

Social value co-creation: findings and implications from Mageires the social restaurant

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Purpose: This study adopts a market approach for exploring how social restaurants develop their value propositions and ecosystems for creating social value and transformation.

Design/methodology. A literature review revealed that a market approach is an appropriate lens for understanding social entrepreneurship, and a framework based on "learning with the market" is developed for identifying ways for identifying, managing and also creating (new) market opportunities for generating social value and change. Findings from various stakeholders (customers, employees, suppliers, owners/founders and other business partners) of Mageires (a social restaurant) are collected for demonstrating the applicability and usefulness of this framework.

Findings. The framework identifies three capabilities that can generate social value and transformation: network structure (building networks with various stakeholders); market practices (e.g. institutionalization of a 'new currencies' for conducting economic transactions, adoption of ethical, flexible and all inclusive recruiting practices); and market pictures (e.g. use of a common terminology and performance metrics, generation of stakeholders' dialogues for creating inter-subjective meanings).

Research limitations/ Implications. The paper used a case study for investigating how a 'learning with the market' approach can enhance our understanding of social value co-creation processes. Thus, future research should replicate and refine the findings in different industries, countries and cultures.

Originality/value: the paper provides a market approach for understanding how social enterprises can shape, manage and engage with markets for co-creating social value. The case study also confirmed the role of social restaurants on driving social transformation by changing "customers'/citizens'" behaviours, market pictures and practices towards the generation of social change.

Practical implications: The paper provides practical guidelines to social enterprises for: understanding their role in social value co-creating; identifying the capabilities that they need to develop for motivating the market actors and driving their market pictures and behaviours towards the exchange and integration of resources for social value co-creation.

Keywords: social value; social entrepreneurship; co-creation; social restaurants; market view; learning with the market

Introduction

Although the address of social problems and gaps is at the heart of social entrepreneurship (Dees, 2001; Mair and Marti, 2006; Zahra *et al.*, 2009; Peredo and McLean, 2010), there is still limited research on how social entrepreneurs can generate social value and transformation (Ormiston and Seymour, 2013; Seymour,

2013). In tourism, the development of social entrepreneurship is also booming (Kline *et al.*, 2014; Mody and Day, 2014; Sloan *et al.*, 2014), since it is viewed as a good way to support sustainable and community-based tourism that can alleviate many social problems (Kravva, 2014). However, research about social entrepreneurship in tourism simply replicates existing knowledge by examining the operations and the motives of social entrepreneurs (e.g. Tetzschner and Herlau, 2003; von der Weppen and Cochrane, 2012) rather than adds to our understanding on how social value and transformation can be created.

Moreover, although market failures are widely recognised as the driving force of social entrepreneurship, the conventional economic approaches examining social entrepreneurship provide limited understanding into the functioning and formation of the markets (Dean and McMullen, 2007) and so, of the processes and the capabilities enabling the social entrepreneurs to engage with and shape (new) markets that can solve these market failures. On the other hand, advances in marketing thinking (Kjellberg and Helgesson, 2007; Storbacka and Nenonen, 2011; Vargo and Lusch, 2011) explaining the nature of the markets and the factors influencing their becoming and formation, provide a useful theoretical lens for understanding how social entrepreneurs can identify and create market opportunities for achieving their social goals. Consequently, Sigala (*in press*) proposed a market-based framework advocating three market capabilities explaining how social entrepreneurs can generate social value and transformation.

- This chapter aims to enhance your understanding on how social entrepreneurs can generate social value and transformation by applying this framework in a case study of a social restaurant called Mageires (meaning Chefs in Greek). Thus, by the end of this chapter, you should be able to explain the role and the importance of the three market capabilities enabling the social enterprises to form markets in which social value and transformation can be co-created. Specifically, you will learn how social entrepreneurs: access and mobilise resources by building social networks (market structure capabilities) enable and motivate market actors to exchange and integrate resources in different ways and contexts (market practices capabilities) nurture and diffuse a new mind-set and language for interpreting and understanding the markets that in turn can drive and support social transformation (market pictures capabilities)

The chapter first critically reviews and discusses the limitations of the current literature in explaining social entrepreneurship. It then presents and advocates the three market capabilities and their importance in generating social value and transformation. Finally, the case study of Mageires is analysed by applying this framework and showing its implications.

Social entrepreneurship and social value and transformation: research approaches and limitations

Social entrepreneurship is heavily researched from three major streams: social entrepreneurship research examining the entrepreneurial behavior and goals of social ventures (Dees, 2001; Mort *et al.*, 2003); research on social entrepreneurs primarily focusing on investigating the personality and distinctive characteristics, traits and competencies of the social venture founder (e.g. Dees, 1998); and research on social

enterprises concentrating on the tangible outcomes of social entrepreneurship. However, the directions of existing research have been accused (e.g. Mair and Marti, 2006) for our limited understanding and consensus on what social entrepreneurship is, and how it can generate social value and transformation. For example, Ormiston and Seymour (2013) claimed that research has been asking the wrong questions: i.e. inquiring "who is and can be characterised as a social entrepreneur" and "what are the social entrepreneurship motives, goals, drivers and impacts" instead of examining how social entrepreneurs and enterprises act and create social value. Indeed, the entrepreneurial and environmental / sustainable entrepreneurship approaches investigating social entrepreneurship provide limited and abstract insight into how social entrepreneurs can recognise and exploit opportunities for generating social value and transformation.

First, the entrepreneurship literature is heavily used for defining the social 'entrepreneur', since social entrepreneurs are one species of entrepreneurs (Dees, 1998), who apply the principles and tenets of entrepreneurship for developing social ventures that aim to alleviate socio-economic and/or environmental problems and catalyse social change (Dees, 1998; Mort et al., 2003; Pearce, 2003; Ormiston and Seymour, 2013). However, this approach entails a very deterministic role of social entrepreneurs in continually sensing the market environment for identifying and satisfying social needs (Dees, 2001; Mort et al., 2003; Haugh, 2005), while it also limits the conceptions of social entrepreneurship to those that capture opportunities through superior alertness. On the other hand, the entrepreneurship literature (Buchanan and Vanberg, 1991; Venkataraman, 1997) identifies three approaches for generating entrepreneurial opportunities: the allocative view (opportunity recognition); the discovery view (opportunity discovery); and the creative view (opportunity creation). Moreover, entrepreneurship viewed as 'creative destruction' (Schumpeter, 1934), requires social entrepreneurs to not only identify and meet existing social gaps, but also to initiate societal transformations by shaping and/or creating new and better markets and institutions that can address both social needs and generate economic value (Cohen and Winn, 2007). Hence, although from an entrepreneurial approach, the social enterprises have to be both reactive and proactive in order to address social needs and drive social change by creating new institutions (e.g. Dees, 1998; Peredo and McLean, 2010), the literature in (social/sustainable) entrepreneurship, that is reviewed below, provides limited insight on how this can be achieved.

In creating a typology of social entrepreneurs, Zahra et al. (2009) identified three types of social entrepreneurs based on: how they discover and define social opportunities and social needs (i.e. search processes); the scope and scale of their social value and impact on the broader social system; and the ways they use the market for assembling resources to pursue social opportunities. *Social Bricoleurs* utilise and depend on their own local knowledge and resources for discovering and addressing small-scale local social needs. By developing, maintaining and reconfiguring relations with various market actors (e.g. volunteers, employees, institutions, governmental agents) that give them access to resources and knowledge, *Social Constructionists* cater for social needs and market failures, that are inadequately addressed by existing institutions, by introducing reforms and innovations that fill in holes in the social system. *Social Engineers* act as prime movers of innovation and revolutionary change, because they identify systemic problems within existing social structures and address them by destroying

existing/dated institutions and replacing them with newer and more suitable ones. Thus, although this typology recognises that social entrepreneurs need to challenge and influence the formation of market equilibriums for generating social value and transformation, the study does not provide specific guidelines and understanding on how social entrepreneurs can engage and interact with the market for influencing its formation, institutions and operations. In addition, the literature has failed to explain what social entrepreneurs have to do for identifying, forming and institutionalising (new) market equilibriums that deliver social value and transformation.

Social entrepreneurship is also studied from an environmental / sustainable entrepreneurship approach (that is based on environmental and welfare economics), because of the commonalities in entrepreneurial goals and processes. This literature also highlights that sustainable entrepreneurs have to adopt both a reactive and proactive (transformational market role) for identifying and creating new market opportunities or responding to/restructuring existing market forces, conditions or new regulations respectively (Cohen and Winn, 2007; Dean and McMullen, 2007; Hall *et al.*, 2010; Schaltegger and Wagner, 2011). Environmental entrepreneurship is the only approach using the concept of market failures and equilibrium for explaining how environmental entrepreneurial opportunities are created and exploited (Hall *et al.*, 2010). It is generally recognised (e.g. Cohen and Winn, 2007; Dean and McMullen, 2007; Hall *et al.*, 2010) that environmentally relevant market failures create entrepreneurial opportunities, because they represent 'problems' that people would pay to have removed if given a cost-effective solution. By creating and/or improving the markets for environmental resources (e.g. biofuels, fair trade food and tourism), environmental entrepreneurs profit from the economic value, while simultaneously reducing environmental degradation and enhancing ecological sustainability (Dean and McMullen, 2007).

However, despite their contribution in identifying environmental opportunities, neoclassical economics cannot efficiently elaborate either normatively or descriptively on the existence, exploitation or (mainly) on the proactive creation of (new) entrepreneurial opportunities. Rather, they adopt a deterministic and market reactive approach to environmental entrepreneurship that limits conceptions of entrepreneurship to those individuals and organisations that capture opportunities through superior alertness (Dean and McMullen, 2007). On the other hand, many authors (e.g. Cohen and Winn, 2007; Dean and McMullen, 2007; Hall *et al.*, 2010) also advocate that environmental entrepreneurs need to interpret market failures and equilibrium-seeking in a more proactive approach that enables them to understand how to develop new economic institutions and forces that are necessary to overcome market failures and allow markets to function properly. Moreover, neoclassical economics conceptualise markets and market failures from an over-materialised and an under-socialised view of what is a market and how it evolves, because: markets are viewed as solely price-market institutions that create failures when desirable activities cannot be sustained or when undesirable activities cannot be stopped (Dean and McMullen, 2007); and market failures are created when entrepreneurs do not consider the social costs of production into their private costs of production (Schaltegger and Wagner, 2011). Thus, traditional economic theories perceive markets as economic/cost regulating mechanisms and so overlook the impact of social issues (e.g. customs, traditions, norms and culture) on the functioning of the markets (Williamson, 2000). According to the social embeddedness concept and structuration theory (Giddens, 1979), this approach critically limits our understanding of markets'

formation and evolution, because one cannot separate the market actors from the market structure and so, the impacts and inter-relations amongst these two elements.

Overall, all approaches identify the dual role of social entrepreneurs to continually sense and be alert to market needs and conditions, while simultaneously being creative and constructing new opportunities for shaping new market conditions and change. However, research is not specific, detailed and analytical enough on how (new) markets are formed/changed, and how social entrepreneurs can identify and create new market opportunities and initiate market change. This is because the traditional approaches to social entrepreneurship make the following assumption about the nature and operations of markets (Schaltegger and Wagner, 2011): social institutions and markets simply exist, are given and function effectively at a given equilibrium point, and so, when gaps and failures create market imbalances (malfunctions and failures), social enterprises aim to correct them by bringing societies and markets back to the given and desired equilibrium point. This conventional rationale also entails that in order to deliver social value, social entrepreneurs need to conduct market sensing for learning '*about the market*' so that they can identify and exploit 'already existing' market gaps and opportunities. Economic and welfare economics also adopt a narrow economic understanding of the markets that do not challenge how the market equilibrium point is set, why it is fixed, whether market actors can challenge/change its position and whether markets can also effectively work at another market equilibrium. The implications of the traditional approaches echo debates of market-driven (reactive strategies responding to market forces) versus market-driving entrepreneurial strategies (proactive strategies changing the market equilibrium point).

Hence, in order to develop a more holistic understanding about the creation of social value and transformation, research should adopt an approach expanding the conceptualisation of markets from the dominant economic view to a wider social perspective. Investigating social entrepreneurship from a new market approach also demands new thinking on how social enterprises can engage with and shape markets for creating new equilibriums, social value and transformation. So, instead of only learning about the market, social entrepreneurs should also learn '*with the*' market (Day, 2011; Storbacka and Nenonen, 2011b) in order to both respond and change markets by influencing their becoming and formation.

Learning with the market: a market based approach for creating social value

The nature of the markets

In relation to the traditional economic approaches entailing a deterministic-reactive role of social entrepreneurs in re-establishing market equilibriums by identifying and responding to existing market failures, a better theoretical lens is required to unravel how the market enables and constrains the appearance of social entrepreneurship (i.e. by creating and/or defining entrepreneurial opportunities) and how social entrepreneurs as market actors can initiate and institutionalise social change (Mair and Marti, 2006). Current marketing advances in conceptualising markets, their dynamics and evolution provide a useful approach to achieve this.

The marketing literature increasingly recognises that markets do not simply exist, but rather they are formed and are continuously evolving, as markets are malleable, dynamic, subjective, and subject to change efforts of multiple actors (Rosa *et al.*, 1999; Storbacka and Nenonen, 2011a; Kjellberg *et al.*, 2012). Consequently,

marketing research is immigrating from developing process-based models that describe market changes (e.g. product life cycle models) to understanding the processes of market construction and transformation by trying to identify the characteristics of the markets and the various socio-cultural and technical factors that can enable market dynamics (Geiger et al., 2012; Nenonen et al., 2013).

To that end, the current marketing thinking adopts a middle ground approach for defining markets and explaining their formation. It takes an embeddedness position highlighting how ongoing social relations shape the goals of market actors, the market actions they undertake and the relevant market institutions. This middle-ground approach provides a more pragmatic and accurate understanding of market creation, because it assumes a balance between the two extremes approaches to market conceptualisation (Granovetter, 1985; Geiger et al., 2012): the traditional economic approaches that are characterised as under-socialised and highly materialised, as they assume that market devices (e.g. characteristics of technical resources and products/services, costs) significantly influence market co-ordination, shape market agents and determine markets (Callon, 2007); and the classic structural sociology approaches (emphasising the importance of dialogues and linguistics in market formation) that are characterised as 'over-socialised', because they attribute so much power to the socio-cultural context in which a market is situated that specific ongoing social relations have a minimal impact on the way the market works (Granovetter, 1992). Moreover, this synthesised impact of the middle ground approach can better explain market emergence, construction and maintenance/change, because (Geiger et al., 2012): the social and material aspects of markets are interwoven; the highly materialised and socialisation approaches treat change as exogenous (caused by technical conditions or social developments taking place independently of the market under study); while the middle ground approach treats change as endogenous demonstrating how markets possess internal capabilities, dynamics and mechanisms to continually create and retain forms.

Thus, markets are increasingly viewed as: self-empowered ever changing 'socio-technical arrangements' (Kjellberg and Helgesson, 2007; Callon, 2007) or 'on-going socio-material enactments that organise economised exchanges' (Nenonen et al., 2013); and performative, since they can form and retain form, and give form to other market entities (Kjellberg and Helgesson, 2006; Geiger et al., 2012).

'Learning with the market': three market capabilities

Creating markets requires firms to engage in processes that aim to influence the market practices undertaken by the market actors (Kjellberg and Helgesson, 2006). These "*conscious activities conducted by a single market actor in order to alter the current market configuration*" define market-driving strategies that are also termed as 'market scripting' (Storbacka and Nenonen, 2011b: 251) in contrast to 'market sensing' that supports market-driven strategies. Nenonen et al. (2013) also recognised that markets 'take form' intentionally (as a result of intentional efforts of a market actor or an external party) or are emergent (without intentional market shaping efforts from any actor). For markets to retain form, actors should engage with processes related to formalisation, institutionalisation, routinisation, and materialisation (Nenonen et al., 2013).

Learning is also associated with the firms' capability to improve their market-driving strategies (Storbacka, 2011), as learning increases the firms' power to form markets (Knight, 2002; Storbacka, 2011; Geiger *et al.*, 2012; Nenonen *et al.*, 2013). Storbacka (2011: 22) termed this as 'learning with the market' and defined it as learning that requires "*reciprocal adaptive processes, involving several market actors in a network, and resulting in learning outcomes that change market-level properties such as: network structure; market practices; or interpretations of the market (market pictures)*". Thus, the 'learning with the market' approach identifies three learning outcomes and capabilities (Table 1) that the organisations have to develop for shaping and forming (new) markets and so, generating social value and transformation: network structure referring to the firms' ability to develop and maintain networks and ties with other market actors with the purpose to exchange resources and co-create value; market practices referring to the ways and the institutions that support and frame the actors' interactions and resource exchanges; and the market pictures representing the actors' interpretation and understanding of the market, which in turn influence their market practices. These capabilities enable the market actors to initiate change and form (new) markets by: influencing the market practices of all the other market elements that constitute and shape markets (Nenonen *et al.*, 2013); and engaging in (collaborative) sense-making processes that change the actors' mental models / understanding of the markets (i.e. market pictures) and so, their market practices.

Overall, 'learning with the market' builds on network learning (Knight and Pye, 2005), i.e. not learning 'within networks' but learning 'as networks' or a group of organisations, that aims at constructing inter-subjectivity or shared meanings. Consequently, 'learning with the market' recognises that market-shaping strategies entail the nurturing and pursuit of longitudinal, collaborative and reciprocal activities among the various market actors for creating shared market meanings, forming markets, and co-creating social value and transformation.

Table 1: Learning with the market: market capabilities and outcomes

Outcomes of 'learning with the market'	Dimensions of learning outcomes	Learning capabilities required for 'learning with the market' in order to form/change markets:
Network structure: Actors and their ties in the network	<ul style="list-style-type: none"> - Inclusion or exclusion of actors in a network - Access to networks and creation of network ties for controlling and accessing strategic information or resources 	<ul style="list-style-type: none"> - Ability to develop, maintain and manage a network structure by identifying and connecting with other market actors - Ability to actively engage in tie formation with other market actors
Market practices that happen between actors in the market network Three interconnected market practices: - <u>exchange practices</u> : through which value propositions are being communicated, refined and agreed upon - <u>Normalized practices</u> : (reciprocity, trust and overt rules) that influence the behavior of actors - <u>Representational practices</u> : common language to describe markets and actions within them. They portray markets and the way they work, and thus, they produce	<p><u>Exchange practices:</u></p> <ul style="list-style-type: none"> · Financial transactions · Commonly agreed sales item definition · Price formation mechanisms · Customer readiness (e.g. to participate in the market and to use the product/service) · Network readiness (e.g. to participate in the market) · Competitive alternatives <p><u>Normalized practices:</u></p> <ul style="list-style-type: none"> · Technological standards (agreed or established) · Legislation · Official rules and regulations · Social and relational norms <p><u>Representational practices:</u></p> <ul style="list-style-type: none"> · Commonly agreed terminology · Market research · Coverage in media · Official statistics · Market/industry associations 	<p><u>Ability to format exchange practices:</u></p> <ul style="list-style-type: none"> - Ability to reconfigure resources within a network in order to actualize value proposition and economic exchanges <p><u>Ability to format normalized practices:</u></p> <ul style="list-style-type: none"> - Ability to use normalization practices for stabilizing the business models and social norms <p><u>Ability to format representational practices:</u></p> <ul style="list-style-type: none"> - Ability to create knowledge and to engage in dialogues for creating inter-subjective meanings or consensus

shared images of the market		
Market pictures (Interpretations of the market): How actors interpret the market network (where it starts and where it ends)	Idiosyncratic sense-making processes of managers, that create the managers' subjective mental representations of their market. Subjective representations of markets are influenced by assumptions, labeled dominating ideas, dominating logic, commonly accepted dominant designs and business models	- ability to change the existing mental models and institutionalize new ones (cognitive market learning) - ability to overcome the institutions, e.g. existing understandings and patterns of actions

Methodology

This study was qualitative and interpretive as it involved studying people and other phenomenon in their natural settings (Denzin & Lincoln, 2000; Miles & Huberman, 1994). An exploratory case study strategy is adopted, as it is deemed appropriate for developing theories and/or generating new insights and knowledge about contemporary phenomena within real-life contexts (Yin, 2003:13). In addition, case studies have the potential to provide a more thorough understanding of meanings of particular behaviour and events (De Vaus, 2001; Gerring, 2007).

Triangulation was used for ensuring reliability and validity of the research methodology by: 1) synthesising three fields of literature related to value creation and resource needs, namely, (social and sustainable) entrepreneurship, the economic and marketing view of the markets; 2) using various sources (informants) of data collection (customers, owners/founders, employees, business partners and suppliers); 3) using various methods of data collection (interviews, field observations, documents); and 4) using three researchers for cross-checking and agreeing on data analysis. The major findings are discussed below.

Presentation and discussion of the findings from Mageires

Mageires is a social restaurant, because its foundation and operations are based upon a business model (explained below according to the three market capabilities) that enables the organisation to generate sufficient revenues in order to support the achievement of its mission which is: the production and provision of healthy, good quality, Greek food at reasonable prices and in a sustainable way in order to help the Greek economy and society during the difficult times of the economic crises. In other words, Mageires represents a social enterprise, since the creation of economic value is a means-to-a-social-end and is sought to ensure sustainability of the social enterprise (Dees, 1998; Mair and Marti, 2006; Ormiston and Seymour, 2013) so that social value is co-created in the following ways and for the following market actors.

The restaurant is located in Thessaloniki, Greece and it is heavily used by locals, tourists and people with economic problems. Mageires also does free food delivery to people with mobility problems.

Market structure

Market structure is a 'learning with the market' capability that enables the social entrepreneurs to generate social value in the markets by developing networks and inter-relations/ties with various market actors in order to: access, exchange and integrate resources; and/or influence the market practices of other actors through mimetic behaviour and/or peer pressure (Storbacka, 2011; Sigala, in press).

Mageires network with the following market actors in order to exchange resources and co-create social value:

- *social support institutions* (such as unemployment agents, centers of social rehabilitation and family support centers): Mageires employs exclusively people that have social problems (e.g. domestic violence, ex-drug addicts, ex-prisoners). They are stigmatised and they are facing difficulties to be socially accepted again. Thus, instead of reproducing ineffective ways of rehabilitating people (e.g. charities, donations, volunteer work) that result in stigmatisation and passivity undermining the human advocacy, Mageires aims to give a second chance to their staff and give them the power and the responsibility to rebuild their lives. In this way, Mageires aims to provide a sustainable solution, and not a sustainable advantage, based on the logic of people's empowerment rather than on the logic of control (Santos, 2009) i.e.: disadvantaged people are supported to take action to solve their problem rather than being registered under a charity programme in order to receive (financial or food) support based on their profile, conditions or status that can control and stigmatise them.
- *Greek food and beverages suppliers*: Mageires procures exclusively from Greek producers as its mission is to produce and maintain the tradition of Greek food / cuisine as well as to support Greek companies during the economic crisis.
- *animal-friendly associations, churches and social markets*: Mageires does not want to throw away and waste any type of food. Mageires pays a member of staff to separate 'meat from vegetables' and provide food remaining to associations that feed stray animals, while edible food is given to charities for free re-distribution to people in need. Hence, it aims to help address the problems of food insecurity and the abandonment of animals assisting to solve the problems of food insecurity, which are escalated during the economic crisis in Greece..
- *one nutritionist and one expert in gerontology*: Mageires sought the cooperation of these two experts in order to gain the knowledge and expertise in designing a dietary programme called "Taste and Life". 'Taste and Life' is based on the Greek gastronomy, includes food assisting wellness and memory and targets senior citizens. "Taste and life" is reasonably priced at 50 or 100 euros (for 15 days or a month programme respectively) and it can be delivered at home for people with mobility problems.
- *an online social network built on Facebook* (<https://www.facebook.com/mageirespeople>): Mageires cannot and does not wish to spend funds for promotion and marketing. Thus, Mageires heavily depends on the Facebook online community and the user-generated-content for: enhancing awareness; promoting its social vision and values; generating and attracting more market actors into its social ventures (e.g. customers, associations etc.). Consequently, after just a few months of operation, Mageires experience: seat occupancies of around 80-90% every day; a Facebook community of about 5000 fans; publicity in numerous national and local TV channels, radio stations and newspapers. This result is not surprising since previous studies have already shown the affordable opportunities that

social media provides to fledgling (food/social) entrepreneurs (Kline *et al.*, 2014; Sigala, in press)

The market actors enabling the Mageires to co-create social value confirms research findings in food entrepreneurship and innovation (Kline *et al.*, 2014) that advocate the role of ecosystems in supporting the food entrepreneurs to innovate and create value in areas such as: sourcing; new product development; production processes; markets; and ways of organising business. Findings also confirm research in social entrepreneurship highlighting the importance of networks to access resources, which in turn can significantly boost or prevent the ability of social entrepreneurs to: identify and exploit social entrepreneurship opportunities (Mair and Marti, 2006; Zahra *et al.*, 2009); mobilise different organizations to share and exchange resources within these networks (Ormiston and Seymour, 2013); and enlarge/escalate their social impact in the market by creating spill-over effects to other market actors and so, increase their marketability (Schaltegger and Wagner, 2011).

Market practices

Market practices represent exchange, normalised and representational practices that happen between actors in market exchanges (Table 1, Storbacka, 2011). The exchange practices supported by Mageires are characterised by the following. All menu items are priced and transacted at nearly cost prices (prices ranges between 3-5 euros), as the primary goal of the social restaurant is not to maximise profits but to generate social value and transformation by: promoting Greek cuisine and gastronomic traditions; supporting the Greek suppliers and producers; and empowering people in need. In terms of the definition of sales items, all menu items include Greek dishes and materials; and the menu is fully written in Greek (no foreign language/words are used).

The market practices of Mageires are not regulated by official rules and regulations, but the restaurant has developed its own informal operating standards, norms and procedures. For example, the daily menu also includes dishes that follow the Greek tradition and customs, e.g. fasting menu 40 days before Easter and Christmas, traditional dishes on national days such as the 25th of March. The restaurant has 50 seats and although it achieves very high daily occupancies, the rule and the agreed practice of the four co-founders and co-owners is that they do not wish to expand the restaurant in order to commercialise and profiteer from this social ventures. Mageires also aims to develop its social and relational norms with its market actors. For example, the servicescape of the restaurant includes a communal long table whereby everyone can enjoy his/her meal by joining and networking with other people irrespective of their social and economic profile. The communal table has proved to be a great way to enable people to get to know each other, develop relational ties and friendship so that they can give social and psychological support to each other. The restaurant has also developed a 'loyalty' card for its friends/repeat customers called "the Mageires friends' card". Members of this card get special prices and offers.

In terms of representational practices (i.e. a common language that portrays the way markets work and so, they create a shared image/interpretation of what the market is and how it works), there is a specific terminology that is used in the restaurant such as, all staff is called associates, customers are called guests. The social values and mission of the restaurant is written and repeated in several locations, e.g. on the menu, on restaurant decorations, in press releases published on mass media. Indeed,

Mageires is continually featured in numerous TV series, newspapers and radio stations whereby its social mission, values and initiatives are promoted and explained.

Market pictures

The simple development of a social venture and its use/support by citizens are not sufficient for solving the causes and roots of social problems. Instead, a social problem is better solved when a new mindset is nurtured that is guided by a renewed sense of caring for the self, community and nature, and a redefinition of what is well-being and good life (Sheth *et al.*, 2011). In this vein, social enterprises should develop and inspire a philosophy whereby the market actors understand the co-creation of social value not as an act of sacrifice, but as a normal element in their daily life that can be a key to greater happiness, meaning in life and a better socially-oriented way of everyday life. Consequently, market pictures is the third 'learning with the market' capability that social entrepreneurs should develop to influence their and the others' actors' idiosyncratic sense-making processes and cognitive schema, so that they can in turn adopt and ultimately institutionalise social value co-creation behaviours as normal, daily market practices. To change mindsets, the 'learning with the market' approach advocates that social entrepreneurs should engage in cognitive market learning, because it can influence the formation of subjective mental representations by challenging and modifying the assumptions and the commonly accepted dominant ideas, logics and business models that the various market actors hold about the functioning of the market.

To that end, Mageires adopt the following activities for creating and forming market pictures:

- organisation of workshops and seminars (e.g. seminar about 'food and social anthropology') that aim to educate people as well as instill in the market a healthy lifestyle that is based on the healthy, authentic, local and traditional Greek gastronomy;
- organisation of 'meet the local suppliers' marketplaces whereby local producers are offered the opportunity to exhibit their products in the restaurant so that people get to know about them and learn how to access and use local food materials;
- 'eat-and-learn' sessions for various groups such as schools, that aim to educate and motivate people to take home what they have learnt;
- revival and promotion as well as diffusion of the Greek traditional dishes and food culture by the design of a fully Greek menu that follows the Greek gastronomical traditions; education of guests on menu items, e.g. how to cook them, their meaning for the Greek culture and their role in a healthy life;
- use of Facebook for posting messages relating to Greek food and culture, cooking recipes, food seminars, motivational messages for adopting a healthy diet. Messages have an informative and educational role that aim to nurture and diffuse a healthy Greek food/diet culture.

Findings from the activities of Mageires which form the market pictures also support Santos' (2009) claim that the distinctive domain of social entrepreneurs is to address 'neglected positive externalities (NPE), which are the positive impacts that could be generated from a business beyond profit, but are neglected by the public and private sector. One type of NPE is the invisible public goods for which the social enterprises

play a major role in raising awareness regarding their importance for the society (Santos, 2009). Kline *et al.* (2014) identified some examples of potential NPEs generated by food entrepreneurs that also coincide with the market pictures formed by Mageires including:

- healthier lifestyles from eating local food;
- farm to table initiatives;
- more natural and local products (less processed and more nutritious);
- education of consumers (and stakeholders of food system);
- increased community cohesion by fostering a sense of community; a healthier, more productive community;
- assistance of local food producers;
- customer empowerment to be able to recreate a healthy meal;
- empowerment of disadvantaged people to take control of their lives ;
- citizens' empowerment to propose a new market system of organising economic activities.

Overall, Mageires do not simply provide one meal that someone can buy in order to feel as a good citizen. In other words, Mageires do not aim to create the understanding (market picture) that when confronted with a social problem, someone can buy a meal in order to support disadvantaged people and support the Greek economy. The latter can create the wrong message: "*for the price of a meal, you can continue in your ignorance and pleasurable life, not only feeling any guilt, but even feeling good for having participated in the struggle against suffering*" (Zizek, 2011: 117). Instead, Mageires strongly believe in educating, empowering and supporting their customers by teaching them why and how to make the food at home themselves. According to practice theory (Schatzki, 1996), Mageires aim to influence the following three elements that determine market practices and people's behaviors: *material things* (marketing offerings and material infrastructures, such as menu design, dishes, procurement), *know-how* (implying the importance of learning, e.g. educational sessions, cooking classes, explanations of food production), and *meanings* (e.g. social awareness, acceptability, appreciation and respect of a healthy, traditional / local food and gastronomical values and culture).

Customer empowerment was also found as an important aim of food social entrepreneurs in the USA (Kline *et al.*, 2014). Research has also shown (McGehee *et al.*, 2014) that the conscious-raising of the community, the development of networks that work to mobilise scarce resources and the improvement of individual self-efficacy through empowerment can drive economic and social change within social movements. These three factors can also be catalysts of change for social enterprises.. Citizen empowerment is also compatible with arguments related to food activism (Rakopoulos, 2014), whereby economic activities are taken over by citizens themselves, who have produced a model of a more humane, supportive economy based on mutuality, community participation and exchange. Under these circumstances, people are not seen as passive victims of capitalist infrastructures but active creators of their own lives and thus, economic and social agents that can drive social transformation (Kravva, 2014).

Because of these, Mageires can be characterised as social engineers (Zahra *et al.*, 2009), as they aim to replace existing market institutions and practices with a new proposition of social value co-creation in the food market.

Conclusions

The paper aimed to unravel how social enterprises can co-create social value and transformation by adopting a market-based approach. To that end, a three market capabilities framework was proposed and analysed, and which was later applied to a social restaurant (Mageires) to demonstrate its applicability and implications. The case study of Mageires showed that for co-creating social value and transformation, social entrepreneurs should develop the following three market capabilities:

- market structure, because it enables them to network with various actors for accessing, exchanging and aggregating resources;
- market practices for enabling new ways, contexts, rules, norms and institutions that the market actors can use for interacting and exchanging resources; and
- market pictures for nurturing and instilling in the market actors a new mind set and mental model of living and behaviour that is favourable towards the social values and mission of the social enterprise.

However, as the study is based only on one case study, future research should try to refine and expand the findings to various industries, cultures and sectors. Future research should also aim at investigating how one can measure the impacts and the outcomes of social value co-creation both in the short - term and long-term as well.

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