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**The importance of social
media marketing and
social capital for social
enterprises**

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Introduction

One main argument in the political and economic agenda of recent times regards the increasing frequency with which economic, social and environmental performances are the object of drastic slumps. The financial crisis of 2008, the pandemic outbreak of covid-19, the dramatic consequences of global warming are just the biggest examples of these occurrences that would be able to define entire centuries of human history and all of them happened, or at least they came to the fore of mainstream debate, in the last fifteen years. Under the dominant framework of the neoliberal approach of competition among multiple players, the further scarcity of resources that these events have provoked would imply a lot of people fighting for a fewer amount of resources, likely making competition more ferocious and tighter. This transformation of life into a game with a lot of stacks on the line implies a potential imbalance of individual purposes against general pursuit of well-being. In this context that Bauman (2005) defined as liquid modernity, relationships tend to serve as contracts that two parties dismantle in the moment in which they can no longer extract tangible benefits from them.

Anyway, this conception of human relationships does not suit all individuals, with frustration mounting in most part of society for this presumed degeneration, which different people can identify with different reasons, i.e., the pressure of constantly having to compete with others, the failure to address collective issues and emergencies, the necessity of putting trust in someone other. These exigencies led to attempts to address such situations both by public and private institutions, adopting frameworks that attribute more importance to values such as sustainability, social cohesion and cooperation, that even in a period of intense scarcity of resources might guarantee the respect of collective goals. In the public sphere, the most known example is the 2030 Agenda for Sustainable Development, a plan of action elaborated by the United Nations (2015) with the intention to ensure the respect of human rights, decent conditions of living, the preservation of the environment and the proliferation of economic and social prosperity.

In the private sphere, among other solutions, this exigency turns into the institution of a new model of organization that takes the name of social enterprise, whose paradigm is to combine economic and social outcomes in a way that the two components feed on each other to generate widespread benefits for all the participants in the ventures. In order to do this, a social enterprise should be able to accumulate social capital by exploiting social networks, with the recent uprising of online ones as

a tool that they cannot ignore. As an attempt to clarify terminologies, some definitions of all this terms would be presented in chapter 1.

Then, chapter 2 represents a suggestion of why it is important for companies, social enterprises in particular, to employ tools of social media marketing and invest in acquiring social capital for the realization of organizational purposes. Among the arguments presented, it would be introduced how social issues and the quest for interested stakeholders can benefit from the admixture with elements of marketing and, in the other way around, how companies can proliferate from the involvement of communities and the establishment of relationships in the corporate context.

Chapter 3 would present some technical suggestions on how companies should approach the entities that they choose to consider important partners. The instauration of trust as the glue to make relationships work represents a macro-argument of the whole section. Another crucial question involves the identification of the roles each person holds in a network and how companies should address the most efficient channels to transfer their information to potential stakeholders. In particular, some further reflections would belong to the acknowledgement of word-of-mouth as a fundamental vehicle of information transmission.

Finally, chapter 4 and 5 revolves around the proposition of some examples that can help companies in putting into practice the suggestions that were proposed before. Chapter 4 presents the model of crowdfunding as an innovative occasion of networking. A brief overview of what crowdfunding consists of and the most important platforms that allow the performance of such a method of financing together with some tips towards a more efficient style of communication would be a matter of the section. Instead, chapter 5 contains the exposition of the case study of Infinit(Y) Hub, the company with which I've collaborated in drafting a brief article over the importance of social networks as an educative platform. The review would consist of some explanation of why their method is functioning so well, as long as the individuation of potential flaws.

CHAPTER 1

Definitions of social enterprise, social media marketing and social capital

1.1 SOCIAL ENTERPRISE

The term *social enterprise* is used to describe those organizations whose purpose is to conjugate business performances and reasonings over profits for economic efficiency with the achievement of social objectives that benefit either the whole society or a specific community within it. Under this logic, commercial considerations and objectives should act as a tool for serving the fulfillment of social purposes, directly from the meaning provided by Cambridge English Dictionary. Under this broad definition, cultural differences give a different perception on how to interpret the role and consequently to judge the performance of a social enterprise. In order to get a proper understanding of what constitutes the borders of social enterprises' landscape and before attempting to draw a conclusive statement on the argument, it might be beneficial to browse the different cultural approaches to it. In the US, for example, the emphasis is put prevalently on the capacity of a non-profit organization to find a way that allow the company to finance itself by generating revenues, while western European philosophy appears to be relatively more concerned about the involvement of beneficiaries in the activities promoted by the organization, being those intended in terms of job provision or any other type of care services (Kerlin, 2006).

The notion of social enterprises has since time been widespread in the public debate, with growing intensity as long as non-profit organizations had to deal with cutbacks in government funding. From there on, the search for alternative means of funding rose in relevance in order to guarantee their survival. This new perspective meant the enlargement of the range comprehending those who can beneficiate of the title of social enterprise to all those commercial activities with a broad pursuit to accomplish a social goal, sometimes giving to mostly business-centered companies the opportunity to enter the debate over being a SE and enjoy the benefits coming out of it, in many aspects, from public visibility to fiscal regulation. Therefore, to classify the different typologies of social enterprises is not merely a style exercise, but it might become a question of vital importance also for governmental agencies when it comes to define in legal terms an entity's activity, take the case in which is to be decided the fair amount of tax an enterprise should pay, considering its earnings but also the benefits it gives to the community.

1.1.1 Classification of typologies

As a definitive classification has been attempted many times without completely successful results, the main view among scholars has become to categorize the different typologies under various criteria (Defourny and Nyssens, 2017). The first distinction has been made in terms of market reliance and it regards not only the focus on profits' maximization, but it incorporates in the debate also whether business methods have or have not been adopted (Dees, 1998). The spectrum thus defined sees at its extremes the *purely philanthropic* and the *purely commercial* case. This distinction analyzes not only the mission and goals driving the action of the company, but it considers the relationship with stakeholders as well. It emerges that most social enterprises find themselves in the mix of these two extremes and are closer to the one or the other according to the case in which their staff is made more of volunteers or employees with a market-valued wage, their capital is principally due to donations or is a market-rate capital, their beneficiaries pay or do not pay and in which amount for services and their suppliers donate their stuff or have fully commercial relations.

Maintaining the focus on business related activities, enterprises differ on the level of embeddedness between those activities and the mission they are willing to serve (Alter, 2007). Whether business decisions become more or less instrumental to the pursuit of a social goal, other than just providing funds, determines for an organization to fall under a typology or another. The range in this distinction goes from *mission-centric*, where social and economic motivations are perfectly embedded with each other such that the same activity fulfill both social function and financial stability; then there is the *mission-related*, in which the mission and the business are connected as they share costs or assets but they typically serve two different market segments, one of free beneficiaries among those in greater need and the other made of paying customers; finally, it comes to *unrelated to mission*, describing the case of a business activity that aims at collecting income to finance the social activities of the organization. Social enterprise typologies have been distinguished also on the basis of the capital they mostly leverage on (Mair et al., 2012). In this framework, differences between entrepreneurial models arise because of the diverse approach any organization takes on specific fundamental issues. The definition of the problem and the direction to take for its resolution, the people to target, being intended as those who beneficiate or those nodes of the network to involve for getting the greater impact towards solving the question, and the activities to move those people, all of these contribute to shape the model to which an organization adhere the most. The first model of this classification represents those enterprises that

are willing to tackle abuses in terms of legal and human rights violation and leverage on political capital in mobilizing people into action for social change, with the final intention to pressure decisional entities to adopt better policies. Then, there are those organizations that invest in educational activities by targeting the largest span of population and involving it into training programs, lessons or information events, aspiring to increase the amount of human capital in a community, being that in terms of instruction, health or environment. The third cluster acknowledges those companies that offer to provide economic help to the people in need, using their economic capital to most efficiently vehicle resources. The last one leverages social capital by reinforcing networks, bringing together the sentiment of communities and linking different sectors of society that draw benefits from collaboration but would not be connected otherwise. In this latter group of companies, the capital that is being offered as valuable to consumers is the social one.

1.1.2 Defining some criteria

As it has been stated above, the definition for what can and cannot be considered a social enterprise is extremely subjective. At the borders it can be found capitalistic companies and charitable organizations, while between them all the other kinds of organizations fluctuate in the range, closer to the one or to the other according to the relevance that is attributed to the achievement of the social mission and the degree of marketing maturity belonging to each venture. Some scholars, predominantly in the Anglo-Saxon culture, state that at least the 50% of revenues should come for market activities for a social organization to be labeled as entrepreneurial, although in other parts of the world this criterion is not deemed of any validity. One decisive statement in separating social from traditional enterprises is that one explicating the centrality of the social mission, which necessarily retains the primacy over any organizational principle or commercial activity (Nicholls, 2005). However, what scopes can be classified under the notion of social mission is once again a matter of discussion. Defourny individuates three levels of operations that deserves to be labeled as social. The first level regards the occurrence of a provision of goods or services that meets unsatisfied needs, which should be granted as fundamental or at least extremely useful to the subsistence of the human species. Then, another level is when it is provided an improvement or facilitation of relations between diverse social agents, somehow relating to the concept already presented in the last cluster of social enterprises as distinguished by Mair and her co-authors, generating a greater and better engagement specific to the most disadvantaged segments of society with the whole community. Finally, the divulgation of universal values and promotion of activities

in favor of the adoption of sustainable and healthy lifestyles as the primary focus for organization's actions is to be considered a valid social mission in Defourny's classification. As the same author specifies, this list is still long to be taken as conclusive, as the recombination of these levels and new ways of pursuing a social mission arise continuously. Anyway, it is still a useful starting point to express a quite reasonable and objective judgement over the appropriateness of a social mission.

Social enterprises are often judged also in their relationship with profits. In most cases, this is true particularly for non-profit organizations, the internal code and often the legal statutory prohibit the distribution of profits to the members, such that the resources collected can be injected all in the pursuit of the central social mission rather than for private gains. Even in the case of social cooperatives, that differs from conventional ones in the measure such that the interests of the entire community are considered other than the interests of the members alone, the legal recognition of the social peculiarity is subject to stricter regulations on returns on participation for members. European law is usually more concerned with preserving the social nature of these kinds of ventures. In the US' panorama, the presence of new legal forms such as the *low-profit limited liability company*, *benefit corporation* and *flexible purpose corporation* allows to claim the centrality of the social mission without putting limits to the distribution of profits (Cooney, 2012), although social enterprises are normally intended as non-profit. The low-profit limited liability (L^3C) legally finds its reason for being in the accomplishment of a charitable cause or an educational process, it is allowed to gain some profits but without a *significant purpose* to produce income or appreciate property and it should prevent itself from organizing for political or legislative purposes. L^3Cs enjoy the possibility of receiving loans or investments at below the market rate, provided that they demonstrate to be socially-oriented.

The status of benefit corporation, instead, is granted out of the score that a company gets out of the parameters of accountability, employees, consumers, environment and community and it is licensed by the B-lab, a private organization, also prior the incorporation of stakeholder interests into the official documents of the corporation. Recently, this formula has become widespread in Italy, too. The Italian movement of benefit corporations possesses the peculiarity of being originated from a legislative input (legge n.208 del 28/12/2015, Art.1, Commi 376-384). The framework in which these organizations operate in, respect to traditional one, calls for stricter standards in terms of scope, responsibility and transparency (www.societabenefit.net). In terms of scope, benefit corporations should commit to have a positive impact towards society and the environment and to

share value both in terms of formation and outcomes. Sustainability is an essential concept that must lead every action that the organization undertakes, as well as the stipulation of its business model. The responsibility that managers of a benefit corporation are in charge of, goes beyond the traditional idea of providing satisfying dividends for shareholders inside the context of obedience to the law. Administrators are accountable for creating long-term sustainable value for stakeholders through the impact of the organization on society and environment. Finally, transparency involves the public communication on an annual basis of what have been corporations' performances, improvements in terms of sustainability and future plans to accomplish the social mission that lies at the foundation of the organizational mission. It is then the role of third parties, such as B-Lab, to provide the standards with which to judge organizational outcomes and propositions. The advantage for the organization to adhere to all these instructions resides in the notification on the market of the status of virtuous and innovative corporations in confrontation with its competitors. Nowadays, more than a thousand of Italian companies have participated in this project (www.societabenefit.net).

As for the label of flexible purpose corporation (actually now known as social purpose corporation since 2015), enterprises to qualify must declare a special purpose in their action that accompanies the profit pursuit. Valid purposes are actually broader than in the other certifications, as it is required either to promote the positive effects of the status or to minimize the bad consequences of a corporation's activities on stakeholders. All that is required, besides, is for goals to be reported in regular reports and shareholders have the faculty of removing directors in case of failure to meet them (www.forpurposelaw.com, 2013). As a personal opinion, this last example represents a border-line case to be acknowledged as social enterprises and are closer to the notion of a consistent Corporate Social Responsibility program than to an enterprise acting on the scope of social development.

1.1.2.1 Distribution of power as a criteria of classification

Decision-power in SEs often resides in the hands and the votes of the general assembly, which tends to be easier to access and larger in numbers than shareholders' boards in conventional companies, with also the further characteristic to be more democratic in the weight that is assigned to each single vote. According to EMES (Emergence of Social Enterprises in Europe), in the ideal social enterprise type those who own the capital are not the same people that detain all the power to make decisions. The discourse changes a bit when it comes to public-run enterprises, as for the

emergence of governmental heavy bureaucratic apparatus that limits the autonomy of single players and slows down the decision process. The public inference into the social discourse is a characteristic of the European model. As for positives, this works as a guarantee, at least in theory, that the social mission is preserved as the primary focus of action and that all the segments of population in need are targeted, instead of risking to concentrate on serving the most efficient ones. Instead, on the negative side, the proliferation of new enterprises in terms of services provided is limited both by cultural and bureaucratic means, as the state tends to be slower in recognizing needs and opportunities, while the existence of strong criteria in many cases hampers the process for private enterprises' insurgence.

1.2 SOCIAL MEDIA MARKETING

The common public tends to see marketing as the activity of promoting products for commercial purposes. Often, they attach to it a negative connotation as they presume an attempt to excessively narrate the good qualities of the product while hiding the bad ones, thus inspiring a perception sometimes similar to fraud. This sentiment is in some part due to the image that is conveyed by conventional commercials and by the behavior a significant part of businesspeople chooses to take in relating with their clients. Anyway, according to the American Marketing Association, marketing should be referred to as the *activity, set of institutions, and process for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society at large* (Marketing News, 2008). Sticking to this framework, it can be said that the central activity for those who deal with marketing is to individuate value and share it with all possible stakeholders. Marketing is a science of human behavior (Hunt, 1983) that seek answers regarding the actual behavior of human agents in a market, the functioning of the before-mentioned market, how the firm can fit itself into it and the contributions and consequences that marketing actions have on organizational performances, intended both as internal impact and repercussions on the societal welfare (Day and Montgomery, 1999).

In practical terms, an objective among many towards which marketers are requested to direct a considerable emphasis is the institution of an enduring relationship with retained customers rather than the continuous acquisition of new ones, without following the creation of a sort of turn-over between them. Investigations on how to attain brand loyalty take the predominance over the pursuit of special effects to get a transaction with a new customer. The relationship a company

entertain with its stakeholders is no longer one-sided from the seller to the buyer, but it requires an exchange between all the parties involved, who in turn become more than two in this new updated framework, as all the members of the value chain become relevant when shaping a brand image in an interconnected network. Relationships with the different agents in a market grow in complexity, not only because there are more agents but also for the fact that the same one can be involved with the company in different roles. To find the most suited way for extracting value out of these relationships and communicating properly this value to stakeholders is a fundamental job for marketing.

In the last 20 years, networks have become the battlefield of this economic regime, as information and knowledge travel at fast and inevitable speed between nodes that otherwise would have been disconnected (Kelly, 1997). To embrace them is a necessity but addressing them proactively reveals it as a huge opportunity. Social media is the platform in which these networks flow at their highest rapidity and the amount of information exchanged can reach unthinkable quantities. Once again, marketing has the opportunity to recognize value from information and create it anew, but the selection process is even more crucial, as opportunities come at an unprecedented amount all together, which means an accordingly unprecedented risk of losing opportunities without even acknowledging them. The advantages that the performance of marketing activities through social media brings out, other than the rapidity in connection and in transmission of information, resides in the numerous channels through which information spreads and can be disseminated. Although the saturation of social media and its future collapse is a phenomenon which is worth to be faced, as it has historically been true for any of the most magnificent empires of the past after that they have reached their peak, online social networks are nowadays where the attention of most people as active users is located. Search engines through the web are becoming the first information container that people look at, instead of traditional media, and even inside the realm of online search engines, the primacy of traditional ones seems stable but not uncontested. Social networks contain the most diverse sources of information without the need to recur to Google, Yahoo, Bing and other traditional search engines and a platform like YouTube occupies the third place in the ranking of the most browsed search engines (Just Great Database, 2018). A deepened observation of social networks allows to efficiently segment the market by following desired parameters. Since a significant step in marketing strategy is to properly choose which segments of the market are crucial to serve (Varadarajan, 2010), social networks must be considered a tool not to ignore.

1.2.1 Some data analyses on social media usage

People globally spend two hours and a half of their time on social media (GlobalWebIndex, 2019). In Italy, the same indicator falls under the limit of two hours, which constitutes the peak obtained in 2016. Due to the pandemic outbreak, these data have likely increased significantly, entailing an enormous exposition of individuals to online social networks content. Italian teenagers have answered a survey regarding their usage of social networks by drawing a comparison of their online habits before and after the occurrence of the pandemic crisis (fonte Ansa, 22nd of June 2021). 80% of them stated that they increased the time spent online on social networks with respect to their behavior in the past, with the 45% among these that have specified for this growth in usage to be massive. As the time of exposition grows, the amount of attention that users put on their online experience does not, since it can be argued, in the most optimistic view, that it is presumed at maximum to remain equal. Articles on mainstream newspapers evidence the fact that, at a global level, people find more content to focus on but have less time to dedicate to every bit of content they are exposed to (The Guardian, 2019). The article in question backs a study that has been conducted by the Technical University of Denmark which reports the steep increase in the turnover rate of something that is ephemeral by nature as social media trends. Two interesting statements emerge from the interview with two authors of the study. Professor Sune Lehmann claimed that *“the allocated attention time in our collective minds has a certain size but the cultural items competing for that attention have become more densely packed”*. Dr. Philipp Lorenz-Spreen instead claimed that *“Content is increasing in volume, which exhausts our attention and our urge for newness causes us to collectively switch between topics more regularly”*. It follows that the percentage of content that is ignored, or that anyway does not receive the attention that it aimed to do, augments along with the total amount of information that is passed through social networks. Even for information that flows outside the sphere of social networks, the competition is to be intended with all kinds of information, but the social platforms constitute a competitive advantage in terms of visibility e potential customers that are reached by a marketing operation. The right strategy of social media communication is then a crucial point in the activity of someone who needs to launch a marketing campaign.

1.3 SOCIAL CAPITAL

In common sociology, it is theorized that an individual has more chances to succeed in life according to the possession of three forms of capital:

- human capital, the abilities, notions or skills that are possessed by an individual, both after having learned them or inheriting from birth.
- economic capital, the amount of resources an individual disposes of.
- social capital, the linkages one establishes with other people, possibly people that in turn occupy relevant positions in the society.

Discussions over social capital in individual terms often take the negative meaning of favoritism and nepotism, for they are linked to the occupation of social positions that are inherited, or anyway given, and not deserved. However, when the focus shifts to groups, communities or even more to companies, to accumulate as much linkages as possible can create considerable positive externalities even without risking a doubtful moral conduct, as it would be tried to be proved in the next chapters.

1.3.1 Theoretical context of social capital theory

The notion of social capital is to date back to the first centuries of the 20th century, to the work of Lyda J. Hanifan, who used it to invoke the benefits of accumulating contacts in a social network to satisfy individual social needs and sustain an improvement in living conditions for the whole community out of collaboration among people (Woolcock and Narayan, 2000). Since then, many scholars have discussed the role of social capital in relation with the most disparate fields. In particular, when debating over the best policies for social enterprises, it comes interesting the effect on economic development. Woolcock and Narayan individuate four schools of thought that comprehend the most acknowledged visions in which social capital is believed to cause economic consequences on society. The first one is the communitarian view, according to which the linkages one individual establishes within a community constitute a sort of social insurance against failures and risk of poverty, that are shared and mitigated by the helping hands of fellow members. In other words, when people are left with no more material resources, still they are not left with nothing, as long as they have someone willing to help them (Dordick, 1997). In the context of social enterprises, this concept can be translated into the creation of a relationship circle between companies and market agents that guarantees a secure pattern of transactions and alleviates the risk of financial uncertainty. One main factor which causes some concern about the communitarian approach to social capital is that it tends to closeness versus external communities. While belonging to a community might help to lessen the consequences of a worst-case scenario, it can also limit the possibilities of reaching higher peaks that require wandering outside the community as it may be

seen as a disruptive action which other members do not tolerate. When to maintain a relationship precludes to form another potentially fruitful connection, it is registered a potential loss of social capital rather than an accrument of it. A response to this issue might come from the networks view, which acknowledges both for strong intra-community linkages and for weaker but nonetheless important inter-community ones. The latter has been labeled as *bridged* social capital as it metaphorically creates a bridge that links two members belonging to different social groups, while the former is defined as *bonding* because its function is to reinforce a relationship whose strength lies in the tightness of the bond rather than in the opportunities that would arise from the encounter of two individuals with different backgrounds (Gittell and Vidal, 1998). Another classification that has been mentioned in the literature is the *linking* social capital, that can be recalled as a particular occurrence of the bridging one, which refers to those relationships established with those who are in charge of distributing resources and ideas from the institutional sphere (Szreter and Woolcock, 2004). Scholars that are attributable to the networks view claim that social capital comes both with good and bad externalities and the optimization of opportunities that can be grasped from relationships with others follows a specific pattern with a chronological sequence. At first, individuals, particularly those belonging to the least endowed ranks of society, should leverage on the relationship with the closest ones to collect the sufficient resources and support to start their business. Then, once there is the need to expand the activity over the possibilities of the community to which these small entrepreneurs belong, the capacity to link with members of other communities who can transfer resources and skills that accrue the possibilities for small businesses to successfully enter the market is crucial in the success of the enterprise (Granovetter, 1995). The role of human relationships as the structures in which social capital is contained has a centrality also before in the conception of Coleman (1988). For Coleman, the maximization of social capital, which to honor the truth he conceptualized mostly as a public good, is realized through individual rational choices that people pursue as long as they benefit from them. These rational choices lead to the formation of groups that provide advantages for those who take part into the relationships but also to external community members. The success of one in incrementing his/her bridging capital reflects then on the good of the whole community. To resume, the networks view appeals to the pursuit of a successful integration of bridging and bonding capital. One weakness of this perspective is the lack of recognizing the public influence that communities can exercise to shape the institutional environment and it sees the notion of social capital as something that individuals can exploit at their advantage to advance the status of their properties

but ignoring the benefits communities as entities can derive from the generation of a dense network of relationships.

The opposite perspective sees the quality of institutional actions as the fundamental factor that shapes the development of social capital among those who reside under its umbrella. This institutional view presents some main arguments that somehow depart from common thinking. One of these considerations is that a governmental active role fuels the possibility for citizens or for companies to connect with each other (Skocpol, 1995). While the common neoliberal thinking would argue that state inference is detrimental to the flourishing of entrepreneurial activity, in the institutional view it is the work of the government that creates the occasions for people to form relationships with each other that augment the social capital of the community. Following the stream of this argument, the governmental adoption of good practices in terms of political, social and human rights, all of them constituting a certain improvement for definition in terms of positive relationships among citizens, has been found to be directly related to positive economic indicators (Knack and Keefer, 1995). As here it is analyzed the position of social enterprises, it is worth mentioning that this approach can have another interpretation. As the social mission of a social organization is indeed to promote something that the community is going to benefit from, their own action can create social capital to leverage on, contributing to the formation of a thriving economic environment, the benefits of which would extend to their own company. Finally, the last perspective for the right formula describing social capital is the so-called synergy view, which attempts to integrate the notions from networks and institutional perspective. It does so mostly by building on two parameters, complementarity and embeddedness (Evans, 1992). Complementarity refers to the capacity of state intervention and smaller local communities to coexist and it can take the form, for example, of guaranteeing the freedom of association or encouraging local administrative entities, while those same ones respect the authority of central government. Embeddedness refers instead to the connection between individuals and government agents even at the lowest local levels. A local official who can efficiently enter in relation with his/her community is crucial in securing a societal environment that grows in social capital by promoting competence, coherence and credibility, able to gain trust of those s/he is called to supervise on. In this perspective, the key for an organ that pursues a social mission, being it public or private, develops along three lines. First, it is important to investigate the nature of the community that is addressed as well as the governmental environment it is absorbed in and how the two components interact with each other. Then, on the basis of this relationship, to develop a strategy of attraction towards people, offering

the right combination of bridging and bonding capital that effectively helps them to reach their objectives. Finally, it remains to direct the accumulation of social capital that has been eventually registered out of these newly formed connections into the actual improvement of social conditions.

1.3.1.1 Measurement of social capital

Along the lines of social capital debate, one argument that holds back its practical consideration in terms of policies to be adopted is the impossibility to have an objective unit of measure that quantifies it. Since it is a complex concept that develops along multiple dimensions, with a broad range of factors contributing to its evaluation, most of those factors being subjective by nature (reciprocal trust, tightness of relationship, confidence in governmental agencies, etc.), it becomes also easy to neglect actions on improving social capital, mainly on the basis of two arguments starting exactly from the lack of a proper measurement system. Some people might disclose their accomplishments in the field by voluntarily misreporting or partially reporting some data that do not give a complete picture of the situation, thus claiming a role that is not theirs, promoting a model that is not actually in favor of the formation of social capital or describing as good enough a situation that is far from being so. Most of the data collected on social capital are derived from subjective answers to questionnaires, in which a choice of word over another can strongly influence the result. Social capital measurement can be self-fulfilling if not performed with the due diligence (Claridge, 2017). The other argument stands on the grounds that the difficulties in measuring social capital are wrongly passed as the impossibility in assessing measures that target its improvement, transmitting the fallacious argument that nothing can be done and the spread of social capital in the population, being composed of citizens or users, is hazardous. For these reasons, it would be important to find some indicators almost recognized by everyone that create some global consensus and are efficient in their scope. One proposed measure is the quantity of membership into smaller associations, sectoral communities, sports clubs and so on (Woolcock and Narayan, 2000). The promotion and sponsorship of such networks would help to make people feel included in society, attach them to the entity who has brought this sense of belonging to something in their life and reduce the probability that the same people would be absorbed in other organizations that are outside the sphere of control of the state or the company. In particular, it has been found that indicators as density of associations, heterogeneity of membership in associations (constituting then bridging social capital) and degrees of active participation had positive correlations with economic returns in case studies taken in Bolivia, Burkina Faso and Indonesia (Grootaert and Narayan, 2000; Grootaert et al., 1999; Grootaert, 1999). Another measure that has been highlighted regards the

cost of sharing. Under this category, they might group together the notions of transaction cost, speed of information exchange, empowerment of capable and responsible people and accessibility to common resources (Fukuyama, 1995). Reciprocal trust, measured on perceptions collected in surveys, has positive outcomes on the amount of investment in a community (Knack and Keefer, 1995). Questionnaires have also been a tool for extrapolating social sentiment on individual participation inside a community. One example is the work made in the state of New South Wales, in Australia, where eight indicators have been listed to assess an individual's social capital (Onyx and Bullen, 2000). In the specific they were: participation in formal community structures; proactivity in a social context, intended as the capacity to plan and initiate actions; feeling of trust and safety regarding the whole community; informal interaction with neighbors; interactions with the close one, as family and friends; tolerance and regard of different social groups living in the same local area; feelings of being valued and appreciated; connections with co-workers. Among the findings, it emerges that the perception people have of their social capital reflects more the relationships they feel with people who are closer to them, rather than formal interaction with authorities and policies. Another observation that the two authors got, claims the necessary conditions for a good level of social capital to be dense and lateral networks (lateral in the sense of involving people with a similar social status) that are formed after voluntary engagement, trust between members and mutual benefits.

1.3.2 Dimensions of social capital

Although social capital structure is an intricate cluster of different perspectives that interact with each other, a common division into three dimensions has been widely accepted in the sectorial literature to explain it in a most comprehensive way. These dimensions are defined as *structural*, *cognitive* and *relational* (Nahapiet and Ghoshal, 1998). Structural social capital regards the properties and the impersonal configuration of connections that regulates a social system or a network. Nahapiet and Ghoshal refer to it as the description of the overall pattern of connections between nodes. Factors that determine a structural social capital are the presence or absence of a network tie, density as the ratio between the actual number of connections and all the possible linkages, connectivity as the occurrence or not for various parts of a network to be connected to one another, hierarchy as the nodes who are ranked higher and from which the chain of linkages start, appropriability of organization as those networks that have been created for a scope but can be exploitable for other purposes, too (Coleman, 1988).

The relational dimension of social capital is instead more centered on the quality of relationships that actors have developed among each other. It is in this perspective that people develop social reputation, prestige, feelings of friendship and so on. To draft a distinction on practical examples, two nodes of the same network, let's say a working environment, can occupy the same position by performing the same job and having contacts with the same people, thus having the same social capital on the structural dimension. However, the qualitative difference in the relationships they have established, take the case for a nicer or more rigid behavior towards subordinates for one thing, determines a difference in their social capital on the relational dimension and they have different leverages to rely on when needed.

The third dimension, the cognitive one, has to do with shared ideas, values, representations, information, systems of meaning. It is, at its best form, a common language that simplifies and speeds up the growth of relationships and creates a common dictionary of appropriate behavior and actions that are consented or required in a community. A well-established cognitive dimension of social capital contributes also to the building of trust, as members know what to expect from others, and might create the conditions for a simpler integration of people from outside a social circle if they can better understand the characteristics that define all people inside the circle. Cognitive social capital can be a relevant factor in influencing the relational dimension.

1.3.3 Criticism over the notion of social capital

Although social capital theory is widely used, a lot of criticism and questions over its applicability have risen. The main criticism is one that disregards all its constitutive attributes, that is being social, describable as a capital and called a theory (Claridge, 2018). The notion is said to cease being social when people's reasons to engage into social activities and relationships are governed only by individuals' economic reasonings. The use of proxies in the measurement of social capital indicators may also hasten this idea when the link connecting a proxy with the social cause that it is called to measure is not so clear. Many of the aspects of the social capital theory that are attributable to the social sphere can be observed and measured in their manifestations, which however cannot be a perfectly encompassing representation of what their original social principle stands for. Some kind of reductionism over a practical approach to social capital is then a frequent occurrence and the excess in it can distort the social predominance of the concept. The attribution of the term capital has been criticized for it does not follow all the three defining conditions of capital (Arrow, 2000). While it can be agreed that it has a temporal dimension, for we can imagine that there is a time

before a linkage forms and there is another after that, it is difficult to envisage the correspondence with a deliberate present sacrifice to get a future benefit, as there is not necessarily a request to sacrifice something for building relationships, and to identify patterns of alienability, for there is no answer to how can be transferred social capital (Fischer, 2001). Another contrast with the concept of capital is the possibility to have both positive and negative consequences, while capital is something typically associated with a stock of production factors that can be expected to yield positive productive services for some time (Solow, 1999). Solow continues arguing that all these patterns of behavior, such as diffused trust, capacity to cooperate, leadership and others more, have a certain impact on aggregate productivity, but none of those payoffs is quantifiable or have a clear pattern of construction and accumulation that can lead the action of a search party. A further remark is on the issue of ownership, as the term capital is often referred to something that is owned by an individual, while the value of social capital is inscribed in relationships among people (Bowles, 1999). It is to be said, on the other hand, that some authors have also highlighted similarities to other expressions of capital in terms of expectations of future returns (Adler and Kwon, 2002), appropriability (Coleman, 1988) as the capacity for someone to retain the added value it creates for its own benefit (Kay, 2006), convertibility and request of maintenance (Gant et al., 2002). Summing up this point, it appears that the term capital is not completely appropriate to explain the concept, some would argue that *social* or *communal resources* would better express what it is actually referred to, because it captures more than goods and services, which set the limit for what it can be classified as capital (Inkeles, 2000). Anyway, the term social capital has gained such a validation and recognition that most scholars would consider it too costly to dismantle. Finally, social capital has been criticized for not representing a theory. That's because inside the vast pot of social capital theory there is a huge collection of sociological theories, principles, processes and concepts (Borgatti and Foster, 2003). It constitutes an appealing device for scholars to draw interest over one's own ruminations, but with the result of lacking coherence and robustness over its theoretical validity. Another argument that discredits the fact for social capital to be a theory is that too often causes and effects are confused in a self-explanatory circle that invalidate the results of some research for being tautological (Sobel, 2002). Description of a phenomenon sometimes tends to take the role of analysis of statistical outcomes (Poder, 2011). Other than this problem of circularity, Poder goes on to the issue of identification, as it might become difficult to understand whether social capital is actually the source of all the consequences that are attached to it. The multiplicity of factors composing the social capital, each of them possibly affecting each other, would make the

case for a huge number of control variables to be sure on what causes what. This inevitably compromises the explanatory function of the theory.

CHAPTER 2

Why social enterprises need social capital and social media marketing

2

As it has been argued in the previous chapter, social enterprises can be defined as those companies that identify a social mission as their core and primary scope and collect funds from market activities to sustain themselves, with those market activities that sometimes are highly embedded in the social function that a company is trying to serve, some other times they are just a way of self-financing to be able to perform that same function. This involvement with market practices appears obvious in the case of those social enterprises that pursue a for-profit model, as they conduct their activities with the same logic of a traditional enterprise, only by adding a stronger predisposition to put social impact and considerations higher in the organization hierarchy.

However, this might also be valid for those non-profit organizations, which traditionally rely on private grants or donations, as the presence of few well-endowed and generous patrons is no longer necessarily enough and, in fact, it does not constitute the only market target. A typology of donator that is becoming of extreme importance for such organizations is the one who engage in a regular relationship with them, for they are those individuals that allow social ventures to plan over the long-term feasibility of projects and their sustainability (Emergency Financial Report 2019). To attract them, it continues, concepts like customer acquisition, instilling brand loyalty and working at its development are fundamental activities to be performed. Moreover, stakeholders are receptive to every indication that comes out over social enterprises towards which they cultivate a potential interest in adhering, along the multiple dimensions of social, economic and environmental perspective (Cornelius et al., 2007).

Private actors are usually the preferred type of agents that NGOs would like to interact with, as those in charge of administration and management of such ventures might feel threatened of political interference, censure, or deviance from the original mission when they are forced to interact with governmental authorities (Chau and Huysentruyt, 2006). For the accomplishment of this scope, it is crucial, if someone is willing to rely on many smaller stakeholders rather than on a few major ones, to conduct an efficient and extensive marketing campaign. There are some cases in which, however, either companies are better off when relying on the organizational structure of formal authority to accomplish their mission or governments constitute an irreplaceable interlocutor, especially when it comes to funding. Even when contracting with the government, studies show that a marketing approach, in particular in the form of strategic account management, enhances the possibility of being selected as a fund receiver for a charitable organization (Bennett,

2008). Although many of the characteristics that in Bennett study has been suggested to give more satisfactory results would not be in perfect accordance with what will be proposed in late chapters, mostly due to the differences in the market that will be treated, the idea of individuating key stakeholder and invest in them a greater marketing effort would recur in this work, too.

2.1 MARKETING IN THE SOCIAL SPHERE – THE ORIGINS

The idea of marketing as something that goes beyond the commercial conception of stimulating buyers to purchase goods has come out first from Kotler and Levy (1969) in their article *Broadening the concept of marketing*, a sort of pioneering work that has been cited in most of the subsequent works that aimed to define the borders of marketing activity. According to their thought, “*The authors see a great opportunity for marketing people to expand their thinking and to apply their skills to an increasingly interesting range of social activity*”, as the art of persuading people and the work of communicating value are something that is looked for in way more fields than business alone. Politics is an example, as it is every occasion in which it is beneficial to conquer the favor of the people. Marketing techniques can be applied so far there is a kind of product, that this product has to be delivered to some kind of consumers and that there are some kind of tools which can be used to build up the acceptance of the product.

To describe the magnitude of the span of possibilities that can be cataloged as possible objects of a marketing action, it can be said that among different typologies of product, other than the traditional meanings of services and physical products, some examples of those objects can be: people, just look at politicians or professional athletes who have a full team of experts working at their image; ideas, in terms of ideological battles that need to conquer the public opinion; organizations themselves, with these being on topic as social enterprises, specifically those that seek donations, are the perfect example of one that wants to sell its own image. These were the classifications made by Kotler and Levy, but others can be added to the list. Relationships, for example, can be considered another conceivable category of products, have a look at the flourishing of online dating applications or at the first Facebook.

This is for saying that marketing can be applied to almost anything and its function is not necessarily to be intended as selling something, but rather to convince someone to use a product in the broadest meaning the term can assume. As for consumers, or it may be more correct to refer to them as stakeholders, they should be included in the consideration of all those agents that can have

a say on the product and can have an impact on the general opinion over it. The list is composed of all those people having a direct interest in the well-being of the product, clients, the active public whose opinion has a louder sounding board and the general public who might develop its opinion over the product.

Of course, to make all of these happy would require a gigantic effort, but to acknowledge them all in relation to what is one's own product is necessary to grasp the relative importance of each one and decide who to address mostly. The tools of marketing encompass, once again, a wide range of factors that have to be considered. The underlying concept is that everything communicates an aspect about the organization to the outside. In this sense, every information that can reach stakeholders and have an impact on how they conceive the product that the organization is trying to sell becomes a marketing tool. Moreover, communication is continuous and bi-directional. The opinion people have over an organization can drastically change in a short amount of time and the risk is for this to go unnoticed, especially when it is not faced with the necessary scrupulousness. For this reason, among the concepts that Kotler and Levy (1969) individuated as crucial in describing the marketing effort that is required, to continuously relate with consumers, competitors and other general indications coming from the market and to have the ability of transforming those feedbacks into the adapt stream of communication constitutes the starting point for any marketing action, which would then be differentiated according to the peculiarities of each reference scope. The final take from the two authors sounds like a conclusive statement on the question regarding the utility of marketing-driven approach outside of traditional business. They claimed that it is not even a question whether to market or not, for any kind of organization that has to propose an offer to some other agents, as it is absolutely unavoidable. The only actual question is on the quality of how to perform such a marketing effort.

2.2 SERVICE DOMINANT-LOGIC

An ideal continuation of the article *Broadening the concept of marketing* can be found in the attempt to redefine the concept of marketing through the so-called service-dominant logic (Vargo and Lusch, 2008). The main point of this theory is defined in a drastic shift in the dialectic relationship between producer and consumer. While in the traditional conception the two factions usually take the positions at the extremes of the transaction process and they come together only at the one-time moment where the exchange happens, in service-dominant logic they collaborate in co-creation of value and the exchange persists from the time of the first encounter to the whole length of the

relationship existing, that is the time the consumer makes use of something that s/he received from the producer. The change of paradigm affects the lexical context, too. The linguistic distinction itself between producer and consumer is not suitable to describe and present the relationship as it is intended (Kohli, 2006), which needs therefore to be adjusted. In this philosophy, moreover, products are no longer what people look for, but instead they look for performances (Arnould, 2006) and they offer their contribution to augment the value of the proposition in exchange of the resolution of a need. The same term of product might be subject to revision, then, even though in the broad definition presented by Kotler and Levy, the notion that products were bought for the activity they performed rather than for their being was already in place (“*A modern soap company realizes that its product is cleaning, not soap.*”). Vargo and Lusch instead would advocate for the term *experience*, in a perception of value that is phenomenologically determined and contemplates the entire process of service provision, comprehensive of emotional involvement, too. Another shade is given by the use of *meaning*, in which the phenomenological subjective interpretation is combined with the cultural context that attributes a shared meaning, precisely, to the value proposition that belongs to the whole community (Penaloza and Venkatesh, 2006). However, what all these conceptions have in common is the idea that the value of something is composed by the perception that consumer and producer have of the whole experience of receiving and making use of that something.

The role of organizations is redefined as the integration and reformulation of extremely sectorial and particular competences into a complex service capable of offering something of value in the marketplace. All economic actors can bring those competences and have to be considered *resource integrators* (Lusch and Vargo, 2006). It means that value is generated when people are attracted to a proposal presented and the enterprise is capable of organizing them into an efficient network. The relational factor functions as a glue that holds together resource creators and integrators and, in this role, acquires value in itself. Social media became an important tool in exploiting this relational factor, by offering the possibility to interact in a consistent way with a great number of possible users. Moreover, with the broad conceptualization of all the possible stakeholders, social media confers a pretty unique chance of interacting in a quite confidential way with an unprecedented quantity of them.

Service-dominant logic also gives the privilege to approach the relationship between ethical and business decisions in a less conflictual way. In the goods-dominant logic of marketing, that is the

opposite vision respect to the service-dominant and whose idea about the purpose of business is simply to produce and sell the most units of output, the problem arises from the compartmentalization of the two reasonings regarding business strategy and ethical measures, that are considered at two different moments of the decisional process. Ethical theory is brought as a final check on an already completed stream of thought, in what Abela and Murphy (2008) define as a separate step that can easily be overlooked by marketing practitioners. In contrast, service-dominant logic implies that ethical considerations are a clear part of the entire decision process as the aim of the marketing purpose is to find the condition for exchange that suits best the needs and desires of all the parties involved, with social and environmental aspects that are fully inserted into this discourse. The emphasis on ethical consistency is also strengthened by the presumed length of the relationship, for a long-term one would require no deceptions, trust and mutual respect to endure, with all these aspects that cannot be achieved without a shared approach to what is fair and just and what is not.

The pursuit of value changes along with the paradigm, too. In a goods-dominant perspective, the only goal is to maximize the profit out of the resources that a company is endowed with. This would create a conflict between the logic of profit maximization and every other criteria that can possibly be followed in decision-making. Even if the former is intended in a lighter approach, that is parameters other than the amount of profit are taken into consideration when arguing over the better course of action to adopt, the result would be a compromise that doesn't completely satisfy any parameter. The service-dominant logic, on the other hand, finds its business purpose in mutually serving the interests of all the parties involved and the economic logic is maximized by attracting new resources from the establishment of new relationships or the reinforcing of old ones. Incorporating the ethical discourse is a key part of building those relationships, out of which the value of an offer is believed to augment. The mantra of profit maximization is less likely to be pursued in the case in which value-creating resources are assumed to be possibly increasing rather than almost fixed as in the case of goods-dominant logic. The fact that the amount of resources is unknown at least before an attempt at building relationship is made, makes vain the idea of perfectly maximizing what is already there in favor of a trial-and-error way of action in which the gains from the establishment of linkages outweigh the cost of chasing opportunities that do not materialize. As Kelly (1997) argued some time ago, "*wealth in this new regime is not gained by perfecting the known but by imperfectly seizing the unknown*". This concept has been applied to some recent theories for a new framework in proper entrepreneurial strategy.

It may be mentioned the *blue ocean strategy* (Kim and Mauborgne, 2004), that consists in the pursuit of market spaces that have not been served yet, to create a huge value out of a service that did not exist before and that people are willing to repay with their participation to value-creation, often in monetary terms but not exclusively, on the basis of the service that is required by the enterprise. Another theoretical development is the concept of lean start-up (Blank, 2013). Among the proposed characteristics of such a model, agile business model canvas should be preferred over extremely elaborated long-term business plan, customer development intended as a continuous reception of feedbacks is crucial in the process from minimum viable products to final product by acknowledging what consumers request, agile development - regarding the process just mentioned - to proceed out of small improvements that take a little time to be performed iteratively and incrementally rather than long product development cycles.

In this framework, to operate in stealth mode without disclosing a project to anyone for fear of competitors becomes an outdated mode of operating. Instead, the involvement of the greatest number of collaborators, counselors or simply competent consumers is encouraged because it speeds up the development process and also reduces the costs of customer acquisition as relationships are already in place, which Blank has identified as two traditional issues in the institutions of start-up. This theoretical framework is perfectly integrable with the service-dominant logic, as the creation of value is realized when all the parts involved get a service that suits their needs. Once again, social media can be an effective tool in rapidly collecting a large amount of feedback and transmitting new information at a fast pace, resulting in a quicker development process in collection and delivery of value.

2.3 COMMUNITIES IN THE MANAGEMENT OF SOCIAL ENTERPRISE

So far, it has been advocated that the involvement of communities into a social entrepreneurial project would be beneficial in terms of product development and creation of value. In this paragraph, it would be examined whether communities should be considered as bearers of benefits also in matters of management. Rural locations might constitute the most suited places where to organize and build a social enterprise, for they are often less served by the traditional market in resolving their needs, but the worry is always that this can lead to deprivation of resources and slowdown of local development (Steinerowski et al., 2008).

The viability of local people's involvement in managing those resources might be seen in this scenario as a significant guarantee of respect for the territory against action that would further impoverish it, at least in the eyes of local stakeholders. In terms of potential participation, rural areas present favorable network characteristics, as the high density of connection and civic sense towards the well-being of the community are positively correlated with the possibility to form social enterprises (Anderson and Jack, 2002).

However, some possible negative peculiarities might be registered, too, namely in the form of dispersed settlement patterns, low population density and ageing populations (Farmer et al., 2008). Moreover, locals' participation in co-creation of value might be hindered by such factors as dispersion of population, limited expansion of markets and jobs that too often require volunteering (Steinerowski et al., 2008). It emerges that to involve local representatives into the management of a social enterprise might be crucial for the company's success, but it is not going to be an immediate process.

To be successful in this incorporation of community management, social enterprises are then believed to act in five stages (Munoz et al., 2014). The first step is the acquisition of legitimacy over those community members that are not naturally inclined to accept a foreigner actor, intended as someone outside the community, in the provision of services, especially when it is the case that those services have already been provided by volunteering informal activities. The key to succeed in this first stage is the set-up of meetings with local stakeholders and the identification of those who are crucial to spread information into the networks of the community. As it would be explained in later chapters, information and positive impressions take a more effective root when they come from someone who already has the trust of community members.

Meetings are fundamental in successfully dealing with stage two, that is the recognition of needs, taking the community's point of view, or opportunities as are seen by the social entrepreneur. Even the most careful analysis of what might be the needs of a community conducted without consulting those who are effectively touched by the services cannot but reveal itself at least clumsy, mostly because some services that from the outside might look unfulfilled are actually provided through informal voluntary activities. Unmet needs are usually classified into different typologies: there are those who are simply not provided in any measure, those that have been informally provided but in which the community require a more consistent provision of service and those that have been previously provided by the public that, however, is retiring from the provision. The third and

following stage is constituted by the coalescence from a mass of several key citizens into a unique entity working for the same purpose. Among the skills required to perform this function, there is the capacity to relate with the public sector, in terms of obtaining legitimacy of the idea of service provision through a social enterprise model.

At stage four, there is a situation in which the project manager, the one that has initiated the idea of a social enterprise, is still engaged in a work of mentorship and networking, while local representatives are approaching roles of responsibilities inside the enterprise. An external figure like that of a project manager, or another expert coming from outside the community who secure to get the trust of locals, has proven to provide successful results in terms of credibility and catalyzation to the whole concept of community-run social enterprise. Its qualities should be that of combining closeness to the community in order to efficiently interpret their needs, transmitting leadership in the administration of roles and providing a structured and hierarchical business-shaped organization. Step four is where it happens the formal passage from a model based on community and informal relations with voluntary activities to a formal capitalistic structured model of service provision. The success of this stage also consists in having all members of the community recognize this change of model and to somehow keep them committed to the social enterprise ideal.

Finally, the last step for community-run social enterprises is the one in which the members are capable of managing the company by themselves, without the help of the project manager. It means that they need to be able to conjugate the social mission dear to the community with the universal accessibility of provision alongside to cost minimization that is required by a public service, satisfying both logics of ethical and financial viability. In the process of accomplishing the requests of the public sector, it also includes the networking activity with governmental entities that was previously held by the project manager. These stages are extrapolated by Munoz and her co-authors (2014) out of the qualitative analysis of some case studies of successful social enterprises that are embedded in the social fabric of a rural community.

These kinds of enterprises constitute an interesting case for this work of thesis, as the activities of social capital accumulation and networking are more difficult and hence more critical than in urban circumstances, due to a generic lower population density and the fewer linkages outside the community. Despite those difficulties, the establishment of social enterprises in rural areas is crucial in addressing needs and desires that otherwise are too often overlooked. The community-run social enterprise appears to be the model through which this purpose would be most effectively fulfilled.

Community engagement is said to be achieved through actions of persuasion, enthusiasm building and transfer of skills, all phenomena that require as a basilar condition the existence of a relationship between at least two people and a content that is transferred along the linkage created by the relationship. All of these characteristics might be magnified by the use of social media platforms, that recently have caught on in rural areas, too. Moreover, they would bring interesting developments even on the establishment of connections with the public sector, as visible social media results are positively valued and constitute an interesting asset in terms of credibility.

2.4 GETTING TO KNOW STAKEHOLDERS

Social learning is defined as a process of social change in which people acquire information from other members inside their social network (Prell et al., 2008). When it comes to environmental systems, its understanding becomes even more relevant when stakeholders are not only considered as resource users and are called to a good management of them, but also as a composing part of the complex ecosystem, through a holistic conception of environment (Keen and Mahanty, 2006). Then, the process of social learning in this framework is not only to be intended as mono-directional like a lesson coming from one party to the other to instruct on the best practices and behaviors, but it implies an exchange of knowledge about the very essence of the surrounding environment. As problems are more complex, outcomes are extremely uncertain and the actors are many, there is no space for an objective optimal solution, but the final decision about how to proceed is the result of a negotiation process made up of communication, perspective sharing and development of adaptive strategies (Pahl-Wostl and Hare, 2004).

This perspective has been adopted also by the Harmonizing COllaborative Planning (www.harmonicup.uni-osnabrueck.de) in the field of water management. According to their findings, social involvement has the same weight of content management, in the context of natural resource management. That is to say that the accumulation of social capital and the implementation of new social practices are on the same level as the acquisition and transfer of knowledge about the state of things, or the modeling of predictions for consequences of measures intended for the good functioning of a natural site, having in mind the social environmental mission as the ultimate purpose. The benefits of social learning, among others indirect consequences, reside in generating a flexible socio-ecological system that is capable of adapting fast to the needs that the same

environment presents and update at an accordingly fast pace. The specific characteristics that actors have to possess in order to efficiently master the notion of social learning consist of acknowledging the different perspectives and opinions that belong to different actors but experiencing a shared identification of the issue to overcome. It is important to recognize how the different actors relate with each other and how the behavior of one also depends on the action of others, as well as the management is shaped by a lot of different entities. Finally, they must be willing to concretely initiate relationships with others that are based on trust and capacity to work together.

2.4.1 Social media role in social learning

To raise awareness over others' perspectives and goals, the suggested method is the one of hexagon modeling, a technique that consists of writing down singular ideas or solutions and then clustering them into grouped general issues (Hodgson, 1992), as a tool to graph and visualize better the possible connections and the differences elicited by the priorities in facing the issue pointed by the diverse actors. Usually, this process would have implied a long gestation, as individual creation would have first to be submitted into paper and then confronted with each other.

New technological improvements and social platforms would, instead, shorten the time for carrying on with the method by reducing the two different moments of writing down and confrontation into a unique one. In this way, people would come together and have a continuously updated perception of priorities for the whole community. To gather soft information about the interactions that are occurring between actors, Pahl-Wostl and Hare (2004) advocate for the technique of card sorting, through which the interviewees are asked to sort actors belonging to the managerial sphere into groups that are meaningful under diverse criteria. The strength of this method lies in the possibility of grasping people's categorization of meaningful concepts according to their perception (Gammack, 1987).

Social media platforms might change this procedure, in so far both relationships that people cultivate with each other and the content users decide to link themselves to are made more explicit and are likely to influence what is other actors' perception about them. Communication through social media is also instrumental in building trust among all the stakeholders that are part of the ecosystem. The long-term mission that usually characterizes this kind of ventures, joint with the high participatory impulse that the framework that is being utilized would recommend, implies a course of action that can frequently change. The transmission for acknowledgement purpose of these continuous changes to all the actors in a traditional environment has often been overlooked

in favor of a more agile process, as to inform everybody has been comprehensibly judged too time-consuming. The result of this is a conflict between the idea of keeping everyone informed for trust's sake and the rapidity in the execution of a course of action, that can be overcome with the introduction of a social platform, through which the communication can be instantaneous and might reach the widest span of public. This style of narration can be defined as a *results-in-progress* typology, but it will be addressed in later chapters.

Although the paper by Pahl-Wostl and Hare (2004) has been written down more than three lustrums ago, they had already made it clear the need for inter-actor communication and the sharing of perspective from all the actors, also in those fields in which the technological development and scientific approach have historically been dominant and reluctant to more humanistic themes. Nowadays that those platforms that allow to fulfill such needs do exist, the issue becomes the efficient performance of those tasks, as the amount of information available is greater than the span of attention of a human being, with the competition for conquering a place in that span being almost ferocious.

2.5 MARKETING IMPACT ON THE FINANCIAL DISCOURSE

Many scholars with wide consensus have discarded the practice of evaluating the performance of a company out of market shares and units of output sold. A noted quote by Sergio Marchionne, former CEO of FIAT and FCA, widely known for the revitalization of the company after troubled times at financial level, recites that the pursuit of sales volume for the sake of it, without accounting for profitability of operations, is the fastest way to ruin a company (Linebaugh and Bennett, 2010). In the same approach, marketing decisions cannot focus and be judged only based on sales growth and market share, but it must be accounted that a marketing strategy can affect variables such as inventory levels, working capital needs, financing costs, debt-to-equity ratio and stock prices (Anderson, 1979). It follows that the performance of a product in the marketplace is no longer enough to assess the efficiency of a marketing campaign, until the review does incorporate a valuation on shareholder returns (Day and Fahey, 1988).

In this idea, the conception of stakeholders and customers changes drastically. They, together with the channels that are used to vehicle the messages, become a new form of market-based assets that needs to be *cultivated and leveraged* (Hunt and Morgan, 1995). Customer relationships, along with corporate culture and brand equity, are said to be a constituent part of those intangible assets

that, since a long time, have been more tied to a correlation with organizational performance than tangible ones do (Lusch and Harvey, 1994). According to marketing literature and interrelated research activities, customer relationships are said to acquire strength the more the firm knows about buyers' needs and preferences and exploit this knowledge in establishing long-term bonds with external agents (Srivastava et al., 1998). The characteristics of an asset that can give a competitive advantage are defined as:

- being valuable, in the sense that they improve efficiency or effectiveness of a firm, either by decreasing costs or augmenting revenues.
- rarity, not possessed by many competitors.
- imperfect imitability or substitutability; incentive towards a better organization of the firm (Barney, 1991).

Relationships respond well to all these characteristics, in particular in the imperfect replicability instance, as any bond is to be considered pretty unique in its patterns. In fact, it is demonstrated that the channels of distribution and the intimate relationships that some companies have been able to establish with consumers and partners, constituted an advantage that competitors did not manage either to replicate or to substitute with other solutions (Treacy and Wiersema, 1995). They are seen as valuable because they are essential to opportunity creation, according to a logic that sees the transaction as one among many moments of value collection, not the only one, and in which value creation and realization are more interconnected than they are assumed to be distinguished, both in time and being. Moreover, they are gathered in a separate branch of marketing that has been referred to as *relationship marketing* (Sheth and Parvatiyar, 1995).

The axioms of this conception of marketing are conflictual respect to the traditional notion of transactional marketing, in particular in the dialectic position between competition/mutual cooperation and independent/interdependent choices. From this point of view, it happens that concepts like customer retention, efficient consumer response and value co-creation, whose importance is largely advocated as financial indicators of stability, acquire a centrality position because they are more closely aligned with the proposed paradigm than they would be under the transactional view. A greater consumer satisfaction, which requires a relationship that does not end with the transaction but continues for the whole length of consuming experience, is also found to be positively related with factors such that buyers' predisposition to pay a premium price and the

lowering of service and sales costs, other than most obvious followings as customer retention and loyalty (Reichheld, 1996).

A higher percentage of customer retention also associates with a reduction in risk associated with cash flow, as it reduces volatility at least for the worst-case scenarios, which constitutes one of several *value drivers* (Kim et al., 1995) in the shareholder value-planning approach proposed by Rappaport (1986), which also focuses as primary indicators on the capacity to attract more cash flow, at an earlier time and to enlarge the customer base, the latter being both for reasons of increasing the amount of cash flow and for reducing the risk associated with the potential loss of one big customer (Srivastava et al., 1998).

2.5.1 Impact on cash flow

To reduce the time that it requires for cash flow to be collected by a firm, it is not enough to reduce the time to market but it should be addressed the question of how much it takes to gain market acceptance (Robertson, 1993). Regarding the rapidity with which cash flow are collected by a company in response to a marketing effort (assuming this as a symbolic entrance of the product in the market), the argument is that brand awareness and a positive brand attitude towards clients are relevant factors in accelerating the decisional process of buying for customers (Keller, 1993) (Zandan, 1992).

This acceleration does not concern the moment of transaction alone, but it also regards the velocity with which the brand is spread to the public by word of mouth, with customers that in this sense realize one of the possibilities they have to fulfill their role of co-creators of value. The establishment of key alliances is also crucial to reduce the time-to-entry to some markets, in particular when someone aims to penetrate into more markets at the same time (Robertson, 1993). In such an occasion, in which each market requires a physical presence to achieve immediate efficiency and attractive power, while ubiquity is not a thing, the possibility to rely on a trustable partner that is well inserted into the network that an organization is willing to penetrate is crucial.

Actions of brand building, co-marketing alliances and the sending of samples of products to potential key customers acquire a greater importance in such a framework in which the reduction of time employed for customer acquisition becomes a central indication in how to value a company. Marketing and customer relationships can also affect the cash flow on quantitative terms. A well-established brand that results in the creation of brand equity is demonstrated to achieve better returns from advertising and promotion actions (Keller, 1993). In this sense, to raise awareness over

the brand by pursuing relationships with the public and to transmit a general positive image of the company are actions that would render more efficient results when it comes to actions of marketing over some specific product, with the consequence of lower marginal costs in sales and marketing.

The establishment of fruitful relationships with customers also becomes crucial to lower levels of working capital and fixed investments, in particular in the case of business-to-business bonds where the management of orders and inventory can be made more efficient by linking together the supply chains and by sharing manufacturing capital and locations of production (Srivastava et al., 1998). The creation of cooperative ventures, furthermore, can enlarge the customer base by absorbing some of the consumers of the associate company, while offering to the partner the same access to one's own clientele (Bucklin and Sengupta, 1993). Other positive collaterals of collaboration between different organizations regards the acquisition of a spur in brand reputation by the same fact of the merger, thus without spending resources in that scope or the share of already existing resources instead of looking for new fixed assets to build. The development of a customer base that is loyal and satisfied with the treatment and the value proposition received from the company contributes to the incrementation of shareholder value, as it also reduces uncertainty over the entry of cash flow or, in other words, it ensures that a high percentage of those customers are retained.

A satisfying provision of service is fundamental in this sense, since customers tend to switch suppliers more frequently for reasons of a bad experience with the former one and its inability to overcome issues and tensions than they do because of a better offer in terms of performance or price (Reichheld, 1996). This finding by Reichheld has been researched in particular for the services industry but it has been already discussed that all businesses might, or someone would say should, be considered as the provision of a service.

Moreover, the costs of customer acquisition are always higher than retention costs, as the former is calculated by the latter plus total marketing expenses at a determined time, all divided by the number of new customers (Aulet, 2013). In competition analysis, the ability to retain a significant percentage of customers also means that other entities that are trying to offer a similar value proposition cannot count on all those customers that see their needs and desires already satisfied by the former company, making that same customer base impossible to imitate and rare to possess. The relevance that relational assets assume in this conception of marketing is such that practitioners should acknowledge their existence as if they were traditional financial assets, since they go as well to impact the shareholder value of a company. Srivastava and his co-authors use the term cataloging

to emphasize the heed and scrupulosity that this action requires. Once again, social media platforms might be an interesting tool in the cultivation of these assets, nonetheless an efficient and rapid way of aggregating all the information that arise from relationships built by the company.

In particular, this is valid when there are many stakeholders and the accounting of all the established linkages, let alone the possibility of entertaining one-on-one relationships with them all, is almost impossible.

2.6 STIMULATING CREATIVITY THROUGH ACQUISITION OF SOCIAL CAPITAL

As of now, relationships have mostly been addressed to as a consistent good that always take a certain form, they were assumed to have the same intensity no matter who are the people composing it and it has been discussed whether it exists or not a gain out of them, without acknowledging for differences in the impact that the people obtain from the peculiar characteristics of the ones they form a linkage with. Moreover, social interactions are assumed to influence all social actors with the same modalities.

This critical framework is evidently limited in a too simplistic conception of how relationships are actually felt by different and unique people interacting with each other, ignoring that the benefits everyone can get from a specific bond are strongly correlated to one's own individual characteristics. To concentrate mostly on size of networks and strength of social ties might deviate from the pursuit of the correct pathway for a proper understanding of how people extract gains out of social networks, in particular in terms of stimulating creativity (Baer, 2010). Creativity is defined as the development of ideas that produce a significant change in the way in which an area of discussion is perceived and talked about, by also rendering the former knowledge of the same argument as something obsolete in terms of products or services that are generated from it (Subramaniam and Youndt, 2005).

Hence, creativity is fundamental in the addressing and provision of needs that have been neglected or have been failed to deliver before, which constitutes an instrument to secure both an improvement for society and a market opportunity, hinges for a successful social enterprise. The prominent view in research regarding the effects of social network ties on people's creativity has been the so-called *strength of weak ties theory* (Granovetter, 1973). Weak ties, as compared to strong ones, are characterized by lower scores in terms of frequency, reciprocity, emotional

attachment and intimacy of relationships. Granovetter's assumption is that networks with more weak ties are instrumental in the acquisition of information coming from diverse social circles, which has more probability of providing novel or unheard insights that spur creative ideas. In other words, Granovetter thought of weak ties as social bridges that could unite different social networks and generate an encounter of almost colliding perspectives. On the other hand, when the tie becomes stronger, information and perspectives acquired from the relationship often run the risk of being redundant, therefore no longer stimulating in terms of creativity, since there are fewer novel inputs from it (Coleman, 1988). For this reason, scholars who follow this stream of thinking have envisaged the quantitative increment and maintenance of weak ties as the key in fostering higher levels of creativity (Brass, 1995; Perry-Smith and Shelley, 2003).

Some other authors advocate instead for an optimal rather than maximum number of weak ties (McFadyen and Cannella, 2004; Zhou et al., 2009), assuming that marginal benefits for one more weak tie are progressively diminishing and no longer convenient in the light of time and cognitive resources that would be consumed in its pursuit. Although intriguing, this point of view generates some ambiguity as it assumes a correlation between size of the network and strength of ties that is quite hard to accept under the logic of *strength of weak ties theory*. In fact, to assume that the number of relationship already established would determine the benefits that one can get out of a weak tie means that the value of a weak tie is directly connected to the presence of other linkages, hence it does not have value in itself, and this value would be indirectly proportional to the pre-existence of other relationships, counter-intuitively to what the assumption of diverse approaches that stands at the fundamentals of Granovetter's theory would imply.

This assumption identifies in the presentation and acquaintance with perspectives that are radically different among each other the actual strength of weak ties. Then, it is the value of a presented approach and the novelty of the insights it proposes as compared to the others that are already in the acquaintance of the creative thinker that makes the difference in the theory, rather than the mere accounting of how many of these weak ties are collected. Even though it is correct to consider a cost of acquisition of weak ties to exist, a model structured on the belief of diminishing marginal returns in the process of acquisition would fail to consider this intrinsic and relational value that every weak tie uniquely possesses. This value is said to be both intrinsic and relational because it starts from the peculiar aspects that each singular perspective offers but it assumes as much

meaning for the receiver end of the linkage as it presents a different insight from the others that s/he already has.

Another characteristic, which is important in determining the impact of building relationships on creativity stimulus that regards the individual, is the capacity to extract the most out of the different perspectives that one is faced with. Individual characteristics are crucial when the gathering of different perspectives has been carried out effectively and individuals are led to interact with many network members. At this moment, the individual who is most able to synthesize and to find an unexplored point of equilibrium among all the different social worlds that s/he is put in contact with, is the most likely to come up with a creative intuition. A distinctive behavioral trait that individuals should possess to perform this task is to be open to experience, intended as a particularly permeable structure of consciousness that allows the creation of links between new or unrelated contents (Baer and Oldham, 2006).

Other features that characterize the trait of openness to experience are the recognition of the functioning of one's own social networks in terms of how to collect benefits from it and the lacking need to pursue conformity. Particularly the latter one has been empirically shown to be fundamental in associating higher levels of creativity with the presence of a significant number of weak ties (Zhou et al., 2009), as its absence would lead to measurements of creativity that do not distance themselves from the normal occurrences. Kim et al. (2016) have proposed a list of individual characteristics that mixed with the formation of weak social ties are assumed to enhance creative ideas in people possessing those peculiarities. Among these, they also individuated the importance of curiosity and flexibility to consider new ideas, as in the starting point of the qualities that have already been described with the term of openness to experience.

Then, their attention moves towards the domain knowledge an individual possesses over a certain scientific field. This latter one might be controversial, as people that consider themselves experts in something are usually less inclined to look for diverse information from an outside social circle (Lee et al., 1999), but when domain knowledge and diverse sources of information combine, the result is people who are more capable to extract the most meaningful solutions from a large range of possibilities and therefore, higher levels of creativity.

Another individual characteristic that has been emphasized is the cognitive style each one adopts when it comes to problem-solving. According to the adaptation innovation theory (Kirton, 1994), individuals tend to respond to situations that are posed to them by lying on the continuum from

adaptive to innovative style. For an adaptive cognitive style, it is intended the behavior of agents that are more risk-averse and prefer to use conventional information and adopt well-established perspectives to resolve typical problems. On the other hand, those who are addressed as innovators are more willing to employ divergent thinking and come up with new solutions to old problems. Then, the assumption is that a personality that converges more towards an innovative style is more receptive to flows of information coming from weak ties rather than adaptive and conventional one, which in turn mitigate the positive consequences on creativity, often making them vain at all.

Finally, the last individual feature that Kim et al. (2016) stated as decisive for making a proper use of weak ties is the motivation one has in performing his/her task. People who are intrinsically motivated in performing the job that they have been assigned or in achieving the goal they have set themselves are more willing to be exposed to diverse information that can help them to achieve their task by unconventional means and acquire the necessary knowledge to produce something valuable (Reinholt et al., 2011).

The study conducted by Baer (2010) confirms by empirical research that the strength-of-weak-ties theoretical approach finds some confirmation in what happens in reality. In particular, it highlights the relevance of the accumulation of diverse perspectives even independently of the size of the network and the strength of ties, which however remain impacting factors although subordinated to diversity and openness to experience, and the individual capability to efficiently capture the value coming out of the network constellations that one is absorbed in.

When critics of social capital pose the problem of quantification of the benefits it might produce, it is true that the difficulties of calculation and even more the subjective collection of positive accolades depending on each one's own unique characteristics make it harder to explicit how much individuals can gain out of it, but this cannot be enough to disregard the whole concept of social capital and ignore its relevance in creating value, being it intended as social infrastructures or, as in the case of creative thinking, actual sources of value. Managers of any kind of organization that relies on their employees to augment the value of the company and its business propositions should then encourage their people to entertain social relationships with others outside their working circle or even outside the organization in an attempt to stimulate their creative impulses and in the long run improving the innovative performance of their organization (Kim et al., 2016). Since individual characteristics have been said to take a decisive role in determining creativity, also the composition

of staff matters in optimizing a company's social capital, in terms of matching roles with personality traits and acquiring diversity through different perspectives and approaches.

2.6.1 The impact of social media on weak and strong ties

The distinction between strong and weak ties has been pretty straight-forward from its appearance on the stage of relational studies. Of course, some hybrid linkages mixing elements of both have already occurred in history, but those have been cases that affected in a small proportion the set of relationships an individual established throughout his/her life. The advent of social media has instead introduced a new typology of relationship that follows different dictates from the common conception of a weak or a strong tie and constitutes now a consistent share of how relationships are carried forward in the online age. This is the case if traditional parameters for the identification of weak and strong ties are analyzed in reference to these new emergent linkages that people are increasingly adopting to connect with each other. Intimacy is one parameter that is strongly affected by this transformation. Individuals on social media tend to expose their private life details and sometimes even intimate moments to the knowledge of people that they do not share a strong emotional link with, making it a parameter whose significance might easily be put into debate. In a similar fashion, relationships to which people would attribute a low emotional attachment might anyway see occurring a lot of information exchange at high frequencies just because people share this information in a platform where a lot of users can casually stumble across it, often without they are actually willing to do it.

Another aspect to consider regards the duration of a relationship, since social media have given the possibility to maintain contacts more easily and people can follow the considerations of others that they are not emotionally attached to by simply clicking on an icon or link whenever they want, while before online social networks to keep a relationship going with someone would have required an important effort in terms of time or energy, that people used to maintain only those ties they actually found worthwhile. It follows that those factors that composed a weak tie, as opposed to strong ones, are now less precise in indicating the difference among the two typologies of relational linkages. Weak ties in this new framework appear to be less difficult to collect and, above all, to maintain than it was the case in society before online social networks. This means that flows of information come from an always growing number of contacts, most of it that is received without expecting it, from sponsored ads or according to the preferences and likes of people one is following and listening to on social media. The result is a further growth in the importance of the capacity to

select and synthesize all the information coming through one's attention. This ability is the one Kim et al. (2016) identified as domain knowledge.

Following their framework, it emerges that expertise over an argument might be the crucial key to exploit the benefits in creative stimulus of social capital arising from weak ties, provided that it is combined with the consulting of information coming from them. People and companies already operating in a sector, long enough to consider them sort of experts in that field, should then be encouraged in pursuing weak ties as they are most likely to exploit at best the advantages they produce.

A practice that is helpful in this sense is the so-called Enterprise Social Media (ESM for acronym), that consists in the usage of online platforms that aim at the facilitation of communication and sharing of information, posts and knowledge among workmates. As naïve it might seem to be, in an era in which social media platforms are so much popular, the management of knowledge in an organization is crucial in making sure that the right people dispose of the right knowledge at the right time (Leonardi, 2017). In particular, Pitafi et al. (2020) argued that among many collaborative tools, ESM possesses the peculiarities that might give the better instruments to avoid conflicts in the workplace. Difficulties arise in the moment in which people are skeptical towards documenting their work and contributing that documentation to common systems at the benefit of other users within the organization, a factor that has been found to occur quite often in previous studies (Heinz and Rice, 2009).

Leonardi (2017) argues that social media can represent a tool to overcome this problem, due to the leakiness of the information they offer. This leakiness is forged by two main reasons, which are the fact that third parties from all over the place can access most of the conversation between two different users and that the same conversations are persistent in time, continuously linked to the context in which they emerged. Therefore, they can be accessed at any time. This allows people to acknowledge different perspectives attributable to different people and have them at their disposal whenever they want. In other words, social media functions as a recorder of a huge number of conversations that constitute a considerable amount of knowledge and users can have almost unlimited access to it for free. In this model of information exchange, the burden of effort diminishes for both the sender that share his/her knowledge through simple mechanisms of everyday communication, only with a different channel, and the receiver who stumbles open new content and store it in his personal knowledge if s/he believe it is relevant for his/her own needs. In this way,

social media would overtake many of the problems caused by the lack of willingness people often demonstrate in sharing their knowledge and competencies. People who act as spectators of a conversation that is visible to everyone also find it easier to participate and evolve their role from lurkers to that of participants to the discussion and contributors to the formation of knowledge. In other words, to assume their role as co-creators of value.

Leakiness of knowledge, in this framework, is intended as an inherent good that disseminates knowledge potentially among all the members of the social network and speeds up their acquisition process of it. Of course, this whole concept of entrepreneurial social media has its shortcomings. From data gathering of the results of an interview Leonardi (2017) made up, users tend to indicate some major reasons for avoiding contributing with their own personal knowledge to a corporate social platform. They lamented the lack of incentive, ease of free riding and the perception not to be able to contribute in a useful manner with one's own knowledge.

Drawing from the traditional scheme of the most famous online social networks, an efficient answer to the lack of incentive issue comes from the public recognition of the content shared as being interesting. It means that as Facebook, Instagram or Twitter have convinced people to share their photos or considerations online in exchange for receiving the approval of others through likes or re-shares, generating in the most extreme cases a psychotic rush for the highest number of likes, enterprises should consider adopting the same mechanism and adapt it to work-related information, with the most useful content rewarded with likes or similar tools that signal approval. As social network users tend to feel more appreciated and value their social status as much as their posts are shown to receive positive interaction, the same principle would apply to work context. Evidence sustains the thesis according to which individuals are more prone to share their knowledge about working processes or systems when they feel it to have a positive impact on the consideration they might get inside a social group (Leonardi and Rodriguez-Lluesma, 2013).

Another reason that hastens the sharing of knowledge, the issue of free riding, presents a problem that manifests twofold. In fact, not only people do not participate to social network conversations because they feel gains come out of them independently of their contribution; also, people who are initially willing to share their knowledge, understand later that given the presence of many free riders, they can get little benefit from the use of the social platform because nobody else share their knowledge.

Two solutions are suggested by Leonardi (2017) to respond to this question. The first one, betting on the relational and social intelligence of human beings, builds on the hope that once individuals realize that what others have shared online has shown to be useful to them, in turn they are more likely to participate (Fulk et al., 2004). The second solution is a more technological one and requires the use of an algorithm to link users to content posted by others outside of one's own social circle. Similar methods have been shown successful in spurring interactions by weak ties that have led to technological innovation processes (Green et al., 2006).

The common interest and goals helped to overcome differences in individuals' domain knowledge, leading to fruitful and glad collaborations, in perfect accordance with dictates of *strength-of-weak-ties-theory*. Finally, for what it concerns the disbelief an individual regards over the usefulness of his/her own knowledge, the most acclaimed solution is the use of feedback. Visible signs of appreciation or at least the perception that what one shares on social networks receive a considerable dose of attention increase the likelihood that users take a proactive stance in sharing their knowledge (Ashford et al., 2003).

On the other hand, another issue that mitigates the benefits of social networks concerning the transmission of knowledge through online weak ties occurs when people do not perceive them as a suitable place to acquire knowledge. One reason for this is the unawareness of the competencies that coworkers are in possession of, especially of those people that are not in the same immediate work groups, those that can be reached almost only through social media. Once again, the possibility offered by some algorithms governing the functioning of online social platforms to suggest possible connections according to similar tastes, interests or tasks one is willing to accomplish represents a concrete proposition for solving the issue, whose appliance has shown to provide some results in specific contexts, such that of blogs that are recommended on the basis of user's web navigation experience on other blogs which treats similar topics (Dugan et al., 2010).

Another problem that people's behavior signals when looking for information across the organization is the tendency to ignore most of the content when one feels his/her feed to be overloaded with information. The result of such a perception is that people avoid at all processing the information they receive if they assume it will not bring any immediate value to them. The proposed solution is to classify similar contents into specific areas that people can search through to extract the information they need.

The idea behind this is to link people to relevant information rather than merely giving the possibility of access to more sources. Along this line, it has been demonstrated that people find it highly useful to have access to social tags generated by other users that have already gone through the content in question and hence have classified it by themselves. In this way, research of information has shown to be faster and more efficient than in a broad research process (Millen and Feinberg, 2006).

Another story is the preference that some people express over the acquisition of knowledge through others that they know personally over the possibility of getting information from online social relationships. A timely long stream of research in sociological literature has found that individuals highly consider the trust they put on the person functioning as their source when deciding whether to use or not an information. Even when the exchange of information occurs on a social platform, people are inclined to give more credit to strong ties rather than weak ones. The use of social media as a platform where to share details regarding the whole life and experiences of users, which would then become a social network that is not only work-centered, might then help to resolve this problem. The combination of useful information with the development of intimacy among two co-workers is believed to prompt the exchange of information between them (Leonardi and Meyer, 2015), as a deeper understanding of each other between people who are forced to share places and activities is assumed to minimize misunderstandings and decrease the possibility of conflicts (Pitafi et al., 2020). In this sense, the use of online social networks in the context of enterprises, and in particular for social enterprises that have further advantages from a spur in creativity and innovation, does not end with actions of marketing towards customers, but it is fundamental also in governing and optimizing relationships internal to the workforce.

This might seem a bit controversial, as it was stated before that diversity of perspective is necessary to spur creative thinking, while now it has been argued in favor of the usage of online social networks as a tool to smooth the potential for conflicts and to fulfill the need for a serene and friendlier working environment. Common management literature on the argument (Amason, 1996; De Dreu and Weingart, 2003) have then introduced the difference between task conflict and relationship conflict. Task conflict is defined as the arising of differences in opinions and all the decisions at the organizational level regarding task execution. In terms of the generation of creative and innovative ideas, task conflict has been reported to be at its optimal level when it exists in a moderate amount (Islam et al., 2019), as to have in the workplace a climate of proactive discussion without falling down to excesses of animated discussions. Relationship conflict, instead, indicates

personal grievances among co-workers and, rather than different perspectives, it often brings to the debate diverse objectives to guide the action of people working on a project. Any further improvement on the realization of a task, least of all the development of creative skills, would be hindered by high levels of relationship conflict inside an organization. In summary, an ideal working environment is one that provides the right number of different opinions and knowledge exchange to act as a stimulus to workers but not to create too much confusion, while settling one clear goal for the realization of any kind of task and convincing all people in the working network to adhere to it.

To realize this purpose, it calls for a manager's ability to properly administer its social capital, both in quantitative and qualitative terms. The former to make sure that co-workers and employees can get enough leads and creative cues, the latter for the maintenance of a serene, stimulating and creative environment at work by acting with all the possible means to avoid relational conflicts that might prevent the company from performing at the maximum efficiency of its capacity.

2.7 THE GENERATION OF INTELLECTUAL CAPITAL BY EXPLOITING SOCIAL CAPITAL

Although common resource analysis made by economists have generally pointed at physical and human capital as the main sources regulating the productive and economic activity of a firm, the role of knowledge in it has not at all been neglected ("Knowledge is our most powerful engine of production", Marshall, 1965). The term intellectual capital then, refers to the "knowledge and knowing capability of a social collectivity" (Nahapiet and Ghoshal, 1998). The most referred distinction in the traditional discourse over the different aspects of knowledge has been between tacit and explicit (Polanyi, 1967), with the former that is more difficult to transmit to others orally or in written form, while the latter is usually something already codified, easily stored and transferrable to other people in a simple manner.

Another question that investigates the link between intellectual and social capital is that regarding the existence of a social knowledge belonging to an organization that is different from the sum of individual knowledge of the single members composing the same organization. The pairing together of these two classifications of knowledge gave inspiration to the composition of a matrix made of four combinations representing different aspects of the knowledge possessed by an organization (Spender, 1996). One is individual explicit knowledge, probably the most immediate to think about, consisting of all the information that an individual consciously owns and can retrieve from written

records or recall by memory. Then, there is the individual tacit knowledge, defined as something that a person can retrieve to almost automatically, both as theoretical and practical knowledge of people, which can be identified in the possession of particular technical, physical or artistic skills that enrich the knowledge heritage of individuals and, as a consequence, of the organization they are members.

However, the last two represent those that are the most interesting combinations for this inquiry. First, there is the social explicit knowledge that is described as the corpus of knowledge that defines the own conditions and things to know to be considered a member of an organization, something codifiable and accessible to all those who aspire and claim their belonging to such a community. A well-fitting example is given by the scientific community. Finally, for social tacit knowledge it is intended those practices that compose the common behavior at the social and institutional level. This kind of knowledge is often related to the experience of a team and can be found in those organizations that pass on a certain way of performing things and relating with others that is not easily teachable by oral lessons or reading a written code but still can give a considerable competitive advantage to an organization.

Let's formulate an example regarding social enterprises, in particular consider those enhancing the deployment of services in poorer global areas. Those companies that know how to sensitize potential donors over the collection of finance or that know the best behavior to approach local population through the adoption of a different social model of interaction than it is commonly taken in more advanced companies, thus demonstrating to the public their reliability in performing that task, are likely to conquer a competitive advantage in their sector. This kind of knowledge with a social extraction is said to have originated from combination and exchange (Nahapiet and Ghoshal, 1998).

The importance of working in teams has been present already in Penrose (1959), who stated that social interaction gives the possibility to generate knowledge from extensive negotiation resulting in a specific behavior adopted to respond to a problem to overcome. This newly formed knowledge does not have the only advantage of enriching the range of possible productive opportunities that arise from solving a need or an issue, but it retains the quality of uniqueness in its constitution that arise from the non-replicability of the assets that have produced it, merely unique human beings interacting with each other in a combination that is contingent in time, space and individual characteristics.

2.7.1.1 *Prerequisites for exchange and combination of resources*

While discussing over the better conditions for favoring these processes of exchange and combination of resources that are crucial in the generation of knowledge, management scholars have individuated in the past some occurrences that act as prerequisites in the happening of the above-mentioned processes (Moran and Ghoshal, 1996) (Nahapiet and Ghoshal, 1998).

First prerequisite is the existence of an opportunity for the exchange or the combination to happen. The meaning of this condition is that without the possibility to access and engage in the diverse competencies and knowing activities that characterize the parties involved in the exchange, it is impossible for it to occur. In this sense, social platforms might help since the amount of personal information that can be found on the Internet and in particular in online social networks possesses all the meanings to speed up the reciprocal stumbling across each other's peculiarities, getting to know more people and therefore more possible sources of knowledge.

Another condition is that the people engaged in these processes positively recognize the creation of value that might come out of exchange or combination. It means that although the parties involved do not know in anticipation which advantages would result out of interaction, exchange or combination, they do indeed need to know that some benefits will arise from it. Anticipation and receptivity to learning have been shown to be fundamental factors in determining the success of a partnership or in strategic alliances (Hamel, 1991).

Similar to the concept of expectation of benefits, the successive condition regards the motivation parties have to engage in exchange opportunities. The difference between the two conditions is that motivation does not limit to recognizing that some sort of value is created through interaction between the different actors, but it extends to the belief that one can appropriate some of that same value that has been produced. This lack of motivation has been found to have indeed a certain impact on the transfer of information and knowledge within an organization (Szulanski, 1996). The last condition enunciated by Nahapiet and Ghoshal (1998) for the creation of intellectual capital through combination or exchange is the capability to assimilate information and experience that is received and needs to be correctly combined to generate value. This should be considered as a particular characteristic that is not granted for everyone to possess. The set of all these conditions is summarized by the term *absorptive capacity* (Cohen and Levinthal, 1990), whose interesting suggestion is that, for an organization, this capacity depends on the links that compose the relationships between individual qualities rather than belonging to singular individuals. It means

that for an organization to look for better results in the accumulation of intellectual capital, it should put emphasis on the quality of the relationships within their personnel rather than just looking for people that possess considerable individual knowledge resources.

Regarding the most adapt tool in performing this task, an interesting but dated inquiry cited in the paper of Nahapiet and Ghoshal argued for the essentiality of face-to-face communication when confronting it with exchanges occurring through electronically mediated devices (Nohria and Eccles, 1992), stating that in this latter case it should matter even more the personification of the interlocutor if the intent is to build a network organization. The issue solicited by this remark is that a perception of emotional distance with the person one is interacting with might be detrimental to the willingness to exchange information and knowledge with him/her. This emotional distance is likely amplified when a relationship that is not being performed in physical presence is carried on without getting to know the generalities or the look of the other person, as it was the case for electronically mediated exchanges at the times Nohria and Eccles work came out.

This evidently happens in a different fashion nowadays throughout social media, as sometimes more information is extracted from people's social network profile rather than by meeting the same individuals face-to-face, although it is true that the perception over online conversations might result more detached than the ones happening in the so-called "real world". Anyway, the last pandemic crisis that have forced to reduce the number of meetings that could be held face-to-face might have helped to overcome some of the remaining discomfort that people felt towards the use of social media tools to communicate, giving a further push to the argument for the use of social networks as the most efficient platform in building suitable conditions for exchange and combination. Once this interaction is made effective, for the process of sharing and combination to be definitely in place and produce new intellectual capital, an important role is played by some aspects that are attributable to social capital theory in the field of context sharing between exchange contractors. Context is shared when there exists a common language and vocabulary, that is the possibility to easily communicate with others and access to their information.

Clearly, when language and codes are different, it is harder for information to be exchanged and transmitted from one node to the other. Although diversity of knowledge possessed is the basis for the existence of an exchange, some similarity is required because two parties enter in contact with each other when they recognize they have something in common and the joint action of combination and reformulation of knowledge can happen on the basis of a shared language or code

alone. For this reason, a clear and established pattern of communication within an organization represents an important asset for the development of knowledge that can be reinforced by social media usage as a tool to accelerate the spread of information to all the actors involved and imprinting a certain way of communicating and thinking as viral.

The relational component of social capital has then been identified as the source of elimination of barriers to the transfer of best practices within an organization that result from difficult relationships between the two parties transmitting the information. Relational component is built upon different aspects: trust, intended as the willingness a person has to let others influence him/her (Mishra, 1996) that would function both as an opening path to gain access to others and as an anticipation of value and a factor that can foster knowledge exchange in the form of interpersonal trust when it is lacking a shared vision of context (Boisot, 1995); norms, as the successive phase of a relationship where trust and cooperation have been consolidated through time, becoming sort of *expectations that bind* (Kramer and Goldman, 1995), that become key features in promoting openness and capacity of working in teams in firms that are knowledge-intensive (Starbuck, 1992); obligations and expectations, that do not build on personal relationships like norms, but are formulas of expected behavior valid for everyone that helps to create shared contexts and codes; identification with another person or with a group, that has been found to cause an increase in perception of opportunities and a greater frequency in cooperation activities (Lewicki and Bunker, 1996).

2.7.2 Why intellectual capital constitutes an organizational advantage

As of now, the collection of intellectual capital developed through the accumulation of social capital has been presented as implicitly fundamental. It should now be the moment to try to explain this argument. As noted by Coleman (1990), in a situation of perfect market equilibrium, where an infinite number of alternatives are possible and any option can get discarded at any time for the most disparate reasons, the need for business relationships that last and are repeated in time is extremely low, as the transaction cost of switching to another market agent would be void.

However, perfect equilibrium is a situation that possesses a huge attractive force in theoretical terms, but it cannot represent the actual state of things, where interdependence among different organizations is a reality and switching costs are a thing. As interdependence exists, the need for long-lasting relationships is evident and the dictates of social capital theory gain importance in contributing to this competitive advantage of relational nature. Interdependence is useful also in

describing the relationship between social and intellectual capital, in which one contributes to the evolution of the other and the other way around. Social capital has the particular feature that it reinforces and augments as long as it is consumed, self-reproducing itself (Giddens, 1984). Intellectual capital, especially when intended in its social rather than individual meaning, follows the same development within social interaction and relationships, therefore it derives the same evolutionary path that is attributed to social capital, growing at the same moment it is performed.

This argument is well-documented in sociological literature in which it is argued that cognitive progress is fostered by the reinforcement of communication networks, which in turn is reinvigorated by acknowledgements from an increased intellectual capital (Mullins, 1973). The achievement of innovative ideas and processes has then a twofold advantage for those who generate them and those who receive the information to use them (Brown and Duguid, 1991). Through the sharing of their understanding of things, they contribute to increase the collective knowledge of the organization that benefit from it, while it emerges a thickened common identity and vision that facilitate future innovation inside the same social circle through the sharing of the narration of the successful process that has led to it.

2.8 THE APPLICATION OF SOCIAL CAPITAL THEORY TO SPECIFIC SITUATIONS – NETWORKING THE ENVIRONMENT

A common critic that is often moved to the applicability of social capital theory into practical actions and decisions regards the broadness of its principles, that might discourage those who instead should use them to explore a possible competitive advantage for an organization. The intent of this paragraph is then to provide some examples of how activities of networking can be practically useful in the management of more particular issues in the context of social enterprises, specifically in reference to the field of environmental management. The literature on case studies over the potential benefit that social network analysis might pour out on the management of natural resources is vast (Salpeteur et al, 2017).

One aspect is that by acknowledging and decrypting the complexity of social interactions that involve all the stakeholders, it becomes easier to formulate management plans that deal in the most efficient way with the administration of specific resources. A study conducted through this line by Calvit-Mir et al. (2015) regarding the governance of a natural park in Spain, suggested that a low density in a network, consisting in the establishment of very few ties among the nodes and specifically the fact that most individuals tended to form only one connection with another member

of the network, results in a more difficult access to information that might hinder the formation of trust among fellow members.

The lack of personal trust is even more detrimental to the potentiality of benefits extracted from social capital accumulation in organizations that do not lay their foundation exclusively on economic terms. This consideration comes from the deduction that, in purely commercial activities, the personal profit that everyone can achieve from collective action that is correctly executed form a kind of alternative trust that sometimes might push people to make the right action for the collectivity out of acting on their own personal interest, at least according to the traditional framework of theoretical equilibrium approach. On the other hand, social enterprises usually have other objectives whose realization does not necessarily fulfill one's own best private interest, therefore the question whether someone is actually inclined to act properly assumes more delicate tones and to trust another member of the network means a stronger positive consideration of that same individual. Lack of trust may easily result in the dropouts of members from the network (Hoppe, 2010) or anyway in the isolation from other members, that constitutes a potential loss of a creator of value and intellectual capital for the organization, other than an imperfect representation of the population of stakeholders in the context of decision process.

In the case of the park of Sant Llorenç analyzed by Calvit-Mir and her fellow co-authors (2015), the presence of few ties among stakeholders causes the fragility of the communication network. Other situations have pointed at the utility of social network analysis in determining a detailed report of the communication scheme between all actors involved in the management of specific natural resources, particularly focusing on the relationship between actors representing local stances and governmental institutions in charge of the administration of bigger areas, resulting in the identification of potential factors that influence the behavior of stakeholders and might hinder the development of new social practices, namely in the form of social pressure (Hauck et al., 2016).

People participation in social organizations and movements has been found to be relatively little dependent on individual intrinsic factors rather than on the relational environment that surrounds a person, highlighting then the importance of activities tended to increase social network density and formation of many ties in the context of environmental campaigns (Tindall and Robinson, 2017).

The transmission of knowledge about environmental themes have also been addressed by research studies on SNA. One of the major findings about this stream of research is that patterns regulating these systems of transmission are more articulated and complex than what is commonly assumed

based on familiar and kin-based connections. For example, a case study by Crona and Bodin (2006) cited by Calvit-Mir et al., reported that the transmission of ecological knowledge in rural villages located in less-developed areas of the globe was more linked to occupational linkages rather than affective ones, implying a sort of primacy of competence over closeness of relationship.

Other studies have evidenced that people select their sources of information, including those on environmental questions, in patterns that are for a considerable part traceable to their socio-economic status (Haselmair et al, 2014). In particular, Internet and mass media has shown to grow in relevance for people in urban and developed areas, while rural areas in less technologically advanced countries have clearly still a great adhesion to passing on of knowledge through families and kinship communities. According to the different target of people that an organization aims to reach, a study of the peculiarities of the social network in which individuals are absorbed in that precedes any possible action and a following formulation of the most suitable strategy to involve them, is required for the same organization to be successful in its objective.

2.8.1 Identification of key stakeholders for the understanding of environmental systems

As it has been introduced above, social network analysis is a fundamental tool not only in understanding the composition of the various bonds linking the stakeholders of a complex environmental system with each other, but also in the delineation of the systems in general. In particular, a delicate task regards the individuation of the most relevant stakeholders in the network, as long as getting them engaged in accordance with one's vision of environmental administration and exploit at best the efficiency of their participation in the decision process (Prell et al., 2008). In the model envisaged by Prell and her co-authors, stakeholders interact with each other and form a network basically following two concepts.

One is homophily, that refers to the tendency of individuals to engage more easily with people that are similar to them. Homophily makes flows of communication more rapid and efficient, but the backlash is that in the context of complex systems, successful management requires different views and perspectives to come together, resulting in discussions and eventually synthetic solutions (Crona and Bodin, 2006). The other concept is the one of centrality, whose definition can take many different perspectives, although these would be faced more in depth in the next chapter. Prell instead refers to centrality in two meanings, degree centrality and betweenness centrality, which can be approximately described as the number of connections one has and the number of people

one would connect that otherwise wouldn't enter in contact with each other. Degree centrality is often associated with weak ties that, as it has been noted before in the paragraph regarding creativity, can guarantee the spread of information to many different actors although they are less reliable in terms of influence that they can exert over those who receive that information. This is not to say that individuals with a high score in degree centrality do not have any influence over people they have a linkage with, but this influence might be due mostly to endogenous characteristics of the beneficiary or even to some form of randomness. Betweenness centrality, instead, is fundamental in the role of bridging disconnected segments of the network, thus being responsible for the admixture of different perspectives and opinions that contribute to the growth and development of the knowledge reservoir of the same network. Anyway, one contraindication in taking the role of the stakeholder with high betweenness centrality is the constant exposure to potential conflict when the two perspectives that are trying to be linked do not reach a synthetic point of equilibrium. In this scenario, other than the vanishing of the potential gain coming out of the collaboration between the different approaches, inconveniences can arise for the relevant actor that is forced to take sides between two network pools s/he has already enduring relationships going on with, causing a likely breakdown of the linkage that s/he has not taken the side of.

This consequence might then act as a potential disincentive for those stakeholders to put their relational capital at the disposition of the network and organization as a whole (Krackhardt, 1992). For these reasons, a proper understanding of the composition of a network and the peculiarities of its actors is crucial in favoring the creation of the most suitable strategy leading to their involvement in the cause, especially for those causes, as the environmental one, that extract the most value from coordinated joint actions of all the stakeholders involved. In the case-study that Prell et al. propose, regarding the composition of stakeholders' network in Peak District National Park in the UK, a noticeable characteristic of the network was the disproportionate percentage of each category of stakeholders at its inside. Once this disproportion has been made explicit, it allowed a rapid identification of a delicate criterion that had to be respected in the selection of most representative actors, that is to avoid that some category of stakeholders would go under-represented.

Another significant take from the analysis of this paper is that it arises a sort of dialectic dilemma on the selection of people that would be going to conduct the meetings, since they have the delicate role to synthesize the perspective and needs brought to the community that belong to all the different groups composing the network of stakeholders. On one hand, the greater benefits would

be achieved by the collaboration of people that are not used to interacting with each other and consequently have the most chances of not having already heard each other's perspective before. On the other hand, those same actors are likely not to occupy a central position in their sub-network of reference, therefore they have fewer probabilities of spreading the information newly produced in meetings to the whole of the network. To overcome this latter problem, Prell et al. referred to the concept of structural equivalence, that is the coincidence for two nodes of the network to form the same equal ties, making them redundant for the purpose of disclosure of information. To avoid structural equivalent actors meant for the authors to make more efficient the selection of key candidates in terms of networking role they may exert in reaching the totality of network members while maintaining some space for candidates occupying peripheral spots in the network.

Anyway, what for Prell et al. required many steps that consumed time and required a significant amount of expertise in the sector of network analysis, it can be somehow simplified once the use of online social networks is successfully implemented in the discussion process. Many of the constraints that regulated Prell's (2008) work would be eliminated. An example are the interrogative marks around the spread of information that would be easily overtaken by the accessibility to the discussions between the identified key stakeholders that would be granted to everyone. Third parties that are not called for sharing their perspectives can, through conversations made public, anyway witness the evolution of the whole discussion and grasp the new information that has been generated from the collision of the different approaches. More attention to the use of social media platforms should be put when dealing with the issue of the representation of all the parties composing the network. In fact, online social networks can indeed give the right of free speech to everyone, but one thing is the right to express one's own opinion, another is to ensure that it is heard. The indiscriminated and unregulated possibility for everyone to speak in cases of disbalanced proportion in the representation of different groups might alter the chances of equal visibility. Those who can enjoy a greater amount of relational capital and the support of the most represented clusters are likely to enjoy greater visibility and to display bigger quantities of interactions, mostly made with people with whom they share the same perspective, capturing most of the visibility and attention at the expenses of the users belonging to less represented groups.

If this scenario is realized, the organization trying to extract value from stakeholders' collaboration would be left with an unsatisfying need, with a result composed of little-contaminated interaction and the exclusion of important segments of the network. For these reasons, moderation on the

possibility of intervention in social platforms, with the goal of democratizing the debate, is extremely helpful for an organization that aims to involve the stakeholders in producing a solution to the need of some kind of service, especially in a service that is required by a consistent part of society, that is satisfying to all the parties involved.

2.9 BRANDS AS RELATIONSHIP PARTNERS

When there exists a discussion about relationships, it is often assumed that it is faced with the linkage connecting one person to another. As it has been previously discussed in this work, this is surely a meaning that deserves the right amount of consideration. Anyway, the debate over the utility in the establishment of relationships does not end in the occurrence in which the two extremes connected are two physical people. Following an intuition by Fournier (1998), people tend to relate to brands in similar ways as they do with people, in the form of emotional attachment, loyalty and adverse sentiment towards rival brands. Moreover, the perception people have towards brands, at least at first approach, is governed in large part by stereotypes and expectations projected on them caused by the common belief over the category the brand is identified with, as it often happens with people.

Hence, for non-profit organizations the public expect a sense of warmth coming out of them, while competency is the feature most looked for in for-profit organizations to gain the favor of consumers (Aaker, 2010). Also for this reason, by comparing brands and human beings as possible relationship partners, we may fall into the trap of giving for a fact that brands can indeed be associated with mankind in having their own personification and intentionality (Fournier and Alvarez, 2012). Examples of the anthropomorphizing of brands as perceived by consumers are numerous, coming in the form of nicknames and the assignment of personality traits to brands. A noteworthy recent development in this sense is identifiable in the activity of social media management. Through this performance, brand managers are exactly trying to associate a social network profile to a brand and making it interact with other human users in a fashion similar to how a human being would behave.

The key element indicated in the literature on the formation of a person's impression is that an individual trait language is obtained following the observation of his/her behavior (see the literature suggested in Fournier and Alvarez, 2012). The same principle is valid for managers that want to confer a precise perceived characteristic to the brand they are working at, that is to assume in multiple occasions a consistent behavior and make it observable to the public. Along the same route,

advertising activities have straightened in the mind of consumers the association of brands with personified fictional characters, incarnating the values of the brand (e.g., Michelin, M&Ms), famous people acting as brand ambassadors that implant into consumers' mind the association between the image represented by the celebrity and the image of the brand (e.g., Clooney and Nespresso, Michael Jordan and Nike), or the same manager that identifies him/herself with the brand s/he works for (e.g., Steve Jobs, Elon Musk). Through these associations, consumers feel more natural to relate with brands as they perceive the same characteristics and values that they would consider to be fundamental to the establishment of a relationship between human beings. The message of a coherent behavior that matches the characteristic that people feel as the most needed is, therefore, instrumental to conquer the public over the establishment of a persistent relationship with a value proposition. The right articulation of warmth and competencies that the organization intend to convey and the correct choice of the subject to which these qualities are tried to be attributed in the eyes of consumers, that is a physical individual impersonating the brand, the brand itself or the whole organization, constitute the elements that describe the success of a brand construction.

One fundamental relational trait that is critical for organizations to achieve in establishing linkages that resemble human ones is trustworthiness. The development of the notion of commercial attachment (Paulssen and Fournier, 2011) stated what has already been a common belief in explaining the fact that people tend to be skeptical of putting trust and good disposition towards the intention of marketers. Relationships in such a context are undertaken with cold feet by the general public. It is to note, however, that not all people adopt the same feelings towards market relational propositions, according to differences that are ascribable to the singular peculiarities of an individual. When dealing with the role of perceivers, people do not behave identically and also, they possess different empathic capabilities, intended as one's abilities to correctly guess the intentions and the emotions moving another's action.

This ability is valid even when the relational other is a brand instead of a human being. Although to convince everyone and fulfill their expectations of others behavior is impossible, the ability an organization demonstrate in expressing its thoughts and intentions has anyway an effect on individual's perception of them (Zaki et al., 2008), making the perception of the brand a right combination between the activity of the organization and the individual abilities of the perceiver. Fournier and Alvarez (2012) propose some dimensions that characterize the shape of brand relationship that might create some space for discussions over the opportunity of the framework

considering brands as intentional agents. One is power and, more specifically, the difference in the reciprocal perception of ability between the partners of the relationship. That said, it should be noted that the dynamics generating an asymmetric relationship between a brand and a potential consumer can often exceed the boundaries traced by abilities and intentions and more in general, they might fall out of the context of the anthropomorphizing of brands relationships. An example is represented by a situation in which a brand manages to establish high barriers or high switching costs that increment the bargaining power of the brand, even though it comes at the expenses of the serene prosecution of the relationship between the two parties, with the consumer that feels trapped by the brand, hence developing a bad sentiment towards it and nonetheless a resulting upgrade in convenience for the brand itself.

But the relationship can be unbalanced also on the other side. That may be the case when a partnership with a specific target of customers is so significant that an organization is disposed to do everything that is possible to pursue it. This exhausting search for attention of the “best customers” (Fournier and Avery, 2011) can easily generate frustration within the relationship for the ferocious competition over getting them, and its same existence would be grounded more in terms of showing off power than conquering those customers for intentions and competencies displayed. The extremization of these actions of customer acquisition might come to the point in which the relationship is considered the final goal to pursue rather than an important tool in the creation of value. More this scenario occurs, the less evident the benefits coming out of interaction in relationships is. Even though it has been stated in previous paragraphs that the identification of key stakeholders is a crucial activity in exploiting the most interesting peculiarities of social capital theory, it will be analyzed later more in details why such relationships need to be grounded on solid foundations and beliefs of reciprocal appreciation, too, and not only on pure terms of convenience.

This is twofold valid in the context of social enterprises that cultivate their relationship with the public through social media. First of all, since the nature itself of a social enterprise calls for the importance of the satisfaction of needs of at least a segment of society, and for sure not the most visible and wealthy segment, a relational strategy that realize in the involvement of best customers alone cannot in any possible way match with the realization of the purpose of the social enterprise. Second, it has been said how a peculiarity of social platforms is that third parties can access most of the communication occurring on it. If an organization with her communication patterns consistently address only a specific target, those who are not included in that target not only would be neglected,

but there is the possibility for the development of a negative opinion based on the lack of interest generated to other people.

Another trait that characterizes brand-consumer relationship is the relevance that is attributed to the capacity of generating excitement. In the context of human relationship, excitement is something that helps the formation of a linkage out of an extreme curiosity of getting to know someone, but it tends to diminish with the passing of time. Therefore, the enduring of a common relationship between two human beings is likely not to be founded on grounds of excitement alone. The case differs when brand relationships are brought into the discussion. The capacity to continuously generate excitement has been fundamental to ensure long-lasting affiliations of consumers with a specific brand compared to results demonstrated by more sincere patterns of communication over the personalities shown off by a brand (Aaker et al., 2004). Phenomena like evangelism and blind forgiveness that might produce alternate results in human relationships, are instead most likely to produce positive outcomes for the parties involved when it is the turn of brands. Industries that are moved by frequent and consistent social media actions that proceed at a fast pace, sees excitement buzz over its offerings as essential in the enduring performance of a successful relationship with customers, in a dimension that the simple admiration for the brand is not capable of fully capturing.

Anyway, it should be noted how these factors of power and generation of excitement create differences between the ideal human relationship and the ideal brand-consumer one, but they are not absolute novelties in the panorama of relationships as a whole and they exist in both ambits. The decision over the approach to use is even more delicate in the case for social enterprises, who has already been established that they should mix economic with social purposes, with the choice pending towards the *instauration* of brand-like or human-like relationships', or a mix of both, to pursue the strategy that best fits an organizations' intentions, through processes of accurate analysis.

CHAPTER 3

How to reach people

3

In the past chapter, there was the discussion over all the reasons that should convince an organization to take care of its social capital and the relationships it establishes with consumers, partners and employees, refining its marketing capabilities to perform this action in the best fashion. Marketing capabilities are intended as all those processes that allow an organization to grasp the needs expressed by market agents and to find a formula that combines those agents' satisfaction with the one of the companies. Among these marketing capabilities, scholars' literature on the argument presents dimensions such as pricing and marketing communication, planning and implementation, that revolves all around the concept of conveying an information to the public of potential customers, and other abilities such as channel management, selling and market information management (Vorhies and Morgan, 2005), that concerns the creation of the suitable social infrastructures that would allow transactions and exchange of information between the organization and external market agents, who are not consumers only. This list is not exclusive, but it evidences those aspects that are most useful to this analysis over the importance of interactions in the success of social enterprise.

Anyway, other dimensions have been left out from this list, like for example the one regarding product development. Even though the cultivation of relationships seems far from affecting such a dimension, it would be shown later that relational marketing might impact it as well as it does to all other dimensions enunciated before, if organizations handle them with the proper care. This is the case when a further dimension that is fundamental in the development of any marketing capabilities is displayed and renders a company able to operate in well-enough efficient conditions, which is organizational learning (Liu and Ko, 2012). Scholars have long defined the ability to learn faster than competitors as the general key to consistently sustain a competitive advantage (De Geus, 1988).

3.1 ORGANIZATIONAL LEARNING

Organizational learning consists of different activities performed in different moments of knowledge acquisition. These activities involve the creation of new ideas, their distribution through efficient channels, communication to all members inside the organization and implementation of the new knowledge into overall business and management practices. Efficiency of relationships represents the instrument that oils any of these activities. Creative ideas, as it was a matter of the previous chapter, depend on the contamination of different perspectives that weak ties provide. Channel

distribution requires the knowledge of clientele and how this one prefers to be reached, information that necessarily comes from the establishment of a relationship. The need for a relationship in communication is almost tautological, while in implementation it is only subsequent to the correct transmission of a message.

The whole process of acquisition of new and creative information usually follows three steps (Kale and Singh, 2007). In the accumulation one, the organization puts itself in the position of a receiver, willing to listen to its interlocutors to gain insights, unconventional propositions and external perspectives. This phase is characterized by the interaction with external actors, where the ones that apparently seem to position further from the organization's action field that likely reveals in the end the most appealing to involve in the discussion and interact with.

Then comes the moment of articulation, which is intended as the recombination of all information that the organization has, comprehensive of both the new one acquired from outside and the one with which members of the organization were already familiar with. Articulation also requires the adaptation of new information to the characteristics of the organization, to properly address which novel approaches and ideas might function and which ones might not. When organizations are complex and it is impossible for a single manager to know by him/herself everything that is happening inside in detail, the performance of this task is highly dependent on the efficiency of internal communication channels. Good and healthy relationships are crucial here in nurturing these channels.

The final step is about codification, that is the phase in which new information completes the definitive evolution to social organizational knowledge through the formulation of action guides and routines of operations. The key point of this stage consists in finding the best solution to formulate detailed and clear language to transmit to readers the most complete message possible, comprehensive of all the information that the organization finds useful to convey and the one that the reader, being him/her an employee or a consumer, is willing to receive. The most detailed action guide or value proposition that is not able to gain enough trust in the recipient's mind to be worthy of a reading is completely wasted.

3.2 GENERATION OF TRUST

Throughout this work, trust has been already mentioned multiple times as a fundamental factor in allowing the efficient transmission of information. It has now come the time to analyze what trust

consists of and to try to evaluate what are the actions that organizations need to undertake to gain it. Classical economic and functionalist sociology has often overlooked the relevance of trust, since interactions among different agents were mostly said to be regulated by actions of personal interest and rational egoism (Misztal, 1996).

The recent enlargement of possibilities and alternatives to choose from have anyway forced the return of the importance of trustworthiness in modern society's business relationships. Without the need to bother Kierkegaard, uncertainty likely curbs most of business operations and the implementation of potentially innovative techniques represent a factor that further increases uncertainty. Especially when the quantity of information that circulates around a commercial exchange is huge and unequally distributed among the two ends of the transaction, the less informed extreme tends to develop some natural skepticism towards the other part of the bargain, compromising the effectiveness of the transaction as theorized by Akerlof (1970) in his famous market for lemons.

Misztal (1996) found the historical root for the renewed interest in trust issues as a consequence of post-modern society, in which all fundamental values governing human interaction before have been a matter of discussion since then. The result is the disappearance of a common ground of values and visions shared by a majoritarian part of society and the growing difficulty over any negotiation that proceeded smoothly before. Therefore, personalized trust (Giddens, 1992) acquired importance as a novel way to develop a common ground between two contractors. The term personalized trust indicates a deliberate choice of entering into a relationship with another part of a relationship on the basis of a common ground that forms through exchange and negotiation rather than being obtained from the society around.

The failure of occidental post-modern society to establish a sense of trust between employers and employees, a consideration that can apply also the relationships among fellow employees, consequent to the rise of a greatly recognized sense of individualism and relativism of identity (Bauman, 2000), emerged as an important factor in determining important shift also in geopolitical equilibriums, like the overwhelming upsurge of Asian economic models of authoritarian capitalism (Shin, 1996), in which state command prevails over individual free will and market logics, relatively to western ones. A common conservative political answer to this is the need to return to a model of society of before, to have a sense of solidarity into close communities to respond to oriental competition on the social sphere, but more in general to overcome the harsh neoliberal

crisis of the new millennium (Davies, 2012). However, while it is true that individualism has produced a decline in the presence of a strong cultural identity that would have facilitated the emergence of a common ground for the formation of fruitful relationships with positive economic accolades, the attention to the needs of the singular individual represents for western culture an irreplaceable carrier of civil and social rights that should not and cannot be sacrificed on the altar of a simpler environment for economic cooperation. The resistance of the westernized Hong Kong to preserve its autonomy and consequently its achievements in social and civil rights against the desires of intrusion of the motherland China, arguably the best example of Asian country that achieved huge economic success while maintaining a political environment far from the individualism of Western democracies, should act as a demonstration of how people would not accept such a trade-off. Even by leaving out ethical stances and the clear incompatibility of such a proposition with the same concept of social enterprise that protects communities and the individuals that compose such communities, this return would not be possible for people's lack of willingness to operate in such an imaginary context in which all these achievements of individualism battles are neglected or denied.

For this reason, the new form of individual, or personalized, trust that people have to gain by demonstrating one's own action and peculiarities rather than receive it from a social structure, is necessary in pursuing people's attention and attracting them, too. Even solidarity is not something given on the basis of the belonging to a specific society, in the western individualistic culture, but it is something that a person or an organization should demonstrate to be worthy of, at least by showing off the due diligence in respecting the dictates of individualist civil rights at a basic level. As defined by Misztal (1996), trust needs to be perceived as an "active political accomplishment".

To get trust has become an urgent action that is at the same time more difficult to attain, therefore it requires an active process of trust collection. Particularly, the kind of trust that classifies under the order of collaborative trust is defined as: "a device for coping with the freedom of others" (Misztal, 1996). The role of trust in cooperation requires the voluntariness of the act, meaning that the presence of incentives or rewards would not guarantee alone the generation of trust out of a successful relationship based on collaboration, as if cooperation cease to occur when rewards are removed, trustworthiness will not establish among the parties. Trust in his meaning of cooperation building should then reflect the idea of a set of actions that aim towards the creation of conditions to foster solidarity, respect, reciprocal esteem and the recognition of the role that belong to each

party of the relationship, as it creates in the first moment of the cooperation. It means a self-imposing opening of one's own mind to let others' perspectives and sentences to "colonize" ours, while at the same time expecting others to set the conditions for letting theirs be colonized by our propositions (Shapin, 1994).

Trust is, then, the engine that allows the exchange of relevant information for the purpose of problem solving through the joint action of team members (Carnevale and Wechsler, 1992). Efficacious communication at a general level necessarily implies a condition of mutual trust between interlocutors. Marketing campaigns constitute a particular type of communication in which an idea of value flows from the sender to receivers, therefore they do not make an exception. If receivers do not trust the truthfulness of the message, the message passes but the value attached to it does not. In fact, a definition of trust that Misztral attributes to the *Oxford English Dictionary's* says that it corresponds to the "confidence in the ability and intention of a buyer to pay at a future time for goods supplied without present payment".

From this definition, it follows that trust is the provision of something valuable, it might be a material thing but also the willingness to accept a proposal, in exchange of the expectation of something other of value that satisfies the needs of who is receiving it. To win over somebody's trust is to gain their willingness to fulfill their obligations at the aim of a successful cooperation because s/he is expecting you to do the same, not only one time but with a certain stability over time. Trust, once again, indicates a belief to transform an uncertain occurrence of an action into a certain one, eliminating a factor that is often a deterrent to the success of a transaction.

A vision of trust as the starting point for an environment embedded in cooperation among partners is brought forward by Putnam (1993). In his argument, trust coincides in most of his definition with the notion of social capital and it is the element that allows the formation of linkages between macro and micro actors at the institutional level, which it constitutes a crucial issue towards the implementation and efficiency of good social practices as developed and thought about by upper institutions. This occurrence might verify only thanks to the information collected from lower ones and the willingness shown by simple local actors to trust the guidelines coming from above.

Along these lines, it is highlighted the establishment of positive linkages that accrue trust at a micro-level between an exponent of a category (Misztral, 1996, uses the example of a positive relationship between a doctor and the patient) as a measure to foster the trust into the macro-category (medical system) (Luhmann, 1988). This proposition comes in handy also for marketers. A positive user

experience with a product or with a member of the organization leads to a growth in the sentiment of trust that the same user would develop over successive company's actions and behaviors, or towards the organization as a whole. The definition of a positive experience is a subjective one and it depends on the expectations that each one puts on other people. Those expectations are produced by the joint action of our needs with the needs of others and how individuals rationalize relationships with others.

Expectations from a relationship with a relative familiar member would differ with respect to those in a relationship that forms for commercial purposes. In some cases, trust can be generated by sentiment of familiarity or passion, in other cases it is mostly due to rational expectations. These two constitute the most significant routes that an organization should pursue to obtain the trust of its clientele.

3.2.1 The built of trust through rational expectations

When organizations choose to pursue rational expectations to generate trust, the formula that they should use requires as its necessary factors competence, reliability and constancy (Bandiera, 2017). Competence is intended as the capacity to respond to questions and issues that by consumers and stakeholders pose, sometimes in a kind of consumer service, some others by understanding their needs in advance, before they are made explicit. The contribution to the formation of trust given by competence stands in the occupation of the spot of the landmark for people that face a problem that goes beyond their skills. By accomplishing that role, people would likely become more willing to provide their contribution in some way to the joint production of value.

With the notion of reliability, instead, Bandiera (2017) defines the capability of someone to sustain a discussion over the argument of reference without letting anyone to unequivocally confute the thesis that s/he is claiming. The sense of this affirmation is that at the point in which evidence demonstrates that the knowledge someone possesses over a field of discussion can be easily dismissed by someone else, the possibility that the public would put trust into the first person is something that is unlikely to happen.

Finally, constancy is the repetition of manifestations of competence and reliability over time, for the one-time occurrence of them is not enough to win over the trust of the most skeptical stakeholders. Then, constancy implies that trust-building activities are time-consuming by nature, since people when dealing with unknown entities need proof to be convinced, and they deserve a considerable amount of attention to avoid making errors. In fact, as it happens for negative and positive online

reviews (Chevalier and Mayzlin, 2006), the presence of a single mistake can have a greater impact in the trust placed by customers towards an organization than the regular demonstration of good behavior or display of competence and reliability.

3.2.2 From trust to influencing

The magnitude of this effect augments when it is considered a subjective and partly irrational concept as in the case of the power to influence, which might come out as a further step with respect to trust in the establishment of a consumer/organization dialectic. The relationship that eventually generates a situation of influence occurs between an individual that keeps an entity's opinion in such high consideration and that same entity that is influencing his/her decisions. It stands on some kind of enchantment, where the messages conveyed by the entity generate an interest that usually exceeds what an external spectator would judge as objectively reasonable. This is explicated by the formation of actual fan bases around the adoption of a certain brand or the contents of a so-called influencer.

When trust from the side of the public is questioned because of failures in the provision of expected competence and reliability, the realization that one should not have relied that much on what the entity had proposed, breaks this kind of honeymoon syndrome that the individual felt before and produces disenchantment. Although the reason is still a failure in the provision of trust, the emotional component of the individual who has suffered this sort of disappointment is higher than it would be in a cold traditional relationship between producer and consumer.

A further mitigation of these negative consequences might come by following the dictates of service-oriented logic. If trust rises as a pre-condition for collaboration rather than as a necessary guarantor, whose role comes after the content has already been produced, the relevance of content in the assessment of trust that passes between the two ends of the relationship inevitably diminishes. In other words, if an organization looks for the establishment of a relationship with its customers only at the moment of the transaction, the trust that these latter require from the organization stands in the complete satisfaction of their needs, which the company can at best presume, but it cannot know with certainty. When instead the relationship is of a collaborative kind, other than getting a better acquaintance with the needs mentioned above, customers develop their sentiment of trust by witnessing the willingness of an organization to cooperate rather than in the successive moment of the presentation with the final outcome.

3.2.3 The role of social media in securing trust

In this framework, the role of social media platforms in building and securing this trust gains further interest. In particular, a curious object of inquiry is how companies can exploit social media in the characteristic that differentiates them from the other advertising platforms, that is the relational component. The use instead of social networks simply for signaling to the public an organization's existence, therefore just for the sake of implanting the name into people's mind and consciousness can still produce its own advantages. However, it would reduce social networks' role to that of traditional channels of advertisement, with the aggravating circumstance that the fight for capturing people's attention is much more tenacious than in those other spaces.

Moreover, as it has been said before, an approach of engagement with the customer base would transform the concept of trust building. Rather than optimal performances, which even when one operates in the best belief of optimal quality might be invalidated by endogenous factors, expectations slough to the quest for relationships, which depend only on the willingness of the parties to trust and collaborate with each other.

Of course, this is not to say that people do not expect any kind of standard in the performances provided, but the intelligent use of social networks might avoid for organizations the philosophy of "giving it all and now" in the eyes of consumers in favor of a leaner approach (Blank, 2013) where people's involvement and engagement in the creational process allows a patient formulation of value proposition without the risk of losing trust immediately at the first wrong move.

3.2.4 Generalized reciprocity

The presence of trust inside the relationship patterns of a community also directly correlates to efficiency (Putnam, 1993). If a person expects others to return a favor that s/he has done to them sometimes in the future, which corresponds to the definition of generalized reciprocity, when the occasion occurs, s/he is more likely to do that favor.

In the same way, this discourse holds for organizations and their stakeholders, as they are nothing but a particular type of community. In such a social circle, trust does not have the only function of bringing customers to accept the value proposition of an organization, but it also works the other way around. Companies might gain some benefits by trusting the behavior of customers in response to a specific course of actions. Putnam (1993) presents an emblematic representation of this concept in his example over the administration of Italian regions. Although these entities are not exactly entrepreneurial organizations, the logic that lies at the foundations of their economic

outcomes is similar to the ones that applies to a social enterprise, as they both share the purpose of creating benefits for their whole community.

Around the notion of generalized reciprocity, Putnam draws a happy comparison in equating the impact that trust has on it to the one money has on the concept of transactions. At the times of barter, transactions would happen only when both parties possessed something capable of generating interest into the other, resulting in stricter conditions for the exchange to occur. The advent of money allowed to extend the time of occurrence of the same exchange by the introduction of a currency that substituted for the good that one party of the transaction wanted back for giving away its own good. Then, that same party would have concluded the exchange in a later moment by purchasing the goods s/he wanted by using the money collected before, thus extending the span of time in which it was possible to execute transactions. In the same way, generalized reciprocity without trust coming into the scene can occur only at the very moment of the exchange, as in a distrustful relationship people would expect the other to return the favor only when s/he actually sees him/her doing it. Differently from the act of barter in ancient civilizations, the occasion in which two people need simultaneously a favor and reciprocally find in the other the one who can provide it, is extremely rare. Trust, then, allows members of a community to believe that if they are willing to give their contribution to collaboration, they can actually rely on receiving it from others when in need. Therefore, the importance of the establishment of trust in a society is even more marked than the importance that money plays in society.

What an organization can do to proactively institute trust inside this community is then to exploit its placement as the central node of the social network and proceed to insist on the successful display of acts of cooperation. The span of applicability of this concept spaces from the context of local government, in which historical roots of former successful civic experiences have shown correlation with positive current experience in the formation of civic societies (Putnam, 1993), to business-to-business relationships as key to improving customer relationships (Gulati and Nickerson, 2008).

The explanation for this latter concept is that the development of inter-organizational trust allows a less formal mode of corporate governance that is less focused on not showing any weaknesses to competitors and it concentrates more on delivering the best value proposition to clients. In other words, it shifts the attitude of an organization from a defensive mode to a propulsive one.

Implicit inter-organizational agreements and the trust required for companies to respect them are crucial in managerial strategies that pursue the reduction of uncertainty (Pfeffer and Salancik, 2003). The key to inter-organizational trust is the self-reinforcing cycle that involves trust and successful exchanges. To actually commit exchanges is then a way to reinforce trust that successively leads to a greater possibility in making them. The exchanges at issue, however, are not necessarily happening inside the same relationships. It means that the sentiment of trust that an organization can attract over itself due to prior successful exchanges might transfer to reinforce relationships and exchanges that involve different actors, thus somehow overcoming the limits imposed by a self-reinforcing explanation and at the same time maintaining the framework in which trust multiplies trust. If A and B successfully perform an exchange, C is likely to have more trust in the positive result of a possible collaboration with A.

3.2.5 Application of trust relationship beyond its traditional borders

Although the banking system seems traditionally far from the concept of a social enterprise, the relevance of the choice between trust and opportunistic behavior is central also in the relationships banking organizations develop with all their stakeholders. Therefore, it is interesting to take from this stream of literature some interesting insights whose broadness in scope makes them applicable for more general categories of enterprises.

An ethical dilemma often holds between the realization of an immediate higher profit or the cultivation and enduring of a long-term relationship. The thesis preferred throughout this work has been that of predominantly defending the establishment of fruitful relationships. The reason behind that is to privilege sustainability of a project that should fulfill both social and economic logics and avoid the adoption of profit maximization as the only criterion to evaluate the performance of an organization.

That said, these premises are purely subjective and no entity is obliged to abide by them. To renounce to present rewards for the sake of future payoffs is not automatically good for everyone. Axelrod (2006) argued that two reasons might justify the preference of present over future payoffs, i.e., namely the lower value attributed to the same gain obtained at a more distant time and the possibility that exchanges with a person might even not occur again independently of the success of previous encounters. The classic example of prisoners' dilemma explains the case in which, although the best overall outcome verifies only when the two parties cooperate, each part in a

situation in which the strategy of the other is unknown would be better off in his singular decision with defecting its counterpart.

Anyway, reality is shaped by the need of establishing long-term relationships between organizations and stakeholders and marketing research has shown how even for bankers, the best organizational performances are displayed after managerial decisions that incentivize trust and long-lasting relationships (Dahlstorm et al., 2014). To secure the enduring of long-term relationships, it diminishes the level of risk for both the banking organization that can rely on more probable incomings, and customers, who are acquainted with those who provide them the services they need.

At this point, if the road one chooses to follow is the one of cultivating trust for the sake of financial stability, also in banking systems' institutions, two important obstacles are lack of transparency and asymmetrical information. The increase in specialization that has characterized the financial sector has led as an unavoidable consequence to the difference in the information possessed by insiders and common stakeholders, in which transparency represents a vague concept if the two parties are not endowed with the same capacity to extricate themselves from the information they receive (Sufi, 2007). In such an asymmetric context, even transparency does not act as a certainty in guaranteeing an ethical conduct, as one end of the relationship might not be capable of processing in a proper way all the information received. The best that an organization can do in terms of instituting a favorable climate for the emergence of trust in conducting transactions and agreements is the facilitation of communication and dialogue. In practical terms, this translates into (Dahlstorm et al., 2014):

- Increasing frequency of communication, in this way the receiving end acknowledges that his/her partner actually considers him/her and values their collaboration.
- Enhanced dialogue, to symbolize the willingness to collaborate in the true meaning of the word, beyond contractual obligations and to involve everyone' opinion.
- Informal communication, as the commitment to build a proper relationship that does not end with the transaction, which then implies necessarily a reciprocal good disposal towards the other.

Especially informal communication, as naive as it sounds, is a powerful vehicle to build relationships and get important contacts that originate from informal relationships and develop into important business collaborations. Putnam (1993) argued that China's economic growth from mid-80s to mid-

90's might in large part ascribe to the formation of various personal connections rather than to a particular formal institutional environment in the economic sphere. Although it is now evident that the specificities of Chinese political context actually played a crucial role in its economic uprising on the global stage, it should not be neglected that the establishment of a densely connected network among private investors, with the clear benevolence of the state, and even more the renewed role of household and kinship ties (see the Household Responsibility System of 1980) have been a fundamental point on the Chinese economic policies in the Deng Xiaoping era (Vogel, 2011). Successful examples of industries in Western society, with Silicon Valley as the most acknowledged case, but the emergence of specialized clusters all over the world that is as much valid, also point at networking as a pre-condition for fruitful economic transactions (Granovetter, 1985), those being contracting, job searches or, more simply, exchanges, intended both of physical resources and of knowledge.

Both the Chinese and Western examples are characterized by closeness among members of the network. In the Chinese case, closeness relates to the importance of ties formed on the basis of familiar and kinship relations, that are the closest people by birth circumstances. In Western clusters, instead, it is the geographical closeness that favors exchanges of knowledge and sets the conditions for the flourishing of industries due to the social cooperation of intellectual resources' owners. People who share the same interests, economically but not only in that scope, and who work close to each other are likely to share their expertise with one another or at least spill it out for others to observe.

In this framework, there is reason to believe, as a personal thought, that social media in the future can take on the role of the tool that can provide this combination of closeness and informal communication. While familiar ties represent innate bonds that are quite hard to replicate socially or artificially, because of the unrepeatable biological origin of the sentiment that is governing them, the transposition of geographical closeness between people that have interests in common into online social media is easier to replicate. Users of social networks look for other people to connect with and it is natural to think that they prefer to link with those who share the same interests as them. This might lead to the formation of communities composed of members that have discovered in such platforms the existence of people who they want to have contacts with and that otherwise they would hardly get to know. The composition of these communities recalls that of people in industrial clusters, with the main difference that members of online communities enter in it

explicitly for the sake of content exchange, while the decision to settle a business activity in a specific geographical area is subject to many more factors others than the possibility of enjoying of a social environment that is endowed with sectorial know-how.

Online social platforms might constitute, then, an efficient solution in contrasting the dispersion of exchange possibilities that normally occurs in the real world, where the greater number of contingencies that characterize the moments of relationships has far less impact. In fact, social media tends to allocate more power to voluntary decisions of individuals over who they choose to establish a relationship with. The assumption is that if an individual is actually willing to enter into contact with sectoral experts, or in any case with people that are interested in given topics of discussion, s/he can do so with low effort by joining an online community. From there, s/he is in a position of advantage to establish consistent relationships with other members that involves economic transactions.

On the other hand, clusters are for definition a: *“geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities”* (Porter, 2008). From this statement, it emerges that clusters require a complex combination of many factors coming together for its implementation. The valid reasons for which two entrepreneurs locate their companies in different areas of the world might be various, although in cases where the potential for combining the information is evidently present. Social networks provide the occasion for instituting another place where these entrepreneurs might encounter that has less possible constraints for the collision to happen.

However, a possible limitation that online platforms possess in the growth of a fruitful relationship resides in the constitution of trust. There, the proliferation of usernames over real world identities nourishes the suspicion that others feel when they are not able to associate some personal data to the content that a nickname shares. Hence, under the idea that to build social relationships online is in all and for all a crucial activity for social media marketing, enterprises and the people that represents them online must also bother, along to produce and share content that is capable of capturing the attention of other users online, to provide a reassuring and clear identity of themselves, the intentions of their action, their objectives and of all the other components of the value proposition they are presenting.

3.3 THE ROLE OF CONNECTION AND DENSITY IN A NETWORK

In previous chapters, there arose the argument over the necessity of densely connected networks as a means to expand the access to information to the widest span of public and to favor the building of relationship based on trust among all stakeholders (Calvit-Mir et al., 2015). However, not all scholars have always agreed on this point. For example, Burt (1992) argued that, defining as *ego* one specific node of the network and as *alters* the nodes with which *egos* establish linkages, the lack of ties among an *ego's alters* are positively correlated with the accumulation of social capital. He named this condition as one of structural holes and believed that the lack of connection among an *ego's acquaintances* was necessary in preserving the diversity of information that spurred innovation in Granovetter's theory of strength of weak ties (Borgatti and Foster, 2003). His position is that individuals get more advantage from collecting social capital only when diverse sources come with different perspectives and approaches to a specific issue, in line with Granovetter's premises, but he continued arguing that in the moment in which these sources interacted with one another, they would in turn contaminate with each other, closing the gaps that distanced one from the other and thus losing their constituent diversity that would have brought an advantage to the *ego* collecting them.

On the other hand, a more common view is the one that *alters' capacity of coordinate themselves produce more benefits than damages to ego's position*, through an action of synthesis of different perspectives that does not lose efficiency although it occurs before all the information comes to *ego's attention* (Coleman, 1990; Putnam, 2000). According to Burt, instead, the risk for individuals to get entangled in the "dark side" of social capital would recommend the same individual to preserve his/her own judgement of synthesization, while the latter view sees the positive accolades of a group's social capital having more weight than potential damages. Dark side of social capital is a definition used by Borgatti and Foster (2003) to describe those situations in which an individual that is too much inserted in a community, acts like s/he feels trapped in adhering to costumes and behaviors approved by the community.

3.3.1 Some theoretical explanations

As reported before, many executives and managerial figures prefer the adoption of the positive perspective, believing that a densely connected commercial environment is fundamental in the reduction of uncertainty. Under such a dominant thinking, influenced by another Granovetter's (1985) concept as it is embeddedness, experts coined many new terms to describe the formation of

new phenomena. Embeddedness is intended as the notion that the performance of economic activities depends on the context of non-economic institutions and originates from the substantivist school of sociology (Polanyi, 1968). The focus of the argument is that a set of factors such as moral values, religious belief, political context and social relationships impacts the way in which economic activities and exchanges are conducted. This concept originally, in the substantivist school of thought, applied in non-market societies, those in which there are not any economic institutions that rationalizes all the economic sphere to adhere to what theoretical models would suggest. Then, Granovetter (1985) modified the formulation of this paradigm by introducing the idea that actors would take their choice in the economic scope by at the same time considering rational personal action and influence from social ties, also arguing that strangers do not entertain business relations but individuals that have established a long-term relationship do. Therefore, embeddedness ceases to be a condition that either verifies or not and becomes a measure that can assume higher or lower degrees of intensity.

Among the new terms mentioned earlier, there are network organizations, organizational interlocks, inter-firm alliances, social cognition and group processes (Borgatti and Foster, 2003). They all relate to each other and fit the same perspective, nevertheless they also present some slight differences that may be worth observing. Let's have a look at what all of these specifications mean:

- *Network organization* is used to describe those situations in which semi-autonomous organizations entertain repetitive patterns of exchanges with each other that are characterized by high degrees of trust and durable relationships, with the aim of reducing transaction costs and uncertainty (Bradach and Eccles, 1989). This term may apply to traditional concepts of organizations as well as to new forms that it might be interesting to investigate later on.
- *Organizational interlocks* relate to the presence of ties among organizations thanks to the participation of a member of one to the administrative functions of the other. This trend is mainly known for members of the former company to sit on the board of the latter (Mizruchi, 1996). The objective of this strategy is once again the reduction of uncertainty and sharing effective corporate practices.
- *Inter-firm alliances or joint ventures* differ from a network organization in the strength of the linkage that ties the two companies. An alliance presupposes a relationship that exceeds the boundaries of a simple repetition of patterns of exchanges. The process of

joint ventures implies setting common objectives, sharing organizational practices and exchanging knowledge and expertise. Many reasons lie at the basis of the opportunity to form alliances, such as reduction of uncertainty (Gulati, 1995), search for legitimacy by linking with companies of higher status (Stuart, 2000) and access to rare resources and skills (Ilinitch et al., 1996).

- *Social cognition* is the perception an individual has over the network s/he is embedded in. The argument in favor of the consideration of such a measure is that cognition determines how the individual interacts with ties, which in turn has an impact on the configuration of the network itself (Carley and Krackhardt, 1996). Moreover, a perception of one's own network that reflects reality is instrumental in the exercise of power through the correct identification of relational channels among nodes of the network and the consequent effective transmission of information and persuasion (Krackhardt, 1990).
- *Group processes* concern the study of how much a network of connected ties can resemble a group whose members show similar behaviors and attitudes, develop a sentiment of affection towards each other and how the proximity of ties impacts these factors. Homophily draws the occurrence in which this assimilation is extremely high, at least for close ties, and connections occur between similar actors, with the pros and cons that were associated earlier to lack of diverse points of view (McPherson et al., 2001).

Even though these phenomena look quite theoretical, all kinds of enterprises might obtain useful insights from them, especially social enterprises that are called to investigate, exploit and develop the social fabric that surrounds them. New concepts for organizational structure might emerge. For example, Powell et al. (1996) envisage collaborations in the biotechnology industry a new suggestion that comes from the traditional form of joint ventures in the moment in which network structures comprehends linkages of multiple nodes rather than ones that run out at dyadic relations between two firms. In particular, when information disperses in the meanders of small organizations composing an industry, to establish ties among more companies allow at the same time to access rare information and to increase the relational power and centrality of the firm through assuming the role of the one connecting the scattered nodes.

Another insight might come from the strand of homophily theory and social cognition. A manager that recognizes his organization to have social circles that comprehend as their nodes only individuals with similar status, should acknowledge the risks that such close networks would bring

to the development of the company. Moreover, this would also entail difficulties of integration for minority groups inside the organization (Ibarra, 1992). If powerful majorities link together, excluding minorities, the latter could not accumulate much social capital and they would even be in a way ghettoized. Clearly, this could not be in line with the policy of a social enterprise, but this concept actually applies to any kind of organization. In this sense, the number of connections and the density of ties that regulate each network assumes a positive connotation as long as those who are in charge of transmitting information inside the organization are aware of all the dynamics governing the creation and the patterns of transmission of information. A network with low indices of density and number of ties but in which the manager is at its center and knows what needs improvement is in a better position of a situation that it goes the other way around, that is a well-grown network in which information circulates at random

3.3.2 Connecting with people through ethics and environmentalism

Among the fundamental questions that should lead the research of organizations in terms of marketing, there is the continuous quest for new means to generate engagement among stakeholders. Everyone agrees that the involvement of the public is fundamental in any social and economic venture, but to properly perform this task is a matter of delicate choices.

One road that is catching on is the one aiming at people's social consciousness, in terms of ethical and environmental discourse. The damages provoked by unsustainable models of business in recent years, together with the compelling emergence of global warming in all its manifestations, they have taken root in public opinion, too. Moreover, when organizations are willing to operate in rural areas and therefore are bound to interact with local communities, whether they like it or not, the quest for respect of the social fabric and the local environment is even bigger, as enterprises are going to touch them where they care the most. The starting point of this stream of studies is that managers and organizations, in order to achieve success in their planning, must effectively incorporate what are local communities' needs in it (Nepal and Weber, 1995). The activation of local organizations and committees as a sort of "crutch" for the actual organization, for example, does not work as a suggestion for a successful strategy, acting more as a proxy rather than actually contributing to the management of the area in question (Hildyard et al., 1997), therefore other measures are requested.

In a case study, Rishi (2007) reported that rural communities absolutely welcomed programs of joint management in their intention of protecting the environment, but the most crucial factor in winning

their trust was convincing them of the social and economic development that the project could bring into the community. In particular, communities required the institution of educational activities, being in terms of instructions or skills, that should have provided their people with more instruments to effectively contribute to the joint management program.

The process of involvement of local communities in the management of their issues does not end with the first approach. Although bringing them in is the first essential step, to maintain their willingness to contribute and their favor in complying with the organizational plan is fundamental, too. Two main problems that a social enterprise operating under these conditions must inevitably consider are the reduction of power gaps between officials that occupy different places in the hierarchical distribution of the organization and the effective possibility for local officials to have a say in the functioning of the organization itself (Rishi, 2007). Both conditions are strongly requested from locals in the case study of Indian Joint Forest Management, while the organization behind the project might need an important amount of trust towards the community's representatives to allow these possibilities.

Therefore, these aspects somehow overturn the traditional direction in which trust traditionally flows along a dynamic between an organization and the stakeholders that gravitate around it. It is not only the organization that seeks the trust of stakeholders and conquers their willingness to collaborate, but the enterprise itself needs to understand if it trusts stakeholders enough to allow them to contribute with fundamental decisions that shape its core, not just peripheral appendixes.

The success of such operations in the future might lie on the degree of freedom that local staff perceive to enjoy, out of negotiations between local and external representatives. It should be noted here that success indicates the combination of economic results, accomplishments on social or environmental purposes that lie at the core of the social enterprise's business and the development of the society in which the organization operates in. Examples of enterprises that have achieved an important economic success by proposing an employing model that is pretty structured and leaves little decisional power and freedom of operations to local employees exist. However, economic success alone cannot be enough to encompass the success of a social enterprise venture.

Usually, remarkable economic outcomes come along with a clear division of roles and responsibilities (Neilson et al., 2008), in which everyone knows who has the jurisdiction over a certain category of decisions in a company. On the other hand, in business organizational models that aim at the fulfillment of a specific social purpose, the existence of a discussion that actually has

the power of influence over the final decision in which all stakeholders can participate matters in terms of success over the accomplishment of this purpose.

3.3.3 The importance of connecting with women

A delicate question in the approach to rural communities stands in the issue of female involvement in the process of management. Many rural cultures, Rishi's example being one of them, comes with a cultural stigma that inhibits women from taking the stage and making discourses in front of men. Other than always valid ethical considerations, female participation in administrative roles should fulfill a purpose that no social enterprise can afford to leave out. In the perspective of the more the connections, the better it is, doubling the population of nodes by incorporating women into the administrative process is even in mathematical terms a consideration that organization must consider.

However, the most important reason for incorporating women into the networks of stakeholders, especially in rural communities, stands in the diversity of perspective issue. In a model of society in which men and women still respond frequently to gender stereotypes in the roles they perform in the household, also in Rishi's case for example, to conduct a debate that involves just the male population means missing out on many aspects of the needs of the community. On the social side, as just said, the understanding of community's needs cannot compromise from women's opinion, who are often the glue tying together the whole household and represent the central node of the network that involves all the segments of the community, children included. On the economic side, as the assumption is that women are in charge of the household, it is them who handle the domestic economy of the household and therefore are the primary economic buyers in the household decision making unit. A primary economic buyer is the person taking part in the decision making-unit of a household. Namely, it is the person that controls the budget and allows a purchase (Aulet, 2013).

3.3.4 Networks' peculiarities

Density and number of connections are then measures that certainly hold a relevant function in one's own capacity to reach out to people. High density entails the decreasing importance of establishing linkages with every node in the network, given the fact that there are more possibilities to reach them if one is capable of identifying the channels through which information flows. Anyway, situations in which density is low and the number of connections of an individual is high might provide greater results in terms of centrality, as in Burt's model that was presented before.

Furthermore, the analysis of some case studies demonstrated that low-density networks of stakeholders have caused fragility in their communication patterns (Calvit-Mir et al., 2015), preventing the possibility of exploiting them in the vehiculation of messages through indirect means, such as processes of word-of-mouth.

Anyway, when dealing with a whole community, it is not the quantity of ties alone that matters, but it is the quality, too. Rather than the singular linkages individuals form, the term quality concentrates on the diverse segments of population that one gets to connect with. Although marketing strategies often prefer to target a specific segment of society and marketers sometimes choose to concentrate their effort on more profitable categories of potential customers, this principle cannot hold for social enterprises. If the intention of an organization is that of bringing development of some kind into a community or society as a whole, it is evident that the more of it the organization manages to encompass in its connections, the better it can fulfill its purpose.

3.4 IDENTIFICATION OF INFLUENTIAL NODES OF THE NETWORK

In the precedent paragraphs, the concept of patterns of communication among stakeholders, or more in general among the public, were introduced. They stand as those channels that can allow information to propagate inexorably, without the need to continuously conduct relationships in face-to-face modality but counting on the relationship that others have established and the trust that people put on each other. However, to properly exploit these patterns it is crucial to understand who stands on top of them, who is the one from which many of these begin. In other words, which node of the network is the most central one and is the one whose opinion others are more likely to take into consideration.

The starting point of this analysis is in the inquiry on how the recommendations made by someone can influence the consumption choices of the others (Richards et al., 2014). For an individual to be socially influenced, s/he adapts his or her behavior, preferences and ideas according to the positions of others in his or her social circle (Leenders, 2002). The experiment that Richards et al. have conducted consists in the artificial composition of a network with a limited number of people. This limitation is instrumental in observing in the smallest detail how relationship between individuals goes in terms of effective existence and degree of intensity, in particular its limited dimension allows the authors to control for every possible interaction between nodes. Then, the experiment proceeds by comparing the choice of individuals before and after that they are informed of the choice of

people they are in some sort of relationship with. The difference observed in the choice of consumption before and after receiving information on what others have chosen in the first place is calculated at this point on the basis of five different indexes of centrality. These indexes follow different positions of the network through which individuals can exert their influence on others' choices:

- *Proximity*, it is calculated on the perceived distance that an individual feels towards another. The index of proximity p_{ab} indicates the value p that the person a attaches to the closeness s/he associates to individual b , on a scale from 1 to 5 where the highest value stands for the greatest closeness. The person with the highest average index of proximity is the individual who others perceive as the closest to others in the network.
- *Centrality*, it is simply intended as the number of direct connections each member has with other nodes. The minimum criteria for stating the existence of a relationship used in the experiment was a score of 4 or 5 in the above-mentioned index of proximity. In general terms, it requires a minimal amount of reciprocal knowledge, respect and trust between two individuals. The relative index of centrality to the network of reference is the ratio between the existing relationships and the sum of all the possible ones.
- *Betweenness*, it builds on the concept of the shortest path that it is necessary in a network to go from individual a to individual b , by using established relationships as the linkages over which walking on. Then, partial betweenness is the probability that a node stands on the shortest path, also called geodesic distance, that links a to b . Betweenness is the sum of all partial betweenness that are built for all the possible combinations of a network's members.
- *Farness*, it takes the negative point of view of those members that are most isolated in the network. It consists of the sum of all geodesics between the individual of which farness is measured and all other members of the network. Individuals who are far from others are assumed to have less power in influencing others but they also are more difficult to be influenced
- *Core membership*, it is the measure of how a member of the network adheres to its core on the basis of his inter-connections. In other words, it calculates how much one's own connections are similar to those of other members of the network. The assumption here is that people who put in place the same relationship patterns are actually part of a highly integrated community and therefore they are more likely to become subject and object of influence, towards and from other members of such a community.

Most of these indexes seem very similar between each other, but it is exactly in the slight differences between each conception of network connectedness that it is possible to grasp what actually constitutes the most suited model to represent the transmission of information and the exercise of the power to influence others.

Anyway, some shortcomings are identifiable in the experiment made by Richards et al. (2014), mainly due to technical impossibilities. The first objection recalls that some of the aforementioned indexes do not encompass all the dimensions that govern relationships between two individuals. The mere existence of a relationship is not enough to assess that one end of it can influence the other. In the case of proximity, for example, the same authors recognize that the measure does not acknowledge the reputation that a potential influencing actor projects on others, if the latter trust the former when receiving the information or any consideration of reciprocal esteem passing between each other. Closeness in physical terms does not necessarily match the effective existence of an exchange of opinion and the generation of some kind of influence, which requires the presence of trust as stated before.

Another potential problem with this experiment resides in the artificiality of the social network that has been created. Although many argued that the composition of a network anew was the only solution to avoid the issue of network endogeneity (Jackson, 2008), that is the presence of biased outcomes due to the fact that some explanatory variables for people's choices are not considered by the formulation of the model, it is impossible to capture all the variables explaining the choice of an individual and all the sources from which influence comes from in a single framework. The realization of a new network from scratch represents an interesting attempt to overcome the issue of infinite facets of the real world, with the emergence of the possibility to gather all the information over the actual origins and reasons for being of any tie that composes the network. Thus, researchers can collect the perfect knowledge over the functioning of such an artificial network. However, that model of network would need a lot of assumptions to come closer to the way in which influence is actually produced in real networks.

On the other hand, the observation of a social network falls under the aforementioned issue of endogeneity if it analyzes a random selection of individuals who are somehow connected to each other. This occurrence verifies thanks to the fact that any individual has developed its relationship and s/he is subject to influencers after diverse modalities, which are impossible to monitor all together.

Help in this latter need might come from online social networks. Although reasons for which individuals make decisions in the way they do and alter their preferences through peer influence continue to vary, social platforms constitute a location in which the exposition to content is greater and it never stops with respect to other contexts. Moreover, the fact that relationships on social networks are made obvious and the modalities in which two users interact with each other are scientifically observable stands as a valuable proxy in making more rapid the work of researchers and it provides a quite reliable model of analysis for further inquiries in the field of identification of the most influential actors in a network. Actually, this is how companies nowadays select the candidates that they define as suitable for conveying their information and advertising campaigns, on the basis of the number of followers, visualization of the content one publishes and the quantity of people that are actively inclined to interact with the content creator. Anyway, it is interesting to continue the revision of Richards et al.'s experiment in attempting to capture what are the peculiarities that make those influencers that much attractive, to proactively individuate those who are becoming influential, rather than those who already are so.

The result of the experiment is that the proximity index provides the best model to identify the actors of the network that produce the greatest change in others' choice. However, the same authors indicate that this kind of index might apply stronger in an experiment like theirs in which the recommended product possesses simple attributes, the effect of word-of-mouth is slighter than the importance of individual tastes and the different value propositions do not differ that much. For the sake of correctness, core membership index provided a model that fitted well enough with data, too. Actually, it coincided with the best fit of all the five models. However, even though it is true that core membership indicates a strong sense of identity to a group of people, hence it is evident how this common identity would act as a powerful influence in the choices of all the core members, it is also to note that the probability to be part of a network's core is extremely low respect to the one of belonging to the network's periphery. Therefore, a member of the core has a high capacity to influence a fellow member, but s/he can exert his/her power to such a small number of individuals that his/her relevance inevitably decreases in the interest of companies which aim at reaching a wide span of public.

A similar attempt to model choice interdependence between members of the social network belongs to Wang et al. (2013). The authors of this article underline the need for researchers that aim at the identification of patterns of influence in individual decisions to observe what any person

in the experiment chooses, as well as the sequential order in which the various decisions occur. To perform this task, Wang et al. employed a Markov chain model. This model describes a situation that proceeds per stage and it is assigned a given probability of happening to each outcome at every stage. The actual verification of a certain occurrence is the only determinant of probabilities for events in the following stage to happen (Chang, 2007). The findings of this experiment suggest that the typology of the product that is the object of recommendations establishes what are the characteristics that impact the most in determining influential individuals. As long as individual taste and sense of fashion constitute determinant factors over the choice of a product, those users with the most connections exert a stronger capacity to influence, while people tend to listen more to experts and early adopters, which will be later referred as innovative hubs, when it comes to decide over the most sophisticated technology in a purchase choice. Even though these findings might appear quite straightforward, their statement is nonetheless helpful in providing a confirmation of such an assumption.

The two categories exploit two different kinds of influence, that are informational and value expressive (Deutsch and Gerard, 1955). The processes that drive them are different. Informational influence takes root in the individual's desire to internalize the greatest amount of information to choose the best option (Kelman, 1958). In this context, the individual who actively looks for information searches for the sources he deems as the most credible ones. On the other hand, value expressing influence indicates the capacity of someone to transmit a sense of belonging to a specific social group or social status. Therefore, s/he leverages on the logic of identification (Kelman, 1958) of other individuals who aim at the maintenance or enhancement of its belongings to a reference group (Belk, 1988).

As Wang et al. (2013) conducted an experiment that resembled in its empirical design that of Richards et al. (2014), they still faced the problem of potential homophily affecting the results of the experiment. Then, they attempt to control it by accounting for each individual's overall preference over each consumption choice presented in the following stage to the awareness of others' decisions, derived by taking count of the individual's initial preferences for specific product attributes in the initial choice, before any influence played any possible role. In other words, the authors detect homophily in the alignment to the mass' choice, or to the choice of a particular group that departs the individual's choice after having witnessed what others have chosen from what were the attributes that the same individual looked for in the product at first. If the individual changes its

product's preference because someone convinced him or her that one performs best in the attributes s/he is looking for in the product, it is defined as influence. If one changes its preference for a product only because others in its social circle have it, without acknowledging for the attributes s/he declared as important in its consumption choice, it likely falls under the logic of homophily. It is still to remember that in the real world it is difficult to differentiate between unobservable individual traits that push for enacting a behavior over another and choices driven by latent homophily (Shalizi and Thomas, 2011). Asking for explicating latent attribute preferences is the solution that Wang et al. envisaged to overcome this issue, in providing the actual driver for any individual's overall preference.

Empirical evidence from Wang et al. (2013) confirms that popular nodes in a social network produce a significant influence on others' choice for fashion-related products, while asymmetric expertise defines the potential to influence from the most to the least knowledgeable node in the network when it comes to technology-related products. Individual's initial preference preserves its significance in both cases, even though the impact is higher for fashion-related goods, while adherence to other members of the reference group with no distinction of asymmetric popularity or expertise is not relevant in either measurement. Early adopters play a far deeper role in technological issues, while they are more marginal when taste and fashion matters in the consumption choice, where instead same gender peer influence shows some relevant results.

Anyway, it is the individual characteristics of the person whose opinion is considered that still assume importance in shaping the network and in the individuation of the most influential nodes. This line of thought has its origins in sociological literature that date up to at least the middle of the last century. Precisely, a basilar starting point formulated in that period recited that *"It is, however, not enough to be a person whom others want to emulate, or to be competent. One must also be accessible"* (Katz, 1957). The attributes that a person that exercises some kind of influence possesses are the personification of a certain set of values, the competence and an intelligent social location. These attributes, respectively, respond to the questions of who one is, what one knows and whom one knows (Weimann, 1991). The answer to the latter question should be intended not only in quantitative terms, but also on the position a person occupies in the network, precisely if it is one of connecting groups that otherwise would be absolutely disconnected between each other.

3.4.1 Opinion leaders and social hubs

Since theories and models are a representation of reality that, when well-formulated, come close to the representation of reality, but they cannot perfectly represent it, influential people often do not possess all of the three aforementioned attributes in equal measure. Recovering this concept, two categories appear, depending on what attribute an influencer is going to leverage more on. These categories are opinion leaders and social hubs (Goldenberg et al., 2009).

The former are people who have an extensive knowledge on a specific sector or argument and they stand for important qualities in the attribute of competence, the latter are individuals who leverage on the social capital that they have been able to accumulate and consequently they make intelligent social positioning their most important attribute. As the concept of an opinion leader that exerts his or her influence according to an objective superiority in mastering knowledge and expertise over a specific subject is something that is quite clear to grasp, the aim here is to reserve a more detailed inquiry over the notion of social hub and the way to exploit its abilities to convey a message or an information. The weight of a social hub in the process of information transmission amplifies when a network is not extremely dense and a few nodes entertain linkages with a lot of other nodes that are disconnected between each other. In such a situation, social hubs also have the merit to avoid the collapse of information transmission in those networks that experience a sudden break in a lot of relationships (Barabassi and Albert, 1999).

3.4.1.1 *Innovative hubs and follower hubs*

Anyway, not all social hubs are one equal to the other. A main distinction that creates two broad categories of hubs is the one that divides them into *innovative hubs* and *follower hubs* (Goldenberg et al., 2009). The discriminant under which a social hub falls into a category or the other is that at which point in the adoption process the hub has embraced that specific product, with respect to what the average individual would do. The belonging to one category or the other does not necessarily directly reflect the time of adoption, it relates more to how many exposures to the value proposition a hub gets in average to adopt something. A follower with many more ties might have the possibility of getting more exposure to a product in the same length of time that the innovator gets the ones s/he needs, thus they might adopt at the same moment but after being exposed a different number of times to the product in question. In explicit terms, an innovative hub is one whose role is most similar to that of an early adopter, that is of someone who chooses and enjoys a product, a service or a technology before it becomes something which the mass consumes. On the other hand, follower hubs take the time that common individuals would need to convince

themselves over a purchase. Their advantage in the time of adoption depends by no means on an innovative approach to novelty or the possession of particular knowledge or expertise, but rather than in the fact they have established a significant number of ties with people who can reveal them novelties before common people can experience.

Goldenberg's et al. (2009) argument is that in the propagation of an organization's value proposition is crucial to intercept both the types of social hubs. Innovative hubs contribute to the rapidity with which the diffusion of the product happens, as they combine an important number of connections with the peculiarity of being among the first to enjoy the proposition and to have the faculty of talking about it. They have, therefore, a consistent hold in the early market, since it is likely that they establish most of their relationships with people who share their approach to pursue innovation in their consumption choices.

Follower hubs, instead, are the most crucial to influence mass consumption, since they tend to share with them the same needs and risk aversion by definition and the assumption is that the masses will follow their same criteria in deciding over the adoption of an innovative product. As the assumption has gone before innovative hubs to link with people who shared their same predisposition to early adoption, follower hubs entertain the majority of their relationship with people who tend to adopt an innovative proposition in a later moment, thus spreading to the masses their opinions. It also means that their preferential tie with the most consistent share of the population makes them more powerful in terms of the quantity of public that they can reach.

The rationale behind this argument suggests, then, a double push in that part of the adoption process that is linked to social networks. The first push has the role to spread the information of the existence of the value proposition through its diffusion in the early market among industry experts and enthusiasts. In this way, the innovator gains in terms of reputation of the proposed product or service, given that public opinion would acknowledge its acceptance among competent people and it enters the mass market. There, the decisive push comes from the conquer of follower hubs, common influencers in more recent definitions, who definitively clear the entrance of the innovative proposition among the masses, through the exploitation of their privileged channels that can reach an enormous number of people respect to what a normal individual would

3.4.2 Influential people on online social networks

This scheme proposed by Goldenberg et al. (2009) draws upon a review of literature that had in mind a conception of social network that refers to the traditional sociological meaning rather than

to the one that is more commonly widespread in contemporary times of online platforms. Anyway, the rising relevance of the Internet has conditioned following streams of research to concentrate mostly on those latter social media. One of the first examples is the work of Trusov et al. (2010) in the attempt to determine influential social users in online networks. The year of publication implies that the way of intending online relationships in this article is drastically different to how the same ties are conceived nowadays.

In 2010, Facebook was the dominant social platform and its model of relationship implied a horizontal connection between two users that share the same reciprocal status of friends. For A to be friend of B, B would necessarily be in turn friend of A. Individuals with many connections of this kind would have a wide public but such that it is composed of people that the social hub actually has a personal acquaintance with, which it constitutes an extremely time-consuming activity to maintain on a large scale.

On the other hand, nowadays new social platforms models in the way of Instagram or TikTok are all the rage, especially among the youngsters. The peculiarities of these new relational models are that users can choose who to follow in their sharing of content without the need for these latter to follow them back. As a consequence, relationships tend to have more of a vertical development, in which an individual with a lower social status, in terms of online recognition, looks at the content produced by higher status' users, who in turn do not reciprocate the interest for the content posted by the first individual, at least not with the same intensity. Reciprocal relationships among friends at the Facebook way are still in place, but they occupy a smaller share of the whole of relational patterns that compose online social networks. Therefore, it is likely to assume that a further centralization towards nodes that already had the highest in-degree before has occurred over time.

Anyway, the findings outlined in the research conducted by Trusov et al. (2010) still highlight the presence of a few users with the capacity to influence others with a calculated impact corresponding to eight times the one of an average member of the network.

The concept of influence as intended by Trusov resides in the difference in other users' activity that is generated by the appearance alone of the influential user in the social platform. Other users expect some content that interests them just by getting to know that the influential user has logged into his account in social media and therefore they in turn access the platform to witness the content. In this framework, influence does not necessarily need face-to-face interaction, but it

suffices for the reception of information about other people's behavior (Robins et al., 2001). Social platforms might become, then, the perfect vehicle for transmission of influence.

Trusov et al. proceeded with an attempt to individuate the linkages that in an online social circle would actually generate an influence of some sort through the use of a Bayesian shrinking approach. They decided to limit their inquiry to the analysis of users' connections of a first level, those in which it exists a direct friendship between two users, arguing that a friend's friend might still produce an influence on an individual, but it necessarily has to pass through the intermediation of the first-level friend's influential power to be considered. Thanks to this assumption, it is easier for the authors to look at the connections in an ego-centered network one by one in terms of strength and direction. By inferring who are the users whose activity influences the activity of an ego on social networks and to which degree, Trusov et al. are able to construct a hierarchy of influential people, on the basis of aggregate data for all the egos in the network.

However, the argument of influence is so varied and imbued with subjective factors that there inevitably exists a certain number of limitations to this model. First of all, any consideration obtained from the model should be limited to what occurs on the social network of reference. Two users might not have a relationship on the social platform and still the two people can have it outside of it, projecting their influence on the other individual in that sphere. This is valid not only for offline communication, but also in the potential presence of individuals in different social networks, with a relationship that is the complex combination of more interactions on various platforms rather than a diverse relationship for each channel of communication. Then, authors conducted this analysis at the early days of social platforms, therefore it was still possible to conduct it with the necessary scrupulosity. Today, social platforms are probably at the peak of their expansion and to acknowledge all the connections of the most influential people on them would require much more time and effort, making it increasingly difficult. A further limitation stands in the fact that the aim of the model is to provide a snapshot of what are the influencing power of individuals in a very precise moment, while it would be extremely interesting for companies to build a trajectory over the increasing or decreasing capacity to influence of individuals over time, as to ensure that the establishment of a relationship with a key actor works also as an investment rather than as a deteriorating asset.

Anyway, the model is still relevant in the draft of some important points for the individuation of key nodes in online networks. The idea of looking at the effects that one's activity has on others'

participation in social media is widely accepted nowadays as the approach that companies select in searching for the best candidates to help them to vehicle their information through social platforms. The most accustomed to social media among them look at the amount of interaction as the indicator of a successful social activity. In this sense, the authors had already concluded that the number of connections or visualization alone are not enough to determine one's own capacity to influence (Trusov et al., 2010).

Another consideration is that one user's behavior receives some kind of influence from just a small share of other users, namely a sample average of 22%, in a friendship relational model like Facebook. The shift to the model of follow is likely to have generated a further centralization of those users that act as influencers, since the disappearance of the necessity of reciprocity have led to the incorporation of the same powerful actors in many ego-centered networks. People can look at the content of the most famous ones without the need for the latter to deal with the former's posts. This constitutes a clear incentive to these one-sided relationships and most of the people would follow who the majority of society elects as its most significant representatives, by having this non-exclusive possibility of choosing to follow anyone, thus reducing the diversification in individual selection of influential people.

However, Trusov et al. found the group of influencers to be heterogeneous at its inside. It means that either the capacity to influence is the result of an enduring work of display of competence and reliability, or even in extemporaneous cases it occurs more to random factors than to a prescribed formula towards an easy success.

3.4.3 Preferential attachment

An interesting concept that revolves around the quest for well-positioned users is the one of *preferential attachment*, that is the tendency for an individual who approaches a new online platform to look around for users who are particularly active in the social network of reference and possess a well-recognized status of centrality in that network (Faraj and Johnson, 2011). Even though empirical findings' support to the theory of preferential attachment is actually ambiguous, its clarification appears useful to explain the advantages of a correct positioning in a social network and the establishment of the right connections to achieve it.

These advantages expand exponentially if it passes the assumption that once new users approach a network, it is people who already have established the greatest number of connections that first have the possibility of gaining new ones. This phenomenon is defined as the Matthew effect of

accumulated advantage (Merton, 1968), which can be summarized in the concept of the rich getting richer. An eventual verification of a network model that follows the patterns of preferential attachment would elevate the importance of intercepting who are the key actors in the network. It would obtain relevance not only on quantitative terms of the number of connections, but also on the qualitative side of capturing the channels frequented by new stakeholders. In fact, new users under the preferential attachment's scheme entertain direct relationships with central nodes of the network, as they represent a market segment that is not yet served and which can carry different perspectives for the generation of creative hints in Granovetter's theory of the strength of weak ties.

Many reasons exist on why new users should behave like preferential attachment suggests. They may try to link with prominent individuals in search of reputation (Constant et al., 1996). Or else, since they are new to a community's mechanisms, they are less confident in their own judgement and they rely on the general wisdom of the community that elects its most prominent representatives by putting them more in sight than others (Faraj and Johnson, 2011). Finally, the creation of a shared sense of interests in a community also translates into a shared sense of who are the most attractive users to interact with (Postmes et al., 2000).

As said before, ambiguity governed the outcomes of empirical inquiries over the efficiency of preferential attachment as a model to represent how social networks go. Some factors like the power law distribution of nodes' degree in open social platforms would encourage the vision of a shared attraction among most of the members of a network towards the same influential actors. The existence of a few nodes with an abnormal number of followers contrasted by a wide majority of online users with a limited number of them represents a model that is fully part of general wisdom.

In terms of research papers, online communities did not reveal any particular adherence to the model (Faraj and Johnson, 2011), while in a scientific community of researchers that look for collaboration in the activity of publishing articles, it is heavily detectable (McKenzie Alexander, 2013). A probable answer to this disparity of outcomes might reside in the fact that each online and real-world community responds to its own rules and peculiarities. How much the three reasons that justify a behavior of preferential attachment among users acquire relevance in the scope of a specific community likely determines the probability for users to prefer connections with well-placed individuals in the network.

Looking at the research examples mentioned above, Faraj and Johnson analyzed five online communities that all resembled more the likeness of online forums. Users of these platforms usually have a rather equally distributed sectoral knowledge, while differences in status among members are slight with respect to the big difference that divides members from external stakeholders. In other words, if shared identity is a stronger value than individual reputation and singular members do not emerge as well-known people even outside the community's realm, the model of preferential attachment loses some important tools to proliferate. On the other hand, in the case of drawing articles in the scientific community, the collaboration with the right expert can produce a remarkable gain in the reputation of the article and at the same time authoritative exponents in a specific field of research are widely known and recognized. Therefore, the scientific community represents fertile ground for preferential attachment patterns of connection. To conclude, this evidence highlights the importance of knowing how each social network is shaped and how internal connections are regulated to grasp the most suited strategy of communication and relational marketing.

3.5 THE TRANSMISSION OF KNOWLEDGE

At this point, this work of thesis has already shown its faith in the importance of efficient channels of knowledge transmission. It also advocated for the reasons why it is crucial for social enterprises that have to deal with local populations to understand the characteristics that shape the passing of information in such peculiar communities. Even in communities that are apparently distant from the complexity of inter-connected societies that inhabit the most developed areas of the world, Salpeteur et al. (2017) argued that local environmental knowledge flows in the whole community by more complicated channels than simple kin-based groups or other categories of people that are closer to an ego. Relatives and other people who have close contacts with an individual are still able to influence him or her, but it contemporarily grows the effect that Internet and social media plays on the perspective of individuals in which these sources exist and are widespread enough (Haselmair et al., 2014).

However, cultural affinity among two ends of a relationship seems to have a bigger impact than relationships among friends in rural areas where people have scarce access to information, especially in the case of migration partnership (Salpeteur et al., 2016). This is a crucial suggestion for social enterprises that aim at operating in situations in which online social media cannot represent an efficient tool in reaching out to consumers, a suggestion that augments its relevance

as much as the individuals that compose the target of an organization occupy a distant position from the core of their network.

If the involvement of peripheral nodes of a network is at the core of an organization's social mission, like in the case of the integration of migrants in the social fabric of the country that they move in, for one thing, there are some individuals who do not necessarily coincide with the most central node of a network as a whole, but they incarnate the landmarks for isolated people in the process of acquiring information. In light of the above consideration, data search of key individuals cannot run out with numerical observations, but these ones should converge with qualitative consideration of the most suited attributes that are required to fulfill the acknowledgement of a social mission to all its possible beneficiaries and stakeholders, according to the characteristics of the particular social network in which such individuals are in. Context knowledge is essential when individuals that are the object of a social mission cannot be addressed through information channels that are common to large segments of society, in particular their relational context as it defines the way in which they are exposed to news from outside.

3.5.1 Transmission through social platforms and media hype

After having faced the particular case in which social media do not incorporate among their users those individuals that a social organization aims to involve, it is now the turn to deal with the majority of cases in which they do. The potential that the exploitation of social channels has on the transmission of information emerges every time some news goes viral.

Two conditions characterize the evolution and propagation of a social issue on the Internet, that are media hype and social issue amplification (Chung, 2018). Media hype analyzes the role that social and mass media has in moving public attention to focus on a specific social issue and in addressing the perspective from which a problem is perceived and talked about. Social issue amplification recalls the impact that the iterative action of public opinion and entities functioning as opinion leaders produce in reciprocal interaction to amplify the amount of attention that a piece of information or a specific social issue receives.

The assumption moved by Chung explicitly states that the strength of media's influencing power augments correspondingly to the lack of direct experience of the public over the social argument that is faced. Since the majority of people usually has a limited amount of direct experience in the field of social themes, this influencing power should be significant. However, the peculiarities of a social argument, intended as the intrinsic interest and relevance it can arouse in the public

independently from the way media promote it, still maintain its importance in determining its hold on people (Thomson and Dininni, 2005), abruptly interrupting any too strong relativistic take that any argument which is presented in a nice manner might win people's attention. The right combination of interesting content and good presentation makes the difference and contributes to constructing the meaning of something (Finlay and Faulkner, 2005) and the general perception over an argument.

Social platforms differ from traditional media more in the aspect of problem amplification than in the generation of hype. Although they possess a huge media sounding board, this feature does not evidently distinguish them from the nature of traditional media, like newspapers and tv broadcasts which already reached a wide audience in the population. It is however to note that slight differences in the possibilities of emerging as a source that distributes information still exist between the two modalities.

Large broadcast companies and newspapers agencies tend to dominate the industry of traditional media in a kind of economies of scale, where the advantage in a company's dimension is reflected in the reputation of trustworthiness they get from the public. On the other hand, influential profiles on social platforms are more agile entities, usually attributable to singular individuals who have built their reputation in that same platform rather than big companies already established outside the social media.

It is easier, then, when an entity does not have direct access to traditional media, to convey a message through social media, as the distribution of influencing power among sources is more accessible and democratic. In any case, as it refers to social media, their innovative peculiarity stands in the rapidity with which the public can comment on a post and the frequency with which it can participate in the debate. This acts as an incentive to active participation that in turn fosters the amplification of the issue in the social debate, assigning it the necessary urgency in matters of policy changes (Chung, 2011), public consciousness and the efficaciousness of the social mission that a social enterprise wants to perpetrate.

Anyway, the process of issue amplification is not automatic as long as it goes through social platforms. The change in public perception is subject to many different factors and to the subjective narration that media coverage assigns to any specific issue, both in the case of mass or social media. Actions of media hype are useful insofar they allow to advance a proposal and make it known to the widest public, but they do not have an impact on the adoption or rejection of a perspective on a

specific issue for themselves (Wien and Elmelund-Præstekær, 2009), which still remains in public's judgment. Some criteria contribute to the generation of media hype about a specific issue, arising as potential guidelines to understand how it is possible to exploit social media for its own social mission.

The first step in the individuation of a key event is crucial in giving the spark to a potential formation of a news' wave, which further similar events' narration help to plump in its hold to the public. This kind of information that aims to conquer media coverage is *incident-related news* as opposed to *thematically related news* (Vasterman, 2005). The former category refers to the report of factual news by the media and it ideally belongs to the starting phase of the news wave, the stream of news that augments the perception over a specific issue. The latter concerns all those pieces of information that contribute to the creation of an issue's narration without adding any chronicle of factual events, intended as opinion articles, interviews, media insights and others. When the media hype has already caught on, thematically related news is expected to appear in far greater numbers than incident ones and it stands to indicate the success of the marketing campaign over raising awareness on a social mission. Moreover, when there are multiple stages of media hype, that is the attention over the issue of reference rises in more than one occasion on the debate's timeline, thematically related news augments their dominant share over the whole of the news, in particular this is valid for news directly generated by the media (Chung, 2018).

The final landing of a successful campaign is when thematically related news originates from sources inside traditional media rather than on sources inherent to the protagonists of the key events (Chung, 2011). This would signal the definitive embracement of the issue as central to the public debate. As Chung's (2018) case study reported, thematically related news attracts most of public attention and desire for interaction, which mostly concentrate on the content that media directly generate. Chung's proposition is that this empirical evidence confirms the importance of the narration process in the satisfaction of people's need for stories to empathize with a specific issue. In this statement lies the greatest function of media for marketing purposes, which is the provision of the means for the public to understand a message, with these means being notions to help a rational understanding of information or the elements that push the emotional involvement of the public.

3.6 WORD-OF-MOUTH AND ITS BEST USES

In the comprehensive review of social interactions that bolster people's involvement in a value proposition, the passing of information through media is certainly an important vehicle that targets a huge number of people. Nonetheless, another channel retains a share of influential power that is at least equivalent to that belonging to social and traditional media. This communication channel is none other than word-of-mouth. Although it can in some cases overlap with social media communication, since word-of-mouth have benefitted, too, of the increase in speed and ease of passing messages from one user to the others brought by social platforms, its impact in the potential success of a marketing campaign imposes a dedicated inquiry by itself.

The definition of word-of-mouth is that of: *"informal communication directed at other consumers about the ownership, usage, or characteristics of particular goods and services or their sellers"* (Westbrook, 1987). It varies in its intensity of advice from direct recommendations of purchasing to just mentions in a discourse. Its form can be that of literal advice of consumption, face-to-face interaction, online chat and mentions or reviews (Berger, 2014). Its impact has been quantified into the generation of more than 3.3 billion brand impressions daily (Keller and Libai, 2009).

Berger (2014) elaborates five reasons why people engage in activities of word-of-mouth. All of these motivations are egoistic although they involve social interactions in their performance. Moreover, recent research shows that purchase recommendations are more efficient when they sound like the narration of personal experiences, as they signal the intention of describing a positive fact that has happened to the narrator rather than shifting the focus of the conversation on why their interlocutors should purchase that good or service and how it is going to improve something in their experience (Packard et al., 2014). It follows that these reasons are assumed to come into play independently of specific social indicators, like social cohesion or others. They are then presented as:

- *Impression management*, to shape through product recommendations the presentation of themselves that individuals want to give to others. The effects that word-of-mouth can produce on impression management are in the field of self-enhancement, that by discussing of things that look good one looks good, too, by reflection; identity-signaling, that by talking of certain arguments one signals to have specific characteristics or expertise (Chung and Darke, 2006); filling conversational space, thus using any information one knows not to fail others' expectations in small talk (Loewenstein et al., 2005). People use to share information

to enhance their impression on others when they find it entertaining (like exaggerated stories, see Heath, 1996), useful (Berger and Milkman, 2012), identity-relevant (Chung and Darke, 2006), high-status showing (Lovett et al., 2013), unique (although people might fear their own uniqueness endangered by recommending adoption to others, see Cheema and Kaikati, 2010), elements of common ground (Clark, 1996), bearer of positive emotional valence regarding themselves (Berger and Milkman, 2012), arousal or more accessible (Berger and Schwartz, 2011).

- *Emotion regulation*, the social sharing of emotions as a way to regulate them (Rimé, 2009) might drive the proliferation of word-of-mouth. Most of the time this interpersonal exchange regards the externalization of negative feelings. However, organizations should be more interested in the cases in which people vehicle positive sensations. In particular, this verifies the passing of information over something that is rich in emotional intensity (Berger and Milkman, 2012), it shows valence to other people, it generates emotional arousal (Dichter, 1966).
- *Information acquisition*, as undecided consumers use word-of-mouth to actively seek information, introducing the argument themselves and then bringing others in the discussion to extract their opinion. It might take the form of actively seeking advice or proposing to resolve problems through the narration of a personal experience, depending on which side of the counselling relationship makes the first move. Brands that pose enigmas and risks to consumers tend to be discussed more (Lovett et al., 2013).
- *Social bonding*, since language evolved as a quick and easy way to reinforce ties and relationships among human beings (Dunbar, 1998). For example, it is the desire to link with others with similar tastes and minds that pushes for engagement in communities for consumers of a specific brand (Muniz and O'Guinn, 2001). Studies show that more than half of text messages are to create social relationships rather than for conveying information (Rettie, 2009). Information is more likely to pass between two individuals bonding when it exists a common ground between the information in question and the parties involved (Clark, 1996) or if imbued with emotional charge
- *Persuading others*, also at the interpersonal level for convincing those near to the persuader to adopt a certain behavior or perform a given action. Occasions for joint consumption in which it is typical to encounter word-of-mouth of persuasive intention, as well as the desire of modifying someone's attitudes. Information which lends itself to exaggerate positive

information is more likely to be the object of persuading word-of-mouth, like it is the case for arousing content.

However, it should be remembered that these motivations do not come out of a process of conscious awareness, at least in most cases, but are rather the product of an automatic behavior that provokes the impulse to share information when one feels certain sensations about something. In this way, it is hard to think of a “constructed” word-of-mouth, intended as something that goes viral independent of the product’s attributes. The person spreading word-of-mouth might consider others' interests in deciding what to talk about. Anyway, s/he is still likely to use his or her own judgment of the argument s/he is going to sing the praises as a proxy to estimate others’ perception of it. The diffusion process, then, catches on only in the case in which people are convinced of the good quality of what they should talk about. Therefore, word-of-mouth is not something one can study at the desk, but it needs to regard a value proposition that is able to get enough praise on itself to spread. The ability of best exploiting channels of communication cannot compensate for eventual shortcomings of the value proposition, but the two have to combine their work to achieve significant outcomes.

However, for organizations, research over how word-of-mouth proceeds still needs to go on, as the previous statement does not deny by any means the importance of efficient communication flows. Different kinds of word-of-mouth occurrences produce different outcomes and require different approaches. For example, written and oral conversations tend to have a different synchronicity (Becker-Beck et al., 2005). Oral exchanges tend to be immediate in their deployment and therefore imply spontaneity. On the other hand, written modalities of communication require different moments in time between the first piece of information and its answer, giving time to think about the content to communicate to the other person.

Product attributes that have a powerful impact, maybe in terms of arousal generated, but that people might doubt of in terms of effective goodness once they become object of rational judgement are more likely to pass and create a strong impression when verbally transmitted. Other value propositions that take root best when they settle a little to people’s attention might benefit more from a written modality of transmission. Written communication is also more suited to the transmission of attributes that exceed in the rational rather than emotional component and tend to avoid the spreading of trivial matters, while oral one has more appeal in sentimental and emotional

bonding communication, also thanks to the use of voice and the facilitation in transmitting emotion with its modulation' possibilities.

Other indications like identifiability of communicators constitute the differences among different patterns of word-of-mouth. When the management of impression enters into play, channels that allow anonymous posting reduce users' attention for the impression projected on others (Spears and Lea, 1994), increasing the possibility of nasty and repulsive comments over something. Moreover, identifiability is positively correlated with social bonding, since the possibility for two people to link with each other is highly dependent on them recognizing each other.

Berger (2014) concludes its review by posing questions to further research over the processes of word-of-mouth. The first one regards the identification of context driven versus content driven patterns and most importantly which one dominates the other in frequency of occurrence. Communication results as context driven when channels and audience are already set and it remains to be decided what information to share with others, while it is content driven when starting from a piece of information, some individuals decide who to talk to about it and through which channel. In the former case, an organization should investigate what surrounding factors can trigger the bringing up of their value proposition in a conversation. If context has this prevalence, the capacity to link it to arguments that come out often while chatting might give a decisive impulse over the transmission of products' awareness. When the value proposition has a link with controversial or embarrassing issues, it might arise in public debate and keep itself at the center of discussion for a prolonged time (Chen and Berger, 2013), but people would likely not use it to initiate conversation with someone who they are not perfectly acquainted with yet. If content driven conversation prevails, the appeal of the product itself, for any of the reasons motivating the existence of word-of-mouth patterns listed before, retains the decisive role in its appearance in many conversations.

3.6.1 Word-of-mouth versus traditional marketing

The new millennium has brought a consistent shift in the perception that consumers develop towards advertisements. Nail's (2005) survey reported that in the period between September 2002 and June 2004 basically all indicators of advertisements' efficiency among the public approximately halved the quantity of people that judged them positively. In this sense, the rise of word-of-mouth communication strategies became something that practitioners looked at with particular interest, as they prospect to provide a more consistent hold on consumers while reducing costs and securing a fast message transmission (Trusov et al., 2009).

A first important difference resides in the possibility of conducting the narration in traditional marketing that is not replicable in word-of-mouth patterns. While practitioners in traditional marketing are completely in control of what they post, as it is their choice whether to publish or not to publish anything, in word-of-mouth communication it is the person that from time to time further spreads the message that vehicle its vision of positive or negative attributes.

Chevalier and Mayzlin (2006) conducted an analysis of book reviews posted by users on online bookstores, which is in fact equivalent to a word-of-mouth process of recommendation with the peculiarity of low identifiability both of the one who writes the review and of its audience. They confirmed the correlation between a book's users' rating and the copies that are sold through the site but most importantly, in an environment in which positive reviews had the clear prevalence over the total of user recommendations, they found that negative ones impacted way harder on a book's selling performance than multiple good comments. Following this example, it emerges that word-of-mouth might actually provide a significant help in breaking down the barriers of consumer resistance, but at the cost of increasing the risk of consistently damaging the reputation of the value proposition after negative comments. However, it is to note that the wrong post in a traditional campaign of advertising can as well unleash streams of negative word-of-mouth, although one should have more control in what s/he decides to publish rather than in trusting other people to spread the message.

Then, another characteristic of word-of-mouth is that it may be an endogenous process, since its purpose is to alimnt the number of customers, but at the same time the more existing customers there are, the bigger is the possibility for word-of-mouth to spread (Trusov et al., 2009). Activities of traditional marketing that enlarge the customer base might become, then, instrumental to activate some word-of-mouth patterns, too. Such a multiplier effect gives the opportunity to expand the customer base beyond initial expectations for it, as it does not end by hitting a specific target like it might be the case for traditional advertising, but it continues iteratively by transforming the audience into new possible messengers. This cycle is potentially infinite, at least until the value proposition becomes of wide public knowledge.

Social networks inherently function accordingly. Each member has interest in bringing new members in and augmenting the quantity of content that s/he can enjoy in the platform, which in turn gains from this process. This is a reason why social platforms are suitable hosts for streams of word-of-mouth, for their compatibility. The fact that all interactions are electronically registered

also facilitates word-of-mouth research through these online platforms, making them at the same time the most efficacious tools to vehicle information and the easiest whose interactions can be understood. Along this line of research, Trusov and his co-authors (2009) measured that the number of sign-ups to a social network following other users' referrals resulted significantly above zero for about three weeks long, the same indicator on registrations after media appearance and organized events lost relevance in a few days. Elasticity measurements, too, provided far better results both in the short and long term for referrals than media and events managed to show. On the first day, word-of-mouth elasticity resulted 8.5 times higher than its traditional marketing activities counterparts, while the same indicator differential exponentially grows over time, counting an elasticity level that is at least 20 times higher for referrals in the long term than any of the other two options.

The conclusion of Trusov's work points to the fact that word-of-mouth is responsible for a greater share of the growth and success of the social networking site that was the object of the case study. However, the conjoint action of traditional marketing activities of media advertising and creation of events is indirectly instrumental to activate some important patterns of word-of-mouth. This might constitute a barrier that calms down the estimates of word-of-mouth elasticity for smaller organizations that retains less possibilities to afford traditional marketing means that might help them in generating streams of word-of-mouth faster, folding back to more niche and self-generated channels like blogging or proper word-of-mouth campaigns (Whitman, 2006) that are slower to catch on the wide public, basically because they address a fewer number of people.

3.6.2 Online word-of-mouth

Online word-of-mouth patterns present some peculiarities that are inherent to the nature of the platforms that host them. In particular, they consist of written communication that aim at reaching a wide audience, mostly composed of weak ties (Berger, 2014). Small talk usually does not have much place online, although undesired one, as people may engage in conversations over things that they judge futile, but they voluntarily do so. Therefore, information tends to be more immediate to find and does not need to be accompanied by much of a context generation, like it could be the case with personal introduction in face-to-face interactions, with online reviews being relatively shorter and more concise (Lurie et al., 2013).

Although nowadays wide consensus supports the case for the benefits in the creation of an online community through a brand's owned website or of a user profile on social platforms to undoubtedly

offset the potential disadvantages, this was not always the case in the early days of online communities. The first objection consisted in the difficulty to understand the reasons why users should waste their time in drafting reviews and dispensing recommendations when they are not compensated for it (Levitt, 2005). Then, opening up to external sources like that might imply a lack of control over them (Chevalier and Mayzlin, 2006). Finally, some argue that the public might discard positive reviews as they feel such recommendations might come from interested parties, sensing them as advertising rather than as disinterested opinions (Mayzlin, 2006).

Chevalier and Mayzlin (2006) conducted a study over the respective impact that positive and negative book reviews had on two different booksellers' websites. It was argued before how the impact of positive reviews was significant in determining the quantity of copies sold of a specific book, although it was less than the one registered in the opposite sense by negative comments. Anyway, another interesting finding is that, even if the two sites treated the same good, the addition of positive reviews on a website favored the number of sales of that specific book more for the same website rather than increasing selling performances in both online stores, while we should expect for a positive product recommendation to work in every place the above-mentioned good would be sold. This result suggests a potential further difference between face-to-face and online word-of-mouth, where in the latter the individual actively looks for others' opinion rather than stumbling upon it in casual conversation, brought in by the interlocutor. In fact, users online that encounter the comments posted on an online community, reach them out of their own choice, surfing the net and identifying that content as attractive or interesting. Then, the attractiveness of participating in an online community might be a path to favor the creation of online word-of-mouth patterns.

3.6.3 Drivers of word-of-mouth

Word-of-mouth is characteristically thought of as something uncontrollable and that does not follow any recognizable pattern. Anyway, practitioners still aim to grasp what are the characteristics that somehow contribute to initiating it over a specific argument. Traditionally, many scholars argued for the importance of generating interest as the spark to expand word-of-mouth streams (Dichter, 1966; Sernovitz, 2006). "Nobody talks about boring things" is a quote emerging from Sernovitz reassuming this line of thought. Among the attributes that might render an argument interesting to be pulled off in a conversation, it can be unusual, outrageous or remarkable (Hughes, 2005). Therefore, the concept of interest does not require positive connotations, it should go just as long people talk about it. It follows the idea that lies behind impression management as the

motivation for word-of-mouth processes. People like to transmit to others an interesting portrait of themselves by narrating interesting things (Wojnicki and Godes, 2008).

On the other hand, Berger and Schwartz (2013) proposed that accessibility, in the sense of what topics are first to get on top of mind in conversations, constitutes the main driver for inducing word-of-mouth to initiate. Their argument is that small talk represents a majority share of daily routine chatting, while reasons of self-presentation occupy a relatively far smaller share of it. Small talk does not have to be interesting and in everyone's experience there is a lot of conversation that people can recall although they would not define it as exactly noteworthy. Products are accessible when they are associated with concepts that come out often in a conversation. Scholars talk about stimuli that are present in the surrounding environment and act as cues activating associations in one's own memory (Higgins et al., 1977). It can be said that mundanity sets off streams of word-of-mouth more than extraordinariness does, as it is more likely to recur multiple times in a shorter period of time, at least according to this framework. To bring some sort of evidence to this belief, seasonal increments in specific types of cues have shown to bring associated products to top of mind in conversations, with the example of orange-colored goods in the proximity of Halloween (Berger and Fitzsimons, 2008). Accordingly, products that are easily visible in a public environment have greater chances of being brought up in a conversation, even just for the curiosity of the observer.

Another point that Berger and Schwartz (2013) use to advance the status of accessibility as the best driver for word-of-mouth regards the discourse of persistence of conversational patterns. Before going at the argument, it is necessary to distinguish between immediate and ongoing word-of-mouth. Interesting products might generate a proper buzz in the exact moment they come out, but that same interest might also drastically fall in successive moments (Moldovan et al., 2006). However, managers usually would prefer for their products to be the object of conversation for an enduring period of time. Since the cues that are present in the surrounding environment and the visibility obtained by a product determines its accessibility, this latter does not depend on a product's novelty. In fact, visibility and presence into the environment do not vanish instantly with first impressions, but they even grow as time goes by.

In a model counting for the timely-located conversations that some agents under observation entertained with their interlocutors, Berger and Schwartz (2013) tried to produce evidence for which factor between the presence of cues, visibility and interest generated affected more the amount of immediate, ongoing and overall word-of-mouth. They found results that confirmed their

assumptions, that is for cues in the surrounding environment and public visibility to plump both immediate and ongoing word-of-mouth, while the impact of any indicator standing for interest shows positive correlation for an immediate spread of word-of-mouth, but it does not provide any significance in the ongoing process, compromising the outcome also for the overall measure. Even if some goods might have such a short life cycle that immediate word-of-mouth is the one that counts the most, it is hard to identify examples in which ongoing one does not interest managers at all. Although general wisdom pushes managers to generate surprising or outrageous content to captivate public attention and attract public debate, these attributes do not produce significant differences in the achievement of such results. The most important action in this sense is to create a connection between something that comes up often in a conversation and one's own product.

An interesting finding comes instead from the analysis of the effect of giveaways for promotional scopes of the full product or of nonproduct extras. The results registered an increase in the generation of word-of-mouth about the same product in the presence or not of these giveaways. It amounted to 20% in the occurrence of full-product trials and 15% in the one of sending extras (Berger and Schwartz, 2013). However, this evidence did not apply to samples, coupons or rebates. The conclusion that the two authors gave is that the advantage provoked by giveaways is due to the provision of a complete product experience, in the case of full product trials, or the introduction of cues in the consumer's environment by sending nonproduct extras. Explanations that send back to generosity or reciprocity cannot encompass at full the success of certain ways of giving away products and the failure of others to generate word-of-mouth.

Finally, one thing that should be considered in every discourse over word-of-mouth regards the fact that, as good as it is, the final objective is the return the organization can get. Word-of-mouth usually spreads almost cost-less, but some practices that serve to initiate some streams can reveal actually pricey, see the case of delivering giveaways. If many people talk about a value proposition, but no-one embraces it, that proposition becomes a massive failure.

3.7 DIVERSIFYING APPROACHES FOR DIFFERENT CONSUMERS

Throughout this investigation over the most proper way to reach people and engage them in one's own value proposition, an argument that was never addressed was the one regarding whether it should be the case to maintain different approaches and to entertain different kinds of relationship with customers on the basis of their status and the importance they play in the sustainability of the

organization. This argument should be of great interest for social enterprises, since they work in one of those industries in which there are few wealthy and big partners, with governments that fall into this category. The actions that some organization might take in this sense go under the definition of *key account management programs* (Ivens and Pardo, 2007).

The concept of some customers having a crucial role in determining the creation of value and competitive advantage for the enterprise aligns perfectly with the service-dominant logic. Therefore, since customers obviously cannot all contribute in the same manner, for the differences that characterize both any human being from the others and any relationship as well, it comes naturally to assume that some might contribute more than others to accrue the value of the company (Srivastava et al., 1998). Another consideration is that the capacity to attract the best customers constitute an asset in itself, in terms of the skills, the procedures and the policies that an organization develops to attract the most valuable customers (Hunt, 2000). Firms believe that they can achieve greater commercial efficiency if they manage most important customer relationships in a specific way, different from the treatment that other customers receive. It means that the firm should address specific customers with a detailed analysis of their profile and then develop a unique process just for them that should integrate with the regular conduction of customer relationship (Pardo, 2001).

The first step should consist of identifying the key customers. Economic performance and benefits do not necessarily define whether some customers are key or not. The main threshold for commercial partners to fall under this category is if they play a key role in some ways (Walter et al., 2003). Indicators for them may vary, from lead user function, as the one that can indicate which features create customer value better than others, to reputation, as highly recognized partners might spill over the good consideration that they benefit from the public to the organization that cooperate with them and finally internationalization, as some customers might act crucial in opening channels of communication to penetrate into foreign markets (Ivens and Pardo, 2007).

Then, the following stage would require the instauration of a long-term cooperative relationship, something that survives external interferences and the passing of time. The foundations of the line of thought that advocate for the need to go beyond written contracts to make relationships actually work in the long term derive from the relational exchange school (Macneil, 1978). Unfortunately, literature did not show any decisive guidelines on how to make these relationships last in formal or practical terms. Ivens (2002) tried to formalize ten norms of general relevance, whose resume are

the willingness of each party to operate to fulfill common exigencies in the long-run, respect of the roles and the adherence to already established procedures. Then, the indicators that continuously judge the quality of a relationship are:

- *Satisfaction*, in terms of judgements over the past events that occurred throughout the relationship (Day, 1984). People deem long-term commercial relationships as satisfactory when they fulfill both the economic side and the social one (Ivens and Pardo, 2007).
- *Trust*, which was talked about before and stands for the expectation that the other parties of the agreement would act in any possible manner to hold the duty they have taken (Rotter, 1980). Repetition of interaction is normally correlated to high levels of trust
- *Commitment*, as the willingness to cultivate the commercial relationship in the best possible manner since people in the agreement consider it fundamental for their operations (Morgan and Hunt, 1994).

However, the study conducted by Ivens and Pardo (2007) evidenced how companies treat key accounts with condition of favor partially. In particular, standing on Kaufmann's (1987) distinction over the concept of norms of value creation and the ones of value claiming for successfully governing the well-going of relationships, evidence shows that enterprises treat customers differently for the former norms and equally for the latter. To clarify, value creation norms define those behaviors that directly generate value, while value claiming ones consist of the regulations that the parties establish between themselves to claim their rights and their part of the pie in the relationship. Among the former categories there are indicators like solidarity, mutuality, flexibility, information exchange, long-term orientation, planning behavior and role integrity. The latter registers measures to regulate conflict resolution, use of power and monitoring (Ivens, 2002).

The final check on whether such strategy is efficient stands in the perception that customers develop over their relationship with the company. Out of the three indicators presented above, i.e., satisfaction, trust and commitment, only for the last one Ivens and Pardo (2007) register some difference that they might attribute to the different status given by companies to customers. People demonstrate commitment to a commercial relationship when they perceive the other party to in turn commit to a partnership that projects to last in time, stands on a supportive basis and implies profitable outcomes for all the parties involved. In terms of the norms highlighted by Ivens (2002),

a fruitful and committed relationship must satisfy long-term orientation, solidarity and mutuality. Customers have shown to rarely perceive and judge other factors (Ivens and Pardo, 2007). On the other hand, role integrity constitutes a peculiarity that consumers strongly value, while companies too often neglect. This happens as the term role associates to a “set of prescriptions defining what the behavior of a position member should be” (Gill and Stern, 1969). In other words, a high score in role integrity corresponds to the fulfillment of customers’ expectations for the company to respect a specific way to operate, independently of how extensive and complex this behavior would be.

The result of this study (Ivens and Pardo, 2007) are quite unsatisfactory for companies that adopt a policy of treating key accounts differently. Although they endeavor to serve crucial customers at best, these latter do not show significant signs of appreciation. The two authors suggest that the root of this malfunctioning in marketing practice resides in the practice itself. Once companies attribute to some customers the status of key partners, these latter understand their strategic relevance and tend to take for granted such special treatments. In this framework, they are more difficult than normal clients to satisfy and not achieving less degrees of satisfaction from them becomes the new benchmark for a successful relational marketing strategy.

In our inquiry towards the importance of cultivating relations and the most efficient ways to do it, the analysis of costs and benefits of this kind of practice is essential in determining its usefulness. The conclusion drawn from the previous evidence demonstrates how key accounts management programs are costly and do not produce evident improvements in the quality of relationship that customers perceive. Therefore, in this framework the final instance depends on what is the value that the establishment of effective commercial relationships with these key customers brings to the company. This value needs to be clearly made explicit, whether it provides consistent improvements in the production process, it creates new business opportunities, it impacts the creative process or any other remarkable benefit. In no other way, the convenience of this practice can be assessed.

Another consideration, this time on the operational process of key accounts management programs, resides in the possibility that a company’s efforts are vain because they fail to address the relational attributes that customers value higher. A finding from above recited that the importance attributed to role integrity resulted unbalanced in favor of customers, while companies usually do not rate it high enough. Therefore, a possible path for organizations to improve their performance in key account management goes by providing guarantees in terms of assuming the behaviors they promised to take, rather than by always proposing new complex services that can

instill doubts over their maintenance in reality in the eyes of customers. In this way, the installment of reciprocal trust is more likely to happen, which as was argued at the start of this chapter is the foundation of fruitful social and commercial relationships.

3.8 THE PHENOMENON OF GREENWASHING

A fundamental assumption that among others motivated the reasons for this work of thesis was the idea that the transmission of a company's image that cares for social and environmental issues has positive effects on capturing the favor of an important share of consumers. In line with this formulation, organizations are interested in spreading a reputation of themselves as an entity that acts in accordance with principles of social and environmental sustainability. However, the fact that not all of them comply with the message they send through advertisements or social media posts creates a problem of reliability of this kind of information in the minds of consumers that this section would try to address.

The debate over the elements that should be the object of consideration for evaluating companies' environmental performance is open, as it is a matter of subjective interpretation. Anyway, some common guidelines that found a decent consensus are the record of environmental impact, obedience to the regulations imposed by the law and the process an organization undertakes in its activities (Delmas and Blass, 2010).

The phenomenon describing the deceptive act of companies that falsely claim the commitment of the organization in protecting the environment and in limiting the impact of its production processes on global and local sustainability to the perception of consumers, goes under the name of greenwashing (TerraChoice, 2010). People get accustomed to such phenomena to the point that they tend to scrupulously analyze to the closest detail the actions of those organizations that claim their pledge of adhering to standards of sustainability (Easterling et al., 1996). Like it was the case in key accounts management programs before, a clear and direct communication of a company's intention does not automatically help it to conquer public favor, since it incentivizes the growth of people's expectations and it centralize their focus on the organization's compliance to its promises, providing negative outcomes in case of failing to deliver them (Webb and Mohr, 1998).

Nyilasi et al. (2014) argue that people's skepticism rises to the point that even when corporate environmental performance corresponds to what green marketing campaigns advertise, consumers still perceive a sort of greenwashing effect, especially in those industries in which other competitors

have spread misleading information over their conduct. The usefulness of green advertising is then questioned in its general occurrence, independently of companies' adherence to the guidelines they declare to follow. Under the definition of green advertising follow any piece of information conveyed to the public that meets at least one of these criteria (Banerjee et al., 1995):

- It addresses the relationship between a value proposition and the impact on the environment that it directly affects, being it global or local (e.g., for a new model of car, the quantity of emissions it releases into the air).
- It promotes a lifestyle more environmentally-friendly than people commonly assume.
- It promotes an environmentally responsible image of the company.

The perception of greenwashing effect on the side of consumers builds on concepts of the attribution theory (Heider, 1958). Through the information they get from various sources and previous experiences, consumers attribute similar connotations to similar companies that are not easy to overcome. The attitude that the public develops towards an industry, or a specific company, changes very slowly and after a consistent amount of evidence. Therefore, once these attributions have taken root, it is difficult both for a positive attitude of a company that adopts a good conduct in an industry with a bad reputation and for a company that decides to change its behavior, to convince people about changing their mind (Friestad and Wright, 1994). People's skepticism leaves a mark that might fade away with the passing of time, but it hardly vanishes completely.

Nyilasy et al. (2014) finally found that the production of green advertising did not result in any significant difference among virtuous companies, rather they registered slighter better performances on brand image and purchase intentions in the cases in which companies renounced to advertise their environmental policies. The same confrontation, applied to cases in which companies' performances were bad, showed that a perceived discrepancy between what the company advertises and its actual behavior had a worse effect in consumers' attitude towards the brand than the results obtained by companies that did not even try to convey an environmental-friendly portrait of themselves.

However, the conclusion that green marketing is absolutely detrimental to an enterprise's business performance cannot constitute the right one. The main argument of this chapter consists in the review of the most adequate channels of reaching people and vehiculating them the information that an enterprise should look into, in particular from the point of view of those organization that pursue in their mission social issues, of which the environmental question constitutes one of the

most important subgroups. About this purpose, many arguments already came in support of this thesis, therefore it is not the case here to dismiss all of them. Rather, one concern that might emerge is over the question of the typology of green marketing headed by advertisements coming directly from the company, especially when the company does not represent a reference figure in the sector at issue. Traditional means of advertising can hinder the efficiency of green marketing, which is different to say rather than green marketing is not effective at all.

3.8.1 Making advertising trustworthy

Two following suggestions come from the previous stance. First, information is key, but the channels from which it flows are not only the ones controlled by the company, in particular in the social media age. Sources that have a clear interest in pushing a certain vision of things to be the dominant one in public perception are less reliable in objectively evaluating the value of a proposition. This concept nowadays is part of common knowledge and the public is not likely to be impressed by such sources. To corroborate this hypothesis, empirical studies demonstrated how a firm's environmental performance corresponds very much to its perceived environmental reputation (Cho et al., 2012). Then, people have already established the sources of information they trust the most and they are able to grasp the correct news from them. In such a framework, the job of the organization should be that of individuating and nourishing the right ones.

Second, other empirical evidence shows how companies manage to attain the major consensus from the public when the policies they expose to them from their programs of Corporate Social Responsibility belong to their sector of reference (Ellen, 2006). Here, the main attribute that convinces consumers is the trust that sectorial competence evokes in them, coming from the company. Along the same line, Ellen (2006) found that the most successful marketing campaigns on the subject of green marketing are those that successfully combine the company's interest with those providing social or environmental benefits to other segments of society beyond the structure of the enterprise. If this affirmation may sound quite straightforward for those situations in which company's advantages are clearer than the social benefits, this is less the case for when the comparison happens between win-win situations against campaigns that explicitly state only the benefits for a particular social group or for the environment. It is to note here that the comparison is made among for-profit companies. Charity fundraisings from NGOs are not contemplated in it.

This argument draws on the perspective that managers tend to overestimate the impact of asymmetric information between the company and consumers, therefore they often think they can

get away with claiming a good and sustainable conduct that actually does not respect the truth. On their side, consumers are used to understanding and evaluating a company's actual intentions. Moreover, as argued before analyzing Nyilasy et al. (2014), they tend to be skeptical of green advertising and this sentiment sharpens when the proposals advertised are quite unclear and confused and it provides controversial meanings. In addition to this, people expect companies to always act in some way to collect some benefits for their own actions. Companies that express how they intend to pursue those benefits instill more trust over their statements because they seem more genuine and honest (Ellen, 2006) than companies which do not.

This is particularly true for social enterprises that set their competitive position also by illustrating to their customers how the collection of profits might help them in fulfilling their social mission. The following chapter would try to present a method according to which organization can achieve successful outcomes in doing so.

CHAPTER 4

Crowdfunding as an online social network

4

The purpose of the previous chapter was that of reviewing the various possibilities in reaching people with the intention of building fruitful commercial and social relationships with them, analyzing in particular the impact that the different typologies of social networks have on the construction of social capital. This chapter's intention is instead of proposing the usage of an uprising method of collecting funds as an occasion to build an unconventional but efficient model of social network, that at the same time allow an organization to grow in terms of economic capital and social connections. The method in question is the one of crowdfunding, with a particular emphasis on equity crowdfunding, in which investors can submit their donation in exchange of a small share of the company's equity, thus developing a greater sense of involvement into the company they are going to invest in by becoming some sort of owner of the aforementioned.

4.1 WHAT IS CROWDFUNDING

The system of crowdfunding implies as its constituent peculiarity the collection of funds to initiate a new venture through the involvement of the crowd rather than by asking loans from traditional financial institutions, like banks for example. Typically, it regards processes of microfinancing since multiple investors with a limited amount of belongings participate in the provision of funds, as the proposition attracts and intrigue them (Izzo, 2020), with respect to few bigger and experienced investors who put important sum of money in a company in which they foresee a profit opportunity.

In technical terms, the term crowdfunding indicates a macro-category that encloses three different types of online fundraising. The common thread is the institution of an online campaign that aims to the financing of a project proposed by the founder through the voluntary submission of usually small amounts of money coming from investors that belong to every social sphere, i.e., friends, relatives, experienced investors, curious investors, and so on. The differentiating element from one typology of crowdfunding campaign to the other stands in what is given in exchange for the investment made. The first category is the reward crowdfunding and consists in the provision of some gift to the investor on the basis of the amount invested, independently of the successful outcome of the campaign. Then, the equity crowdfunding provides the transfer of a small amount of company's shares to investors, thus making them directly involved in the trend of the venture as they became company's owners for a usually very limited share. Anyway, in the case in which the campaign fails to reach the target imposed by the founder, investors are usually refunded of the

sum they put in. Finally, donation crowdfunding consists of those fundraisings in which investors do not receive anything in exchange for their voluntary submission of money but they just give them. Charitable and social reasons usually motivate these kinds of campaigns that tend not to be moved by any forecast of economic return.

The concept of crowdfunding adapts well to the idea of service-dominant logic (Vargo and Lusch, 2008) in which interaction among different players in the transaction augments the value of a business proposition. Taking as valid the assumption formulated a few sentences ago in which small investors choose to fund a campaign if the value proposition intrigues them also as possible purchasers or exploiters, they might be future consumers that have the possibility to experience the proposition's full cycle of development. Therefore, their role fits the one envisaged for consumers in the service-dominant logic.

Due to its conduction mostly through Internet means, crowdfunding often presents itself as one of the gems of the new concept of sharing economy, which however do not provide a widely accepted definition of itself (Sundarajan, 2016), but it uses to be surrounded by a halo of innovation every time the argument arises in general wisdom conversations. Anyway, Rouzé (2019) argues that the crowdfunding process is nothing new and its proliferation through the web is nothing but an adaptation of something that already existed.

The whole ideology of crowdfunding comes, according to Rouzé (2019), from the idea of crowdsourcing. This concept revolves around the outsourcing of tasks that employees inside an organization traditionally performed to an undefined number of people in the form of an open call (Howe, 2006), in most cases performed through the web. The positive social side of this operation aims at the creation of a so-called *wisdom of crowds*, with the purpose of building a *collective intelligence* (Surowiecki, 2004). In this line of thought, Surowiecki's (2004) idea is that, under the right assumptions, any group of people is smarter than the smartest individuals composing it. One of the most known examples of such a theoretical vision is the online project of Wikipedia, in which individuals put their knowledge at the service of other users, in a concept of gift economy that relies on the expectation of reciprocation among members (Castells, 2001). The negative side, instead, sees a lot of workers losing their social and working function, with the backlash on their economic quality of life that it brings on. Crowdsourcing involves the exploitation of creative ideas and the provision of services aimed to improve a value proposition mobilized from an indefinite mass of people called crowd to the benefits of the organization (Kleemann et al., 2008), moving a function

that employees previously performed to assign it to external unpaid contributors. Another vision is that the web facilitates the occasion for transporting the model of open-source elaboration into the space of profitable business (Brabham, 2008).

Crowdfunding thus uses the same concept of crowdsourcing and takes it one step further. Rather than stopping at asking the public to produce and unleash creativity on the themes they manifest the most passion about, entrepreneurs using crowdfunding methods ask their consumers to financially back projects regarding value propositions they care about (Rouzé, 2019). The assumption behind this framework is that if small investors choose to support only those projects in which they believe in, the financial dimension becomes more a question of creating a sense of participation and experiencing an enthusiastic journey that gives further value to the campaign rather than the achievement of specific economic standards that certify the goodness of a business model but they do not add any other source of value. Crowdfunding would depart from the simpler process of fundraisings by exploiting the process of collection of funds to develop at the same time also industrial and marketing activities (Belleflamme et al., 2014).

In this sense, the crowdfunding method would overcome some of the concerns that were previously displayed in the crowdsourcing process, by emphasizing more the aspect of involvement of external investors that occupy some of the role of owners rather than outsourcing the functions of employees. It is not the job of someone that is put on the line but it is a process of company's growth in which all phases experience the joint participation of multiple actors.

4.1.1 The origins of crowdfunding

Those who describe the practices of crowdfunding as revolutionary, they individuate in the idea of cooperation among an indefinite community of people and in the open competition between projects to convince investors through the Internet the main characteristics of the practice (Hryhoruk and Prystupa, 2017). Hence, the main consideration in judging crowdfunding attributes to the combination of collective cooperation and open competition the innovative dimension of crowdfunding.

However, even though the debate over the time in which a crowdfunding campaign first occurred is fervently in place, that moment does not date in any reconstruction after the very first years of the 21st century, hardly making the phenomenon an absolute novelty on the entrepreneurial panorama (Rouzè. 2019). The idea of exploiting the sense of collaboration that characterized the first Internet communities basically for profitable means dated was a reality starting from the mid-

90's and big institutional investors already backed and legitimized it in those early days (Flichy, 2007).

On the other hand, the concept of collecting funds through the mobilization of collective participation dates back to even before. Rouzé (2019) argues that the religious practice of asking donations to the adepts to sustain activities and finance the construction of places of worship and other monuments has already been in place for centuries. Also coming back to collection of funds for commercial purposes, more strictly related to contemporary models of crowdfunding than religious alms, the first English publishing associations in the 17th century arose following this pattern, in which book publishers presented the work they wanted to distribute and buyers would have to submit a subscription to get a copy. Over a certain amount of subscriptions, the books gained the possibility to come into the mass market. This model developed in the independent production of many artworks, such as music productions, movies and others. The rationale behind this method was to overcome the role of traditional intermediaries in establishing a more efficient matching between demand and supply of capital, which nowadays campaigns translate into rendering more efficient financial markets (Agrawal et al., 2013). In the historical cases, media and other information distributors represented the intermediation to eliminate, while financial institutions play the role of the obstacle on the flow of efficient market equilibrium now, but the logic behind it is still the same.

Anyway, in most of the campaigns of crowdfunding that organizations pursue nowadays, they usually do not conduct the process of investors' collection in autonomy, but they rely on already established platforms that host many different crowdfunding campaigns. In this sense, the role of intermediaries is not abolished but it transfers to an entity which organizations trust more. The characteristics that contribute to determining the success of a platform are the freedom it gives to entrepreneurs' exposition and the audience they manage to reach. Once a platform that hosts crowdfunding campaigns gets to fulfill such attributes, it is the turn of the venture's spokesperson to produce an efficient narration to attract the crowd.

4.2 TWO STYLES OF NARRATION

The importance of media in the generation of a connection between the social mission a company wants to carry on, its according value proposition and the public of consumers that embraces it, was argued about in the previous chapter. However, not everyone can gain an access to traditional

media and rely on their capabilities in narration, while influential social media voices might come in handy when they have to amplify a social issue, but as their nature is that of a very personal profile, the risk of relying too much on them is that the campaign becomes more recognized for its testimonial rather than for its content. Moreover, some entrepreneurs might prefer to make use of the smallest number of intermediaries possible while advancing their proposition to the public, as the previous paragraph exposed. Therefore, it may be the case for the development of one's own narrative process that attracts media and consumers to itself rather than the other way around in which a company looks for media coverage to display its own proposition.

The narration of a value proposition's journey goes beyond the concept of an advertising campaign and it is already an essential element of crowdfunding ventures, as the public has the possibility to acknowledge a campaign only in the moment that the entrepreneur presents it. The idea is that, given the necessity of making a proposition known without having availability of huge funds, it is important to involve investors in the project by exploiting one's own capacity to convince people with simple narration, thus collecting the necessary fund-raising from them.

In the field of crowdfunding, two different narrative styles have emerged as the possible paths to campaign's success, whose defining labels are *on-going journeys* and *results-in-progress*. (Manning and Bejarano, 2017). The former revolves around the notion of enjoying the process all together by offering people the possibility to join the journey of a captivating project or a stimulating community, starting from an innovative and unprecedented vision. The latter insists, instead, on the explanation of the concrete opportunities that might come from joining the campaign, through the illustration of benefits and the continuous advancement on the state of the project, with tangible results that have the prevalence over enlightened visions.

The qualities that each narrative style requires for its most efficient functioning are different. The method of *on-going journeys* sees the narrator's abilities in the scope of storytelling as essential to transmit the value of the project to consumers in situations in which it is more intricate to grasp, especially if the idea's development status is at a much more advanced point than its realization is. *Results-in-progress* as a style of narration is more suited when a narrator possesses good qualities in elaborating simple descriptions that are easily comprehensible to the public and in reporting over advancements in the project that are already factual, for a value of the project that is quite observable to the current state of affairs. Therefore, the statement of what constitutes value differs with the two methods. Some projects show an explicit manifestation of value that stands in step-

by-step achievements, while others do not display their potential until they are complete. The former perfectly responds to the capacity of scientifically evidencing the strengths of a proposition that is typical of results-in-progress, while the latter aims to convince people through a magnificent potential and the formation of a community of participants that acts as some sort of guarantee to external actors in the sense that if other people have already adhered to the project and the external actor recognize them as reliable, they would be more likely to adhere, too. In other words, results-in-progress is suited to form the narration of a campaign that already proceeds on the right path and necessitates further funds to complete. In on-going journeys, promoters' quest does not end in the collection of money, but it belongs to a project that needs the involvement of other people to achieve its purpose.

Continuing in individuating the best approach to present one's own value proposition through social media, the authors identify three indicators that best foresee the success of a campaign respect to another:

- *Tangibility*, that is the faculty for outside observers to understand and capture the process of generation of value through tangible and material elements rather than from immaterial or spiritual experiences.
- *Technological sophistication*, the capacity that promoters have in transmitting to potential investors the attributed relevance that the exploitation of innovative technology has inside the project.
- *Social orientation*, how much a project's attention is directed towards the provision of development in the status of the entire society or of some sub-categories in need at its intern.

Following the analysis of 54 crowdfunding campaigns (Manning and Bejarano, 2017), evidence suggests that the two methods do not require all of these elements contemporarily and in equal measure. Tangibility and technological sophistication are essential if one decides that the method of results-in-progress suits best his or her needs, while an individual that aims to involve its stakeholders into joining the journey cannot miss on the provision of a significant social orientation in its proposition. Ventures that do not follow properly one or the other narration path are more likely to fail in their goal's achievement. The same fate awaits those that forget to provide all the fundamental elements that the chosen style of narration requires. Some cases of contamination actually exist, in which organizations that have adopted a narrative style that is focused on

continuous achievements, have also introduced bits of socially oriented vision. Or the other way around, too, where ventures presented as a journey to spend together present some elements of highly sophisticated technological innovation. Anyway, the clear identification of the main communication strategy adopted is re-traceable in any successful campaign among the ones that were the object of inquiry. Manning and Bejarano cite an example to efficiently advance their argument of a company manufacturing a computer mounting device that proposed to bring tangible improvement in the industry productive chain with a noteworthy technological innovation. However, the failure by the company in describing the successes in steps of the project at the very moment of the presentation was held responsible for the failure of the crowdfunding campaign.

4.2.1 The temporal dimension of narration

An important component in the narrative that surrounds a project consists of the way in which it portrays its and company's past and the expectations for the future.

In terms of the past, its importance in the eyes of investors lies in the process of rationalization and contextualization of the history of the project, or the one of its initiators when the project has not created its own significant past yet. Investors, in particular in the occasion of crowdfunding, are hungry for any kind of information that might condition their decision of joining in (Weick et al., 2005), entrepreneurs' characteristics included. Literature says that this narration of the past might develop by following two different logics: chronological order and milestone logic (Gersick, 1994).

The former unfolds through a linear continuum in which events are fixed in space and time. The development process of the project is central in this model of narration and the company's history comes into sequences. The generation of the initial idea and the successful involvement of key investors and stakeholders constitute essential elements of the development process; therefore, the narration tends to focus on the passionate description of how those events came up. This narration about the past does not coincide by force with a precise narrative style, although it clearly appears how good of a match it forms with the method of the on-going journey, by sharing the same vision of a unique process that continuously grows rather than proceeding by stages.

In the method governed by a milestone logic, the importance of contextualizing events in time between each other diminishes, while the description of achievements is dependent almost exclusively on the relevance they assume in the present. The typical exemplificative formulation is *"after three prototypes we have come up with"* or *"product X is the result of years of development"* (Manning and Bejarano, 2017). According to what stated before, this kind of narration is more in

line with the results-in-progress method. Anyway, the two representations of the past of a project or of a company are more interchangeable than their correspondent narrative styles and the presence of both methods in a campaign is more frequent.

For what regards the narration of future expectations of the project, the narration can differ between those who concentrate on the next immediate steps or those who put emphasis on a long-term vision. Long-term vision somehow needs to involve investors aboard the journey to attract them, as they cannot rely on immediate payoffs. Purposes moved by social orientation usually take time to realize themselves, thus entrepreneurs that lead organizations whose aims are like that, they find more difficulties to promise an immediate result, thus being forced to hold on to the emotional power of the big result. On the other hand, campaigns that have adopted the method of results-in-progress and cannot leverage on a strong social proposition must provide a foreseeable outcome in the future to its investors that it is rationally predictable to achieve. Otherwise, the effect of risk aversion increases for long-sighted outcomes, that without the strong hold exercised by emotional commitment would likely preclude many chances of success to a crowdfunding campaign.

Finally, the last temporal dimension in the narration regards the capacity of engaging people in the campaign at present time, which promoters could conduct through a transactional or an emotional attempt of engagement. It should be said that stylistic differences on this task implicitly correspond to the two main narrative methods already presented. The transactional engagement implies an explicit statement of the different roles that external viewers and teams internal to the project have. In this way, every person or entity involved in the development process is addressed by his or her actual function in it (Manning and Bejarano, 2017) and in the production of specific outcomes. On the other hand, in the emotional strategy of engagement, external actors are asked to enter in full effect the project of reference. The participation that those who look for emotional engagement ask for, it stands for everything that surrounds the life of the project, while “transactionalists” call investors to perform their task and only that.

4.3 COLLATERAL ELEMENTS OF A CAMPAIGN’S SUCCESS

On the subject of social connections, interesting correlations link the success of a crowdfunding campaign to social indicators that highlight the relationship that exists between economic and social outcomes, especially in cases like that of crowdfunding. In particular, research analyzes how

successful ventures in the crowdfunding world might depend on the number of relationships that campaign's promoters entertain on social media (Mollick, 2014) or how one's own social capital determines the attraction of the first investors in the process of collecting funds (Colombo et al., 2015).

In Mollick's (2014) article, the author states how the founders of a campaign that managed to form a wider network of relationships on social media are more likely to succeed with their propositions. In the specific case he analyzes the number of Facebook friendships as a measurement of the entrepreneur's social capital. Data shows that almost three early investors out of four decided to support campaigns proposed by people that they were already in acquaintance with (Vismara, 2016). On Mollick's (2014) discourse over social media and their importance, a user's social media presence characterized by low activity and few ties negatively impacts the outcomes of the campaign more than the total absence would do. This happens because investors constantly look for ways to acquire any kind of information over a campaign and its founder to resolve his or her own uncertainties over the decision whether to invest or not to. An entrepreneur with few ties, even in an apparently loose context from the business environments like social networks, signals to external people who do not know him personally that s/he is not perfectly capable of entertaining relationships. Then, even if s/he is very skilled in other professional fields, the lack of relational abilities appears to investors as something that can likely hinder the development of the project, for the alleged difficulties in attracting customers or key partners.

Therefore, it emerges that even more than in other occasions, when an entrepreneur wants to engage in a crowdfunding activity s/he needs to cultivate with great care its personal relationships, even in quantitative terms. First, a wide social circle increases the number of potential investors in the first stages of the campaign, as the Vismara's (2016) quote of before evidenced in the importance of acquaintances as early investors. Once early investors intervene, others are more likely to follow as they might witness that some people have already shown their commitment to a project, especially if they know and trust the ones who showed it. Second, according to the argument that investors continuously look for reassurance in what they choose to invest on, every indicator matters, with the notoriousness that entrepreneurs win through their social skills and ability to form social relationships that matters, too.

Along this concept of seeking for reassurance, investors call for the proof of proposers' ability in various scopes. One that traditionally has a great relevance is the capacity to produce a video

presentation of the campaign, which arose as a proxy to demonstrate a basic level of competency. The recognition of this factor has become so widespread that the same Kickstarter, the precursor among all the hosting platforms for crowdfunding campaigns all over the world, urged the launchers of the campaign promoted on its website to use some kind of video in their presentation. Campaigns which lacked such a presentation video were 26% less likely to achieve their objective respect to those who did it, to testify the importance of such a *modus operandi* in the eyes of investors (Mollick, 2014).

The other argument introduced before advocated for the weight that one's own social capital poses on the attraction of early investors, those who set the campaign in motion and give the right moment to the project (Colombo et al., 2015). An interesting intuition in this sense is the one not to limit the accumulation of social capital to the sphere of traditional social media and then to transfer it into the campaign, but to exploit the potentiality of the hosting platform in widening the entrepreneur's social circle. In fact, the community of users that hang out on crowdfunding platforms is predominantly composed of people that either are willing to present their innovative value proposition or intend to find interesting projects in which they can invest. Therefore, such a community teems with individuals that entrepreneurs should strongly consider linking with, as they represent people endowed with the same innovative and open mindset and available funds to invest, all the factors that constitute the profile of the ideal early investor. The advantage provided by this relational strategy of looking for ties inside the same platform that would eventually form the basis of early investors equals the one that the recommendation of an expert exercises over a product. The assumption is that when the population of those who recommend and invest in a product is composed of people with a recognized expertise in that same scope, the perception that potential consumers from the outside witness is more convincing than it would be in the case relatives and friends of the one selling the value proposition compose that population.

This method of collecting linkages as well as funds through crowdfunding platform websites, if data confirm it, would then provide a consistent leap in terms of trustworthiness and authority to the point of view of external spectators. Nonetheless, social linkages also help to generate word-of-mouth, since people who recall a close and fond connection with both the project and the person in charge tend to publicize the campaign in the conversation they hold (Colombo et al., 2016). In the measure in which social networks manage to achieve reduction in uncertainty and centralize attention on the campaign, social network theory is instrumental in addressing the potential success

of any crowdfunding venture, as well as any project of entrepreneurial finance in general terms (Leyden et al., 2014). The ultimate general purpose is to create in this way a community that operates under the notion of generalized reciprocity (Faraj and Johnson, 2011), in which membership comes along with the idea that fellow platform users would give better chances to a project in deeming it worthy of trust and investments because they in turn expect the campaign's founders to attribute the same condition of favor to others' projects inside the platform.

This form of trust, then, exceeds the traditional boundaries of the dialectic one vs one relationship to embrace the ones of collectivity. It means that individuals do not necessarily need to reach a compromise with a specific partner that they need to address because that partner is essential to the functioning of their business, but they can count on weaving relationships with many potential investors, finding those that are most suitable to embrace their values and intentions without distorting their own nature.

The interest generated by the crowdfunding model as a potential innovator of financial mechanisms made sure that institutions interfere by regulating this system in a way that other entrepreneurial settings hardly experienced (Acs et al., 2014). That is because, in particular for Internet platforms, the opportunity to scale on the crowdfunding model requires a careful balance of the exigencies of capital accumulation and the protection of investments (Vismara, 2016). In other words, it needs to establish trust in those relationships between investors and entrepreneurs when these two have never met each other before and there is no social background to which trust can lean on. Therefore, legislation is a necessary path to establish such trust that also creates differences based on the country of origin.

Then, the conviction of investors emerges as the first highly demanding and crucial challenge that entrepreneurs face in the crowdfunding process. The lack of face-to-face interactions and the amatorial experience that characterize many crowdfunding investors calls for huge issues of information asymmetry (Ahlers et al., 2015). Furthermore, the elimination of intermediaries takes back another potential source of information for amateur investors, who in other occasions would have relied on them to be guided onto informed financial analysis.

As argued before, the ability to signal quality is determinant in gaining the favor of investors and, especially in the case of less expert ones, almost every indicator might become a crucial signal. People who do not possess the full ability of grasping by themselves the quality of a campaign also look at proxies that exceed the strict boundaries that regard the campaign only to evaluate it.

Among these signals, it emerges ownership and corporate structure (Audretsch and Lehmann, 2013) but also social capital indicators as the affiliation to the campaign of famous underwriters (Migliorati and Vismara, 2014) or universities (Bonardo et al., 2010).

Another consistent signal is the one that the percentage of equity retention offered to investors in a project impacts the success of a crowdfunding campaign. Starting from the assumption that an entrepreneur is expected to retain control of a venture that s/he forecasts to be successful, investors tend to look at the entrepreneur's commitment in retaining as much equity as possible for getting information over how confident the same entrepreneur would be towards his or her own project. Evidence shows how when the offer for equity involves a company's share that is too big, its success is less probable (Vismara, 2016). Retention of low percentage of equity anyway means that entrepreneurs cannot charge high prices and therefore they need the largest possible crowd of investors, also intended as more accumulated social capital.

Another noteworthy consideration is that investors do not value rewards as belonging to the category of signals. Evidence shows that potential rewards do not impact the probability of success of a campaign, since investors are interested in financial return and discard any corollary extras that go beyond outcomes that the project directly provokes (Cholakova and Clarysse, 2015) (Vismara, 2016). This finding is robust with the conception expressed in the previous chapter about generosity in the context of spreading word-of-mouth. When it comes to commercial relationships, trust is the main attribute that the parties look for and it is enough by itself. Other attributes like generosity might sometimes please the other party but they are definitely not decisive in convincing people. The fact that the crowdfunding process does not avoid this logic, it acts as a further confirmation of it as a legitimate financial model.

4.4 CROWDFUNDING IN ITALY

Italy's approach to crowdfunding builds on a legislative framework that constituted some sort of benchmark for other European countries through the adoption of *Decreto legge no. 179/2012*, also called *Decreto Crescita Bis*. The main passage of this legislation regarding crowdfunding decreed the institution of a national registry for authorized crowdfunding platforms on the Internet.

In the first years after the institution of such a registry, the number of successful projects was less than the number of existing platforms would suggest (Vismara, 2016), but the figures are expected to grow, which in part already did. In fact, according to the 2020 report on crowdfunding

(crowdfundingreport.it, 2020), that same year has represented a break-out one for the crowdfunding Italian panorama. In particular, among the various typologies of crowdfunding, the lending and equity models show the most important rates of growth.

The solution of lending crowdfunding implies the act by investors of lending the money to the campaign's applicants, who in turn collect the funds through a platform and are bound to return them back, interests included, once they fulfill the project, usually destined to paths of personal or professional growth (Adonopoulos, 2019). On the other hand, equity crowdfunding regards the allocation of small amounts of company's shares to investors in exchange for the collection of funds. The latter suppose a higher degree of participation on the investor's side and accounts more for the passionate involvement of smaller investors that resemble more the style of communication and the model of crowdfunding that was proposed in the previous paragraphs. Anyway, the lending model is still the one most encountered in the panorama of Italian projects of crowdfunding.

About equity crowdfunding, however, the report documents how the growth in this typology of projects was the most significant among the diverse categories. One of the reasons indicated for these positive outcomes refers to the proliferation of platforms, particularly on the real estate scope, which provided safe and short-term returns that help the formation of trust on the side of investors. Although the scope of real estate does not necessarily relate to social mission and values, but it should be acknowledged that the housing question might constitute a crucial social issue to resolve, every investment that is successful generate a positive loop of trust in investors' eyes that help the general sentiment of trust towards processes of equity crowdfunding as a whole and in this sense should be judged as having a positive impact on ventures that inherently carry-on social missions.

An important consideration is that 2020 has been the year of the pandemic outbreak. However, even though crowdfunding campaigns that aimed at providing help against the sanitary emergency occupied a consistent share over the total of campaigns, the growth in investments affected all thematic areas in general. Experts' ideas suggest that it is possible that during the pandemic people's propensity to donate increased, as a measure to display a sense of solidarity that arose in difficult times (Bedino, 2020). Although to count on pure means of solidarity seems like a path that cannot last forever, it might act as a good occasion to introduce the notion of crowdfunding to the masses and make it a well-known process in mainstream knowledge. In fact, previous discussions pointed out how actions of solidarity and generosity alone were not enough to capture customers'

attention, in the context of spreading word-of-mouth, but the inversion of the sense in which such sentiment would flow, i.e., no longer from the organization to the public but the other way around, implies that are small investors that approach the entrepreneur, thus effectively creating the initiating contact between the parties. Generosity may have been not enough to attract consumers, but in the moment in which it is the masses that show generosity towards the entrepreneur the moment of attraction has already occurred.

Moreover, if this assumption is correct, the tightening of social cohesion brings with itself the reinforcement of economic collaborations, arguing in favor of the thesis that social and economic capital, if correctly exploited, might for sure go together. The impulse that people feel in a period of difficulties to contribute to projects that they deem as valuable might educate them to join these kinds of ventures also in the future, if they experience a positive impression in these occasions. New bonds generate, in which small investors do not end their role in the provision of funds, but they assist to the whole development of the project and the most passionate among them would try to increase their knowledge on the issue to thicken the degree of their involvement and develop the willingness to repeat the experience. In this scenario, the founder of the campaign would attain the twofold purpose of marketing and social mission, in having new adepts to projects' ideals and values that are also willing to spread them all over. In all of this, the entrepreneur should clearly be capable of attracting people and generating this kind of involvement, maybe thanks to the help of some of the suggestions explained in the former chapter to better reach people.

4.4.1 Crowdfunding platforms in Italy

For the sake of the presentation, a list of the existing crowdfunding platforms in Italy and the possibilities that they offer to investors will be presented here (crowdfest.it, 2021):

- *CrowdFundMe*, which excels as one of the most known and used in the context of equity crowdfunding. Some peculiarities of this platform that entrepreneurs should rate are the possibility to receive an idea of a business plan from those who work there that attributes more credibility to their project also in the eyes of more expert investors and the access to a huge network of active investors. CrowdFundMe is also a good partner in communicating all the advancements of a campaign to its investors, thus accomplishing a crucial task in the provision of information that generates more trust in the evaluation of an investment decision on investors' side. On the other hand, to have one's own campaign to access this

platform is not an easy task in so far as entrepreneurs should be able to convince the managers of CrowdFundMe of their project's goodness (www.crowdfundme.it).

- *MamaCrowd*, which is another portal for equity crowdfunding campaigns. The registration of the company that requires the acceptance of its project to the Italian Chamber of Commerce constitutes an impassable prerequisite to approach the platform. Here again, one of the biggest propositions that MamaCrowd advances to entrepreneurs is the high percentage of successful campaigns (more than 90% they report, www.mamacrowd.com/it/) among the ones that are received into the feasible one by MamaCrowd's operators. Part of this value proposition builds on the portal's ability to guide investors through the campaigns that are the most suitable for them, according to the answers to a questionnaire that the platform submits at the time of first login. In this way, it secures their trust, lightening the burden of this role from companies' shoulders.
- *Opstart* is another platform for equity crowdfunding with a similar offer with the two that were presented just above. They still provide the help of experts in the revision of the project, the construction of a business plan and the decision over the content that companies should vehiculate through social media. An interesting service for investors that occurs after the fundraising has successfully completed is the monitoring over the company's trend for at least the next three years, thus producing a further assurance on investors' side. Although this might appear as less favorable to the entrepreneur, it can be assumed by the point of view that this work of thesis has adopted until now that every improvement in catching investors' trust is a step towards greater possibilities of success. Moreover, from their website (www.opstart.it), Opstart's operators push for the sustainable and innovative characteristics of their project, thus making the case to embrace that market segment, too.
- *200Crowd* stands in the panorama of equity crowdfunding. The difference with other portals is in the minimum amount of investment submission that the platform establishes at €500, while others let entrepreneurs set the limit they wish. If this is a measure that might disincentive the participation of small and less expert investors, 200Crowd proposes to its clients the possibility of a free advisory service through video calls that investors can use to mitigate their perplexities. The result is a platform in which entrepreneurs can reach a less wide audience but composed of users who possess considerable instruments to put trust on the projects that the platform suggests to them (www.200crowd.com).

- *WeAreStarting* is the last one among the platforms treating equity crowdfunding on this list. Although ventures from each economic sector have the possibility to access the platform to collect funds and investors, *WeAreStarting* tends to give priority to projects that establish a clear social mission to fulfill, like it is in the case of social enterprises' actions. The detailed description of projects is a strength of the platform, too. Its constitution adapts to every type of investor who desires to put the quantity of money they want into a startup, thus making the investors' panorama in it extremely varied (www.wearestarting.it).
- *Kickstarter* adopts the typology of reward-based crowdfunding, in which investors are granted a reward, precisely, proportional to the sum they submit. This platform can be considered the precursor one in the global crowdfunding sphere, as Manning and Bejarano (2017) reported it as the main portal of analysis in their inquiries over the most suited mechanisms of campaign's narration.

Anyway, since this typology of crowdfunding involve a limited involvement of investors with respect to the equity crowdfunding model, the latter one is more in line with the predicament of this work of thesis and is identified as the most appropriate to fulfill this special function of crowdfunding as this chapter intends to suggest, to the advantage of social enterprises. Other projects, more artistic-oriented, like movies or music production to provide some examples, might instead benefit more from this typology of crowdfunding, justifying the success of this method, too. For the sake of complete information, other important platforms that work in the same manner are *Indiegogo* and *Eppela*. These kinds of platforms usually have lower thresholds to access as more projects have the possibility to present themselves to the public, with less risks of being rejected. In particular, *Eppela* does not apply any selection and gives the same possibility of exposition to everyone indiscriminately.

The conclusion of this chapter is that, in the context of social enterprises that combine social and economic missions, crowdfunding campaigns might constitute a useful tool to accomplish them both, while eliminating some traditional constraints that can limit an organization's possibilities of operating. Anyway, some caution must be applied to the high volatility of this method, with many actors having a decisive role in the success of this method's exploitation. Attention should be directed to details that are usually not so important in traditional processes of collecting funds but become essential when dealing with different kinds of investors. In this sense, the importance of communicating to the public correctly increases in the case of

crowdfunding campaigns and previous paragraphs tried to suggest some tricks in capturing people's intention to invest. Finally, a revision of the principal platforms for equity crowdfunding, elected as the most suitable among crowdfunding methods to perform the purposes of a social enterprise in combining social and economic outcomes, was presented to provide some real-world examples of how these processes are conducted.

CHAPTER 5

Infini(Y) Hub: A case study

5

During my journey at university, I have always considered the combination between social and economic consideration as central in my study path. Anyway, a decisive moment that sparked my interest in conducting a work of thesis that explores the correlation between sociological entities like social network or social capital and the impact these latter might have on enterprises occurred during a collaboration relationship that I had with this company in my last year of study, precisely on the theme of social networks.

Infini(Y) Hub S.P.A. defines itself as an Energy Social Company, precisely the first in Europe of this type. A personal explanation of what this term means is that the company's purpose is to promote efficient energy consumption, adding the social component of forming and educating a community to the employment of innovative technologies. Infini(Y) Hub's definition of itself perfectly encompasses the parameters of a social enterprise, as it undoubtedly states its social mission to be the conversion of local communities to complete energetic sustainability. The company's paradigm lies in the coordination of financial, sustainable and social logics, embracing the latest trends and methods both in the technical scope of sustainable technologies that produce improvement on the environmental footprints of communities and in the financial world of web and crowds' participation, like the massive use of equity crowdfunding campaigns.

According to the corporate vision, the adhesion to equity crowdfunding allows the involvement of any potential stakeholder in the project presented by the company. Before the identification of the different market segments and the different roles and impact each one of these might have on the project's realization, Infini(Y) Hub aims to favor the participation of diverse social categories among the ones that form a community. The method of equity crowdfunding determines that the individual willingness to invest determines the fact that the company welcomes him or her inside the project independently of the amount of the investment, while ventures who limit themselves at the traditional model of relying on bigger financial institutions are necessarily forced to be more selective in their search for investors in choosing the disposable ones that by themselves can guarantee the coverage of a consistent part of the investment required. For each project, the company intends to develop its model of operation, i.e., building a Special Vehicle Purpose company just for the project in question at a territorial level. This means, other than simply diversifying the risk from the principal company, the provision of the possibility to local investors and artisans to retain in small part the ownership of the project and take an active part also in the decision-making

over its technical realization. With the intention of taking the involvement of the whole community a step further, Infnit(Y) Hub look at inserting local common citizens in the crowdfunding project, who should feel attracted in the company's point of view by the ideal to cooperate to the energetical requalification of their community and gain profits out of it.

Anyway, the model contemplates that only the 20% of the project is backed with funds from equity crowdfunding, while the remaining 80% comes from traditional banking financing. A possible explanation for this resides in the Italian legislative framework for innovative enterprises that guarantees to banking institutions the re-funding up to 80% of the sum invested and makes Infnit(Y) Hub and its SPVs particularly palatable to them, thus implanting trust in banks' actions even putting less consideration over company's previous performances. Moreover, the legal environment provides them with a further incentive in attracting investors on the equity crowdfunding's side, in the form of tax deductions both for individuals and private entities, like other companies. From the point of view of an external spectator this might seem like a hurried departure from the model of equity crowdfunding when there exists a more convenient way of financing the project, although it cannot be ignored that the projects in question require massive amount of money, probably too big to be collected entirely with crowdfunding methods, also given the company's dimensions.

The aspect of company dimension that regards the number of relationships the organization can create and the ones among them that become active participants to the projects of the company should be of particular concern in the analysis of a social enterprise. Infnit(Y) takes some interesting initiatives in this sense. The involvement of local workforce is one of them, on which the company forcefully insists. This builds on the assumption that they would take more interest in working for their community other than just for the sake of their own work. This reasoning might prevent the company from forming consolidated partnership with some artisans and establish with them consolidated relationships of collaboration, but it represents an explicit belief in the way Infnit(Y) Hub wants to proceed and involve the local community at best in every possible aspect.

Equity crowdfunding in the company's idea better fulfills the role of the catalyst of human and social capital rather than the principal source of funds collection. The achievement of the fundraising objective acts to testify to external agents the capacity that the company possesses in convincing investors rather than constituting a fundamental financial requirement, since Infnit(Y) Hub would probably easily achieve the target of funds needed even through traditional means. Moreover, through different crowdfunding campaigns, Infnit(Y) Hub managed to incorporate in its

organizational chart and in the ones of the singular local ventures various other enterprises, qualified professionals and prominent members of important social circles. Thus, such entities would contribute to the development of the company and its projects by becoming contemporaneously partial owners and key partners, as suppliers or advisers, providing innovative ideas and sustainable culture.

In this culture of continuous integration, Infnit(Y) Hub often looks at instituting pathways of connections that create linkages with universities. These usually took the form of academies projects, in which students are called to participate in the drafting of articles on social, economic or environmental issues that are later going to be published. The intention of the company here is to spread the name and reputation of Infnit(Y) Hub in an environment that connects the corporate's working experience with the academic knowledge of soon-to-be graduates, thus making it known to them and possibly their fellow colleagues for possible future job opportunities and collaborations, as well as insinuating into academic environments composed of researchers, professors and other experts. This process of dissemination also involves the crowdfunding campaigns, as participants to the academies are awarded some shares of the SPV that are sold in the specific moment.

The concept that is preeminent in Infnit(Y) Hub's communication strategy is that the process of crowdfunding advertises by itself on social networks and on the web in general. This somehow works insofar as the projects, due to the innovative and sustainable nature with which they were thought, appear in multiple external web sources. The company appeared on the website of important newspapers and broadcasters such that: *Sole24ore* ([Progetti tailor made per la conversione green di grandi edifici e imprese - Il Sole 24 ORE](#)), *la Repubblica* ([Startup, record di investimenti del Venture capital nel 2020 - la Repubblica](#)), *Sky News* ([Umbria Green Festival, a Narni sottosegretaria Fontana | Sky TG24](#)) and much more. Anyway, since the corporate social mission is the realization of always more energetically efficient communities, the objective of Infnit(Y) Hub should be that of incorporating on their work the whole of a community, composed of expert people and individuals that are less so. As previous chapters indicate, traditional media are not enough on reaching the majority of people composing a community.

In a mission that emphasizes the concept of win-win for all the parties involved, Infnit(Y) Hub performs an optimally efficient job of securing the attention of many categories, like local workforce, expert investors and entities commissioning the jobs of requalification from which projects and SPV develops. But the sensation is that to properly accomplish the social mission of

improving the energetic performance of a whole community, some further steps towards the involvement of common people in the process might be required.

The effort of building a value proposition in which economic interests collide with the realization of customers' requests is decisive in establishing a connection between the company and the entities in which Infnit(Y) Hub intends to operate. In this sense, Infnit(Y) Hub proposes to clients the best solutions and machinery to reduce the energy consumption and the self-sufficiency of the architectural complexes that usually represents the objects of their operations, satisfying their customers' requests in order of environmental parameters and economic costs. With respect to their competitors, which are bigger traditional energy providers companies, they exploit the advantage of not gaining from further consumption of energy, which is detrimental to the economic performance of the energy's receptor, but to benefit from the maintenance of a virtuous cycle of sustainable consumption. Infnit(Y) Hub takes advantage also from its agile organizational chart, that it allows them to employ a workforce other than its own in the technical realization of projects. This, which at a first impression might look like a disadvantage with respect to competitors that do not have to waste time in searching for external partners, it actually develops into a competitive advantage in the moment in which the company involves local workforce in the creation of projects whose benefits they can identify and enjoy. They would thus feel more co-producers and responsible for their own project rather than just employees that get paid to realize someone else's. Moreover, the idea behind the collaboration between Infnit(Y) Hub and its partners is that of a conjoint growth, in which the company takes benefits by being irradiated from its partners' growth. The fact that the same outcomes would fulfill the best expectations of both parties helps to reinforce trust between them, pointing at a synergy of action that shatters any possibility of a conflictual dialectic among partners.

This concept perfectly integrates with the idea of service-dominant logic that was displayed before as the most indicated to a sustainable and efficient model of business. This results in economic performances that are also mentioned and praised by entities more authoritative than this work of thesis, which have inserted Infnit(Y) Hub S.P.A among the leaders of growth in Italy for 2022 (Sole24Ore, 18/11/2021), which the company rightfully put on display to advocate an almost undeniable success, considering the brief amount of time that the company has been operating, founded in 2016, and the limited amount of resources that it started with. What anyway it remains to be investigated is the degree with which the company impacts the communities it worked in.

Sometimes the implementation of a technically innovative building anew in a community is not enough in bringing consistent improvements on sustainability and environmental indicators, if the people composing that community are not instructed over the correct employment of such resources.

Then, how can Infnit(Y) Hub, from its situation, address all those people making a whole community? The pathway of equity crowdfunding showed to be extremely effective in securing relationships with investors and workforce, anyway the percentage among any population composing the average community that has a tendency towards investing represents a smaller share of the part that instead proves still reluctant to such practices. To attract in the discourse over the requalification of the surrounding environment also that part of the population that still shows no interest in investing, acknowledging that the popularity of traditional media follows a clear trend of steep decrease, an organization should most likely pass through the road of social networks.

This consideration should have recently also concerned people working at Infnit(Y) for two almost incontrovertible reasons. First, the social component, and social media communication in particular, constitutes one of the core values moving Infnit(Y) Hub's activities. With the term core values are identified a set of few timeless guiding principles that an organization bounds itself to follow and which possess an intrinsic value in themselves (Collins and Porras, 1996). Moreover, this core value can translate into the formula that Infnit(Y) Hub commits to open their projects to everyone who is willing to take a part and intends to reach any possible stakeholder also through the most suitable social network platforms. Under this assumption, the presence on social networks appears as a due deed. Second, the company has just recently opened a new profile on Instagram, as the first post dates back to November 2021 and the profile has been pretty active from then on, meaning that a reflection about improving Infnit(Y) Hub's social presence have most likely taken place.

Anyway, adopting the point of view of an external spectator, Infnit(Y) Hub's performance on social networks does not look as successful as its equity crowdfunding ventures. Regarding the Instagram profile mentioned above, the number of followers is quite low and the interaction is very limited, too. Enlarging the analysis to their Facebook page, the community grows in terms of people that like the page and presumably follow the content published, although the interaction is still at very low levels. Some results that are more interesting come instead from LinkedIn, in which the company manages to form a rich network of contacts and generates a consistent amount of interest.

The explanation for this kind of different performances might reside in the diverse nature of social networks and the users that those attract. A statement directly taken from the personal LinkedIn profile of one of company's employees, as well as my contact for beginning the activity of collaboration with Infit(Y) Hub, invokes among the company's purposes and aspirations: "a network of investors, corporations, banks, funds and institutions". Given the category of users that usually populates a social network like LinkedIn, which proposes the working environment in all its potential facets as the focal point of all arguments, people approach it identifying themselves with their job rather than with other traits of their personalities like it happens with other social platforms that prioritize other individual characteristics. In this sense, they are likely to be more receptive to win-win business-related proposals, which constitute the main strategy of communication for the company, as their website indicates (www.infinityhub.it), instead of looking for other typologies of content as it occurs for other social media.

This corporate communication strategy made of constant promotion of projects' advancements and realization also adapts well for the equity crowdfunding campaign, as the typical profile of the individual navigating over campaigns' host platforms corresponds to a person that is willing to invest and approach the communication that he receives through these media with the desire to commit to successful and interesting projects. In fact, the passionate report of company's achievement that Infit(Y) Hub's responsible of communication, always together with the detailed individuation of any win-win outcomes envisaged in the realization of the project, results in satisfactory rates of investors' attraction, as the company very often occur to reach overfunding of its campaigns. This has also been the case for the last one conducted through CrowdFundMe (www.crowdfundme.it/projects/wey-lombardia/). Here again, the strategy of constantly promoting win-win situations perfectly matches with the target represented by investors, or customers in general, as was discussed in chapter 3.

The landing on Instagram would suggest that the company aims to also reach that kind of audience and not to limit itself to those fields in which it is already succeeding. Anyway, this venture has not been successful yet like the other experiences of the company have been. One possible explanation might stand in the failure on the part of the company to modify its approach and to adapt it to the different typology of users that populate the different social networks. People do not scroll Instagram with the same attitude they look for content through LinkedIn. Scientific evidence and research suggests that people have various reasons to navigate on social media, but especially

young people tend to search for funny and interesting content above all (GlobalWebIndex, 2019). In fact, this motivation is reported as attributable to the 47% of all the report's respondents in the cohort of age between 16 and 24 years old, which means it is destined to grow as a tendency also for future trends of social media usage.

Instead, Infnit(Y) Hub uses communication patterns that are very similar to the ones it employs in the other channels. On one hand, this strategy allows the formation of a clear identity that characterizes every single bit of communication coming from the company's side. This recognizability of the form is actually important in the creation of a successful brand equity, as it evokes a more structured and identifiable image to which stakeholders can associate their feelings and, in the occurrence this sentiment is shared among more individuals, develop a sense of brand community (Hoeffler and Keller, 2002). On the other hand, the preliminary step of creating an association of the brand to consumers' feelings through social media posts is by getting people to read them. It has already been indicated before how the most important feature in this sense was the creation of entertaining and interesting content. My assumption is that, while it is a good idea to employ the same formal setting to distinguish all the pieces of information produced by the company and regarding it from those that have nothing to do with Infnit(Y) Hub, the actual content of the post should vary to match the particular requirements of any platform that make such content interesting. Therefore, the same model of win-win proposals, imbued with some bits of self-referentiality in the narration of achievements, that is so much successful in the context of equity crowdfunding and received mentions previously in this work as providing positive outcomes when dealing with customers, does not adapt so well in capturing the attention of users looking for fun and interesting content. Although the recent attempt made by some important social platforms, like Instagram or Facebook, both belonging to the newly-formed society Meta, also comprehensive of Whatsapp and Oculus, in developing section for the buying and selling of goods, users tend not to approach such social media with the attitude of a market agent but they most likely want to occupy their spare time, as argued a few lines above.

Infnit(Y) Hub on social networks talks very much about its achievements and the ones of the people working there, at the way they perform in campaigns and conferences, probably assuming that it always interacts with potential investors. Even though in the company's mind it looks like the correct framework to address every individual and do not miss on any opportunity, social media managers should keep in mind that not everyone, especially in the case of social network users, is ready to

face a conversation as an investor, or as someone who might consider investing in that specific moment. A fundamental consideration in social media communication is that every platform possesses its own patterns and is frequented by a specific typology of user. Once managers are able to capture the attention of individuals at their raw form, then they can proceed with trying to transform followers into people who can accept values and propositions advanced by the company.

On behalf of this suggestion, I would like to report a personal example of a company that created a community in this sense. Some years ago, I came across one of those videos on Facebook that one gives a look at almost by chance, just to occupy some time before dinner to have a laugh at in the most positive scenario. It wasn't anything spectacular, but I found it quite funny with some elements of originality with respect to the sometimes-indistinct mass of Internet videos for entertaining purposes and it intrigued me to trace back the creators of such video, to see if they had produced other content of similar kind. Once inside the community, the content continuously grew to adapt to creators' true standards and vision, building on that almost imperceptible references of social wisdom of initial videos to a narration that has become always more organic and explicative of creators' actual intentions. Under this logic, this group of entertainers modified with time also the typology of content offered to their followers, slowly instituting different formats with the intention of involving their followers with always more intensity. Moreover, such formats followed different purposes, some more informative, some others more of the funny kind. Although they were conscious that the former would attain lower numbers than the latter, with the risk of losing a consistent share of the community that they built until then, they knew that people who followed the former actually had interest in getting to know more about traditional activities of the company.

These creators do not consider their social media activity as their job and source of revenue, they often admit that they can hardly extract some profits out of their content. Anyway, one of them is the owner of a recording studio and record label in Turin. Out of the connections he made through his online activity, he found in some cases collaborators for its venture and moreover he formed a base of listeners to his musical productions and those of the artists under contract with the label that, having conscience of the interest that other type of content that he created arouse in them, they deemed to be worth at least a try, thanks to the trust generated by previous positive experiences. Many of those new listeners assumed later an active function in spreading by word-of-mouth the productions through their social media profiles, thus generating positive externalities for the company out of the accumulation of social network capital.

Of course, this is a borderline case, hardly replicable by a company whose skills reside in sectors other than the one of video-making for entertaining purposes, like Infnit(Y) Hub. The data evidenced before show how Infnit(Y) Hub already attains important outcomes in terms of economic and social performances, by achieving all the goals that it sets itself for the equity crowdfunding campaigns and always being able to count on multiple partners to conduct business with. Therefore, it is difficult to move a critic to the company when such performances are displayed and Infnit(Y) can most likely succeed by maintaining its framework of operations as it is already now. In fact, even from the most ambitious point of view, Infnit(Y) Hub action cannot but be deemed as positive in most of the aspects that the company elects as constituents of its identity. As it regards the reputation of the technologies employed in the realization of projects that have the generation of efficient environments for the consumption of energy, the continuity in the agreements that private organizations sign with the company represent a good-enough suggestion that partners are satisfied with the job done by Infnit(Y) Hub. On the combination of economic outcomes and social purpose of forming a more aware community on the sustainability discourse, also thanks to the innovative employment of the equity crowdfunding method, we have already discussed previously in the chapter.

To summarize once for all, Infnit(Y) Hub have managed to assume the role of one of the most interesting companies in the Italian panorama in terms of company's growth, in particular in the boundaries imposed by respecting the sustainability of corporate business and this affirmation is backed by important sources as reported before. This result is in part due also thanks to the network of investors, financial institutions and local artisans that company was able to build through diverse social platforms, in face-to-face interactions and through some particular social media platform, testifying the argument of this thesis for the importance of social capital and the correct use of online tools to this purpose in the alimentation of successful economic ventures, with a particular emphasis in the case of social enterprise. Anyway, this final chapter also wants to spread the message that not even a framework capable of attaining such successes represents a universal key to address the whole of social dynamics in their different facets. The potential benefits that a fruitful exploitation of the social capital coming from a given community is substantial in most performance indicators and its magnitude potentially augments as this community expands. However, the bigger the community, the greater is the likelihood that the people composing it require different methods and tools to be reached. The latter might follow some basic principles that characterize the approach that a company should consider adopting in every kind of interaction with stakeholders,

partners or consumers. But, after that, every platform of networking is characterized by its own characteristics that mostly determines the success of some users rather than others. The study and acknowledgement of these peculiarities is essential in putting a company in the best position to achieve that success and I would like to think that research in this scope might help in shedding some light in this opportunity for growth of social enterprises.

Conclusion

This review ends with a final consideration on the complexity that the spectrum of social networks and platforms offers to those who want to approach it. The last chapter brought a vivid example of how a successful paradigm in one scope does not necessarily work accordingly in another platform with another target of people to address.

This stance opens, then, two further reflections. First, an important action of research is necessary to get a proper understanding of any singular platform that a company has chosen to address. Without the intuition of what people actually look for when navigating over an online platform or establishing linkages with others and how the channels of information transmission work in the aforementioned networks, it becomes difficult to realize one's own purpose of vehiculating a specific message. In this sense, chapter 3 contains an analysis on the efficacy of traditional media and social media in comparison, as well as the patterns governing word-of-mouth. The most important arguments on each of these channels are that traditional media are losing popularity, especially among younger generations, that social media enjoy a more positive reputation, although the competition for capturing users' attention is extremely high. Word-of-mouth results as the most efficient method to drive information and instill it into consumers' minds, but it is extremely difficult to direct its flows, let alone to control them.

Second, there exists some universal basic principles that companies must adopt to relate with others, but there is no universal recipe that works in every situation. The same characteristics that made an information source relevant in the context of traditional media, are usually not agile enough to defeat competition in occasion of social media presence. From this observation, it emerges further the necessity to establish relationships of collaboration with others, as the characteristics that allow the success in different platforms are extremely unlikely to verify in a singular individual. Many different approaches require as a preliminary step many individual perspectives that should be collected, as illustrated in the theory of strength of weak ties by Granovetter (1985) described in chapter 2.

Finally, the argument that the accumulation of social capital and the right approach to social media make the difference in the entrepreneurial management of a company emerges as reinforced after the review of previous literature and I hope also thanks to some personal contribution that I provide to that. Nonetheless, it reveals as an issue with some complexities and without a clear right answer

in what are exactly the modalities in which these benefits can be exploited, especially for the fact that it is a matter in continuous evolution along with the spectrum of human differences that it operates in and the fast technological development. For this reason, further research and study constitutes a good suggestion before addressing any kind of social media campaign and attempt to social capital accumulation.

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