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A Vincentian Marketing Orientation**

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“Vincent saw his business dealings as a public trust. Managers trained in the Vincentian tradition must not only keep their eye on the profit line but on the effects their company policies have on the marginalized of society,” (Bowes 1998: 1666).

Social enterprises (SE) are organizations with an overarching core social mission funded through market-based initiatives (see Kerlin 2006). They exist to serve their beneficiaries and are increasingly being relied upon to provide essential social services as government services decline. For example, in the United Kingdom (UK), Bennett (2008) reports that voluntary organizations and social enterprises have become major providers of numerous social welfare services previously supplied by the state. Similar conditions exist for social services in most nations, and, in many cases, some form of social enterprise is attempting to “fill the gaps” left as government social services decline.

Social enterprises are hybrid organizations established for a social purpose, using a for-profit business model to generate the financial resources needed to support their social missions. As unmet social needs become more critical, social enterprises are seeking to become more efficient and effective in their operations and strategies to fulfil their missions. Adding to the complexity, social enterprises are often evaluated by their stakeholders from a multiple bottom line perspective—that is how the social enterprise performs in economic, social, and environmental terms (Cornelius, Todres, Janjuha-Jivraj, Woods, and Wallace, 2007). These pressures are forcing social enterprises to explore the development of new capabilities by adopting processes, techniques, tactics, and strategies from the private sector to enhance overall performance.

In Paris during the 1600’s, St. Vincent de Paul founded the Ladies of Charity that leveraged business to serve the needs of the poor by combining the tools of commerce with

1 the values of Christianity (see for example, McKenna 1997; Bowes 1998). Bowes (1998:
2 1666) suggests that St. Vincent developed a “theology of business ethics,” driven by an
3
4 organizational wide philosophy that focuses on helping the poor while remaining
5
6 economically viable. St. Vincent’s drive to more efficiently and effectively serve the poor
7
8 resulted in early adoption of modern management practices and the creation of various social
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10 enterprises.
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14 Marketing is one such area of business that offers promise for more efficient and
15
16 effective management of social enterprises. An organizational-wide adoption of a marketing
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18 orientation has been linked to enhanced performance over a wide variety of contexts
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20 (Jaworski and Kohli 1993; Avlonitis and Gounaris 1997; Kirca, Jayachandran and Bearden
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22 2005) including non-profits (Balabanis, Stables, and Phillips 1997; Gainer and Padanyi 2002;
23
24 Kara, Spillan, and DeShields 2004; Mottner and Ford 2005). Bennett (2008) applied
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26 marketing and sales management techniques to the context of social enterprises contracting
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28 with the government to provide social services in the UK and found that strategic account
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30 management can enhance satisfaction and funding for the social enterprise.
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36 Marketing, as a discipline, has a tradition of working toward the solution of social
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38 problems. For example, Kotler and Levy (1969) formally introduced social marketing by
39
40 “broadening the concept of marketing” to include applying tools and techniques such as
41
42 segmentation, target marketing, and positioning strategies to non-business issues as diverse as
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44 political candidates, social goods like education, and social causes such as the Salvation
45
46 Army. As with St. Vincent’s work with the poor, marketing, as an organizational philosophy,
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48 attempts to address human needs. While tremendous advances in social marketing and related
49
50 areas such as environmental marketing have occurred since the 1960’s (see, for example
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52 Polonsky 2011), much work still remains to be done on leveraging marketing to solve
53
54 complex social problems (Maignan and Ferrell 2004).
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1 This study extends previous work by Miles, Verreyne, Luke, Eversole, and Barraket
2 (Forthcoming) on the application of Vincentian social values towards an entrepreneurial
3 business philosophy or orientation. It proposes the adoption of a Vincentian-based marketing
4 orientation for social enterprises that explicitly addresses the unique mandate of having both
5 an overarching social mission (driven by an ethical and moral imperative to serve the poor)
6 coupled with the need to be economically viable. The notion of economic viability is
7 particularly relevant to ensuring financial sustainability, such that social enterprises are able
8 to provide viable solutions to long-standing social problems. The adoption of a Vincentian
9 marketing orientation (VMO) by a social enterprise is an organization wide philosophy that is
10 consistent with the tenets of a Vincentian theory of business ethics as proposed by Bowes
11 (1998). Flanagan, Fleckenstein, Primeaux, Schoaf, and Werhane (2008: 1) note that
12

13 “Vincent DePaul is hailed as the Roman Catholic Church’s “patron saint of charity,”
14 but what he did was more than mobilize charity; he matched it with justice. He
15 sought not to do merely patchwork, but offered some long-term viable solutions.”
16

17 A Vincentian perspective is conceptualized as a broad ethical framework centred on
18 efficiently and effectively serving the poor and needy of society. In the context of the present
19 study, it does not suggest any religious affiliation but rather a philosophy of helping the less
20 fortunate. Essentially, it is the adoption of a set of organizational values that impacts the
21 social enterprise’s strategy and tactics including (1) a focus on serving the poor and
22 marginalized of society; (2) efficiency and effectiveness of business operations; and (3) an
23 appreciation for value-driven management.
24

25 These Vincentian values have been institutionalized as discussed by Ferrari and
26 Cowman (2004) in the case of DePaul University. These values refer to the University’s
27 explicit focus on serving the poor and disenfranchised through volunteer and community
28 service programs and respect for human dignity. As institutional values, these concepts have
29 been adopted by social enterprises to varying extents; however, research examining the extent
30

to which such values are incorporated and institutionalised within social enterprises remains scant (see for example Nicholls 2009; 2010).

Purpose

The primary purposes of this study are (1) to determine if social enterprises that adopt a Vincentian marketing orientation (VMO) are customer-centric by putting the wellbeing of the beneficiaries first; (2) to determine if social enterprises that adopt a VMO exhibit enhanced economic, social, and environmental performance; and (3) to determine if social enterprises that adopt a VMO consider value creation a long-term multi-dimensional process.

Marketing orientation

A marketing orientation is the adoption by an organization of a customer-centric concept of marketing (see Borch, 1957; Felton, 1959; Keith, 1959; 1960) that transforms the heuristics of marketing strategy from a focus on selling what the firm produces to producing what customers want and need. The marketing concept is a set of maxims that operationalize the official definition of marketing adopted by the American Marketing Association and provide guidance to strategic and tactical marketing decision making (Darroch, Miles, Jardine, and Cooke, 2004).

Traditionally, the marketing concept has rested upon four axioms: “(1) customer orientation, (2) customer satisfaction, (3) coordinated or integrated marketing and (4) a focus on profitability” (Miles and Arnold 1991: 50). A marketing orientation is the adoption and implementation of the marketing concept by an organization (Foxall 1984; Perreault, Cannon, and McCarthy 2008); however, as the definition and scope of marketing changes to reflect the changing social, technological, economic, political, and environmental realities, so must the marketing orientation adapt. As such, a marketing orientation must be dynamic, flexible, and adaptable to new contexts such as social enterprises.

1 Redefining activities such as political campaigns, social causes, and fundraising for
2 charities to be marketing occurred due to the work of marketing scholars such as Kotler and
3
4 Levy (1969) and Lazer (1969) in response to their observations that marketing could help
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6 when applied in a social context. Since its 1935 definition of marketing, the American
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8 Marketing Association (AMA) has adopted three newer versions, with the 2007 definition
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10 being the most recent (Sheth and Usley 2007). The 2007 definition defines marketing to be
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14 “the activity, set of institutions, and processes for creating, communicating,
15 delivering, and exchanging offerings that have value for customers, clients,
16 partners, and society at large (www.marketingpower.com).”
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20 The 2007 definition of marketing explicitly integrates the notion of *value creation for society*
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22 as a marketing function, providing a fundamental conceptual foundation for the development
23
24 of the Vincentian marketing orientation.
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27 **Social enterprise and marketing**

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29 Social enterprises, being organizations with a predominantly social purpose that trade
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31 to support their operations, face multiple objectives and challenges (Barraket, Collyer,
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33 O’Connor, and Anderson, 2010). Aiming to address long-standing social problems in new
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35 and innovative ways, SEs must balance a social mission with business capabilities to
36
37 establish financially sustainable operations. Managing these often competing interests is
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39 challenging with different SEs having different priorities and emphasis within their business
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41 operations.
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47 Research explicitly addressing marketing in the context of social enterprise has been
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49 minimal (see Shaw, 2004). Notable exceptions include Balabanis et al.’s (1997) seminal
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51 work on the marketing orientations of British charities; Kara et al.’s (2004) work on the
52
53 marketing orientation of non-profits in the U.S.; Bennett’s (2008) study of strategic account
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55 management and social enterprise in the UK; and Zhou, Chao, and Huang’s (2009) work on
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57 marketing orientation and blood banks in China.
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1 The present study extends Balabanis et al. (1997) and Kara et al.'s (2004) work by
2 developing a marketing orientation for social enterprise as an organizational wide philosophy
3
4 of business that reflects both an organizational focus on creating value for the
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6 beneficiary/customer and the necessity of the organization to create value for the
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8 beneficiaries and funders. Marketing oriented SEs (1) put the interests of the beneficiary first
9
10 and foremost, while concurrently generating value for their donors, and external stakeholders;
11
12 (2) have economic, social, and environmental sustainability as a core objective; and (3) look
13
14 at creating value for their beneficiaries, donors and other stakeholders as a long-term process
15
16 (see Kara et al., 2004; Kolhi et al., 1993; Vazquez, Alvarez, and Santos, 2002; Zhou et al.,
17
18 2009).

19 These works, integrated with the AMA's 2007 definition of marketing, and
20
21 Vincentian principles of ethics provide the basis for a conceptual framework of how value-
22
23 driven social enterprises might adopt the marketing concept. Like the traditional marketing
24
25 concept, the social enterprise marketing concept has, at its core, creating value for its
26
27 "customers"—the beneficiaries of the social enterprise. We therefore propose that

28 P1: Social enterprises that have adopted a Vincentian marketing orientation
29 tend to put the wellbeing of the beneficiaries first in their business decisions.

30 Social enterprises tend to face scrutiny from the community and other stakeholders
31
32 and, therefore, attempt to be more socially responsive. While the traditional marketing
33
34 concept suggests that profits are derived from a long-term relationship with the customer, a
35
36 Vincentian marketing orientation suggests that value for the beneficiaries must typically be
37
38 created in a socially, environmentally, and economically sustainable manner to meet the
39
40 diverse demands from various stakeholders. The challenging nature of performance
41
42 measurement for non-profits in general and SEs in particular has received wide recognition
43
44 (Barman, 2007). Moss-Kanter and Summers (2001) argue that the test for non-profits should

be different as they are defined around their missions or services to society. A triple bottom line approach to sustainability provides a framework to do this and measures performance in three areas, namely financial, social, and environmental (Placet, Anderson, and Fowler 2005; Mish and Scammon 2010). Therefore,

P2: Social enterprises that have adopted the Vincentian marketing orientation tend to consider all three dimensions of sustainability in the creation of value for the beneficiaries—economic, social and environmental.

Also, in a similar fashion to traditional enterprise, SEs seek to create satisfaction for beneficiaries but, often, over the long-term and through mechanisms such as training and education. Therefore,

P3: Social enterprises that have adopted the Vincentian marketing orientation tend to consider the creation of value for the beneficiaries and stakeholders as a long-term and multi-dimensional process.

Research method

The study is based in Australia and extends the work on SEs by Barraket et al. (2010), Eversole and Eastley (2011), and Miles et al. (Forthcoming) by collecting survey data on SE business orientations and organizational performance. Scales adapted from the business literature and augmented with social enterprise dimensions were subject to preliminarily assessment by SE practitioners and pre-tested in a pilot study. Surveys were then administered to a non-random judgement sample of 375 SEs in Tasmania and Queensland in 2011 with the respondents being requested to forward the survey to other social enterprises using a snowball process. SEs supported by the St. Vincent de Paul Society in Australia and other Christian organizations were neither explicitly included nor excluded in the sample but were part of the judgement sample that included co-operatives, fair trade organisations, charitable business ventures, community enterprises, disability enterprises, community development finance institutions, and intermediate labour market companies.

Items that purport to capture the domain of the Vincentian marketing orientation for social enterprises are listed with means and standard deviations, in Table 1. The scale attempted to capture Vincentian business principles as summarized from Bowes (1998), Flanagan, Fleckenstein, Primeaux, Schoaf, and Werhane (2008), and McKenna (1997) and MARKOR's hypothetical domain by adapting items representing marketing: (1) generation; (2) dissemination; and (3) responsiveness (see Jaworski and Kohli 1993; Kara et al., 2004; Kolhi et al., 1993; Vazquez et al., 2002; Zhou et al., 2009). The items attempt to reflect the multi-dimensional objectives faced by social enterprise executives as described in the *Ethos of the St. Vincent de Paul Society in Australia* (St. Vincent de Paul Society, 2004).

Table 1 about here

The 18-item Vincentian marketing orientation scale exhibited a coefficient alpha of .866, indicating a reliable measure of the construct (exceeding Nunnally's (1978) minimum for a reliable scale). Validity was assessed using maximum-likelihood factor analysis and one factor emerged accounting for over thirty-one percent of variance, suggesting convergent validity.

Social performance is the mission of all social enterprises. The domain of the social performance construct was captured by measuring (1) satisfaction of the donors and beneficiaries; and (2) advocacy for beneficiaries. The eight-item scale developed and used in Miles et al. (Forthcoming) exhibited a coefficient alpha of .733, exceeding Nunnally's (1978) criteria for the development of a reliable scale, and is reported in Table 2. Likewise, economic performance is needed for the social enterprise to operate sustainably, providing services to its beneficiaries on a continuing basis. A six-item scale first reported in Miles et al. (Forthcoming) is used for this measure and illustrated in Table 3. To capture the third dimension of social responsibility a one item metric is used to measure environmental

sustainability (for more on the usefulness of one item measures see Bergkvist and Rossiter, 2007).

Tables 2 and 3 about here

A scale that purports to measure the long-term value creation performance of social enterprise was derived from the writings of Bowes (1998), Flanagan et al. (2008), and McKenna (1997) that suggest St. Vincent's core outreach to the poor included (1) actions driven by ethical and moral principles; (2) focus on helping the poor help themselves; (3) constant consideration of how actions impact equity and justice; (4) empathy for the needy; and (5) valuing the long-term benefits of education and training to help improve the lives of the poor. Using items that capture these five dimensions, a scale was developed to be a more conceptually consistent and psychometrically sound measure and exhibited a coefficient alpha of .737, exceeding Nunnally's (1978) criteria .70 for scale development. This long-term value creation scale was assessed using maximum likelihood factor analysis as a psychometric check, exhibiting one factor accounting for 50 percent of the variance. The long-term value creation scale items are illustrated in Table 4.

Table 4 about here

Approximately 375 social enterprises were directly contacted by e-mail with 85 surveys completed on SurveyMonkey resulting in a nominal response rate of 23 per cent. The SE executive recipients were requested to forward the survey to other SEs using a snowball survey technique; therefore, the actual response rate is unknown.

Findings

Support for the propositions was assessed using two techniques: (1) correlation analysis; and (2) one-way ANOVA. Social enterprises that were considered to exhibit a VMO were those with a marketing orientation score above the mean score of 3.81 (range of

2.61 to 4.78, standard deviation of .434). The findings illustrate the performance advantages of a Vincentian marketing orientation for social enterprises with a significant and positive relationship identified between a VMO and a focus on meeting the needs of the poor (correlations of .492, $p = .00$), supporting Proposition 1. Likewise, additional support for Proposition 1 is indicated by the significant differences between SEs that exhibited a VMO and those that did not ($p = .003$). Proposition 2 also enjoyed support with a significant and positive relationships identified between the Vincentian marketing orientation and social performance (correlations of .659, $p = .00$), economic performance (correlation of .334 $p = .027$), and environmental performance (correlation of .368 $p = .01$) with significant differences between SEs that exhibited a VMO and those that did not in social performance ($p = .006$), economic performance ($p = .025$), and environmental performance ($p = .001$). The finding also identified a significant and positive relationship between a Vincentian marketing orientation and the long-term value creation performance of social enterprise (correlation of .672, $p = .000$) and significant differences between social enterprises that exhibited a VMO and those who did not ($p = .001$) in creating long-term value for beneficiaries, supporting Proposition 3. Table 5 summarizes the results of the correlation analysis. Table 6 summarizes the results of the ANOVA.

Tables 5 and 6 about here

Conclusion and limitations

While the clear association between a Vincentian marketing orientation and strong social performance is not surprising, it reinforces the notion that just as marketing is central to the success of for-profit businesses (Liu, 2012), so, too, is it a driver of performance in social enterprises. Further, in this context, a Vincentian marketing orientation not only serves social enterprises' social objectives but also their financial and environmental ones. Hence, maintaining a balance between competing objectives is assisted through the adoption of a

Vincentian marketing orientation, highlighting the emphasis on the beneficiary, social welfare, and the underlying business or commercial needs of financial performance.

Interestingly, while items such as seeking feedback from both beneficiaries and stakeholders (Items 3 and 4 in Table 1) and communicating this feedback throughout the social enterprise (Item 10 in Table 1) were strongly associated with a Vincentian marketing orientation, investing significantly in marketing and promotion (Item 18 in Table 1) was not considered important. With a mean of less than three, this finding reinforces the notion that a Vincentian marketing orientation does not require significant financial investment for social enterprises. Instead, it highlights the importance of a marketing orientation focused on the needs of the poor rather than self-promotion of the organization and is an important insight for organizations whose resources (particularly financial) are often limited. Hence, unlike in the case of for-profit firms seeking growth through promotion of their products and services, it seems social enterprises' marketing efforts are better rewarded through investing time in understanding the needs of beneficiaries and other stakeholders, rather than investing limited funds on promotional activity. This is perhaps consistent with the notion that social enterprises are commonly established with a clear social objective and acutely aware of the social need to be addressed within their target markets. Hence, such organizations are not necessarily working to attract a customer base but toward achieving a solution for those in need—an identified customer base. Since the completion of the study, these findings have been communicated to social enterprise managers during discussions with the authors and were useful to SE managers in more effectively and efficiently achieving their social mission.

The results also highlighted the importance of a long-term value orientation to social enterprises. This orientation means that social enterprises focus on practices that will ensure the sustainability of their organization, such as ethical principles, spill-over effects of benefits, training for beneficiaries, and empathy. A long-term value orientation was more

1 visible in firms with a VMO, indicating that these organizations are better equipped to deal
2 with a variety of interests and balance competing short- and long-term priorities (Ridley-
3 Duff, 2008). Similarly, it was important to not only the social success of these organizations,
4 but also the economic and environmental success. Sullivan Mort, Weerawardena, and
5 Carnegie (2003) explain that it is important for non-profits such as social enterprises to
6 ensure that their social and economic value creating activities contribute to the long-term
7 viability of the organization while maintaining their social mission as central. It is this
8 concept that these long-term value orientation measures, and these results, confirm this
9 argument for better performing organizations.

10 The present study has two limitations affecting validity and generalizability. First, the
11 study's small number of usable responses limited validity assessments for the instruments. In
12 addition, the sampling was a non-random judgement sample of social enterprises known by
13 the authors or based upon publically available information. Second, the survey was
14 administered in Australia where the economic conditions are not as depressed as in some
15 other developed nations. Notwithstanding these limitations, the findings provide important
16 preliminary insights into the value of a Vincentian marketing orientation not only from a
17 social perspective but also from a financial and environmental perspective. The present study
18 suggests that social enterprise managers should consider developing more of a Vincentian
19 marketing orientation to better serve their beneficiaries and enhance economic viability.

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Table 1

Vincentian Marketing Orientation Scale

	Mean	Std. Deviation	N
<u>Marketing Generation Sub-scale¹</u>	3.93	.728	44
1. We regularly meet with our beneficiaries and stakeholders to better understand their needs.			
2. We understand the functions and responsibilities of social enterprises in the current economic and political environment.	3.98	.849	44
3. We seek and obtain feedback on our beneficiaries' levels of satisfaction on a regular basis.	3.84	.805	44
4. We seek and obtain feedback on our stakeholders' levels of satisfaction on a regular basis.	4.00	.778	44
5. We have multiple ways to get feedback from our beneficiaries.	3.73	.694	44
6. We monitor how changes in the economy, technology, and regulations may impact us.	3.82	.843	44
7. We regularly compare how we think we are performing with how our stakeholders perceive we are performing.	3.70	.851	44
8. We regularly examine the factors that influence our beneficiaries' decision to seek our assistance.	3.59	.787	44
<u>Marketing Dissemination Sub-scale¹</u>			
9. We share information and cooperate with other similar organizations.	4.16	.568	44
10. We communicate beneficiary and stakeholder feedback throughout the entire organization.	3.70	.878	44
11. We have regular organizational conversations to communicate important operational and strategic changes.	3.84	.776	44
12. We have a business model that is understood by our employees and stakeholders.	3.84	.745	44
<u>Marketing Responsiveness Sub-scale¹</u>			
13. We have sufficient information available to modify and develop appropriate services for our beneficiaries.	3.64	.810	44
14. We use all information at our disposal to modify and develop services for our beneficiaries.	4.00	.807	44
15. We attempt to respond to emerging beneficiary or stakeholder needs.	4.09	.603	44
16. We are flexible in strategy and adapt our strategies as needs change.	4.14	.594	44
17. We attempt to differentiate our services from other alternatives.	3.75	.866	44
18. We invest significantly in marketing and promotion.	2.89	1.017	44

1: Adapted from Jaworski and Kohli (1993); Kara et al. (2004); Kolhi et al. (1993); Vazquez et al. (2002); and Zhou et al. (2009)

Table 2
Social Performance Scale

Item Statistics

	Mean	Std. Deviation	N
We operate our organization in an environmentally sustainable manner.	3.86	.804	43
Our donors are very satisfied with us.	3.70	.741	43
Our organization operates in a socially sustainable manner.	4.58	.545	43
We help inform the community about the plight of our beneficiaries.	3.74	.848	43
We help mobilise interest for additional social welfare initiatives.	3.63	.874	43
We are often perceived and valued by our beneficiaries as a provider of last resort.	2.70	1.059	43
In the past few years we have met our objectives in terms of beneficiaries served.	3.88	.697	43
Beneficiaries are satisfied with our services.	4.09	.610	43
Beneficiaries and stakeholders recommend our services to others.	4.02	.597	43

Table 3
Economic Performance Scale

Item Statistics			
	Mean	Std. Deviation	N
We are more effective in serving our beneficiaries than others.	3.56	.796	48
In the past few years, we have increased our effectiveness.	4.13	.606	48
We are more efficient in serving our beneficiaries than others.	3.50	.744	48
In the past few years, we have increase our efficiency.	4.17	.630	48
In the past few years, our financial situation has improved.	3.38	1.214	48
Our organization is financially sustainable.	3.69	.993	48

Table 4

Vincentian Long-term Value Creation Scale

	Mean	Std. Deviation	N
Our strategy is driven by our ethical and moral principles.	4.50	.587	46
When evaluating a new proposal we consider if the beneficiaries can be involved in helping themselves and others.	3.87	.859	46
We focus on meeting the needs of the disadvantaged through education and training.	4.15	.842	46
When evaluating a proposal we consider if it promotes equity and justice.	4.48	.623	46
We have empathy for those who are suffering or disadvantaged	3.72	.886	46

Table 5

Correlations Between Focus On Needy; Economic, Social and Environmental Performance; Long-Term Value Performance and Vincentian Marketing Orientation

	Mean s	S.D .	Meet Needs	MO	Long- term value	Social performance	Economic performance	Environ- mental performance
Meet needs			1	.492**	.356*	.376*	.014	.174
MO			.492**	1	.672**	.659**	.334*	.368*
Long-term value			.356*	.672**	1	.672**	.084	.259
Social performance			.376*	.659**	.672**	1	.181	.304*
Economic performance			.014	.334*	.084	.181	1	.074
Environmental performance			.174	.368*	.259	.304*	.074	1

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table 6

ANOVA: differences between high and low MO firms

ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Social performance	Between Groups	1.550	1	1.550	8.535	.006
	Within Groups	6.902	38	.182		
	Total	8.453	39			
Economic performance	Between Groups	1.318	1	1.318	5.397	.025
	Within Groups	10.253	42	.244		
	Total	11.571	43			
Environmental performance	Between Groups	6.096	1	6.096	12.242	.001
	Within Groups	20.416	41	.498		
	Total	26.512	42			
Meet needs	Between Groups	5.764	1	5.764	10.027	.003
	Within Groups	24.145	42	.575		
	Total	29.909	43			
Long-term value	Between Groups	3.180	1	3.180	14.059	.001
	Within Groups	9.046	40	.226		
	Total	12.226	41			