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An Analysis of Prosocial Behavior in Customers

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The University of Tennessee at Chattanooga  
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## **Introduction**

### **The Importance of Entrepreneurship**

Entrepreneurship is a powerful force that can shape economies and cultures. Many companies founded from a simple idea from an entrepreneur have grown to have significant impacts on their landscape. They have provided simple benefits to communities, such as jobs, but there are more complex benefits that can be given. These impacts can be positive for the community as a whole and include benefits such as greater residential stability, promoting shared values, socializing the young, and providing mechanisms of informed social control (Chaskin, 2001). Social Entrepreneurship is an excellent example of this. It can generate profits all while using sales to benefit a third party in the community, or even in another community. Even concepts such as the triple bottom line are an example of how a traditional entrepreneur can improve his or her community while maintaining a business.

### **The Gap in Entrepreneurship**

Despite all that is known about the good entrepreneurship can do for communities, there is still a gap in the research on how entrepreneurship can directly better communities and the people that live in them through passing on prosocial benefits. The prosocial benefits given to them are an increase in prosocial behaviors and attitudes, such as being more social or more giving. The gap lies in the different forms entrepreneurship can take. Social entrepreneurship is one that is already well understood and recognized as a major archetype of entrepreneurship. However, there is little else classified similarly outside of this. This paper proposes the concept of “prosocial entrepreneurship” as a means to address this gap. Prosocial entrepreneurship is a form of entrepreneurship built around selling a good or service that betters the person receiving it through increasing prosocial aspects of that person. An example of this entrepreneurial form is a

“cat café” that is built around helping people become more social and create relationships over a shared interest in cats and coffee, and it helps create relationships in the community by connecting customers to each other and to local shelters to increase community participation and donations to an altruistic cause. This business betters its customers directly by increasing altruistic and social behaviors through the goods and services it provides. Prosocial entrepreneurship is a new form of entrepreneurship that has not been studied extensively. However, this does not mean that it does not exist already. Already developed businesses can display prosocial aspects, and some businesses can be classified as a form of prosocial entrepreneurship.

This paper will address this gap through examining prosocial entrepreneurship as it exists now and what it can mean for new and existing companies. Shepard (2015) acknowledges “the notion of prosocial motivation appears to be a particularly relevant yet under researched antecedent to the entrepreneurial actions that alleviate others’ suffering.” This paper will first explore the theoretical side of suggesting a new subset of entrepreneurship; it will go into depth on what prosocial entrepreneurship is, such as how it builds communities or its positive impact on these communities. This paper will then present a literature review to explore what is known already and where the gap in this knowledge is. Prosocial behavior will be examined first to better emphasize the core of prosocial entrepreneurship, and then prosocial entrepreneurship will be compared and contrasted between other existing forms of entrepreneurship. Theoretical propositions on the effects of prosocial entrepreneurship will then be suggested to later be examined in conjunction to the practical side of prosocial entrepreneurship. This practical side will present research on existing companies utilizing prosocial behaviors in customers. This

research will conclude with an application of it in the form of a working business model that utilizes the aspects examined previously in this paper.

### **Defining Prosocial Entrepreneurship**

It is first important to understand what prosocial entrepreneurship is in order to fully understand the impact it can have on communities. It is also important to understand the inherent benefit the prosocial business model provides. As mentioned earlier, prosocial entrepreneurship is a form of entrepreneurship that is built around selling a good or service that directly better the person receiving it through increasing aspects of that person that help them act more altruistically, philanthropically, and/or socially. This benefit is typically seen as an increase in prosocial behaviors and attitudes, such as donating time and money or feeling more inclined to create lasting relationships, both during the business transaction and in their daily life. This benefit is not just solving a customer pain point or solving a problem they have, but rather is a force that shapes the person to become improved as a whole (i.e. more social, more giving, etc.). It is also important to understand the entrepreneur's motives, as they can vary from the typical entrepreneur. These entrepreneurs are typically driven by one or more of four different prosocial motives: egoism, collectivism, altruism, and principlism (Batson, 1996). Unlike the profit-minded classic entrepreneur, the prosocial entrepreneur is inherently altruistically minded in nature because they want to better the community they are involved in, over just focusing on profits. Finally, it is important to understand how these ventures are executed and the consequences that come from them. This force is executed by first building communities. These communities are active customers who the product is designed for. Eventually, these communities will benefit from the entrepreneurial venture's financial health and the people

engaged in this community. These benefits can then take the form of more prosocial behaviors, such as increased community participation and new relationships built.

As mentioned earlier, the prosocial entrepreneur has a different mindset than other established entrepreneur archetypes. While not all prosocial ventures require an entrepreneur with altruistic goals driving it, the most apparent prosocial ventures do. These entrepreneurs tap into their altruism to see a need in the community and want to benefit it. This need can be as simple as building relationships in the community to utilizing prosocial behavior to serve animal shelters. However, there are multiple standards for altruism in a business setting. These different standards can have a significant impact on how the prosocial entrepreneur runs the business.

One take is altruistic behavior is not always rewarded due to the competitive nature of competing businesses, however organizations can exhibit altruism as “any work-related behavior that benefits others regardless of the beneficial effects of such behavior for the benefactor (Kanungo & Conger, 1993). This states that the entrepreneur cares about serving the community primarily, and does not consider the benefits that can be passed onto his business. This does not mean an altruistic entrepreneur will make decisions that hurt the venture’s health in order to serve the chosen population better, it simply means any other benefits from altruistic decisions are not weighed when making the choice. Another broader definition sees altruism mainly as an “... action which contributes to the well-being of others without explicit expectation of personal benefits” (Lähdesmäki & Takala, 2012). This definition of altruistic business practice better fits the prosocial entrepreneur. One example of this is businesses donating money, or other charitable actions, as long as the business is acting in the interest of others despite the positive consequences that may come back to the business. The prosocial entrepreneur seeks to benefit the community, but they also recognize the benefits that are passed onto them without these

benefits being the primary reason for the decision being made. To build on this, Lähdesmäki and Takala (2012) go on to mention that philanthropy can have both ad hoc and strategic deliberations, but they are not necessarily exclusive of each other; a business owner can make philanthropic decisions from a marketing position and still donate to others for altruistic motives. The prosocial entrepreneur wants to increase prosocial behaviors in his community for both altruistic motivations, as well as strategic motivations as a business opportunity. Benefitting the community and receiving personal benefit does not need to be mutually exclusive when it comes to prosocial entrepreneurship.

### **Importance of Communities and Community Involvement**

The first stage of effectively running a prosocial venture is to create a community centered around the good or service. Building communities has been a smart idea for traditional entrepreneurs because it has allowed them to create a consistent consumer base that will buy and advocate their product. It can be argued that the need for these communities often varies from business to business. A social media app will inherently need to create a community and strong seed group to succeed, while a traditional good, such as a hot sauce, might not need to even if it could benefit from one. A prosocial business will need to build a community and can be a core participant in building these communities. Cornwall (1998) has studied the role of entrepreneurs in low-economic communities and found that entrepreneurship is not an act purely steeped in self-interest, but is instead a virtuous act that can improve neighborhoods and cities; the entrepreneur can build or rebuild communities through different activities such as building relationships, sustaining families, and providing employment security. Cornwall recognized these benefits of prosocial behaviors; the prosocial entrepreneurs provide good for the community by growing and developing the community from their business. Developing the

community can take the form of the benefits from working at a business, however the prosocial entrepreneur is primarily focused on the benefits created from building relationships.

It is not enough for entrepreneurs to focus on building these communities; they also need to actively participate in the communities they operate in. Actively engaging in the community can increase the community capacity to not only benefit the community built around the venture, but also the greater community as a whole. Chaskin (2001) argues the community capacity is influenced by levels of social agency in which individuals, organizations, and networks contribute; a business's influence stems from its ability to carry out functions well as a part of the larger system of actors, as well as their ability to go beyond a simple means of production into instrumental relationships and representation. He goes on to say the established community capacity can lead to benefits such as greater residential stability, promoting shared values, socializing the young, and providing mechanisms of informed social control. Acting in the community makes the entrepreneur, and by extension the business, an active member who has its own relationships stemming from this community involvement. These relationships are key, not just because of the benefits they create, but also because they allow the venture to become something greater than just means of providing a product. In other words, prosocial businesses can become major players in the community to execute improved social change; the prosocial entrepreneurs engage with their community and help develop it because of their altruistic drive.

This involvement in community creation and participation not only benefits the community as a whole, but it also creates a set of customers with a vested interest in the company's wellbeing. These invested customers are a strong set of core buyers that will drive sales and keep the venture afloat to continue its prosocial mission. This community most likely recognizes the entrepreneur's altruistic spirit and wants to engage in it, whether that be



consciously or subconsciously. These communities can vary in size and description. For example, a community could be as simple as local customers with a brick and mortar prosocial venture, or they could be a diverse crowd of users connecting and engaging online. However, managing and building a local community is much easier than a national or global community based on the same prosocial principles.

### **The Benefits Passed On**

Prosocial benefits can then be passed onto the individuals in the community once this community has been established. These prosocial benefits often mirror the altruistic values of the entrepreneur. For example, an entrepreneur concerned about the wellbeing of children in the community will have a drastically different set of prosocial goals and values than a prosocial entrepreneur focused on serving the elderly population. Although these values vary from entrepreneur to entrepreneur, it is worth reiterating that these values be encouraged through increasing prosocial behaviors in their customer. This means the core community will be more social, build more relationships, and help one another more. Once these core prosocial values are passed on, the values can be attached to them to create the change or values the prosocial entrepreneur wants to see. For example, a prosocial entrepreneur may provide a service that connects people to one another and build relationships from it in order to combat littering and pollution in the city.

### **Prosocial Customers**

It is also worth mentioning that prosocial businesses are not the only actors engaging in prosocial behaviors. Prosocial customers exist, and they want to purchase these prosocial products to better themselves and their community. Small and Cryder (2016) found that some prosocial consumers buy for a variety of reasons. These include self-interested motives, such as

taxes breaks from the government; self-perception, like giving to match social norms or personal definitions on self-sacrifice; the hedonistic benefits, one example is the good feeling associated with giving to others; and for empathy and sympathy, for example feeling a connection to a single person or group in need. These prosocial consumers are not only ideal target customers for a prosocial venture, but they can also act as representatives of the prosocial venture. This is because their values will align with the values of the prosocial entrepreneur. Building a relationship with prosocial consumers will create the foundation for the community the prosocial entrepreneur needs, as well as create an advocate for the good work done through this business.

## **Literature Review**

### **What are Prosocial Behaviors?**

It is important to first understand what prosocial behavior is in a business context in order to understand how prosocial businesses utilize it. Prosocial behaviors are acts that are generally beneficial to other people resulting from tender emotions caused from a variety of sources, such as biological, motivational, cognitive, or social processes (Penner et al., 2004). These prosocial behaviors can be found in both customers and employees.

### **How are Prosocial Behaviors Manifested in Customers?**

These acts can manifest themselves in a variety of ways. This variety in prosocial acts allows businesses to encourage prosocial behavior in a variety of ways to help create many different forms of action and change. One of the primary ways this prosocial behavior manifests itself in people is through the need or desire to volunteer. Volunteering involves prosocial action that is planned and then continues for an extended period; it is also not fueled by obligation that typical interpersonal interactions stem from (Penner et al., 2004). On an employee level, it is not uncommon for businesses to encourage volunteer work for their employees, and they often have partner organizations. Even in the recruitment process, recruiters emphasize the importance of having volunteer work outside of schoolwork for entry level positions. In regard to customers, businesses have advertised charitable donations and occasionally encourage them to volunteer in addition to supporting through purchases.

These prosocial behaviors can also manifest themselves as increased cooperation. People are typically more cooperative when they feel empathetic; this cooperation is built on the reciprocity of trust both between in-group members and intergroup members (Penner et al., 2004). Cooperation can manifest itself in businesses when employees work together, and the

obvious incentive is employees who trust and empathize with each other tend to work better together to produce better results. Some businesses have exhibited these prosocial traits, such as Uber. It is inherently built on the trust between customers to treat each other well and to share resources safely.

### **How are Prosocial Behaviors Manifested in the Organization?**

It is also important to understand how prosocial behaviors manifest themselves in an organization. Kelley and Hoffman (1997) define prosocial behaviors for organizations as “behaviors performed by organization members with the intention of promoting the welfare of another individual, group, or organization while carrying out the organization member’s role.” There has been extensive research on how organizations, and especially service organizations, can utilize prosocial behaviors in employees to create beneficial effects for the company’s health.

Passing on prosocial behaviors to employees through training can have direct impacts on perception and sales. One example of this is how employees are trained to sell products. Sales-oriented behavior has been found to negatively affect customer perceptions of service quality; the selling behaviors displayed by service providers is related to the level of perceived service quality provided by the organization (Kelley & Hoffman, 1997). Companies that put a greater emphasis on service-orientations tend to have more satisfied customers due to the prosocial values passed onto their employees.

It is also important to manage the physical environment sales take place in. The environment sales take place in can have a wide array of variables affecting it. These could include variables such as noise, light, and temperature. It is well known that managing these variables can help the customer feel at ease or convey a certain attitude to the customer to promote sales. It is not only important to manage the environment to please the customer,

though. It can affect both the employees and customers enthusiasm and alertness during a service encounter (Kelley & Hoffman, 1997). Increasing the employee's enthusiasm can help them better maintain a positive attitude to represent their prosocial behaviors. This encouragement in the employee will hopefully lead to a translation of these values to the customer.

### **How are Prosocial Behaviors Manifested in Employees?**

Employees put in direct contact with the customer are important carriers of prosocial values. There are three primary types of contact employee prosocial service behaviors: extra-role customer service goes above and beyond to delight the customer, role-prescribed customer service who operates within the implicit norms and explicit obligations from the organization, and cooperation, which refers to the helpful behaviors of employees to other employees in their immediate workgroup (Bettencourt & Brown, 1997). Each of these three roles not only benefit the company with increased customer satisfaction, but they achieve it in different ways. Extra-role customer service providers will typically delight the customer the most and show their altruistic values the most, however the role-prescribed customer service provider still find ways to act in the customer's favor by using established outlets. Cooperation helps the business run smoother, which will only help serve the customer's needs more by extension.

It is also important to understand the reasons why employees feel the need to act prosocial. It is not enough that they are trained to do so, and sometimes employees act this way with no formal training beforehand. The key motivators for prosocial behavior in contact employees are the fairness of pay rules, pay administration, and job supervision; the motivator for employees to go above expectations lies in fair evaluations from supervisors (Bettencourt & Brown, 1997). It makes sense that employees are more willing to go above and beyond for their

customers if they appreciate their employer. This is especially true if the employee feels as if they will be recognized for their additional work when it comes time for reviews.

There is another major reason why employees act prosocial outside of the compensation or evaluation benefits. Aligning an employee's values with the organization can have many prosocial effects. The more internalized the commitment to an organization within an employee, the more the individual will act prosocial (O'Reilly & Chatman, 1986). Helping an employee resonate with the organization's values will help them act in ways that represent these values. This is not because the employee is thinking necessarily about representing the organization, but rather they are representing themselves. They are also working in an environment that fits their values, so naturally they will feel stronger connections to it and will want to go above and beyond to represent and serve the organization they care about.

### **Prosocial Entrepreneurship vs. Other Entrepreneurial Forms**

It is also important to distinguish how prosocial entrepreneurship distinguishes itself from other well-established forms of entrepreneurship. The two major forms of interest are classic entrepreneurship and social entrepreneurship. Defining how prosocial entrepreneurship is different from these will help strengthen the definition of prosocial entrepreneurship that is suggested.

First, a definition of classic entrepreneurship should be examined. This definition should encompass all the qualities of entrepreneurship without going into the different forms of it. Tan (2005) defines classic entrepreneurship as "the process of attempting, from  $t_1$  to  $t_2$ , to make business profits by innovation in the face of risk"; furthermore, the entrepreneur does not need to be successful or ethical in order to be labeled as an entrepreneur (Tan et al., 2005). This definition incorporates the risk involved with creating a new venture, but also helps to define that

a classic entrepreneur is not necessarily ethical or altruistic. This is the major primary distinction between the two forms of entrepreneurship, as prosocial entrepreneurs are inherently altruistic in their motivations to better their customers directly when selling their good or service.

It is important to then define what social entrepreneurship is. This definition will be a bit harder to distinguish from prosocial entrepreneurship due to the nature of the two forms. It is another form of entrepreneurship that fits under the wide umbrella of classic entrepreneurship focused on serving community needs. For the purposes of comparing definitions, the definition of social entrepreneurship was pulled from the same source as the definition of a classic entrepreneur to ensure compatibility. A social entrepreneur is someone that attempts to make profits for society, or a segment of it, through innovation in the face of risk (Tan et al., 2005). It is also worth noting that this can include the most altruistic of entrepreneurs that solely focus on benefitting society, but can also include those entrepreneurs that want to benefit society and profit themselves, as long as they face risk and innovate for altruistic goals (Tan et al., 2005). Both of these components are embedded to some extent in both forms of entrepreneurship. The major difference between social and prosocial entrepreneurship lies in who the beneficiary of the altruistic motivations is. The beneficiary in social entrepreneurship comes from a third party receiving the benefits created by the customers buying the products. This does not necessarily pass on the prosocial attitudes of the entrepreneur to make the customer a better person; it is more focused on using the altruistic goals of the entrepreneur to give to another community in need outside of the buying group. The beneficiary in prosocial entrepreneurship is the customer buying the product; the prosocial and altruistic traits of the entrepreneur are passed onto the customer with the intention of improving them directly. This is also different than the inherent

value a customer must receive from a product, as this requires the entrepreneur to be ethical and want to pass on these desirable traits.

While not a form of entrepreneurship, it is also worth mentioning the sharing economy and how it relates to prosocial entrepreneurship. The sharing economy has some prosocial elements in it. It puts people together to build relationships using the business model. Where the sharing economy lacks is the relationships built are typically more short term and not as meaningful. An example of this is when an Uber driver will pick up a stranger and take them to their destination; they may talk, but the relationship between the two ends when the ride ends. Prosocial entrepreneurship seeks to build relationships and prosocial behaviors that last longer than the amount of time the business transaction takes place. This can be the exchanging of numbers or the building of a community from the business encounter between the customers.

### **Social Marketing in Prosocial Entrepreneurship**

It is important to examine how marketing plays a role in prosocial entrepreneurship compared to other entrepreneurial forms. Prosocial entrepreneurs will engage in typical marketing activities, however the key message they want to deliver is inherently different than the key message from traditional entrepreneurs. The prosocial entrepreneur needs to put their altruistic and prosocial values at the heart of the message in order to resonate with customers that value the same. Traditional entrepreneurs will view putting these values into their business as something they can add, but it is not essential to selling their product or service. For example, a company could advertise donating a percentage of sales to a cause. In prosocial entrepreneurship, the donation is fundamental to the business because it resonates with the values of the entrepreneur and the prosocial goals of the business. In standard entrepreneurship, the donation could be backed by prosocial motivations, but it is not prosocial if it is only backed by a goal to



drive sales by appealing to the customer's values. A standard company could cut the prosocial message if it does not boost sales in the desired way, while the prosocial company needs to communicate its fundamental message. In other words, this prosocial message cannot be simply an "add-on" to the message for prosocial entrepreneurs as it is at the core of their values and business model.

It is also worth mentioning the scale of the marketing also plays a role in how the message is delivered. The social marketing from the prosocial business will work better at a more localized scale than a national or global scale. This is because it is essential to communicate the message to the community the business is a part of. The relationships built from the business's operations work better locally due to the ability for the business to act as a member of a community where it is known and the entrepreneur's values are known through community participation and word of mouth. It is more difficult to replicate the same message across different communities because they will have different needs the entrepreneur wants to answer. A solution for prosocial businesses operating in different communities or at a large scale is to create a core message that can be tailored to the communities they engage in to ensure the core message answers the community's needs.

## **Theoretical Propositions**

### **Overview of Theoretical Propositions**

A few key theoretical propositions can be drawn about prosocial entrepreneurship. These propositions primarily focus on the value a prosocial mindset can give to either a traditional business or to a purely prosocial venture. They can be organized into two categories: the antecedents of prosocial behavior and the outcomes of these prosocial behaviors. The antecedents are the basis for which a business can encourage prosocial behavior in its customers. The outcomes are the end result of these prosocial behaviors becoming manifested in the customers. Traditional businesses can implement these propositions in order to maintain the business model they already have, while still reaping the benefits of adopting a prosocial mindset. Purely prosocial ventures will adopt most, if not all of these propositions, and integrate them highly into the overall business plan. These propositions can then provide the framework for applying the research on prosocial entrepreneurship into a practical use in the marketplace.

### **Antecedents to Prosocial Behavior**

The first of these propositions is “identification with a brand increases prosocial behaviors.” This is already seen to a certain extent in classic entrepreneurship. Brand loyalties are fiercely defended by fans, and common identities are formed from these brand loyalties. One example is the classic Coke versus Pepsi debate. In regard to group memberships, people have shown a strong bias towards members of their own identified group when it comes to acting prosocial; the emotional appeals from the need for assistance that emphasize in-group status can also effectively increase helping (Penner et al., 2004). This proposal suggests businesses can form common identities over the brand or products when building the communities required for prosocial based ventures. The common ground shared by members of this community will

increase the prosocial behaviors within its members that is sought out by the prosocial entrepreneur.

Another proposition is “small changes in business design, such as physical environments or customer service, to add prosocial elements will encourage the customer to act more prosocial.” This is another example of an idea researched in classic entrepreneurship that can be applied to prosocial entrepreneurship. The affect infusion model states that many forms of social behavior are a function of the processing demands of a situation; furthermore, heuristic processing, or quick judgements, have the highest potential for affect infusion to take place (Baron, 1997). Following this logic, a business owner can change parts of his selling environment to encourage customers to be more likely to help one another, as well as be more inclined to act socially. These changes could be as simple as décor changes all the way to more complex changes, such as branding of the store.

The next proposition is “instilling strong organizational identification and a prosocial mentality in employees, and especially those active in a service role, can help grow these same prosocial behaviors in the customer.” Building organizational identification has been found to have a positive correlation with organizational citizenship behaviors, which are those behaviors where an employee goes beyond specified duties and are not recognized by the organizational reward system, as well as found to increase altruism, civic virtue, conscientiousness and courtesy (Farrell & Oczkowski, 2011). Encouraging the employees to go above and beyond the call of duty needed in their typical role will help please the customers and improve their experience; this will in turn improve their mood to open them to acting more prosocial. In addition to this, this same increase in organizational identification will increase the employee’s altruistic values; these

values will then be passed onto the customer. In other words, building prosocial behaviors in employees will directly affect how well prosocial behaviors in customers can be built.

### **Outcomes of Prosocial Behavior**

Another proposition would be “the positive feeling stemming from prosocial services and products will encourage repeat purchases.” This idea stems back to the idea that some customers are altruistic for hedonistic benefits, such as the positive feelings one feels with giving to others (Small & Cryder, 2016). Customers buying products and services that encourage prosocial behaviors will naturally make the customer feel better about themselves. They will want to feel this positive self-esteem again naturally, so they will seek to experience it again and possibly share it with others. This helps the prosocial venture both create repeat customers, as well as new customers. In addition to this, it helps spread the altruistic values of the entrepreneur while still growing sales of the business.

The final proposition is “prosocial behaviors between customers can also become a prosocial relationship between these customers and/or with other local businesses or organizations.” These relationships can be as simple as new friendships between people meeting at the business all the way to new communities built or relationships with other communities. These relationships can also be created with local nonprofits or service based organizations, which can lead to volunteering to serve the community. More active participation in the social activities of a community has been shown to be strongly associated with volunteering; in other words, people are more likely to be asked to volunteer and agree to being asked when they are more active in their community (Penner et al., 2004). This proposition means prosocial ventures will be able to share their prosocial values and then come to fruition in the form of volunteering or new relationships. It can be argued this is one of the most obvious ways a prosocial venture

can know if it is succeeding at sharing its values. Classic entrepreneurs will still want to be mindful of this proposition. This allows them to add good to the community with the added benefit of building relationships. This community will most likely mean more purchases in the future, as well as more brand awareness stemming from people bonding from the product or service.

### **Practical Use of Theoretical Propositions**

These different theoretical propositions are not the only way classic entrepreneurship and prosocial entrepreneurship focused businesses can benefit themselves and the community by utilizing prosocial values, but it provides a good starting point to begin examining what existing businesses are prosocial, or utilize prosocial values in their business model. These theoretical propositions will be further discussed and showcased using practical real-world examples. In addition to this, the business plan created as a result of this research will attempt to use all five propositions in its business model.

## **Evidence of Theoretical Propositions**

### **Leveraging Prosocial Behaviors in Consumers**

As mentioned earlier, there is little research on how businesses leverage prosocial behaviors in their customers. This is especially the case in regard to encouraging them to act prosocial within their given communities. One way that has been studied is through how businesses use prosocial behaviors to increase sales transactions. For example, one way business empower employees to act prosocial is to encourage them to help customers with personal matters unrelated to the organizational services or products because this typically lead to the consumer being helped to be more likely to transact business with the business (Brief & Motowidlo, 1986). This research helps give support for the theoretical proposition “the positive feeling stemming from prosocial services and products will encourage repeat purchases.” Customers will naturally feel good about their purchases and identify with the prosocial behaviors exhibited to them.

It has also been studied how customers influence organizations to act prosocial instead of just how organizations can influence customers to act prosocial. Individuals often engage in social responsibility for a variety of reasons, such as altruistic reasons, material incentives, or social concerns; however, some stakeholders want companies to engage in philanthropic endeavors on their behalf (Bénabou & Tirole, 2010). This belief in corporate social responsibility essentially claims the organizations will act in prosocial ways due to the prosocial demands of customers. Aligning with the customers’ beliefs could potentially lead to more support for socially conscious investors.

There is also some research in regard to businesses deliberately avoiding prosocial positions. Despite the benefits that could come from an environmental or prosocial positioning,

some managers have avoided them due to the risk of exaggerating their position and losing customer trust (Osterhus, 1997). They view the risk of misrepresenting their altruistic values to consumer as a way for the consumer to believe it is all designed to make a profit over truly altruistic reasons. Communicating why these prosocial behaviors are shown, such as making clear altruistic intentions, are the key to managing the risk some view for prosocial stances.

The final form of research in leveraging prosocial behaviors is in regard to how businesses have made distinct business decisions with unknown prosocial benefits. One example are the odors and aromas used in the sales environment. Many foods based businesses use distinct pleasant smells to sell their product to passerby's, such as Subway or Cinnabon. One example of this research is Baron (1997) compared prosocial behavior between mall shoppers who experienced pleasant smells and those who did not and found those who smelled pleasant fragrances were much more likely to help with small favors for strangers than those who did not experience pleasant smells. This ties back to the theoretical proposition "small changes in business design, such as physical environments or customer service, to add prosocial elements will encourage the customer to act more prosocial." Businesses like this have made changes in their physical environments to entice customers and most likely did not realize the prosocial benefits caused by these changes. Some other examples of businesses with prosocial aspects will be studied below. Some may be intentionally prosocial and altruistic and nature, but others may not know the prosocial benefits created by their decisions.

### **Examples of Prosocial Businesses**

Some companies will be naturally more altruistic than others, while others will be more profit minded while still implementing the prosocial entrepreneurship theoretical propositions to help grow sales and communities built around their customers. These companies have been

selected to include smaller, more localized companies creating communities as well as larger, international companies to give a wide breadth of examples seen in the business world.

One of the larger examples exhibited in this research paper is the automotive company Jeep. Jeep builds a community through the shared identity stemming from the product. This community is built through the common connection made through the “Jeep Wave” shared by Jeep owners on the road. This is an excellent example of the theoretical proposition “identification with a brand increases prosocial behaviors.” Jeep owners have the expectation they will wave to one another when they see each other on the road. This is a strong example of a friendly, social gesture stemming from clever community building. This gesture could be extended to helping one another on the road because of these increased prosocial behaviors stemming from the community formed.

Another type of business exhibiting prosocial entrepreneurship are “cat cafés”, where coffee lovers can come drink coffee with the companionship of cats. These are built on the theoretical proposition “prosocial behaviors between customers can also become a prosocial relationship between these customers and/or with other local businesses or organizations.” Many of these cat cafés encourage cat care and create connections with animal shelters local to the café. This creates communities built around animal lovers and extends more outreach to shelters in need through this community. These both encourage the customers to be prosocial through connections made over coffee with cats and other strangers as well as increasing the altruistic drive to help shelters.

Brick and mortar locations are an excellent way to create social spaces for which prosocial behaviors can be encouraged. These spaces encourage prosocial behaviors in consumers by creating a place for them to be more social. One example are arcades and the more



modern arcade bars, “Barcades”. These are businesses encouraging prosocial behaviors in their customers through providing a space to enjoy a common interest. One example is a business located in Chattanooga, Tennessee, known as The Coin Op Arcade. They provide customers with a large space to buy food and drinks while playing arcade games. Customers socialize over this common interest and communities are often built from this common interest. These are also built on the prosocial theoretical proposition of “prosocial behaviors between customers can also become a prosocial relationship between these customers and/or with other local businesses or organizations.” These are built around causing customers to be more prosocial with one another by allowing them to interact with other passionate arcade lovers and building a community from it. There are often league nights in addition to this social space provided. Another example of these local social spaces is the Rec Room in Memphis, Tennessee, which was the initial inspiration for this research. Similar to the arcades, this business provides a place to drink and eat from food trucks while offering “recreation rooms” to be rented by the customers. The rooms are essentially couches around a projector, and they provide an open space to be with friends while still meeting other new people. This business will provide the basis for the business plan developed in the application portion of this research.

## Application

### **Overview**

A business plan is suggested below as a culmination of all these prosocial concepts and ideas. This will at as not only an embodiment of the research done so far, but to also act as proof a working business plan can be created with prosocial concepts in mind. This business will incorporate ideas seen from existing prosocial ventures as well as attempt to include unique elements to help distinguish itself from its predecessors. Furthermore, research has been done to ensure the unique elements added only add more prosocial elements to the business model, rather than detract from it.

In addition to the previous research on encouraging prosocial behaviors in consumers, research has been done to ensure the offerings for this business help build the prosocial focus. This suggested business will have a particular focus on using video games to encourage these prosocial behaviors. Therefore, research has been done on the relationship between playing video games and prosocial behaviors. Unlike the relationship between businesses and prosocial behaviors in customers, there is extensive research on this connection which will provide a strong core for this business opportunity.

### **The Effects of Prosocial Video Games**

It has been found the type of video game affects the behaviors of the person playing them. Not all video games will have negative effects, and not all video games will have positive effects. Playing games with prosocial content increases helpful behaviors even after the player is done with the game, and playing these games habitually increases the likelihood of prosocial behavior (Gentile et al., 2009). These are games designed around helping the characters and benefitting them by placing the player in a position to help the characters in the game. For

example, one prosocial game used in the experiments, Lemmings, is designed to have the player help guide game characters to safety between different worlds.

These prosocial games help encourage real prosocial behaviors in players. Participants in experiments were more likely to help pick up spilled pencils, help in future experiments, and intervene for a harassed experimenter after playing prosocial video games (Greitemeyer & Osswald, 2010). All of these are examples of positive, prosocial behaviors that help the player act as a better person. These behaviors are caused by helping the player think more prosocial. Playing prosocial games also increases the accessibility of prosocial thoughts, and the increase in prosocial behavior is a result of this increased accessibility to prosocial thoughts (Greitemeyer & Osswald, 2011). Just helping a player think more prosocial is all it takes to help them act prosocial. This is similar to how a prosocial entrepreneur would want to create prosocial change in his community; he would help consumers think in prosocial ways to encourage the prosocial behaviors.

### **The Effects of Multiplayer and Social Media Games**

In addition to prosocial thoughts and behaviors stemming from prosocial games, research has been conducted on how multiplayer games increases prosocial behavior. Research on online multiplayer games has found they create social capital through both creating relationships between the people playing together as well as cooperation resulting from the need to work together to succeed in online goals; online multiplayer games provide a low-stress way to meet other people through providing entertainment and in game incentives (Hastings, 2015). This could be further supported by the previous research that shows being part of a community or group increases prosocial behaviors. These multiplayer games typically reward people for both

playing together regularly and creating groups of friends working to reach a common goal in the same game.

Research has also been conducted on the prosocial benefits to games from social media sites in addition to these classic multiplayer games on consoles. Social network games, such as the games found on Facebook, can lead to positive social outcomes, such as meeting or reconnecting with old friends, due to the strong feeling of copresence (Wohn, 2016). Playing games has real connections that occur from just the connections that happen online. People will want to meet up with gaming friends in real life over other shared interests, and some people have even married partners they met over online games. Overall, prosocial games can increase prosocial thoughts and lead to more connections and mutual support stemming from the same support and connections they experience through the game.

### **The Effects of Non-Prosocial Video Games**

It is also important to examine the effects of non-prosocial games on prosocial behaviors when discussing the effects video games can have on consumers. It has been found exposure to violent video games decreases prosocial behaviors in addition to other psychological effects, such as increased aggressive affect (Anderson & Bushman, 2001). However, while the violent video games increase aggression and decrease prosocial outcomes, prosocial video games decrease aggression while increasing prosocial outcomes (Greitemeyer & Mügge, 2014). This is important to keep in mind as video games can influence players in both beneficial, prosocial ways as well as negative, aggressive forms. This will be important to keep in mind for any prosocial entrepreneur looking to incorporate prosocial games in their business ideas. As a result, the following business plan will only incorporate cooperative and prosocial games in the offering to exclusively build prosocial behaviors in the consumers.

## **Overview of Suggested Business Plan**

The suggested business is an entertainment venue centered around creating relationships between customers and other members and organizations within the community. This entertainment venue will be called “OurPlace” from here forward. OurPlace will seek to focus on encouraging prosocial behaviors in customers to then create relationships between customers as well as build relationships to other local businesses with these customers. This will benefit the customers directly because it will give a sense of connection to the people and businesses around them. This prosocial behavior will then benefit local businesses in town to create growth for new local opportunities for community members in the long term.

## **Values Exhibited in the Business**

As a representation of these values, OurPlace has the following vision and mission statements. OurPlace’s mission statement is “OurPlace exists to build prosocial behaviors in its community through providing prosocial entertainment and connecting locals with local businesses to enhance the community they are a part of.” This mission accurately captures the prosocial minded goals intended as well as clearly states which members of the community benefit from these prosocial goals. OurPlace’s vision statement is “OurPlace seeks to be a core member of the Chattanooga community with active relationships with other local businesses to create long term collaboration between customers and entrepreneurs.” This vision showcases OurPlace’s goal to become an integrated member of the community that is actively involved to grow both its business and the community in the long run.

The values of the entrepreneur are linked to the values exhibited by their business. The values of the prosocial entrepreneur behind OurPlace is eating locally and supporting local business while meeting locals. OurPlace will proudly display these motivations as part of the

OurPlace brand. This will help consumers feel a connection to the brand through appealing to common prosocial values. In addition to this, the owner will train his employees to share and share these values in order to create a workforce built around growing these prosocial behaviors. Therefore, the prosocial venture will strive to incorporate these values into its prosocial motivations.

### **How the Business Increases Prosocial Behaviors**

OurPlace will achieve this through a variety of decisions directly planned to increase prosocial behavior. This ranges from the building layout to the entertainment provided. Customers will be drawn in to enjoy food and fun in the form of entertainment rooms and local food trucks. These same customers will leave with prosocial feelings about the local community in regard to eating local foods and spending time with friends and family. These prosocial feelings about these values will encourage customers to spend more time with other locals as well as spend more time supporting local businesses.

Prosocial benefits are also embedded into the business during off hours. It is expected an entertainment venue centered around eating, watching sports, and playing video games will be inherently busier during the evening. Therefore, this venue will also serve as a different kind of social space during the day. OurPlace will support local business through stocking coffees and treats crafted from local businesses. Relationships with local businesses will be at the core of offering these products as well. It is also possible for the same food trucks and local restaurants to come during lunch hours to serve lunch crowds. Students are already one of the target demographics, so this will provide a space to study while enjoying local coffees. A relationship could also be achieved through the university in the future to further OurPlace's role in the community by providing prosocial values for students. Young professionals will also appreciate

the space to meet and discuss information. This alternative offering helps ensure the business continues to be profitable during off hours and days, while offering a prosocial benefit to similar audiences.

### **Primary Product and Service Offering**

In terms of how the entertainment rooms will operate, they will each be stocked with a projector and screen as well as game systems and cable television set in an open-air environment. These game systems will have cooperative games for the customers to play together while they enjoy local food. This allows the customers to have free choice about how they want to spend time together, while still participating with others in OurPlace. The open-air format means someone could see something interesting happening in another “room” and head over to create conversation and relationship. This ensures prosocial interaction between people as they interact with each other in a large social space. Furthermore, the prosocial and cooperative video games available will also act as motivators for prosocial behavior. These entertainment rooms will be the typical unit of sale for OurPlace. A basic, preliminary cash flow statement (Appendix A) and pro forma income statement (Appendix B) has been developed with this core rental service at a price point of twenty dollars an hour in mind.

The food trucks will operate through the owner reaching out to local food trucks or restaurants willing to set up a booth and allowing them to sell their foods on OurPlace’s property. This is a win-win for both OurPlace’s owner and the guest food provider. OurPlace now has food available to draw in patrons without the problems associated with maintaining a running a kitchen. It also provides food that rotates so the offering is always fresh, but has the opportunity for a food truck to return if it is very popular. It is a win for the food truck or local restaurant because they have another avenue to sell and market their food. This will lead to more

sales for the restaurant as well as potential new customers visiting the storefront in the future. Building this relationship is key because this prosocial interaction between businesses will encourage prosocial behaviors in the customers.

### **Target Customer**

The business also answers a customer pain point outside of just simply providing a prosocial benefit to the customer. OurPlace's target customer are young adults, primarily college aged, up to middle aged adults looking for entertainment. It is believed this demographic is ideal because younger adults don't typically have the space to effectively host friends or cook food, and middle-aged adults tend to appreciate the opportunity to not have to worry about those two problems. This venture allows people to enjoy having company without worrying about cleaning up their place or cooking food. They can simply head to where has both available to them with the added benefit of engaging with other locals outside of their original group.

### **How Does This Business Answer the Theoretical Propositions?**

This business opportunity also answers all five theoretical propositions on prosocial entrepreneurship. It will create a strong brand designed to appeal to shared values in order to increase identification with OurPlace's brand. Ourplace has also made small but deliberate changes in its business to increase the prosocial behaviors in its customers; these include the focus on prosocial video games over standard or open-air environment. The positive feelings stemming from new connections and fun, prosocial entertainment will drive customers to come back. The connections made between customers over food and cooperative games will also exist outside the context of the business to create meaningful interactions in the community. Finally, the owner will be the primary initial employee of OurPlace, and his prosocial and altruistic



values will be passed onto future employees in order to better communicate these to the customers.

## **Conclusion**

### **Overview**

Prosocial motives and promoting these motives to the consumer is a sparsely researched topic in entrepreneurship. Despite this, businesses have aimed to promote prosocial behaviors in employees for some time. In addition to this, businesses existing today have practices in place to promote community building and cooperation. As a result, prosocial entrepreneurship is a new form of entrepreneurship suggested. What sets this form apart from its predecessors is the focus on instilling the values of the entrepreneur on the customers served to improve them. This is accomplished through community building and then participating in these communities as a positive social force.

Understanding how businesses can instill prosocial thoughts and behaviors in its customers not only has altruistic meaning, but also significant benefits for the business's health. A variety of theoretical propositions are suggested that can be incorporated by any form of entrepreneur. There is a wide breadth of options for an entrepreneur to share his or her prosocial values with the customer. This can be through incorporating some prosocial elements into a classic entrepreneurial venture or through completely designing the business around sharing these altruistic and cooperative values. All of these methods have the benefit of serving the community and improving prosocial behaviors. This supports a business that creates a lifestyle for the entrepreneur where they can act as a positive force in their community using entrepreneurship and their altruistic values.

### **Developing the Suggested Business Plan Further**

The business plan suggested also has room for development and revisions. The cost feasibility of this business will need to be explored further. Preliminary numbers are provided in

the sample financial statements. However, they have not been tested and need more research, especially in regard to the location and market this business would be open in, in order to understand if the business is profitable. Regardless, tweaks can be made to the prices and costs needed to open the business to help ensure the core business idea functions and is feasible.

Developing the brand, image, and logo further is also essential. These components are essential to communicating the core message to the customer because they will be the first point of contact the customer has with the business's values. These can have some variation to fit the entrepreneur's personal taste for aesthetics, but the core message should still influence decisions made on these components. The suggested business plan will look at its mission statement and core values to develop the message. It will then look at its target customer to influence how the message is shared. This will be developed further to fit the entrepreneur's personal values and then integrated into the brand.

### **Future Research on Prosocial Entrepreneurship**

Future research should be continued on prosocial entrepreneurship. More research is needed to understand this gap, especially in regard to existing companies using prosocial entrepreneurship and finding more existing companies that are wholly focused on prosocial entrepreneurship. In addition to this, testing the suggested business model of a wholly prosocial venture in order to measure its success has not yet been completed. Finally, the five theoretical propositions suggested are not wholly comprehensive; there are many more antecedents and outcomes of prosocial entrepreneurship left to be suggested, studied, and tested.

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## Appendix A

Month	January	February	March	April	May	June	July	August	September	October	November	December
<b>Cash Balance at Month's Start</b>	10000	11706	12262	13478	16734	21330	26636	32452	35248	39484	45260	51316
<b>Cash In</b>												
Sales	5750	4600	5460	7300	8640	9400	9860	7400	8280	9820	10100	10240
<b>Total Cash In</b>	5750	4600	5460	7300	8640	9400	9860	7400	8280	9820	10100	10240
<b>Total Cash Available</b>	15750	16306	17722	20778	25374	30730	36496	39852	43528	49304	55360	61556
<b>Cash Out</b>												
Rent	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Insurance	84	84	84	84	84	84	84	84	84	84	84	84
Utilities	300	300	300	300	300	300	300	300	300	300	300	300
Cable/TV	60	60	60	60	60	60	60	60	60	60	60	60
Repairs	0	0	200	0	0	50	0	560	0	0	0	50
Telephone	100	100	100	100	100	100	100	100	100	100	100	100
<b>Total Cash Out</b>	4044	4044	4244	4044	4044	4094	4044	4604	4044	4044	4044	4094
<b>Monthly Cash Flow</b>	1706	556	1216	3256	4596	5306	5816	2796	4236	5776	6056	6146
<b>End Cash Balance</b>	11706	12262	13478	16734	21330	26636	32452	35248	39484	45260	51316	57462

## Appendix B

<b>Revenue</b>	\$96,860.00
<b>Cost of Goods Sold</b>	\$0
<hr/>	
<b>Gross Profit</b>	\$96,860.00
<b>Operating Expenses</b>	\$49,020.00
<i>(Utilities)</i>	\$3,600.00
<i>(Cable Television)</i>	\$720.00
<i>(Rent)</i>	\$42,000.00
<i>(Insurance)</i>	\$1,000.00
<i>(Repairs and Maintenance)</i>	\$500.00
<i>(Telephone)</i>	\$1,200.00
<hr/>	
<b>Net Operating Profit</b>	\$47,840.00