces some of the challenges faced by these entities (Dahnil, *et al*, 2014). A survey done by Sivathanu and Bhise (2013), shown in table 1, investigated the challenges faced by one hundred social enterprises in Pune, the second largest city in the state of Maharashtra, India. The study suggested that the top four out of eight challenges faced by social enterprises in the city of Pune were; 1) *Competition from other businesses*, 2) *Getting funding*, 3) *Promoting awareness*, and 4) *Acquiring technology*.

Price of Acquiring Technology

There has not been a particular standard regarding how much investment should be made regarding using social media as a marketing tool (Tiago and Veríssimo 2014). Nonetheless, social media marketing is a cheaper digital marketing method that has

Table 1. Top 4 Challenges faced by social enterprises in the city of Pune, India

CHALLENGES FACED BY SOCIAL ENTREPRENEURS	SA	A	N	D	SD
Competition from other businesses	91	5	3	1	0
Getting Funding	90	4	0	6	0
Promoting Awareness	89	9	2	0	0
Acquiring Technologies	87	3	8	2	0

Source: (Sivathanu & Bhise, 2013)

a low start-up cost, therefore making the acquisition of technology comparatively cheap (Järvinen, et al, 2012; Alexrad, 2018). The low cost of social media marketing is one of the most attractive reasons for the adoption of Social media marketing as a digital marketing strategy (Dahnil, *et al*, 2014).

Low marketing costs are even more relevant to social enterprises in South Africa due to the difficulties in accessing financial resources in an already competitive business environment (Martin and Osberg, 2007; Ressel, 2017; Gordon Institute of Business Science, 2018).

Promoting Awareness Through Digital Word of Mouth

Social media marketing also allows businesses to reach a far greater audience, reducing the challenge of working remotely and promoting awareness about the enterprise (Nobre and Silva, 2014).

Social media marketing achieves these goals by using the same principals as word of mouth marketing but in a digital format where information spreads at a far greater speed (Vásquez and Escamilla, 2014). According to Ryan (2016) consumers are continuously talking among themselves; doing it online has given them the ability to transcend geographic and cultural boundaries. Word of mouth can either work well on behalf of the enterprise by creating awareness or against it work against it with negative reviews; but a carefully put together social media strategy will intensify awareness of the enterprise (Becker, Nobre, & Vijay, 2013).

According to Ryan (2016) technology plays a role in promoting awareness because it enables people to disseminate information more rapidly than before. The Red Cross, an international disaster relief organisation, harnessed the power of social media to promote awareness in January, 2010 after Haiti was devastated by an earthquake and a series of aftershocks. The organisation received Eight million US Dollars within 48 hours after videos of the aftermath were posted on YouTube, Facebook, Twitter and other social media platforms (Gao, Barbier Goolsby and Zeng, 2011; Reid, 2018; American Red Cross, 2018).

Getting Funding

One of the biggest problems faced by social enterprises is the ability to get funding (Sivathanu and Bhise, 2013; Ressel, 2017). This is also the case regarding social enterprises in South Africa. There are no proper and clear distinguishes with non-profit organisations, who already operate in a highly competitive funding environment (Ressel, 2017). As mentioned in the case of the Red Cross Organisation, who were able to obtain funding of about Eight million US Dollars within 48 hours via social

media (Reid, 2018, American Red Cross, 2018). Social media can also make it easier for interested parties to fund these organisations. Africa's largest Disaster Response Organisation, Gift of the Givers used a cloud platform to launch a donation app that allows the public to make donations to help countries in need. The app makes donating a safe and easy task to do and enables the public to 'make a difference' in an easy and affordable manner (Financial 24, 2017).

Competition From Other Businesses

The acquiring of technology at a cheap rate, the rapid awareness promotion and the ability to obtain funding in turn gives the enterprise a competitive advantage. Additionally, social media marketing allows potential customers around the world to interact with the enterprise virtually (Rooney, 2010; Cited in Dahnil, *et al*, 2014). This has been the case since the use of social media by various organisations to generate likes from users or fans and market to them directly (Vásquez and Escamilla, 2014). This competitive advantage can only be fully benefited from upon the adoption of a sound social media marketing strategy (Axelrad, 2018).

FINDINGS FROM TWO HIGH IMPACT SOUTH AFRICAN JOURNALS

A qualitative approach was taken to explore and describe the extent of Social Entrepreneurship and Social Media Marketing coverage in South African high impact factor journals. Qualitative research brings value to this chapter by enabling the process of discovery towards the concept of digital marketing in South African social enterprises (Mackey and Gass, 2015). Qualitative research is also concerned with the exploration of a problem in order to understand it further (Taylor, Bogdan, and DeVault, 2015). This is appropriate as the chapter studies social entrepreneurship digital marketing from a developing country's point of view, where not much is known about the phenomenon.

The process of data analysis is done through the use of documentary analysis. Documentary analysis is described by Bowen (2009) as "a systematic procedure for reviewing or evaluating documents—both printed and electronic (computer-based and Internet-transmitted) material" (p.27). Documentary analysis is used in order to gain meaning from the interpretation of secondary data. Nvivo is the data analysis software used for the documentary analysis. Nvivo is a Computer aided qualitative data analysis software that allows the researcher to generate themes based on the data coded by the researcher (Sotiriadou, Brouwers and Le, 2014). In this case, data is coded and analysed using the word frequency query, which generates the

most frequent themes and displays them in a word cloud. A word cloud is picture displaying words that feature predominantly in a document.

Characteristic of South African Literature on Entrepreneurship and Social Media Marketing

Figure 1 shows a word cloud illustrating the most common themes identified out of the 68 articles found in the SAJESBM. The word cloud shows how the *Business*, *Management* and *Entrepreneurship* themes are those most common themes found. The word cloud also shows signs of literature covering the topic of social entrepreneurship alongside marketing for an entrepreneurship. This is indicated by *Social* theme located in between the *Entrepreneurship* and *Marketing* themes. Figure

Figure 1. Word cloud illustrating common themes



1 also shows the sub-themes *Entrepreneurs* and *Social* next to each other, indicating a relationship between these, in at least one of the articles analysed.

Characteristics of Social Entrepreneurship in South African Literature

Figure 2 is a word cloud displaying the characteristics of Social Entrepreneurship. The word cloud illustrates the themes behind social entrepreneurship literature from a developing country’s point of view. The two major themes in the middle of the word cloud; *Social* and *Entrepreneurship*, indicate the main topics found. Constant themes relating to social entrepreneurship can be summarised into two core themes,

Figure 2. Word cloud illustrating the characteristics of social entrepreneurship literature in South Africa



Table 2. Sub-themes relating to social entrepreneurship

Themes	Sub-Themes
Purpose	Mission, Addresses, Purpose, Need, Environment, Purpose, Community, Change, Philanthropy, Efficiency, Motive
Value	Value, Innovation, Create, Profit, Economy, Capital, Opportunities

which represent the main topic around social entrepreneurship. Literature on social entrepreneurship has a focus on the *Purpose* and *Value* of the social enterprise.

Social entrepreneurship literature is addressed in terms of social entrepreneurs as individuals and the social enterprise as an entity. Through the process grouping sub-themes illustrated in figure 2, the *Purpose* and *Value* core themes were identified as constant themes. Table 2 shows the main sub-themes associated with the *Purpose* and *Value* themes.

Purpose

According to Table 2, social entrepreneurship is described as a business with a purpose, an organisation that wants to make a difference with in a community and the environment. This is a notion also shared by Dees (2017), who suggests that the social mission is the most essential part of the social enterprise. *Mission* is one of the sub-themes identified within South African literature on social entrepreneurship.

Dees (2017) further states that the social mission influences how opportunities are perceived by the social enterprise as compared to the traditional enterprise. Phillips, *et al.*, (2015), also distinguishes social entrepreneurship with traditional entrepreneurship through the primary motive of the two types of entities. Santos (2012); Rivera-Santos, Holt, Littlewood, and Kolk (2015) talk about the social enterprise as an entity with the purpose of addressing a cause or a need in society.

The sub-theme *Need* also happens to be a sub-theme identified during the thematic analysis of social enterprise literature. Analysis of South African literature shows *Philanthropy* as a theme related to the purpose of a social enterprise. Frumkin (2017) describes how social entrepreneurship took influences from venture philanthropy in that social entrepreneurship looks fully in investing to a social cause instead of donating to a cause randomly. Dees (2015) takes this theory further and explains how the social enterprise fills the gap between philanthropy and Government.

Value

Value is another theme identified by the thematic analysis as a constant theme based on the number of sub-themes associated with it. The *Value* theme is related to the purpose of the organisation because this theme focuses on who derives the most value from the enterprise. Even though the purpose of social enterprise is fundamentally different from the traditional enterprise, the social enterprise has the same challenge of raising capital, being competitive and making profit like the traditional enterprise (Sivathanu and Bhise, 2013; Ressel, 2017). This is a great concern, especially in South Africa a developing nation, where there is no clear definition of a social enterprise, setting apart from a traditional enterprise and a Non-Governmental Organisation (Ressel, 2017).

Never the less, the question is still raised on who derives the most value from the social enterprise. Rivera-Santos, Holt, Littlewood, and Kolk (2015) describe this as the trade-off between how value is created and who keeps this value. This means the social enterprise should consider how they view opportunities as compared to the traditional enterprise, where the primary motive is to make profit, and value is meant to be enjoyed by the entrepreneur. The difference in the way opportunities are viewed by the social enterprise, means there will be a difference in the innovation approach. This is one of the sub-themes identified in the SAJESBM. Smith, Bell and Watts (2014); Dees (2017) describe the social enterprise's innovative process mixed with determination just like the traditional enterprise but the difference here is the source of motivation for the social enterprise; which is the greater cause.

Characteristics of Social Media Marketing in South African Literature

Figure 3 is a word cloud displaying the characteristics of social media marketing. The word cloud illustrates the themes behind literature on social media and its relationship with entrepreneurship from a developing country's point of view. The two major themes in the middle of the word cloud (*Social* and *Media*) indicate the main topic of the word cloud.

The word cloud also identifies the perceived benefits linked to the use of social media. These benefits include *Improved Service*, *Enhanced Products*, and *Value added Support*. One could argue that the findings from these articles can be applied to the social enterprise because there are more similarities between traditional and social entrepreneurship than differences. The only difference comes down to the purpose of the organisation and the question of who derives value from the enterprise (Smith, Bell and Watts, 2014; Burns and Dewhurst, 2016).

Figure 3. Word Cloud Illustrating the Characteristics of Social Media Marketing Literature in South Africa



Improved Service

The identified themes also have smaller sub-themes placed around them based on association. The Service theme is associated with other smaller themes like *Accelerating*, *Connecting*, *Help*, *Participate*, *Recruit*, *Expose*, *Traffic*, as shown in Table 3. The *Accelerating* and *Expose* themes relate to Vásquez and Escamilla (2014) who describe social media marketing as online word of mouth as information is decimated at great speeds. In other words, social media marketing allows enterprises the ability to expose their services at greater or accelerated speeds.

Rooney, (2010); Dahnil, *et al.* (2014) describe social media as an effective digital marketing tool, not just because it allows the enterprise to reach a greater audience, but because it also gives their target market to interact with the business in real time. This related to the *Connecting*, *Participating* and *Recruiting* themes identified in the review of South African literature.

Table 3. Sub-themes relating to the service benefit of social media

Theme	Sub-Themes
Service	Accelerating, Connecting, Help, Traffic, Participate, Expose,

These themes are an extension of the process of interaction between the enterprise and its customers. The Help and Traffic themes correlate with Karimi and Naghibi (2015); Ryan (2016); and Murnane (2018) who refer to social media platforms as tools that help direct traffic and raise awareness. Helpfulness is important to a social media strategy, Ryan (2016) looks at helpfulness in terms of the enterprise being helpful and constructive towards their customers on the online space.

Enhanced Products

The Product themes are also associated with smaller themes listed in Table 4. *Collaboration*, *Sharing* and *Interaction* seem to be a common description of social media marketing. Bemoff and Li (2008); Mangold and Faulds (2009); Weinberg and Pehlivan (2011), Järvinen, et al. (2012); Tuten and Solomon (2015), all use these words to describe the benefits of using social media as a digital marketing tool. The Collaboration and sharing help engage with Customers to improve Product because it helps determine what customers really think about their brand (Ryan, 2016). Sharing also refers to information sharing regarding a particular product or service (Tuten and Solomon, 2015). Ryan (2016), further describes social media marketing, more specifically media sharing platforms aid enterprises in letting them know what is popular amongst customers and allowing it the ability to react to trends.

Promotion, *Marketing*, *Publicity*, and *Aggregation of Conversations* are also regarded as a digital marketing strong point because they translate to increased sales if executed properly. According to Kaplan and Haenlein (2010); Groza, et al. (2012); Järvinen, et al. (2012); Karimi and Naghibi (2015). These authors refer to these themes as means to meet marketing goals along with other traditional marketing means. *Marketing* also happened to be one of the sub-themes associated with the Customer/Product.

Table 4. Sub-themes relating to the product benefit of social media

Theme	Sub-Themes
Product	User, Solicit, Community, Marketing, Collaborating, Promoting, Testing, Sales, Aggregation of Conversations, Conducting Publicity, Highlights, Sharing

Community is another one of the sub-themes linked to the *Customer/Product* themes. Palacios, *et al.* (2005; Cited Vásquez and Escamilla, 2014) describe social media as online communities or societies where interactions and the exchange of knowledge is done. Tiago and Veríssimo (2014) state that virtual communities have allowed real life relations to transfer online where information disseminates quickly.

Karimi and Naghibi (2015) describe how these online communities grow based on the number of users associated to the user. This seems to be the case in South African literature with the *Community* sub-theme identified in literature on Social media and entrepreneurship.

Value-Added Support

Customer Feedback: According to South African literature on Social Media marketing, another benefit of using social media marketing is using it as a tool to generate a number data regarding target markets. The generation of feedback through social media marketing is rapid and almost instant. According to Tuten and Solomon (2015) Feedback goes both ways because the enterprise would also have to give rapid feedback to customer thoughts, especially regarding the enterprises products or services. Feedback is one of the sub-themes under the *Support* theme as displayed in table 5.

Financial Support: One of the other ways social media marketing provides support to a social enterprise is through the low financial investment required to setup. According to Al-Qirim (2007); Michaelidou *et al.* (2011); El-Gohary (2012); Dahnil, *et al.* (2014); Karimi and Naghibi (2015); Alexrad (2018), the low financial investment in social media marketing is one of its greatest advantage over the traditional marketing method, which require a larger amount of financial investment. One of the challenges faced by social entrepreneurs involves the attainment of funding or capital for the enterprise (Sivathanu and Bhise, 2013; Ressel, 2017).

This is also the case in South Africa where there is no clear definition of social enterprises. Social media can be a vehicle to obtaining funding or receiving donations from interested parties; social media doesn't only expose the enterprise to potential funders but it also makes it easy for them to provide donations (Financial 24, 2017).

Table 5. Sub-themes relating to the support benefit of social media

Theme	Sub-Themes
Support	Organisation, Management, Build, Relations, Financial, Popular, Reacting, Feedback, Leads, Donations, Capital Tools, Ideas, Talent, Focus, Referrals

DISCUSSION AND RECOMMENDATIONS

The findings show traces of literature on social enterprises and marketing efforts made by small enterprises; but research covering these topics is miniscule as displayed by the subheading: *Characteristic of South African Literature on Entrepreneurship and Social Media Marketing*. The sub-themes *Entrepreneurs, Social and Marketing* were placed together by the word cloud showing literature on those topics. This being said, there is room for this topic to be further developed. The adoption of a well-planned social media marketing strategy and its importance as an aid is a topic that would add value to South African literature. The implementation of a good social media digital marketing strategy helps the enterprise focus its marketing efforts on marketing tools most relevant to the business. A good strategy maximises the enterprise's ability to engage and retain customers. The adoption of a digital marketing strategy is important because it highlights how the enterprise plans to achieve their marketing objectives. The digital marketing strategy is determined by the prioritisation of marketing objectives and the resources available to the enterprise (Chaffey and Smith, 2013).

Adoption of the Social Media Digital Marketing Strategy

According to Ryan (2016), a digital marketing strategy ensures that an enterprise focuses its marketing efforts on a marketing tool most relevant to the business, therefore maximising the enterprise's ability to engage and retain customers. An advantage of digital advertising is that it allows personal advertising that not only gives an effective marketing strategy but it also allows the enterprise to create a relationship paradigm (Tiago and Veríssimo 2014). The digital evolution has morphed marketing from being a 'lecture' into becoming a meaningful 'conversation' with its customers (Ryan, 2016). More people are using social networks, this is demonstrated by the growing number of users on social networks like Facebook, Twitter, YouTube, etc. It only makes sense that enterprises join consumers by having an online presence and a social media marketing strategy (Ryan, 2016). A good social media marketing strategy can be adopted by first *Planning the social media marketing strategy, Drawing up clear objectives, Learning how to use different social media platforms, Executing the strategy, and Evaluate the strategy*.

Planning Your Social Media Marketing Strategy

It is important to have a clear plan when using social media as a marketing strategy. Using social media without a clear plan could backfire and result in the enterprise being shunned upon (Ryan, 2016). A social media marketing strategy should be based

on the knowledge the enterprise already knows about itself and their customers. The enterprise would have to determine whether the business process is ready to embrace the social media strategy and vice versa. The enterprise would then have to determine the changes that would have to be made to business processes to accommodate the use of social media as a marketing tool (Tuten and Solomon, 2015).

When applying a social media marketing strategy, the assumption is that the enterprise already has a client base and therefore the objective of the marketing strategy is to know the customers better and interact with them. The interaction will stimulate collaboration and will promote brand loyalty (Ryan 2016).

The entrepreneur should have a clear idea who their target customers are. The entrepreneur should also be authentic and make a truthful representation of their enterprise because a wrong representation may make the brand go viral for the wrong reasons (Ryan, 2016). Berthon, Pitt, Plangger and Shapiro (2012) warn that businesses should be careful when implementing a social media strategy because social media platforms were created for the users and not for brands and therefore, one must have the users in mind when planning a social media strategy.

The enterprise would also have to learn about their competitors occupying the social media space whilst planning a social media digital strategy. The enterprise might have to look at their competitor's strengths and use them as a benchmark; they might have to determine the competitor's weaknesses and learn from them. Most importantly, the enterprise will have to look for opportunity gaps by determining what their competitors aren't doing at all (Balakrishnan, Dahnil and Yi, 2014; Tuten and Solomon, 2015; Ryan, 2016). It is important for the enterprise to set themselves apart from the competitors and work with something that is hard to duplicate (Ryan, 2016). The social entrepreneur should not limit themselves by only studying the local competition because having an online presence means having global competition.

Draw up Clear Objectives

The social entrepreneur should have clear and measureable marketing goals they want to achieve. Ways to measure success of social media marketing strategy must be defined, accompanied by smaller milestones that will help keep the enterprise on track with the overall goals (Ryan, 2016). Examples of social media marketing objectives could include; increase of brand awareness or strengthened customer relationships to encourage customer loyalty. There are measuring indicators that allow the enterprise to measure and determine whether these objectives are met like increased subscribers or followers, which would indicate increased brand awareness. The biggest reason for the failure of a social media marketing strategy is due to poor definition of objectives that need to be met (Tuten and Solomon, 2015).

Learn How to Use the Different Social Media Platforms

One of the most important steps when creating a social media marketing strategy is learning how the enterprise can maximise its benefits from using the different types of social media platforms (Ryan, 2016). Different platforms will meet different marketing objectives and therefore the enterprise will need to determine the social media platforms that will help them achieve the best results considering their marketing objectives.

Initially, large organisations invested large amounts of money in outsourcing companies to manage their social media strategies like traditional marketing functions; but it has been argued that employees play a crucial role in implementing key strategies and it is easy for them to use social media as it has become part of their lives; therefore, it makes more sense if social media platforms were used by those who understand the strategy better (Tiago and Veríssimo 2014).

Executing the Social Media Strategy

It is important to follow the social media strategy as closely as possible when executing the plan. The social entrepreneur may have to make a few adjustments towards the strategy as they learn and refine the strategy. The enterprise's social media presence must add value to the virtual community and must be as interesting as possible to get attention. The enterprise must refrain from becoming spam by flooding social media users with advertisement regarding products or services provided by the enterprise; but must interact with users (Ryan, 2016).

According to Ryan (2016) when operating online, the enterprise will need to “be helpful; constructive; be interesting and entertaining. Join the conversation, and offer valuable, authoritative and considered advice. Make a real effort to engage with the community on their terms, and you'll usually find them more than happy to engage with you in return” (p.170).

Feedback to user queries is an important part of being in the social media space. Quick responses show the consumer that the enterprise is interested in their thoughts and it makes them feel like they are part of the collaborative process (Tuten and Solomon, 2015). The feedback must be as polite as possible even if the enterprise doesn't share the same views on a particular matter.

Evaluate Strategy

The social media strategy must be monitored and measured to determine the success or failure of the implementation of the strategy. Measurement of a positive social media presence can be measured by immediate indicators like the number of users

subscribed or following the enterprise's social page; and the rate of increase of those followers over a period of time. These indicators will determine whether the marketing objectives are being met (Tuten and Solomon, 2015). The evaluation process also gives the entrepreneur the opportunity to collect more information and learn more about their customers thanks to the real time information that can be provided by the social media platforms (Vásquez and Escamilla, 2014). At this stage, the entrepreneur should be flexible, and modify their strategy as necessary in response to community feedback. An enterprise has a higher reputational risk through social media as compared to traditional marketing (Paniagua and Sapena, 2014). It is therefore important for a social entrepreneur to ensure that it is monitored, evaluated and amended if it needs to be amended.

FUTURE RESEARCH DIRECTIONS

The concept of social media marketing for a social enterprise can be researched further by analysing the benefits a social enterprise can derive from a social media marketing strategy and comparing it with the benefits a traditional enterprise can gain from it. A study of that nature could help further explore and define the similarities and difference between a social and a traditional enterprise in terms of marketing strategy. It would be interesting to see the role, the purpose and value of the social enterprise would play in executing a social media marketing strategy, if it makes a difference at all.

CONCLUSION

The aim of this chapter was to provide guidance on how a social media marketing strategy could be adopted by a social enterprise, and the benefits that would be derived from the use of this strategy as opposed to traditional marketing. This was first addressed by introducing the reader to the concept of social media marketing and the logic behind its use as a digital marketing tool.

The background on this topic was then given, providing broad literature on the concepts of social entrepreneurship and the phenomenon that is social media marketing. This section highlighted the current developments in digital marketing; involving the internet, software applications and the devices that allow people to connect with each other and most importantly, the enterprise. Customers become collaborators in the marketing process instead of consuming marketing content passively.

The main focus of the chapter revealed a knowledge gap in terms of in social media marketing for a social enterprise, from a South African context. This was also evident where the definition of a social enterprise, under South African legislation was yet to be developed fully. This knowledge gap led to an exploration into extent of social entrepreneurship and social media marketing coverage in South African literature.

The analysis found that the journals reviewed had a greater emphasis on the purpose of the social enterprise as a means to distinguish the difference between it and traditional entrepreneurship. This was seen by the number of sub-themes related to the purpose of the social enterprise. Another focus of the reviewed journals were the parties who derive the most value from the social enterprise as compared to the traditional enterprise. The Value theme was closely related to the purpose of the enterprise. This theme is addressed on the merits of how value is created and who benefits from this value. These were the key difference between social and traditional enterprises. Value also touched on how capital is raised for the enterprise, this can be difficult for the social enterprise, especially when there are no legal definitions distinguishing it apart from a non-profit organisation. Improved Service, Enhanced Products, and Value added Support were the most common themes identified in the analysis of the journals regarding the use of social media.

Recommendations were given based on the problem and analysis done in the main focus of the chapter. This section acknowledged traces of literature in the SAJESBM on social enterprises and marketing by small enterprises; but research covering these topics was miniscule and there was room for this topic to be further developed. This then led to the suggestion of further research on this topic to focus on the differences and similarities between a traditional and social enterprise when comparing the benefits of social media marketing between these two entities. This would contribute to the body of knowledge regarding literature on social enterprises in South Africa. A recommendation was made on the adoption of a well-planned social media marketing strategy and its importance as an aid, which helps the enterprise focus its marketing efforts on marketing tools most relevant to their business. A good strategy maximises the enterprise's ability to engage and retain customers.

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KEY TERMS AND DEFINITIONS

Digital Marketing: The use of technology as a means of advertising, promoting, or building an awareness.

Digital Marketing Strategy: A predetermined plan with the aim of maximizing the value derived from the use of digital mediums.

Entrepreneurial Marketing: A type of marketing integrated with the discipline of entrepreneurship. This type of marketing has an emphasis on the use of opportunities when comparing with traditional marketing.

Purpose: The reason for existence.

Social Media Marketing: The use of social media platforms to build or grow an online presence for a brand, product or cause.

Social Media Platform: Technology which allows the sharing and interaction of users who form an online community.

Value: Something of desired importance to an individual/s, could be tangible or intangible.

Virtual Community: A grouping of users who interact with each other predominantly online.

Section 3

Social Enterprise Customers

Chapters in this section focus specifically on the potential customers of social enterprises.

Chapter 6

The Market Opportunity for Social Enterprise in Developing Nations: The Sub-Saharan Middle Class

Paul Egan

UCT Unilever Institute of Strategic Marketing, South Africa

James Lappeman

UCT Unilever Institute of Strategic Marketing, South Africa

ABSTRACT

In this chapter, the authors explore the market opportunity for social enterprises by drawing on the sub-Saharan middle class. Specifically, they look at some key indicators of market size, potential, and diversity. By making use of a 10 city study on the sub-continent, a range of topics emerge that expose high levels of heterogeneity between markets. As the world's fastest growing continent (in population) as well as one of the poorest regions on earth, sub-Saharan Africa is a key target for social enterprises that seek to change lives while running sustainable profit-making organizations. As this chapter adds to the narrative around market sizing and potential, the discussion also points to the need for a sophisticated view of social enterprises as propagated in this book as a whole.

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INTRODUCTION

Social enterprise differentiates itself from other social development strategies in that profit is a core motive behind decision making (Bull, Ridley-Duff, Whittam & Baines, 2018). Although the growth of social enterprise is a global phenomenon (Ridley-Duff & Bull, 2015), there are market opportunity differences between developed and developing nations. While developing nations may have more obvious social needs, developing nations also have consumers with significantly less household income than their more developed counterparts. The low household income (and hence expenditure) presents a challenge to developing market social entrepreneurs who seek financial sustainability within a weaker economy.

This chapter explores the concept of market opportunity in sub-Saharan Africa by comparing the middle class in nine nations. By better understanding consumers (particularly those with disposable income) in developing nations, social enterprise will be better equipped to manage expectations, determine realistic market size and appreciate the differences in multi-country consumer markets. In addition, the need to build social enterprise strategy around market orientation is well attested (Glaveli & Geormas, 2018).

Before unpacking the market opportunity in sub-Saharan Africa, there are three consumer behaviour related points that growing social enterprises need to consider. First, the lives of citizens from developing nations are not reflective of those in the developed world. Much European and American consumer behaviour and marketing related literature does not hold in places like Africa (Chikweche & Fletcher, 2014; Simpson & Lappeman, 2017). Second, there is a general lack of understanding of developing market consumer behaviour and insights can be hard to come by, this is particularly true of the bottom-of-the-pyramid consumer (Lappeman, Chigada & Pillay, 2019). Third, large undifferentiated segmentation strategies that group developing economies together (at the expense of country specific differences) are problematic. While many of the economic, social and political characteristics are shared among nations, many differences exist (Lappeman, Ransome & Louw, 2019).

This chapter achieves two main objectives for marketers of social enterprise in developing nations. First, the chapter assesses the market opportunity in sub-Saharan Africa. This assessment prototypes some of the challenges and opportunities for marketers who want to understand developing nations as a market. Second, the chapter describes middle class consumers and their importance to social enterprise. Finally the chapter shows some clear differences between countries in sub-Saharan Africa to help illustrate the points made.

THE MARKET OPPORTUNITY IN SUB SAHARAN AFRICA

Since the financial crisis of 2008 most developed consumer markets have been characterised by low growth (Iqani, 2017; Attwell, 2017). As a result, businesses and marketers across the globe have been forced to seek out new markets and many have turned their attention to Africa (Chikweche & Fletcher, 2014). There can be little doubt that sentiment towards the continent has changed significantly over recent years. Perhaps not surprising if you consider that over half of the world's top ten performing economies between 2001 and 2010 were in Sub-Saharan Africa (Castellani & Parent, 2011). Countries like Ethiopia and Rwanda have consistently been growing at over 7% per annum (Bhorat, Naidoo & Pillay, 2016). Furthermore, as new mineral and gas discoveries filter through, and countries step up their own industrialisation, strong growth appears set to continue for many years to come. Some economists are predicting that by 2020, consumer spending on the continent will top USD 1 trillion. What's more, according to the African Development Bank, the continent is now home to the world's fastest growing middle class. Standard Bank estimates that the Sub-Saharan middle class has grown by over 240% in just over a decade and there are now 15 million households that the bank defines as being middle class (AfDB, 2011).

This leads us to a central question of this chapter. Does this upbeat economic picture of Sub Saharan Africa represent an opportunity for social enterprises. The world is littered with examples where seemingly innovative products and services have failed due to lack of demand or perceived need. For example, in 2013 South African retailer Woolworths pulled out of the Nigerian market because it was unable to sustain a compelling product and value proposition (Fin24, 2013). Identifying, sizing and understanding a potential market is arguably one of the most important challenges facing social enterprises. Rather than focus on broad economic indicators our focus will be on the opportunity presented by the emerging middle class in sub-Saharan Africa.

Why Focus on Middle Class

The consensus among economists is that the middle class contributes to economic growth by driving up demand for products and services various channels, whilst also fostering entrepreneurship, and encouraging policy reforms. A sizeable middle class is also evidence of an economy is transforming a dependence on subsistence agriculture, toward a large share of workers employed in the urban wage labour market (Stampini & Verdier-Chouchane, 2011; Summer, 2014). Ultimately, a middle class usually represents a group of consumers who have some level discretionary income and therefore represent an opportunity to product and service providers.

But what is middle class?

The question of what is middle class is surprisingly complex. Indeed, there are hundreds of definitions and a lack of consensus around the concept (Ncube & Shimeles, 2013).

Conventionally, the middle class is the group of individuals who are neither poor nor rich. The ability to lead a “comfortable life” has been socially viewed as evidence of being in the middle class. In a classic sense, it means being economically secure (Birdsall, 2010). Definitions of the middle class have been either absolute: where income, or expenditure, or assets owned are used; or social: where specific characteristics such as education, occupation or profession, and consumer patterns are used (Castellani & Parent, 2011). When it comes to Sub Saharan Africa using a specific characteristic in defining the middle class is not feasible for cross country analysis, because the characterisation of the chosen characteristic is more often country specific.

When either income or expenditure or asset ownership is used in defining the middle class, the definition is usually in either absolute or relative terms, hence the absolute or relative approach. The absolute approach assumes a fixed range, and is preferred due to its cross country comparison. However, adopting the absolute approach definition comes with the limitation that the choice of thresholds for the range is often arbitrary. For Africa, one range would not suit all countries, since economies in the region are at different levels of development, and it may not account for country specific features (Castellani & Parent, 2011). Approaches in relative terms are defined in relation to the distribution of the income or expenditure or asset owned. The definitions are often relative to the median which makes them country-specific, hence not reliable for cross country comparison.

There have been various attempts to quantify the middle class across the developing world. Ravallion (2010) chooses bounds based on country specific poverty lines. He defines the developing world’s middle class as individuals not regarded as poor by developing country’s standards but still poor by developed country’s standards. He offers a broad and narrow definition. In the broad definition, he chooses the median amongst 70 national poverty lines, which is USD2 per day in purchasing power parity (PPP) terms as the lower bound, and the US poverty line, which was at USD13 a day in 2005¹, as the upper bound. Using the USD2 line, Ravallion finds that in 2005, only 26% of Sub-Saharan Africans were in the middle class.

Birdsall (2010) argues that the middle class (defined as those living below USD10) is not any different from the globally defined poor (defined as those living below USD1.25 a day) since they, in income terms, live below the poverty lines in the OECD countries. She estimates about 300million Sub-Saharan Africans to be in the middle class.

Table 1. Estimates of the middle class in Sub-Saharan Africa

Author	Year of analysis	Middle class definition in USD	Estimate (In millions)	Data source
AfDB, 2011	2010	2 to 20	350	World Bank's PovcalNet Database
Kharas, 2010	2009	10 to 100	32	World Bank's PovcalNet Database
Mckinsey, 2010	2008	55 and above	425	Canback Global Income Distribution Database
Birdsall, 2010	2005	10 and below (95th percentile of own country's income distribution)	300	LSMS/DHS
Ravallion, 2010	2005	2 to 13	197.1	World Bank's PovcalNet Database

Source: Extracted from the various papers and reports.

Kharas (2010) defines the global middle class as individuals living in households that are not regarded as poor in the poorest advanced countries, and not regarded as rich in the richest advanced economies. He considers this to be individuals in the group of households that spent at least USD10² to those that spent at most USD100³ daily per capita in 2005 purchasing power parity terms. Focusing on the consumer class, Kharas finds that there are 32 million Africans in the middle class (accounting for only 2% of the global middle class) whilst their spending accounts for only 1% of global consumption. Some of the more recent estimates on middle class size and classification are summarized in Table 1.

But perhaps the definition that has garnered most attention is that put forward by the African Development Bank. Using the consensus on the choice of the lower boundary to be the poverty line, which is currently defined at USD2, the African Development Bank proposed a definition of middle class of anyone earning between USD2 and USD20 per day. Using this definition, the African Development Bank estimated that there were over 300 million people who were middle class in Africa, triggering the re quoting of the statistic that one in three Africans is middle class (AfDB, 2011).

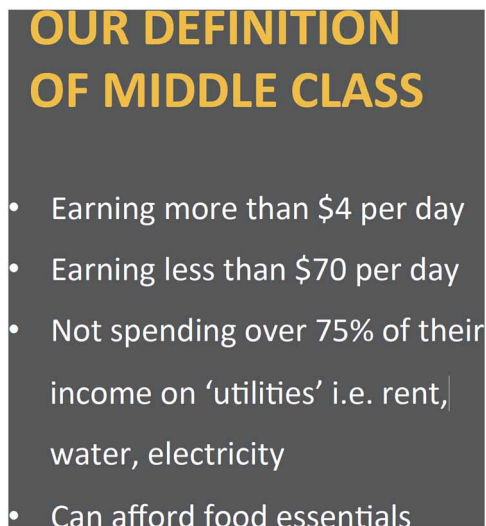
Besides definition, the other challenge of defining middle class in Sub Saharan Africa pertains to data. Unfortunately, a standardised approach to household surveys does not exist for Africa. Further, where they are available, quality concerns for most of the surveys have led to questions around the estimated figures of the size of the middle class. For instance, some surveys target low income households (Banerjee & Duflo, 2008) and most are not successful in including respondents from high income groups. Flaws in data collection and reporting bias have been argued to

influence patterns in important variables such as consumption (Banerjee & Duflo, 2008). Therefore, most estimations of the size of the middle class in Africa are to be read with caution (see Table 1).

CASE STUDY: MIDDLE CLASS RESEARCH IN TEN AFRICAN CITIES

In 2017, a study called *African Lions* was released by the UCT Unilever Institute of Strategic Marketing in partnership with IPSOS (Egan, Lappeman & Mwura, 2017). The study sought to better understand the size and consumer behaviour of the middle class in sub-Saharan Africa. Despite the term middle class being generally accepted to apply to those who are not in poverty and have disposable income, the first step was to decide how to define middle class for the purposes of this study. The study excluded individuals living in households living below the poverty line of USD2 per day. The sample also excluded the so-called ‘floating class’ that earn between USD2 and USD4 per day as this group is considered vulnerable. The study targeted individuals who had disposable income to buy products and services beyond basic necessities. Any household earning over USD70 per day was also excluded in order to differentiate the middle class from the upper or affluent class. A summary of some of these criteria used by Egan *et al.*, (2017) are depicted in Figure 1.

Figure 1. Describing middle class (Egan et al., 2017)

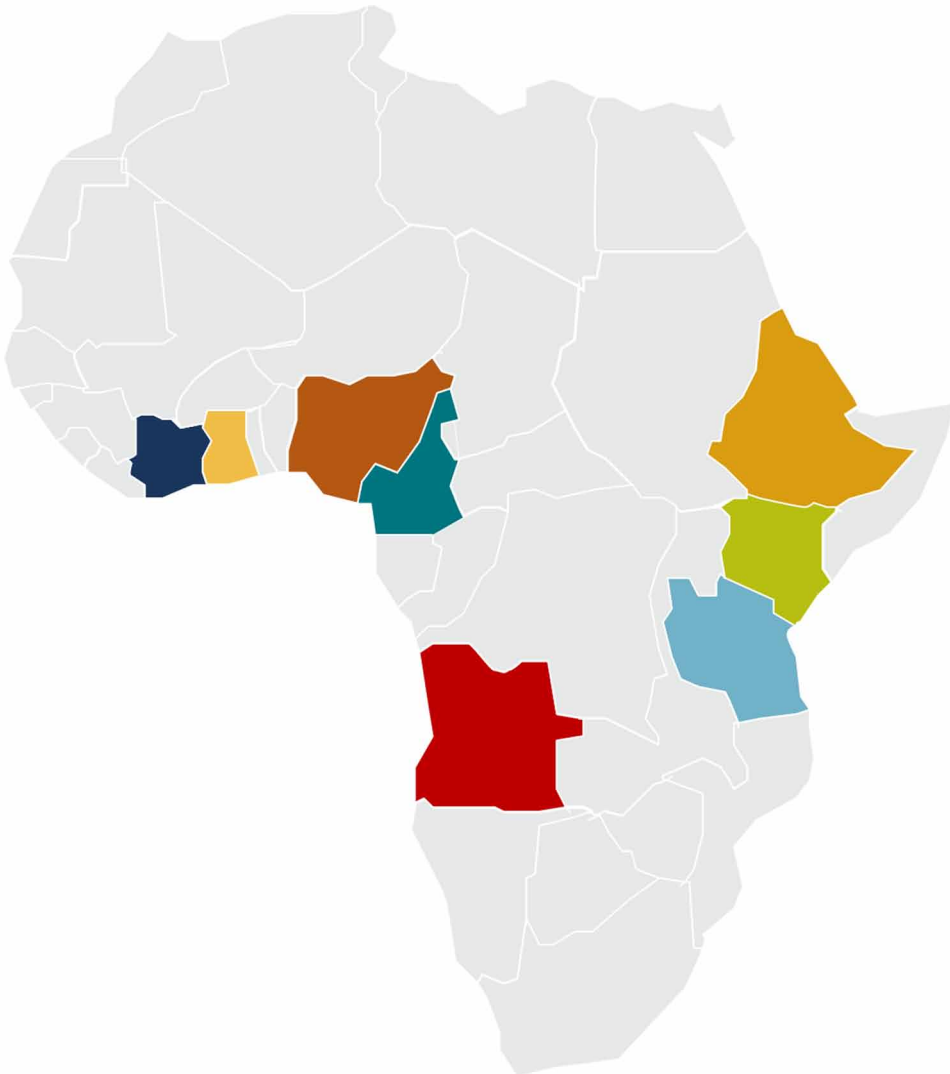


OUR DEFINITION OF MIDDLE CLASS

- Earning more than \$4 per day
- Earning less than \$70 per day
- Not spending over 75% of their income on ‘utilities’ i.e. rent, water, electricity
- Can afford food essentials











An emerging middle class typically has its roots in urban areas. In order to create a window into this consumer class, a sample of ten cities in nine countries was chosen (Figure 2), and over 8000 consumers surveyed across the region. The ten cities were Abidjan (Cote d'ivoire), Accra (Ghana), Lagos (Nigeria), Kano (Nigeria), Douala (Cameroon), Addis Ababa (Ethiopia), Luanda (Angola), Lusaka (Zambia), Nairobi (Kenya) and Dar es Salaam (Tanzania). These cities were selected in consultation with several major consumer-facing companies and was based on market potential.

Figure 2. Sample countries (Egan et al., 2017)



The Market Opportunity for Social Enterprise in Developing Nations

Table 2. Middle class in sub-Saharan Africa (Egan et al., 2017)

Country	City	Population	Middle Class %	Middle Class
 Ivory Coast	Abidjan	4.8 million	56%	2.7 million
 Ghana	Accra	2.7 million	59%	1.7 million
 Nigeria	Lagos	21 million	68%	14 million
 Nigeria	Kano	3.9 million	57%	2.3 million
 Cameroon	Douala	2.5 million	58%	1.4 million
 Ethiopia	Addis Ababa	3.4 million	59%	2.0 million
 Angola	Luanda	6 million	67%	4 million
 Zambia	Lusaka	2.5 million	66%	1.6 million
 Kenya	Nairobi	3.4 million	49%	1.6 million
 Tanzania	Dar es Salaam	4.2 million	69%	2.8 million

Sources: *CIA WorldFactbook, 2016 est.
**Ipsos Middle Class Study, Quant, 2016 (Middle class defined as Accomplished + Vulnerable + Comfortable Segments)











Instead of relying on census data (as per the explanation above), the study used weighted random sampling technique in order to reduce bias. Table 2 shows the size of the consumer class (called middle class in the table) based on the definition of USD4-70 daily income in the sample cities.

From a basic demographic perspective, each city clearly has a different market size profile. The middle class also make up a variety of proportions in the sample, from 49% (Nairobi) to 68% (Lagos). The opportunity for social entrepreneurs is significant. The mix of significant net poverty coupled with significant net wealth means capacity for economic viability is a real possibility for social enterprises. Furthermore, these cities are expected to grow dramatically over the next decade, with some cities projected to double in size by 2025 (AfDB, 2011). The following sub-sections highlight some major themes in understanding the middle-class market potential and opportunities in the various countries. As each county is contrasted and compared, a few themes emerge that will help to guide marketers looking to build social enterprise around consumer behavior.

Average and Disposable Incomes

Table 3 shows how demographic markers like average individual income can be misleading as a marker for market attractiveness. This is because the cost of living can vary dramatically. This is demonstrated by Luanda in Angola as seen in Table 3. Despite incomes being significantly higher than all the other cities, consumers are far more stretched when it comes to disposable income because of a higher cost

Table 3. Average income vs disposable income (USD per day) (Egan et al., 2017)

										
TOPIC	ABIDJAN	ACCRA	LAGOS	KANO	DOULA	LUANDA	LUSAKA	DAR ES SALAAM	NAIROBI	ADDIS ABABA
Disposable Income	4.9	5.7	4.8	4.2	6.6	0.9	5.3	3.7	4.8	3.3
Average Individual Income	9.7	11.1	9.5	9.4	13.3	30.9	11.3	8.6	11.1	8.7
Average Household Income	16.8	16.7	12.9	16.9	17.3	36.0	14.8	11.9	16.0	11.2

of living. This finding is strong evidence that using blunt dollar income definitions of market size and potential is not very helpful in a diverse continent like Africa.

Implications for Social Enterprises

- Don't look at country specific income demographics without considering disposable income.
- Indicators such as income and disposable income can be useful in determining whether consumers can afford your projects and services.
- With many consumers operating in the informal sector, incomes can also vary significantly from month to month. This means that consumers may only be able to afford products intermittently.

A Note on Using Household Income

The use of household-level analysis is often used over individual-level analysis (the other alternative) for a number of reasons. A key advantage of an individual level analysis is that it allows the researcher to investigate issues of income reciprocity and to better understand labour markets. Drawbacks, however, include the fact that it excludes children who comprise almost half the population (Leibbrandt & Levinsohn, 2014). The use of a household-level approach is in line with other national surveys globally, for example the National Income Dynamics Survey (NIDS) in South Africa, which collects both household and individual level data⁴. StatsSA's General Household Survey (StatsSA, 2013) also uses the analysis of household data. StatsSA (2013:79) defines a household as a group of persons who live together and provide themselves jointly. Joint household living includes the shared use of food and other essentials for living. The general household definition also includes a single person who lives alone.

Shopping Frequency

Most consumer goods in the developed world are bought at supermarkets, shopping malls and online. National chain stores and sophisticated independent retailers dominate the shopping landscape. In developing nations, the range of grocery retail outlets differ significantly. In the entire ten city sample, when asked how often grocery shoppers visited each different type of outlet, the results showed a large spread (Figure 3).

When comparing each city, however, the spread of channels also shows a number of features (Figure 3 and 4). In particular, the frequenting of supermarkets on at least a weekly basis is not common for all households. Shoppers are also moving between the informal and formal supermarket channels, however, there is evidence that shoppers prefer formal channels like supermarkets for more personal products such as cosmetics and products for babies or young children. This dynamic is likely driven by concerns around fake or replica products which are commonplace across informal outlets.

In Figure 4, the difference between Dar es Salaam and the rest of the sample is also noticeable. In fact, there more people in the sample that had never been to a supermarket than those who had. For social enterprises that might rely on formal

Figure 3. Regularity of grocery shopping per channel (ten city sample)(Egan et al., 2017)

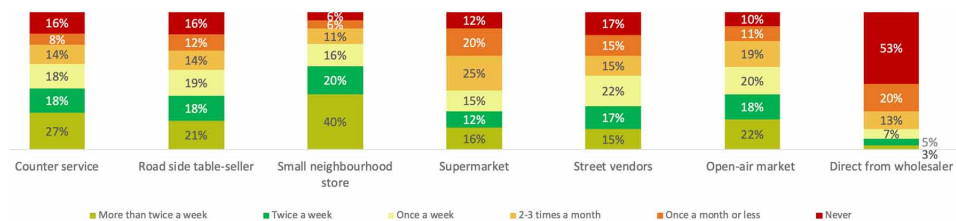


Figure 4. How often supermarkets are visited for household grocery shopping (Egan et al., 2017)

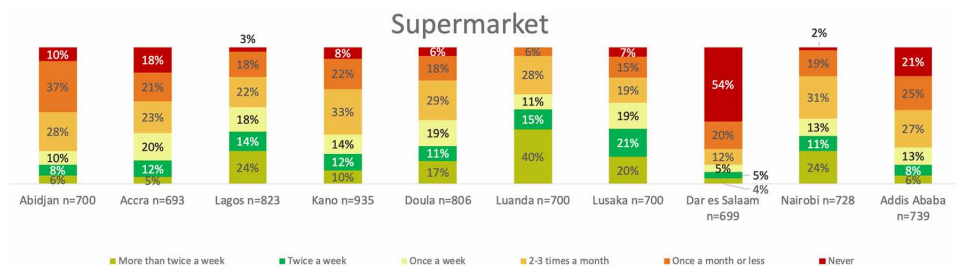
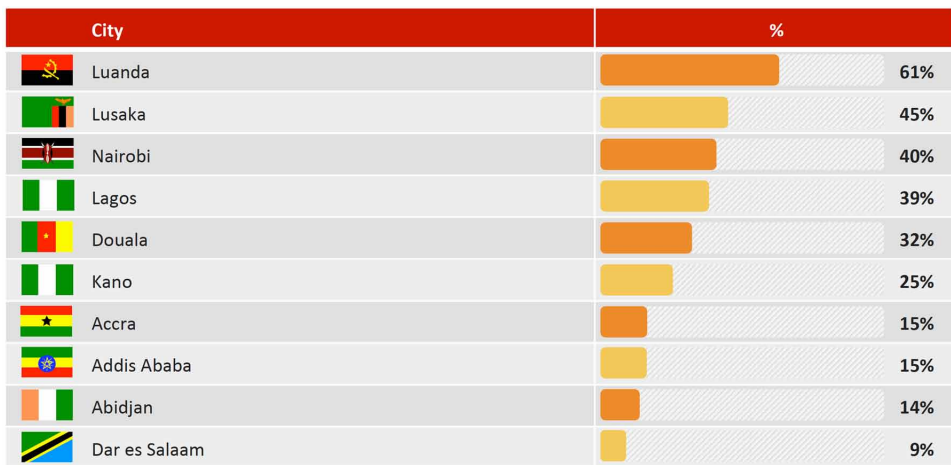


Figure 5. Shop at supermarkets at least twice a month (Full sample of ten cities) (Egan et al., 2017)



**Over 50% of middle class in Dar es Salaam never been to supermarket*

route-to-market channels (like supermarkets), the frequency of patronage (Figure 5) gives an indication that other alternatives must be sought.

While supermarket shopping is part of weekly life for most in high income countries, the African shopper profile is significantly different.

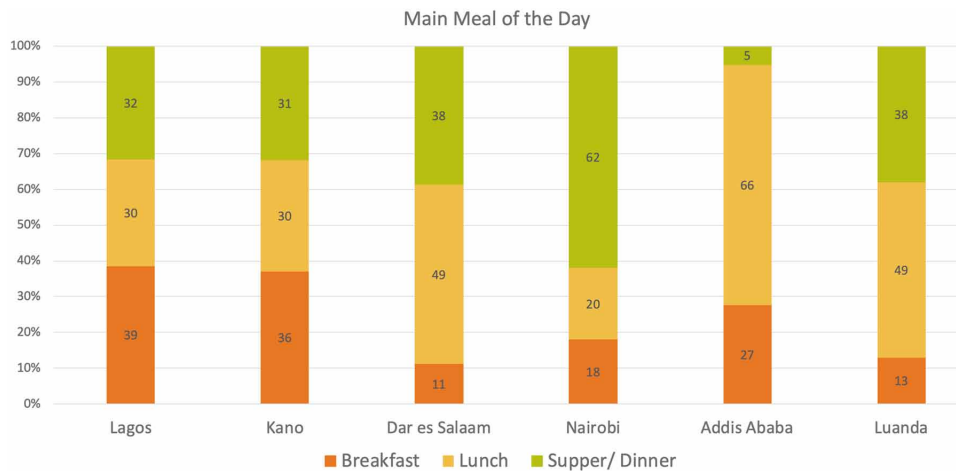
Implications for Social Enterprises

- Formal channels that may work in developed nations may not be as effective in developing nations (especially for retail).
- Understanding the nuance of channel options is key for distribution. African middle-class consumers may frequent open air markets regularly (60% once a week or more – Figure 3-5), which has a different level of flexibility at both the demand and supply side.
- Frequency of supermarket visits is also influenced by a relative lack of formal retail space. This is changing rapidly with over 1 million square metres of new retail space currently being built across sub-Saharan Africa, the formal retail sector is set to grow rapidly.

Food Consumption Patterns

Although different nations have different cooking styles, the profile of meal consumption also shows variation. Figure 6 is a six-city comparison of which meal

Figure 6. Main meal of the day (6 city comparison) (Egan et al., 2017)



consumers see as the main meal of the day. The comparison shows that in Addis Ababa (Ethiopia), 66% of participants saw lunch as their main meal, while that number drops to 20% in Nairobi (from Neighboring Kenya). Breakfast is generally not seen as a main meal in Dar es Salaam (11%), but is in Lagos where more participants experience breakfast as the main meal of the day than any other meal (39%).

Implications for Social Enterprises

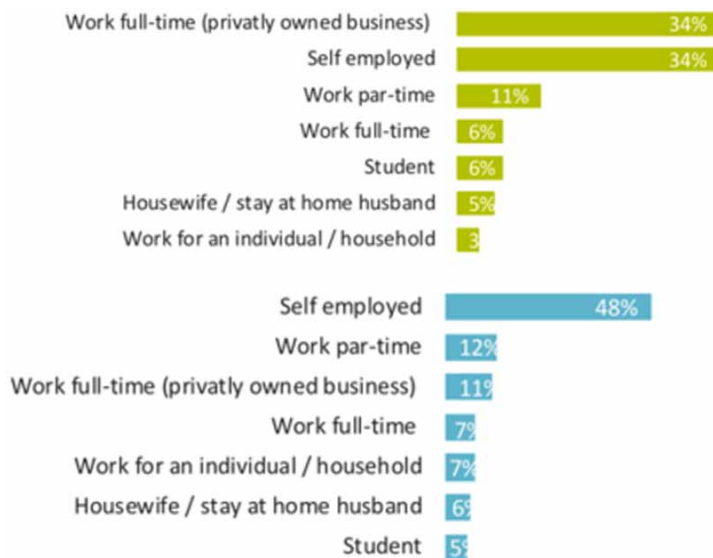
- The variation in relative importance of meals differs across countries shows that social enterprises cannot make universal (or even regional) assumptions about food consumption.
- Countries like Addis Ababa, where evening meals have a very low importance
- This finding also challenges the use of regional profiles. For neighboring capitals Addis Ababa (Ethiopia) and Nairobi (Kenya) to have such vastly different meal profiles shows a small window into the many other intra-regional differences that exist. Enterprises of any kind must be aware of the potential for difference in order to avoid mistakes in generic strategies.
- Cultural and religious practices also play an important role when it comes to eating habits. For example, many followers of the Orthodox church in Ethiopia follow a vegan diet for prolonged periods throughout the year.

Sources of Employment

Figure 7 depicts a comparison of employment sources in two major East African cities. The comparison in city employment profile will have major ramifications in multiple areas on consumption and expenditure behavior.

How and where people are employed is perhaps the standout feature of the Sub-Saharan middle class versus middle classes in the developed world. A relatively low percentage work full-time, which is an indicator of a formal and corporate sector which is still emerging. This means that most adults are engaged in what has been termed in some research circles as ‘the hustle’ (Egan et al, 2017; Thieme, 2018). The idea here is that without the security of full time work, individuals need to be proactive in order to generate enough income to meet their needs. It is not uncommon for individuals to be engaged in several activities from running micro-enterprises in the informal sector through to taking on contract or part-time work when available. Diversifying income streams also protects individuals from over-reliance on just one form of enterprise. Low incidence of full formal salaried employment is significant. Alternative livelihood strategies which rely on informal micro-businesses or irregular forms of work result in huge fluctuations in income. Over 70% of those interviewed as part of the UCT Unilever Institute study said their income varied from month to month.

Figure 7. Sources of employment (Nairobi & Dar es Salaam) (Source: Egan et al., 2017)



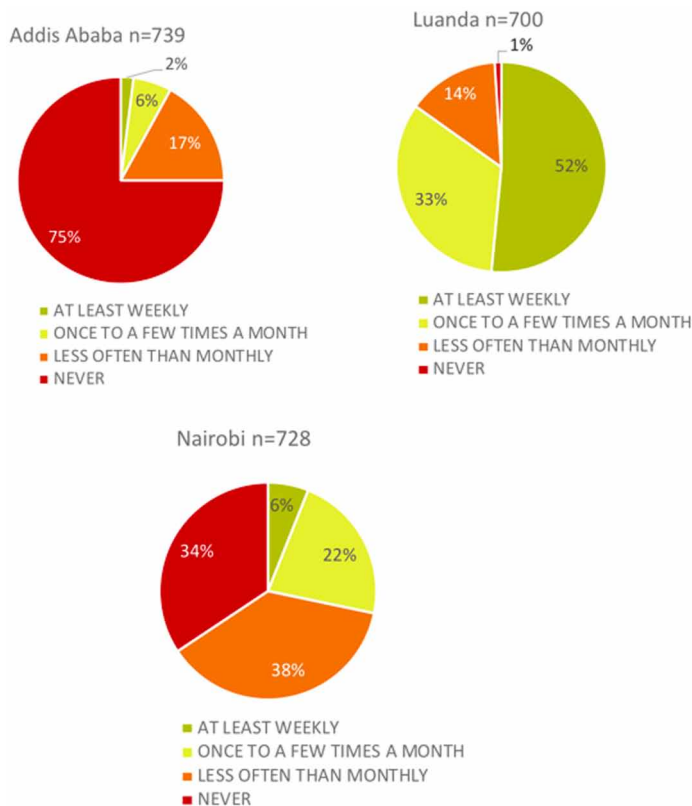
Implications for Social Enterprises

- Understanding sources of employment for the consumer market of interest has implications for income (and hence expenditure) regularity. The nature of this stability has an impact of demand prediction.
- Households with more stable incomes can plan their expenditure better and may have more capacity to allocate money towards non-essentials.
- Fluctuations in income also impacts consumers ability to purchase consistently and so commit to long term fixed offerings.

Shopping for Leisure

For many in the middle class, shopping is often regarded as a leisure activity. With exposure to international brands, emerging market consumers are keen to experience, ‘what the rest of the world has experienced already’. Experience of large malls

Figure 8. Shopping for pleasure (Egan et al., 2017)



and supermarkets is relatively new in many markets, and the experiential aspect of shopping in such facilities remains a strong draw-card. Across the continent there is a growing pipeline with well over 1 million square meters of new retail space in planning and construction phases (Knight Frank, 2019). When specifically assessing a set of different approaches to ‘shopping for pleasure’, Figure 8 displays a significant variation between sample cities.

Implications for Social Enterprises

- As emerging market shopping behavior changes (with mall growth and more exposure to international brands, new behaviours will be identified.
- Social enterprises that rely on retail channels will need to continually build a localised view on shopper behavior in order to maximise potential. Retail and shopping models from Developed economies are unlikely to fit without modification.

RECOMMENDATIONS: TARGETING CONSUMERS IN DEVELOPING NATIONS

Perhaps the starting point for any business or enterprise wanting to tap into the emerging consumer market in sub-Saharan Africa is to work out whether there is a big enough market for your product or service. Not only does this require an understanding of who earns what but also the need to work in other variables such as the cost of living, spending priorities etc. Although the growth in population is startling, this does not necessarily translate into increased buying power. The vast majority of consumers remain perilously close to the poverty line and, in terms of buying, most remain far behind their counterparts in the developed world. In addition, pure spending power and market size is only part of the story. Consumer behavior is not globally homogenous, nor is it regionally homogenous. Marketers of social enterprises will do well to appreciate even the subtle differences that exist from country to country (and even city to city).

For any individual or organization trying to connect with consumers, it is crucial to understand as best as possible the challenges they face as well as their aspirations. The chapter has shown that the emerging middle class in sub-Saharan Africa is vastly different to what one would expect in the developed world. For many they are still battling against a lack of basic services, especially water, electricity and sanitation. Nigeria does not possess an extensive electricity grid, whilst in Nairobi many residents still rely on tankers for their water supply. Another major difference is the low proportion of individuals in full time work. This means that for most the

security of a salary cheque does not exist which in turn impacts buying behaviour. Cities are also evolving. Mass migration from rural areas mean that city consumer landscapes are constantly changing. The research also shows that every market is different and different cities are at varying stages of development. Each market has its own nuances and cultural influences. When trying to connect with consumers it is also prudent to recognize that the continent and cities are home to a multitude of languages and religions. A marketing campaign may work well in one market but completely miss the target in another. For example, in Lagos it is commonplace to pay 12 months' rent up front, which is not the case in other cities. Finally, although our study suggests that middle class African consumers are welcoming of foreign brands, there is growing concern around appropriation. Brands, organisations and companies that embed themselves with a longer-term view and commitment have proven to be more successful over the long run.

FUTURE RESEARCH DIRECTIONS

In this chapter the focus has been on the sub-Saharan African consumer. Connecting with this group presents both challenges and opportunities. But this is just one part of the challenge for social enterprises. Exchange controls, regulation, lack of infrastructure such as electricity and supply chains are factors that also need to be explored and often overcome. Future research on the topic of market opportunity for social enterprises in Africa should include five themes.

First, published consumer behaviour research in Africa is still in its infancy. The diversity and multiple fieldwork related challenges make the sub-continent a huge opportunity for more research. Consumer research reports on the continent (often released by major consultancies) have historically tended towards large quantitative assumptions without a deep understanding of consumer heterogeneity. Even in Africa's most researched market, South Africa, consumer behavior research is lacking in many segments. Low income and middle class research in particular have very sparse literature for marketers to draw on. Connected to this is the need for more research on decision making paradigms. The western decision making models most published are unlikely to be fully transposable into the African market (in the same way that this chapter has discussed the limitations of western conceptualisations of middle class).

Second, more research is required in order to understand the entrepreneurial landscape in Africa. Whether as a scalable business or as a micro-entrepreneur, a view on the environment and opportunity for new business of any sort is crucial. A deep understanding of barriers and opportunities for new business creation in each market is important as government regulation will differ from place to place.

Enquiry into the entrepreneurial landscape will also illuminate core barriers for social enterprises since they too are subject to market forces.

Third, market sizing will need to expand to include three major consumer groups. While this chapter focused on the middle class as a key consumer segment, the base of the pyramid (BoP) consumer is key in Africa since they occupy the largest segment. Categories like food, transport and education are major opportunity areas for enterprises aimed at helping those in the lowest economic tier. The more that is known about the BoP, the more needs can be satisfied in relevant and effective ways. The top tier is also highly significant. While small compared to developed nations, the affluent African consumer wields immense financial power and has a strong in-country influence. These consumers are also difficult to research and can be highly private about their lives (as experienced in many markets).

Fourth, research into regulation is important. The informal sector in Africa is significantly large and the fact that so much commercial activity is unregulated makes country attractiveness hard to assess. Regulation itself is also difficult to measure. While some indices on ease of doing business exist, there are also various kinds of themes that would be relevant to specific enterprises. For example, the formalisation of tourism operators may hinder small enterprises from starting. Services sectors like tourism often have low barriers to entry (e.g., a tour guide around the city). Should barriers exist, attractiveness for new enterprises will diminish. In addition, attempts to formalise have a due benefit and cost. More formalisation allows the informal economy to better interact with the formal economy, there are large potential benefits to this connection and much capital is available to good informal businesses that formalise. A cost to this formalisation are the higher barriers to entry for new enterprises. In South Africa, for example, there are often high physical and operational barriers for micro-entrepreneurs who want to connect with wealthier consumers. This class of consumer often shops in malls. The fact that South Africa has more mall space than the rest of the continent combined creates this unique situation when compared to other African cities that have a greater distribution of retail typologies for higher class segments. These South African malls are usually highly formalised and secure with little opportunity for say a fruit vendor to try and sell their produce anywhere other than out on the street. While the physical boundaries protect the formal retailers (who pay for security through their rental agreements), the micro-retailers lose out.

Finally, future research must look towards understanding the kinds of innovation that may provide solutions to systemic problems. The adage that you cannot solve problems with the same kind of thinking that created them is true in Africa. For a continent plagued by its history, new narratives require new solutions. Underlying transformative solutions, however, is a need that must be understood. These needs are both individual and organisational, and research must span both sides of the business spectrum.

CONCLUSION

The combining of motives (profit and social development) as a great opportunity for many enterprises. This chapter highlights some of the complexity when trying to understand market opportunity in sub-Saharan Africa. A few final points are considered below.

First, marketing is a discipline that needs to be understood with the consumer at the center of strategy (Levitt, 1960). Many large and small enterprise worldwide have been guilty of focusing on what feels like a great idea (or product) only to find that it was based on assumptions and not needs. Any social enterprise looking to tap into a segment must gain a clear understanding of that segment. In a developed region like Western Europe, there would be clear country differences acknowledged. No business would assume that consumer behavior in Germany and France functioned identically. In the same way, Nigeria and Ghana are neighbours with very different consumer profiles. The same would apply for Angola and Namibia. Taking a consumer centric approach to enterprise development means understanding the market and all possible variables.

Second, although the findings were Africa specific, any social entrepreneur would be well advised to seek a similar kind of understanding in their market and category of choice. These findings have prescriptive capacity for strategy in specific sub-Saharan cities, but they have descriptive capacity for understanding market capacity in any scenario. Enterprises operating in any market would be well served to unpack elements of market size and buying power. In addition, understanding expenditure and shopping dynamics is key. Even if the enterprise is not pursuing consumer goods, the way people spend money has a significant impact on other areas of their budget. Finally, not only understanding incomes, but also income sources will have an impact in multiple industries. Subscriptions, for example, are a powerful model but with an assumed stability of income. This stability of income is largely lacking even among the sub-Saharan middle class.

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ENDNOTES

- ¹ This is for a family of four.
- ² This is the poverty line for a family of 4 in Portugal and Italy: these two countries have the strictest definition of poverty amongst European countries (Kharas, 2010).
- ³ This is twice the median income of Luxemburg, the richest advanced country (Kharas, 2010).
- ⁴ NIDS does a selection of households that represents the South African population for their surveys. When NIDS was released to the public, the information was split into two separate datasets. NIDS released a Household Roster dataset (containing an inventory of the individuals in the household) and a Household Questionnaire dataset (containing information about the entire household such as total household food expenditure) (NIDS, 2016).


Chapter 7

Social Enterprise Consumers: The Case of South African Organic Produce Consumers

Sandile Sandile Mkhize

University of KwaZulu-Natal, South Africa

Debbie Ellis

 <https://orcid.org/0000-0002-8464-6022>
University of KwaZulu-Natal, South Africa

ABSTRACT

Food security has become a major social concern. Social entrepreneurs seeking to address this social concern aim to produce safe food products which cause no harm to either consumers or the environment. To achieve these social goals social enterprises apply business principles and practices one of which includes a marketing orientation. This involves thoroughly researching and understanding the targeted consumers so as to best satisfy their needs. This chapter reports on a study of organic food consumers so as to assist social enterprises aiming to target and satisfy their needs.

INTRODUCTION

Social entrepreneurship has emerged as an important realm of entrepreneurship during the last decade (Coker, Flight, & Valle, 2017). Social entrepreneurs recognise social problems and use entrepreneurial principles to create, organise and manage ventures to achieve social change (Basargekar & Rawat, 2015). Social enterprises are thus organisations but which have both profit and social objectives, where profits are used

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to address social concerns (SocialEnterpriseUK, 2016). As Bocken, Short, Rana, and Evans (2014, p. 53) explain “they [social enterprises] are ‘for-profit’ enterprises, but the profit motive is secondary to delivery of the social mission”. The social enterprise must be profitable and sustainable, but instead of profit back into the pocket of the stockholder, it is reinvested into the business (Moorthy & Annamalah, 2014). The ‘social mission’ that social enterprises seek to address may relate to a wide variety of social concerns such as poverty, inequality and environmental deterioration (Basargekar & Rawat, 2015; Doherty, Haugh, & Lyon, 2014).

There is a growing social concern for the quality of food products and how they are farmed and processed (Aarset et al., 2004). The recent outbreak of listeriosis, a serious foodborne disease, has been ongoing since the start of 2017 in South Africa (WHO, 2018). Internationally, food-related social problems such as foot-and-mouth disease, mad cow disease and others have caused concern among consumers regarding the quality of food (Chen, 2007; Yadav & Pathak, 2016). Hodgins and Fraser (2018) found that social enterprises in their study managed to successfully address food security in food-insecure communities. These authors explain that “the rising popularity of social enterprise to address food inequalities in [alternative food networks] (AFN)s demonstrates the permeation of social justice concerns into business, or business into social justice, in the transformative way” (Hodgins & Fraser, 2018, p. 157).

In addition to the social concern for food quality and security, there is growing concern about the deteriorating physical environment. Agriculture is considered a major cause of environmental degradation especially in terms of the global decline in biodiversity (Puech, Baudry, Joannon, Poggi, & Aviron, 2014). According to Woodward (2019) the concepts of food quality, human health and the type of farming used are inextricably linked. The practice of organic agriculture has been identified as a pathway to sustainable development and enhanced food security (Kisaka-Lwayo & Obi, 2014; Willer, Lernoud, & Kemper, 2018). “Organic farming is characterised by the ban of chemical pesticides, chemical fertilisers, growth hormones, antibiotics, and genetically modified organisms (GMO)” (Puech et al., 2014, p. 50). Currently only 1.2% of the agricultural land globally is organically cultivated and of that, only 3% is in Africa (Willer et al., 2018) but local markets for organic produce in African countries like Kenya, Uganda and South Africa are said to be growing (Parrott, Ssekya, Makunike, & Ntambi, 2006).

As organic farming can help to address food insecurity as well as environmental degradation challenges and social enterprises have been found to be able to address the social problem of food insecurity, social entrepreneurship could be one of the solutions to the environmental problems of low quality of food products that lead to disease and even death of consumers, as well as environmental degradation in

Social Enterprise Consumers

South Africa. However, social entrepreneurs would need to determine the level of understanding and commitment to organic produce amongst South African consumers. Willer et al. (2018) report that demand for organic food and drink sales is concentrated mainly in North America and Europe. For social enterprises in South Africa to address the social challenges above, they will need to grow the local market for organic produce. To do this, it will be important is to understand consumers understanding of, perceptions about and barriers to organic produce consumption that these social enterprises in South Africa may need to overcome. Most of the research on the organic consumer, and the attitudes and perceptions of organic consumers is from the perspective of developed countries (Mhlophe, 2016) . The mission of this chapter is to expose the reader to some preliminary research conducted on an emerging market, South Africa, studying consumer attitudes and perceptions regarding organic food products. After reading this chapter, the reader will better understand these key potential consumers of social enterprise products, in this case, organic fresh produce products. It is acknowledged that not all organic produce farmers will be social enterprises. However, the chapter provides recommended solutions for those social enterprises wishing to grow the organic produce market in this emerging market so as to achieve the desired social benefits of healthy food produced in a way that also conserves the environment.

BACKGROUND

This section defines social entrepreneurship, discusses the elements of social entrepreneurship and social enterprises, discusses green consumption, profiles organic consumers, and explores consumers' perceptions of environmentally sustainable products in South Africa.

Social Entrepreneurship and Enterprises

Social entrepreneurs generate economic value for communities and overall social value (Basargekar & Rawat, 2015; Singh, Majumdar, & Saini, 2017). They are individuals or organisations with innovative solutions to society's most pressing social problems (Lekhanya, 2015). Social entrepreneurs are described as those who use innovative ways for tackling various socio economic needs of the society in their chosen areas, whether education, health care, economic development, environment, arts or any other social field (Cunha, Benneworth, & Oliveira, 2015). "Social entrepreneurship transcends philanthropic and/or charitable giving as it promotes a more enduring and engaging solution to social problems"(Nga & Shamuganathan,

2010, p. 263). Social entrepreneurs have a social vision, and use innovative and sustainable practices to generate financial returns (Nga & Shamuganathan, 2010) and thus social enterprises have been described as hybrid organisations (Doherty et al., 2014; Grassl, 2012). They pursue “the dual mission of financial sustainability and social purpose” (Doherty et al., 2014, p. 417). Social enterprises are organisations “involved at least to some extent in the market, with a clear social, cultural and/or environmental purpose, [and] rooted in and serving primarily the local community (Johanisova, Crabtree, & Fraňková, 2013, p. 11) Thus social entrepreneurship and social enterprises are needed in our society today as they promote social good instead of only profit. As South Africa faces many social challenges, not least of which is a deteriorating environment and concerns for food security, social enterprises offer a possible solution through the use of sustainable farming practices such as organic farming, which can benefit both the farmers through improved profitability but also local communities.

Many publications address the issue of what the constructs of social entrepreneurship and social enterprises mean, what their parameters should be, and, most importantly, how they can be defined (Kraus, Filser, O’Dwyer, & Shaw, 2014) . Thus, the following section explores, from the various definitions, elements of social entrepreneurship and social enterprises.

Elements of Social Entrepreneurship

There has been no universal definition agreed on due to the newness of the topic, as well as how difficult it is to determine where the demarcation line is between social entrepreneurship and other fields such as commercial entrepreneurship and business management (Kraus et al., 2014). However, from the various definitions the themes that emerge as elements of social entrepreneurship are:

Social Good

Social entrepreneurship is defined as creating significant social good in powerless and marginalized communities for emancipation of men and women from socio-economic problems, and thereby improving the quality of their lives (Sengupta, Sahay, & Croce, 2017). The primary aim of a social enterprise is thus to serve the community and support a sense of shared responsibility at a local level (Defourny & Nyssens, 2008). Grassl (2012) argues that a minimum condition for social enterprises is that they are driven by a social mission and they generate positive externalities for society.

Social Innovation

Social entrepreneurs are conceptualized as individuals who see the innovation to the world and take the opportunities to create social values (Suriaty et al., 2018). Dees and Anderson (2006) describe social entrepreneurship as the development of innovative, systems-changing solutions to solve social problems. These social entrepreneurs seize opportunities that other people would not notice and take risks differently compared to others. Agrawal and Sahasranamam (2016) in India, found that explicit benefits of social entrepreneurship include the creation of new market opportunities and new channels of revenues.

Social Capital

This element describes social entrepreneurship as being able to create a human resource base through community participation. The impact of social capital is developing and maintaining relationships with multiple stakeholders for successful initialisation and institutionalisation of the social and economic value creation practices of the social enterprise (Sengupta et al., 2017). Social enterprises are thus the result of a collective dynamic. Participative management, influence of stakeholders and participation by users or customers are therefore common characteristics of social enterprises (Defourny & Nyssens, 2008).

Economic Value Creation

This element involves creating economic value for the financial sustainability of the enterprise and for emancipation of beneficiary communities from economic backwardness (Sengupta et al., 2017). Similarly Defourny and Nyssens (2008) describe social enterprises as being productive in continuously producing goods and /or services. They thus assume the economic risk as their financial viability depends on the efforts of the enterprise's employees and members.

Collective Endurance

This element depicts social entrepreneurship as enabling efforts at the enterprise, entrepreneur and community level, in order to battle challenges in the regulatory, political and social environment, to generate and maximize economic and social value created by the social enterprise (Sengupta et al., 2017). Defourny and Nyssens (2008) explain that social enterprises may combine voluntary workers from outside the enterprise and paid workers but should at least have a minimum of paid workers to maintain the commercial activities.

Market Orientation

Choi and Majumdar (2014) argue that a market orientation is also a key element of social entrepreneurship. This includes the efficient and effective use of resources (Nicholls & Cho, 2008), the commercial activities used to generate income to sustain the social enterprise as well as commercial activities to ensure efficient and effective delivery of the social service (Choi & Majumdar, 2014). Grassl (2012) explains that social enterprises achieve competitiveness in their markets through effective management and planning. While the market orientation in the social entrepreneurship literature is essentially about applying management principles to the operation of the enterprise, in management theory a marketing orientation is most concerned with placing customer satisfaction at the centre of organisational planning such that organisational goals are achieved by analysing and identify target markets and then satisfying their needs more effectively and efficiently than competitors do (Kotler et al., 2010). Thus understanding the organic consumer is an important aspect for any social enterprise producing or selling organic produce to meet social needs.

Summary of the Social Entrepreneurship Elements

The relative importance of these different elements varies depending on the particular social entrepreneurship school of thought they originate from. Choi and Majumdar (2014) explain that the Social Innovation School emphasises the importance of the individual social entrepreneur and innovation, whereas the Social Enterprise School emphasises the market orientation and organisational role in social value creation.

Social entrepreneurship in the emerging economies is a combination of all these sub-concepts (Sengupta et al., 2017). Organic farmers can be regarded as social entrepreneurs as they farm with the aim of producing healthy food of good quality which does not damage the environment, thus achieving a social good both in terms of providing food security and in terms of preserving the environment. It is acknowledged that not all organic farmers will be social enterprises but organic farmers who are driven by providing social good as their primary mission will benefit from a better understanding of consumer perceptions about organic products.

Similar to conventional entrepreneurs, social entrepreneurs should be innovative, creative, and motivated to pursue their venture (Carragher, Welsh, & Svilokos, 2016). One way for social enterprises to be innovative is to offer sustainably developed products (Suriaty et al., 2018). One category of sustainable products is organic products. The change from conventional to organic foods has numerous benefits such as improved human health, the more compassionate treatment of animals (Gomiero, 2018), better protection of the environment (Chen, 2007) leading to

long-term value for people and the environment (Yadav & Pathak, 2016) thus representing key areas for social entrepreneurship. These benefits include increased soil productiveness, eliminating diseases without harming the environment, not damaging the environment, eradicating pests and ensuring safe quality of water resources while generating healthy food to sell at a good price to green consumers (Yazdanpanah & Forouzani, 2015, p. 342). However, for social enterprises to develop and successfully sell such sustainable products to address the food security and environmental social challenges, management of social enterprises need to better understand the consumers of these products. Without them, social enterprises will not make the profits needed to address the social problems.

Green Consumption

Marketers' key concerns lie in understanding green consumers and their characteristics to enable firms to develop new targeting and segmentation strategies (Lu, et al., 2013). There is growing recognition among consumers for the need for green consumption (Prothero, McDonagh, & Dobscha, 2010, p. 123). Cohen and Muñoz (2017, p. 23) state that the conscious consumer market (CCM) represents 40% of the US population and \$300 billion. Green consumption involves the purchasing of products that are environmentally friendly (Stern, 2000, p. 410). Green, or sustainable consumption can however, manifest in a variety of different ways from recycling (Carrus, Passafaro, & Bonnes, 2008; Castro, Garrido, Reis, & Menezes, 2009), to reusing and buying package refills and unpackaged goods (Silva, 2018); from sustainable food choices and sustainable purchasing e.g. of fair trade, organic and regionally produced products to frugal consumption in clothing (Fischer, Böhme, & Geiger, 2017) and transportation (Carrus et al., 2008). Reduction in resource consumption e.g. energy and water, is also an important green behaviour (Chen, 2016). In some cases consumers have been found to be willing to pay more for green products (Laroche, Bergeron, & Barbaro-Forleo, 2001) but often by only a small margin and in these cases consumers want to know what they are paying extra for (Silva, 2018). Thus there is a need for a social entrepreneur to understand the organic consumer and this study aims to address this need.

According to Heyns, Herbst, and Bruwer (2014, p. 246), the “green consumer is an opinion leader and careful shopper who seeks information on products, is interested in new products and actively exchanges product information, is careful in his or her shopping habits, especially in being price sensitive”. Green consumers can be segmented to true blue, greenback green, sprouts, grouzers and basic brown (Bhatia & Jain, 2013; Suplico, 2009).

- The ‘True blue’ consumer segment includes those who believe that their actions have an impact on the environment and are willing to purchase green products from trustworthy, environment-conscious companies. They are also willing to invest more in green products and are willing to engage in ecological activities like recycling and composting (Bhatia & Jain, 2013; Lu, Bock, & Joseph, 2013; Rex & Baumann, 2007).
- ‘Greenback green’ consumers are willing to spend money towards protection of the natural environment by purchasing green products, but don’t have time and energy for environmental activities (Bhatia & Jain, 2013). In order to protect their lifestyle, these consumers only participate in environmental activities through monetary means (Bhatia & Jain, 2013; Lu et al., 2013; Rex & Baumann, 2007).
- ‘Sprouts’ are consumers who support environmental regulations because they are concerned about the environment. These consumers are less willing to spend money on green products (Bhatia & Jain, 2013; Lu et al., 2013; Rex & Baumann, 2007; Suplico, 2009).
- ‘Grouzers’ believe that it is not their responsibility to solve environmental issues. Grouzers’ level of knowledge about the environment is generally low and they will purchase regular products over green products (Bhatia & Jain, 2013; Lu et al., 2013; Rex & Baumann, 2007; Suplico, 2009).
- ‘Basic browns’ believe that no amount of personal, commercial or political effort can solve ecological problems. They do not care about the environment and are not even ashamed of it (Bhatia & Jain, 2013; Lu et al., 2013; Rex & Baumann, 2007; Suplico, 2009).

Social enterprises can appeal to the various groups of green consumers with various products that they offer. For example, marketing messages by social enterprises that promote an organic message may not appeal to ‘Grouzers’ but may appeal to ‘True Blue’ consumers. While ‘Greenback green’ consumers may not reduce their own water and energy usage, they may be attracted to buying organic produce as a way of contributing to the good of the environment. Therefore, it is important for social enterprises to understand the various green consumers and the factors and perceptions which affect their behaviour in order to develop strategies to effectively target and communicate with them.

Factors Influencing Green and Organic Consumption

Literature on sustainable consumption highlights various factors both internal to the consumer and external which affect their decision to behaviour in a green manner, and specifically buy organic produce. Firstly, environmental actions are subject to

the values and belief-systems of individual consumers and these values are context-specific (McDonagh, Dobscha, & Prothero, 2011). For example, consumers may be concerned about global warming but may not be so concerned about local initiatives such as beach cleaning and other local-based environmental pollution issues. Thus individuals' values and belief-systems from an environmental perspective, are complex, confusing and sometimes even contradictory (McDonagh et al., 2011). This is highlighted by the very different results from consumer classification studies and more recently, studies highlighting how an environmentally conscious consumer, who is anti-big business, regularly purchases cigarettes produced by a large MNC and/or takes long haul journeys with a large global footprint (Connolly & Prothero, 2008). Consumers may thus exhibit conscious consumption in relation to some products but not others. In-depth understanding of consumers, their perceptions as well as barriers to organic produce green behaviour thus needs to be developed to assist social enterprises wishing to address both food security and environmental challenges through producing organic products.

Involvement with the environment, or a positive attitude towards the environment, has also been found to be an important facilitator of plans to purchase green products (Grimmer & Miles, 2017). Similarly concern for the environment, is a key influencer of green behaviour (Lee, 2008; Paul, Modi & Patel, 2016) although often not sufficient to ensure green behaviour as a green gap i.e. a gap between concern and behaviour has been found to exist (Mkhize & Ellis, 2018). In a study in Malaysia, environmental knowledge and awareness were found to be important for green product purchase (Al Mamun, Fazal, Ahmad, Yaacob, & Mohamad, 2018). Perceived behavioural control, the consumers perception of how easy or difficult the behaviour will be to perform (Paul et al., 2016), has also been found to be a strong predictor of green behaviour (Al Mamun et al., 2018; Paul et al., 2016). Social norms, or perceived social pressure to perform a behaviour (Chen & Deng, 2016), has also been found to positively influence green behaviour (Al Mamun et al., 2018). Muralidharan and Xue (2016) found that in India, peers have the greatest influence specifically amongst Millennials green buying behaviour while in China, family influence was strongest. Khare and Pandey (2017) explain that green peers reduce a consumers perceived transaction risk when buying green products.

Moral obligation, or perceptions of doing the right thing (Arvola et al., 2008), also contributes to predicting environmentally friendly behaviours such as energy saving and carbon reduction behaviours (Chen, 2016). However, a study in the tourism sector found that guests were more likely to act in an environmentally friendly manner, in this case by reducing the number of daily room cleans requests, by using an equity-theory-based intervention where guests were offered some of the savings from saved water and chemical costs, back in the form of drinks vouchers thus the hotel achieved a reduction in operating costs as well as a reduced environmental

footprint (Dolnicar, Knezevic Cvelbar, & Grün, 2017). The authors explained that this shared-responsibility approach was more successful than traditional approaches which focus on increasing guests' awareness of the environmental consequences. Perhaps consumers will be more inclined to do their bit for the environment if they feel that businesses and perhaps governments are also sharing the responsibility.

In studies that have identified barriers to green consumption, consumers often claim a lack of knowledge as a reason for lack of consumption (e.g. Connell, 2010; Kollmuss & Agyeman, 2002; Mkhize & Ellis, 2018). Lack of knowledge can include lack of knowledge on the impact of products or their production processes on the environment, lack of knowledge of where to find green products (Connell, 2010) and the lack of recognition and knowledge of eco-labels (Dreyer, Botha, Van der Merwe, Le Roux, & Ellis, 2016). Kisaka-Lwayo and Obi (2014) for example, found that South African consumers could not easily tell certified organic products apart from non-certified ones.

Higher prices of green products, limited availability (Connell, 2010; Kisaka-Lwayo & Obi, 2014; Mishal, Dubey, Gupta, & Luo, 2017), limited variety, lack of brand reputation (Mishal et al., 2017) and more effort required to obtain the products, for example, from farmer's markets rather than supermarkets (Hodgins & Fraser, 2018), have also been found to be inhibiting factors. Environmental apparel for example, was often perceived to be less stylish (Connell, 2010) and green products are often perceived to lack performance attributes (Usrey, 2017) thus indicating consumer concerns about the quality of environmentally friendly products. Thus, it is important for a social enterprise to understand the perceptions consumers have about organic products as these may be inhibitors of organic produce purchasing that may need to be overcome.

The intensification of environmental consciousness, awareness and concern has led to a rise in the purchase of organic foods (Lee & Yun, 2015) in some markets. Willer et al. (2018) report that the global organic food and drink market is now worth 90 billion US dollars up from 15 billion US dollars in 2008 but studies in South Africa report low levels of green behaviour (e.g. Mkhize & Ellis, 2018) and an organic produce market that is still in its infancy (Naidoo & Ramatsetse, 2016). For social enterprises wishing to provide the social benefits of food security and environmental preservation through the production of organic products, it is necessary to understand the organic produce consumer and what factors encourage and discourage their green purchasing.

Research on organic consumers has mostly be done in developed countries or the bigger emerging markets like India. Limited research has been conducted in South Africa. While several studies have focused on organic farming or production issues (e.g. Thamaga-Chitja & Hendriks, 2008), only a few have focused on organic produce consumers. One relevant study was the quantitative study done by Mhlophe

(2016) looking at the antecedents of organic food purchasing in Johannesburg, which found that a positive attitude toward organic produce, perceived availability of organic products, subjective norms supporting organic produce and concern for the environment all impacted significantly on consumers intentions to purchase organic produce. Kisaka-Lwayo and Obi (2014) studied the perceptions of farmers and consumers in two provinces in South Africa. With regards to the consumer part of the study, they sought to determine from consumers in the Eastern Cape Province, their understanding and perceptions of organic food. This study found that consumers associated 'organic' as "healthy and nutritious, associated with traditional and or indigenous methods of production and free from chemicals" but that these consumers could not easily distinguish organic from non-organic foods (Kisaka-Lwayo & Obi, 2014, p. 41). The study also found that price and lack of availability hindered purchases. The study reported in this chapter sought to better understand potential South African consumers of organic products in terms of their understanding, perceptions and behaviours with regards to organic fresh produce, so as to provide recommendations to social enterprises addressing the social need for safe and healthy food products which also do not negatively affect the environment.

THE STUDY

This is an exploratory study undertaken when a new area is being investigated or when little is known about an area of interest. It is used to investigate the full nature of the phenomenon and other factors related to it (Polit, Beck, & Hungler, 2001). This study was conducted to explore and better understand South African consumers' perceptions of organic products. The objectives of the study were:

- To investigate if consumers are aware of the difference between organic and conventional farming,
- To investigate consumers' perceptions of organic fresh produce,
- To explore consumers' behaviours with regards to organic fresh produce.

The population for this research was consumers in Durban, South Africa. A sample of respondents was drawn from the population using non-probability convenience sampling. Respondents needed to be the primary grocery purchasers for the household as they would be the ones making the decision to purchase organic products. An office park with more than 10 organisations across banking, farming, grocery retail, logistics and wholesale sectors, with over 600 employees was chosen for the data collection site as it provided access to adults across races and ages. A sample size of 150 was chosen. Participants were selected so as to ensure that a

variety of demographic and lifestyle variables were represented in the sample. These respondents were selected using convenience sampling and those who were willing to participate were handed a questionnaire together with informed consent form. This was done to inform the respondent of the scope of research and to assure them that their participation was voluntary.

The instrument used to collect data was a questionnaire. It was kept as short and simple as possible in order to encourage participation. The questionnaire began with an introduction in the informed consent as well as instructions so that the participant was aware of what was required of them. The questionnaire contained a mix of open and closed ended questions. Questions assessed the respondents' knowledge of organic farming, perceptions about organic farming relative to conventional farming, particularly in relation to benefits derived from the literature; and buying behaviour in relation to organic fresh produce. Descriptive statistics were used to analyse the quantitative data and content analysis, the qualitative data. Development of the questions in the questionnaire based on a thorough literature review, as was done in this study, helps to ensure content validity (McDaniel & Gates, 2010). As single questions were used to assess the different perceptions constructs as well as behavioural elements, calculation of Cronbach alphas for the constructs was not appropriate.

The total of 150 questionnaires were distributed and 115 were adequately completed to allow for analysis. The effective response rate was thus 78%. The majority of respondents (83.5%) were between the ages of 21 and 40 years and predominantly female (77.4%). The skew was expected due to the screening criterion being that respondents need to be the primary household grocery shopper. Fifty eight percent of the respondents were Black, 30% White, 10% Indian and 2% Coloured.

Findings

To ascertain whether consumers were aware of the difference between organic and conventional farming, in the first instance, respondents were asked how they would define organic farming. Four themes were extracted in the content analysis: *chemical-free farming* (40% of sample), *natural way of farming* (22%); *caring for biodiversity* (10%); and *small scale* (15%). For example a respondent said "organic farming is the act of going back to the natural way of farming where chemicals were not used". Other respondents said it's "God's way of farming, keeping it natural, not using pesticides" and a "green way of farming". Another respondent said "organic is for small scale farming and not for commercial use". The percentage of respondents (13%) who did not answer the question may indicate the number of respondents not knowing what organic farming is.

Social Enterprise Consumers

Respondents were then asked if they believed they know the difference between organic and conventional farming. The majority (77.4%) of respondents believed they understand the difference between organic and conventional farming methods. When asked about what they believed the differences were, content analysis revealed the following themes: Organic farming was described as *free of chemicals* (by 40% of the sample) and as *natural* (51%), whereas conventional farming was described as *using chemicals* (by 51% of the sample), *uses pesticides* (20%), *uses genetically modified organisms and growth hormones* (17%). Respondents could use more than one descriptor. These findings indicate that respondents believe they are aware of the difference between organic and conventional farming and appear to mostly describe organic farming accurately at least in terms of being natural and chemical, pesticide and GMO free. This finding is similar to that of Kisaka-Lwayo and Obi (2014) who found that South African consumers have a general understanding of the organic food concept. There are however still one in five respondents who were doubtful or unaware of the difference between the two forms of farming.

Next the study sought to determine respondents' perceptions of organic produce. Knowing the difference between organic and conventional farming methods is one step towards organic produce purchasing but if consumers do not have positive perceptions and attitudes towards organic produce, purchasing is unlikely to occur. A five-point Likert scale from strongly disagree to strongly agree was used to assess perceptions. Table 1 presents the findings related to these perceptions. All respondents answered these questions i.e. N=115 throughout.

Table 1. Respondents Perceptions of organic versus conventionally farmed fresh produce

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5	Mean	Std Dev.
<i>Organically farmed produce is healthier</i>	1.7%	0.9%	7.0%	48.7%	41.7%	4.3	0.779
<i>Conventionally farmed fresh produce is more nutritional</i>	7.0%	60.9%	20.9%	8.7%	2.6%	2.4	0.845
<i>Organically farmed produce better for the environment</i>	1.70%	2.60%	15.00%	53.00%	27.00%	4.0	0.832
<i>Conventionally farmed fresh produce is cheaper</i>	6.10%	14.80%	19.10%	49.60%	10.40%	3.4	1.061
<i>There are no differences between the two types of fresh produce</i>	20.00%	52.20%	24.30%	3.50%	0.00%	2.1	0.758

The findings reveal that respondents have certain perceptions regarding organic food products with relatively strong perceptions for organic foods being healthier and better for the environment, and moderate disagreement that conventional foods are more nutritional. By implication it can be assumed that organic produce is perceived to be marginally more nutritional. These findings support Gomiero’s (2018) statement that organic food is perceived to be healthier and better for environmental sustainability. Perceptions about pricing were much closer to the neutral point with overall perception being that conventional produce is cheaper. The higher price of organic produce is often used as an excuse by consumers for why they don’t purchase these products (Kisaka-Lwayo & Obi, 2014; Mishal et al., 2017). The larger standard deviation (SD=1.061) for this perception indicates less agreement, with 6.1% of the sample strongly disagreeing with the statement thus implying that they believe organic produce is at least the same price, if not cheaper than conventional products. As expected from the results above, most respondents held fairly strong perceptions that organic and conventionally farmed produce were different.

To assess respondents’ behaviours with regards to organic produce, respondents were first asked to indicate their level of agreement with the statements presented in Table 2.

These findings reveal that at least half the respondents (54.8%) will look for and buy organic fresh produce, especially if it is priced the same as conventional fresh produce (79%). There is still however, a large percentage of the respondents who were not sure or definitely disagreed that they look for and buy organic produce (45.2%). Although 75% of respondents said they prefer organic fresh produce over conventionally farmed produce, substantially fewer respondents actually purchase organic produce at least monthly (46.1%) as can be seen from Table 3. This finding supports those of Mkhize and Ellis (2018) that found that across a wide range of green behaviours, only 22% of their South African sample actually exhibited or practiced green behaviours.

Table 2. Behaviours with regards to organic fresh produce

Statement	Strongly Disagree 1	Disagree 2	Neutral 3	Agree 4	Strongly Agree 5	Mean	Std Dev.
<i>If two fresh products have the same price I will choose the one indicating organic</i>	0.00%	10.40%	10.40%	46.10%	33.00%	4.0	0.927
<i>I specifically look for and buy fresh produce labelled “organic”</i>	0.00%	14.80%	30.40%	39.10%	15.70%	3.6	0.929

Social Enterprise Consumers

Table 3. Frequency of organic purchase

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Weekly	10	8.7	8.7	8.7
	Monthly	43	37.4	37.4	46.1
	3-4 times a year	29	25.2	25.2	71.3
	once / twice a year	11	9.6	9.6	80.9
	Never	22	19.1	19.1	100.0
	Total	115	100.0	100.0	

Finally the study sought to determine the relative importance of the organic attribute to respondent's fresh produce purchasing. Respondents were asked to rate on a scale from 1 = not at all important to 10 = very important a number of product attributes in terms of their importance in fresh produce purchasing. Table 4 indicates the means and standard deviations for these attributes indicating their relative importance.

The most important attribute in fresh product purchasing for these respondents was quality and freshness ($M = 9.07$). There was also the most agreement amongst the respondents on this attribute as seen by the relatively low standard deviation ($SD = 2.191$). Low price was also perceived to be more important than the produce being labelled as organic. These findings may help to explain the discrepancy between the positive perceptions held about the benefits of organic over conventionally grown fresh produce versus the relatively limited purchasing of organic fresh produce. While these respondents do see the value in purchasing organic produce, for their health as well as the environment, when it comes to the actual purchase, it is more important that the fresh produce is fresh and perceived to be good quality and is

Table 4. Importance of fresh produce product attributes

Attribute	N	Mean	Std Dev.
Quality / freshness	115	9.07	2.191
Low Price	115	7.56	3.424
Labelled as organic	114	7.15	3.639
In-store promotions	115	7.13	3.617

reasonably priced. Correlation analysis reveals a significant moderate but inverse relationship between organic and low price attributes ($r = -.346$, $n=115$, $p < .01$). This indicates that organic fresh produce is perceived to be relatively higher priced. This supports findings by Connell (2010), Kisaka-Lwayo and Obi (2014) and Mishal et al. (2017). The positive relationship between organic and quality attributes was insignificant, in other words there is not a significant relationship between organic and quality attributes. Organic produce is not perceived to be synonymous quality. The lack of a significant inverse relationship however does show that organic produce is not consistently perceived to be of low quality either, which is good news for the organic fresh produce grower and retailer.

Organic farmers can be regarded as social entrepreneurs as they farm with the aim of producing healthy food of good quality which does not damage the environment, thus achieving a social good. It is acknowledged that not all organic farmers will be social enterprises but organic farmers who are driven by providing social good as their primary mission will benefit from a better understanding of consumer perceptions about organic products.

Thus from this study of South African consumers it can be concluded that the respondents do have some understanding of what it means for fresh produce to be organic and the benefits that accrue to both the environment and the consumer. They even indicate a preference for organic food products however the frequency of organic food purchase remains low. Quality and price are attributes perceived to be more important than the organic attribute in actual purchase behaviour and which are not strongly associated with organic fresh produce. These findings about South African fresh produce consumers present challenges to social enterprises fulfilling all or part of their social mission through organic production or retailing.

IMPLICATIONS AND RECOMMENDATIONS FOR SOCIAL ENTERPRISES

In view of the main findings provided by this study, the following recommendations are suggested.

Improve Organic Fresh Produce's Quality Image

The organic produce consumer is complex. The South African respondents in this study understood the benefits of organic production for both the land and for their own health, and they say they prefer organic produce over conventionally farmed produce, however when it comes to the actual purchase decision, other criteria

appear to be more important. The most important attribute in fresh produce purchase selection was quality. For the organic produce social enterprise, the challenge is to make the term 'organic' synonymous with 'quality'. As quality of produce is an important choice criterion for consumers, the social entrepreneur should utilise creative marketing campaigns that focus on organic produce as quality produce.

The social entrepreneur with a market orientation (a key characteristic of social entrepreneurs), needs to take this research further to determine what exactly 'quality' fresh produce means for their specific consumers. For example, if quality is something assessed through the physical appearance of the piece of fruit for example, it may be easy to see why conventionally grown fruit is perceived as better quality as genetically modified seed can ensure consistent shape, size and colour, which the organically grown fruit farmer may find more difficult to achieve consistency in. Similarly, without the use of pesticides, organic produce may not 'look' as good as conventionally grown fruit. The social entrepreneur's challenge is to change the perceptions and definitions of quality in the target audience's eyes, so that quality is more about what is inside the fruit, what benefit it has for the individual on consumption and what minimal negative impact it has had on the environment in its production. Consumer education about nutrient value and health benefits needs to be incorporated into the promotional campaigns. Focus needs to be on explaining why buying organic is beneficial to the individual and their families. Khare and Pandey (2017) also recommend focusing promotion on the wellness and health benefits of organic food.

Egoistic concerns, are concerns for the environment driven primarily by concerns related to the impact on the individual (Batson, Ahmad, & Tsang, 2002). Steg, Bolderdijk, Keizer, and Perlaviciute (2014) explain that egoistic concerns are concerns about safeguarding the individual (for example against the harmful effects of chemicals and genetically modified hormones) or increasing the individual's resources. Thus to overcome the perceived obstacle to buying organic produce of the perceived higher price, which obviously reduces resources, the promotions must show the consumer that the benefits to themselves outweigh these costs in order for organic fresh produce purchasing to occur on a regular basis.

To communicate the benefits of organic produce to change or improve perceptions of the quality of organic produce, social entrepreneurs need to use their networks of stakeholders to pull together scientifically sound and credible facts about the nutritional and health benefits of organic produce that could be effectively used in promotion and education campaigns. Government departments spanning health as well economic development can have a role to play in making such scientific data available to social entrepreneurs in the organic produce space. This body of knowledge should be freely available and provided on easily accessible platforms to facilitate

accessibility by social enterprises. It is also recommended that to ensure consistency in organic produce, accuracy in marketing communication about organic produce and ultimately trust by consumers, the government should regulate the organic produce market and develop a national symbol that can be used by all producers who meet the criteria to be able to call their produce organic. Certification and labelling helps consumers evaluate the intangible attributes of organic food (Khare & Pandey, 2017) and ultimately increases consumers trust of organic products (Kisaka-Lwayo & Obi, 2014). At present, the only African countries with any kind of organic regulation are Morocco and Tunisia (Willer et al., 2018). In this way, consumers will be able to trust the marketing communication and the perception of organic produce being of a high quality is likely to improve.

Address the High Price Tag Associated With Organic Produce

The perception and or reality of organic produce being higher priced than conventionally grown fresh produce will also need to be addressed if organic consumption is to be improved. Consumers legitimately ask: If no GMO seeds, nor pesticides, nor chemicals are used, then costs should come down, so why does it cost more to produce organic produce? If the costs are higher, then consumers will need to be taught and educated about these additional costs and what value they add that makes the higher price more understandable and acceptable to consumers. This supports Levidou's (2018) finding that consumers need to be educated about the real costs of organic food.

Core elements of social enterprises are social capital (Defourny & Nyssens, 2008) and social innovation (Suriaty et al., 2018). Social enterprises should thus also seek innovative solutions to costs that make the organic produce more expensive than conventionally grown produce. How can the costs of farming organically be innovatively reduced? Partnerships, collaboration and community participation between farmers, local agricultural educational institutions and government departments fostering sustainable economic and social development need to be established to address the farming and supply chain cost issues. Community partnerships and multi-actor cooperation have been found to be effective social innovation tools in addressing food challenges in London's urban agricultural initiatives (Levidow, 2018) thus South African social entrepreneurs need to use their networks and community support and engage with various stakeholders to seek such social innovations.

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

As with most research, limitations existed in this study that future research should address. The study comprised a small sample, from one region in South Africa and data was collected using non-probability sampling, thus generalisation to the broader South African population is not advised. While the results may be useful to the burgeoning organic farming sector in the region, a larger, more representative study should be done, to verify these results for the greater South African population. The research does provide some indication of the barriers to organic consumption but does not address these directly and thus may not have captured all the reasons for the gap between a positive perception of organic produce and the limited purchasing of these products. Future research should tackle this research question specifically, perhaps through in-depth qualitative research to really understand the motives and challenges consumers face with organic consumption. While the organic market has grown six fold in the past 2 decades, the vast majority of that market exists in North America and Europe (Willer et al., 2018) thus the market in developing countries still needs to be developed. Social marketers can play a significant role in developing this market if they research the specific needs and barriers of those markets. As most of the certified organic produce that is produced in Africa is exported (Willer et al., 2018), social enterprises can have an added positive sustainability effect by growing local markets by reducing the carbon footprint of this activity. Research on those local markets will be a pre-requisite.

CONCLUSION

The South African consumers in the study reported on in this chapter generally have positive perceptions about organic food products yet they do not clearly understand or believe the benefits associated with consumption of organic produce and perceptions of quality and high price seem to impede consumption, Thus a market for organic fresh produce certainly seems to exist and could help social entrepreneurs achieve both their commercial and social goals within this sector. But to achieve this end, the social enterprise must adopt a fundamental strategic marketing approach of thoroughly researching and understanding its key target consumers and then developing a need satisfying marketing strategy in terms of the organic product attributes, how they are priced, distributed and communicated to consumers more efficiently and effectively than conventional fresh produce competitors do. Recommendations have been made to farmers, retailers and government, on how to improve organic food consumption for social enterprises in this space.

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KEY TERMS AND DEFINITIONS

Content Analysis: A qualitative data analysis method used to extract the main themes from text.

Emerging Market: Country experiencing economic development that is likely to play a significant role in the global economy in future.

Food Security: Safe and sufficient food supply.

GMO: A genetically modified organism such as vegetable seed.

Green Consumption: Consumer consumption of environmentally friendly products.

Non-Probability Sampling: Sampling where the study's target respondents do not have a known and equal chance of being selected into the sample.

Organic Farming: Environmentally friendly farming without the use of pesticides, chemicals, or hormones that may be harmful to humans or negatively affect the natural environment.

Section 4

Evidence of Strategic Marketing in Social Enterprises

Chapters in this section provide context-specific examples of strategic marketing in action in social enterprises in a range of countries, industries, and social enterprise types.

Chapter 8

Evidence of Strategic Marketing in Social Enterprises: Lessons From a Developing Nation

Debbie Ellis

 <https://orcid.org/0000-0002-8464-6022>
University of KwaZulu-Natal, South Africa

Evelyn Derera

University of KwaZulu-Natal, South Africa

ABSTRACT

Social enterprises represent a unique form of organization with both commercial and social objectives. As such, the application of strategic marketing to these organizations is not clearly understood. Chapter 1 developed a framework for analyzing strategic marketing, which is applied in this chapter to three South African social enterprises to assess the evidence of the application of strategic marketing in the social enterprise context. The results of the study reflect rich qualitative data providing evidence of the application of elements of strategic marketing as well as adaptations more appropriate to the social enterprise context. From these lessons, recommendations are made for social enterprises applying a more systematic approach to strategic marketing in their organizations.

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INTRODUCTION

Chapter One of this book identified the key elements of the domain of strategic marketing and identified evidence of the nexus in the literature with the domains of social entrepreneurship and social enterprise literature. The research presented in this chapter reflects analysis to answer the research question: to what extent is strategic marketing being applied or is evident, in social enterprises in developing countries, in particular, South Africa. This chapter provides evidence from three South African social enterprises on the application and implementation of strategic marketing from a developing nation perspective. Developing nations face many of their own unique social challenges and also often face greater levels of global social challenges. Understanding how developing nation social enterprises apply elements of strategic marketing to find solutions to these challenges may provide lessons for other developing nation social enterprises as well as those situated in developed nations facing similar social challenges. This chapter begins by providing a brief overview of South Africa and the three South African social enterprises studied. It proceeds to explain the methodology used to analyse these social enterprises to explore evidence of strategic marketing being applied. Details of the strategic marketing elements extracted from a review of relevant literature, which were used in the deductive thematic analysis, are explained in detail in Chapter One and summarised in the methodology section of this chapter. Thus this chapter should be read in conjunction with Chapter One. Results and discussion from the analysis are presented and finally recommendations made to social enterprises implementing strategic marketing.

SOCIAL ENTERPRISES IN SOUTH AFRICA

South Africa gained its independence in 1994 (Magombeyi & Odhiambo, 2018). The first democratic elections gave the African National Congress (ANC) the mandate to govern the country (Littlewood and Holt, 2018). However, more than two decades after the end of the apartheid era, progress on socio-economic transformation is receiving mixed reactions (Littlewood & Holt, 2018). “The triple challenge of high poverty, inequality, and unemployment persists” (World Bank, 2018, p. vii). Poverty remains high (Lilenstein, Woolard & Leibbrandt, 2018; World Bank, 2018) with more than half (55 percent) of the population regarded as poor, surviving at a poverty line of ZAR 992 per person per month according to 2015 prices (World Bank, 2018). South Africa is one of the most unequal countries in the world (Lilenstein et al., 2018; World Bank, 2018) with a consumption per capita Gini coefficient of 0.63 in

2015 (World Bank, 2018). The economy is currently not generating sufficient jobs. The unemployment rate for the last quarter of 2018 was 27.1% (STATSA, 2019). The youth and unskilled workers bear the blunt of the problem (World Bank, 2018). Youth unemployment rate for the last quarter of 2018 was 38.9% (STATSA, 2019). In addition, South Africa has a high HIV/AIDS prevalence estimated at 19%, with approximately 6.3 million people living with HIV and more than 2.4 million AIDS orphans (UNAIDS, 2016). There are high crime rates (Grabrucker & Grimm, 2018), and limitations in the provision of basic services such as access to clean and safe drinking water, access to basic health care facilities, etc. (Wasserman, Chuma & Bosch, 2018). All these challenges put pressure on the government to improve the lives of its citizens, yet the government has limited capacity to address these pressing issues. It is these gaps or institutional voids that are often filled by social enterprises (Littlewood & Holt, 2018). In recent years, there has been increasing interest in social entrepreneurship as a mechanism to address these challenges.

THREE SOUTH AFRICAN SOCIAL ENTERPRISES

Three South African social enterprises were selected for the research. These enterprises were purposely selected to include both non-profit and for-profit organisations. Rethaka (Pty) Limited and Lumkani are for-profit organisations established in 2013 and 2014 respectively; while Subz Pads is a non-profit organisation formed in 2014. The three organisations were more-or-less established around the same period and they all focus on reducing social ills such as poverty, personal safety due to high crime rates and unemployment due to poor education. Ethical clearance for the study was applied for and granted by the university's Research Office. The information was extracted from the websites of the respective organisations and thus constituted publicly available data. A brief description of the three cases is presented below.

Rethaka (Pty) Limited

Rethaka (Pty) Limited is a for-profit social enterprise, based in Rustenburg, South Africa (www.rethakafoundation.org). The organisation is not a charity, but a purpose-driven business that uses waste materials to manufacture products (Forbes Women Africa, 2016). Through green innovations, they redefine societal problems into solutions, making it their business to uncover sustainable opportunities that create a far-reaching impact for low-income communities, with a particular focus on children and women. Rethaka (Pty) Ltd produces repurpose school bags, which come fitted with a solar chargeable lamp to enable students to study through the

night despite not having electricity in their homes. The repurpose school bags are eco-friendly, durable, trendy and provide visibility of child pedestrians to motorists through the integration of retro-reflective material. Rethaka (Pty) Ltd has delivered the repurpose schoolbags to hundreds of learners across South Africa. For example, Mphe-Thuto Primary school in Gauteng, South Africa, is a beneficiary of over 300 repurpose schoolbags.

As a for-profit social enterprise, Rethaka (Pty) Ltd operates on both social and commercial grounds. In these social enterprises, profit from business operations is invested either in other entities or for expansion (Wijnberg, 2014). The main challenge with this business model is that the entrepreneur needs to maintain a balance between producing income (financial revenue) and achieving social impact thus ensuring that social motives do not cripple the business operations and the motive for profit does not overtake the social goal (Worth, 2013). According to Worth (2013) social enterprises such as Rethaka (Pty) Ltd should build capacity of the non-profit division of the business and apply key business principles of strategic management, performance management and strategic marketing. This will assist the enterprise to generate its own profit, which can be used to expand its social operations, while becoming sustainable.

Subz Pads

Subz Pads is a KwaZulu-Natal-based social enterprise established by Sue Barnes in 2014 (<http://www.subz pads.co.za/>). The social enterprise was created in response to a request for the donation of washable sanitary pads and panties for the underprivileged girls in KwaZulu-Natal. Subz Pads' mission is to distribute washable sanitary pads to more than 9 000 000 girls who miss 25% of school days due to lack of sanitary wear. The 25% of school days is equivalent to one week per month, which is a massive setback for their education. Since 2014, the enterprise has distributed more than 100 000 washable pads to young girls across South Africa. Subz Pads has won several awards including the SAB Social Innovation Award for their achievement in providing a solution for social cause. Sue Barnes, the owner of Sue Pads has also won awards such as Clarins Most Dynamic Woman Award. Unlike Rethaka (Pty) Ltd, Sabz Pads is a not-for-profit social enterprise following the dependency or the leveraged non-profit venture business model. Social enterprises adopting this model rely on donations for survival (Abu-Saifan, 2012). The main challenge facing social enterprises such as Sabz Pads is the tendency for overreliance on donor funding (Kim, Pandey, & Pandey, 2018). Similarly, lack of support from donors results in dependency firms failing to operate (Kim et al., 2018).

Lumkani

Lumkani is a Cape Town-based social enterprise founded in 2014 by David Gluckman, Paul Mesarcik, Francois Petousis, Samuel Ginsberg, Max Basler and Emily Vining (<https://lumkani.com/>). Its vision is to mitigate the loss of life and property caused by the spread of shack fires in South Africa, and the rest of the world. Shack fires are common in informal settlements or urban slums which are characterised by high population density, low income and limited infrastructure. A single blaze has the potential to displace hundreds of people and in some cases with loss of lives. These fires perpetuate the poverty cycle and cost the South African government, communities and families hundreds of millions of South African Rands every year. In response to this social challenge, Lumkani developed an early-warning system or a detector, which reduces the destruction caused by shack fires. The detectors use the rate-of-rise of temperature technology to accurately measure the incidence of dangerous fires and limit the occurrence of false alarms. Similar to Rethaka (Pty) Ltd, Lumkani operates as a for-profit social enterprise, and is likely to experience similar challenges mentioned above for Rethaka (Pty) Ltd.

METHOD OF ANALYSIS

A descriptive, qualitative research design was applied. Descriptive research examines and describes a research phenomenon at a particular time while qualitative research describes, explains and makes sense of the research context (Williams, 2007). Thematic analysis is considered a flexible, accessible and valuable method of qualitative analysis (Virginia Braun & Clarke, 2012). Thematic analysis identifies themes in the data which can then be described and interpreted to provide meaning (Braun, Clarke, & Weate, 2016). Themes are defined as “some level of patterned response or meaning within the data set” (Braun & Clark, 2006, p. 10). The analysis may be inductive or data-driven, or deductive and driven by theory (Virginia Braun et al., 2016). Deductive or theoretical thematic analysis is analyst-driven in that the researcher codes or maps the data onto some predetermined theoretical framework (Braun & Clark, 2006). This is the form of thematic analysis used in this study.

Rusk, Vella-Brodrick, and Waters (2015) explain that deductive thematic analysis can be applied to the theories and literature to determine the themes or elements of a domain of study. This is particularly useful when the domain of interest is not clearly and consistently defined in the literature, as is the case with the domain of strategic marketing, as discussed in Chapter One. Rusk et al. (2015) explain further that diversity of definitions and research foci make it difficult to integrate and synthesise

the domain into a clear framework that can be used in subsequent analyses. Using the deductive thematic analysis approach, the domain and elements of strategic marketing were unpacked to develop a framework for analysis of the social enterprises in this study. Thus the first stage of the deductive thematic analysis was to determine the themes and codes to be included in the Stage Two of analysis where the content of the social enterprise websites was analysed. The strategic marketing theory discussed in detail in Chapter One, and summarised below, provided the main themes. The literature on the nexus of strategic marketing and social enterprises also discussed in Chapter One helped to elaborate the codes for the different themes in the context of social enterprises which ensured valid interpretation of the information available on the websites. Following the process advocated by Fereday and Muir-Cochrane (2006) for deductive thematic analysis, the themes and codes were entered into a template or codebook, as the original proponents, Crabtree and Miller (1999) called it; this was then used to organise the data for subsequent interpretation. Fereday and Muir-Cochrane (2006) explain that the use of a template improves the credibility of the research by providing a clear trail of evidence of the data. Once the template was constructed, the social enterprise data could be analysed.

In this second stage of the analysis, and in order to determine the evidence of strategic marketing in these social enterprises' websites, all the material from the websites as well as any documents available on the websites was copied to a word document for each social enterprise to form the data corpus (Braun & Clark, 2006). Each page from the websites as well as each linked document was coded separately and extracts from the data corpus were copied into the relevant sections of the Stage One template to provide real context and relevant examples of the themes in the social enterprises' documents. Fereday and Muir-Cochrane (2006) recommend that the interaction between the raw data, codes and themes should involve several iterations before moving to interpretation. The data corpus was thus read and re-read to ensure appropriate coding. Thematic analysis may be conducted at semantic or latent level (Braun & Clark, 2006). Semantic level thematic analysis records the surface or explicit meanings of data and is more descriptive than interpretive while latent thematic analysis examines the underlying ideas and therefore involves more interpretation than description. This study applied latent analysis as statements made by the companies were interpreted as providing evidence of various strategic marketing elements.

Development of the Thematic Analysis Template for Strategic Marketing

Fereday and Muir-Cochrane (2006) explain that in the deductive a priori template of codes approach, a template is developed before the in-depth analysis of the data. The

template is developed a priori on the basis of a theoretical or literature foundation. This method has been commonly used in a variety of contexts (e.g. Fereday & Muir-Cochrane, 2006; Ramos Monge, Llinàs Audet, & Barrena Martínez, 2019; Rodríguez-Serrano, Timpka, Ekberg, Dahlström, & Jacobsson, 2018). In this case the domain of strategic marketing as described and discussed in detail in Chapter One, and the literature discussed at the nexus of strategic marketing and social enterprise literatures, was used to develop the themes and codes in the template. A summary of these are provided below.

The following were found to be key elements or themes that make up the strategic marketing domain:

Marketing Orientation

A marketing orientation has been described as a key 21st century strategic activity (Kumar, Jones, Venkatesan, & Leone, 2011; Varadarajan, 2010) and integral to strategic marketing (Walker & Mullins, 2014). A marketing orientation requires a customer orientation (knowledge of the customer), a competitor orientation and an inter-functional orientation (Narver & Slater, 1990). These components of the marketing orientation thus form the relevant deductive codes in the analysis template for the marketing orientation theme.

Marketing Environment Analyses

The marketing environment includes macro, micro and internal factors (Kotler, Armstrong, & Opresnik, 2018). Chernev (2018) recommends internal, customer and collaborator analyses in particular. A customer analysis obviously aligns closely with a customer orientation from the marketing orientation theme above, as the way to build understanding of unmet customer needs is to analyse the market (Shaw & Carter, 2007). Collaborator analysis is also important as positive stakeholders can play a crucial role in social enterprises. Collaborators may provide necessary resources such as labour, volunteers, funding, management capability, technical knowhow etc. (Nga & Shamuganathan, 2010). Competitor analysis is an important form of analysis for commercial enterprises as they need to determine how best to differentiate their offerings from similar products or services offered by competing organisations (Walker & Mullins, 2014). While this form of competition also applies with social enterprises particularly in terms of their commercial activities, social enterprises also compete for resources (Doherty, Haugh, & Lyon, 2014; Tracey & Jarvis, 2007). Strategic social marketing literature also discusses understanding competition in terms of competing behaviours that create barriers for individuals in the target audience to behave in the desired way (Hopwood & Merritt, 2011).

However for the purpose of this analysis, this form of competitor analysis is deemed to be part of the customer analysis as it relates to understanding the target audience, their behaviours, attitudes, barriers to desired behaviours and motivations to act (Lee & Kotler, 2016). Finally understanding the internal resources and capabilities that the organisation has at its disposal greatly affects the kinds of strategies it can use (Kotler et al., 2018). Thus the analysis template contains column codes for each of these analyses: internal, competitor, collaborator and customer analyses.

Strategies for Growth

A key strategic marketing element is the development of strategies for growth. Growth strategies may be low risk intensive strategies such as market penetration, product development or market development strategies, or riskier integrative strategies or even the most risky diversification strategies (Kotler & Keller, 2016). For example, Vickers and Lyon (2014) state that social enterprises can attempt to deepen their local community impact, and Doherty et al. (2014) explain that social enterprises can upscale either their financial or social impact, as examples of market penetration strategies. An example of a market development growth strategy would be social enterprises broadening their impact to new communities (Vickers & Lyon, 2014) either on their own or in partnership with other stakeholders (Doherty et al., 2014). Such lateral growth may also represent an integrative growth strategy. Social enterprises can expand their services to existing communities, providing evidence of a product development strategy, or to new communities as evidence of diversification strategies (Bocken, Fil, & Prabhu, 2016). Thus for the strategies for growth theme, intensive, integrative and diversification strategies would make up the codes for the analysis template.

Segmentation, Targeting and Positioning

The development of a marketing strategy is obviously fundamental to strategic marketing. Kotler et al. (2018, p. 74) define marketing strategy as “the marketing logic by which the company hopes to create this customer value and achieve these profitable relationships”. This involves segmenting the market, choosing viable segments to target, differentiating the offer and positioning it in the minds of the target market, and then delivering the offer through the marketing mix so as to achieve customer satisfaction (Kotler et al., 2018). The core strategic elements of marketing strategy are segmentation, targeting and positioning and thus form the codes for this theme.

Marketing Mix Strategies

As mentioned above, the marketing mix strategies are developed to deliver and communicate the desired position for the targeted segment, to best achieve customer satisfaction and organisational goals (Kotler et al., 2010). The commonly known 4 Ps of the marketing mix (product, price, place and promotion) (Kotler et al., 2018) and the additional service mix elements of process, people and physical evidence (Wirtz & Lovelock, 2016) form the codes for this theme. Kotler et al. (2018) explain the following about the traditional 4 Ps:

Product strategies include designing the product features, quality levels, branding, packaging and labelling.

The price is the amount the consumer exchanges for the product. Organisations must determine the base price, pricing method and price adjustment strategies.

The place P deals with the delivery of the product and includes strategies for marketing channels of distribution.

Promotion strategies include the integrated communication strategies used by the organisations to inform, persuade and remind customers about the organisation's offering.

The process P involves managing the customer interface through designing processes and balancing demand and capacity (Wirtz & Lovelock, 2016). These authors explain that the physical evidence strategies involve the design of the servicescape to create positive impressions and facilitate smooth delivery of the service, while the people strategies include the strategies to recruit, train and motivate the right people to deliver the required service to customers.

Relationship Marketing

Today organisations focus on relationships with key stakeholders both external and internal to the organisation and in both vertical and horizontal directions (Varadarajan, 2010; Yoganathan, Jebarajakirthy, & Thaichon, 2015). Relationships are recognised as being particularly important to social enterprises (Arena, Azzone, & Bengo, 2015; Doherty et al., 2014). Relationships may be formed with social activists, campaigners, customers, volunteers, commercial businesses, NGOs or governments and in search of a variety of benefits such as funding, labour and knowledge (Bridgstock, Lettice,

Özbilgin, & Tatli, 2010; Nga & Shamuganathan, 2010). For this theme, the types of stakeholders and possible benefits achieved formed the codes.

Evaluation / Control

Like all management processes strategic marketing should end with evaluation and control (Varadarajan, 2010). Evaluation measures could include typical financial performance measures such as income, market share and profitability (Chernev, 2018) as well as inputs, outputs, outcomes, impact and finally return on investment (Lee & Kotler, 2016) where impacts could be for people and the planet (McWilliams, Parhankangas, Coupet, Welch, & Barnum, 2016). Measures of social enterprise effectiveness may also include fair access to services, adequate participation of, and clear and transparent communication with stakeholders, and achievement of desirable benefits to target communities (Arena et al., 2015). For this theme, evidence of evaluation was sought as well as the various measures formed the codes used to define this theme.

Having developed a clear analysis template to be used in the deductive thematic analysis, the data from the three social enterprises was analysed. A clear and explicit protocol for deductively analysing the data from the websites improves the trustworthiness of the data, an important data quality consideration for qualitative data (Elo & Kyngäs, 2008). The following section presents the results.

RESULTS AND DISCUSSION

The results of the deductive content analysis are structured in terms of the strategic marketing elements extracted from the literature review.

Marketing Orientation

The marketing orientation is a focus on customers, and an awareness of competition and internal competencies and resources (Cravens & Piercy, 2009). All three of the social enterprises exhibit evidence of a customer orientation in that they have a clear understanding of the beneficiaries of the enterprise and their needs that the social enterprise aims to address. Lumkani for example, explains that the product is “heat detection technology instead of smoke detection, which is not suitable given the heating, lighting and cooking methods that are used in low-income households”. Also, given that the literacy of many beneficiaries is relatively low, installation and use instructions are provided in multiple languages and in symbols. Similarly a CNN report published on Rethaka’s website discusses its beneficiaries:

For many kids living in rural and non-electrified parts of South Africa, the final school bell doesn't just signal the end of another day of learning. Instead, it also means the beginning of an arduous trek through busy and dangerous roads to get back home in time to complete their homework before sunset. One of the first obstacles these kids face is not being able to finish their homework; the design is to help poor households from using up candles, which might otherwise have lasted an entire week. A child simply does not have the luxury of burning the midnight oil and practicing their math sums until 12 o'clock at night because [the family] have one candle which was meant to be rationed for the whole week.

Subz's website on the other hand, explains that "young ladies miss up to a week of school each month when they menstruate. This certainly hinders their education and sets them back, putting them at a clear disadvantage against their male counterparts."

Thus the social enterprises show evidence at least of the customer orientation element of a marketing orientation. This orientation as expected, aligns with evidence of these enterprises having conducted research on their beneficiary markets in order to better understand their needs and develop products that can assist them.

Marketing Environment Analysis

The above statements indicate that research was done on beneficiary markets. Lumkani's website also states that they sought to understand how the market lives and were "in touch with communities to test out the device". Customer engagement is an important component of market analysis (Kotler et al., 2018). Rethaka's website provides evidence of their research on the market through the following passage:

With kerosene lanterns and alternative means of lighting killing at least 3 million people each year (mostly children and women) we believe in making solar energy more accessible to children living in off-grid households. It has been reported that 3 children die daily on South African roads and 11.4 million South African learners walk to school daily.

They also conducted a "six-month pilot phase" indicating a customer research and engagement focus. Subz also provides statistics indicating market research:

There are 9 000 000 girls in South Africa between the ages of 13 and 18. This is high school and menstruating age. Statistics show that 4 000 000 of these girls do not have regular access to sanitary products. Research has confirmed the negative effects of poor menstrual health management on a girl's education. The lack of access to sanitary wear and adequate sanitation facilities can affect a girl's attendance at

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school by 25% per year. That is one week every month, which is a massive set back in their school careers. The reason for this is that they do not have sanitary wear. If there is money in the family it first goes to food not feminine hygiene.

The website further indicates evidence of research of the beneficiary market:

some methods of menstrual hygiene employed in developing countries include:

- *Packets tied around the body filled with sand and leaves,*
- *Waste paper,*
- *Newspaper,*
- *Old cloths,*
- *Rags,*
- *Previously soiled and dried sanitary pads – if they have any not always their own.*

Understanding these competing behaviours and barriers to behaviours is important analysis for social enterprises (Lee & Kotler, 2016) and is similar to competitor analysis from the social marketing literature.

For social enterprises, understanding other stakeholders is also an important part of the marketing environment analysis. Lumkani's website indicates that they were monitoring a key stakeholder in the local municipality as evidenced by the comment that they could face some resistance from the municipality that aims to move people to more formal accommodation rather than make life more comfortable for them. This supports Austin, Stevenson, and Wei-Skillern (2012) who advise that social enterprises closely monitor the environment so as to develop strategies to minimise adverse effects (such as adversarial stakeholders) and maximise the opportunities presented by positive effects.

On Rethaka's facebook page there is a link to the Change Maker's website, the start-up funders, which indicates that the founders have a clear understanding of how their organisation's offer is differentiated from other, similar organisations addressing similar needs and competing for funding:

Other initiatives that have been identified recycle billboards into schoolbags. Money spent on our business is better than money spent on other initiatives because we have been innovative in how to solve barriers to education using a schoolbag as a tool to afford children peace of mind as they can now study for extended hours and walk to school knowing they are more visible.

Thus while Glaveli and Geormas (2018) state that the competitor component of the marketing environment analysis is less likely to be found in social enterprises, Rethaka appears to provide evidence of at least some competitor analysis both in terms of better satisfying beneficiary needs and in terms of meeting donor or funder needs. Subz also shows a keen understanding of their potential donors by including a wide range of payment options to cater for all possible needs e.g. Zapper, Snapscan, debit order, Givengain, EFT, MySchool, MyVillage MyPlanet, and Litres for Education, among others. They also make clear, in terminology funders or donors may be looking for, the key incentives that companies or individuals may look for when choosing to donate. For example, the website has links where funders or donors can request tax certificates or the BEE status. As Doherty et al. (2014) advise, social enterprises need to acquire the resources necessary to achieve the desired social objectives. While income generating commercial activities may provide some of these resources, at least some of these may come from funders or donors. This is particularly important in the dependency and at times, the self-sufficiency social enterprise types described by Abu-Saifan (2012).

While it is not expected that the publically available information on the three social enterprises would provide much information on internal resources and capabilities or analysis of the internal environment, it should be noted that this could also be key information that Corporate Social Investment funders or private donors may be looking for when choosing which social enterprises to support. These cases provide little information for example, to reassure investors of the business skills and capabilities of the management. Only in the Change Maker attachment to Rethaka's Facebook page is there mention of the funding model used which is described as:

Our current model includes donor funding, corporate CSI and social enterprise development funding. Products are sold to clients and partners and distributed to children for free as part of their corporate social responsibility programme or broader community based initiative. Being a for-profit social enterprise has allowed us to run a sustainable business that does not depend on donations.

In the application for funding, they also provide information on the founders and staff:

...led and managed on a full-time basis by three young women all under the age of 22 years old. Two have graduated with degrees: BA in Brand Management and BCom in Financial Management Sciences and one is in her final year of studies towards a BCom in Marketing Management degree. We have employed and upskilled a staff of 7 locals in our production workshop, 6 of which are women.

Growth Strategies

Once established, organisations applying strategic marketing will look for growth opportunities. These may be in terms of new offerings and/or new markets (Kotler & Keller, 2012; Walker & Mullins, 2014). All the cases show evidence of having implemented some form of growth strategy or having planned for it. Subz' News tab on their website states that "We would like to continue distributing as many packs as we can to as many girls as we can in South Africa" indicating an intention to penetrate the existing market with existing products. In a CNN press release on Rethaka's website, there is also evidence of a market penetration growth strategy, which aims to achieve growth in sales by targeting existing customers with existing products (Chernev, 2018). The press release states that Rethaka is "hard at work as they prepare to take on an additional 12 employees to meet the growing demand for their bags". This is an example of how social enterprises can upscale their operations to better penetrate the market (Bocken et al., 2016; Doherty et al., 2014). Lumkani developed smart centralised systems and planned to link these to municipal emergency systems like the fire department and ambulance services. This is evidence of intensive growth strategies aimed to better satisfy the needs of existing consumers with new products (product development growth strategy)(Chernev, 2018).

Rethaka enhance their "revenue potential through selling the plastic textile that we produce" thus implementing a market development strategy of selling existing product to a new market (Chernev, 2018). All three social enterprises also plan to use a market development growth strategy by expanding into the rest of South Africa and into Africa and, in Lumkani's case, also into Asia. This growth strategy seeks to broaden to social impact to other communities (Vickers & Lyon, 2014) and upscale the social impact (Doherty et al., 2014). Rethaka plan to "Set up 3 more production workshops in other African countries within the next 5 years where we will employ and empower local women to collect plastic and process it until it reaches to the product phase". It isn't clear if these market expansion plans would involve the social enterprise owning these foreign operations, or as proposed by Doherty et al. (2014) and Tracey and Jarvis (2007) the sharing of the best practise and thus the replication of the business model by other organisations.

Lumkani has also implemented a diversification strategy of offering funeral and fire cover, which could be aimed at existing beneficiaries but could also be targeting other customers. Rethaka have produced "conscience bags made out of the same material that corporates can then buy for their conferences and summits." They have also begun "development with a luxury brand to develop things like clutches". Subz have also implemented a concentric diversification strategy by producing maternity and incontinence pads and panties as well as nappies which are available on the Shop tab of their website.

Segmentation, Targeting and Positioning

Choosing the market to target and then positioning the offering for that market is a critical step in marketing strategy development (Varadarajan, 2015). This ensures more effective and efficient use of limited resources (Hastings & Domegan, 2014). While segmentation, targeting and positioning are internal management decisions and thus not something the enterprise is likely to talk openly about, it is evident from the information available on the social enterprises under investigation who they are targeting and how they have positioned. Lumkani's target on the website home page is indicated as dwellers in "urban informal settlements" On the home page of the website it positions as "protecting against fires" but on the Funeral and Fire cover as "safer together". A CNN media mention on the website explains that Lumkani means "be careful" in Xhosa, one of South Africa's official, indigenous languages. The value proposition serves to position the organisation in the mind of the target market (Kotler et al., 2010). Consistency in positioning is important as the value proposition steers the organisations activities (Hlady-Rispal & Servantie, 2018). Statements reflecting Lumkani's position do not seem that consistent reflecting a number of different messages from fire protection to safety and being careful, to community.

Rethaka's home page of the website clearly indicates both the beneficiary target being "children in 6 countries in Africa" and the donor target, with most statements positioning the enterprise, being aimed at donors. On the website home page the prominent message is "Gift 100%" which may be a little confusing for first impressions but is explained or elaborated further on if the reader scrolls down the page where it says "Give a gift that will change children's lives. 100% funds Repurpose Schoolbags." Another prominent message also apparently targeting donors is "choice not charity" explained later as "you are helping to make a change to that child's life by encouraging that child to commit to staying in school." Similarly on the donate page of the website the donor target is asked to "Gift a child today, 100% of your money makes education happen" and "We have made it more easier than ever to make a tangible difference in the lives of children. You can now get involved and be part of a passionate community invested in a world where education is accessible to everyone."

Subz beneficiary target market is "girls in South Africa between the ages of 13 and 18" but similar to Rethaka, the website seems to 'speak' more to the donor target market. The website home page provides quite technical information on the product itself and is followed by tabs such as "Get involved", "Donate" and "Fundraising" indicating a focus on the donor target market. Dominant in the positioning of Subz is Project Dignity, a non-profit organization, which through donations, buys and distributes the Subz washable re-usable sanitary pads and pants packs. Subz

positioning is reflected in the following statement: “Education and dignity is our focus for a better South Africa for all. Educate the women and you educate the nation.”

Marketing Mix Strategies

The final step in developing a marketing strategy is the development of a marketing mix which achieves the desired position for the target market (Kotler et al., 2010). As the marketing mix development is tactical rather than strategic marketing (Chernev, 2018), evidence of the three cases marketing mixes will only be briefly identified as a full analysis is beyond the scope of this chapter.

Product

Product decisions include the products features, benefits, quality level as well as branding, packaging and labelling decisions (Kotler et al., 2018). Lumkani’s website describes the product and its benefits to the beneficiaries in the following statements: “accurately measure the incidence of hazardous fires, triggering an alarm inside the home to alert the family of the danger before the fire becomes unmanageable”, “connects neighboring detectors within a 60 metre radius of each other” ... “buys valuable time for communities to effectively respond to rapidly spreading fires”. Lumkani also have a clear and distinguishable logo which is important in branding and helps to distinguish and make the offering more clearly identifiable.

Rethaka’s website home page describes the product but also clearly links to the positioning of making education an everyday reality for the beneficiary children: “A Repurpose schoolbag gives a child dignity by day and by night it doubles as a light to study”. The website page titled “Why our bags”, clearly highlights the distinguishing benefits or advantages of the Rethaka Repurpose schoolbag for the beneficiaries but also for the environment thus highlighting both the social and environmental sustainability distinguishing features of the product:

The Repurpose Schoolbag is seamlessly designed for dignity, and durability. By harnessing wearable solar technology which charges during the day. At night, can be easily detached from the bag and turns into lantern to enable study. Each bag is made entirely from PVC billboards and by repurposing them into a meaningful use, we ensure the preservation of the environment.

The specific features of the product are reinforced and elaborated on through a CNN feature on the Press and Media Mention page of the website:

taking advantage of the plastic waste in their region, upcycling it into 100% recycled plastic schoolbags ; backpacks feature a solar panel in the flap -- which charges as the children walk to school -- as well as strips of reflective material, an added safety design to make the children more visible to traffic in the early hours.

As mentioned previously, Subz provides a rather technical explanation of the product on the Home page of the website:

Subz are panties to which sanitary pads can be clipped. The panty is made of 100% cotton knit, (130 – 140g) which allows the skin to breath. This is also a eco-friendly/ green solution. The elastic has a standard non-woven rubber base, and won't stretch out of shape. The pad has 6 layers, the outer being the 100% cotton knit, water proofing, 3 layers of hydrophilic fabric and then the inner is a hydrophobic fabric.

This is an interesting decision when the key target audiences appear to be the beneficiary girls aged 13 – 18 and the donor market. The language used in this description does not seem to 'speak' to either market, nor is it really addressing specific benefits. On the 'Shop' tab of the website, clear images and descriptions of the products are provided along with uses and prices. A news item on website explains that additional service elements offered by the organisation include educational talks given at schools where the Subz pads and pants are distributed. This article also highlights the environmental benefits:

the packs are distributed to the girls with a full education process on puberty, menstruation, personal hygiene and how to care for their packs. The Subz pants and pads are sustainable, reusable and washable, and a 3 pack can last for up to 5 years. The pads contain no chemicals and gels and are therefore allergy free. The pads attach to the panties with studs and are held in position to eliminate movement and accidents. Subz pads are eco-friendly as they are not disposed of and rather reused. They are also saving the landfills. The pads come in different sizes for different flow and absorbency. There is also a range of pads for incontinence for the elderly.

This product description seems much more user-friendly and as it describes benefits in terminology more accessible to users and donors, could be better to incorporate in the website than what is currently provided.

Price

Price is what the customer pays for the product (Kotler et al., 2018) but in some social enterprise models, especially the non-profit ones, the price is paid by a donor or funder

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for the beneficiary to receive the product. Haugh (2007) found that social enterprises often start out relying on donor funding until their income generating activities become self-sustaining. All the social enterprises provide prices, but Rethaka and Subz, most likely due to their apparent focus on the donor target market also make it easy to donate by offering a wide variety of payment options e.g. the Subz Donate tab on the website offers payment links through Zapper, Snapscan, debit order, Givengain and EFT and Rethaka has links for PayPal, Visa, Mastercard and American express.

Place

The place P of the marketing mix deals with decisions about accessibility of the offering and thus deals with distribution as well as location decisions. The three social enterprises in this study provide limited information to target markets on how to access the product. Organisations should make their product, especially social products, such as those provided by these organisations, as easily accessible as possible. The objective should be to get the product widely distributed to solve the social problem thus barriers to access should be minimised. A CNN media feature on the Media tab of Lumkani's website indicates that the product is distributed by the American Red Cross while a Forbes feature on the same tab indicates that "For distribution, Lumkani is partnering with an NGO known as CORC." This doesn't really help the customer wishing to access the product and is likely to cause confusion with multiple partnering organisations mentioned. Lumkani does provide multiple ways that interested parties can contact them e.g. WhatsApp, website, address and email details are all provided but there is no direct information on how to access the actual product and these contact details are provided on the Funeral and Fire cover tab of the website. This is something the organisation should look into.

Rethaka also do not provide access details for the actual product which is also a flaw in the mix strategy. They do however provide various contact details. Due to the fact that a key target for Rethaka is the donor and funder market, the links facilitating donations do provide key access for this market. The Subz website has a Shop tab which provides details of all the products with descriptions, uses and prices. Similar to Rethaka, where a key target market is the donor market, the detailed contact and donor and fundraising tabs on the website also provide access points.

Promotion

Social enterprises, especially those modelled on the non-profit business model, have traditionally been challenged by the promotion P of the marketing mix as they battle to justify spending money on promoting the product rather than investing in the social objective. As a result, social enterprises often need to employ cost-effective

communication tools (Volkman, Tokarski, & Ernst, 2012). Online and social media communication tools are cost-effective options for social enterprises. The websites of the three social enterprises in this study were primary means of communication for these organisations. Websites allow social enterprises to connect with beneficiaries, donors and funders building relationships and publicising the products, benefits and how they address the social problems they seek to address. Lumkani for example, has an Awards tab on the website which showcases the awards the enterprise has achieved. The Subz website home page has a link to the Instagram photos showing happy girls receiving their packs as well as school and publicity events. The Shop tab on the website also provides good clear images and descriptions of the products.

All the websites include a tab for news and media features where the organisation has been the focus of, or at least, mentioned in a media piece. Involvement in public relations activities to achieve publicity is important for building awareness of the organisation and the work it does as well as building its reputation. Lumkani also provides a media kit on the Contacts page providing more detailed information that the press may use. Making this information available limits the number of times the company is contacted for the same information. This could be a useful strategy when human resources are limited. Rethaka have a tab on the website for Interview Requests that states: “Looking to interview us? We’d be thrilled! Please use the forms below”. This is a novel approach to linking with media partners to gain publicity.

While the message in marketing communication is important, it is also important to structure the message so it ‘speaks’ to, and connects with the audience it is aimed at. A challenge for social enterprises using the same tools to communicate with multiple target audiences, is that both the content and how that content is constructed may need to be different for different audiences. The ‘languages’ they speak may be different. For example, beneficiaries will want to know how the product solves a problem they face e.g. not being able to complete schoolwork after dark because there is no light (in the case of Rethaka’s beneficiaries), but a donor or funder may want to know that their donation is being well-spent and that the management of the social enterprise are competent. Actual languages spoken and levels of literacy may also vary. Lumkani provides YouTube and pictorial videos and in multiple languages to ensure the product and its functions are understood by multiple audiences. Lumkani’s communication seems to be aimed mostly at beneficiaries rather than other potential stakeholders.

Rethaka also has a Facebook page where the home page includes many photos of happy children receiving their bags. The last post on this page was however 2 years ago. This could make funders or donors be concerned about the continuity of the enterprise. The ‘Our story’ link on the Facebook page was not operating at the time of the research. The other links show many good photos of children wearing their bags as well as people involved, publicity and events.

Relationship Marketing

Relationships are important in strategic marketing (Varadarajan, 2010) and particularly for social enterprises (Arena et al., 2015). Various partnerships and stakeholder relationships were identified in the social enterprises in this study. All three social enterprises acknowledged their funders on the websites, some providing active links to the funder websites. In some cases relationships were established with stakeholders that performed specific activities; for example, the International Red Cross having adopted and distributing the fire detection sensors of Lumkani. Rethaka also formed partnerships to source a supply of plastic for the Repurpose bags: “We get [plastic] from landfill sites and collect it from schools that have come on board as “Purpose textile banks” and local schools run campaigns to get students to bring in plastic to be upcycled”.

In a media feature on the Lumkani website the organisation makes a formal comment about partnerships: “Our strategy is to find ways to subsidize the device through corporate and public partnerships, so we can drive the price further down”. In a different media feature by Forbes, Lumkani elaborates further on its relationships: “raised the equivalent of about \$40,000 in seed funding from South Africa’s Technology Innovation Agency, a government agency, which is part of the Department of Science and Technology ” and “For distribution, Lumkani is partnering with an NGO known as CORC; the non-profit contributes about 80% of the cost of each product.”

Similarly, a CNN media mention on the Rethaka website explains:

The company has also teamed up with local individuals and corporates who are willing to cover the cost of the bags on behalf of the students. Depending on their donation, these so-called “giving partners” typically matched to a class, a grade or a school.

In the Change Maker funding application on the Rethaka website it is also stated:

We would like to partner with government and other organisations like UNICEF in distributing Repurpose schoolbags on a large scale in schools located in low-income/rural communities within identified African countries.

As mentioned previously, while Lumkani acknowledges its various partners it does not appear to use its website to communicate with, or target potential stakeholders. Rethaka on the other hand, actively targets potential partners through the Donate tab of the website:

Become one of our many Giving Partners by gifting a child, class or even a school. We have made it more easier than ever to make a tangible difference in the lives of children. You can now get involved and be part of a passionate community invested in a world where education is accessible to everyone.

Thus managing relationships is clearly a key activity of these social enterprises.

Evaluation / Control

Finally organisations applying strategic marketing should evaluate their efforts (Varadarajan, 2010). As this is an internal management process, evidence of this activity was not expected but as social enterprises often need to answer to funders or show donors that they have been successful or are at least sustainable, such evidence may be made available publically. Evaluation can take the form of pre-testing product prototypes (Andreasen, 2003) and making adjustments to the strategy as a result, as well as collecting feedback from beneficiaries (Arena et al., 2015). Lumkani reports that “design practices [were] driven by testing & end-user feedback”. Rethaka also reports on a “six-month pilot phase”.

Lee and Kotler (2016) state that part of evaluation is the measurement of outputs such as activities performed or products distributed. Lumkani’s website home page indicates that it has “distributed devices to 9000 households in total”. In a CNN media feature, Rethaka takes stock in the following statement:

Repurpose Schoolbags has grown to today employ eight full-time staff-- six of which are women -- while its workshop produces around 20 bags a day.

Similarly Subz reports that “To date we have distributed over 45 000 packs to girls in South Africa and a great business has developed”.

Evaluation should also include the social impact (Arena et al., 2015; Lee & Kotler, 2016). Rethaka reports on its impact:

Seeing the kids believe that you can have waste and rubbish ... [that can be turned into] so much more -- you get kids being interested in recycling, whereas before you're in a rural area the concept of upcycling is a foreign concept..... now kids are picking up litter around the community.

Subz, whose purpose it is to keep girls in school even during menstruation, includes a letter of thanks from a school on its website, which reflects its impact:

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I am happy to report a decrease in absenteeism. According to Mrs McKay, the Grade 7 teacher, every girl has been present at school since your visit, and has completed her exams for June.

Another aspect of evaluation especially in the social marketing context, is a critical reflection on the intervention as well the process from planning through to implementation for lessons learned (Hopwood & Merritt, 2011). Lumkani reflects this form of evaluation in the following statement: “all the while collecting insightful data around the technology, the fire challenge and the human experience.”

RECOMMENDATIONS AND FUTURE RESEARCH DIRECTIONS

This study has provided evidence of the application of strategic marketing in three South African social enterprises. As has been demonstrated in the section above, all aspects of strategic marketing that were identified in Chapter One to be components of the domain of strategic marketing, were found to be evident in these social enterprises thus supporting the recommendation that social enterprises should be equally concerned about understanding and implementing strategic marketing as their pure commercial counterparts. From a theoretical perspective, social enterprise management literature should incorporate strategic marketing as a core management function.

At a most basic level of application, social enterprises should have a marketing orientation. The three social enterprises analysed in this study exhibited strong evidence of the customer focus component of a marketing orientation however there was less evidence of an awareness of competition nor identification of internal resources and competencies. Only Rethaka seemed to explicitly consider competition for funding. Social enterprises seeking start-up funding, CSI or donations to wholly or partly fund their operations or growth plans, should pay careful attention to other organisations seeking similar funding. In order to effectively position the social enterprise for these target audiences, the three strategic marketing analyses are necessary:

1. Beneficiary analysis in which the needs of beneficiaries should be determined. Thorough analysis of the social or environmental problem should be conducted providing evidence of the extent and nature of the problem. This analysis should also seek to understand how beneficiaries currently deal with the issue. These actions may constitute competing behaviours which may require behaviour change interventions. Barriers to behaviours should also be understood. Beneficiary and community engagement is recommended.

2. Internal analysis where the social enterprise identifies the resources and capabilities it has access to. These are crucial in terms of being able to achieve both the commercial and social objectives and may include human resource skills and competencies, passion, commitment and networks and relationships; management expertise and experience; access to funding, materials and inputs; systems and operating or production process etc.
3. Competition analysis in which other organisations competing for funding should be analysed. This analysis should surface the strengths in terms of competencies and resources as well as the weaknesses or vulnerabilities of these organisations.

Understanding the strengths and competencies as well as weaknesses of competing organisations can help in constructing a positioning statement which is differentiated from those of competing organisations and which highlights the social enterprise's core strengths that represent competitive advantages and which also 'talk' to, or address the most important needs to beneficiaries and funders. Thus these analyses not only mirror those recommended in strategic marketing literature (market, competitor and internal) but also align with the components of the marketing orientation (customer focus and awareness of competition and internal resources).

An added advantage of the competitor analysis in the social enterprise context is that it is possible that other organisations competing for funding could potentially also be collaborators if their strengths or competencies can compensate for the social enterprise's weaknesses or vulnerabilities so that a win-win collaboration is established. This could potentially strengthen the success and long term viability of both organisations. This is somewhat similar to Chernev's (2018) recommendation to conduct collaborator analysis as part of strategic marketing analysis. As Nga and Shamuganathan (2010) mention, collaborators can provide access to needed funding, volunteer staff and management, expertise across a wide range of areas plus access to personal networks.

A limitation of this study is that it only used publicly available data and interviews with management of social enterprises may have surfaced additional evidence of the application of strategic marketing in these enterprises. Future research could apply a management interview methodology. However, in terms of the recommended analyses needed for positioning discussed above, it is recommended that the information from the analyses be included in publicly available information, especially if, like Rethaka and Subz, the social enterprises are actively seeking funders and donors through websites and social media platforms. Key criteria applied by funders and organisations engaging in CSI activities are that the social enterprise is a viable concern thus has the needed resources and competencies (internal analysis) and that it is differentiated from other organisations attempting to address the same

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problem (i.e. its competitive advantages are clear). These organisations will want to see a return on their investment, not in terms of their own profits but in terms of the social objectives. Thus publicly available sources of information should ‘speak their [funders’] language’ by making these points clear:

- How will the social enterprise address the social problem,
- meeting beneficiary needs and
- doing so ‘better’ ie more efficiently, more effectively, or with more additional benefits e.g. addressing environmental as well as social concerns at the same time as Rethaka does, than competing organisations can do
- with resources, capabilities and or relationships and collaborations that instill confidence in the funder that their money will be well, and appropriately, spent and the social enterprise will be sustainable in the long term
- If additional incentives are available such as the tax certificates and BEE implications Subz offers, then these should also be clearly communicated.

These recommendations imply that social enterprises should carefully and clearly identify both beneficiary and funder/donor target audiences and ensure that publically available information sources communicate a distinct and differentiated position to all audiences. This can be done for example, as Rethaka has done on its website, with specific tabs for donors and or potential funders. Separate tabs can address beneficiaries as for example, Subz does with its Shop tab where the actual product information can be found. On tabs aimed at beneficiaries, it is important again, to construct the message in both content and format, to ‘speak’ to this audience. Lumkani provides a good example of a social enterprise that has considered the language preferences and literacy levels of its beneficiary market in designing its communication. Use of images, simplified and pictorial instructions, uTube videos and different language tabs could also be useful design features. For donors, make it easy for them to donate for example as Rethaka and Subz have done, by making a variety of payment options available at click of a link. Similarly, if funders and collaborators are sought, make a variety of contact points available to them.

The positioning statement should be supported by all communication to ensure a clear and consistently communicated position so there is no confusion in the minds of target audiences. Information on all aspects of the marketing mix including price information and how to access the product should be communicated and support the desired position.

Finally, being a management process, strategic marketing must include evaluation, and again there is value in communicating the results of this evaluation on websites and social media platforms. This information will be useful to attract collaborators and funders. Evaluate and communicate the extent and nature of social objective

achievement as well as a critical reflection on the processes undertaken and lessons learned so that social enterprise literature and practice can be developed. Future research could also focus on this evaluation process by investigating how strategic marketing is implemented in social enterprises and the challenges experienced and solutions developed so as to further develop social enterprise strategic marketing literature and practice.

CONCLUSION

This chapter has built on the strategic marketing framework developed in Chapter One and supports the evidence in the literature on social enterprises of the existence of and need for, strategic marketing in these organisations. In the three social enterprises analysed in this study, there is clear evidence of strategic marketing components being implemented although at times, the components are somewhat adapted to the unique characteristics of social enterprises. Recommendations have been provided to assist social enterprises in the implementation of strategic marketing in this type of organisation.

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KEY TERMS AND DEFINITIONS

Beneficiary: The recipient of the social enterprise's product or service.

CSI: Corporate social investment; for-profit organization spending on social causes.

Position: The perception a person has of a brand or organisation; what comes to mind when they hear the name; what it stands for in their mind.

Positioning Statement: An organization's statement of how it wishes to be positioned in the mind of target markets.

Promotion: All forms of communication by the organisation about the organisation or its offering.

Shack: A small room or few room homes built from scraps of corrugated iron and wood that act as houses for inhabitants of informal settlements or urban slums.

Target Market: Group of customers that the organisation targets with an offer designed to satisfy their needs.

Chapter 9

Strategic Sustainability Marketing and Social Responsibility in the Textile Industry: Opportunities and Challenges in Africa

Katja Schneider

Chemnitz University of Technology, Germany

Marlen Gabriele Arnold

Chemnitz University of Technology, Germany

ABSTRACT

The global social, economic, and ecological sustainability challenges are immense, particularly in Africa. Given the continent's specific characteristics, there is a strong need to either shape "traditional" business models or to consider alternative corporate strategies. Those should in particular foster social change and progress through economic development. Social entrepreneurship is regarded as such an alternative approach. In addition, stronger aligning firms' business models to CSR dimensions as laid out in international standards such as ISO 26000 might be a valuable trajectory. By using an exploratory comparative case design and qualitatively analyzing the websites of four African textile companies, this chapter illustrates how social sustainability is being pursued. The findings suggest that sustainability-oriented textile companies strongly emphasize social sustainability, in particular labor practices, community involvement, and development. This enables further research on drivers and implications for sustainability marketing strategies in global textile value chains.

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INTRODUCTION

As the world's second largest continent, the African setting provides a particularly interesting environment in terms of local, cultural and institutional variety (George, Corbishley, Khayesi, Haas, & Tihanyi, 2016; Kolk & Rivera-Santos, 2018; Thomas & Bendixen, 2000). In fact, the distinct characteristics of its environment are seen to reflect new growth opportunities (George et al., 2016). Globally operating multinational companies have increasingly been investing in Africa as a sourcing base and integrating local firms into their global production and value networks (You, Salmi, & Kauppi, 2018). At the same time, productivity and effectiveness of business in Africa are considered to decisively affect further development (Zoogah, 2008). From an organizational management perspective, this also implies the prospective commitment to truly and uniquely African-oriented leadership and management theories, cultures and practices repudiating Western imposed management paradigms (Nwagbara, 2011). This particularly proves true for the global textile industry where value and supply chains connect European and US-based firms with the developing world and, thus, face various cultural, normative, institutional and historical constraints.

Textile industries in Africa are assumingly minor compared to international markets and vary regionally in terms of economic scope and success. At the same time, rich in tradition, they are well embedded and contribute significantly to local economies (Brautigam, Weis, & Tang, 2018; Mbate, 2016; Momberg, Jacobs, & Sonnenberg, 2012). Furthermore, African-oriented motifs and forms have long been an inspiration for collections of primarily Western fashion companies and designers, thereby spurring outside attraction towards African indigenous prints and clothing styles. In this way, they are contributing to community and artisan development in Africa as well as enhancing the role and relevance of African textiles and fashion in a globally interconnected marketplace (Fianu & Zentey, 2000; Loughran, 2009).

Significant social and environmental harm caused by global clothing and fashion production and consumption (Franco, 2017) are also hitting Africa. Exemplarily, vast amounts of toxic chemicals and water are used for conventionally produced cotton in South Africa, negatively influencing the country's natural resources and environment as well as waste creation (Momberg et al., 2012). Social costs of Africa's textile sector include, among others, an only little consideration of adequate working conditions at garment manufacturing sites in Ghana (Vandyck & Fianu, 2012). Yet, while research on environmental aspects of sustainability has been proliferating, the role of the social dimension of sustainability is often neglected in respective academic publications (Missimer, Robèrt, & Broman, 2017). Furthermore, social and cultural aspects linked to both, production and consumption, as well as their holistic consideration and integration in textile business

models are only very sparse. In light of this, previous research has emphasized a stronger need for re-thinking existing business models, structures and practices (Arnold, 2017b; Rosca, Arnold, & Bendul, 2016). The analysis in this research, therefore, grounds in business model innovations for (social) sustainability and particularly sheds light on social enterprises.

Similar to a comparatively low amount of research on the African textile and apparel sector, there is only scarce empirical research on sustainability-oriented enterprises in the African textile industries to date. This seems quite astonishing, given the renewed policy interest in Africa's sustainable development, by fostering opportunities for artisans and micro-enterprises particularly in the labor-intensive textile sector. As an example, the European Union has initiated projects to support job and wealth creation in ethical fashion and design supply chains in two leading cotton-producing African countries, namely Burkina Faso and Mali (Cartier, 2017).

Against this backdrop, the study focuses on sustainability-oriented companies in the African textile sector and their marketing as well as communication approaches towards social sustainability, in particular corporate social responsibility (CSR). The emphasis put on CSR is justified for two reasons: First, from a general perspective, CSR is seen to become indispensably important for companies and their brand strategies in global textile value and supply chains since it is seen to directly influence corporate image, reputation and benefits (Li, Zhao, Shi, & Li, 2014). Second, in the narrowing-down perspective of developing countries located in Africa and elsewhere, CSR is seen to be an essential requirement for doing business due to institutional voids (Cash, 2012). Thus, similar differences compared to the concepts' antecedents, meaning and consequences in more developed and industrialized countries leave the place for a more situated analysis in light of the particular African context in this research. Previous studies on CSR approaches in textile firms have predominantly focused on developing countries such as India, China or Bangladesh (e.g., Kamal & Deegan, 2013). Thus, there is an urgent need to advance highly rigorous academic research on business model innovations for social sustainability with special reference to, both, Africa as well as the textile sector. For these reasons, the chapter addresses the following two research questions:

- How are social and sustainability values and concepts reflected by communication and marketing strategies of companies in the African textile industry?
- How are the interests and objectives of various stakeholder groups being addressed?

The remainder of the chapter is structured as follows: The chapter begins by illustrating the significance of the textile sector in Africa and its importance for global textile value chains. This is followed by an outline of literatures relevant to the guiding research questions. In doing so, special emphasis is given on research concerning social sustainability and responsibility, business model innovations for sustainability as well as single aspects related to strategic sustainability communication and marketing. Next, the methodology as regards the exploratory comparative case design and the four cases of sustainability-oriented textile companies are introduced. Building on these conceptual and methodological foundations, the cases are illustrated and compared in terms of marketed CSR- and social sustainability-related practices based on ISO 26000. These findings are then reflected against the background of the peculiarities offered by the globally interconnected textile industry in order to derive solutions and recommendations. Finally, propositions for fruitful future research avenues are derived. The chapter ends with a brief summary of limitations as well as conceptual and practical management implications for social sustainability in Africa as well as the interplay between innovative business models and strategic sustainability communication and marketing in the African textile sector. In doing so, this research aims at identifying main aspects of CSR-related practices as reflected in business model innovations for sustainability in the African textile sector.

THE SIGNIFICANCE OF THE AFRICAN TEXTILE SECTOR

The textile and apparel industry in Africa is of great importance and characterized by a strong tradition (Frazer, 2008; Langevang, 2016). At the same time, from a global perspective, the ecological, economic and social challenges of the textile industry have been seen as the causes and roots to many of Africa's problems. Due to neoliberal economic transformation and reduction of state control until the early 2000s, the industry faced a large-scale decline in many African cotton and textile producing countries. To this negative development further contributed the opening up of second-hand clothing from Western and other developing countries' clothing companies. On the one hand these used-clothing imports enabled satisfying basic needs for especially the impoverished population, facilitated new profit opportunities and trade patterns for vendors. On the other hand, they mirrored a little competitiveness of locally produced, more expensive African garments, causing a depressing domestic clothing production (Brooks & Simon, 2012; Frazer, 2008). The phasing-out of the global Multi-Fibre Agreement (MFA) with its quota-restraints in early 2005 and a hereinafter spurring apparel manufacturing wave by ethnic-Chinese firms (Rotunno, Vézina, & Wang, 2013) further led to a decline in the competitiveness of

African textile producers. Exemplarily, Asian clothing firms in Lesotho were seen to import all their material inputs and quasi-finished products from highly efficient Asian supplier networks located in, among others, China, Hong Kong and Taiwan (Rotunno et al., 2013). Thus, remaining textile producing companies in Africa were confronted with shortfalls in export orders, severe placements on short-term work and job losses leaving the countries such as Lesotho with high unemployment rates and poverty (Mutume, 2006; Wheeler, 2015). Another driver for this significant decline in African clothing production at that time has been seen in the cultural opening of the continent towards different and international cultural stimuli. Exemplarily, the increased consumption of jeans by African women, fueled by diverse and complex cultural diffusion patterns such the media and diaspora connections, stimulated demand for other, non-locally produced materials and products (Brooks & Simon, 2012).

The development of the textile sector in Africa has become even more complex especially since the 2000s when new production opportunities for and privileged access to export markets in the European Union and United States as well as to other African countries in close proximity emerged (Brooks & Simon, 2012; Kao, 2016; Kariuki, Wu, Chen, & Ding, 2014; Wong & Au, 2007). This has been promoted by preferential or free bilateral trade agreements with third countries such as the US African Growth and Opportunities Act (AGOA), the Southern African Customs Union (SACU) as well as the creation of integrated trading regions and the facilitation of outward processing transaction (OPT) arrangements especially among Western European firms. This has been significantly contributing to various African countries' development trajectories. Positive impacts include, among others, job creation, poverty alleviation and women empowerment, investments in factories and promotion of legal compliance, encouraging research and services regarding management and leadership skills as well as local training. Other benefits encompass a fostering of regional value chains and a local embedding through regional sourcing with great potentials of upgrading in international textile production and trade chains. Yet, an only limited transfer of skills and development up to now has been criticized since such high-value and management functions are often based abroad. Moreover, the potential of the sustainable textile industry for coping with social challenges in Africa is hardly taken into account in previous literature. From a strategic sustainability marketing perspective, opportunities to resolve social challenges in the African textile and apparel industries also seem largely neglected. Alternative and innovative business models and strategies such as social entrepreneurship, therefore, appear to offer many opportunities with regard to sustainable development in Africa (Sloan, 2013). This is also particularly true for social mission-oriented businesses operating in Africa's textile industry.

CORPORATE SOCIAL RESPONSIBILITY AND STRATEGIC MARKETING FOR SOCIAL SUSTAINABILITY

In this part of the chapter, main theoretical aspects on CSR, strategic marketing for social sustainability as well as alternative business models are outlined. With particular attention given to Africa, this will be the basic frame of reference for the subsequent multiple case analysis from a theoretical-conceptual viewpoint.

Generally, CSR is seen to contribute to a sustainable development since it promotes social and economic progress especially in regions and countries with lacking institutional and governance structures. At the same time, CSR-related activities do not necessarily lead to profit maximization (Babarinde, 2009). With particular emphasis on Africa, CSR including subthemes such as responsible investment and fair trade have drawn strongest interest among researchers (Kolk & Rivera-Santons, 2018). However, the very nature of CSR in Africa has yet received little attention (Kolk & Lenfant, 2010; Lindgreen, Swaen, & Campbell, 2009). This view is reinforced by Kühn, Stiglbauer, and Fifka (2018) who assert that CSR in Africa is still doomed sidelined. In accordance with a variety of approaches and definitions that exist on this particular voluntary approach in general (Babarinde, 2009), also scholars exploring CSR in Africa have made efforts to develop context-specific definitions and features as well as theoretical perspectives (du Plessis & Grobler, 2014). This is accompanied by a stream of research detecting single CSR-practices and channels in Africa (Kühn et al., 2018; Lindgreen et al., 2009), developing integrated CSR models providing frameworks for CSR initiatives in single African countries (Olorunjuwon & Sakhile, 2017) as well as identifying enabling factors and obstacles for CSR (Nyuur, Ofori, & Debrah, 2014). Exemplarily, as regards to the latter, in their recent review of contents and determinants on CSR website reporting of African companies, Kühn et al. (2018) found the companies' efforts to be strongly placed on local philanthropy.

Scholars have pointed to the limited applicability of Western perspectives and theories on CSR given their limitations and remaining contradictions as regards to specifics of the African continent (Ndhlovu, 2011). Indeed, scholars focusing on CSR in Africa unanimously agree on the fact that differences in business environments, culture, history and needs of people in different parts of the world account for the substantial differences in CSR practices among regions (Abugre & Nyuur, 2015; Lindgreen et al., 2009; Kühn et al., 2018). This extends to differences even within single African regions (Lindgreen et al., 2009). Consequently, a simple adoption of Western perspectives for the African continent should be regarded as inappropriate as prioritizing economic responsibilities over philanthropy seems inappropriate to the African context (Ndhlovu, 2011). In common, four different CSR dimensions

are discussed: philanthropic, ethical, economic, and legal ones (Reinert Lyra, De Souza, Verdinelli, & Lana, 2017).

Moreover, prior research on CSR has differentiated between two motives of a company to market and communicate CSR. While the first one, extrinsic motivation, is based on profit maximization purposes, the second is relating to the company's desire of acting as a good corporate citizen (Abugre & Nyuur, 2015). This differentiation is accompanied by varying degrees and extents of information provided as well as spurred by different stakeholder demands and reactions (Abugre & Nyuur, 2015; Ofori & Hinson, 2007). In addition, the literature on CSR emphasizes that there is no general form for CSR communication since each company responds in its own unique way to CSR issues (Ofori & Hinson, 2007). According to Abugre and Nyuur (2015), effective and proper communication of CSR activities entails the following four core aspects:

- *What* to communicate;
- *How* to communicate;
- *Where* to communicate; and an
- *Understanding* of the company and what stakeholders focus on.

Proper implementation of CSR communication should also be aligned with a company's specific objectives and competencies (Ofori & Hinson, 2007). This, however, calls for a company to respond not only to its shareholders, but also to other stakeholders, including employees, customers, affected communities and the general public, on issues such as human rights, employee welfare and climate change (Hamann, 2003). However, as Abugre and Nyuur (2015) note, there is usually only a limited awareness of stakeholders to CSR activities due to ineffective communication of CSR. With regard to Africa, CSR activities undertaken by multinational companies in Africa have been criticized for not addressing the root causes of (under)development (Kolk & Lenfant, 2010). Further, other scholars have criticized the mode of communicating as mere public relations gimmicks (Abugre & Nyuur, 2015). Therefore, Pomeroy (2014) suggested addressing communication and marketing activities in line with the three Ps *Planet, People* and *Profitability*. Strongly aligned to the triple bottom line approach of sustainability and in line with CSR, the so-called *Sustainability Marketing Matrix* is concerned with "the following questions:

- **Planet:** How does our (marketing mix element) make optimal use of environmental resources, maintain essential ecological processes and help to conserve natural heritage and biodiversity?;

- **People:** How does our (marketing mix element) demonstrate respect for individuals and the socio-cultural authenticity of communities?; and
- **Profitability:** How does our (marketing mix element) ensure our viable, long-term economic operations, and provide long-term socioeconomic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities to communities? (Pomeroy, 2014, p. 84)

Against this background, companies have to reconsider their marketing strategies (Kumar, Rahman, Kazmi, & Goyal, 2012). However, this will only happen when companies and stakeholders integrate sustainability in business and consumption practices. This is one reason, among others, for CSR requirements to be globally integrated into ISO 26000 for guiding business operations in a socially responsible way. The ISO 26000, launched in November 2010, is seen as a “milestone in multi-stakeholder standards development” (Balzarova & Castka, 2012, p. 268). It represents a guidance standard for incorporating social responsibility into management processes. The standard encompasses a list of seven core subjects reflecting “the most essential areas of social responsibility that an organization should consider to maximize its contribution to sustainable development” (Toppinen, Virtanen, Mayer, & Tuppuru, 2015, p. 154). The international standard ISO 26000 aims at incorporating multiple topics pertaining to the business–society relationship by addressing social responsibility from a generic point of view (Castka & Balzarova, 2008; Maas & Reniers, 2014; Moratis, 2016). Developed on grounds of a broad multi-stakeholder approach, the standard intends to be a valuable and innovative instrument for different types of organizations to develop their specific CSR-profile (Maas & Reniers, 2014; Moratis, 2016). The standard sets forth an agreed-upon definition of CSR and focuses on internal management processes, systems and processes of CSR (Toppinen et al., 2015; Zinenko, Rovira, & Montiel, 2015). Considering social responsibility as an integral element of organizational strategy (Hahn, 2013), the standard allows for a context-specific nature of CSR (Toppinen et al., 2015). As such, the ISO 26000 standard positions CSR engagement and social behavior in the core business distinctly and cannot be replaced by philanthropic activities (Arnold, 2017a). As Moratis (2016) has highlighted, the standard “signifies an explicit moral standpoint and emphasizes the ethical obligations of business towards society and its stakeholders (...) to make a strong plea for the return of morality in the CSR debate” (Moratis, 2016, p. 41). Following this line of reasoning, the standard neglects a profit as well as stock- and shareholder orientation (Moratis, 2016). The distinctive features of the ISO 26000, particularly the consensus laid down on the notion and scope of CSR, as well as the publication thereof is seen to bring about an increased degree of legitimacy (Hahn, 2013) as well as acceptance of, both, the standard and corporate social obligations.

Looking at the standard in more detail, seven core subjects are elaborated that organizations may adhere to when aligning their business and operating practices to social responsibility. These core subjects are: (1) Organizational governance; (2) Human rights; (3) Labor practices; (4) Environment; (5) Fair operating practices; (6) Consumer issues, and (7) Community involvement and development (Zinenko et al., 2015). Moreover, the standard lists seven guiding principles for social responsibility such as accountability, transparency, ethical behavior, respect for stakeholder interest, the rule of law, international norms of behavior and human rights. Previous literature on CSR standards in general has highlighted several advantages and disadvantages of these instruments (de Colle, Henriques, & Sarasvathy, 2014). With particular regard to the ISO 26000 standard, the guideline has been seen as a powerful source of morality, knowledge and awareness (Henriques, 2010; Zinenko et al., 2015) and may facilitate issues such as stakeholder management and social responsibility communications (Toppinen et al., 2015). However, the standard's absent certification capability may question its actual –compared to symbolic– value. Further, this may represent a main obstacle to standard adoption among market value seeking companies (Zinenko et al., 2015). Despite these flaws, shifting values and respective exchange transactions between the firm, its stakeholders and society at large towards advancing moral decision-making and strategy development in business processes and marketing activities may also spur the incorporation of ethical core values into corporate culture, strategies and programs. Social enterprises as an alternative business model could ensure this since they –by their very nature– strive “to trade commercially in an environmentally and socially sustainable way” (Urban, 2008, p. 347).

Faced with enormous socio-economic, cultural and technological challenges, the textile industry has been driven towards sustainability-related business model innovations in the last decade, or so (Fischer & Pascucci, 2017; Franco, 2017; Todeschini, Cortimiglia, Callegaro-de-Menezes, & Ghezzi, 2017). These drivers indicating future market development can be distinguished twofold, technological aspects and social facets. In contrast to ‘traditional’ business models, aimed foremost at large scale and profit generation for the company, business model innovations for sustainability also integrate environmental and social values in the value creation and delivery to the customer (Bocken, Short, Rana, & Evans, 2014; Schaltegger, Hansen, & Lüdeke-Freund, 2016; Yang, Evans, Vladimirova, & Rana, 2017). In the textile industry, approaches as upcycling, recycling, fair trade, CSR or lowsumerism are included (Todeschini et al., 2017). These innovation-driving aspects apply to different elements and components of business models including partner selection, customer relationship and value proposition (Todeschini et al., 2017). Further, enabling new financial opportunities as well as facilitating inter-firm collaborations or joint investments are seen to be crucial elements in sustainability-oriented business

model innovations in the textile industry (Fischer & Pascucci, 2017; Todeschini et al., 2017). Important prerequisites for sustainability-oriented concepts are multi-stakeholder, collaborative and inclusive approaches (Arnold 2017b), participation and interaction among stakeholders (Arnold, 2010) as well as collaborative mindsets (Todeschini et al., 2017). Hence, they also need to be reflected in social entrepreneurship, business model innovations and strategic marketing activities for sustainability in the textile industry.

When adopting CSR practices along value chains, prior research has stressed the necessity of dialogues between shareholders and stakeholders (Nyuur et al., 2014). As outlined above, multi-stakeholder approach in corporate activities and business model innovations for sustainability in the textile industry are important. Hence, and with regard to this chapter's focus, it follows that successfully implementing CSR in textile value chains in Africa is to be accompanied by voluntary dialogical procedures between various shareholders and stakeholders of a company. At the same time, a careful understanding and implementation of CSR could provide insightful avenues for truly aligning social business models and market communication with sustainability.

METHODOLOGY

In order to answer the two research questions, the study follows an exploratory comparative design (Bryman, 2015). This approach involves the comparative analysis of several meaningfully contrasting cases in different socio-cultural settings. It is a suitable method in qualitative research since it allows for in-depth explanations and interpretations of similarities and differences based on the examination of particular topics, questions and phenomena. Furthermore, the method can be applied to a variety of exemplifying issues, circumstances and situations. In light of this, the method demonstrates a close similarity to the well-known and often-used case study approach. In fact, case-specific contextualized findings allow for revealing hitherto unknown and the generation of new theoretical insights (Hoon, 2013) especially in areas where research studies are scarce (Cepeda & Martin, 2005). Based upon these assumptions, this study seeks to qualitatively analyzing companies in the textile industry located in various different African countries by means of content analysis of corporate websites and related documents.

Employing a comparative design is advantageous in this research for three reasons: First, given a general lack of data, theory development and empirical analyses in previous research, the study attempts at exploring a quite novel phenomenon within a specific context, namely social sustainability-oriented corporate strategies and their communication as well as marketing patterns in Africa. Second, the study aims at

gaining a deeper understanding of the complex nature of social sustainability and CSR in developing countries located in Africa. Third, this research seeks to compare multiple social enterprises with sustainability-oriented companies in the textile industry in order to derive comparative findings and patterns as well as to capture variety. Thus, given the exploratory nature of the study and the qualitative nature of the data, consequently, a qualitative research design seemed highly appropriate in this particular research setting in order to develop propositions, rather than engaging in quantitative hypothesis-testing research.

Since CSR- and social sustainability-related practices are by nature broad and difficult to capture, the research was conducted in an innovative three-step procedure: First, issues related to CSR and social sustainability being presented on corporate websites of four African companies pursuing textile sustainability were inductively derived. Second, theoretical literature-based findings and statements on CSR practices were mirrored with the core subjects and recommendations as outlined in ISO 26000. This helped in catalyzing key issues on social sustainability. Third, by using the structure of ISO 26000, the statements as described on the corporate websites of these African companies were subsequently reconsidered and allocated to the core subjects and issues of ISO 26000. This enabled the investigation of similarities and differences in information and statements provided on the corporate websites about CSR and social sustainability.

In accordance with previous qualitative case research (e.g., Morioka & Carvalho, 2016), theoretical sampling was used in this research and several criteria for case selection in order to ensure rigor were defined. Four selection criteria were established for the final sample collection of typical and exemplifying cases, thereby allowing for a multi-case analysis. Based on the first selection criterion, the companies had to operate in the African textile industry, including all business processing of vegetable, animal or synthetic fibers, animal products, etc. The second selection criterion was whether the company constitutes a social enterprise. This was deemed necessary as social enterprises constitute an alternative, sustainability-enhancing business model (Urban, 2008). Despite numerous perspectives on social entrepreneurship and social enterprises (e.g., Dacin, Dacin, & Matear, 2010; Macke, Sarate, Domeneghini, & da Silva, 2018; Short, Moss, & Lumpkin, 2009), a common approach captures it as “entrepreneurial activity with an embedded social purpose” (Santos, 2012, p. 335). Acknowledging a certain blurriness in the concepts it was decided to only include companies in the final sample that explicitly stated on their corresponding web pages if they constituted a social enterprise. Following this, the third case selection criterion related to the broader perspective of whether the company fosters sustainability or business model innovations for sustainability. This criterion enabled retrieving comparative case data for within-case analysis as well as contrasting the data with the previously identified social enterprises (cross-case analysis). The fourth selection

criterion related to the research approach of analyzing published information on CSR or social responsibility on corporate web pages. That being said, each of the companies included in the final sample had to have its own online representation.

The geographical scope of this research focuses on Africa. The search for appropriate social and sustainability-oriented businesses proceeded iteratively through several steps based on the case selection criteria illustrated above. Generally speaking, the identification of suitable cases appeared rather difficult from Europe. This was mainly due to only limited official, accessible and reliable statistics on social enterprises and social entrepreneurship on the African continent. The final sample of suitable businesses yielded four companies in three African countries. Two of these companies are social enterprises, namely *Koliko Wear* and *Five | Six*, located in Ghana and Côte d'Ivoire, respectively. The other two enterprises, *soleRebels* and *SABAHAR*, are not explicitly social enterprises, but strive to enhance sustainability and to have a sustainable business model. Both sustainability-oriented companies

Table 1. Short description of social enterprises included in the analysis

Koliko Wear

Koliko Wear is a social enterprise in Ghana that produces shoes made from environmentally friendly materials. The company has been founded by Peter Anowie and Kwabena Obiri Yeboah. According to its website, the company was founded as a start-up on the idea of building a social business that has as its main focus to make sustainable shoes while engaging young people, supporting the unemployed and protecting the environment. The business philosophy of Koliko Wear centers around the following three core principles: (1) Creating avenues for the youth to be engaged in doing something with their skills or learning a skill for their future; (2) Using up-cycled and recycled material to cut down waste in order to protect the environment, and (3) Using part of the company's proceeds to support projects that fall in line with its own principles.

Source: adapted from <http://kolikowear.com/index.html>

Five | Six

Five | Six is a social enterprise in Côte d'Ivoire that produces textile home goods and accessories (e.g., bags). The company was co-founded by Emma Wingfield, an art researcher, and Laine Henry, a designer. Further, the company employs an operations manager in the community at Waraniéné in Côte d'Ivoire. The collective at Waraniéné has over 300 active members who all contribute to the production of the company's textiles. They are hand-woven using the same materials and techniques developed hundreds of years ago based on locally-grown cotton. According to the company's website, the co-founders strive to build a sustainable business that facilitates a dialogue between the local artisans and the global community. The company's mission is to make particular textiles that preserve a rare weaving culture while simultaneously benefiting their community. Further, the company targets at fostering a world of responsible consumers.

Source: adapted from <https://www.fiveandsixtextiles.com/>

Table 2. Short description of sustainability-oriented companies included in the analysis

<p>soleRebels</p> <p>soleRebels is a company in Ethiopia being active in the sustainable footwear sector. It was founded by Bethlehem Tilahun Alemu in 2004. The company is striving to be a market-leading eco-ethical brand and produces handcrafted shoes based on a combination of several traditional Ethiopian artisan areas. According to the company's website, its business model centers on eco-sensibility, community empowerment and the development of local supply chains. Further, product design and development are based on the usage of local and sustainable materials. soleRebels comprehensively illustrates its efforts in improving working and employment condition. Next to this, the company targets at zero carbon production and a true recycling approach. Eventually, soleRebels is the world's only footwear company being member in the World Fair Trade Organization.</p> <p><i>Source: adapted from https://www.solerebels.com/</i></p>
<p>SABAHAR</p> <p>SABAHAR is a company in Ethiopia that produces hand-made cotton and silk textiles such as, among others, table linens and cushions as well as accessories based on natural fibers. The company was founded by Kathy Marshall in 2004 based on the desire to create respectful, ethical and sustainable work opportunities for marginalized people. To date, the company employs 65 people at the main workshop and engages another 120+ artisans who spin and weave in their own homes or in cooperatives at different places in Ethiopia. Accordingly to the company's website, three core values stipulate the basis of its business: (1) 'Sustainability' by supporting and training artisans to apply their ancient skills to modern, fresh designs as well as by providing reliable income for the artisans' families; (2) 'Innovation' by adopting traditional weaving technologies to new fibers and products while at the same time remaining loyal to tradition; and (3) 'Caring for each other' by creating positive work opportunities in Ethiopia, with an emphasis on employment for women. In so doing, the company is also a member of the World Fair Trade Organization and –as referred to on the official website– complies with the Organization's 10 principles.</p> <p><i>Source: adapted from http://www.sabahar.com/</i></p>

are based in Ethiopia. Every group contains a textile and shoe producer. Table 1 and 2 briefly introduce each of the four companies by presenting their features. The approach of comparing positive and negative cases (here, social enterprise versus non-social enterprises) enables the finding of more valid results and differentiating patterns (Bryman, 2015).

The data identification, collection and analysis were based on the information provided by the respective corporate websites, and thus, limited to given and presented information showing the current momentum. This procedure is appropriate in the exploratory research setting since it enabled facilitating more detailed initial exploration and mapping of the data analysis with the corresponding literature streams on social sustainability and social entrepreneurship in Africa as well as

strategic sustainability communication and marketing. In total, 40 webpages were analyzed. The web presentations differ in amount and quality with each company. Additional material (e.g., magazine interviews with founders) was not transferred into the subsequent analysis in order to be consistent. For each company the corporate statements, market communication and marketing strategies were manually copied from the websites and stored in a separate Excel spreadsheet file. Data was collected from April to July 2018. Data analysis was conducted using a mixture of inductive and deductive qualitative content analysis (Mayring, 2014, 2015; Lock & Seele, 2015). Since, to the best of the authors' knowledge, no such or similar study exists up to now for the African context, an innovative three-step procedure was employed: First, issues and thematic categories were inductively derived which related to CSR and social sustainability presented at the corporate websites of the four African companies. These issues and topics ascribe to general management functions and value propositions, e.g. Product Design, Production, Sourcing, Retail, Human Resources, Systems Thinking, Consumption, etc. Second, theoretical literature-based findings and statements on CSR practices were mirrored with the core subjects and recommendations as outlined in the standard ISO 26000 to make it more comparable. This helped in catalyzing key issues on social sustainability, e.g. Local Community, Environment, Society, Customer, Employee, etc. Third, by using the structure of ISO 26000, the statements as described on the corporate websites of these African companies were subsequently reconsidered and allocated to the core subjects and issues of ISO 26000, e.g. Organizational governance, Consumer issues, Human rights, etc. This enabled the investigation of similarities and differences in information and statements provided on the corporate websites on CSR and social sustainability. In sum, the alignment of verbally expressed corporate practices with the core elements of the standard ISO 26000 increases the ability of comparing different statements.

In order to get some first insights for further studies and for formulating first propositions the given research design is appropriate. In line with common research practice (e.g. Dubois & Gibbert, 2010), construct validity is provided by using established theoretical and conceptual constructs to interpret findings. Internal or logical validity is assured by defining clear research questions as well as by using both inductive as well as deductive content analysis techniques independently by two researchers. Next, external validity in this study is appreciated by the description of case firms and of the context of the African textile industry. The cross-case analysis of four companies, thus, "may provide a good basis for analytical generalization" (Dubois & Gibbert, 2010, p. 132). Moreover, reliability in this research is facilitated by uncovering each step of the research procedure and by using theoretically-grounded constructs. However, this research has some limitations related to the research design: First, the research is of primarily conceptual character. The sample investigated is limited to only four cases located in three countries, albeit important hubs for the

African textile industry. Second, the research findings are based on a qualitative content analysis of corporate websites, meaning the data gathering and analysis is limited to the given and presented information on the companies' websites. As a logical consequence, interpretation is restricted to given communication and written marketing strategies elements on the one hand. On the other hand, it does not allow conclusions about honest or "real-life" business activities as well as sustainability effects. Moreover, the analysis and interpretation is limited to the time frame the data was collected. Thus, the analyses and findings only represent the raised moment. As already mentioned above, the number of case firms is rather low for multiple-case analysis – so, transferability and the scope of interpretation are limited and further research is necessary. Moreover, further research may reveal insightful results when referring to information also from supplementary material. What is even more, data collection by using in-depth interviews could also counteract limited empirical research on social enterprises and social entrepreneurship in the African textile sector. And third, the mapping of literature-based statements on CSR practices with (a) the CSR dimensions, (b) core subjects and issues of ISO 26000 and (c) findings from corporate websites might be subject to debate since this analytical step inevitably induces the researchers' subjectivity to a certain, though limited extent. Hence, the alignment of corporate statements to thematic categories and CSR domains might provoke ambidexterity and contradictions. A last limitation relates to the fact that the findings need to be crosschecked in terms of their real implementation by means of other research designs.

SOLUTIONS AND RECOMMENDATIONS

Findings of prior research have highlighted the great impact of different national institutional frameworks and business systems in developing countries for adopting varying CSR approaches in textile firms. Exemplarily, given the specific characteristics of textile value chains, CSR in textile firms in Brazil and China is not seen as priority nor considered legitimate and beneficial even in the long-term (Abreu, Castro, Assis Soares, & Silva Filho, 2012). The results obtained from the qualitative website analyses in this study show that CSR practices and activities concerning social sustainability are described in broad manner and in detail by all four companies. CSR seems to be legitimate by communication or marketing strategies, at least, in this sample. The statements found are similar as regards to content and the integration of different CSR-practices in nearly all parts of the textile value chain. Similarly, various CSR domains such as "Environment", "Employee" or "Local Community" are covered by all four cases. Given the contextual specifics of Africa, local community involvement and development are the most important

drivers for fostering business model innovations towards social sustainability in the textile sector.

However, concerning these CSR domains there are substantial differences in communication to be found. Whereas the domains such as “Local Community”, “Environment”, “Society “ as well as “Customer” and “Employee” are often addressed, the domains “NGO”, “Government” and “Competitor” are only of marginal importance. Annex 1 mirrors these results of the inductive derivation of CSR- and social sustainability-related information of the four companies as provided on their websites in particular. Yet, “Systems Thinking” is clearly and well addressed by all of the companies including social and environmental requirements. So, Pomeroy’s (2014) ‘*People*’ and ‘*Planet*’ are explicitly addressed by the companies’ market communication and marketing strategy. Fully incorporating social issues into marketing activities and strategies can thus be seen as an essential part of a firm’s responsibility and business ethics.

In order to synthesize CSR- and social sustainability communication patterns of the four companies the statements on CSR-related practices were mapped derived from prior research with core elements of the standard ISO 26000. The results of this methodological step are presented in Table 3. As the adoption of the ISO 26000 can enhance a company’s social sustainability and strategic marketing profile, all seven core items of the ISO norm should be communicated by corresponding strategic marketing activities. As can be seen in Table 3 almost all domains and dimensions entail broad conceptualizations reflected in a vast number of practices and actors. An exception must be made for the CSR domains ‘NGO’, ‘Competitors’ and ‘Media’. Further, the alignment with the structure of ISO 26000 reveals that many of its core subjects and issues coincide with the theoretically grounded statements on corporate CSR practices. When analyzing the correspondence in more detail, all issues from the core subjects ‘Labour practices’, ‘Consumer issues’ and ‘Community involvement and development’ can be traced. Interestingly, the following issues from ISO 26000 are not represented: ‘Human rights risk situations’, ‘Civil and political rights’, ‘Economic, social and cultural rights’, ‘Climate change mitigation and adaptation’ as well as ‘Anti-corruption’ and ‘Respect for property rights’.

The final step in the conceptual work comprised the mapping of CSR-related subjects and issues with the sample of four cases in the African sustainable textile sector according to core elements of the standard ISO 26000. As shown in Table 3, the research findings indicate that all four companies adhere to the core subject ‘Organizational governance’. Furthermore, all cases analyzed consider the following 8 issues in their corporate practices – at least as communicated on their corporate websites:

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Table 3. Mapping of theoretical statements on CSR-related practices with core elements of the standard ISO 26000

CSR domain*	Description of practices**	CSR dimension***	Mapping with ISO 26000		
			Core subject	Issue	
Customers	• Company committed to providing value to customer	Philanthropic	Organizational governance	-	
	• Treating customers in a fair way	Ethical	Consumer issues	1	
	• High quality & safety of products	Economic	Consumer issues	2	
	• Clear and accurate provision of all product and service information needed to make sound purchasing decisions	Economic	Consumer issues	1	
	• Customer protection	Philanthropic	Consumer issues	5	
	• No discrimination against customers	Ethical	Human rights	5	
	• Resolve customer complaints in timely manner and satisfy the complaints of customers in business decisions	Economic	Consumer issues	4	
	• Incorporate the interests of customers in business decisions	Economic	Organizational governance	-	
	• Companies have a responsibility to produce goods/services that society wants and sell them at a profit	Philanthropic	Consumer issues	3	
	• Wide product range as well as fair prices	Philanthropic	Consumer issues	3	
	• Employees are a resource to be valued	Philanthropic	Human rights	8	
	• Consult employee on important issues as well as employee engagement	Philanthropic	Labour practices	1 3	
Employees	• Treat employees fairly and respectfully, regardless of gender or ethnic background	Ethical	Human rights	5	
	• Supporting working environment & conditions	Philanthropic	Labour practices	2	
	• Adherence to high quality & safety assurance criteria during production	Economic	Labour practices	4	
	• Fair remuneration diversity and non-discrimination	Ethical	Labour practices	2	
	• Supporting families	Philanthropic	Labour practices	2	
	• Help employees balance their private and professional lives	Philanthropic	Labour practices	2	
	• Support employees who want to pursue further education & training	Philanthropic	Labour practices	5	
	• Provide procedures that help to insure the health and safety of employees and mitigate disability	Philanthropic	Labour practices	4	
	• Increase employee welfare	Philanthropic	Labour practices	2	
	• Incorporate the interests of employees in business decisions	Economic	Organizational governance	-	
	• Increasing dividends	Economic	Fair operating practices	4	
	• Maximize gains of all involved constituencies	Economic	Organizational governance	-	
	• Profit is one of many purposes of business and should be achieved, but not at any cost	Economic	Fair operating practices	4	
	Shareholder				
Supplier	• Sustainable growth as well as constant and long-term profitability	Economic	Fair operating practices	4	
	• Duty to inform (e.g., investors with full and accurate financial information about the organization; investors of changes in corporate policy)	Economic	Organizational governance	-	
	• Incorporate the interests of shareholders (e.g., investors) in business decisions	Economic	Organizational governance	-	
	• Careful selection of suppliers	Ethical	Organizational governance	-	
	• Supplier code of conduct & supplier audit collaboration in regard to CSR	Ethical	Fair operating practices	4	
	• Working fairly and respectfully with suppliers, regardless of their size and location	Ethical	Fair operating practices	4	
	• Incorporate the interests of suppliers in business decisions	Economic	Organizational governance	-	
	• Inform suppliers about organizational changes affecting purchasing decisions	Economic	Organizational governance	-	
	• Environmental degradation should not be tolerated	Ethical	The environment	1	
	• Raising awareness and commitment to action against environmental degradation	Ethical	The environment	4	
Environment	• Support of waste management processes	Economic	The environment	2	
	• Efficient use of resources as well as reduction of energy consumption & emissions	Economic	The environment	2	
	• Minimize the environmental impact of all the organization's activities	Economic	The environment	1	
	• R&D for new environmentally friendly technologies and production	Economic	Organizational governance	-	
	• Build infrastructure (e.g., transportation & energy) if it does not cause harm	Economic	Community involvement and development	4	
	• Sustainability defined in terms of business, environmental and community survival and mutual growth	Economic	The environment	4	
	• Incorporate environmental concerns in business decisions	Economic	Organizational governance	-	
	• Incorporate environmental performance objectives in organizational plans	Economic	Organizational governance	-	
	• Measure the organization's environmental performance	Economic	Organizational governance	-	
	• Sponsorship of social projects, activities and events	Philanthropic	Community involvement and development	7	
Society	• Supporting culture and arts as well as their development	Philanthropic	Community involvement and development	2	
	• Supporting sports clubs	Philanthropic	Community involvement and development	6	
	• Supporting schools and universities as well as other private or public educational institutions	Philanthropic	Community involvement and development	2	
	• Supporting youth and children	Philanthropic	Community involvement and development	2	
	• Provide consistent answers to society's expectations with regard to the moral and ethical standards	Ethical	Organizational governance	-	
	• Provide consistent responses to the philanthropic society's expectations	Philanthropic	Organizational governance	-	
	• Recognize and respect the new moral and ethical norms adopted by society	Ethical	Human rights	1	
	• Consider the ethical norms of society when defining business goals	Ethical	Organizational governance	-	

continued on following page

Table 3. Continued

	• Promote actions based on what is morally or ethically expected and exhibit voluntary roles driven by societal norms	Ethical	Human rights	1
	• Ensure corporate integrity/behavior upon acceptance of ethical standards and norms, and this action must go beyond compliance with laws and regulations	Ethical	Organizational governance	-
	• Pre-eminence of ethical issues to the organization	Ethical	Organizational governance	-
	• Donation of own corporate/other's goods or services	Economic	Organizational governance	-
Local community	• Maximize community consultation and involvement	Philanthropic	Community involvement and development	1
	• Stimulate (economic) development in the communities where the firm operates (e.g., creating and maintaining jobs; recruitment policies; local sourcing by means of adequate purchasing policies)	Economic	Community involvement and development	3 5
	• Active and volunteer participation of managers and employees in activities (e.g., arts, culture, and sports) in their local communities and in the community where the firm operates in order to improve the communities' quality of life	Philanthropic	Community involvement and development	2
	• Incorporate the interests of communities where the firm operates in its business decisions	Economic	Organizational governance	-
	• Financially support education and charities in the communities where the firm operates	Economic	Community involvement and development	2 7
NGOs	• Donating money and products (e.g., to environmental initiatives)	Philanthropic	Community involvement and development	7
	• Joint social projects	Philanthropic	Community involvement and development	7
Government	• Compliance with, as well as policy and practical actions that go beyond the minimum legislative requirements for CSR	Legal	Organizational governance	-
	• Voluntarily exceed government-imposed environmental regulations	Legal	Organizational governance	-
	• Compliance with various federal, state and local laws and regulations	Legal	Organizational governance	-
	• Perform activities aligned to the expectations of government and laws	Legal	Organizational governance	-
	• Cooperation with governments	Legal	Fair operating practices	2
	• No political commitments	Legal	Organizational governance	-
	• Company being a law-abiding corporate citizen	Legal	Organizational governance	-
	• Company being defined as successful because it complies with its legal obligations	Legal	Organizational governance	-
	• Provide goods and services that meet the minimum legal requirements	Legal	Organizational governance	-
Competitors	• Pricing; no price-dumping	Economic	Fair operating practices	3
	• Being fair	Economic	Fair operating practices	3
	• Keep a good competitive position	Economic	Fair operating practices	3
Media	• Maintain a high level of operational efficiency	Economic	Organizational governance	-
	• Open and transparent communication	Ethical	Fair operating practices	4
	• Inform media about CSR activities	Ethical	Consumer issues	1 7

* Adopted from Öberseder, Schlegelmilch, & Murphy (2013)

** Adapted from the following sources: Öberseder et al. (2013); Doh, Littell, and Quigley (2015); Reinert Lyra et al. (2017); Murphy and Schlegelmilch (2013); Lindgreen et al. (2009); Ansong (2017) as well as Kühn et al. (2018)

*** Inspired by Reinert Lyra et al. (2017)

- 'Employment and employment relationships' (core subject Labour practices),
- 'Conditions of work and social protection' (core subject Labour practices),
- 'Human development and training in the workplace' (core subject Labour practices),
- 'Protecting consumers' health and safety' (core subject Consumer issues),
- 'Sustainable consumption' (core subject Consumer issues),
- 'Community involvement' (core subject Community involvement and development)
- 'Education and culture' (core subject Community involvement and development) as well as
- 'Wealth and income creation' (core subject Community involvement and development).

Table 4. Mapping of CSR-related subjects and issues with selected enterprises in the African sustainable textile sector according to ISO 26000

Core subject	ISO 26000 Core issue	Mapping with enterprises in the African textile sector			
		Koliko Wear	Five Six	soleRebels	SABAHAR
Organizational governance	-	✓	✓	✓	✓
	1 – Due diligence				
Human rights	2 – Human rights risk situations	✓			
	3 – Avoidance of complicity				
	4 – Resolving grievances				
	5 – Discrimination and vulnerable groups	✓		✓	✓
	6 – Civil and political rights			✓	✓
	7 – Economic, social and cultural rights				
	8 – Fundamental principles and rights at work			✓	
Labour practices	1 – Employment and employment relationships	✓	✓	✓	✓
	2 – Conditions of work and social protection	✓	✓	✓	✓
	3 – Social dialogue				
	4 – Health and safety at work			✓	✓
	5 – Human development and training in the workplace	✓	✓	✓	✓
The environment	1 – Prevention of pollution	✓		✓	✓
	2 – Sustainable resource use	✓		✓	✓
	3 – Climate change mitigation and adaptation			✓	✓
	4 – Protection of the environment, biodiversity and restoration of natural habitats	✓		✓	✓
Fair operating practices	1 – Anti-corruption				
	2 – Responsible political involvement				
	3 – Fair competition			✓	✓
	4 – Promoting social responsibility in the value chain		✓	✓	✓
	5 – Respect for property rights				
Consumer issues	1 – Fair marketing, factual and unbiased information, fair contractual practices	✓		✓	
	2 – Protecting consumers' health and safety	✓		✓	✓
	3 – Sustainable consumption	✓	✓	✓	✓
	4 – Consumer service, support, and complaint and dispute resolution	✓		✓	
	5 – Consumer data protection and privacy				
	6 – Access to essential services				
	7 – Education and awareness		✓	✓	
Community involvement and development	1 – Community involvement	✓		✓	✓
	2 – Education and culture	✓		✓	✓
	3 – Employment creation and skills development	✓	✓	✓	✓
	4 – Technology development and access			✓	✓
	5 – Wealth and income creation	✓	✓	✓	✓
	6 – Health		✓	✓	✓
	7 – Social investment	✓		✓	

Interestingly, for all four cases, no indication on relevant corporate practices concerning the following issues can be found:

- ‘Due diligence’ (core subject Human rights),
- ‘Economic, social and cultural rights’ (core subject Human rights),
- ‘Social dialogue’ (core subject Labour practices),
- ‘Anti-corruption’ (core subject Fair operating practices) and
- ‘Responsible political involvement’ (core subject Fair operating practices).

This can be interpreted differently. Taking Ndhlovu’s (2011) perspective of prioritizing economic responsibilities and philanthropy, it might indicate that there is no need to talk about as it is a kind of inherent of African businesses. Another perspective could be, there are institutional voids or political or entrepreneurial challenges the companies do not want to talk about. Here, it will be of interest if there are immense differences between African companies and companies operating in Asia, Latin America and Europe. Likewise, it should be investigated further whether the non-presentation is mainly based on profit purposes or aligned to acting as a good corporate citizen (Abugre & Nyuur, 2015). Yet, based on the argument that communication should be aligned with a company’s specific objectives and

competencies (Ofori & Hinson, 2007), it can be assumed that either objectives or competencies are missing or remain unthinkingly or are not esteemed by customers, and thus, disregarded. However, the results indicate some political and entrepreneurial voids. Especially, the missing interaction and dialogues could be improved by the respective companies.

However, all four companies inform about CSR- and social sustainability-related practices concerning all seven issues in the core subject 'Community involvement and development'. Yet, there are some important differences reflected in the two groups of companies under investigation. More information about CSR- and social sustainability-related practices according to ISO 26000 were found on the websites of *soleRebels* and *SABAHAR*, thus, non-social enterprises (see Table 3). In addition, the two social enterprises do not reveal information on all core subjects. Specifically, *Koliko Wear* abstains from communicating practices related to the core subject 'Fair operating practices'. As opposed to this, the other social enterprise investigated, namely *Five | Six*, does not reveal any information on the core subject 'Environment'. However, the analysis also reveals that all four companies made considerable efforts to provide transparent and comprehensive information on their business models, innovative approaches, philosophies and sustainability-oriented activities.

Concerning the implementation of socially responsible practices, previous literature on the ready-made garment industry in other developing countries has identified several drivers and barriers (e.g., Huq, Stevenson, & Zorzini, 2014). In doing so, the role of open dialogue and trust in strengthening relationships as well as the competition for skilled labor have been emphasized as important drivers. Conversely, a lack of adequate integration of local cultural and socio-economic context or the complex burden of child labor are among the main barriers for adopting social responsibility in textile firms and value chain networks. In this sample of African textile companies, such issues do not seem to be a core issue – at least referred to the communication and marketing strategies of the companies. Maybe the African companies are more embedded in local value chains and deeper grounded in African contextual characteristics, like cultural and social-constructed patterns. So, external and negative effects caused by Western oriented mass consumption might be mitigated or prevented.

Yet, further differences can be derived when comparing the two social enterprises and the two sustainability-oriented companies. Although all four companies repeatedly publish statements concerning practices on product design and human resource management, the social enterprises in this sample provide less information in terms of degree and scope. What is even more, only one of the two social enterprises addresses issues centering on retail as part of the textile value chain. New and creative solutions are underrepresented against literature; the findings mainly strengthen the standards settings (Luke & Chu, 2013). However, according to Nyuur et al. (2014)

a multi-stakeholder approach is strongly needed. In terms of the two sustainability-oriented companies findings reveal that their communication and marketing pattern reflects a broader and more holistic approach. Exemplarily, these companies also include statements on practices related to the end-of-use phase in the textile value chain. Insofar, and referred to the type of the companies, it is just consequent and not astonishing. In fact, global sustainability issues such as poverty and ethical working conditions are becoming of utmost importance for companies in both developing as well as developed countries. These challenges, thus, provide great potential for those firms as regards aligning their corporate marketing strategies towards CSR. Since (strategic) marketing is seen to analyzing and (re-)considering various roles of multiple stakeholders in decision-making processes and strategy developments, it subsequently also may adopt them towards changing or shifting demands and claims for sustainability (Lim, 2016) – as stated by some companies in the sample (see Table 3 and Appendix).

FUTURE RESEARCH DIRECTIONS

Based on the exploratory comparative case design and synthesis of major empirical results, this section illustrates propositions serving as theoretical implications for further research on CSR communication and marketing strategies in African textile companies. The propositions developed also provide implications for managers and policymakers doing or consulting business in developing –African– countries. The CSR orientation of African textile companies seems to be grounded on local and inclusive values. CSR communication as well as marketing strategies embed ‘*People*’, ‘*Planet*’ and ‘*Profit*’ in an integrative way. Social business seems to communicate less issues around ‘*Planet*’, but strengthens ‘*People*’. This does not necessarily mean social entrepreneurs do not take care about the planet, they might only communicate less about it. Here, further research is needed. Moreover, figuring out specific reasons for not communicating several aspects of respective ISO 26000 issues interviews or inquiries have to be conducted. So, the real communication and marketing strategy and its linkages to CSR values and the four dimensions remain rather unrevealed. Drawing on the two research questions and the conceptual foundations as outlined above, the following research propositions can be derived:

- **Proposition 1:** The more sustainability-related information is provided on the corporate websites of a textile company in Africa, the less likely it is a social enterprise.

- **Proposition 2:** Innovations for social sustainability in the African context is stipulated by a strong inclusion of aspects related to community involvement and development.
- **Proposition 3:** In the African context, business model innovations for sustainability is based on the CSR dimension philanthropy.
- **Proposition 4:** The more a company in the African textile sector strives for social sustainability, the more it includes aspects related to labor practices and consumer issues, next to community involvement and development.
- **Proposition 5:** Companies in the African textile sector striving for sustainability scarcely refer to NGOs, media and government as stakeholders in the communication of sustainability-related information.
- **Proposition 6:** Institutional, political and entrepreneurial voids will not be communicated proactively by African textile companies.

Further theory-based and empirical research has to be conducted on these propositions in order to enhance research on business model innovations for sustainability, namely social enterprises and social entrepreneurship in the African textile sector.

CONCLUSION

This chapter makes a number of contributions: First, the chapter conceptually contributes to multiple research domains, namely (social) sustainability in the textile industry, social entrepreneurship, social innovation and inclusive growth as well as strategic sustainability marketing. Further, it contributes to the relevance of communication for fostering social sustainability in the textile industry, particularly in Africa. Second, using ISO 26000 as a showcase for social sustainability, the initiatives and activities of social and sustainability-oriented enterprises in the African textile sector are uncovered. Third, the results in this study suggest that sustainability-oriented companies in the African textile sector strongly emphasize social sustainability, in particular labor practices as well as community involvement and development are presented on the respective corporate websites in detail. The analysis of two social enterprises and two broader sustainability-oriented companies in Africa regarding their strategic sustainability communication and marketing patterns revealed a variety of CSR domains and practices being published on corporate websites. The CSR requirements addressed by the standard ISO 26000 are mostly addressed and communicated by the textile companies. It is assumed that mainly institutional, political and entrepreneurial voids are not communicated or issues that are not valued by the customers. However, as stakeholder involvement and

dialogue is one important factor in CSR, all textile companies in the sample could potentially improve their communication and marketing strategies. However, the essential fields of 'People', 'Planet' and 'Profit' are well addressed by all companies and thus, mainly sufficiently integrated in their strategic sustainability marketing.

In addition, this study theoretically implies some useful insights for a further contextualized understanding of CSR and social sustainability on the African continent. Interestingly, the findings suggest an increased integration of core local and African-oriented social values and responsibilities into corporate strategies among the firms investigated. At the same time, the detailed information and disclosure provided on CSR in most cases indicates a strong attempt of firms in Africa to consider social sustainability in order to mitigate the severe challenges the continent is facing as well as to benefit from its immense, culturally and historically rooted variety. Despite these –assumably– intrinsic corporate motifs, a deeper understanding of the external factors (e.g., institutional context) that foster or hinder the orientation towards social sustainability and adoption of CSR practices among textile firms in Africa is still lacking. In terms of managerial implications, thus, this study's findings reveal a strong need for developing and adopting corporate strategies, cultures and programs on grounds of moral and ethical values. Such a moral imperative seems to –though not uniformly– strongly influence sustainable firms' CSR adoption. As shown in the analysis, this also holds true in light of the labor-intensive, severely affected African textile industry, namely single African countries' niche-markets for the manufacturing and consumption of sustainable and ethical fashion and textiles.

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KEY TERMS AND DEFINITIONS

Comparative Case Design: Research approach used in qualitative and quantitative studies that focuses on the comparative, in-depth analysis of several contrasting cases and phenomena in different socio-cultural settings.

Corporate Social Responsibility: Concept that addresses the linkages and interrelationships between companies and the society at large by calling for increased sense-making and legitimacy processes of corporate activities.

ISO 26000: International standard that provides guidelines for companies, institutions and organizations in the fields of social responsibility and social sustainability.

Social Enterprises: Concept that includes a business-oriented perspective on the fulfillment of social objectives based on market transactions and techniques.

Social Entrepreneurship: Concept that refers to entrepreneurial activities with a social purpose accompanied by the development of new and creative solutions.

Strategic Sustainability Marketing: Marketing activities and processes based on long-term orientation and embracing sustainability-enhancing motifs in customer- and stakeholder-relationship management.

Sustainable Business Model: Corporate tool for offering, creating, delivering, and capturing value by integrating *all* dimensions of sustainability in a comprehensive and integral way.

APPENDIX

Table 5. Inductive derivation of CSR- and social sustainability-related information on corporate websites of African sustainable textile companies

Illustration of selected CSR-practices in the sample of African textile firms	Thematic category*	Selected CSR domain**
Koliko Wear		
• "to make the best wear to your taste"	Product Design	Customers
• "reduce waste by using upcycled materials"	Production	Environment
• "use locally made materials"	Sourcing; Production	Suppliers
• "environmentally friendly, choosing paper bags for our packaging"	Retail	Environment
• "range of ... handmade collections"	Product Design	Customers
• "support skilled and opportunity seeking youth"	Human Resources	Society; Employees; Local Community
• "fostering young talents, supporting the unemployed and protecting the environment"	Human Resources	Society; Employees; Local Community
• "high product quality"	Product Design	Customers
• "green and social business philosophy"	Systems Thinking	Shareholders
• "affordable prices"	Product Design; Consumption	Customers; Competitors
• "friendly and reliable customers' service"	Retail	Customers
• "engage skilled young people who have talent but do not have the opportunity to start their own business"	Human Resources	Society; Employees; Local Community
• "employees receive allowance and support in diverse ways"	Human Resources	Society; Employees
• "creating avenues for the youth to be engaged ... learning a skill for their future"	Human Resources	Society; Employees; Local Community
• "using up-cycled and recycled material to cut down waste ... to protect the environment"	Product Design; Production	Environment
• "using part of our proceeds to support projects"	Systems Thinking	Local Community
Five Six		
• "mindfully crafted"	Product Design	Customers
• "using centuries old techniques"	Production	Society
• "100% raw handspan cotton"	Product Design; Production	Environment
• "Waraniéné wanted to grow interest in their business beyond the borders of their community."	Systems Thinking	Local Community
• "add to our group of master weavers, tailors, and dyers every year."	Human Resources	Society; Employees; Local Community
• "committed to supporting and studying the rich traditions of West African weaving and dying and honor the artists who are committed to making this craft their profession."	Human Resources	Society; Employees; Local Community
• "building a sustainable business that facilitates a dialogue between the local artisans and the global community"	Systems Thinking	Society; Local Community
• "artisan-to-consumer brand"	Product Design	Society; Customers; Employees
• "developing our model with Waraniéné rather than for Waraniéné"	Systems Thinking	Society; Local Community; Shareholders
• "pay fair wages that we define with our weavers based on the current sell rate of textiles locally and skill level"	Human Resources	Employees
• "invest an additional percentage of our annual net profits back into the community for supplies, health, education, and business development programs"	Systems Thinking	Local Community
• "help foster a world of responsible consumers"	Systems Thinking	Customers
• "quality cloth that is significantly durable, reminiscent of linen, and softens with use"	Product Design	Customers
• "looms are built by the weavers upon the completion of their initial training"	Human Resources	Employees
• "The community functions as a social, artistic, and economic hub where traditions are passed down from generation to generation. By working directly with the master weavers at Waraniéné, we can help preserve this craftsmanship so it can endure, continue to evolve, and become a reliable source of income to anyone who wants to make this their livelihood."	Systems Thinking	Local Community; Society
soleRebels		
• "wages that are on average 4 times the legal minimum wage & 3 times the industry average wage"	Human Resources	Employees
• "bring jobs to our community"	Human Resources	Employees; Local Community
• "provided a decent standard of living for workers and their families"	Systems Thinking	Local Community; Society; Employees
• "100% medical coverage program covering workers and their families"	Human Resources; Systems Thinking	Local Community; Society; Employees
• "transportation for all workers"	Production	Employees
• "provide transportation ... for those workers with disabilities"	Production	Employees; Society
• "negotiated wages ... on mutually agreed company-wide goals"	Human Resources	Employees
• "top-notch product quality"	Product Design	Customers
• "sustainable production"	Production	Environment
• "everything is valued and valuable"	Systems Thinking	Environment; Society
• "ingenuity and resourcefulness"	Resources	Environment
• "true recycling"	Resources; Production; End-of-Life	Environment
• "find new uses for indigenous and recycled materials comes very naturally to us"	Resources; Production; End-of-Life	Environment
• "market-leading eco-ethical brand"	Product Design	Environment; Society

continued on following page

Strategic Sustainability Marketing and Social Responsibility in the Textile Industry

Table 5. Continued

<ul style="list-style-type: none"> • "thereby both preserving important cultural assets and giving our customers (that's you) incredibly cool and stylish things to wear." 	Product Design	Society; Customers
<ul style="list-style-type: none"> • "expertise of several traditional Ethiopian artisan areas - from hand spinning organic cotton to artisan looming fabrics and on to footwear hand crafting" 	Resources; Production	Environment; Society; Employees
<ul style="list-style-type: none"> • "plan on doing so much more for you and our community" 	Systems Thinking	Local Community; Customers
<ul style="list-style-type: none"> • "right to organize and bargain collectively - proudly our Constitution here in Ethiopia protects the right of collective bargaining for most workers, and all our workers exercise this right freely" 	Human Resources	Employees; Government
<ul style="list-style-type: none"> • "community dedication" 	Systems Thinking	Local Community
<ul style="list-style-type: none"> • "So every action we take is with the communities betterment in mind." 	Systems Thinking	Local Community
<ul style="list-style-type: none"> • "myriad of employment opportunities and always seeking to increase these" 	Human Resources	Employees
<ul style="list-style-type: none"> • "artisan education fund which funds the education of our artisans' children and / or close relative children" 	Human Resources	Employees; Society
<ul style="list-style-type: none"> • "The workers decide on where to allocate money." 	Human Resources	Employees
<ul style="list-style-type: none"> • "best investment is the one we make in our children's educational needs" 	Systems Thinking	Society
<ul style="list-style-type: none"> • "1st Fair Trade footwear company" 	Product Design; Production; Retail	Environment; Society; NGOs; Customers; Suppliers; Competitors
<ul style="list-style-type: none"> • "handcrafted love" 	Production; Systems Thinking	Customers; Society
<ul style="list-style-type: none"> • "share our love for the amazing artisan heritages of Ethiopia with the world" 	Systems Thinking	Society
<ul style="list-style-type: none"> • "proud to have created passionate fans around the planet" 	Systems Thinking	Society
<ul style="list-style-type: none"> • "express their creativity, uniqueness + positivity through their footwear" 	Product Design; Systems Thinking	Society; Customers
<ul style="list-style-type: none"> • "love, embrace and encourage creativity" 	Product Design; Systems Thinking	Society; Customers
<ul style="list-style-type: none"> • "enjoy world class jobs and prosperity" 	Human Resources	Employees
<ul style="list-style-type: none"> • "traditional eucalyptus looms that have been used here in Ethiopia for centuries" 	Resources; Systems Thinking	Environment; Society
<ul style="list-style-type: none"> • "save the planet with zero carbon output from the making of these wondrous fabrics" 	Production	Environment
<ul style="list-style-type: none"> • "more sustainable materials" 	Resources	Environment; Suppliers
<ul style="list-style-type: none"> • "recycled tires" 	End-of-use; Production	Environment
<ul style="list-style-type: none"> • "organic cotton" 	Resources; Production	Environment; Suppliers
SABAHAR		
<ul style="list-style-type: none"> • "produces uniquely designed, hand made" 	Product Design; Production	Customers
<ul style="list-style-type: none"> • "passion for preserving and celebrating the rich weaving tradition of Ethiopia combined with her desire to create respectful and ethical work opportunities for marginalized people" 	Human resources; Systems Thinking	Employees; Society
<ul style="list-style-type: none"> • "three core values that guide us" 	Strategy	Shareholders
<ul style="list-style-type: none"> • "sustainability: ... support and train artisans; ... provide reliable income for families" 	Human Resources	Employees; Local Community; Society
<ul style="list-style-type: none"> • "innovation: ... adopt traditional technologies to new fibers and products; ... remain loyal to tradition while adjusting to contemporary tastes of the world market" 	Product Design; Production; Retail; Systems Thinking	Customers; Society
<ul style="list-style-type: none"> • "caring for each other: ... products are made with care by people we care about; ... create positive work opportunities; ... emphasis on employment for women; ... members of the World Fair Trade Organization" 	Product Design; Human Resources; Systems Thinking; Production; Retail	Society; NGOs; Employees; Competitors
<ul style="list-style-type: none"> • "artisans who spin and weave in their own homes or in cooperatives" 	Production	Employees
<ul style="list-style-type: none"> • "buy handspun cotton from women in local markets" 	Resources	Suppliers; Local Community
<ul style="list-style-type: none"> • "provided fair wages and sustainable employment" 	Human Resources	Employees; Society
<ul style="list-style-type: none"> • "trainings regularly, both to build their capacity in their respective areas of specialization but also to help them better manage their finances, their health and homes" 	Human Resources; Systems Thinking	Employees; Society; Local Community
<ul style="list-style-type: none"> • "creates exquisite hand made" 	Product Design; Production	Customers
<ul style="list-style-type: none"> • "locally sourced" 	Resources	Suppliers; Local Community
<ul style="list-style-type: none"> • "entirely hand made" 	Product Design; Production	Customers
<ul style="list-style-type: none"> • "only uses natural fibers" 	Resources	Environment; Suppliers
<ul style="list-style-type: none"> • "range of products" 	Product Design	Customers
<ul style="list-style-type: none"> • "All of the cotton is from Ethiopia and most of the silk we use is also Ethiopian." 	Resources	Environment; Local Community
<ul style="list-style-type: none"> • "focus on the simplicity and purity of the raw materials and processes" 	Resources; Production	Environment; Suppliers
<ul style="list-style-type: none"> • "unique, richly textured textiles" 	Product Design	Customers
<ul style="list-style-type: none"> • "respectful, ethical and sustainable work opportunities" 	Human Resources	Employees
<ul style="list-style-type: none"> • "private sector has a critical role to play in the development of a country and the betterment of its people" 	Systems Thinking	Government; Competitors; Shareholders; Society
<ul style="list-style-type: none"> • "also supporting hundreds of people to earn salaries on which they can live" 	Human Resources	Employees
<ul style="list-style-type: none"> • "sustainable income" 	Human Resources	Employees
<ul style="list-style-type: none"> • "earn about 250% more than the industry average" 	Human Resources	Employees
<ul style="list-style-type: none"> • "permanent contracts" 	Human Resources	Employees
<ul style="list-style-type: none"> • "regular salaries" 	Human Resources	Employees
<ul style="list-style-type: none"> • "work week is 37.5 hours" 	Human Resources	Employees
<ul style="list-style-type: none"> • "pensions, paid vacation, maternity leave and medical coverage" 	Human Resources	Employees; Society
<ul style="list-style-type: none"> • "Staff members who are interested in going to school get time off to do so." 	Human Resources	Employees
<ul style="list-style-type: none"> • "All employees attend regular and comprehensive training and capacity building." 	Human Resources	Employees
<ul style="list-style-type: none"> • "Fifty percent of our staff is women and about 75% of the management positions are held by women." 	Human Resources	Employees; Society
<ul style="list-style-type: none"> • "use only environmentally friendly dyes and have a water filtration system working to minimize our environmental impact" 	Resources; Production	Environment
<ul style="list-style-type: none"> • "workshop is airy and light with lots of space" 	Production	Employees
<ul style="list-style-type: none"> • "re-distribute a percentage of our profits each year in bonuses" 	Systems Thinking	Local Community; Society; Employees
<ul style="list-style-type: none"> • "our artisans ... can learn what is needed to succeed" 	Human Resources	Employees; Society

* Authors' own derivation; ** Adopted from Öberseder et al. (2013)

Chapter 10

Potentials of Frugal Innovation to Combine the Social and Economic Objectives in the Marketing of Social Enterprises: The Case of EinDollarBrille e.V.

Anne Dressler

Chemnitz University of Technology, Germany

Stefan Hüsig

Chemnitz University of Technology, Germany

ABSTRACT

Social enterprises strive to address social problems and pursue economic goals. In doing so, they also have to deal with the question of how to structure their marketing approaches to balance social and economic marketing goals. Frugal innovation often aims to address social problems with solutions that are affordable and of high quality. At the same time, these innovations are embedded in economic structures and aim to generate profits. Thus, it is assumed that such innovations influence the design of marketing strategies. This case study reveals how the social enterprise EinDollarBrille e.V. combines social and economic aims in its marketing approach based on a frugal innovation. The findings are consistent with previous research that social enterprises should try to overcome seeming contradictions of marketing goals. It is proposed that social enterprises could consciously pursue strategies that create synergy between their dual aims. Thereby, frugal innovations can be advantageous.

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INTRODUCTION

In developing countries, such as most nations in Africa, poverty, health problems, and a lack of proper education remain ongoing social challenges (Beegle et al., 2016). Social enterprises as “organizations seeking business solutions to social problems” (Thompson and Doherty, 2006, p. 362) provide solutions intended to meet the needs of disadvantaged groups in such developing countries inter alia. In line with Thompson and Doherty’s (2006) definition, social enterprises pursue a social mission while simultaneously trading in the marketplace and earning profits. The contrast in these objectives results in an organizational structure that has interrelated dualities and that influences marketing approaches (Mitchell, Madil & Chreim, 2016; Satar & John, 2016). Social enterprises face the challenge of balancing their social and economic objectives and stakeholders. They have to foster stability and growth and position themselves as both collaborators and competitors appropriately. For instance, social enterprises seem to consciously limit their investment in marketing to maintain their image as a social enterprise. Nevertheless, as organizations with business models that aim to generate revenue, they have to cope with competitors as well. This might be a reason why their marketing emphasizes the quality of their solutions rather than their social mission. Also, creating awareness to establish cooperation and, even more, to receive grants and funds is another key marketing objective. Social enterprises have to remain true to their social purpose while simultaneously fostering business growth (Mitchell et al., 2016). This tension between their dual aims explains why marketing seems to be challenging and rather unconventional for social enterprises (e.g. Powell & Osborne, 2015; Shaw, 2004; Bull, 2006). Nevertheless, focusing on marketing can lead to profitability and the advancement of social missions (Choi & Majumdar, 2013; Glaveli & Geormas, 2018).

In the literature that speaks concerning solutions to social challenges, the topic of frugal innovation is considered. Tiwari and Herstatt (2012, 2014) define frugal innovations as new or significantly improved products, services, processes, or methods. Targeting customers who demand products with significantly lower costs, frugal innovations aim to reduce the total cost of ownership by minimizing the use of resources in the entire value chain. Another characteristic of frugal innovation is its value proposition and quality standard. Furthermore, frugal solutions tackle customers’ specific requirements with robust and high-quality solutions (Tiwari and Herstatt, 2012, 2014). Based on their key features, frugal innovations often improve living standards by providing affordable solutions to address social challenges while simultaneously seeking to generate revenue and fulfill economic objectives. Therefore, frugal innovations are assumed to be a fruitful approach to manage the tension inherent in seeking to fulfill both social and economic objectives. According to Weyrauch and Herstatt (2016), frugal innovation has three key features: substantial cost reduction,

concentration on core functionalities, and the optimization of performance. From a marketing perspective, it seems that frugal innovation is at its core underpinned by the same vision that drives the marketing of most social enterprises.

To illustrate this interrelation, this chapter uses the case study methodology of Yin (2009) to present the case of the social enterprise EinDollarBrille e.V. and explain how economic and social purposes are combined within the context of frugal innovation. EinDollarBrille e.V. is a German association that is endeavoring to provide glasses to more than 150 million people who live on less than a dollar a day. With their eyeglasses, they aim to improve living conditions and enable people to study or work (EinDollarBrille e.V., 2012-2018). To create a sustainable business model and realize the goal of fostering local economic development, the organization sells glasses instead of giving them away. This also requires a marketing approach that takes into account both the social and economic aspects of their objectives. Thus, EinDollarBrille e.V. was chosen as case study because it is an example of a social enterprise that has a marketing approach based on frugal innovation. This examination aims to contribute to a thorough understanding of the interaction of various influences.

This chapter is structured as follows: First, this chapter presents theoretical framework that summarizes some of the current research regarding social enterprises, social marketing, and frugal innovation. Second, the methods are explained. Third, EinDollarBrille e.V., particularly its glasses as a frugal innovation and its marketing approach, is introduced. In the results section, the findings are discussed. Finally, the solutions and recommendations as well as the conclusion are presented.

THEORETICAL FRAMEWORK

Before presenting the case of EinDollarBrille e.V. in detail, this chapter presents the conceptual and theoretical framework concerning social enterprises, their marketing activities, and frugal innovation.

Social Enterprises and Social Marketing

According to Thompson and Doherty (2006), entrepreneurship is a thinking approach comprising creativity, innovation, and opportunities that can be exploited by entrepreneurs. The result of entrepreneurship is the creation of value in financial, environmental, aesthetic, or social terms, or a combination thereof. Based on this view, the authors define social entrepreneurship simply as businesses addressing social problems. They perceive the main difference between social enterprises and other social-oriented organizations to be the fact that social enterprises act in more

profit-oriented ways. Among other differences, this difference is one reason why the structures of social enterprises can be quite varied. Thompson and Doherty (2006) identify several characteristics that distinguish social enterprises and describe 11 different cases. They define an enterprise as a social one if it has a social purpose and uses its assets for the benefit of communities. To this end, social enterprises are establishing economically oriented structures to at least a partial extent. However, profits are not distributed to shareholders. The members, particularly employees, of the enterprise have a certain say, and the enterprise is accountable to both the employees and the public. Therefore, social enterprises ideally fulfill social goals and generate financial returns, thereby achieving a double-bottom line paradigm.

In particular, promoting a social objective and ensuring economic efficiency seems to be a key challenge for social enterprises. Mitchell, Madil and Chreim (2016) analyzed 15 cases and considered the seeming conflicts of operating a social enterprise that has to balance cooperation and competition, stability and growth, fulfilling social and economic objectives, and seeking to benefit social and economic stakeholders. The tension between the social mission and the profit-oriented activities of a social enterprise is particularly evident in regard to marketing. Because organizations receive (at least partial) donations, the authors suspect that there are restrictions on social enterprises' use of money, as the social enterprises may be allowed to use certain funds strictly for the advancement of social objectives. For example, this means that organizations can only spend a small part of their budget on marketing activities, whereas the majority of their budget should be utilized for directly assisting their target group.

Mitchell et al.' (2016) results indicate that social enterprises have marketing strategies that aim to increase their revenue by concentrating on highlighting the quality of their solutions instead of promoting their social mission. Social enterprises have to cope with competitors and thrive, which makes it difficult for them to bear the additional cost of marketing their social purpose (time, effort, and money). In certain cases, it even seems as if an enterprises social goals are deliberately being deemphasized for the sake of competitiveness. It seems to be more pragmatic for social enterprises to focus on highlighting the quality of their products.

Another challenge for social enterprises is that they need to direct their marketing to a wide variety of target groups. On the one hand, they have to address potential customers, and, on the other hand, they must aim to attract donors and investors and convince them of the value and viability of their project. Furthermore, there seems to be a ceiling in terms of the level of growth and amount of revenue that social enterprises should pursue. The tension between fulfilling social objectives and economic goals seems to intensify when, for instance, a social enterprise is questioned as to why it still requires donations and if the enterprise's social mission continues to be its focus. As the organization grows, it appears increasingly difficult

to maintain a balance between fulfilling social purposes and pursuing economic goals (Mitchell et al., 2016).

Mitchell et al. (2016) also explain one of the ways by which organizations deal with these tensions and dualities: focusing on one aim versus the other, which is called separation. Depending on the specific goal to be achieved in a particular situation, organizations prefer one of the poles - social objective or profit-making endeavors. This means that marketing activities are adapted to meet specific goals and may vary in their timing and approach. However, the dual purposes of social enterprises do, nonetheless, mutually influence one another. For instance, developing a for-profit marketing strategy will have an impact on the enterprises endeavor to fulfill its social objectives in one way or another. This is one reason why Mitchell et al. (2016) recommend focusing on creating integrated strategies that address both poles of the duality. The authors also noticed that in some cases these separate strategies resulted in integration. This is why they perceive that there are possibilities for social enterprises to combine social and economic aims in their strategies. For instance, revenue gained through commercial activities can be used to promote social purposes which in turn holistically strengthen the enterprises brand (Mitchell et al., 2016).

Frugal innovation seems to be a particularly fruitful approach in the creation of strategies that integrate the dual aims of a social enterprise. Based on their key features, frugal innovations often pursue social goals without neglecting economic objectives. The frugal innovation approach could also simplify marketing.

Frugal Innovation

The term frugal innovation was first introduced by The Economist (2010). Discussing innovation for low-income consumer groups, The Economist defined frugal innovations not only as affordable but also as functional and high-quality solutions that specifically address customer's needs. Since then, the concept has increasingly received attention. Therefore, frugal innovations are said to be of great importance for economic development. Based on their core characteristics, they can be able to meet consumer needs in underserved mass markets. Thus, companies see frugal innovation as an opportunity to open up new markets (Herstatt and Tiwari, 2015; Tiwari and Herstatt, 2012).

However, the definition of frugal innovation remains complex. According to Pisoni, Micheline and Martignoni (2017), the term frugal innovation encompasses product-oriented, market-oriented, and criteria-oriented definitions. For instance, Rao (2013), speaking of the features of the products of frugal innovation, defined frugal innovations as being low-cost, having a compact and functional design, being made with reused materials, and characterized by the use of limited raw materials and the use of modern technology. Tiwari and Herstatt (2012) also formulated a

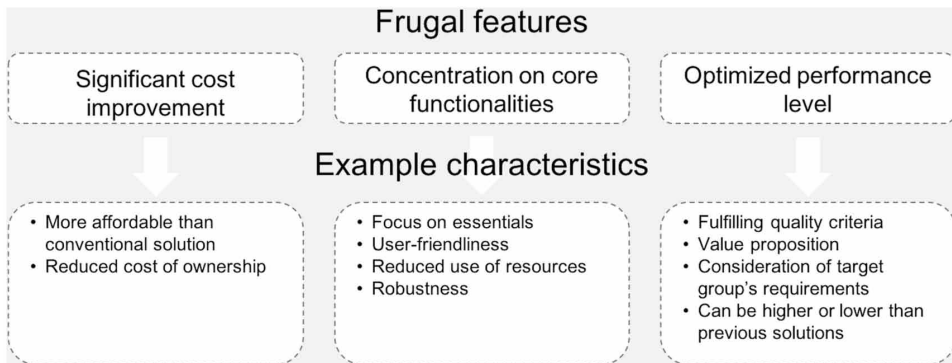
product-oriented definition. They define frugal innovations as solutions intending to reduce the total cost of ownership while simultaneously achieving acceptable standards of quality. Therefore, according to Tiwari and Herstatt, frugal innovations aim to reduce the use of resources in the whole value chain. As typical frugal case examples the authors named small-sized tractors, the so-called world's cheapest car "Tata Nano" and low-cost water filters amongst others (Tiwari and Herstatt, 2012).

Brem and Wolfram (2014) distinguished between the different kinds of innovations in emerging markets. They conducted a systematic literature review to define and compare the approaches of nine innovation types, including frugal innovation. The authors summarized that frugal innovations are product oriented and aim to reduce costs by using frugal methods. Regarding sustainability, frugal solutions partially address ecological concerns. Furthermore, they emphasized that the focus of frugal innovation is the "Bottom of the Pyramid" (BOP) consumers as the target market. This is why Pisoni et al. (2017) perceived their definition as belonging to the next level of market-orientation definitions.

Weyrauch and Herstatt (2016) defined three criteria to identify frugal innovation; these criteria belong to the most recent group of criteria-oriented definitions. The authors conducted a systematic literature review and also interviewed 45 representatives from companies and research institutions to determine features that an innovation should possess in order to be deemed a frugal innovation. They concluded that frugal innovations mainly comprise substantial cost reductions, concentration on core functionalities, and optimized performance levels (as illustrated in Figure 1). Substantial cost reduction means that the innovations have low purchase prices or low costs of ownership from a customer's perspective, while the concentration on core functionalities means that the innovations focus on essentials, are user-friendly, and minimize the use of resources. The performance level has to match the purpose of the innovation, meaning that the innovation can be either higher or lower than the performance levels of previous solutions. While keeping costs low, the innovation should be of as high quality as possible and fulfill its purpose. Considering the case example of the Mitticool, a fridge made from clay, the authors illustrated the frugal key features: The price of the Mitticool is less than half of that for conventional fridges and there are no further costs for electricity and disposal. The clay refrigerator is able to cool fruits, vegetables and dairy products, but has no lighting or freezer compartment in it. Therefore, it focuses on key functions. The performance level optimally meets local requirements. The small size is enough for a small family and the temperature is cold enough to cool fruits, vegetables and dairy products (Weyrauch and Herstatt, 2016). The systematic literature research presents the concept of frugal innovation comprehensively, hence, the definition of Weyrauch and Herstatt (2016) serves as a basis for the consideration of the case study.

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Figure 1. Key features of frugal innovation (according to Weyrauch and Herstatt, 2016)



Regardless of their different forms and foci, the definitions of frugal innovations seem to be based on Prahalad's definition of innovations that address customers at the BOP (Pisoni et al., 2017; Prahalad, 2010). Prahalad introduced 12 principles of innovation; one of the principles was that innovations should not only have lower prices but also new price performance to serve poorer population groups. This is in line with research findings that identify frugal innovations especially in developing countries. (Pisoni et al., 2017) Prahalad noted that it is not adequate to simply adapt Western products because functionality requirements must be considered comprehensively. Furthermore, conditions of rural areas are another challenge. Product development must consider infrastructural issues such as a lack of electricity or water; distribution channels should take into account the special conditions of rural areas. Considering Prahalad's 12 principles, the author formulated a basic idea that is increasingly receiving attention. On account of their characteristics frugal innovations intended for the BOP are primarily aimed at providing problem-oriented solutions and improving the circumstances of their target group. In the main, frugal innovations improve living circumstances; for example, they contribute to increasing prosperity and improvements in health conditions (Khan, 2016; Rosca, Arnold, & Bendul, 2016). This is one reason why several papers emphasize the interrelationship between social enterprises and frugal innovation (Bhatti, 2012; Hart, Sharma, & Halme, 2016; Singh, Gambhir, Sotiropoulos, & Duckworth, 2012). Kuo (2014) pointed out that frugal innovation contributes to the balancing of social and economic objectives of social enterprises because it creates well-being and generates profits. Also, Satar and John (2016) investigated the key challenges that social enterprises face. They mention the challenge of marketing and of balancing social and economic goals. Furthermore, they perceive that producing appropriate innovations is one of the main challenges for social enterprises but also, simultaneously, an opportunity

for intervention. Thereby, they emphasize that frugal innovation can be an effective way for social enterprises to assist a large target group despite resource constraints.

This is why, it is assumed that frugal innovations can contribute to tackle the marketing challenges that social enterprises face and enable social enterprises to pursue the integration strategy suggested by Mitchell et al. (2016) to create synergies between the endeavors involved in fulfilling social and economic objectives. For this purpose, the case of EinDollarBrille e.V. illustrates how frugal innovation features enable the social enterprise to fulfill its social mission and address its target group appropriately while simultaneously enabling it to realize the profit-making goals of marketing.

Aspects of Marketing for Evaluation

In order to explain the connection between an organization's character as a social enterprise, its marketing approach, and the frugality of its innovation, the 4 Ps marketing mix is considered (McCarthy, 1960). Regardless of the fact that the concept is highly controversial, it continues to assert itself in research and practice (Constantinides, 2006; Goi, 2009; van Waterschoot & van de Bulte, 1992) and offers a fundamentally generic approach for considering the case EinDollarBrille e.V.. Van Waterschoot and Van de Bulte (1992) further developed and specified the marketing mix after discussing the 4 Ps. They presented two levels: the basic mix and the promotion mix. The basic mix includes product, price, distribution, and communication, whereas the product mainly aims at satisfying the target group requirements. The price denotes the cost and way of payment and distribution refers to the way in which the solution is made accessible. Communication comprises mass communication (non-personal), personal communication, and publicity communication to encourage third parties to take supportive action. For each of these areas, there is an additional promotion mix that should efficiently increase the effect of the basic mix (van Waterschoot & van de Bulte, 1992 adapted from Waterschoot and Voet 1988).

METHODS AND CONSIDERATION

Prior to considering the case of EinDollarBrille e.V., research on the literature regarding social entrepreneurship, social enterprises and their marketing approaches, the 4 Ps marketing mix, and the concept of frugal innovation was carried out. Based on previous research on frugal innovation considering the case of EinDollarBrille e.V., the authors gained some first insights into the business model of the organization. The specific design of the organization's frugal innovation and its interrelation to the

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value chain and distribution approach of EinDollarBrille e.V. led to the assumption that the marketing strategy is aligned with the business model. Due to that, the organization was selected for analysis because it seemed to be a promising case to examine the marketing approach of a social enterprise. The case of EinDollarBrille e.V. was analyzed according to the case study method of Yin (2009). Various sources of data were collected and evaluated including interviews, videos, the organization's website, and its annual reports. Interviews and videos have been transcribed. All data have been compared according to qualitative content analysis (Mayring, 2010).

CASE STUDY: EINDOLLARBRILLE E.V.¹

EinDollarBrille e.V. is a German non-profit organization founded in 2012. The organization's mission is to provide affordable eyeglasses to about 150 million people worldwide, people who otherwise would likely be unable to purchase glasses. In its initial years, the organization supplied 100,000 people with eyeglasses in target countries such as Malawi, Ethiopia, Burkina Faso, and Bolivia. Moreover, the organization is not only concerned with providing glasses to disadvantaged people but also with creating sustainable structures to ensure long-term supply. According to the founder, Martin Aufmuth, providing a single pair of glasses to a disadvantaged person is not a permanent solution, as those glasses will need to be replaced at some point. Therefore, EinDollarBrille e.V. builds up structures on-site and trains people to

Box 1. OneDollarGlasses and the bending machine (EinDollarBrille e.V. 2012-2018)



measure visual acuity and produce glasses. OneDollarGlasses are produced without electricity thanks to a special bending machine that fits into a wooden box of 30x30 cm and contains all the necessary tools. Six people can use one bending machine and produce as many as 50,000 frames per year. For example, domestic manufacturers in South America produce approximately 1500 frames per month on a few square meters. It can even be operated by the visually impaired. Thus, the organization creates income generating jobs locally. Local development can be promoted only if profit is generated. To achieve this, the organization consciously pursues social and economic goals and defines its business approach as that of a social enterprise.

Aspects of Marketing of EinDollarBrille e.V.

It takes at least a year from the time EinDollarBrille e.V. makes a decision to become active in a new country to the time that the first steps are taken by people locally. During this time, the organization obtains permits, establishes cooperation, and determines the extent to which people are aware of eyeglasses and what the local income levels are like—in other words, the organization determines what the target group can afford and how much it is willing to spend on eyeglasses. Last, but not least, it looks for production sites and potential employees who can be trained. The marketing mix plays an important role in the organization's preparations and initial activities in the new country. However, it is rather difficult for the organization to measure the results of its marketing activities. Here, the organization still faces the challenges of implementing tools to better understand how marketing activities work. The following sections illustrate the features of the glasses as well as the organization's approaches to penetrate markets.

Design and Price of OneDollarGlasses

EinDollarBrille e.V. pursues a specific design of its spectacles, which enables the organization to offer an affordable but high-quality product, entirely in line with the idea of a frugal innovation.

Product

Regarding the product, EinDollarBrille e.V. aims to make its glasses simple yet of high quality. Although the cost of the material for the glasses is only \$1, the lenses are made of polycarbonate with a hardened surface. They are break- and scratch-resistant and are available in 24 different strengths in the range from -6 to +6 diopters (glasses with stronger lenses can be purchased as well). OneDollarGlasses have a lightweight and flexible frame that comes in different sizes. The spring steel wire

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frame can then be adjusted to one's face directly on-site, and the matching lenses are simply clicked in. If one's visual acuity changes, his or her glasses can simply be replaced. Thus, the organization guarantees people a supply of glasses with basic functionality that are competitive compared to conventional glasses. Appearance also plays a role - different colored pearls and spectacle tubes allow for varied designs. Angular lenses and sunglasses are available as well. The light frame means that the glasses can be easily adjusted on-site and replaced at any time, if necessary.

Price

The cost of the glasses varies from country to country. Typically, they cost about two to three daily wages, that is, \$5 to \$10. The glasses are only given away for free in exceptional situations, such as, if there is a sponsor willing to offer financial support. Selling the glasses is the only way to ensure that economic development is facilitated and income generated. Nevertheless, the price for a pair of glasses is considerably lower than local prices. As the eyeglasses are adapted and sold on-site, local people will not have to bear any costs for visiting a doctor or an optician. In most countries where the organization is active, people have to make expensive trips to the capital city to obtain glasses. Even eye screenings cost money. This is why the organization often advertises free eye tests, especially in rural areas where people are often unaware of what glasses even are, though they are aware that they have vision problems.

However, although the glasses are of extraordinarily low cost, EinDollarBrille e.V. has to explain the pricing model in detail from time to time, especially when Chinese providers sell more modern looking reading glasses for \$2, as the interview partner M. Schubert emphasizes:

You have to understand that people don't have a lot of money, so they see there's those great looking glasses that cost \$2 - why cost your glasses which I don't really prefer by design triple of price? That's very hard to explain to them why it is that price. You know - it's local in your country; your neighbor is employed by us and earns his daily wage at OneDollarGlasses and can send his kids to school. (M. Schubert, 2018)

Approaches Contributing to Market Penetration

The organization focuses on local distribution and marketing communication that highlights the price and the quality aspects of the glasses. In addition, cooperation partners play an important role to address the target group appropriately.

Distribution

As previously described, one of the core principles of the OneDollarGlasses project is that production and sales must take place locally. To accomplish this, the organization establishes shops and outreach campaigns. Shops, in particular, can address a relatively large target group with a reasonable cost-benefit balance. In Burkina Faso, the project is fully operational via shops and sales are growing annually. Outreach campaigns are also important for providing glasses to a relatively large number of people, especially in rural areas. Many people live far away from the larger cities or communities and cannot afford the travel expenses nor the cost of the glasses. A central location in the village is often chosen for measuring eyes and fitting glasses (e.g. religious sites or schools). Outreach campaigns are also possible due to the compactness of the bending machine. However, sales structures depend on the particular country and on geographical conditions. For instance, a franchise network will be established in Brazil, which will include many small opticians who will be responsible for distribution. In addition, Bolivia has a central warehouse for the whole of South America, which helps shorten transport times and minimize import problems.

Communication

In each target country, OneDollarGlasses has a particular name, for example, “VER BEM” in Brazil, which means “see well,” or “Good Vision Glasses” in Burkina Faso. In general, the organization’s promotional channels seem to be similar to those of the private sector. It is common for the organization to advertise through local newspapers, posters, or the radio. In contrast to the typical advertising practices in Western countries, the organization uses direct messaging as a form of advertising, which involves sending messages to mobile phones and smartphones. Also, word of mouth seems to be a common way to promote the project or an outreach campaign. For instance, if children receive the glasses (partly for free), parents are likely to be sensitized toward the solution provided by the organization for the vision problem. Also, when people who have a certain degree of influence in the community, such as teachers or priests, wear the glasses, advertising takes place. Such people take on the role of multipliers.

Cooperation

Furthermore, NGOs, national governments, and health care centers also serve as multipliers and cooperation partners. Whenever possible, EinDollarBrille e.V. fosters collaboration with other NGOs who are engaged in the same or a similar endeavor. The organization does not really perceive NGOs as competitors, as it tries to collaborate with NGOs in ways that create synergy. Health care centers are

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an important multiplier, as they are an initial contact point for people who have vision problems and can advise such people to buy OneDollarGlasses. Government support is also essential for the successful implementation of the project because it is necessary to receive permission from the government for various matters; but even more broadly speaking, it is simply beneficial to have the support of the government.

Content of Communication

When it comes to advertising their glasses, the organization faces a particular challenge in certain regions: that is, people must be sensitized toward vision problems and the possibility of correcting them. Many people are not even aware that they have vision problems and are hampered by them. In such areas, the organization advertises free eye tests. In areas where people are aware of what glasses are, EinDollarBrille e.V. advertises the cost advantages of buying their glasses, their flexibility and robustness, and the high-quality characteristic of German products. Advertising the German quality of the glasses is particularly effective, as the interviewee explained:

In Bolivia, for example, they advertise all the time with it's Lentes al Instante how they call the glasses over there and there is always the claim German quality [...] I think there is not a single person in the world, I guess, who doesn't know about German working standard so our production standards. (M. Schubert, 2018)

When it comes to design, EinDollarBrille e.V. has found that people often desire glasses that look more modern than those provided by the organization. However, when people realize how the glasses benefit them, they are happy to accept them.

Donors

EinDollarBrille e.V. relies on donors to support its projects. However, the organization experiences hardly any restrictions on the use of its money; at the most, it is required to earmark (e.g. providing children with glasses). A sponsor assumes that the organization will use the resources in the best possible way and requires regular reports from the organization. Such an assumption is based on the fact that the organization has had many years of experience and has worked out the best ways to accomplish their goals after much trial and error.

Results

EinDollarBrille e.V. aims to pursue a social mission that is supported by gaining recurring revenue. The organization's social objectives are twofold: on the one hand, to improve the health and living conditions of disadvantaged people, and, on

the other hand, to strengthen the local economy. There are many cases in which the recipients of the glasses were able to work again or work much more productively with their new glasses. The future of children is also positively impacted when their school performance no longer suffers from a correctable vision problem due to the glasses. Finally, the jobs that the organization creates contribute to economic development and enable people to be self-sufficient.

The frugal innovation furthers both the social and economic objectives of the organization. The significant cost improvement enables people who never have been able to afford glasses to do so. The organization obviates the need to pay for long journeys to visit doctors or opticians in the capital city. The additional service of eye screening is free of charge. Furthermore, by selling OneDollarGlasses with special designs (e.g. angular glasses) at higher prices, the conventional models can be offered at lower prices. The organization also uses other strategies to reduce costs. For example, it established cooperation with a health insurance company in Malawi that pays for the glasses.

By concentrating on core functionalities, the organization is able to address the needs of a target group that requires a functional yet affordable solution. Furthermore, the organization's glasses are both robust and flexible, enabling their glasses to perform optimally. Since they are prescribed, they address an individual's specific vision problem - this is a key advantage of the whole project, as the representative M. Schubert explained:

That is also our unique selling point. Anyway, we are one of the few NGOs in that kind of business that is providing people with prescription glasses. (M. Schubert, 2018)

Simultaneously focusing on core functionalities and optimizing performance levels opened up distribution possibilities. EinDollarBrille e.V. runs operations on-site and builds business structures of local employees and self-employed persons. Therefore, the organization fulfills its social purposes by creating employment opportunities that enable people to become financially self-sufficient. They promote their idea through local shops and campaigns and raise funds to meet financial needs.

Regarding marketing, the key features of frugal innovation address the 4 Ps marketing mix focusing on the needs of the target group. Price structures are adapted to local income levels and aim to ensure affordability. The product is customizable and is of a high standard of quality. The social and economic aims of the organization are also consciously promoted through marketing. Except in areas where glasses are generally unknown, the organization focuses its marketing approach on one aspect of its social objective: offering free eye tests. Apart from this, EinDollarBrille e.V. confirmed that their advertising is more concerned with highlighting the quality of its product than with promoting its social goal. Assumptions that marketing activities

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are subordinate to social accountability or are influenced by partners and sponsors were not consistent with the case findings.

The fact that the organization optimally designed glasses, which are produced and adapted on-site, makes distribution simple for the organization, and enables it to create local employment opportunities. Because of the design of the glasses and the corresponding bending machine used to produce them, it is possible to sell the glasses in local shops or through outreach campaigns. Therefore, one of the aims of advertising is to find potential candidates who wish to work with the organization on the project. It is usually easy to find people who wish to work for the organization using common advertising campaigns. The greater challenge is to find those who are motivated and able to work long term for the project.

To advertise its solution and employment opportunities, the organization makes use of traditional marketing channels, such as newspapers, television, or the radio. In addition, it employs the direct messaging method in developing countries, where the method is quite popular. Also, multipliers play an important role, especially when it comes to creating awareness concerning visual problems in relatively more rural areas. Cooperation is a prerequisite for the success of the project - cooperation helps the organization in gaining access to the target group and in taking local circumstances into account. Furthermore, the organization also endeavors to cooperate with its competitors. One possible explanation for this could be that socially oriented enterprises perhaps recognize that their social objectives can be advanced more effectively when pursued in cooperation with others, as opposed to in a solitary manner. In summary, M. Schubert of EinDollarBrille e.V. emphasized the interrelation of affordability issues and third parties' support:

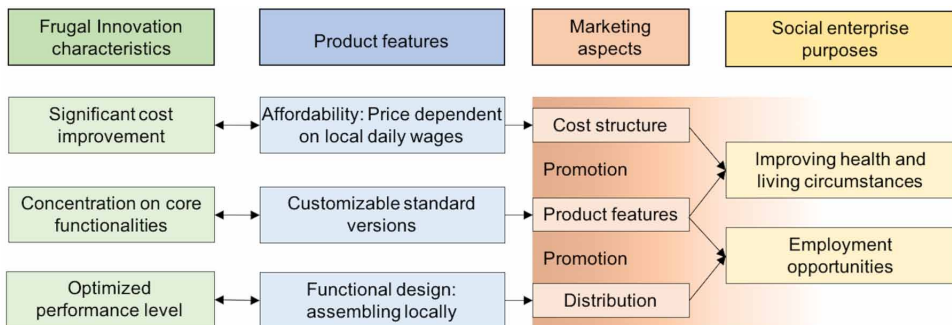
Where we work, there is a possibility for people to buy glasses, but mostly only in the capital, which means for them they have to be able to afford the whole travel part. So they need to get into the capital and back, they need to be able to afford eventually even getting the screening at the optician in the capital and on top of that they have to make the purchase which is 40 or 50 dollars for a pair of glasses, which is in no way affordable for them. So, the whole health industry mostly is supporting us also of course or the government by supporting us providing us with infrastructure. (M. Schubert, 2018)

ANALYSIS AND DISCUSSION

By designing a frugal solution, EinDollarBrille e.V. has created a business model that enables it to further its objectives as a social enterprise. Its marketing strategy is integrated into the whole business model. With its product, the organization is

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Figure 2. Interrelationship between frugal characteristics, marketing approaches, and social purposes



able to meet the needs of the target group and do so without differing much from conventional approaches. The organization’s marketing approaches and the channels it uses are similar to that of conventional profit-oriented companies. EinDollarBrille e.V. highlights its social objective only when it is strategic meaningful to do so. Also, there are no conditions or special expectations placed on donors in this respect. In order to remain competitive, advertisements usually concern price and quality. It should be noted, however, that the organization is relatively more likely to seek cooperation with competitors in order to create synergy. Overall, there seem to be more cooperative strategies, presumably because the social goal is in the foreground.

The entire concept is coherent, and the various aspects of the business complement each other. The organization furthers the social objectives of improving health conditions and living circumstances, and it also creates employment opportunities. Thereby, EinDollarBrille e.V. is an example of a social enterprise that follows the suggestion made by Mitchell et al. (2016) to create an integration strategy. The organization combines social and economic objectives with its solution and business approach and creates synergy between its dual aims. Therefore, based on this case study of EinDollarBrille e.V., it is proposed to focus on integration in marketing strategies for frugal innovations as management option for social enterprises. The frugally designed product OneDollarGlasses as an example of such integration illustrates the effectiveness of integration quite well, as illustrated in Figure 2.

Aspects of marketing are based on the product features, which at the same time fulfill specifications of a frugal innovation. The marketing mix contains elements to promote the product itself and to support the social engagement of the organization. Due to that, frugal innovations are perceived as an opportunity not only to combine social and economic objectives but also to design integrative marketing strategies around them.

Nevertheless, the study has limitations. EinDollarBrille e.V. is a single case involving specific circumstances and influences. Future research could make a valuable contribution by examining other cases in detail. For instance, it would be valuable to compare research investigating further cases where frugal innovation promotes integration strategies with research where this is not the case. Furthermore, it would be useful to closely examine the role of context (i.e. countries or regions), in order to deepen and expand the collective knowledge of this matter. Moreover, it makes sense at this point to examine in greater detail which features of frugal innovation could facilitate marketing. In order to gain a more comprehensive and deeper understanding, a cross-case analysis is recommended. Future research could also investigate to what extent social enterprises are relatively more willing to cooperate with other (social) organizations.

In addition, in regard to the cross-case study by Mitchell et al. (2016), it should be noted that their findings indicate that tensions between social and economic goals intensify above a certain level. The rationale for this claim can hardly be addressed when considering a single case without comparative data. Future research could focus on investigating other cases with the aim of more precisely analyzing and determining the point at which such rise in tensions begins.

CONCLUSION

The case of EinDollarBrille e.V. demonstrates how an organization pursues its social mission by using marketing strategies that incorporate the key features of a frugal innovation. Significant cost improvement, concentration on core functionalities, and optimization of performance levels represent partially a market mix that can contribute to ongoing revenue streams and advance social objectives by utilizing the synergies created. The case leads to the conclusion that social enterprises can cope with the challenges of combining social objectives and marketing requirements by rethinking their solutions and taking advantage of what may initially seem to be contradictory aims. Thereby, frugal innovations can enable an enterprise to advance social missions without undermining economic aims.

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KEY TERMS AND DEFINITIONS

4P Marketing Mix: The marketing mix comprises the dimensions product, price, place, and promotion.

Bottom of the Pyramid (BoP): The BoP refers to the lowest income group.

Developing Countries: Developing countries show, among other things, a significantly lower per capita national product, low labor productivity, a high illiteracy rate, and a high share of agricultural employment compared to industrialized countries.

Diopters: Unit of measurement of the optical power of a lens or a curved mirror.

EinDollarBrille (OneDollarGlasses): Glasses that are assembled locally and sold for a daily wage.

Frugal Innovation: Affordable and functional innovation of good quality that meets specific customer requirements.


ENDNOTE

- ¹ The presentation of the results is based primarily on a personal interview with Michael Schubert conducted on May 25, 2018, as well as video contributions by Stern TV (2018) and WDR (2017), the 2016 annual report of EinDollarBrille e.V., and the web presence of the organization EinDollarBrille e.V., 2012-2018.

Chapter 11

Challenges for Social Enterprises in Special Education

Neeta Baporikar

 <https://orcid.org/0000-0003-0676-9913>

Namibia University of Science and Technology, Namibia & University of Pune, India

ABSTRACT

Social entrepreneurship is a rapidly growing discipline that is attracting the interest of governments, researchers, media, and organizations. Social enterprises have the ability to impact nations economically, environmentally, and socially by solving most pressing problems such as poverty, hunger, pollution, and education to name but a few through provision of their innovative products and services. So, in order for social enterprises including special schools to function effectively and efficiently, deliver innovative and quality services, and achieve their goals, they need sufficient sources and funding. Many researchers also cite that lack of funding is one of the greatest challenges and this is further aggravated due to lack of proper marketing of their services. Hence, adopting an exploratory research design and mixed method approach, the objective of this chapter is to apprehend the challenges of social enterprises in special education with a focus on schools, especially in emerging economies.

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INTRODUCTION

Social entrepreneurship is a rapidly growing discipline that is attracting the interest of governments, researchers, media and organizations (Defourney & Nyssens, 2010; Stevens, Moray, & Bruneel, 2015). Social entrepreneurship is not only about making profit but also about changing the lives of people and transforming the world. Macro trends which the world faces be it poverty, education, inclusiveness is creating and forcing obvious shift towards economic and business activities being embedded within the social and environmental milieus (Urban, 2015). Traditional approach of separated view on economic vis-à-vis social value give rise to in a reality where financial returns are not resolved with social, environmental, cultural, and ethical impacts (Singh and Bodhanya, 2014; Urban and Kujinga, 2017).

Hence, social entrepreneurs and enterprises are essential to transform the society. Moros, because to bring desired transformation requires individuals with determination, who take advantage of opportunities in society. These individuals require outstanding leadership and innovative skills to solve societal problems. Entrepreneurial activities that embark on social entrepreneurship are called social enterprises. They differ from any other entrepreneurial organization in that their major goal or focus is on social value creation (Baporikar, 2016a; 2016c). Social enterprises have the ability to impact nations economically, environmentally and socially by solving most pressing problems such as poverty, hunger, pollution and education to name but a few through provision of their innovative products and services (Bugg-Levine, Kogut, & Kulatilaka, 2012; Smith, Cronley, & Barr, 2012). Social enterprises can take any form of ownership such as non-profit making, profit making, public, private or hybrid organizations (Hare, Jones, & Blackledge, 2007). Investing to achieve social outcomes is not a new phenomenon (Höchstädter and Scheck, 2015). The focus is to invest for creation of social and environmental impact. Since than impact investing has been growing in recognition, prominence and size (Partridge, 2013). Thus, impact investing also is another approach to meet the 21st century challenges as well as construct assessable and positive impact beyond financial returns (Höchstädter and Scheck, 2015).

Different types and forms of social enterprises exist world over. Namibia is no exception. However, the researcher's focus is on public social enterprises that offer special needs education to children who are coming out of mainstream schools. Education is very important for all children regardless of their condition (Namibia Education Act, 2001). Hence, the researcher's focus is on public schools, which offer special needs education. The researcher contends that special schools can be perceived as social institutions as they are firstly, non-profit making and secondly, have a social mission to reintegrate students with special needs back into society. Student with special needs are learners who are struggling intellectually or who

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have a physical disability. The learners undergo training and acquire practical skills that can help them get jobs.

Therefore, in order for social enterprises including special schools to function effectively and efficiently, deliver innovative and quality goods or services and achieve their goals, they need funding (Hofstrand, 2013; Bugg-Levine, et al., 2012; Martin, 2015; Tulchin & Lin, 2012). However, many researchers cite that lack of funding is one of the challenges that social enterprises face worldwide (Bugg-Levine et al., 2012). Moreover, Chong and Kleeman, (2011) explain that due to the global economic crisis, social enterprises are facing challenges in funding their institutions. Fortunately, this crisis has also led to many opportunities to source for funds. Nonetheless, there is now stiff competition to access funding (Chong & Kleeman, 2011). Consequently, social enterprises can no longer rely only on one form of funding but need to look for other alternative forms to survive. It is thus important for social enterprises to know how to source funds for their businesses. Martin, (2015) explains that these sources can range from traditional to new methods of funding such as philanthropic grants, donations, revenue streams, personal savings, loans, equity and debt capital crowd funding and social impact bonds. Nevertheless, the source of funding to be used by any social enterprise will depend on the type or size of that social enterprise. The findings of the research therefore may help special schools to identify various sources of funding that may contribute towards the attainment of the schools' goals that is to deliver quality education and towards the effective and efficient running of the schools. It is assumed that 5% of the Namibian population lives with some form of disability; hence, in 2014 the Ministry of Education introduced the Inclusive Education Policy (Uukongo, 2014). This policy saw some learners with disabilities being catered for in normal schools and the quest to improve the availability of services in special schools. However, ever since the global economic crisis of 2008, the economic climate has become tough and investors have tightened their funding procedures (Chong & Kleeman, 2011). There is stiff competition among social entrepreneurs to source for funding. Also in special schools and other schools there is lack of appropriate equipment and resources such as those for braille and sign language to assist the learners and this is hampering delivery of quality teaching (School for disabled kids' faces big challenges, 2015).

There is sufficient research about inclusive education and its challenges in Namibia but little research has been undertaken about the challenges of special schools in Namibia. Balhao (2016) cites that financial educational constraints began from the time that the Ministry of Finance in Namibia announced that payment of both primary and secondary school fees would be abolished from 2016 beginning. This led to a paradoxical situation. On one hand parents were relieved that learners could now go to school for free; whereas on the other hand schools were crying

foul as it became a challenge for schools to finance school activities because the funds supplied are not enough and usually come late (Tjitemisa, To buy or not to buy school stationery, 2015). It has become prevalent for schools to look for other sources of funding to alleviate the challenges they are facing and for this the need is that they also acquire the skills of marketing their services. Against the background of the research problem highlighted, the aims of this research are to: investigate the major challenges of financing social enterprises in the public education sector and explore the sources of marketing so as to ensure alternative funding to social enterprises in the public education sector.

BACKGROUND

Social entrepreneurship as a concept has been rapidly growing in the private, public and non-profit sectors and interest in social entrepreneurship continues to grow (Johnson, 2002). Martin (2015) opines that social enterprises are very important in bringing global transformation to markets. So what constitutes a social enterprise? It is an enterprise or organization which by applying profitable policies maximizes not only financial returns but also social and environmental well-being for the stakeholders (Nicholls, 2016). Reis (1999), posits social entrepreneurship as bringing business expertise and market-based skills to the non-profit sector in order to become more efficient in providing and delivering products and services. Also, the Social Enterprise Alliance cited by Chong and Kleeman, (2011) define social enterprise as “an organisation or venture that achieves its primary social or environmental mission using business methods [...] the social enterprise movement includes both non-profits that use business models to pursue their mission and for-profits whose primary purposes are social.” This latter definition was used as the study employed a Business Model Canvas to investigate how a social enterprise such as a special school can be funded. Social enterprises may take the form of profit or non-profit organisations and their forms of ownership may range from co-operatives, mutual organisations, social businesses, companies, charities depending with the legal forms of business available in the country where the social enterprise operates (Nicholls, 2016).

Main areas addressed by this definition are that social enterprises have social missions meaning they are able to solve problems such as poverty, pollution, or unemployment by being innovative (Baporikar, (2018). Then they may operate as profit, non-profit or hybrid organisations. Nicholls (2016) called researchers to investigate case study examples that would elucidate the different types of social enterprises. Further, social enterprises may use business models to pursue their social mission. However, this needs to be well crafted organizational communicate

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to bring all the internal stakeholders on board (Baporikar, 2017), be it students, parents, administrators and teachers. Equally, social enterprise needs an operative occupational model for achievement. It includes two key elements, which are an operating strategy and a resource strategy. It helps the social entrepreneur to “convert inputs into outcomes and to generate the social (measurable impact) and economic value/revenue” (Kerlin, 2009).

Social Enterprises Forms

The type of social enterprise formed depends on the legal framework, political economy, cultural and historical traditions of non-profit making development in different countries (Bielefeld, 2012). They can also be for profit or not for profit making. The major aim why they are established is to achieve either economic or social goals by delivering social services through provision of goods and services or social inclusion by incorporating work integration for disadvantaged groups or provide community and services in educational cultural or environmental field (Aiken, 2010). Examples of social enterprises include: TOMS Shoes: One for One, State Bags: Give. Back. Pack and BARON FIG: Buy a Book, Plant a Tree (Spaulding, Fernandez, & Sawayda, 2012).

Profit Making Social Enterprises: There are many examples of social enterprises which are profit making. These types of social enterprises must achieve both a social return and a financial return and often work towards a blended value of return (Bugg-Levine et al., 2012). For example, Muhammad Yunus of Bangladesh started Grameen Bank in 1983. This microfinance institution was created to offer small loans to the less privileged people regardless of their social or financial status especially women who did not have collateral in the country in order to eradicate poverty and inspire others worldwide. This bank carries a social mission that is to care for the poor and alleviate poverty. The bank uses a commercial model and gets profit, which is helping it to grow and expand (Smith et al., 2012).

Not for Profit Making Social Enterprises: Kang (2015) states that not for profit social enterprises are not concerned about making profit but rather about achieving their social goal through business models. Examples can take the form of social enterprises that deliver health and social care, public transport services, refuse collection, recycling material, sports and leisure and education sector to name but a few. Therefore, special needs education schools in Namibia would be examples of public social enterprises because firstly they do not make profit, as they are government institutions giving a service to the nation. Secondly, their aim is to integrate back into society learners educationally or intellectually challenged by providing skills and training that help them to work like any other citizen of the nation. This is also based on the concept of lifelong learning which is the bedrock

of evolving societies (Baporikar, 2016c). Thus, social entrepreneurship can take a variety of forms, including innovative not-for-profit ventures, social purpose business ventures, and hybrid organizations mixing for profit and not-for-profit activities (Dees, 1998).

BUSINESS MODELS USED BY SOCIAL ENTERPRISES

Both public and private social enterprises may use business models to pursue their social missions. An effective business model is essential for the success of a social enterprise. It includes two key elements, which are an operating strategy and a resource strategy. It helps the social entrepreneur to “convert inputs into outcomes and to generate the social (measurable impact) and economic value/revenue” (Social Enterprise Business Models, 2009). These social enterprise models are described by various researchers researchers (Grassl, 2012).

Alter’s Business Model

The business model that any social enterprise chooses influences the sources of funding. Alter (2006) outlined the range of models namely: entrepreneur support; market intermediary; employment; fee-for-service and market linkage which can and are usable by social enterprises to explain how social value and economic value are created and how these can be pooled to boost and attain high value creation.

Business Model Canvas

According to Osterwalder and Pigneur (2010), business model describes the rationale of how an organisation creates, delivers and captures value.” This model provides nine key components that are like the building blocks and aid to distinguish one social enterprise to the other. The nine key components are customer segments, value propositions, channels, customer relationships, revenue streams, key activities, key resources, key partnerships and cost structure. This study adopts the Business Model Canvas (BMC) developed by Osterwalder & Pigneur (2010) in order to explore the challenges of special schools in Namibia. Figure 1 presents this 9 Building Blocks of the Business Model Canvas.

Dohrmann, Raith & Siebold (2015) analysed this model, while Horn (2016) states that when creating value, a social enterprise should think of creating value through customer segments, value proposition, channels and customer relationships. The brief discussion on this follows:

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Figure 1. Edifice wedges of the business model canvas

Source: Adopted from Osterwalder & Pigneur, 2010

Analysing capabilities		Value created for stakeholders		
Key Partnerships	Key Activities	Value Propositions	Customer Relationship	Customer Segments
	Key Resources		Channels	
Cost Structure		Revenue Streams		

Customer Segments: An organization can serve one or more customer segments and that the customer segments are the groups that any social enterprise serves. It is important to know who the customers of a social enterprise are, their characteristics, circumstances, preferences, needs, behaviours and attitude and what their specific needs are (Horn, 2016). Customers vary from one organization to the other depending on the type of products or services that the social enterprise is serving. For example, special schools in Namibia are categorized to serve different learners with conditions such as intellectual impairments, visual and auditory impairments as well as learning difficulties (Curriculum Framework for Inclusive Education, 2014).

Value Propositions: Refer to the bundle of products and services that create value for a specific customer segment. In addition, Horn (2016) stresses that value proposition is the key to business. Value can be created for both an individual and the society. It is about finding the reasons why customers buy products or request services and how the social enterprise will solve customers’ problems. Therefore, the researcher advocates that for a special school their value proposition would be to offer practical educational courses as a unique benefit to the disabled or intellectually challenged children such as hairdressing, woodwork, office administration, cookery to name but a few. Innovative services can also be offered to special schools such as small classes with few learners to give individual attention to learners, interactive learning, skills/vocational learning. Further, knowing value propositions helps a social enterprise to understand deeply the needs and desires of the customers, and aids to offer that unique product or services. Thus, any social enterprise should be willing to become innovative and find what products or services can serve better the needs of the customers as well as deal with competition if any.

Channels: Are described as “how a company communicates with and reaches its customer segments to deliver a value proposition” (Osterwalder & Pigneur, 2009). Channels can also be described as the mechanisms that the social enterprise

will use to deliver value to customers. Delivering value can take different forms such as selling products or service to customers face to face, or via online. The social enterprise has to be creative in reaching out the customer. However, the business should be able to integrate and use the most effective yet cheap channels to reach customers (Horn, 2016). Effective and cheap communication channels are vital for a school because they ensure that messages are received clearly but also ensure that misconceptions and misunderstandings are cleared as both the school and the stakeholders interact. Ways to communicate in schools vary from personal conversations, school boards, notice boards, face to face announcements at school hall or at assembly, diaries, e-mail, letters, telephone calls, cell phone messages (SMS), Whatsapp messages.

Customer Relationships: Horn (2016) expands that a social enterprise should outline how they will maintain customer relationships through various communication channels such as personal assistance, after sales service, self-service, regular meetings, or public relations and other automated systems. It is important to maintain customer relationships regularly. For example, when dealing with special schools it is always important to develop trustworthy and respectful relationships with customers and stakeholders. After creating value, Horn (2016) opines that the social enterprise should know how to deliver value through use of key resources and establishment of key partnerships who can supply these resources.

Key Activities: Are very important in that they help the business to deliver its propositions. They are very important and can range from sale of products or service provision. They must be in line with the vision and mission of the organization. These activities have to be unique and must secure more customer segments, strengthen customer relationships and increase revenue streams (Osterwalder & Pigneur, 2009; Horn, 2016). Special schools in Namibia offer primary, secondary, Prevocational and Vocational as well as beginners phase, junior phase and senior phase to learners who are marginalized such as, Orphans and Vulnerable Children (OVC), street children, children with visual and auditory impairments and learning difficulties and who could not be placed in main stream schools for one or more reasons. The schools offer different key activities according to how they have been categorized (Ministry of Education, 2013).

Key Resources: Are inputs required to deliver the products or services of a social enterprise (Osterwalder & Pigneur, 2009; Horn, 2016). They vary according to the nature of business conducted. For example, key resources for manufacturing business will be different from a trading business or a service business. They could be in terms of physical, human, intellectual, financial (De Reuver, Bouwman, & Haaker, 2013). Special schools require a variety of key resources to deliver their core mandates. Examples could be physical infrastructure (such as buildings); human

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resources such as (specialized teachers, volunteers, audio and speech therapists); and financial resources such as (government grants, school fees and donations to purchase capital items or pay for daily expenses). This is supported by the research of Khamati and Nyongesa (2013) who stated that there are areas which make education run smoothly such as infrastructure development (buildings, laboratories), provision of meals and school uniforms.

Key Partnerships: Highlight the external organizations that supply key activities and key resources. The social sector relies on partners to make the desired solution and have it work (Horn, 2016). Key partners refer to those relationships that are crucial for the day-to-day running of the enterprise. This means there is accountability to a bigger number of stakeholders and hence the way to nature and manage these relationships is by building partnerships with the key stakeholders and partners (Baporikar, 2016d). In a school set up, there is a variety of stakeholders. That is the people that the school is in contact with or has a relationship. The key partners can be suppliers or buyers of products, materials or services to the social enterprise. Some of the stakeholders for special schools include the government personnel, community members, teachers, the parents, the banks, the sponsors/donors. (Nakale & Nuukala, 2017). Lastly, Horn (2016) explains that it is also important to capture value through knowing the revenues streams and the cost structure.

Revenue Streams: Result from the benefits that the social enterprise is providing (Horn, 2016). How does the business earn revenue from the value propositions? Dohrmann, Raith & Siebold's (2015), conceptual framework of monetizing social value creation, revealed, "Different types of social business models generate different sources of income streams." In addition, the business model that any social enterprise chooses influences the sources of funding. Special schools need revenue to carry out their activities. Examples of sources of revenue may be government grants (UPE and USE), donations, income generating projects such as class projects, school fees.

Cost Structure: Costs are expenses that are incurred by the social enterprise. Costs are incurred when a social enterprise carries out its key activities. It is always important to link costs to the revenue structure. It is also imperative to find out which activities cost more and which ones are the least expensive for the social enterprise. Depending on how the enterprise is structured and what partnerships it has in place, the enterprise should consider outsourcing costs to partners, or whether receive at a discount or through philanthropic giving (Osterwalder & Pigneur, 2009; Horn, 2016). The costs incurred at a public special school range from salaries (which are paid by the government), maintenance of buildings and equipment, insurances and security costs, teaching and learning materials, administrative expenses, photocopying expenses, transport costs, insurance, school tours, and so on.

CHALLENGES OF SPECIAL SCHOOLS

Social enterprises are the engine to solve societal problems. Similarly, funding is also the oil that makes the engine of special schools run. Education is so important that its funding is of priority to many stakeholders (Ahmed, 2017). Likewise, Hanse-Himarwa, (2016) when presented the Ministry of Education, Arts and Culture's (MOEAC) Budget Motivation for 2016/2017 highlighted that the mandate of the MOEAC in line with the Vision 2030 and National Development Plan Four (NDP4) is to provide quality and inclusive education for sustainable development of Namibian citizens and promotion of arts and culture. There is also dire need to understand the importance of training and professional development for the educators in general (Baporikar, 2015) and more specific to special education providers. Moreover, without adequate funds, trained teachers, proper communication and marketing the schools will not be able to achieve the stated national goals. The next sections present some of the challenges that social enterprises may face.

Financial Economic Crisis: Martin (2015) argues, "Financial stability is the most pressing issue facing social enterprises despite the rapid developments over the last decades". This instability is caused by the financial economic crisis that has hit many nations globally

Inadequate Funding From the Private Sector: Nomura & Wolff cited by Balhao (2016) indicated that there is lack of research about private contributions to the education sector. Though the government is the main custodian of funding government schools, other stakeholders can come into play to assist the government and make education a worthwhile venture. Due to economic crisis, major donors have been reducing or scaling down on the donations and grants they have been providing to social enterprises.

Government Budget Cuts: Ministry of Education is one of the largest ministries in Namibia. Furthermore, the budget allocation for Vote 10 of the Ministry of Education, Arts and Culture for the financial year 2016/2017 was announced as N\$12,8 billion of which 6.6% would be used for capital expenditure and 93.4% for operational activities (of which 71% would be allocated for personnel expenditure). Though the budget amounts have increased slightly by 12.3% from N\$11.4 to N\$12.8 billion, the Ministry does not have sufficient funds to do capital projects and carry out planned activities as the bulk is taken by staff remuneration. Additionally, Tjitemisa (2016) expresses that the government budget is not able to meet all the needs of learners and does not provide adequate supplies on time. Therefore, there is need for schools to innovate ways of sourcing for funds in order to relieve the government of its financial burdens.

Inadequate Support from Parents: Many authors have cited the challenge that schools face when they solicit for funds from parents (Tjitemisa, Parental involvement needed in education, 2018). Adan & Orodho (2015) allude to the fact that from the time that government provided free education, this has made parents unwilling to make any payments to the schools. The same case applies in Namibia. This contradicts with the directive to public schools by government not to charge parents SDF (Nakale & Nuukala, 2017). In addition, Shaanika and Tjitemisa (2018) revealed that some schools in the Oshikoto region, Namibia, have not received UPE funds and stationery from the government on time, leaving them with no choice but to request parents to contribute money for stationery.

Lack of Access to Funding: Further, it is difficult to access bank loans and international funding sources have reduced because investors would rather support traditional state controlled enterprises decreased. In addition, social enterprises are facing many more challenges in China because of financial limitations and human resource shortages. In Namibia, research exists on challenges of financing (Kapepiso, 2014; Shoopala, 2015 and Shilinge, 2016).

Inadequate Knowledge of Financing and Marketing Options: The findings of a research carried at secondary schools in Namibia revealed that principals of secondary schools do not have adequate knowledge and skills to source funds (Balhao, 2016) due to poor marketing efforts.

Stiff Competition: Though social enterprises can generate internal revenue streams and have personal savings, these alone cannot sustain them. Social enterprises have been challenged in accessing traditional financial markets due to stiff competition ever since the economic crunch of 2008 and resulting in a “financial social return gap” (Bugg-Levine et. al., 2012). In China, social enterprises find it difficult to accumulate capital and retain their talents. There is increasing competition to get funds from donors.

SOLUTIONS AND RECOMMENDATIONS

Martin (2015) explains that sources of funding are becoming more diverse as social enterprises are expanding and can now access different types of funding over their life cycles. Kickul and Lyons (2015), Bugg-Levine et al., (2012), Chong and Kleeman, (2011) examined different sources to finance social enterprises. Some of the methods that have been used by social enterprises range from traditional to modern methods such as philanthropic donations, grants, relatives and friends, banks, credit unions, microfinance institutions, venture and angel investors, revenue streams, government grants, revenue streams, personal savings and loans. Social enterprises are the engine to solve societal problems. Though social enterprises can generate

internal revenue streams and have personal savings, these alone cannot sustain them. Social enterprises have been challenged in accessing traditional financial markets due to stiff competition ever since the economic crunch of 2008 and resulting in a “financial social return gap” (Bugg-Levine et al., 2012). Volkmann, Tokarski & Ernst cited by Peeva (2015) highlighted that it is a challenge for social enterprises in German to secure access to capital, which is vital for the achievement of their social goals. Chong & Cleeman (2011) state that nowadays there is competition for traditional funding and thus there is need for social enterprises to be innovative in seeking and securing new funding options. Traditional sources range from revenue streams, donations, government grants, civil society (community, private partners, family, and friends). On the other hand, modern methods of funding range from crowd funding, social impact bonds, hybrid financing (which combines equity and debt capital), venture capital, and pooling (Bugg-Levine et al., 2012). For all new modern methods of funding Miranda (2013) emphasizes that there is need to create still standards, regulations and laws to protect people. Additionally, alternative financing tools are a challenge, as social enterprises do not generate enough returns (Achleitner et al., cited by Peeva 2015). Tulchin and Lin (2012) explain that crowd funding is when social enterprises search for funds via the Internet, in order to solicit for support of their ventures.

Venture capital refers to financing business of young privately held businesses and venture investors are individuals and businesses that help small business to survive and grow and focus normally on earlier stages of the business. (Hofstrand, 2013).

Equity financing is when; a funder invests money into a social enterprise by buying shares in it whereas debt financing is when; funders lend money to social enterprises at a certain interest rate. (Hofstrand, 2013). Shaffer, (2015) explain that social enterprises need to adopt new approaches that cross conventional boundaries by using integrated capital. Microfinance is broad category of services, which includes microcredit. Due to diverse contexts in which microfinance operates, it is neither possible to generalize impact of microfinance though many studies have tried to assess (Hermes, 2014). The main challenge for microfinance is providing small loans at an affordable cost. The global average interest and fee rate is estimated at 37%, with rates reaching as high as 70% in some markets (MacFarquhar, 2010). Moreover financial institutions are unable to design new products and enlarge their business to reduce the risk (Muzigiti & Schmidt, 2013). A credit union is a member-owned financial cooperative, controlled by its members and operated on the principle of people helping people, providing its members credit at competitive rates as well as other financial services (O’Sullivan & Sheffrin, 2013). Globally credit union systems vary and range from volunteer operations with few members to institutions with huge assets and thousands of members (Fabozzi & Wickard, 2010). Though they are for not-for-profit enterprises as their purpose is to serve their members rather than to maximize profits, do not rely on donations.

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But being financial institutions that need to make in economic terms, a small profit to exist (Moody & Fite, 2013). Ahmed (2017) observed that there no development in key resources such as infrastructure, teachers, teaching material, lack of funds for capital projects. Additionally, in Nigerian secondary education Nwakpa (2017) states that due to insufficient funds to schools by the government, has led to the need to look for alternatives sources of funds. In another district, Khamati and Nyongesa (2013) found that principals lacked in management capacity, funds were not being disbursed on time and parental support had a negative influence on implementation of free secondary education.

A study done by Balhao (2016) exposes that the limited funding for teaching and learning resources can be covered by identifying other sources of funds and using proper financial management strategies to finance so that learners can benefit fully. Further there is also a need to communicate and market the services this schools provide. The assumption is that the ultimate purpose of marketing is to deliver a higher standard of living (Kotler, 2003). But even by limited definition marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging products and services of value with others (Kotler, 2003). For this there is need to do effective and integrated marketing communication by this schools about he services and value they provide to the individual, parent and society and enable in creating an all-inclusive holistic society.

Smith, Berry and Pulford, (1999) have defined integrated marketing communication. But for better understanding integrated marketing communication Smith et al. (1999) have developed a tool which is supposed to show marketing integration as occurring at one or more of seven levels which include:

- Vertical objectives integration
- Horizontal/functional integration
- Marketing mix integration
- Communications mix integration
- Creative design integration
- Internal/external integration
- Financial integration

However, the most fundamental level is vertical integration of objectives and activities. No effective marketing communication objective can be formulated, which is not directly linked to specific marketing objectives and relevant corporate objectives (Smith et al. 2012). This process is similar to classic methodology of rhetoric (Vossius, 1990). Johnson and Scholes (2002) claim that strategy is matching resources and activities of an organization to the environment in which it operates, that is ensuring strategic fit.

The introduction of free education on one hand has led to increased enrolments of learners, but on the other hand has increased the educational expenditure (Shaanika & Tjitemisa, 2018). In Namibia, the School Development Fund (SDF) used to exist where schools could receive school fees as a source of finances. The SDF was provided for in the Education Act of Namibia (hereafter referred to as Act). Parents would make compulsory contributions towards the fees of their children. These funds would be used to provide for necessary facilities at the schools as well as to expand educational, sport and cultural activities at the school. In addition, schools were allowed to receive donations, which could be used for purposes deemed necessary at the schools (Namibia Education Act, 2001).

Nevertheless, when it was announced by the government that compulsory school fees in Namibia would be stopped for both primary and secondary schools, and that there would be free education where there would be introduction of Universal Primary Grant (UPE) and Universal Secondary Grant (USE), it meant termination of the SDF (Namibia Budget statement 2015/2016). Many principals and teachers lament and still do, because the funds are not sufficient to run their schools effectively. In addition, Udu & Nkwede cited by Balhao (2016), say that insufficient funds have led to less infrastructure being built such as libraries and classrooms, and provision of inadequate teaching and learning materials. Therefore, there is justification for public and special schools in Namibia to find innovative and sustainable ways that can increase income. These streams of income may contribute towards purchase of resources and efficient running of schools. Albert Shanker Institute (2012) gives three reasons why additional streams of income are needed by schools: they augment government funds; they aid in provision of materials for teaching and learning and they help create bonds with other partners who may support educational efforts.

Principally the results also have contextual relevance not only in Namibia, which has many social inequalities, but also in other similar contexts. Social and economic conditions in most African countries remain fragile. Hence, impact investment could play an essential role in supporting social development in these economies. Generalising the current study results may prove valuable not only for Namibia for adopting strategies for inclusive education but also for holistic social and equitable development.

PROPOSED MODEL

To explore sources available for funding of special schools, given below is the proposed model. With base of Business Model Canvas used for the purpose of the research. The BMC has nine components as illustrated in Figure 1, but the proposed model focuses on seven components. The amended model is shown below and may

Figure 2. Proposed model for special schools



be used in future, by special schools and any other public schools to source for funds or find new ways of generating income.

This amended model might be used in future by schools in Namibia to source for funds, find new ways of generating income and ensure better marketing of their services. The seven main components are key resources, revenue streams, cost structure, key activities, value propositions, key partners and stakeholders that focus on customer segments, customer relationships and channels of integrated marketing communications.

FUTURE RESEARCH DIRECTIONS

Future areas of research include how different educational cultures influence or impact the government based funding. Marketing strategies to optimise on different sources of funding the special education schools would also be another interesting

area. Communication theory and methodology for social enterprises in general and special education and benchmarking with global approaches is also required. Financing models and integrated marketing channels for social enterprises is dominated by simplified and insufficient theoretical perspective and handled more technically and at tactical level. Hence grounded and theoretical studies are needed and that too in line with international research with consideration of educational programs for special schooling, management, marketing and communications.

CONCLUSION

This study has important implications, as there is need to analyse investing in special schools in an emerging market context. However, investors cannot afford to isolate themselves from other key actors, but must actively search for opportunities to cooperate with and actively support their partners (Brest and Born, 2013). The study is not without limitations as no official or comprehensive data-base is yet available on special schools, impact investing and social enterprises in Namibia. This makes any generalisability of the results risky as no comprehensive population and sampling frame could be identified. However, recognising the lack of available funds for special schools, this study has provided empirical evidence on the relationship between funds for sustainability, replicability, social impact, innovativeness and growth. Based on the empirical evidence, the most important metrics by the current study sample relating to shortage of funds and new avenues for funding special schools.

Today NGOs and social enterprises are operating in a highly competitive environment characterised by tighter financial restrictions, with several contending for the same donor funds (Weerawardena and Mort, 2006). Consequently, gathering comparable data can be a complex process, especially when an investor seeks to compare performance at a later-stage outcome or impact level as well as across issue areas, sectors, markets and regions (SIIT, 2014; SAIIN, 2015).

In Namibia, public schools whether primary, secondary or vocational, incur costs in their day-to-day running and are governed by the Ministry of Education. Though the Ministry of Education gives most of the funds for running these schools, unfortunately, these funds are inadequate to run schools efficiently and effectively. Hence, the school management must vie for new modes of resources and since there is stiff competition for these resources they need to adopt effective and efficient marketing approaches including integrated marketing communication. This will not only ensure better chances of getting funds but also ensure that their services and role played by them for the betterment of societal foundation get branded and due recognition in the general public.

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KEY TERMS AND DEFINITIONS

Business Model: A model that describes the rationale of how an organization creates, delivers, and captures value.

Challenges: Something that by its nature or character serves as a call to make special effort, a demand to explain, justify, or difficulty in an undertaking that is stimulating to one engaged in it.

Customer-Centric: Describes an organization that is operated from a customer's point of view, rather than developing new products and attempting to convince consumers to purchase them. A customer-centric firm develops products and services that meet their customers' needs.

Development: Means "steady progress" and stresses effective assisting in hastening a process or bringing about a desired end, a significant consequence or event, the act or process of growing, progressing, or developing.

Effectiveness: Implies the skillful use of resources or energy or industry to accomplish desired results with little waste of effort.

Funding: Giving of money to use to satisfy a particular need.

Government: The organization, machinery, or agency through which a political unit exercises authority and performs functions and which is usually classified according to the distribution of power within it. It is a political system by which a body of people is administered and regulated.

Inclusive: Including much or everything; and especially including stated limits; considered together or holistically.

Philanthropy: The desire to promote the welfare of others, expressed especially by the generous donation of money to good causes.

School Development Fund: The coalition of parents/guardians who have their children attending a particular school who come together to raise funds to supplement government funding.

Social Entrepreneur: An entrepreneur who identifies practical solutions for social problems, one who exploits opportunities for social good by combining innovation, resourcefulness, and opportunity. Individuals, who create enterprises to produce social value, act as the change agents, to improve systems or invent new approaches to create solutions to change society for the better.

Social Entrepreneurship: Social entrepreneurship is the process of pursuing innovative solutions to social problems.

Chapter 12

The Evolution of Microfinance Products to Promote Microentrepreneurship Towards Social Progress of African Countries

Bibi Zaheenah Chummun
University of KwaZulu-Natal, South Africa

ABSTRACT

Microfinance deployment is an important measure of development to the low-income entrepreneurs and households in their journey of poverty and social upliftment in the African countries. Microfinancial services, which were previously randomly available to the low-income, financially excluded households are presently a possible pathway to improve the way they could utilize to develop their small businesses and achieve their business goals. Although the provision of microfinancial services in the African countries continue to grow, the results show that the microfinance organizations are not strategically market-prone in the delivery of services. In this era of fierce competition, key marketing strategies and approaches are required such as the need for proper market orientation and planning, competitive edge in their marketing mix, training and development, among others to promote social progress to the low-income entrepreneurs.

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INTRODUCTION AND AIM

One of the measures of addressing poverty mitigation and social upliftment in the 1990's was through microentrepreneurship, social microentrepreneurship and microfinancing for the third world countries where African economies mainly form part of (DeSoto, 2000). Nowadays these concepts have gained in popularity in both the developed and more in the developing world. Microenterprises are typically small, employs less people than nine and runs informally (Mersha, Sriram, & Hailu, 2010). Although in the African countries, each of the microenterprise often has not got more than three people, in other developed countries more than three people generally exist in a microenterprise. Since the context of this chapter targets developing African countries the microenterprises of African economies have played an important contribution exceeding 90% of the businesses in the private area hence has led to exceeding 50% of GDP and job creation (African Economic Outlook, 2017). In Africa, some microenterprises exist mainly on profit basis generally referred to non-social ones which main primary objective is not coupled with a social purpose. This makes microenterprises a major foundation of employment, hence a source of reliable income to various households in Africa.

On the other hand, social microentrepreneurship forming part of the big tent of social entrepreneurship innovations were pioneered from emerging countries and comprise of new models of business used to target basic human necessities (Elkington & Hartigan, 2008). Social microentrepreneurship is coupled with an embedded social purpose that has gained a lot of momentum globally (Dacin & Dacin, 2010). Social microentrepreneurs often begin their business operations on small scale, however address common problems such as waste management, water management, sanitation facilities among others. The creative solutions that the social entrepreneurs address regularly in their localities often occur in other provinces and countries that can have a bearing on other markets (Zahra et al., 2009). For instance, this practice has led to a development of the microfinance industry throughout the world (Seelos & Mair, 2005) which now reaches more than 123 million clients worldwide (Microfinance Barometer, 2017). Social microentrepreneurship is thus having profound implications in the economic system: creating new industries such as microfinance, validating new business models, and re-directing resources to neglected societal problems.

The development of social microenterprises or non-social ones has been viewed as the main means towards refining general standard of living of the African population. Although having this major advantage, microentrepreneurs face lack of funds supported by formal financial institutions such as credit. This happens because they are not able to prepare the necessary collateral securities demanded by the formal institutions. Moreover, it is difficult for the banks to restore the high cost in facing

microenterprises. MEs have many associated risks in borrowing the credit such as low literacy, lack of information available on the prospective microentrepreneurs hinder formal banking institutions to advance them access to funding, so it is uninviting by the banks to agree with them. Since the microenterprises are pivotal means to impart employment and alleviate poverty therefore an urgent need for social funding intervention was needed for microentrepreneurs.

Microenterprises can be financed either through a local group, a non-governmental organization or by the government. Alternatively, it could be financed through microcredit from development institutions and cooperatives. The incapacity of MEs to fulfil the requirement of the formal financial institutions for loan creates an idea for informal institutions. It attempts to fill the gap based on informal social networks. This idea gives birth to microfinance. “Micro” or small financial services access to the poor of \$50 minimum as loan for those normally collecting less than \$2 per day has been seen an important mitigation of poverty strategy (Yunus, 2007).

The challenges associated with microcredit forming part of the big umbrella of microfinance can lead a microentrepreneur into debt spiral due to his/her lack of literacy, costly credit, unaffordability for the outreach and carelessness. Further high transaction cost or processing cost associated with the small transaction size tend to make the microfinance product less expensive for providers to the low-income customers and therefore may choose to remain excluded. Therefore, whether microfinance can assist those in the alleviation of poverty by using the funds to jump-start a microenterprise remains controversial. In order find a solution to these problems, microfinance institutions have implemented means of innovation that enable the providers to provide other microfinancial services such as microsavings, microinsurance micro guarantees microequity and micro remittances (Durand, 2015).

Nowadays, these policies have grown the Microfinance industry worldwide. Due to high rate in competition among providers of microfinance, the low-income entrepreneurs and households are faced with a choice of staying with their existing microfinance organisation or leaving their respective provider at the end of the loan cycle. However, high levels of “drop-out” and lapses of microfinance policies has pressurized the providers to review their strategic marketing approaches to respond better to clients’ needs, demand and preferences and taking a market-led approach to their business (Microfinance Information Exchange, 2017)

There are six sections in this chapter: Section one kickstarts with introducing the well-known concept of micro-credit and its evolution to microinsurance, all forming part of the microfinance umbrella. The second section provides a snapshot of the microentrepreneurship and social microentrepreneurship and their application to microfinance. Section three discusses the role and challenges of providing microfinancial services to the low-income entrepreneurs and households in African developing countries. Section four discusses the marketing issues of microfinance

providers in serving the low-income and microentrepreneurs. Section five deals with recommendations and suggestions on how those challenges can be mitigated through strategic marketing of microfinancial services. Section 6 highlights the future research direction. This chapter ends with a conclusion.

BACKGROUND

The Evolution of Microcredit to Microinsurance: The Big Tent of Microfinance

In emerging economies such as African countries, 90% of the low-income people do not have access to the conventional banking services (MIX, 2017). The fact that many people are financially excluded has generated the presence of informal sectors prevailing. They normally use a traditional method of savings on a rotation basis also known as (ROSCAs).

Alternatively, according to Belwal, Tamiru, & Singh (2012), they borrow money from the money lenders who charge very high rate of interest; an example will be money lenders in Ethiopia charging at 300%. Lending to poor people generated major problems such as lack of collateral security, high transactions costs, asymmetric information on the poor's ability to repay loans. Therefore microcredit has aimed to target those financially excluded people of the traditional financial system known as microentrepreneurs to borrow small sum of money in a view to assist them to develop their social microenterprises. Microcredit is referred as short-term loans with repayments on a monthly or weekly basis. According to MIX (2017), the gross loan portfolio was \$ 4.6 billion and the average loan size was \$371.9 for the African continent for 2011.

In Sub Sahara African countries, the number of microcredit institutions was 1009 with 12.9 millions of active borrowers (Maes and Reed 2012). In the 1970's Microcredit has been classified as a new form of lending which has impacted millions of financially excluded segment including microentrepreneurs and social microentrepreneurs and have been seen as a token of social innovation (Reed, 2013).

The concept of microcredit is more related to the financing of microenterprises than medium sized ventures since the latter ones have more start-up capital (Epstein & Yuthas, 2010). Through microcredit, microenterprises are able to start a small business, earn a living, improve their living conditions on their own and also be independent if they do not have face the constraint of self-financing, thus enhancing their social status through mitigating poverty. Further, microcredit has proved to be a measure of social innovation in the sense that it is associated with innovation through the inclusion that the microenterprises and social microenterprises would not be

financially excluded to secure small loans for their small businesses development. The history of microcredit and social innovation is associated to Professor Yunus, the Grameen bank founder who won the Nobel Prize in 1983 for pioneering microcredit. For more than the last decade, microcredit has been confronted with many more problems than solution to the poor and micro entrepreneurs in Africa (Bateman, 2015). Microcredit has generated the excess supply of “buy cheap, sell dear” trading activities which has led to many more “exit” microenterprises. While some informal microenterprises have been experiencing unproductive activities and yet have had loans to repay, they could not survive any longer and needed to close their businesses

Although microcredit has generated some means of social progress as mentioned, it has also faced the critiques of various stakeholders. In order to counteract them, it was wise to consider other financial products and services that would be useful. Many microfinance innovations have been developed over the years such as microguarantees, microsavings, microremittances, microequity. However, the most recent buzz that has fueled and revolutionized the growth of microfinance industry is microinsurance that has gained a lot of attention during the last decade.

The proliferation of the low-income cover emerging mass markets also known as microinsurance or inclusive insurance has never gained so much of attention until the time that Industrial Fourth Revolution has recently started to flow. According to the South African National Treasury in 2011, microinsurance relates to “insurance that is accessed by the low-income households offered by a wide range of different providers and performed with generally accepted insurance practices”. Microinsurance has become one of the most prominent insurance terrains and classified as a pillar of development policy in this era of Industry 4.0 for the low-income people and microenterprises to deepen financial inclusion. Financial inclusion is referred to low-income individuals and microbusinesses having access to financial products and services that are affordable and useful to meet their requirements (Durand, 2015). This includes any transaction, remittance, credit, savings and insurance that are deployed in an effective and responsible way. Financial inclusion culminates from the assumption that an inclusive system is a pre-requisite in mitigating level of poverty, inclusive growth and is more likely to generate sustainable economic development (IMF, 2014; Demirgüç-Kunt, Klapper, Dorothe, & Van Oudheusden, 2014). Financial Inclusion has come a long way. Some few years back having a bank account would imply inclusion but more recently financial inclusion would mean having larger access to a pool of other financial services for instance microinsurance which covers a wide consortium of risks such as accident, life, disability, health, agriculture and property (Chummun, 2013). Products and services of microinsurance are customized to accommodate the poor and the microenterprises needs (Chummun, 2013). The nature and profile of microinsurance are characterized by low regular premiums payable to the providers and the MFIs (Biener & Eling, 2011). Microinsurance is prevalent

in emerging economies which African forms part of, mainly where the regular cover market is non-existent or inefficient. In 2017, Financial Sector Deepening Africa in partnership with the International Organisations have been reviewing the microinsurance needs of the customer at the bottom of the pyramid to many African countries such as Kenya, Nigeria, Cote d'Ivoire and Ethiopia thus helping poor people to protect themselves against economic shocks (Luebke, 2016). Although In South Africa many low-income households are steadily but increasingly getting microinsured compared to other African countries, approximately 37% of the low-income people are still remain unserved (Biese, McCord and Sarpong, 2016). The poor and their microenterprises are more prone to risks and calamities (Churchill & Matul, 2012). The use of microinsurance has been many-fold; the low-income households could make use of it to invest in many spheres such as microenterprises, savings and build their portfolio of assets thus enhancing their livelihoods (Demirguc-Kunt & Klapper, 2012).

The link between microinsurance and microentrepreneurship can be direct or indirect. Examples of a direct relationship with microentrepreneurship comprise of insurance for natural disasters or theft cover. For instance, the affected individual is allowed to claim against the insured event and can be pulled out of sudden poverty trap. An example of indirect relationship with microentrepreneurship comprise of accident insurance. If a microentrepreneur survives in an accident, he/she can use the lumpsum money paid out of the accident insured to repay his/her loans (Kwon, 2010). Whether microinsurance is linked directly or indirectly to microentrepreneurship, they are both a measure of social progress for the low-income social microentrepreneurs. The microenterprises are more likely to use microinsurance to assist in the income-generating opportunities that might reduce poverty (Churchill, 2012). Moreover, the microenterprises could use microinsurance to insure their ventures and their own lives against any allied perils/risks and vulnerabilities to improve their social status (Hamid, Roberts, & Mosley, 2011).

A Snapshot of Microentrepreneurship and Social Microentrepreneurship: A Reality in Africa

“Microentrepreneurship in Africa is a reality” (Spring and McDade, 1998). Two kinds of African entrepreneurs namely micro enterprises or solo entrepreneurs and small and medium size enterprises (Kiggundu, 2002). According to Sriram & Mersha (2006), the Global Entrepreneurship Monitor (GEM) has classified these types of entrepreneurs into *opportunity* and *necessity* entrepreneurs. Opportunity entrepreneurs start their businesses with better skills and competencies and have more potential to receive funding and start-up capital when compared to necessity entrepreneurs. Research shows that medium-sized enterprises established by opportunity entrepreneurs are

an important driver of employment. However, in the emerging African countries, necessity entrepreneurs have initiated most of the businesses and have been referred as microenterprises transacting mainly in production, trading and services areas and growing into medium-size firms (Sriram & Mersha, 2006).

Microenterprises are typically small, employ less people than nine and runs informally (Mersha, Sriram, & Hailu, 2010). Although in the African countries, each of the microenterprise often has not got more than three people, in other developed countries more than three people generally exist in a microenterprise. Since the context of this chapter targets developing African countries the microenterprises of African economies have played an important contribution exceeding 90% of the businesses in the private area hence has led to exceeding 50% of GDP and job creation (African Economic Outlook, 2017). Further, microenterprises are a good catalyst for poverty mitigation, income and employs 98% of all African businesses which are microenterprises (African Economic Outlook, 2017) especially that the number of population rate is on the rise in Africa. They exist either on profit or non-profit making basis or social ones and non-social ones.

As mentioned earlier there are some microentrepreneurs who have social purposes, also known as the concept of social microentrepreneurship. Before explaining social microentrepreneurship, social entrepreneurship is seen where distinct activities find a home under a broad umbrella of “activities and processes to enhance social wealth” or “entrepreneurship with a social purpose” (Zahra et al., 2009). Social microentrepreneurs often begin their business operations on small scale, however address common problems such as waste management, water management, sanitation facilities among others. Social microentrepreneurship over the years has mainly been used in a more private sector market-based solution to uplift welfare and mitigate poverty.

Many researchers have emphasized on several measures and tools. For instance, De Soto (2000) has put forward that depriving low-income people from achieving property rights prevent the respective residents from advancing in a social manner. Prahalad (2006) mentioned that there has been an urgent need for the low-income earners to be financially included so that they can live a stable life by accessing financial services at affordable costs. Karnani (2007) put forward that there is no money at the bottom of the pyramid and that the low-income households need other jobs such as public state-owned stable jobs. Sachs (2005) has felt that the poor were mostly unsuccessful in securing money and Yunus (2003) recommended microfinance. All the authors amongst others had only one focus in mind that is to enhance the money of the poor at the bottom of the pyramid since the respective government of these emerging African countries cannot afford to cater for the minimum expectations for instance, securing rights of property, stable work in the public segment or getting a basic pay. Therefore, a probable way to diminish poverty

and achieve socio-economic goals was to become social microentrepreneurs who can take responsibility of their own business. Since many stakeholders could not solve the challenges mentioned above, a social innovation effort was needed. In 1934, the father of innovation and entrepreneurship Joseph Schumpeter referred to “innovation,” as “new combinations” of brand new or knowledge in existence, equipment, resources, among others. He also put forward that there is a difference between innovation and invention which should be highlighted as innovation is sensed as a particular social activity undertaken on a commercial front while inventions can be performed without commercial one. Further, Moulart, MacCallum, & Hillier (2013) made reference that social innovation and social relations were importantly needed to surmount social and financial exclusion with an attempt of creating empowerment.

In the context of this definition, microfinance being associated with small amount of loan given to the poor households at a low rate of interest enable them to be self-employed and assist social microentrepreneurs in developing their small businesses. This opportunity has contributed to the consortium of financial services allocated especially to the financially excluded and is one pivotal form of social innovation. Social innovation could be taken into account by several stakeholders to accommodate important answers to social problems such as poverty, financial and social exclusion and contribute to the socio-economic challenges by creating employment. The first thrust in this field has been to encourage business initiatives among the low-income earners on the hope that the access to microfinancial services would remove them from poverty line. Since microfinance has proven to enable the poor segment to improve their welfare, therefore one can say that it contributes to social progress as it focuses on addressing social needs (Couchoro 2001; Assogba, 2007). Moreover, this initiative has enabled the stakeholders to work towards the progress of financial inclusion to low-income people, hence has improved social relations (Marti & Mair, 2009; Ashta, 2013).

Impact of Microfinance on Socio Economic Development in Developing Countries

Any country development to achieve its socio economic goals relies heavily on its financial constitution and system. A feasible banking infrastructural system coupled with a sound financial market are pivotal for socio-economic growth of any country. Many developing countries including the biggest continent of Africa still complains of poverty, high unemployment and very low-income rate as they are unable to find the solutions to construct strong and feasible financial system. In Africa, 90 percent of low-income households are financially excluded from the conventional formal banking system (Zouhair, 2018). Coupled with lack of infrastructure, poor commutation and communication contributes to the scarcity of funding available

to the low-income entrepreneurs and households. Although where these services prevail, low-income people find it difficult to start and develop their ventures as they cannot meet eligibility requirements for instance lack of collateral security or bureaucratic documentation. Relaxing a bit of these strict barriers and providing appropriate financial products and services can generate microenterprises to maximise earnings or savings, increase productivity, contribute to bigger income, generation of employment and finally growth of the microenterprises niche area. In this context microfinance can be defined as “money transfers or remittances, access to savings, loans or credit, insurance or cover, and other banking and financial services to customers that lack access to traditional financial services”(Zouhair, 2018).

The concept of microfinance in the continent of Africa has evolved in several stages across different regions. Cooperatives, postal rural savings banking institutions have had a history of pioneering the microfinance industry in 1970s, mainly in the Eastern and Western African countries. A decade late until the 1990's, the microfinance sector experienced some donors credit support such as NGOs that were transformed into non-bank financial institutions by the close of 1990s. Nowadays the Western African countries are mainly dominated by cooperatives advancing credit while Eastern African ones are concentrated by non-banking financial institutions. The Southern African countries are inundated by several NGOs and newly appointed banking institutions advancing credit. Further the microfinance sector which is worth billions of dollars in Africa has a loan portfolio of \$8.5bn and has accommodated as to date a consumer database of 8million of which 70% are women concentrated (Zouhair, 2018). According to Mix Market microfinance institutions' data (Microfinance Information Exchange, 2017), Africa has witnessed one of the growing MFI portfolio in the sense that the loan portfolio experienced a growth of 1,312% from 2002 and 2017.

Microfinance provision have empowered women and gender equity. Women microfinancing forms part of 70% of the world's microfinance clients (Zouhair, 2018). Women are sensed to have reliable repayment criteria records despite the hardship they experience. Although microfinance access does not address all hurdles women face, they have been seen to make a wide contribution to the development of their social microenterprises. Women social status have improved by catering for their families and by being independent while their bread-winning status were lower in the earlier days. On an overall basis, microfinance has assisted both genders to start and develop their own ventures and increase their own income. By the same token Microfinance Institutions (MFIs) in the African economies are proliferating and are seen to be a dynamic niche and can be proven by the increase in the number of savers and borrowers (Zouhair, 2018). Moreover the provision of Microfinance has generated other outcomes (financial) such as savings and assets accumulation; sewing machines, irons, equipment machine). On the non-financial font, it has led

to women's empowerment, education, employment and social innovation (Barnes & Keogh, 1999; Hietalahti & Linden, 2006; Odell, 2010).

On the other side of the coin, some studies have enquired about these positive bearings. Some have advised that the provision of Microfinance can lead to negative effects for instance women exploitation, increased poverty levels, more income inequality, hiking workloads, child labour and hurdles to sustainable local and socio-economic development (Copestake, 2002; Bateman, 2015). Furthermore, MFIs in Africa has faced many issues such as high overheads, low revenues, low efficiency cost of borrowers. Expenses are high, and on average, revenues remain lower than in other global regions. Further research shows that Africa has still a long way ahead before the demand by social microentrepreneurs can meet the supply thereof the MFIs.

Another bottleneck in Africa is the lack of reliable institutions and skilled managers who can handle capacity building and train the small entrepreneurs to manage their businesses skillfully (Bateman, 2015). Another concern for MFIs in Africa is the lack of an enterprise's legal status to support collateral lending (Bateman, 2011). Some African countries do not have a proper legal infrastructure and most of the small enterprises are not registered and licensed. They prefer to be run informally and free themselves for paying taxes. The state should be able to accommodate these small businesses with an appropriate legal framework since they are seen as important drivers of social progress. Another important obstacle is the lack of the use of information and communication technology that could play a smart role for the MFIs to get hold of the low-income micro entrepreneurs who are out of reach with cheaper communication costs and distribution channels such as mobile banking, remittances, mobile microinsurance. Microfinance cannot transform the African countries welfare and development overnight due to the challenges as mentioned above.

The entry of more players into the microfinance market enabling stiffer competition, has led to microfinance inevitably move away from the supply-led approach to a more client-oriented demand-driven approach. Strategically the MFIs need to re-look at their marketing strategies due to the challenges that the existing supply-led marketing approach is facing. The next section looks at the marketing challenges that MFIs face in serving the microenterprises.

MARKETING CHALLENGES FACED BY MICROFINANCE INSTITUTIONS (MFIs)

Although microfinance has shown that it can assist the microentrepreneurs to mitigate vulnerability and enhancing their welfare catering for necessities such as

health care and education financing (Bateman, 2015). These offerings have lured many providers of money into the microfinance segment. Resultantly, the growing microfinance market has become inevitably competitive as microentrepreneurs are given a wide variety of choice either to stay with their current provider or leaving when the loan cycle ends. Research shows that many microentrepreneurs are exiting their exiting service providers or surrendering their policy (Bateman, 2015)

Many microfinance organisations based in the rural settings of Africa confront fierce competition (supply side) which has become a reality nowadays when microentrepreneurs or low-income households (demand side) start to choose among microfinancial services request for customized and sophisticated products. These are indicators that the standard microfinance markets are maturing or developing depending on the stage. Bateman (2012) differentiates three levels in the development of microfinance market that affect client characteristics attitudes and behaviours.

Stage (New Market): the microentrepreneurs are out of reach and not financially literate about the financial services.

Stage (Growth Market): the microentrepreneurs are becoming increasingly aware of the variety of microfinancial services that exist on the market and have started shopping around to secure the best tailor-made products from MFIs.

Stage (Maturing Market). The microentrepreneurs demand more sophisticated, customized, quality and value for money products. They are aware of different institutions and different products. Most of the time the MFIs cannot supply for these demands as demand exceed supply for those products. Consequently the customers may choose microfinancial services from various MFIs to suit their needs.

Another issue is for MFIs to find an equilibrium of their social objectives with their monetary objectives of profitability. Most MFIs especially the NGOs have a corporate culture that is more prone to be humanitarian. Guiding their organisations to focus on understanding the needs of the customers and satisfying them can therefore be a challenge.

Formal banks status also pose challenges to MFIs and their marketing. While existing licensed commercial banking institutions that offer microfinancial services generally have existing marketing experience based on their conventional operations, new banking institutions entering the low finance industry can find marketing as a task that is not on the top of the agenda.

Public-owned institutions sometimes find it cumbersome to launch a client-oriented measure because of previous administrative and political decisions (Fitchett, 1999). The Small Farmers Cooperatives Limited (SFCL) of Nepal noted that despite their position within some communities as the most important village-level organization, their legal status as a cooperative creates difficulties for some people to accept them as respectable organizations due to former political abuse of cooperatives (Acharya & Acharya, 2006).

The features of an MFI provider's niche clientele also affect their marketing measures. The existing MFIs markets include low-income households and microentrepreneurs who which are generally financially not very literate and are more prone to cultural religious values. Microfinancial savings services are more likely to target more customers than traditional marketing which needs considerable adjustments.

By the same token, the proliferation of microinsurance, belonging to the tent of microfinance to promote welfare for the low-income people and micro entrepreneurs has generated a lot of concerns in which the marketing aspect is addressed. One of the most important inherent challenges microinsurance is related to its high transaction cost of serving the poor in remote places. MFIs including microinsurance providers face heavy expenses while marketing to a low-income market niche that are often not familiar with insurance cover, undertaking premium collection from people who were previously financially excluded. These overhead costs are relatively higher for the microinsurance policies when calculated as a premium percentage.

Another challenge is related to insurance distribution to microentrepreneurs niche market. On a general note commercial providers of microinsurance use brokers, direct sales and agents to market the service to middle to high income customers but not the low-income entrepreneurs and households. The commercial services are not tailor-made to be marketed to the low-income market especially to those in the informal economy bearing inconsistent cash flows. Moreover other product design issues include incorrect sum assured, difficult and complex policy language, which comprise of not effectively assisting the those in the informal economy.

Another challenge is related to the process of educating microentrepreneurs in Africa who are characterised by high level of bias and trust issues against appropriate cover and they also faced lack of financial education (Engelbrecht, 2008). Extending education to them about the terms and conditions and also the importance of low-income cover can be costly of reaching the low-income segment in remote places

Despite the above problems, the full potential with regard to key marketing approaches by MFIs has only started to be gripped. Providing a wide range of micro financial services through various distribution channels at an affordable premium is not enough on its own but also to ensure social progress. The main concern arises at what must be done by MFIs to enhance their pursuit from a strategic marketing point of view.

RECOMMENDATIONS: SOME SOLUTIONS TO PROMOTE STRATEGIC MARKETING APPROACHES OF MFIs

The increased number of microfinance surrender policies has generated some concerns to the MFIs providers in reviewing their policies based on customers' needs (Wright 2000, Brand, 2000). Further, the increase in competition among MFIs within markets implies that they are trying to understand better the microentrepreneurs demands and therefore undertaking more of a market-led customer needs angle. A study by Hulme in 1995 put forward that the success in the early days of microfinance cannot forcibly ensure future success. While most MFIs have been paying attention to the launch of new low-income services that attract customers, others have started to adopt a more strategic marketing angle that reviews corporate branding, identity, distribution, product strategy and more importantly focus on customer service. According to Aaker & McLoughlin(2010) "Strategic marketing attempts to understand the needs of the client and to adapt operations in order to meet those needs and achieve greater sustainability. It addresses the issues of new product development, pricing, the location of operations and the promotion of the institution and its products".

According to a survey made, the market-led approach improves loyalty of customers, mitigates surrendering policies, entails a more client-responsive policies through reliable systems and qualified trustworthy agents, thus improves profits (Churchill & Matul, 2012).

Marketing Orientation and Function

According to Ahiakpor and Brafu-Insaidoo (2011) an important missing information in microfinancing studies in developing African countries relates to the marketing orientation of micro finance providers. A model was developed in the 1990 that provides key elements of marketing function and orientation (Narver and Slater 1990). The model developed comprised that a marketing firm was supposed to show five features: profits on a long term basis, culture of an organization cross functional co-ordination, awareness of competitors, customers niche market. For any microfinance provider, the product would become more likely invisible in the absence of a reliable marketing mental set mindset and without being customer-oriented by not having a sound marketing approach. The future survival of any MFI is based on the effectiveness of the organization marketing approaches (Hudson and Mutesasira, 2002).

Mission and Objectives

It is important that the mission statement and objectives of an MFI institution to be sorted before the crafting of marketing approaches and strategies. Drucker (1974) put forward that a good mission statement should be emphasized better on the respective market than the product. The mission should rather focus on the needs of an organization's customers which is mainly the mission statement and main goal of any service organization (Drucker, 1974). Consequently, the main purpose to which all activities related to marketing of the microfinance institution over that given period therefore is viewed as the MFI's marketing objective which takes into account the profitability, market share, cash flows, turnover in a given set period over the market and the service/product (Drucker, 1990). Kotler indicated that the organization marketing strategies have a strong bearing on its processes undertaken by the provider (Kotler, 2010). One main concern of strategy relates to its mission analysis.

These are two sides of mission analysis namely customer mission and value mission. While customer mission emphasizes on the needs/ preferences of customer, the MFI is handling, value mission is related to the focus on the microfinance business such as quality service among others. "Market segmentation is defined as the "subdividing of market into homogeneous subsets of customer, where any subset may conceivably be selected as a market target to be reached with a distinct marketing mix" (Kotler, 2010). It is a fundamental concern of strategy with far reaching effects and determines the allocation of sales force efforts, the distribution channels to use, advertising media and the most productive ways of communicating with customers.

Competitive Advantage - Marketing Mix

For marketing to be strategic and effective, it has to gain a competitive advantage edge. Porter (2010) identified three types of competitive advantage: low cost, differentiation and focus niche strategy. Micro finance organisations should think in their own context with regard to which type of competitive strategy they should adopt for competitive advantage. Marketing approaches are related to the planning and delivery stage of agreed processes into the market. These actions are more connected to marketing mix: product, price, distribution policies and promotion policies. Product comprises of all the attributes of the goods and services that an organization shares with its potential customers (Kotler et al., 2010). Fifield (1994) viewed microfinance institutions product as the pivotal element of their strategic marketing approaches. The rationale is that the attributes of tailor-made microfinance

product will be easier to be priced, promoted and distributed. In this context of the study, microfinance or microinsurance is a service and intangible.

In 2017, the first microinsurance product in South Africa forming part of the microfinance breed for the low income market niche offered was a death cover under the Zimele Brand (National Treasury of South Africa 2011). However, it was realized that the policy had limited attributes to lure customers on a longer period (McCord, Steinman, & Ingram, 2012). Understanding the needs of customers is more likely to create a successful product (McCord et al., 2012). However, with limited types of life related microinsurance products in SA while the microentrepreneurs have more particular products needs such as health- related microinsurance product/service is viewed as an important element of strategic marketing approaches in the industry.

The main aim of “price” relates to “be able to express a value of the product in a market” (Kotler, Armstrong & Tait, 2010). Robinson (1994) considered that a good pricing policy by MFIs is comprised of three main factors such as demand, the structure of cost and price of competitors. However, in South Africa several low-income policies offered by funeral parlours were lapsed as they were too costly expensive was experienced during the last decade (Angove and Tande, 2011). Churchill and Matul (2012) also put forward that the microinsurance policy has to be valuable, accessible and affordable to the low-income entrepreneur for it to generate effectiveness. Therefore the provider should be able to bill the low-income entrepreneurs in an affordable way to ensure a competitive strategic marketing approach.

Place or distribution comprises of all companies’ activities in a marketing mix that render the product accessible to the relevant consumer (Kotler and Armstrong, 2004). Gronroos (1990) suggested that the policy for distribution of an MFI is concerned with the means and ways of distributing the product or service to the targeted customer.

Distribution measures are generally undertaken by brokers and agents who work in regional offices and undertake money collection and handle administrative work. For instance, in South Africa according to ASISA (2009), the distribution by microinsurers in marketing the microinsurance death cover is generally made through agents. However, these products’ distribution can be a potential issue especially in out-of-reached places. According to Smith, Chamberlain, & Smit (2011) there is a need to adopt an effective strategic approach such as innovative models of distribution namely, more call centres, retail food outlets and retailers that are licensed to market and distribute those low-income services.

According to Gronroos (1990) promotion under the marketing mix relates to the ways measures of communicating the product of any institution (Kotler et al., 2010). In 2009, it was reported that the microinsurance industry was still at its preliminary stage thus was not equipped with a proper branding of the Zimele microinsurance

products for its customers (ASISA, 2009). This was the main reason behind the lack of Zimele visibility in the market in 2007. There has not been a real change in the situation since then as 53% in 2017 of the low-income population still were without cover (FinScope South Africa, 2017). Designing appropriate promotion strategies for low-income earners should be the main focus for insurers and MFIs to enhance strategic market approach such as advertising, personal selling, sales promotion and marketing campaign through radio announcement and banners as well as public relations (FinScope South Africa, 2017).

The role of technology in the strategic marketing of microfinancial products and services

Technological innovation plays an important role in the marketing of microfinancial services to the low-income households and microentrepreneurs. This initiative assists in reducing the high costs of transactions of MFIs, especially in rural settings where microfinancial services are still to be developed and marketed to the potential microentrepreneurs. For instance, a proper management information system (MIS) in place would be worth considering. For instance, the advent of mobile computing contains several inventions used into one single platform to microentrepreneurs and low-income users (Canbek, Sagiroglu, & Bayka, 2015).

Training and Development

In order to encourage both the social component and inclusive finance, training of MFIs should be facilitated to enable them to undertake the marketing of microfinancial services and educate the low-income households more effectively. According to Fanta et al. (2016), men and women have great potential to develop their respective business and promote financial inclusion through proper financial education to improve their respective microenterprises (Baliyan, 2013).

In an attempt to market or cater for the increasing level of unmet demand for microfinancial services from the microentrepreneurs, there is a need for the providers of microfinance to grow in the respective niche, simultaneously ensuring to meet up their target of desired microentrepreneur groups. It is important to know that the providers usually serve one specific niche target market, therefore should be creative in developing appropriate marketing tools and approaches, tailor-made products and services of microfinance for different needs of microentrepreneurs with different delivery methods which are cost-effective. The social endeavor relating to their marketing strategies of the variety of microfinancial products and services should be communicated to the microentrepreneurs as highlighted above.

FUTURE RESEARCH DIRECTIONS

As the number of microentrepreneurs and social microentrepreneurs keep on increasing, so is the demand of and supply for more micro finance funding be made available in the developing world. By the same token the number of marketing challenges will also keep on growing accordingly. Scholars and academics have begun to share their inputs in this direction and angle in the nascent area of research where social progress is pivotal. Therefore, financial institutions must reconsider their strategic marketing strategies and policy review to counteract those challenges. In various African countries where the regulatory framework is not yet present, makes it difficult to ensure proper marketing activities of micro financial services as the element of trust from the low income households is still missing . Policy framework should aim at giving women better opportunities to develop further social activities such as coastal fishing communities to enhance their economic and social role and enable them to participate in development efforts, rehabilitation and conservation of other natural reserves such as the coastal and aquatic environment of developing African countries. The policy review should incorporate training and development of the microentrepreneurs to be fully versed while marketing the microfinancial products and services with regard to advancing social efforts. Stakeholders of microfinancial services providers need to come with new marketing strategies such as innovative financial tools, specialized loan products and insurance/risk management instruments to customize to the needs of the microentrepreneurs. Financial intermediaries such as NGOs or federations should explore the possibility of building their own risk funds with matching contributions from government or MFIs that have microfinance funds. It is useful to mention that for the above-mentioned practices to be successful, the relevant technology favouring mobile money, mobile payment or mobile microinsurance that can accommodate the security of marketing micro financial products services such as encrypted passwords and stringent regulation against fraudsters should be present . The above-mentioned elements still leave space for the future phase of research in strategic marketing and provide a sound technical base for further expansion of microfinance support towards income-generating activities of microenterprises development in their pursuit of social progress.

CONCLUSION

Nowadays, microfinance is seen as a big umbrella which comprises of effective tools for financial and social inclusion to fight poverty and promote social progress in developing countries. The first section kickstarts with introducing the well-known concept of microcredit and its evolution to microinsurance, all forming part of the

microfinance umbrella. The second section provides a snapshot of the difference between microentrepreneurship and social microentrepreneurship and their application to microfinance. Many daunting challenges hindering the microfinancial services sector in developing African nations to progress are largely seen to be disruptive as have never been felt at present and have been discussed in the content of the third section of this chapter. Most of the African developing countries still do not have enough resources to ensure its full-fledged marketing operations in the microfinancial sector as some African countries do not have proper infrastructure such as regulatory framework. Section four discusses the marketing issues of microfinance providers in serving the low-income households microentrepreneurs and social microentrepreneurs. Finally, some insightful recommendations are offered on addressing those challenges through a good strategic marketing approach of microfinancial services to promote social upliftment for the microentrepreneurs in their pursuit of social progress.

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KEY TERMS AND DEFINITIONS

Financial Inclusion: The ability to provide a range of affordable cost financial services to those who are financial excluded.

Microcredit: Is referred as short-term loans with repayments on a monthly or weekly basis.

Microenterprise: Small enterprises which are typically small, employs less than nine people, and runs informally.

Microfinance: The provision of microloans at an affordable cost.

Microinsurance: Low-income cover that insures the low-income households.

Social Microentrepreneurship: Microentrepreneurs who are coupled with an embedded social purpose.

Social Progress: An increase in the capacity of a society or a country to cater for the basic necessities of its people and facilitates communities to improve the quality of life and welfare.

Strategic Marketing: A planning process and delivering services at a competitive advantage.

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About the Contributors

Nigel Chiweshe is a lecturer at the University of KwaZulu-natal. He is currently pursuing Doctoral studies specialising in Marketing with a focus on motivations for luxury brand consumption by deluxe aspirers. He also lectures Responsible & Sustainable Management Principles, Technology Management at the undergraduate level and Entrepreneurship Innovation and Venture Creation, at the Honours level and Contemporary Marketing at the Masters level. Through his engagement with the disciplines of management, marketing and entrepreneurship, Nigel has developed a keen interest in social enterprises, sustainability practices in SMMEs and luxury branding. He is currently involved in mentoring youth entrepreneurs, communities of practice in youth entrepreneurship, book editorship and research in social enterprises in the 4th Industrial Revolution.

Debbie Ellis is an Associate Professor in Marketing in the School of Management, IT and Governance, UKZN. She has a PhD from KTH Royal Institute of Technology, Sweden and a Masters in Business Science from the University of Cape Town, South Africa. Debbie has 29 years of teaching, supervision and research experience. Her work has been published in the International Journal of Consumer Studies, Young Consumers, Business Horizons, the International Review of Retail, Distribution and Consumer Research, the International Journal of Wine Business Research, the South African Journal of Business Management and the Southern African Business Review, among others. Her primary areas of research interest include eco-consumption, social marketing, young consumers, consumer knowledge, wine marketing, strategic marketing and positioning.

* * *

Marlen Gabriele Arnold is professor in the field of Corporate management and sustainability at the Chemnitz University of Technology. Since her beginning of her scientific career she has been dealing with strategic questions regarding sustainability and innovation including sustainability tools and assessments. Marlen Arnold

worked in several research projects at the University of Oldenburg, the Technical University of Munich and the Institute for Ecological Economy Research (IÖW) in Berlin. She was a research fellow at the Hanken School of Economics and the University of Vaasa, Finland. Her main fields of research are to be found in strategic management, innovation management, open innovation processes, participation, evolutionary approaches and biomimicry.

Chinmoy Bandyopadhyay is a doctoral student at Xavier University, Bhubaneswar. He is currently working in the area of marketing. His doctoral research project focuses on how social enterprises brand and position themselves to multiple stakeholders. Chinmoy has an MBA in Rural Management and a B.Tech in Electronics and Communication Engineering. Before joining the doctoral programme, Chinmoy worked as a manager for non-profit organizations in different parts of India.

Neeta Baporikar is currently Director/Professor (Business Management) at Harold Pukewitz Graduate School of Business (HP-GSB), Namibia University of Science and Technology, Namibia. Prior to this she was Head-Scientific Research, with Ministry of Higher Education CAS-Salalah, Sultanate of Oman, Professor (Strategic Management and Entrepreneurship) at IIT Pune and BITS India. With more than a decade of experience in industry, consultancy and training, she made a lateral switch to research and academics in 1995. Dr. Baporikar holds D.Sc. (Management Studies) USA, PhD in Management, University of Pune INDIA with MBA (Distinction) and Law (Hons.) degrees. Apart from this, she is also an External Reviewer, Oman Academic Accreditation Authority, Accredited Management Teacher, Qualified Trainer, Doctoral Guide and Board Member of Academics and Advisory Committee in accredited B-Schools. Reviewer for international journals, she has to her credit 5 conferred doctorates, several refereed research papers, and authored books in the area of Entrepreneurship, Strategy, Management and Higher Education.

Bibi Zaheenah Chummun is a Senior Lecturer at the University of KwaZulu-Natal (UKZN) Graduate School of Business and Leadership (GSB&L) based on Westville Campus in Durban - South Africa. Dr. Chummun has published several papers in the field of management, microenterprises, microfinance, microinsurance and financial inclusion. She is supervising Masters and PhD students in the field of management. She is a Chartered Insurer from the Chartered Insurance Institute in UK. She obtained her MBA from Nelson Mandela Metropolitan University (NMMU-South Africa) in 2010 and her PhD is from North West University (NWU-South Africa). Dr. Chummun is originally from the island of Mauritius.

About the Contributors

Evelyn Derera is a Senior Lecturer in the Discipline of Management and Entrepreneurship in the School of Management, IT & Governance at the University of KwaZulu-Natal.

Anne Dressler is external PhD candidate at Chemnitz University of Technology. She holds a Master's degree in Management & Organisation studies. Anne's research interest is in Frugal Innovation, Inclusive Business and sustainability. Parallel to her studies, she is working as a Human Resources Manager and Scrum Master in a start-up company in the domain of autonomous driving.

Paul Egan has led research at the UCT Unilever Institute of Strategic Marketing for over a decade. During this time he conceptualized, developed and authored all Institute research outputs, including: Black Diamond, African Lions and the Majority Reports. He has also developed various tools to aid the teaching of marketing, which are used extensively by tertiary institutions across Southern Africa. He has an MBA from the University of Stellenbosch, is a full member of the Chartered Institute of Marketers and has more than 15 years marketing experience with companies like Barclays, Telewest and The Qualitative Consultancy. Paul has also spoken at a number of conferences and has extensive experience presenting Institute research findings to Excos and marketing teams both in South Africa and abroad. Outside of the Institute, he has also produced two award winning movies: 1994 – the bloody miracle and Tess.

Anja Herrmann-Fankhänel is a research associate at the chair Innovation Research and Technology Management at Chemnitz University of Technology. Anja holds a Master's Degree in Management and Organization Studies. Her main research interest is the international Sharing Economy. From this starting point she investigates in related innovation, business models, and international differences and challenges as well as social entrepreneurship, sustainable development, and solidarity in economy. She lectures at Master's Level in e.g. consulting and innovation research. She was a lecturer for management, scientific writing and methods, and project management at Bachelor's level. Moreover, Anja is majorly involved in the project between her university and the University of KwaZulu-Natal that has the aim to jointly develop future managers to become more responsible and globally aware.

Stefan Huesig is holder of the chair for Innovation Research and Technology Management at the Technische Universität Chemnitz, Germany. Before he had several positions in academia such as Interim Professor at the Chair of Innovation Research and Sustainable Resource Management at the TU Chemnitz, as an Associate Professor at the Department of Innovation and Technology Management

at the University of Regensburg, Germany or as Deputy Director and founder of a new Institute for Innovation and Technology Management at the University of Economics in Prague (Czech Republic). Moreover, he had visiting positions at the Leeds School of Business at the University of Colorado (USA), Aston Business School, Aston University in Birmingham (UK) and the Fudan University in Shanghai (China). In addition to his academic activities Prof. Dr. Hüsigg was active in research and consulting projects in collaboration with Mannesmann, Vodafone, Continental or the Fraunhofer Institute. He holds a Habilitation in Business Administration, a PhD in Innovation Management and a Diploma in Business Administration from University of Regensburg.

James Lappeman the Head of Projects at the UCT Unilever Institute of Strategic Marketing. He has a PhD in Business Science (specializing in marketing and consumer behaviour) and also holds a Bachelor of Business Science and Masters in Social Science. James has taught and consulted for a number of institutions and has published articles in the news as well as in both local and international academic journals. James has a deep interest in marketing, business strategy and South African consumer behaviour. He has built curricula, supervised research and taught on the above topics to corporate strategy teams as well as to undergraduate and postgraduate students at UCT, UCT's GSB, Henley Business School, Vega, Red & Yellow, GetSmarter and Educate24.

Sandile Mkhize has a degree in Marketing and Economics, Post Graduate Diploma in Marketing and Master of Commerce in Marketing Management at University of KwaZulu-Natal. Sandile currently lectures Marketing and Business Management at Management College of South Africa (MANCOSA). He is a researcher who is passionate about sustainability marketing, social entrepreneurship and consumer behaviour research. He has presented conference papers on organic purchase behaviour. Furthermore, he has attended and presented at the America-Africa and Europe (AAE) Summer school and 2nd ARTEM Conference on the topic "Challenges to Environmentally Friendly Behaviour in SA: A consumer perspective". He has co-authored several articles on sustainability marketing, green marketing, consumer behaviour and social entrepreneurship.

Langelihle Nxumalo is a scholar at the University of KwaZulu-Natal with an avid research interest in entrepreneurial marketing.

Subhasis Ray is a professor of Marketing at the Xavier Institute of Management, Bhubaneswar, India. He has 23 years of work experience in corporate and

About the Contributors

academia. His research interests are in sustainability, marketing, social innovation & entrepreneurship, CSR, emerging markets, and Indian philosophy and religion.

Katja Schneider is a research associate at the chair of Corporate Environmental Management and Sustainability at Chemnitz University of Technology. Katja holds a Master's degree in International Energy Economics and Business Administration from Leipzig University and Moscow State Institute of International Relations. Before she has joined Chemnitz University of Technology Katja worked mainly as a researcher in a project funded by the German Federal Ministry of Education and Research investigating innovative technologies for resource efficiency and their contribution to increasing sustainability. In her doctoral thesis Katja focuses on social sustainability in business models in the textile industry. Another central theme of her research relates to sustainability marketing and communication strategies for textile business model innovations.

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