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Investigating the Relationship between Social Entrepreneurship and Organizational Performance: The Mediating Role of Distinct Marketing Competencies

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ABSTRACT

This study aimed to examine the relationship between social entrepreneurship and organizational performance, with a focus on the mediating role of distinct marketing competencies in contemporary business environments. Applied in purpose and descriptive-survey in design, the research targeted 653 employees of Modiran Khodro Company in Sari, Iran. Using Morgan's table, a sample of 248 participants was selected via simple random sampling. Data were collected using a researcher-made questionnaire based on a five-point Likert scale. Content validity was confirmed by academic supervisors, and reliability was established with a Cronbach's alpha of 0.885. Data were analyzed using SPSS22, employing Pearson correlation, multiple regression, and the Sobel test. Results indicated a significant positive relationship between social entrepreneurship and organizational performance ($r = 0.49, p < 0.05$). Additionally, a strong positive correlation was found between social entrepreneurship and the development of distinct marketing competencies ($r = 0.80, p < 0.05$). The Sobel test confirmed the significant mediating role of distinct marketing competencies in the relationship between social entrepreneurship and organizational performance. These findings suggest that organizations can achieve sustainable performance improvement by integrating social entrepreneurial approaches with robust distinct marketing capabilities. This research provides a practical framework for managers to align social missions with market-driven strategies, ensuring long-term competitive advantage and value creation.

KEYWORDS: Social entrepreneurship, organizational performance, distinct marketing competencies, mediating role, Modiran Khodro Company, strategic management

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1. Introduction

In today's dynamic, competitive, and rapidly evolving business environment, organizations are compelled to transcend purely financial objectives and pay close attention to the social, environmental, and ethical dimensions of their operations. Social entrepreneurship, as a burgeoning and strategic branch of management and business literature, not only seeks economic value creation but also emphasizes solving social problems, improving quality of life, reducing inequalities, and fostering sustainable community transformation. This approach has gained significant traction in recent years due to the relative inefficiency of governmental institutions in addressing growing social needs, complex bureaucratic processes, and emerging structural crises. Recent studies indicate that organizations embedding social missions into their strategic and operational cores are better equipped to gain stakeholder trust, reduce monitoring costs, enhance organizational commitment, and create synergies between internal and external resources (Gali et al., 2020; Halberstadt et al., 2020; Mair & Martí, 2021).

On the other hand, organizational performance, as a key multidimensional indicator for assessing efficiency, effectiveness, and overall success, has consistently remained a focal point for researchers, policymakers, and senior managers. Performance measurement has evolved from purely quantitative financial metrics to qualitative, multi-faceted, and stakeholder-oriented indicators encompassing customer satisfaction, internal processes, learning and growth, innovation, and social impact. Research demonstrates that entrepreneurial orientation, particularly when coupled with social responsibility, positively influences various performance dimensions through service innovation, enhanced organizational agility, improved brand image, and strengthened social capital (Rodrigo et al., 2019; Palacios et al., 2019; Santos et al., 2022). However, the direct relationship between social entrepreneurship and organizational performance is neither strictly linear nor unmediated; it is contingent upon contextual factors, internal capacities, and strategic capabilities.

A critical strategic variable that can explain, strengthen, and operationalize this relationship is distinct marketing competencies. Differentiated marketing enables organizations to accurately identify target segments, tailor messages, personalize value propositions, and establish sustainable competitive differentiation, thereby attracting and retaining customers. Strategic marketing literature suggests that socially entrepreneurial organizations, driven by mission-oriented goals and the need to secure sustainable resources, must develop agile, creative, and distinct marketing capabilities to communicate their social value to diverse market segments and generate the financial returns necessary for operational continuity (Yunish et al., 2018; Augusto et al., 2013; Chen & Wang, 2023). Nevertheless, the precise interaction mechanism among these three constructs, particularly within the Iranian industrial and service sectors and within mediation frameworks, remains underexplored empirically.

Domestic studies have recently addressed related dimensions. For instance, research has shown that social capital and organizational entrepreneurship directly impact organizational performance, with managerial and cultural variables playing significant mediating roles (Taherizadeh et al.,

2018; Nasiri, 2019). Additionally, studies on marketing capabilities and innovation indicate that market-oriented firms combining entrepreneurial agility with customer focus achieve superior financial and non-financial performance (Zahiri et al., 2016; Mogerzadeh et al., 2016; Al-Mamary & Shamsuddin, 2021). However, a clear research gap persists regarding how distinct marketing competencies can serve as a bridging mechanism and transformative link between social entrepreneurship missions and tangible organizational performance outcomes. Most prior studies have examined direct relationships or moderating effects, while the mediating role of distinct marketing competencies in this value chain, particularly in Iran's automotive and service industries, remains overlooked.

Accordingly, the primary research question is: *“What role do distinct marketing competencies play in the relationship between social entrepreneurship and organizational performance?”* The main objective is to elucidate the relationship among these three variables and empirically test the mediating role of distinct marketing competencies. The hypotheses include testing the positive relationship between social entrepreneurship and organizational performance, the positive relationship between social entrepreneurship and distinct marketing competencies, and the mediating effect of the third variable. Conducted within Modiran Khodro Company in Sari, this applied study offers valuable insights for Iranian managers in designing integrated (social-market) strategies. The novelty of this research lies in integrating social entrepreneurship literature with differentiated marketing capabilities and empirically testing their mediating impact on organizational performance within an industrial-service context. The paper proceeds with the theoretical framework, methodology, empirical findings, discussion, conclusion, and references.

2. Theoretical Framework and Literature Review

2.1. Concept and Dimensions of Social Entrepreneurship

Social entrepreneurship is a branch of entrepreneurship that pursues societal missions and seeks to resolve social dilemmas. In this approach, individuals or organizations recognize a potential for social change and allocate time, energy, and resources to realize it. Pedro and McLean (2006) define social entrepreneurship as a process aimed at creating social value, demonstrating the capacity to recognize and exploit opportunities, employing innovation to create or distribute social value, exhibiting a high tolerance for risk, and acting resourcefully in the face of asset constraints. The primary criterion distinguishing social entrepreneurship from other entrepreneurial forms is its explicit focus on social value creation.

Key elements of social entrepreneurship include: (1) acting as change agents in the social sector by addressing root causes of social problems; (2) adopting a mission to create and sustain social value as its core differentiator; (3) relentlessly identifying and pursuing new opportunities; (4) employing a continuous process of innovation, adaptation, and learning; (5) acting boldly with limited resources; and (6) demonstrating a strong sense of accountability to stakeholders and outcomes. Success factors, as identified by Buschee (2002), include integrity, passion, clarity of

purpose, commitment, courage, core values, customer focus, planning enthusiasm, action orientation, and flexibility. Social entrepreneurs, leveraging these traits, aim not merely to alleviate immediate symptoms but to drive systemic and sustainable societal transformation.

2.2. Organizational Performance and Measurement Models

Organizational performance is an indicator measuring the extent to which an action successfully and efficiently achieves predefined objectives, typically assessed through organizational efficiency and effectiveness. It is a function of human resource performance interacting with available resources, equipment, and technology. Neely et al. (2003) define performance evaluation as the process of articulating the quality of effectiveness and efficiency of past actions. The concept comprises two main components: efficiency (how well resources are utilized) and effectiveness (the degree to which organizational goals are met).

Performance measurement encompasses objective and subjective approaches. Objective metrics rely heavily on financial data, while subjective measures capture a richer, multidimensional view of organizational effectiveness, allowing cross-industry comparisons and incorporating perceptual analyses valued in social sciences. Prominent performance models include the Balanced Scorecard (BSC), Malcolm Baldrige (MB), and the European Foundation for Quality Management (EFQM). The BSC emphasizes four perspectives: financial, customer, internal processes, and learning/growth, balancing short- and long-term goals, external and internal metrics, and outcomes with performance drivers. The ultimate goal of performance evaluation is to enhance organizational effectiveness and ensure alignment of all subsystems with strategic objectives.

2.3. Distinct Marketing Competencies and Strategic Role

Differentiated marketing is employed when a business chooses to operate in at least two distinct market segments or target groups. In this approach, the organization develops specific products and distinct marketing programs for each segment to foster loyalty among targeted groups. Key characteristics include the firm's resource capacity to produce and market multiple products/brands, sales maximization, specialized market knowledge, and diversification. However, potential drawbacks include message fragmentation, increased promotional costs, incorrect target selection, and constrained growth.

Distinct competencies refer to activities capable of generating value within a firm and are essential for building competitive advantage. The term was coined to identify core strategic capabilities of an organization (Prahalad & Hamel, 1990). Economic and strategic literature consistently demonstrates that distinct competencies enable firms to achieve superior outcomes. In this study, distinct marketing competencies are examined to determine whether they constitute a strategic link between social entrepreneurship and organizational performance. These capabilities allow organizations to translate social missions into market-facing value propositions, personalize

offerings, segment audiences effectively, and enhance customer satisfaction and loyalty through strategic differentiation.

2.4. Conceptual Framework and Research Model

Based on existing literature, social entrepreneurship fosters innovation, constructive risk-taking, and social problem-solving, thereby creating a foundation for enhanced organizational performance. However, this relationship is not direct; it is moderated and mediated by the organization's marketing capabilities. Distinct marketing competencies act as the translating mechanism, converting social missions into tangible market outcomes. When an organization adopts a socially entrepreneurial approach, it requires strategic tools to communicate its social value to the market. Differentiated marketing constructs this bridge. The conceptual model (adapted from Atafatdoost et al., 2013) posits that social entrepreneurship (independent variable) influences organizational performance (dependent variable) through the mediating variable of distinct marketing competencies. This framework suggests that without developing distinct marketing capabilities, even organizations with strong social missions may struggle to translate their objectives into sustainable performance.

3. Research Methodology

This study is applied in purpose and descriptive-survey in design, aiming to test relationships among variables within a specified population at a single point in time. The statistical population comprises 653 employees of Modiran Khodro Company in Sari, Iran. Using Morgan's table, a sample size of 248 was determined. Participants were selected via simple random sampling to ensure equal selection probability and enhance generalizability.

Data were collected using a researcher-made questionnaire based on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). Content validity was confirmed by academic supervisors. Reliability was assessed using Cronbach's alpha, yielding a coefficient of 0.885, indicating high internal consistency and instrument reliability.

Following a comprehensive literature review, questionnaires were distributed to the selected sample. A total of 284 questionnaires were collected; after screening for incomplete responses, 248 valid questionnaires were retained for final analysis. Data were analyzed at both descriptive and inferential levels. The Kolmogorov-Smirnov test was used to assess normality. Pearson correlation and multiple regression analyses were employed to examine relationships and predictive effects. The Sobel test was utilized to evaluate the mediating role of distinct marketing competencies. All analyses were conducted using SPSS v.22.

4. Results and Findings

4.1. Descriptive Statistics and Demographic Profile

Data from 248 employees were analyzed. The demographic distribution indicates a balanced sample: 53.8% male ($n = 134$) and 46.2% female ($n = 114$). Age distribution shows the highest concentration in the 36–40 age group (26.9%, $n = 67$) and the lowest in the under-25 group (3.2%, $n = 8$). Educational attainment reveals 45.7% hold bachelor's degrees, 25.3% diplomas or below, 17.7% master's or higher, and 11.3% associate degrees. Tenure distribution: 29% (<6 years), 26.9% (6–10 years), 17.2% (11–16 years), and 26.9% (>16 years). Organizational positions: 44.6% “other,” 23.1% experts, 16.1% deputies, 6.5% managers, 5.2% senior experts, and 4.3% department heads. This diversity ensures robust representation across hierarchical and experiential levels.

4.2. Normality Test

Prior to parametric testing, the Kolmogorov-Smirnov test confirmed normal distribution for all variables: Social Entrepreneurship ($p = 0.11$), Organizational Performance ($p = 0.06$), and Distinct Marketing Competencies ($p = 0.24$). Since all p -values exceed 0.05, the null hypothesis of normality is retained, validating the use of parametric tests.

4.3. Correlation and Hypothesis Testing

Hypothesis 1: *A positive relationship exists between organizational social entrepreneurship and organizational performance.* Pearson correlation revealed a significant positive relationship ($r = 0.49, p < 0.001$). Regression analysis confirmed model significance ($F = 59.63, p < 0.001$) with an adjusted R^2 of 0.24, indicating that 24% of variance in organizational performance is explained by social entrepreneurship. The standardized beta coefficient ($\beta = 0.49, p < 0.001$) confirms social entrepreneurship as a positive predictor. The Durbin-Watson statistic (1.65) falls within the acceptable range (1.5–2.5), indicating no autocorrelation. Hypothesis 1 is supported.

Hypothesis 2: *A positive relationship exists between the implementation of social entrepreneurship and the development of distinct marketing competencies.* Pearson correlation indicated a strong, significant relationship ($r = 0.80, p < 0.001$). Regression analysis yielded $F = 327.97 (p < 0.001)$ and an adjusted R^2 of 0.63, meaning 63% of variance in distinct marketing competencies is predicted by social entrepreneurship. The beta coefficient ($\beta = 0.80, p < 0.001$) is highly significant. Hypothesis 2 is strongly supported.

4.4. Mediation Analysis (Sobel Test)

The main hypothesis—that distinct marketing competencies mediate the relationship between social entrepreneurship and organizational performance—was tested using the Sobel test. Based

on path coefficients ($a = 0.80$ between social entrepreneurship and marketing competencies; $b = -0.67$ between marketing competencies and performance) and their standard errors, the computed z -value exceeded 1.96, confirming statistical significance at the 95% confidence level. This indicates partial mediation: social entrepreneurship influences organizational performance both directly and indirectly through the enhancement of distinct marketing competencies.

Table 1. Summary of Hypothesis Testing Results

Hypothesis	Variables Examined	Correlation (r)	Significance (p)	R^2	Status
H1	Social Entrepreneurship ↔ Organizational Performance	0.49	< 0.001	0.24	Supported
H2	Social Entrepreneurship ↔ Distinct Marketing Competencies	0.80	< 0.001	0.63	Supported
Main	Mediating Role of Distinct Marketing Competencies	$z > 1.96$	< 0.05	–	Supported

4.5. Supplementary Analysis and Literature Comparison

These findings align with Taherizadeh et al. (2018) and Palacios et al. (2019), who confirmed the positive impact of social/organizational entrepreneurship on performance, with marketing and managerial capabilities acting as mediators. The notably strong correlation ($r = 0.80$) between social entrepreneurship and distinct marketing competencies may reflect contextual factors within Iran's automotive sector, including organizational culture, market dynamics, or measurement methodology. This suggests that in certain Iranian industrial contexts, the linkage between social missions and marketing capabilities may be stronger than reported in global literature.

5. Discussion and Conclusion

The findings confirm that social entrepreneurship positively and significantly influences organizational performance, with this relationship substantially mediated by distinct marketing competencies. These results align with contemporary studies by Gali et al. (2020), Halberstadt et al. (2020), Palacios et al. (2019), and Taherizadeh et al. (2018). The underlying mechanism can be explained at multiple levels: First, social entrepreneurship fosters stakeholder trust and social value creation, creating a fertile ground for service and product innovation. When these innovations are channeled through distinct marketing strategies, they enhance brand differentiation, market share, and customer loyalty. Second, mission-driven organizations naturally develop extensive communication networks and attract committed human capital, directly improving internal processes, learning, and innovation—core dimensions of the Balanced Scorecard.

The findings further underscore that distinct marketing competencies play a critical role in translating social missions into financial and operational outcomes. This confirms that social

initiatives alone are insufficient; they must be integrated with market-oriented capabilities and precise segmentation strategies to ensure financial sustainability and competitive positioning. The alignment with multi-dimensional performance frameworks (e.g., BSC) reinforces that organizations balancing social, customer, internal, and financial dimensions achieve more integrated and resilient performance.

Limitations: Geographical and occupational dispersion limited access to some respondents. Additionally, the scarcity of directly comparable literature within Iran's automotive sector restricted deeper contextual benchmarking. Future research should test this model across diverse sectors (public, private, startups) and incorporate moderating variables such as leadership style, organizational culture, and IT infrastructure support.

Managerial Implications: Organizations should cultivate dynamic, supportive environments that encourage employee-driven social innovation. Recommendations include specialized training in differentiated marketing, performance-based reward systems for social entrepreneurship, and the development of multi-dimensional performance dashboards (financial, social, environmental). Ultimately, this study demonstrates that integrating social responsibility with marketing agility is not merely an ethical choice but a strategic imperative for organizational survival and growth in the modern economy.

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ETHICAL CONSIDERATION

Authenticity of the texts, honesty and fidelity has been observed.

CONFLICT OF INTEREST

Author/s confirmed no conflict of interest.