DOING GOOD BY TELLING STORIES: 
EMOTION IN SOCIAL ENTREPRENEURSHIP COMMUNICATION

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ABSTRACT

Despite growing academic interest in social entrepreneurship, a critical challenge facing social ventures has yet to receive attention: how do social entrepreneurs communicate with their diverse groups of stakeholders? This topic is examined using an exploratory, partially inductive study consisting of semi-structured interviews, ethnographic observation, and a critical review of the practitioner literature. The result is a framework explaining the role played by narratives and emotion in social entrepreneurship communication. The findings contribute to work on organizational narrative theory, new venture communication strategies, stakeholder evaluations of firms, and the marketing and entrepreneurship interface. Moreover, the study produces several practical implications for social entrepreneurs.

Keywords: communication strategy, emotion, narrative, social entrepreneurship, stakeholder evaluations

INTRODUCTION

“Numbers numb, jargon jars and nobody ever marched on Washington because of a pie chart. If you want to connect with your audience, tell them a story.”
Andy Goodman, communications consultant

“Let's not forget ... emotions are the great captains of our lives and we obey them without realizing it.”
Vincent Van Gogh

Social entrepreneurship – the creation of organizations to address social problems through business methods – is a phenomenon of increasing prevalence and cultural significance (e.g. Short, Moss, & Lumpkin, 2009). In the past decade there has been an explosion in the number of new social ventures in both developed and developing countries (Bornstein & Davis, 2010). For instance, in 2009 early-stage social ventures represented an estimated 4% of the U.S. adult working population, which is equivalent to more than six million individuals (Bosma & Levie, 2010). In
contrast, early-stage traditional ventures represented 8% of the workforce (or 12 million workers). Thus social entrepreneurs, operating in virtually all industries, now account for as much as 30% of new U.S. business activity, a percentage that is shared by other Western countries and is even greater in several emerging economies (Bosma & Levie, 2010; Leahy & Villeneuve-Smith, 2010).

Growth in the social entrepreneurship sector has generated recent attention from scholars (Galera & Borzaga, 2009). Studies have focused on foundational issues such as attempting to establish a clear and agreed upon definition of the phenomenon (e.g. Mair & Marti, 2006), understanding how the activities of social ventures differ from seemingly related phenomena, such as corporate social responsibility (e.g. Baron, 2007), and identifying the individual-level characteristics of the founders of such organizations (e.g. Light, 2009). Despite growing academic interest, much remains to be explored.

One critical topic that has yet to receive attention from scholars is how social entrepreneurs communicate with their stakeholders. Communication represents an important challenge for social entrepreneurs because they must construct and deliver a complex message, incorporating both for-profit and nonprofit themes, to a diverse array of external stakeholder groups, such as customers, investors, employees, volunteers, the media, and beneficiaries (Morris, Coombes, Schindehutte, & Allen, 2007; Mason, Kirkbride, and Bryde, 2007).

Having a strategy for crafting persuasive communication is critical because these stakeholders provide important tangible and intangible resources including attention, legitimacy, commitment, and financial investment – resources vital for launching and growing new organizations (Miller & Wesley, 2010; Liao, Welsch, & Moutray, 2008).

There is considerable discussion among social entrepreneurship practitioners about what strategies are most effective in communication with stakeholders. In particular, although it has received virtually no attention in the academic literature, one of the most contentious debates concerns how entrepreneurs use narratives, such as stories describing the venture’s social impact, to communicate with and influence stakeholders (e.g. Pekar, 2011; Richardson, 2011). For the purposes of this study, narratives are defined as a collection of events arranged in a temporal sequence and containing a causal explanation, or plot (Onega & Landa, 1999). Several leading practitioner-focused journals (e.g. Stanford Social Innovation Review) and media outlets have published articles hinting at the power of narratives in social entrepreneurship. What remains unclear is the specific role they play in social venture communication.

Most studies of narrative-use in traditional ventures have focused on how narratives can influence audiences through cognitive mechanisms, in processes such as sensemaking (Sonenshein, 2010), learning (Garud, Dunbar, & Bartel, 2011), legitimacy (Humphreys & Brown, 2002), and categorization (Martens, Jennings, & Jennings, 2007). Yet findings from this study suggest that narratives may operate in a somewhat different role. Specifically, evidence suggests that social entrepreneurs often deploy narratives in order to generate emotional responses in stakeholders. Indeed, social ventures seem to differ from traditional ventures in the powerful, emotion-laden stories which their founders and managers can communicate about the
social problems they address and, in particular, about the beneficiaries who receive the social value they create. The possibility that social entrepreneurs use narratives to create emotional reactions in stakeholders is intriguing because, despite the fact that narrative’s ability to generate an emotional response in audiences is one of the defining features of the narrative form (Miall, 1988; Hogan, 2003), the vast management literature examining narratives has largely neglected emotion. Thus, the following general research question guides this study: How do social entrepreneurs use narratives to influence the emotional reactions of their stakeholders? In examining this question, the study addresses four related questions:

(1) Are narratives influential in social entrepreneurship communication?
(2) If so, what types of narratives are most influential?
(3) Why are such narratives influential?
(4) What are the boundary conditions of narratives’ influence?

Given the lack of prior theory on the topic of social venture communication, this study utilized an exploratory, partially inductive design aimed at building empirically grounded theoretical insights. Specifically, an inductive study of social venture narratives was conducted consisting of semi-structured interviews, observation, and a review of the social entrepreneurship practitioner literature. Findings from this study are used to create a preliminary framework to explain how the narratives constructed and deployed by social entrepreneurs can influence their stakeholders.

LITERATURE REVIEW

What Is Social Entrepreneurship?
There is no universally accepted definition of “social entrepreneurship” (Martin & Osberg, 2007). There are, however, several widely agreed upon characteristics of such organizations (Brouard & Larivet, 2011). For the purposes of this study, a definition that incorporates these commonly agreed upon characteristics is used. Specifically, an organization is classified as a “social venture” if it targets a social problem using business (i.e. market-based) methods. Both of these characteristics are examined in more detail.

Identification of Social Problems. There is growing evidence that traditional economic, social, and political institutions are unable to serve the needs of the world population (e.g. Sachs, 2009; Mair, 2010). These needs are the result of social problems – or “social-market failures” (Weisbrod, 1977) – that have not, or cannot, be fully addressed by conventional organizations in the commercial, nonprofit, and governmental sectors. There is not a universal definition of what constitutes a “social problem” (Mooney, Knox, & Schacht, 2000: 2-3); instead, such problems are defined by objective, subjective, and normative criteria. The objective element refers to the existence of a social condition, while the subjective and normative elements are the beliefs that the social condition is harmful to a segment of society and should be changed.

Social problems include homelessness, illiteracy, and lack of access to food, clean water, and healthcare. The primary activity of social entrepreneurs is creating organizations that attempt to solve these social problems (Fayolle & Matlay, 2010; Alvord, Brown, & Letts, 2004). In fact, the
amelioration of a particular social problem is so fundamental to the mission of a social venture that it is said to be “baked in” to the organization’s business model (Boyd, Henning, Reyna, Wang, Welch, 2009).

**Utilizing Business Methods.** Social entrepreneurs address social problems through business methods. That is, rather than sustaining the organization through the solicitation of donations, they fund operations through the sale of products and services. Thus the key difference between social ventures, which can be structured as for-profit, non-profit, or a combination of the two (i.e. hybrid), and many “traditional” non-profit organizations (e.g. United Way or Red Cross), is that the latter target social problems but fund their activities primarily through donations and grants.

**An Example.** FastHelp, an organization participating in the main phase of the study, provides a clear example of the social venture organizational form.1 FastHelp was founded to address a specific social problem: the inefficiencies that exist in the delivery of social services at the local, state, and federal levels. To address this problem the founder created a website that aggregates information about all social service programs in one location. Moreover, the site allows individuals in need (e.g. the poor, victims of domestic abuse) to quickly search through the programs, determine their eligibility, and apply for aid. FastHelp’s business model is based on selling an extension of their search software to social service agencies that purchase it because it allows them to significantly increase their application-processing efficiency.

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1 The names of all organizations and individuals are pseudonyms.

**Social Entrepreneurship, Communication, and Resource Acquisition**

The relationship between social entrepreneurship and conventional (i.e. commercial) entrepreneurship is not dichotomous. Rather, the two activities can be viewed as existing on a continuum ranging from new ventures with predominantly social motives (e.g. a traditional charity) to predominantly economic motives (e.g. a venture capital fund; Sundin & Tillmar, 2010). On this continuum, social entrepreneurship can be seen as ending where profits and commercial activities take priority over social mission (Hervieux & Turcotte, 2010).

Communicating with investors and potential partners is an important process for entrepreneurs of all types (e.g. Becherer & Helms, 2009; Allred & Addams, 2006). However, a key difference between social and conventional entrepreneurs lies in their need to communicate to and acquire resources from a particularly diverse array of stakeholders. In addition to traditional resource providers such as angels and venture capitalists, social entrepreneurs can also pursue investment from private philanthropists, charities, philanthropic foundations, fellowship organizations, volunteers, and so-called “impact” investors (Nicholls, 2010). Each of these groups can possess very different motives, criteria, and investment rules than traditional investors (Zahra, Gedajlovic, Neubaum, & Shulman, 2009; Miller & Wesley, 2010), which suggests that social entrepreneurs may have to communicate with these groups in unique ways. Despite the potential differences between social and conventional venture communication, to date, work examining social entrepreneurship communication is nonexistent.
Social Entrepreneurship Narratives. In spite of the dearth of research on social entrepreneurship communication, studies have hinted at the importance of narrative communication in the establishment, funding, and actions of social ventures. For instance, in a recent review of the social enterprise literature, Dacin, Dacin, and Tracy (2011: 1205) remark that the “individuals identified as social entrepreneurs provide the material for rich and powerful narratives.” (1205). In general, they claim that narratives (along with rituals) are of “central importance” in social entrepreneurship because of their role in the “conveyance of social meaning” and their ability to “carry cultural messages that support the creation of social value” (1208). However, these authors do not examine if and how narratives are used by social entrepreneurs.

To date, only one study of social entrepreneurship has placed narratives at the center of the analysis. In a case study (with a single informant) of a social entrepreneur who founded a refugee support center in Australia, Jones, Latham, and Betta (2008) examined how the social entrepreneur created his identity. In agreement with work outside of the entrepreneurial context (e.g. McAdams, Josselson, & Lieblich, 2006), they found that the entrepreneur constructed his personal identity by crafting narratives.

Although the role of narratives in social entrepreneurship is under-researched, a growing number of studies have examined the role of stories in communication between traditional organizations and their stakeholders. For instance, Martens, Jennings, and Jennings (2007) used a mixed-methods study to examine the role of stories in the resource acquisition attempts of entrepreneurs in high-tech firms. Their results suggest that particularly influential narratives construct unambiguous identities for entrepreneurial firms, clearly elaborate how the venture’s proposed means of exploitation will attenuate risk, and invoke familiar elements to contextually ground those that are less familiar.

Martens et al. (2007) and others (e.g. Porac, Mishina, & Pollock, 2002; Downing, 2005) make strides in increasing our understanding of the role of narratives in new venture communication. However, these works share an implicit commonality: they all emphasize narrative’s ability to influence stakeholders through cognition-focused constructs, such as legitimacy, categorization, and sensemaking, rather than the role of stories in shaping stakeholders’ emotional responses to firms. But both the comprehension of narratives and the impact they have on audiences is not purely cognitive (e.g. Coplan, 2004).

The lack of attention to emotion is puzzling because narrative’s ability to generate an emotional response in audiences is one of the defining features of the narrative form (Miall, 1988; Hogan, 2003; Keen, 2006). Moreover, research in non-organizational contexts has found that one of the fundamental means by which stories influence audiences is through their ability to generate affective (i.e. emotional) responses (Dunlop, Wakefield, & Koshima, 2008; Escalas & Stern, 2003). However, management and entrepreneurship scholars have yet to explore the effects of emotional narratives. There are, thus, a number of important research opportunities surrounding how entrepreneurs, and particularly social entrepreneurs, use narrative communication to influence the emotional responses and actions of stakeholders.
METHODS

Research Design
The lack of prior studies examining the role of narratives and emotion in social entrepreneurship communication suggests that an inductive methodology is appropriate (Offstein & Childers, 2008). In addition, since the focus of the study is informants’ discourse, perceptions, and interpretations, qualitative data are wellsuited to be the primary source of evidence (Graebner, Martin, & Roundy, 2012).

Interviews. I interviewed 62 individuals in the social entrepreneurship sector, including social entrepreneurs, investors, consultants, media members, attorneys, and marketing professionals. Interviews took place in-person or over the phone and lasted 45 to 90 minutes. Table 1 contains a description of the 50 social entrepreneurs interviewed, grouped by industry.

Table 1: Summary of Social Venture Informants

<table>
<thead>
<tr>
<th>Informant</th>
<th>Position</th>
<th>Organizational Form</th>
<th>Industry Focus</th>
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</thead>
<tbody>
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<td>Founder/CEO</td>
<td>For-profit</td>
<td>Apparel / Jewelry</td>
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<td>Food / Beverage</td>
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<td>Nonprofit / For-profit</td>
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Observation and review of Practitioner Literature. In addition to the formal interviews, which were the study’s primary data source, two additional types of data were collected. First, I engaged in ethnographic observation by attending practitioner conferences, social entrepreneurship expos and tradeshows, a “social” investment fund’s board meetings, pitches and pitch events, and the meetings of a social venture founding team. I also engaged in direct, participant observation of
a pitch by a social entrepreneur to a large corporate donor. The goal of observations was to witness social entrepreneurs communicating with their stakeholders. In order to assess consistency between observers, on at least one occasion a colleague (also an entrepreneurship researcher) joined me in observation.

Second, I conducted a review of the practitioner literature by targeting the most prominent social entrepreneurship media outlets and doing a general search of articles available using media databases such as LexisNexis. I searched for any articles discussing social venture communication or narratives. The primary purpose of consulting this literature was to deepen my understanding of the terminology used by informants in discussions of these topics.

Data Collection
Prospective informants were identified through “snowball” sampling (Pratt, 2009). Informants were then selected based on theoretical and pragmatic considerations (Yin, 1984). To be included in the study, informants had to satisfy several criteria. First, they had to be involved in the social enterprise sector in some capacity. More specifically, entrepreneurs and members of founding teams had to be from organizations that satisfied the general definition of “social venture” described above (i.e. a venture addressing a social problem through business methods). In addition, informants were selected to get perspectives from both for-profit and nonprofit social enterprises and from external stakeholders that would be the target of entrepreneurs’ communication, such as investors and media members. Finally, to increase the generalizability of findings, informants were chosen from a diverse range of industries.

Interviews were semi-structured and included a combination of closed- and open-ended questions. Informants were first asked to provide background information. Social entrepreneurs were asked to describe the founding of their organization. They were then asked about their communication with stakeholders. In contrast, informants from other stakeholder groups (e.g. investors) were asked to recount their recent interactions with social ventures.

Interviews took place in-person and over the phone. A review of transcripts from both types of interviews did not reveal any systematic difference in the specific content of the interview information. However, the phone interviews were, on average, of shorter duration than the in-person interviews. Related to this difference, in-person interviews seemed to include richer and more detailed conversations. This is consistent with findings from prior studies of qualitative methods (e.g. Shuy, 2003).

At the outset of each interview informants were offered confidentiality and the option for pseudonyms to be used to ensure their anonymity and the anonymity of their venture. I also advised participants that the information they provided would not be communicated between interviews to other informants. All interviews were recorded using a digital recorder and then transcribed. In total, they produced approximately 1,550 double-spaced pages of transcripts.

Data Analysis
I used ATLAS.ti, a qualitative data analysis program, to facilitate coding of the data. The program increases the ease with which codes can be assigned, organized, changed, and searched. It also aids in visualizing the relationships between codes and in extracting all of the quotations for a
particular code across the transcripts. After preliminary coding, data were analyzed using established procedures for inductive research (Miles & Huberman, 1994). As I documented patterns in the data, I constructed tentative theoretical explanations and used the data from each interview to challenge the working theory (e.g. Strauss & Corbin, 1998; Baker & Nelson, 2005).

I conducted within- and across-informant analyses. The goal of within-informant analysis was to understand events experienced by focal social entrepreneurs and to develop generalized codes, themes, and theoretical constructs that emerged as being important. In contrast, I used across-informant analysis to “triangulate and substantiate” emerging constructs (Ravasi & Phillips, 2011). I examined if emerging constructs were present across multiple informants and if similar themes emerged in multiple settings (Miles & Huberman, 1994). I refined emerging constructs and relationships using a replication logic (Yin, 1984), revisiting interview transcripts to determine if each demonstrated the same pattern or theme. The ultimate goal of the analysis phase was to create a preliminary framework that addresses the guiding research question and explains the relationships observed.

FINDINGS

To preview the findings, evidence indicates that narratives play a particularly important role in social entrepreneurs’ communication with their stakeholders, such as customers, investors, employees, and the media. One of the most prevalent types of narratives communicated are stories about the beneficiaries of a venture. The potent influence of these narratives lies in their ability to transmit emotion and produce an emotional response in audiences. Specifically, evidence suggests that emotion influences audiences through three mechanisms: capturing attention, forming connections, and inspiring action. Evidence supporting these findings is described in the following sections.

Are Narratives Influential in Social Venture Communication?
Social entrepreneurs claim that stories play a critical role in communication with stakeholders. Indeed, informants of all types (entrepreneurs, investors, consultants) emphasized the importance of narratives. For instance, the co-founder of a social venture in the financial services sector expressed her assessment of the effect of narratives on stakeholders providing financial resources.

I’ve just observed: you don’t close deals [solely] with IRR, you close deals with stories. And you close deals with human connection. No one is going to give you 5 million dollars because of a mathematical calculation. (Founder; SE_30)

An associate partner at a large venture capital fund echoes the founder.

In some of the most interesting social enterprises – the most successful ones – I think one of the reasons that they’re so successful is there’s a story behind it […] if you’re fundraising for a social enterprise, you have to tell stories. If you don’t have a good story you’re not going to get the results you want. (Investor_6)

Both of these informants focus on the influence of narratives on investors; however, the use of stories is not limited to
audiences providing financial resources. Entrepreneurs also claim to use narratives in their communication with other stakeholders. For instance, the manager of a for-profit social venture in the consumer goods space explains that when communicating with customers he emphasizes selling “a story and a superior product” (TMT Member; SE_46). Similarly, a founder expounds on his experience using stories to attract the media’s attention.

I can tell an entire story just about the brand, the social initiative, the needs that are really prevailing in Latin America and then my life story that leads up to it. [...] The media has definitely been welcoming to our story. (Founder; SE_3)

A second founder claims that the “media is craving for [the] good stories” (Founder; SE_22) that social ventures can provide. Informants also suggest that stories are important in communication with a venture’s internal stakeholders. The director of the for-profit subsidiary of a nonprofit social venture explains:

What I use [stories] for personally […] is to motivate my staff. I have a collection of impact stories. If I hear one, I jot it down both to share with our leadership, but also to talk about in my team meetings to really talk about the difference that we’re making and the impact that we’re having and to motivate them. (Top manager; SE_10)

Thus, social entrepreneurs claim that narratives matter in communication with multiple stakeholder groups. But what form do these stories take? There are many types of narratives that can be communicated (e.g. stories about the creation of the venture or about the founding entrepreneur); however, evidence indicates that the most salient stories are often narratives about the social problem addressed and, specifically, about the beneficiaries of the social venture.

What Types of Narratives Are Influential?
Social ventures differ from traditional firms in that they must interact with customers, who purchase their products and services, and beneficiaries, who are the recipients of the social good, or “social value” (Santos, 2012), that is produced. For instance, in the TOMS Shoes “Buy-One-Give-One” model, where for every pair of shoes purchased a pair is given to a child in the developing world, the beneficiaries are the children receiving free pairs of shoes. Social ventures can have multiple beneficiary groups. As an example, Urban Garden is a social venture that runs a development program teaching at-risk urban children life skills by exposing them to sustainable agriculture. The venture sells a portion of the food grown by the youth to the public and donates the rest to food kitchens serving the homeless. The venture has two beneficiary groups (at-risk youth and the homeless) and one customer group (consumers purchasing food).

Uncertainty exists among social entrepreneurs about whether it is more effective to craft general narratives about the social problem addressed (e.g. homelessness, child slavery) or to construct specific stories about their beneficiaries. Some managers craft narratives that focus generically on the problem they address. For instance, the founder of a social venture focusing on the high recidivism rates in at-risk populations explains this problem using the following narrative:
We understand that the people that we work with aren’t popular and our people that we work with are defenseless against what’s going on. But Texas is the number one mass incarceration state in our country. There are 10 U.S. states that make up 60 percent of all incarceration in our country. Those ten states have more incarceration than all of Russia – almost as much incarceration as the entire republic of China. Once you are in the system, forget it, and they start you at the youngest age. This social crisis is at the root of homelessness and poverty and foster care and this is such a huge problem and no one is doing anything about it. (Founder; SE_37)

General descriptions of social problems are contrasted with more granular narratives that contain greater specificity. An example is found in the communication of a social venture that provides a market in Western countries for jewelry produced by women in Africa with HIV/AIDS.

One of the stories that will always stick with me is that of [Amelia], because it gives me so much hope. When she and her husband found out that they were HIV positive, they moved to Entoto Mountain in hopes of finding healing. But all they found was poverty. [Amelia] began begging […] Once she started working with our jewelry program, her life changed. She was able to help provide for her family, and just this past year they were able to move off of the mountain where HIV is so prevalent, and assimilate back into life in the city. Amleset’s story is one of true transformation that is so inspiring to me. (Founder; SE_1)

Evidence indicates that, over time, entrepreneurs realize that the most powerful narratives are constructed around the stories of specific individuals that have benefited from the activities of the venture. However, this realization is often the result of a learning process. One founder explains his journey to this conclusion.

We’ve played with a lot of different ways to tell the story of the company. We’ve talked about “Fair Trade,” we’ve talked about “organic,” we’ve talked about the consumers themselves. Is the consumer the story? Is the consumer and the choices that they’re making the story that we’re trying to tell? But we found that the story that resonates the absolute most is when you’re connecting them [i.e. customers] back to the folks who have either farmed the cotton or made the garment. “Fair Trade” ends up being a bit too nebulous. Talking about ‘ethical systems of economy,’ and then the consumer feels like they’re one drop in the bucket. But they don’t want to be a drop in the bucket. They want to change the life of a person. […] So in trying to talk about that, we’re really focusing on the story of a young boy [Narin] that I met in India, who’s the son of a farmer and now goes to school at a school that was built by his father and other farmers because they receive Fair Trade price for their cotton. They took that money and built a school for their children. So now Narin gets to go to school. (Founder; SE_4)
The entrepreneur suggests that there were multiple ways to frame the story of the social good his venture produces (e.g., using the general narratives surrounding the “Fair Trade” and “organic” movements); however, he eventually realized that consumers were most impacted by stories about individual beneficiaries. In some cases, entrepreneurs received aid in identifying their most persuasive narrative from external consultants. For instance, the founder of a social venture that provides a market for goods produced by disadvantaged populations in the developing world described hiring a marketing consultant to develop the story that best captured his organization and its objectives.

We worked with a marketing company to help us find our PR message. Their conclusion was basically that “Fair Trade” is boring […] and not something that would sell at the price points we were trying to sell our product. So she said rather than marketing ourselves as “Fair Trade wholesalers,” we ought to focus more on the story of the women with the product that’s purchased. (Founder/CEO; SE_16)

In addition, informants explained that an important downside of focusing on general descriptions of the social problem addressed is that it often does not convey emotion. One founder explains:

There’s zero emotional attachment. And it’s data; it’s not human storytelling. And so, we have to tell human stories, to say, like, “Narin gets to go to school, and his dad doesn’t have to borrow money at usurious rates, and they get to have the life they wouldn’t have had before because we support them; because they were able to grow the cotton that made these T-shirts. (Founder; SE_4)

Entrepreneurs used a variety of methods to communicate beneficiary stories to stakeholders. They featured narratives on their websites, in company documents and promotional materials, and in media interviews. The founder of a social venture that provides employment and language skills to refugees that have recently moved to the U.S. described her strategy for sharing stories.

[The stories] are on our website. We have an artisan page and each of the artisans has a picture and a story […] again those are the ones that are comfortable doing that. […] We also do a lot of guest posts [on blogs] and share the stories with like-minded people. That’s gone well for us, I think the stories are one of the things that really drives sales, that makes people feel connected to our artisans. (Founder; SE_31)

Another entrepreneur, with a similar social venture, described his venture’s method for communicating beneficiary stories to customers.

We have tags for each item […] that have a story about the artisan. And then our [salespersons] are also charged with knowing those things, so they can talk about it. And then, there is a section on the website that talks about the different countries and the artisans. (Founder; SE_19)

To summarize, evidence suggests that social entrepreneurs focused their communication to stakeholders on the
stories of their beneficiaries. These narratives often featured specific beneficiaries (by name or pseudonym), highlighted the social problem affecting these individuals, and demonstrated how the organization’s solution to the problem had improved their situation. However, entrepreneurs often could not explain why these narratives should be given priority and, more importantly, why the stories are persuasive with stakeholders. Further evidence suggests that the mechanism driving narrative’s influence is emotion.

**Why Are Narratives Influential? The Role of Emotion**

Research examining narratives in traditional ventures has focused on their ability to influence stakeholders through cognitive mechanisms, such as legitimation and categorization (e.g. Martens et al., 2007). However, the narratives used by social entrepreneurs seem to operate by transmitting emotion and triggering emotional reactions in stakeholders. The founder of a social venture that creates websites for nonprofits hints at the important role played by emotion in social entrepreneurship.

> A lot of it is about emotional connection because they’re [social entrepreneurs] trying to save the world. They’re trying to make the world a better place. And so, a lot of times, they don’t necessarily communicate their story in that way. But they should because that’s one of their strongest assets. (Co-founder; SE_33)

More specifically, evidence from informants suggests that the emotion conveyed in narratives has three specific influences on stakeholders: it captures attention, creates connections, and inspires action.

**Capturing Attention.** Before stakeholders can be asked to take action (e.g. to make an investment, purchase a product, or volunteer time), social ventures must first capture their attention. Evidence suggests that the emotion communicated in narratives can “grab” stakeholder attention. For instance, one founder describes the influence of emotion on investors.

> [Investors] have seen tons of [business] plans. What captures people, what gets people to pull out the checkbook, or authorize the wire transfer, is the emotional connection and that comes from stories. (Founder; Social Enterprise_30)

Similarly, the director of a business incubator explains that he advised the founder of a social venture at the incubator not to drop an emotional story from his pitch because “it’s an intricate part of the [organization’s] story – it’s what gets your attention […]” (Director; Incubator_1). Finally, the founder of a social venture that has received two rounds of angel investment further describes this linkage between narratives and stakeholder attention. Specifically, she focuses on the pitch she delivers to prospective investors.

> I have to build a story. I have to build a compelling story. But I think everybody does. I mean I’ve watched a million pitches for other people at this point. A good storyteller’s gonna go a lot further than somebody with a lot of numbers. Yes, you need your numbers [i.e. strong financials]. But it [the story] gets them to listen. […] The other thing to remember is
investors see hundreds of pitches. (Founder; SE_34)

Thus it is argued that communication containing an emotional narrative will cause a social venture to stand out amongst other organizations. This suggests the following proposition:

**Proposition 1.** Social ventures communicating emotional narratives are more likely to capture the attention of stakeholders than other ventures.

**Forming Connections.** After securing stakeholders’ attention, evidence suggests that the emotion transmitted by narratives helps to form a connection between stakeholders and a social venture. For instance, one founder describes the reaction of customers to the emotional beneficiary narratives featured on the firm’s website.

[Customers] will literally send me e-mails, or now we have a web form that they can fill out in the hopes of streamlining it a little bit, but they will just bare their soul. They'll talk about how they cried reading the website. It really connects with them [...] and it's amazing how many inquiries we get. (Co-Founder; SE_19)

He goes on to explain that customers form a strong connection with the beneficiaries featured in their stories and that “...our whole company is story-oriented and we think that’s a big part of what people [customers] are wanting – that personal connection.”

Founders were not alone in stressing the linkage between emotion and stakeholder connections. A media consultant who works with traditional nonprofits and social ventures also noted this influence of beneficiary narratives.

[Often] a board member will say, “We need a video [demonstrating the social impact of the venture].” [...] they’ll see that telling the story through video is a good way to connect with people and tug on the heartstrings and create an emotional connection. (Media Consultant_1)

In addition, using Lance Armstrong’s story as an illustration, a social venture investor described how a powerful narrative can connect stakeholders to an organization.

Look at Lance Armstrong. [...] Here’s a great cyclist, who’s won all of these championships, but without that whole story of him beating cancer, his foundation gets nowhere – it’s like any other celebrity foundation. But that story created this brand, that now is literally world-wide and worth a billion dollars...I think the reason that [story] resonates with a bunch of other people is because they’re like ‘wow, I wish I could do that, I want to do that, I want to be a part of that whether it’s by paying a little bit of money. I want to express my support for that whatever I can do, but I want to be a part of that. I want to feel connected to that [...] I want to

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2 The interview took place before Lance Armstrong was banned from cycling for doping offenses. Interestingly, this highlights that although the personal narrative of a founder can be a persuasive transmitter of emotion, if an organization’s narrative is too tied to its founder’s narrative, and the founder is involved in a scandal, then this can result in a strong, negative reaction by stakeholders.
wear that wristband that Lance did.

(Investor_6)

Creating an emotional connection with stakeholders is critical; however it can be difficult because social ventures often serve beneficiaries that live thousands of miles from the customers purchasing the product or service. As the founder of a social venture that works with artisans in Guatemala but sells products in the U.S. describes, “sometimes it’s hard to get the community in which you live to really feel passionate about something that’s so far away from them” (Founder; SE_16). By providing concrete stories, social venture narratives seem to be able to help bridge the geographical distance that can exist between customers and beneficiaries. However, constructing overly complex narratives does not seem to be the way to foster such a connection, as a founder who has struggled with this issue describes.

A lot of people don’t understand [the problem the venture addresses] – “empowerment” people don’t understand. But people understand supporting women. People will understand they are helping them out of poverty. So how do we make our message much simpler, so people can really understand and support us? So that connection is missing right now. We tend to go too deep in that – so it’s simplify, so we can connect. (Founder; SE_2)

The emotion conveyed in narratives can, thus, serve as a means of forming a connection between a social venture and its stakeholders that amounts to more than simple “attention-grabbing.” This suggests:

**Proposition 2.** Social ventures communicating emotional narratives are more likely to form connections with stakeholders than other ventures.

**Inspiring Action.** After capturing attention and fostering a connection, the emotion transmitted through narratives can spur stakeholders to take action on behalf of a social venture. One founder describes this relationship in a straightforward manner.

Storytelling inspires action. [Through stories] we can get people to change their behavior and it can really compel your movement forward. […] If you have a story, you [can] draw them [stakeholders] in and really guide the persons in terms of what actions you want them to take. (Founder; SE_33)

One of the primary actions that narratives inspire is for stakeholders to communicate a social venture’s narrative to others. This is important because it can expand the organization’s audience thus increasing the stakeholders available to provide resources. One investor explains that an emotional story can leave stakeholders feeling as though “there’s a vision that [they] get, that they share, because ‘now I can tell that story, I can be part of the whole movement’” (Investor_6). The founder of a social venture described this dynamic in his investors.

[…] in the end you’ve got to remember investors they want to tell a story. It’s just like everybody else. It’s all about storytelling, and the more engagement, the more opportunity you have to tell that story and to drive the direction where it’s going. (Founder; SE_50)

In fact, there is evidence that the actions emotional narratives inspire can actually
compensate for a social venture not being “resource rich.” For instance, one founder claims that stories allow his organization, a small start-up, to “get around not having a lot of money” to spend on advertising and marketing (Founder; SE_4). This suggests that stories operate as a type of resource, which can be used to influence stakeholders to take actions to provide other resources.

**Proposition 3.** Social ventures communicating emotional narratives are more likely to inspire stakeholder action than other ventures.

**What are the Boundary Conditions of Narrative’s Influence?**
Despite the powerful influence emotional narratives can have on stakeholders, informants suggest there are boundary conditions that temper the use of such narratives. Specifically, two important questions surfaced, “What social ventures are best suited to capitalize on such narratives?” And, “to what extent should social entrepreneurs rely on emotional narratives in their communication with stakeholders?”

**Direct vs. Indirect Benefit Business Models.** Evidence suggests it is easier for some types of social entrepreneurs to construct emotional stories about the social problems they address. In particular, social ventures with direct-benefit business models, which sell a product or service that can be linked directly to a single beneficiary, seem to have more opportunities to construct compelling narratives. As a director at a social enterprise accelerator explains, social ventures can:

> […] affect the individual more if [they] can relate it on that one-to-one level of having a face of one person that you are helping versus, “this problem is so vast” and maybe not feeling like you’re [i.e. the customer or donor] making a difference, because it’s so huge. […] Some [individuals] will only respond to a personal connection, a touchy-feely story, that brings the impact down to the one-on-one level of, “Here’s who I’m helping, this one person.” (Director; Incubator_2)

As described above, many social entrepreneurs recognize this potential for a “one-to-one” connection between stakeholders and beneficiaries and are very deliberate in providing opportunities for these connections to be formed. One entrepreneur described the process she has created by which customers can experience beneficiary stories.

If you go on the website and if you clicked on the product, then it would take you to a description that would tell you where it’s made, what it’s made out of, what kind of materials, and who it empowers. And then it also says to read how it’s made and gives you links as you go down the page underneath the artist. So on each product, you can know more in depth. And we have tags on it [the product]. […] And then artist cards that have a picture of the [artisan] on the one side and on the other side is [their] story. (Founder; SE_5)

Indirect-benefit social ventures, which sell a product or service not directly tied to their beneficiary groups (i.e. ventures that do not involve beneficiaries in their supply chain) do not have the narrative “material” to as easily construct emotional beneficiary stories.
**Proposition 4.** Social ventures with direct-benefit business models are more able to construct emotional narratives than ventures with indirect-benefit models.

**Communicating a Compelling Business Model.** Individuals in the social enterprise sector are quick to caution that, although emotional narratives about a social problem are persuasive with stakeholders, it is not wise for social entrepreneurs to rely exclusively on such narratives. Specifically, informants argue that it is critical for social ventures to develop and communicate a compelling business model. That is, informants claim that successful social entrepreneurs communicate that they deliver a top-quality product with a clear value proposition for customers. Moreover, such entrepreneurs do not view the construction of emotional stories as a “license” to deliver a substandard product. One founder describes the relationship between the stories about the social problem she addresses and her business model (based on selling scarves made by refugees).

We make sure it’s a product that […] people would want to buy, and then, “Oh, by the way, guess who made it?” And that [the emotional story] is like the tipping point as to why somebody would purchase our products. […] ‘Cause at the end of the day, it’s a scarf. Nobody truly needs a scarf. Right? So what sets us apart from all the other scarves out there is the message behind it and who made it. […] If you have a boutique, and if you see it [the product] lying on the shelf, unless there’s a sales associate right there next to you to tell you, “Oh, by the way, hey, this product is [made by refugees], this is who made it,” you’re not going to know that. So, in that sense, the product needs to speak for itself when it’s on the retail floor. (Founder; SE_10)

A social entrepreneur with a comparable business model (i.e. importing and selling goods from disadvantaged groups in the developing world), expressed a similar idea.

[The product] has to be well-designed. We don’t want anything that’s just a charity idea. It has to be able to sell. So you [the customer] have to look at this and tell me that you love it not even knowing the story behind it. (Founder; SE_9)

Indeed, although informants claim that it is critical for social ventures to devote time to developing emotional narratives, which can make their communication with stakeholders more persuasive, they caution against focusing solely on such narratives to the exclusion of developing a solid business. One entrepreneur expounds on this point.

Just because you’re a [social venture] doesn’t mean you should get special attention […] I should be held to the fire just as anyone else should be. Because if we use it [emotional narratives] as a crutch this will become a fad. What I want social entrepreneurship to become is a staple and an institutionalized way of thinking. (Founder; SE_20)

Related to this point, the director of a social enterprise incubator points out why so many social entrepreneurs struggle to communicate successfully with stakeholders. He states, “the social ventures that struggle are the ones that pitch ‘here’s how we’re changing the world … we’ll
figure out how to monetize later.’ You can’t do that, this isn’t Google. That ship has sailed.” (Director2; Incubator_1). One founder describes this ineffective practice in more detail.

A lot of people love the idea of being a social enterprise, but they sometimes lose sight of the enterprise side of things. They really like the social but they forget, wait a second, this thing has to be profitable and sustainable in order to really have an impact. [Social] impact is tied to profit regardless of what people want to believe. (Founder; Social Enterprise_50)

Finally, the founder of a venture-backed social enterprise summarizes her belief in the importance of communicating an emotional narrative with her recommendation that entrepreneurs “tell [their] story and make a compelling business case … show how [they are] going to be profitable and sustainable and reproducible” (Founder; SE_34).

**Proposition 5.** Communicating a compelling business model increases the impact of emotional narratives on stakeholders.

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**DISCUSSION AND IMPLICATIONS**

This study explores how social entrepreneurs communicate with their stakeholders. As discussed, although practitioner writings suggest that narratives may play a key role in social venture communication, prior research has not devoted significant attention to this topic. To address this omission, this study focused
on the stories social entrepreneurs communicate.

Findings indicate that narratives are indeed influential in social venture communication. Stories about the social problem addressed and, specifically, stories featuring a social venture’s beneficiaries (i.e. the group receiving the social value created), the problems they face, and how the organization has helped to improve their situation, are particularly potent. These types of narratives are influential because their content generates an emotional response in stakeholders by operating through three mechanisms: capturing attention, forming connections, and inspiring action. Direct-benefit social ventures that derive their revenue from products and services produced directly by beneficiary groups are well-positioned to construct such narratives. However, findings suggest that despite narrative’s influence, social entrepreneurs cannot rely solely on emotional stories at the expense of developing and communicating a strong business model.

Implications for Theory
In addition to its contributions to the social entrepreneurship literature, this study also contributes to four other streams of research: organizational narrative theory, new venture communication, stakeholder evaluations of firms, and the marketing and entrepreneurship interface.

Organizational Narrative Theory. Organizational narrative theory has focused almost exclusively on narrative’s role in cognition. However, by not examining the relationship between emotion and narratives, prior work has underemphasized one of the two ways that individuals process narratives. Dual-process models suggest that people make sense of reality in two fundamentally different ways (Kahneman & Frederick, 2002; Slovic, Finucane, Peters, & MacGregor, 2002). When individuals are faced with a narrative they often respond cognitively by invoking preexisting schemas or scripts (Oatley, 1999). But when these mental structures are inadequate or in conflict it creates uncertainty. Individuals cope with this uncertainty by relying on emotional responses and by allowing emotion to shape their understanding.

Since social ventures are a relatively new organizational form (e.g. Lindsay & Hems, 2004), individuals are unlikely to possess detailed schemas to aid in understanding the narratives communicated by such organizations (e.g. Hsu & Hannan, 2005)³. For instance, stakeholders that are accustomed to dealing with traditional organizations (i.e. corporations or conventional nonprofits) will have a difficult time understanding a social venture narrative about using profit-oriented activities to create social good. However, evidence from this study suggests that an important way that stakeholders respond to new and unfamiliar organizational narratives is by allowing emotion to guide the processing of such communication.

New Venture Communication. Although general models of persuasion, such as the Elaboration Likelihood Model (Petty & Cacioppo, 1986) and the Heuristic-Systematic Model (Chen & Chaiken, 1999), describe factors that can cause

³ There are some who argue that “social ventures” or “social enterprises” are not an entirely new phenomenon (e.g. Fayolle & Matlay, 2010). Cooperative movements, mutual benefit associations, and cooperative enterprises from the 19th century are often cited as the “original” forms of this type of organizing (Rispal & Boncler, 2010).
communication to be persuasive, narrative’s influence is not addressed by these models (Appel & Richter, 2010). In general, humanities-oriented scholars have focused on the link between narratives and emotion, but have shown little concern for how this link influences the persuasiveness of communication and its ability to get audiences to take action. In contrast, social sciences studies, and particularly psychology-based work, have focused on the relationship between emotion and persuasion, but have not tried to understand the role of narratives in the process.

This study examines the three topics in consort. In doing so, it reveals that there is a complex interplay between narratives, emotion, and persuasion. In particular, for some types of ventures the emotion conveyed through stories is a primary means of persuading stakeholders by attracting their attention, creating connections, and inspiring action. However, as the study also suggests, although emotional narratives can be persuasive, it may not be in an entrepreneur’s best interest to focus on the development of such narratives to the exclusion of other messages.

**Emotion in Stakeholder Evaluations.** In general, the lack of attention in prior research to narrative’s ability to influence stakeholders through emotion is representative of a more general omission in management research: an absence of studies considering the role of emotion in firm evaluations (Tetlock, Saar-Tsechansky, & Macskassy, 2008; for an exception, see Pfarrer, Pollock, & Rindova, 2010). Indeed, while most research emphasizes how stakeholders evaluate organizations using predominantly analytical, “business-focused” criteria, this study’s findings suggest that stakeholder evaluations can be more complex and that emotion’s influence can have important implications. For instance, the media, which represent a significant source of firm evaluations, seem to give preference to social entrepreneurs’ stories because of their “feel-good” nature. This suggests that by being able to construct emotional narratives social ventures are in a unique position to capture media resources. Moreover, other groups, such as investors, suggested that their decisions regarding a social enterprise were swayed, at least to some extent, by the degree to which the narratives appealed to their emotions. By examining the interplay between emotion, a firm’s communication, and its stakeholders this study begins to explore a largely ignored aspect of organizational research.

**The Marketing and Entrepreneurship Interface.** Although marketing and entrepreneurship research have traditionally been treated as separate endeavors, a growing body of work is devoted to examining the intersection of the two disciplines (e.g. Hills & LaForge, 1992; Stokes, 2000; Webb, Ireland, Hitt, Kistruck, & Tihanyi, 2011). This research has focused on an array of topics, such as how entrepreneurs create customer demand for “new to the world” products and the extent to which marketing decisions can be critical in small and medium-sized enterprises (SMEs) that often face severe resource constraints, limited market image, brand loyalty, and market share, and more imperfect information than larger firms (Hills, 1999: 5-6). However, research has yet to examine the interface between marketing and social entrepreneurship or to determine if marketing is “viewed differently and performed differently” (Hills, Hultman, & Miles, 2008: 102) in social ventures. Thus, it is unclear if the social entrepreneurship-marketing interface
requires separate examination from work on traditional entrepreneurship and marketing. The findings of this study suggest that, at minimum, being a social venture adds a layer of complexity to entrepreneurially marketing and to how social entrepreneurs construct and communicate their “marketing narratives” (McFerran, Dahl, Gorn, & Honea, 2009). As described, social ventures differ from traditional ventures in that they must communicate to two, demand-side stakeholders: customers and beneficiaries. Marketing research examining traditional for-profit corporations and SMEs has focused on how such ventures market their products and services to customers. At the same time, because nonprofit organizations often do not have customers in the traditional sense, research at the intersection of marketing and non-profit management has examined non-customer focused marketing activities (e.g. the use of marketing techniques to attract volunteers; Bennett & Sargeant, 2005). But what is not clear from these literatures is how social ventures navigate having to simultaneously market their products (and their organizations) to two very different stakeholder groups. The findings of this study suggest that the use of narratives, which balance emotional elements associated with the social problem addressed and descriptions of the strength of the venture’s business model, may be key to constructing communication that is persuasive with both customers and beneficiaries. Although these findings are preliminary, they suggest that more work is needed to understand the unique characteristics and challenges of entrepreneurial marketing in social ventures.

Implications for Social Entrepreneurs
This study has several implications for practicing social entrepreneurs. First, the findings suggest that social entrepreneurs should pay special attention to the narratives they construct and communicate to stakeholders. These narratives can play an important role in entrepreneurs’ relationships with key stakeholder groups such as customers, volunteers, and investors. In short, social entrepreneurs can benefit from acknowledging that storytelling “matters.”

Narratives’ ability to influence stakeholders in subtle but important ways suggests that entrepreneurs should make deliberate attempts to solicit and collect stories from their beneficiaries to incorporate into their organizational communication. As described, stories describing how a social venture’s beneficiaries are influenced by a social problem can be used to illustrate the problem in a way that grabs stakeholders’ attention, helps them to connect to the social problem being addressed, and inspires them to take actions on behalf of the organization and its beneficiaries. In addition to collecting stories purposively rather than haphazardly, entrepreneurs should also not focus solely on collecting objective data (e.g. recording only the number of homeless fed, or the number of refugees provided employment). Instead, they should also encourage the beneficiaries of their venture to provide them with open-ended, subjective accounts of their experiences and of the impact the venture has had on their lives. Metrics (financial and social) do matter, but the findings suggest that when social entrepreneurs collect data to use in communication with stakeholders they should not focus solely on quantifiable measures of their impact as this is unlikely to produce emotional narratives.

Notwithstanding the importance of emotional narratives, one of the study’s clearest takeaways is that it is critical for
social entrepreneurs to also communicate that they possess a viable and compelling business model. Without such communication, which may focus on the venture’s economic value proposition, it is difficult to communicate persuasively to stakeholders – regardless of the emotion contained in the venture’s narratives. Unfortunately, the ability to communicate the “business case” for one’s venture is a competency that is underemphasized in popular accounts of social entrepreneurship.

**Limitations and Directions for Future Research**

Findings from this study suggest several other avenues for future research. First, as is often the case with inductive studies, an important next step is exploring if the findings presented are supported using deductive logic and with a larger sample of social entrepreneurs. Such a study could utilize a large sample of social venture business plans. Computer-automated text analysis (CATA) techniques could be used to measure the level of emotion in the plans. These measures could then be used to predict the plans’ ability to, for example, grab investor attention or inspire them to commit resources to the firm. This type of study would be valuable because it could confirm (or disconfirm) the external validity of the findings derived from the relatively small sample of entrepreneurs in this study.

Second, although the sample of social venture participants is diverse with respect to occupation, industry, and organizational structure (i.e. for-profit or nonprofit), all of the participants are located in the developed world. The beneficiaries described are often from emerging countries, but the social ventures operate in developed markets. This is an important distinction because there is evidence to suggest that social entrepreneurship, and presumably social entrepreneur communication, may operate very differently in emerging economies. For instance, social entrepreneurs and investors recounted that developing world social ventures often have more access to “social-impact” stakeholders and particularly “impact investors” (e.g. Bugg-Levine & Goldstein, 2009) – i.e. angels or VCs who place a much higher premium than traditional investors on a venture’s social mission. Informants suggest that this investor class has a different preference-ordering in the criteria they use to evaluate social ventures and, in fact, may be more swayed by emotional narratives about a venture’s social problem. However, does this mean that entrepreneurs pursuing this type of investment should simply place greater emphasis on constructing emotional narratives? Or do these entrepreneurs’ communication strategies need to be more nuanced? Since social venture founding rates in emerging countries are in many cases higher than in developed countries, and since “impact investors” seem to be an increasingly important investor class, gaining a better understanding of social entrepreneurship communication in these settings is an important next step.

Third, the goal of this study was to construct a framework to explain how social entrepreneurs communicate with stakeholder groups and, specifically, how the narratives they craft influence such groups. Thus, the focus was constructing a process-oriented model. However, there are several interesting variance-focused questions. For instance, are differences in entrepreneurs’ narrative construction and deployment associated with differences in their ability to acquire resources from stakeholders? Similarly, are entrepreneurs that construct narratives that attempt to appeal to stakeholders’ emotions more successful in getting resources than those
attempting to influence stakeholders through cognitive mechanisms, such as legitimization? Pursuing these and other important questions may prove fruitful for future studies.

Finally, despite the study’s theoretical and normative implications, it represents only a “first cut” at understanding the phenomena described. However, the study is a step in the direction of developing a better understanding of how social entrepreneurs communicate with their stakeholders. Moreover, it suggests that narratives can influence stakeholders in subtle but powerful ways. Thus, it is important for both social entrepreneurship scholars and practicing social entrepreneurs to pay heed to narratives and the emotion they can convey.

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