Enhancing social enterprise sustainability: A value co-creation pathway

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Abstract

Purpose - This paper explores the role of the services marketing concept of value co-creation (VCC) in social enterprise (SE) sustainability.

Methodology - The research utilized a case study approach, incorporating a purposefully selected regional SE in the form of an Australian Coffee Roasters Guild, comprising six independent organizations. Semi-structured interviews were employed to capture the perspectives of Guild representatives. Thematic analysis and coding of the data was conducted through the lens of the extant VCC and SE literature.

Findings - Findings indicate the theoretical fit and practical application of VCC, offers considerable potential to SEs in their quest for organizational sustainability. Specifically, the study demonstrates the aptness of the VCC DART framework as a means for SEs to facilitate sustainable socio-economic outcomes via effective resource integration as supported by mutually beneficial stakeholder relationships.

Originality/value - Theoretically, the study identifies the fit of VCC in the context of SEs, via theory-borrowing. It also extends the VCC DART framework, advancing theoretical insight on the sustainability of SEs. Practically, it offers practitioners and policy-makers a platform to assist development of improved SE sustainability strategies.

Keywords - Social enterprise; sustainability; marketing; value co-creation.

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Introduction

Social enterprises (SEs) are value-based (Pearce, 2003; Ridley-Duff, 2008), dual-purpose, hybrid organizations that employ traditional business methods to deliver positive social outcomes in communities (Dees, 1998; Doherty et al., 2014). Although somewhat counter-intuitive, the integration of social and economic goals is not necessarily mutually exclusive (Hynes, 2009; Wilson & Post, 2013), with a commercial orientation central to organizational sustainability (Austin et al., 2006; Chell, 2007; Hynes, 2009; Jenner, 2016). Hence, SEs comprise a range of legal forms including not-for-profit, for-profit and hybrid constructs (Doherty et al., 2014; Teasdale 2012a).

SE core values and community focus often result in development of strong civic connections (Pearce, 2003; Peredo & Chrisman, 2006; Birch & Whitam, 2008). Thus, they are viewed as multi-stakeholder organizations, with collaborative community relationships important to their success (Meyskens et al., 2010; Seelos et al., 2011). However, their dual purpose model can be problematic. The requisite focus on commercial drivers to access important resources for organizational viability, may compromise decision making in terms of the values and operations of SEs (Eikenberry & Kluver, 2004; Dey & Teasdale, 2015). In turn, mission drift and managerial-stakeholder tension can occur (Doherty et al., 2014; Bruneel et al., 2016).

Nevertheless, governments increasingly see these ventures as appealing models for service delivery and are interested in developing the sector (Teasdale 2012a; Pestoff et al., 2013; Blundel & Lyon 2015; Kay et al., 2016). Yet, public funding for the sector has decreased (Peattie & Morley, 2008; Defourny & Nyssens, 2010; Blundel & Lyons, 2015), presenting challenges in securing essential resources (Hynes 2009; Doherty et al., 2014; Kay et al., 2016). As a result, SEs often become multi-resource organizations relying on a mix of earned income, grants and donations (Doherty et al., 2009; Ridley-Duff & Bull, 2011). Research therefore argues SEs must seek financial autonomy from sustainable, entrepreneurial business models divorced from a reliance on grant income and donation (Dees, 1998; Chell, 2007; Hynes, 2009).

Achieving sustainable business models can be problematic as SEs often lack appropriate commercial-management knowledge and skills (Peattie & Morley, 2008; Doherty et al., 2014; Kay et al., 2016). One such knowledge base is marketing skills, which are considered a weakness for SEs. The field seemingly lacks an appreciation of marketing application, underscored by a paucity of understanding of the potential that marketing theory offers (Powell & Osborne, 2015). Despite its standing as a key organizational competence (Achrol & Kotler, 1999), marketing remains under researched from the SE viewpoint (Sunley & Pinch, 2012; Doherty et al., 2014; Powell & Osborne, 2015). This is evident in the opportunity offered by moving from a traditional product-dominant to a service and relational marketing orientation, not common in the domain (Powell & Osborne, 2015). Accordingly, this research seeks to explore the application of a service marketing concept, value co-creation (VCC), to help enhance decision making and build longevity in SE agendas.

Embedded in the service-dominant logic perspective, VCC is a marketing concept that has achieved widespread credence over the last decade (Arçol & Kotler, 2012). Value co-creation represents the notion of crafting value together with (rather than to) stakeholders (Vargo & Lusch, 2004). Moving beyond a sole focus on economic exchange, VCC centres on the exchange of operant resources (e.g. knowledge, skills, relationships) to achieve mutual stakeholder benefit (Vargo & Lusch, 2008). It is a logic focused on integrity and trust amongst stakeholders (Abela & Murphy, 2008), seemingly complementary to the philosophy of SE. Recent calls have also been made for its potential and applicability outside of commercial contexts (McColl-Kennedy et al., 2015a), indicating an opportunity for SE research. While VCC research, in relation to the co-production concept, has attracted attention in the delivery of public services and the social innovation process (e.g. Brandsen & Pestoff, 2006; Pestoff et al., 2013; Voorberg et al., 2015), it is yet to be unpacked from a marketing perspective in the SE domain. This is despite the potential influence of marketing concepts on the sustainability of SEs (Powell & Osborne, 2015).
Literature review

Social enterprise sustainability

The quest for organizational sustainability is a fundamental ingredient of social entrepreneurship (Weerawardena et al., 2010). To consistently deliver social impact, SEs must maintain commercial viability (Dees, 1998; Chell, 2007; Jenner, 2016). For SEs, the creation of both social and economic value is not incongruous (Wilson and Post, 2013). However, making decisions in regard to balancing social and commercial objectives is challenging for SEs in pursuit of organizational sustainability (Doherty et al., 2014).

The acquisition of resources is a fundamental issue for social enterprises (Diochon & Anderson, 2009; Sharir et al., 2009), as they often, ‘operate in resource-scarce environments’ (Doherty et al., 2014, p. 11). Resourcing is therefore central to SE development (Hynes, 2009). Like traditional businesses, SEs require, but often lack, the necessary combination of financial, physical, human and network resources to succeed (Haugh, 2009; Sharir et al., 2009; Doherty et al., 2014). For example, securing appropriately skilled personnel is problematic for SEs (Austin et al., 2006; Dacin et al., 2010), although access to financial resources remains the key challenge (Austin et al., 2006; Sunley & Pinch, 2012). As a result, SEs regularly rely on a multi-resourcing approach, incorporating grants and donations, along with earned income streams (Hynes, 2009; Ridley-Duff & Bull, 2011).

A range of other factors critical to the sustainability of SEs have also been identified. The organizational structure of an SE is opined to influence their development (Hynes, 2009; Townsend & Hart, 2008), with research suggesting that SEs should utilize structures best aligned to achieving social aims whilst meeting resourcing needs (Meyskens et al., 2010). Similarly, other organizational capabilities (e.g. marketing, operations, leadership, and networking) are also viewed as important to successful SEs (Austin et al., 2006; Haugh, 2009; Sharir et al., 2009). Yet, limited research examines the relationship of organizational capabilities to SE success (Peattie & Morley, 2008; Doherty et al., 2014).

The lack of marketing capabilities (i.e. skills and knowledge), for example, has been identified as impacting SE success. Work by Bull and Compton (2006) found scant resources allocated to marketing in SEs. Bull (2006) further suggested a significant proportion of SEs possessed limited, if any, marketing capacity. Powell and Osborne recently stated, ‘relatively few studies have looked at the contribution marketing could make to social enterprise’, and, ‘marketing is neither well understood within social enterprises nor has it been effectively harnessed to a sustainable business model for them’ (2015, pp. 28, 30). Moreover, where marketing is applied in SEs, it is centred on product-dominant, transactional marketing logic, rather than a service and relational approach (Powell & Osborne, 2015). The latter being more congruent with the stakeholder relationships central to SE activity, and potentially more conducive to achieving sustainable ventures.

This resonates with the view that SEs need to develop organizational legitimacy with community stakeholders to access important resources (Dart, 2004; Townsend & Hart, 2008). This legitimacy offers potential competitive advantages to SEs (Dacin et al., 2010; Jenner, 2016). Consequently, SEs seek to ‘leverage relationships with stakeholders to secure external resources’ (Doherty et al., 2014, p. 8). Given the embeddedness of SE within the community (Pearce, 2003), significant benefits may be garnered from development of collaborative community networks (Di Domenico et al., 2010; Meyskens et al., 2010; Seelos et al., 2011). Hence, the strategic utilization of community legitimacy may enable access to resources through mutually beneficial collaboration with, for instance, other businesses and government (Austin et al., 2006; Teasdale, 2012b). However, this necessitates the existence of key organizational capabilities to unlock the inherent potential of network benefits (Jenner & Oprescu, 2016).

Further research suggests SE sustainability fundamentally requires an implicit commercial orientation and desire to grow the organization (Hynes, 2009; Jenner, 2016). This is despite the
potential for tensions and the dangers of mission drift in managerial decision making occurring as a result of the challenges of balancing social and commercial objectives (Bruneel et al., 2016). While upholding social values is paramount to SEs, sustainability is predominantly an economic matter (Chell 2007; Weerawardeena et al., 2010).

Therefore, the acquisition of critical resources, often through community relationships, is widely acknowledged as central to SE sustainability (Meyskens et al., 2010; Lyon & Fernandez, 2012; Doherty et al., 2014). Yet, strategies for acquiring resources are not well understood due to a paucity of commercial and managerial knowledge and skills within the field (Peattie & Morley, 2008; Sunley & Pinch, 2012; Doherty et al., 2014). Hence, the need to explore areas like marketing to better understand how these capabilities may be acquired and applied in SE contexts (Powell & Osborne, 2015).

The value co-creation concept

Featuring as a fundamental premise of the service-dominant logic (SDL) perspective of marketing, VCC focuses on the joint creation of value amongst stakeholders (Vargo and Lusch, 2004, 2008, 2016). Gaining considerable attention within the services marketing arena, (Archol & Kotler, 2012) recent literature reviews (e.g. Galvagno & Dalli, 2014; Ranjan & Read, 2014) demonstrate VCC’s established conceptual standing. However, VCC is still developing empirically (Gronroos & Voima, 2013; McColl-Kennedy et al., 2015b), with numerous gaps for advancement beyond commercial service marketing contexts (Cheung and McColl-Kennedy, 2015; McColl-Kennedy et al., 2015a). Accordingly, we address how VCC may be utilized in a SE context. Focusing on areas of VCC literature most relevant to enhancing the viability of SEs, we aim to establish a foundational alignment between VCC and SE via theory borrowing and identify how SE sustainability may be improved via the DART value co-creation framework (Prahalad & Ramaswamy, 2004).

Value co-creation and social enterprise

VCC is characterized with a high degree of integrity as a marketing perspective (Abela & Murphy, 2008). Its focus on mutual benefit, via shared stakeholder value creation, denotes its potential applicability beyond commercial enterprises. Yet, little research has explored how the concept of VCC may contribute to organizations with a dual socio-economic focus.

That said, recent research indicates alignment between VCC and socially founded concepts (e.g. social capital) that may influence SE development (Mair & Marti, 2006; Birch & Whittam, 2008; Jenner & Oprescu, 2016). For example, Laud et al. (2015) provide a comprehensive theoretical exploration and framework drawing connections between VCC and social capital. Cheung and McColl-Kennedy (2015) opine utilizing social capital and VCC in tandem to understand how resources are integrated amongst stakeholders operating within a moral economies (e.g. natural disaster crises). VCC and resource integration have also been discussed in terms of social construction theories, with frameworks developed linking them to mutually beneficial resource exchange and value creation amongst stakeholders (Arnould et al., 2006; Edvarsson et al., 2011; Kleinltenkamp et al., 2012). Social constructs such as stakeholder dialog, transparency and learning are consistently posited as key components in VCC frameworks (e.g. Prahalad & Ramaswamy, 2004; Payne et al. 2008; Gummesson & Mele, 2010). Indeed, connections to socially founded concepts are evident in the VCC literature.

Outside the marketing literature, public management research has also provided foresight to the potential of VCC in third-sector organizations (Brandsen & Pestoff, 2006). For example, in the public health service context, Hardyman et al. (2015) discuss the importance of viewing patients as resources integrators to co-create and improve service interaction and outcomes. Other research demonstrates the increase of citizens’ role in public service provision and delivery, in the form of co-production (Brandsen & Pestoff, 2006), which is prominent in VCC literature (see e.g. Vargo & Lusch 2004, 2008). Co-production can take the form of citizens’ contribution of skills and knowledge to improving policy or volunteering to help manage public service networks for mutual stakeholder benefit (Brandsen & Van Hout, 2006). In terms of VCC,
citizen interaction, via contribution of skills and knowledge, echoes the notion of constructing value with rather than to stakeholders in the exchange and integration of resources within stakeholder networks (Vargo & Lusch, 2004, 2008, 2016).

A semblance of ethos between VCC and SEs is apparent. Much of the alignment between VCC and SEs is associated with effective resource integration via stakeholder relationships, making understanding resource integration important. Particularly for SEs, which often rely on multi-resourcing from collaborative relationships (Meyskens et al., 2010).

Resource integration in value co-creation

Resource integration is a core tenet of VCC (Payne et al., 2008; Kleinaltenkamp, 2012). Without resource integration, VCC cannot occur (Storbacka et al., 2016; Vargo & Lusch, 2008). In VCC terms, resource integration refers to the exchange of mutually beneficial operant resources, in addition to traditional exchange of economic resources, amongst stakeholders (Vargo & Lusch, 2008; Peters et al., 2014). Operant resources take the form of knowledge, skills and relationships (Prahalad & Ramaswamy, 2004; Vargo & Lusch, 2008). The full potential and shared benefit of operant resources does not always manifest. The tacit nature of operant type resources enhances the complexity of their exchange. Organizations working with each other may not be aware of or experience misalignment of operant resources that may provide mutual benefit (Peters, 2016). This presents challenges for organizations, such as SEs, that often are limited in their access to resources and capabilities (e.g. managerial capabilities), which effects their viability (Sharir et al. 2009; Doherty et al., 2014). This interplay between stakeholder interaction and resource integration is a focus in the VCC literature (Peters, 2016), and of potential benefit to SE. To contextualize resource integration via VCC in a SE context, we draw from Prahalad and Ramaswamy’s (2004) DART framework.

The DART VCC framework

Prahalad and Ramaswamy’s (2004) DART framework assists organizations to better understand decisions and manage the VCC process with stakeholders (Payne et al., 2008). It has been applied and empirically tested in various commercial contexts (see e.g. Russo-Spena et al., 2012; Albinsson et al., 2016; Taghizadeh et al., 2016), but not in the SE context. The framework focuses on helping organizations leverage external resources by building relationships with and understanding how other stakeholders, such as customers or the community, contribute resources to the value creation process (Taghizadeh et al., 2016). Understanding what resources can be contributed and are relevant to organizations and stakeholders occurs within the following framework components: dialogue (D), access (A), risk assessment (R) and transparency (T) (Prahalad and Ramaswamy, 2004).

Dialogue is arguably the most critical component of the framework, as without it no communication, nor VCC, with stakeholders occurs (Prahalad & Ramaswamy, 2004). The nature of dialogue is continuous and reciprocal, which perpetuates the notion of VCC (Ramaswamy & Gouillart, 2010). In the case of SEs, dialogue with key stakeholders (e.g. employees, customers, government bodies) is a key initial step for understanding and then communicating what resources underpin the viability of the enterprise.

Access refers to customer access to information and presence in the value chain (Prahalad & Ramaswamy, 2004; Ramaswamy, 2008). Allowing customers and other stakeholders to access information and service processes creates an inclusive experience with opportunities to interact in the value chain, and potentially create value with the organization. In the context of SE, this could be allowing relevant stakeholders (e.g. customers, government bodies, suppliers) access to information, knowledge or skills (e.g. product materials, processes, ingredients) that occur at various points of the value chain and are mutually beneficial.

Risk assessment refers to a shift in how risk is understood by stakeholders in co-creation experiences. As co-creation emphasizes stakeholder participation (particularly customer
Involvement) in the value creation process, the inherent risks of their participation need to be disclosed (Prahalad & Ramaswamy, 2004). In the SE context, this would entail organizational appreciation, capacity for evaluating and communicating the risks associated with key stakeholder collaboration.

Transparency concerns explicitly sharing information with stakeholders (Ramaswamy, 2008). Notably, organizational transparency in VCC moves beyond creating access to information and resources, and implies building trust through proactive willingness to share important information with stakeholders (Prahalad & Ramaswamy, 2004; Russo-Spena et al., 2012; Taghizadeh et al., 2016). For SEs, the presence of trusting collaborative relationships are important to establishing clarity in co-creation of social and economic objectives (Meyskens et al., 2010; Jenner & Oprescu, 2016).

Through the use of the DART elements, organizations are better able to interact and collaborate with stakeholders because the value of resource integration becomes clearer. In turn, better VCC opportunities are generated, yielding potential competitive advantage (Prahalad & Ramaswamy, 2004; Ramaswamy & Gouillart, 2010; Albinsson et al., 2016). Given the wide application and empirical support of the DART framework, we use it as our theoretical framework, exploring its applicability in the context of SE sustainability through the co-creation of value via improved stakeholder resource integration.

Methodology

Both exploratory and inductive, this research utilizes a case study approach whilst incorporating theory borrowing, to build a preliminary understanding of VCC in the context of SE. Case studies explore phenomenon at an individual, group or organizational level (Yin, 2011). To build a comprehensive case, secondary and primary data sources are used to identify or amplify nascent topics, helping to improve conceptual understanding through inductive theory development (Eisenhardt, 1989; Yin, 2011). Allowing the examination of varied real world perceptions and interpretations of reality, case studies are particularly suitable to studying small enterprises like the Coffee Roasters Guild in this research (Denzin & Lincoln, 1994; Patton, 2009). Complementing the case study approach, theory borrowing is utilized because it has the capacity to extend and legitimize SE research by leveraging ideas from other theoretical domains to better understand cases and issues in the field (Short et al., 2009; Haugh, 2012). This project applies theory borrowing by using the marketing concept of VCC to extend theory and practice of SE sustainability.

The case of focus is a Coffee Roasters Guild located in regional Australia. Formed in 2015 and consisting of six enterprises, the Guild self-designates as a SE, possessing defined social and economic goals. Operating as a guild, the individual roasters maintain their financial sovereignty, but pool together other resources (i.e. skills, knowledge, time, energy, relationships), to advance the region’s coffee industry whilst concurrently benefiting the local community, along with progressing Fairtrade and environmental goals. Examples of Guild initiatives include employment and education programmes (e.g. seeking to assist disadvantaged members of the community through collaborative partnerships and engagement), community focused and environmentally sensitive sourcing strategies and collaborations (e.g. Real Food movement, organic and Fairtrade initiatives), and partnering with other regional stakeholders (e.g. local tourism organizations) to create mutually beneficial community outcomes.

The case was purposefully selected to complement the phenomenon under investigation (Creswell & Plano, 2007; Yin, 2011). Primary data was sought via six semi-structured interviews from key individuals from each of the six enterprises, including the Chairperson, specialty roasters, marketing employees and business owners, with permission to act as representatives of the Guild’s viewpoints. This technique provides for an informal, interactive and open-ended interview environment resulting in depth and richness of data, and subsequent thematic development (Eisenhardt, 1989; Yin, 2011). Interviewing occurred until theoretical saturation.
was achieved (Glaser & Strauss, 1967). Secondary data was also sought from various publicly verifiable sources (e.g. websites) to triangulate and confirm the primary data.

The research question framing this study was:

*How can the sustainability of social enterprises be enhanced via value co-creation?*

A moderation guide based on the extant literature was developed for the interviews to answer the research question (Guba & Lincoln, 1994). Two main objectives underpinned the guide: 1) to explore potential principles of VCC that aligned with the Guild; and 2) to explore connections to the DART value co-creation framework as a platform to enhance SE sustainability through better resource integration. Some example questions posed in the guide were:

1) How was the organization founded and what principles does it operate under to function as a viable SE?
2) What resources are important to your ability to operate as a SE and how do you access them?
3) How important are other stakeholders to the viability of the Guild and how do you interact with them?

Lasting approximately one hour, the interviews were digitally recorded, and notes were made during and immediately following each session (Saldana, 2010). A manual thematic analysis was used to identify recurrent themes and emergent patterns in the data, attributing meaning to and facilitating analysis of the case study (Saldana, 2010). Themes were manually coded and clustered according to their congruence with the extant literature and research objectives (Yin, 2011).

To avoid bias and improve validity of findings, the study sought to demonstrate credibility, transferability, dependability and confirmability of the data (Guba & Lincoln, 1994). Credibility in qualitative research is achieved via triangulation and participant validation (Creswell, 2009; Yin, 2011). In this case, triangulation was attained through cross-examination of the finding interpretations by each researcher, and follow up calls to the participants providing confirmation and clarification of the data. Triangulation was also attained via cross-checking secondary data (e.g. websites) relating to the Guild (Yin, 2011). To aid in transferability of the results, the researchers sought descriptive examples of the accounts by the participants to illustrate key themes (Bryman & Bell, 2011; Creswell, 2009; Yin, 2011). Dependability was addressed through a consistency of research practice and procedures for each interview, particularly in transcription and analysis procedure (Bryman & Bell, 2011; Yin, 2011). Finally, confirmability was achieved through the aforementioned steps taken to minimize bias via cross-examining the analysis process (Patton, 2009; Yin, 2011).

**Findings**

The findings indicate the Guild comprises value-based social businesses. The results demonstrate consistencies with the principles of VCC as an appropriate marketing concept to assist SEs in their attainment of social and commercial goals. The DART framework is also shown to align with the activities of the Guild, and potentially other SEs.

To explicate the findings the data are structured by the two research objectives.

**Research objective one findings: To explore potential principles of VCC that aligned with the Guild SE**

On the whole, the results revealed consistent commonalities between the foundational principles of the Coffee Roaster’s Guild and VCC. The Guilds founding principles were expressed...
by the Guild’s Chairperson and a business owner, ‘The Guild is independent businesses...that agree to collaborate...agree to principles and operating as a democratic committee...to create better opportunities for all members as well as socially, for the community.’

These following comments echo other respondent phrases, providing a snapshot of the Guild’s ethos, ‘mutual collaboration’, ‘collaborating for something bigger than ourselves’, ‘shared values’, ‘working together on a collective effort’, ‘building an organization that generates benefit for all stakeholders’.

The comments reflect the notions of VCC as a means to better source and align resources, and achieve organizational goals involving, ‘the actions of multiple actors...that contribute to others well-being’ (Vargo & Lusch, 2016, p. 8). This is further captured by the Chairperson, ‘The guild is centred on mutual benefit for each other and the goodwill and value it provides to other stakeholders like customers and the community.’

Notably, the findings also highlight the connection between the economic and social objectives of the Guild, demonstrated by the following observation of a business owner,

It [the Guild] provides a way to create opportunities for all members, leading to better viability for the individuals (members) and the community. It’s about the good of the whole...working collectively to build a larger customer base for all, protecting the local economy and serving the local community.

Societal well-being objectives were also evidenced through the Guild’s relationships with like-minded suppliers and organizations. Guild members sought to work with suppliers supporting responsibly sourced product and materials, like organic and ethically produced fair trade beans and eco-friendly cups. One business owner expressed, ‘We are committed to working with fair trade suppliers...it’s good socially and it’s good business...in fact it’s pretty neat!!’

The findings identified the strategic development of relationships as key to the Guild’s ability to achieve their commercial and community goals. This is salient as relationships represent a central element of VCC (Vargo & Lusch 2004, 2008; Ballantyne & Varey, 2006; Payne et al., 2008; Moeller, 2008). In particular, member relationships, along with local organizations relationships, that share a similar focus, ideas and ethos (i.e. promoting and supporting the local community), were found to be important to the Guild’s success. A business owner respondent stated, ‘Working together to build strong relationships with [Guild] members allows us to build better relationships with suppliers, which helps us ensure quality and integrity of the product, making all businesses more viable.’

In regard to external relationships, a business owner commented, ‘Our relationships with customers, community and the supply chain are vital...it costs time and money but it’s important.’

The Chairperson indicated these collaborative relationships enhanced the customer relationships by sharing information that, ‘...can be passed onto the local retailers and consumers...and cultivates behaviours as a group.’

Finally, relationships were also found to be critical for resource integration to occur amongst Guild members and other stakeholders. For example, a specialist roaster posited, ‘The value of being part of the Guild is the knowledge/experiences (e.g. roasting skills/techniques) resulting from relationships with members.’

This is echoed by marketing employee respondent observing their roasters attend Guild meetings to, ‘...get the others perceptions and discuss the world of coffee... share ideas...we are happy to share and receive information...’

Taken together, these findings indicate the founding and operational premises of the Guild reflect the VCC perspective. Specifically, the importance of the relationships that underpin their ability to integrate resources with members and other stakeholders to achieve their dual organizational goals.
Research objective two findings: Connections to the DART VCC framework as a platform for SEs to enhance their sustainability through better resource integration.

The findings revealed several themes representative of the DART framework elements. The findings are presented in order of the DART acronym.

Dialogue. The notion of dialogue between stakeholders emerged as critical to the Guild’s success since its inception. Starting the Guild, the Chairperson noted, ‘In the beginning, we wanted to establish very clear principles so that the group could communicate and consult with each other.’

In terms of establishing structural and operational guidelines, dialogue was considered important. A business owner stated, ‘To keep from being overburdened, there is open dialogue amongst the members as to who can take on what with specific resources at specific times.’

Dialogue was also shown to be foundational in how Guild members and external stakeholders become aware of mutually beneficial resources. The Chairperson stated,

‘Once an idea is given it becomes property of the group...communication is required to sustain this. When there is a project, whatever Guild members are involved have to donate time or other resources, so there is communication about what is contributed from everyone and from outside stakeholders.’

Access. In line with the DART framework, customers’ accessibility to information and inclusion in the value chain was apparent and plays a key role in the Guild’s sustainability. Access for customers centred on information regarding the quality and integrity of the product. A specialist roaster stated, ‘Knowing the story of where their [customers’] product is coming from is a big benefit. The stories of the people producing and the decisions we make as roasters and retailers effects the decision they [customers] make.’

It was also found providing access to information and experiences to stakeholders, beyond the customer, was important to the Guild’s viability. The Chairperson noted, ‘The guild acts as a platform to access information and ideas that often centre on connections with external stakeholders, who in turn may share their information and resources.’

Notably, education initiatives were also found as a resource for proving access to information, with a specialist roaster expressing, ‘Education is a big part of the Guild...educating the customer on the product and creating standards of education for other stakeholders like cafes. It’s an opportunity for stakeholders to access us by chatting about the coffee experience.’

Similarly, education was also echoed by the marketing employee respondent declaring a key role of the Guild, ‘...is to increase the level of education about coffee generally across the region.... so as to educate the café s and the end consumers.’

Risk assessment. The findings revealed no mention of risk to the customer in creating dialogue or offering access to information in the value chain experience as suggested in the literature (Prahalad & Ramaswamy, 2004, Ramaswamy, 2008). However, notions of risk assessment emerged regarding Guild inter-member cooperation and somewhat with other external stakeholders. Reflecting on establishing the Guild the Chairperson noted, ‘To be a member, everyone agrees to the principles...making it clear the expectations for any joining members.’

This implies members have an opportunity to evaluate the risk of joining the Guild before making commitments. Another type of risk emerged in members assessing and learning how to work with each other to share resources. A business owner noted, ‘Learning how to share skills is a skill and was difficult because everyone has to be on the same page...but, so far it has offered mutual benefit.’
In deciding to participate in Guild projects it appears risk is spread equally with expectations clear amongst members. The Chairperson stated,

‘Members must participate and bring talent and skills to the table... everyone is called on for the capacity they have. There’s an expectation of hard work and reciprocity. If members don’t put in they are not as respected and their reputation suffers. Working collectively in this way helps reduce risk for all.’

Regarding risk assessment with external stakeholders, respondents suggested sharing access to resources and skills helped reduce risk, highlighting the interaction between the risk assessment and access components of the DART framework (Prahalad & Ramaswamy, 2004). A specialist roaster stated,

‘If an industry specialist comes up from the city, how can we all use them on the same day? Or, how can we align finances to buy beans together...reducing time and financial risk, by making larger orders, so the supplier delivers here and we don’t have to go down there?’

Transparency. The importance of building internal transparency as a conduit for enhancing external transparency was a central theme. Transparency was first formed internally amongst the Guild members. As a business owner noted, ‘We try to operate democratically. One member of the guild is deliberately not in the industry. They are neutral and are skilled in facilitating group processes...they maintain checks and balances - like an honesty broker.’

The maintenance of internal transparency was found to be a conduit for establishing transparency with external stakeholders. As the Chairperson stated,

‘We aim to cultivate certain behaviours that resonate value with consumers and suppliers...excellence, integrity, professionalism and goodwill - this is what we stand for. By sharing this, it helps ensure we can communicate to consumers and retailers (e.g. cafes) they are getting a high quality product with integrity.’

Similarly a business owner remarked, Transparent communication is vital...right through the chain to the customer...we aim to maintain transparency through the whole chain.’

Remembering a customer encounter, a specialist roaster expressed, ‘They were amazed I would recommend a business other than my own. It is about the information flow between members in the Guild, customers and other stakeholders we work with. It shows the Guild really cares about being honest.’

Together, these findings indicate the integrated nature of the DART framework components. Transparency stems from trust built through dialogue, underpinning the ability to collaborate and yet compete. Dialogue creates accessibility to information and opportunities to potentially integrate resources and co-create value based on shared values and an understanding of the risk involved.

Discussion

Our study answers calls regarding greater awareness and application of marketing principles in SE activity (Powell & Osborne, 2015). In doing so, the findings indicate the marketing concept of VCC offers considerable potential theoretical and practical contributions to SEs in the quest for enhancing decisions focused on organizational sustainability.

Theoretical contributions

Prior research emphasizes challenges for SEs of accessing resources (Diochon & Anderson, 2009; Doherty et al., 2014). Drawing from the services marketing domain, and in relation to research objective one, we formulate a basis for the theoretical feasibility of borrowing VCC as a marketing approach to help SEs make better decisions to achieve their socio-economic goals. This is reflected through the Guild securing the exchange of mutually beneficial resources in the form of relationships, knowledge and skills, with key stakeholders (Vargo & Lusch 2004, 2008).
Resultantly, the Guild appears to be creating value with key internal and external stakeholders, leading to enhanced organizational sustainability and improved capacity to achieve social and economic goals.

Accordingly, our findings are supportive of prior research (e.g. Prahalad & Ramaswamy, 2004; Payne et al., 2008; Gummesson & Mele, 2010; Cheung & McColl-Kennedy, 2015; Laud et al., 2015) suggesting an alignment between VCC and socially founded constructs. On the one hand, residing in the Guild’s internal group relations and dynamics, a critical understanding of the role of trust and reciprocity, purposefully integrating their group relations (social and commercial) demonstrates elements of social capital. This results in an explicit structure and protocol looking to harness and control relational activity to maximize the benefits of group decisions and activity, whilst avoiding behaviour compromising collegiate success. When framed to resource integration via VCC, this may positively impact SE sustainability given that social capital is argued to be a strength of the SE field (Pearce, 2003; Ridley-Duff, 2008), although research indicates that they may often fail to take advantage of its latent potential (Jenner & Oprescu, 2016).

Similarly, from an external relationship perspective, an appreciation of consumer and community relations (e.g. local government, tourist board, local charities, suppliers) for mutual benefit is exhibited by the Guild. As multi-stakeholder, community networks are influential in the development of SEs, particularly their ability to access legitimacy (Townsend & Hart, 2008) and key resources (Meyskens et al., 2010; Doherty et al., 2014; Jenner, 2016), the centrality of relationships within the VCC concept resonates theoretically with SE. The Guild actively leverages external networks to make decisions on accessing and integrating resources beneficially through the planned and strategic management of their stakeholder relationships, demonstrating theoretical alignment with VCC. Thus, our study indicates VCC to be a germane concept in the context of SE sustainability.

In relation to the second research objective, theoretical contributions emerge from extending and demonstrating the connection of the DART VCC framework as a platform to enhance SE sustainability (Figure 1). The adapted DART framework brings into view the critical elements of dialogue, access, risk assessment and transparency to support and enhance stakeholder connectivity and resource integration, providing a clear framework for SEs to employ VCC processes. Through understanding the theoretical components for developing stakeholder relationships within the DART framework, an eco-system for SE sustainability in competitive marketplaces is created via the sharing and integration of operant resources. The findings provide a preliminary reflection of how the Guild behaves to make decisions and achieve better access to and integration of resources leading to important skill and knowledge sharing, cost reductions, improved customer communication and satisfaction, community and environmental benefits and goodwill—all of which may enhance SE sustainability. In many ways, VCC creates a virtuous circle, via mutual stakeholder benefit, whereby the relationships of social businesses coalesce the attainment of socio-economic outcomes, which is critical to the hybrid nature of SEs. Thus, the Guild seemingly represents a case supporting the DART framework’s theoretical orientation in the SE field, and contributes some non-commercial VCC theoretical perspective to marketing domain.
Figure 1:
Social enterprise value co-creation sustainability framework

Adapted from Prahalad & Ramaswamy (2004).

Practical and Policy Contributions

The research identifies important implications for policy and practice. For practitioners, the findings highlight the importance of applying marketing principles to enhance management decision making in SEs. Specifically, the study demonstrates the services marketing concept of VCC and its focus upon leveraging stakeholder relationships to integrate operant resources, has potential to improve the sustainability strategies of these ventures. To unlock the latent potential of VCC from these relationships, practitioners must develop not only a clear strategic orientation and commitment to the development of key relationships, but also foster and employ the requisite skills to successfully apply such strategies—crafting value together with stakeholders. When successfully orchestrated, the VCC approach delivers a virtuous circle of concurrent socio-economic goal attainment for SEs.

The research also identifies the potential of the DART model as a useful management tool for SEs to anchor the VCC approach. The framework not only alerts practitioners to the fundamental salience of building collaborative relationships based upon dialogue and accessibility, but highlights the importance of formally managing relational risks to ensure effective and collaborative decision making is achieved through transparency. This leads to better resource alignment, and ultimately, VCC amongst stakeholders.

For policy-makers, the research confirms the importance collaborative community networks represent in the development of successful SEs. The implication is to identify and cultivate opportunities to develop multi-stakeholder community networks that provide the basis for strategic VCC to evolve. As well as seeking to directly promote and engage with this approach, government can expedite such activity via the use of specialist intermediaries to facilitate the development of strategic networks with targeted support and training.
Conclusion, limitations and future research

Taking a case study approach, this research explored the role of the marketing concept of VCC in SE sustainability. The findings suggest marketing concepts like VCC offer considerable potential, demonstrating theoretical fit and practical application, for improving SE sustainability. Suggesting an alignment between the VCC concept and the socially funded concepts (e.g. social capital) apparent in SEs, the study highlights the salience of value based, strategically developed collaborative relationships and decision making to the field. The VCC concept, the DART framework specifically, may provide a pathway for SEs, helping to facilitate the process of achieving socio-economic objectives through better resource integration, via the strategic development of stakeholder relationships.

Along with the contributions, the study’s limitations need to be highlighted. Given the exploratory nature of the work, further confirmatory research is warranted to develop the preliminary findings and ideas that emerged. The study explored a single SE organization type, in the form of a Guild, and did not explore the perspectives of other stakeholders (e.g. consumers, suppliers, government). Future research exploring other types of SEs and contexts, and other stakeholder perspectives would be beneficial. Longitudinal research could also seek to determine the actual impact of VCC on the sustainability decisions of SEs over time. Further examination of the dynamic of social capital in the process of SE value co-creation is also encouraged.
References


