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Social Impact Marketing and Financial Sustainability: Evidence from Indian Social Enterprises

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KEYWORDS

*Social Impact Marketing;
Financial Sustainability;
Social Enterprises;
India;
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Digital Capability*

ABSTRACT

Social enterprises must communicate mission without undermining commercial viability, yet empirical evidence on whether impact-oriented marketing supports financial sustainability remains limited, especially in emerging economies. This study examines the relationship between social impact marketing and financial sustainability among Indian social enterprises and tests whether stakeholder trust and perceived legitimacy mediate that relationship, while digital capability moderates it. Using survey data from 250 Indian social enterprises and hierarchical regression with bootstrapped mediation analysis, the study finds that social impact marketing is positively associated with financial sustainability ($\beta = 0.502, p < .001$). When the mediators are introduced, the direct association remains significant ($\beta = 0.314, p < .001$), while stakeholder trust ($\beta = 0.205, p < .001$) and perceived legitimacy ($\beta = 0.140, p = .009$) also show significant positive associations with financial sustainability. Bootstrapped indirect effects via stakeholder trust ($\beta = 0.071, 95\% \text{ CI } [0.034, 0.115]$) and perceived legitimacy ($\beta = 0.048, 95\% \text{ CI } [0.012, 0.090]$) are significant, indicating partial mediation. Digital capability has a positive main effect on financial sustainability ($\beta = 0.156, p = .010$), but its interaction with social impact marketing is not significant. Short open-ended responses reinforce the quantitative results by showing that the largest managerial bottlenecks concern impact evidence, mission–market translation, and constrained communication resources. The study contributes to social enterprise scholarship by positioning social impact marketing as a strategic capability linked to financial sustainability through relational and legitimacy mechanisms in the Indian context..

1. INTRODUCTION

Social enterprises operate at the intersection of mission and market. Unlike conventional firms, they pursue explicit social value creation; unlike purely philanthropic organizations, they rely at least partly on market-based activity, earned income, or entrepreneurial resource mobilization (Defourny & Nyssens, 2010; Mair & Martí, 2006). This hybrid character is strategically attractive, but it also creates persistent tensions because organizations must preserve mission integrity while generating the financial resources required for continuity and scale (Battilana & Lee, 2014; Doherty et al., 2014; Smith et al., 2013).

Financial sustainability is therefore not a peripheral concern for social enterprises. It is the condition that allows mission delivery to continue over time. When revenue streams are unstable, cost coverage is uncertain, or the organization remains excessively dependent on volatile grants or donations, social impact becomes difficult to maintain (Ghosh et al., 2024; Jenner, 2016; Yasmin et al., 2025). The financial question is especially acute in emerging economies, where institutional variability, market fragmentation, and stakeholder skepticism often heighten survival pressures.

India provides a particularly relevant setting for examining this problem. Indian social enterprises are active in education, health, agriculture, livelihoods, financial inclusion, renewable energy, sanitation, and other domains where market failures and social needs are pronounced (Ramani et al., 2017; Sengupta & Sahay, 2018). At the same time, they operate under constraints that include heterogeneous consumer segments, uneven digital infrastructure, legitimacy challenges, and pressure to demonstrate both commercial viability and social authenticity (Pandey et al., 2023; Sengupta et al., 2018).

One strategic lever that has received relatively limited empirical attention in this context is marketing. Prior social enterprise research has focused heavily on hybridity, governance, institutional logic, and performance, while giving comparatively less attention to how value is communicated to external stakeholders (Bandyopadhyay & Ray, 2020; Saebi et al., 2019). Yet the ability to explain why an enterprise exists, what social problem it addresses, and how its offerings create both social and market value should matter for customers, partners, donors, and investors alike.

This article focuses on social impact marketing, defined here as the deliberate design and communication of an enterprise's social mission, beneficiary relevance, impact logic, and measurable outcomes across stakeholder touchpoints. Social impact marketing is broader than promotional messaging alone. It includes mission-centered branding, impact storytelling, evidence-based outcome communication, and the integration of social purpose into external value propositions (Bandyopadhyay & Ray, 2020; Becker et al., 2023; Chaudhri, 2014; Du et al., 2010).

The theoretical logic is straightforward. Stakeholder theory suggests that organizations survive by securing support from multiple stakeholders whose judgments affect access to resources, legitimacy, and exchange opportunities (Freeman, 2010; Hillebrand et al., 2015; Laczniak & Murphy, 2012). Signaling theory further suggests that under conditions of information asymmetry, organizational messages and actions can reduce uncertainty and shape judgments of quality, sincerity, and fit (Connelly et al., 2011). In hybrid organizations, impact-oriented communication may therefore matter not because it is morally desirable in the abstract, but because it can influence whether stakeholders see the enterprise as trustworthy, legitimate, and worthy of sustained support.

Two relational mechanisms are particularly important. First, social impact marketing can strengthen stakeholder trust by presenting the enterprise as transparent, reliable, and consistent with its stated commitments (Becker et al., 2023; Morgan & Hunt, 1994). Second, it can increase perceived legitimacy by reinforcing the belief that the enterprise is socially appropriate, credible, and institutionally acceptable (Dart, 2004; Huybrechts & Nicholls, 2013; Suchman, 1995). These mechanisms should matter financially because trust and legitimacy affect whether organizations retain customers, attract partners, secure patient capital, and reduce resistance in stakeholder relationships.

A further question concerns digital capability. Social enterprises increasingly rely on digital tools for outreach, storytelling, engagement, and coordination, especially under resource constraints. However, digital presence is not the same as digital capability. What matters is whether the organization can deploy digital platforms, content routines, and analytics in ways that support strategic objectives (Bharadwaj, 2000; He et al., 2022; Satar et al., 2024). Digital capability may therefore amplify the effectiveness of social impact marketing, although its empirical role in the Indian social enterprise context remains unclear.

Against this background, the present study asks: How is social impact marketing associated with the financial sustainability of Indian social enterprises, and through which mechanisms does that relationship operate? Using data from 250 Indian social enterprises, the article tests a model in which social impact marketing influences financial sustainability directly and indirectly through stakeholder trust and perceived legitimacy, while digital capability is examined as a moderator. The study contributes by bringing a marketing-centered explanation into social enterprise sustainability research, by clarifying trust and legitimacy as mediating mechanisms, and by grounding the analysis in an emerging-economy context where these issues are especially salient.

2. THEORY AND HYPOTHESIS DEVELOPMENT

Social impact marketing and financial sustainability

Social enterprises must persuade stakeholders that transactions with the organization generate more than economic value alone. When an enterprise communicates its social mission and impact clearly, stakeholders can better understand why the organization exists, what differentiates it, and why continued support is justified. In principle, this should enhance customer acquisition, stakeholder retention, partnership development, and willingness to transact, all of which matter for financial sustainability (Bhattarai et al., 2019; Du et al., 2010; Glaveli&Geormas, 2018).

The argument is particularly relevant in India, where information asymmetry can be high and organizational claims may be evaluated through both market and moral lenses. Under such conditions, social impact marketing can function as a signal of seriousness, authenticity, and value relevance. If impact communication reduces uncertainty and increases perceived meaningfulness, stronger financial performance should follow in the form of more stable revenue and greater operating resilience. Accordingly, the first hypothesis is proposed.

H1: Social impact marketing is positively associated with the financial sustainability of Indian social enterprises.

The mediating role of stakeholder trust

Trust reflects the expectation that an organization is reliable, competent, honest, and consistent with its commitments (Morgan & Hunt, 1994). For social enterprises, trust is a particularly important relational asset because stakeholders often cannot observe social impact directly and must infer credibility from communication, behavior, and transparency. Social impact marketing should therefore be associated with higher stakeholder trust when it makes the organization's purpose, evidence, and values legible to external audiences (Becker et al., 2023; Freeman, 2010).

Trust should, in turn, be associated with financial sustainability. Customers who trust a social enterprise are more likely to buy repeatedly, recommend it to others, tolerate short-term uncertainty, and remain engaged over time. Partners and funders are also more likely to sustain relationships with organizations they regard as dependable and mission-consistent. Trust thus provides a plausible relational pathway through which marketing can be translated into financial outcomes. The following hypotheses follow from this logic.

H2: Social impact marketing is positively associated with stakeholder trust.

H3: Stakeholder trust is positively associated with financial sustainability.

H4: Stakeholder trust mediates the relationship between social impact marketing and financial sustainability.

The mediating role of perceived legitimacy

Legitimacy refers to the generalized perception that an organization's actions are desirable, proper, and appropriate within a socially constructed system of norms and values (Suchman, 1995). Because social enterprises combine social and commercial logics, legitimacy is often fragile and must be actively maintained. Stakeholders need to see the enterprise as authentic, socially appropriate, and worthy of support rather than as merely symbolic or opportunistic (Dart, 2004; Huybrechts & Nicholls, 2013).

Social impact marketing can strengthen legitimacy when it communicates mission alignment, social outcomes, and organizational seriousness in ways that fit stakeholder expectations. Legitimate organizations often encounter less resistance, attract stronger collaboration, and benefit from reputational advantages that help stabilize their resource base. In this sense, legitimacy is not only symbolic; it is economically consequential. This leads to the next set of hypotheses.

H5: Social impact marketing is positively associated with perceived legitimacy.

H6: Perceived legitimacy is positively associated with financial sustainability.

H7: Perceived legitimacy mediates the relationship between social impact marketing and financial sustainability.

The moderating role of digital capability

Digital capability captures the organization's ability to use digital tools, content systems, and analytics strategically rather than superficially. In resource-constrained social enterprises, strong digital capability may increase the reach, consistency, and responsiveness of impact communication. It can also support iterative learning about what kinds of messages convert stakeholder interest into sustained exchange (Bharadwaj, 2000; He et al., 2022; Satar et al., 2024).

For these reasons, digital capability is expected to strengthen the relationship between social impact marketing and financial sustainability. When capability is high, mission narratives can be communicated more efficiently and reinforced more consistently across channels. When capability is low, even strong impact narratives may fail to convert into tangible financial outcomes. The moderating hypothesis is therefore stated as follows.

H8: Digital capability positively moderates the relationship between social impact marketing and financial sustainability, such that the relationship is stronger at higher levels of digital capability.

3. CONCEPTUAL FRAMEWORK

Figure 1 presents the conceptual model tested in the study. The model specifies a direct path from social impact marketing to financial sustainability, indirect paths through stakeholder trust and perceived legitimacy, and a moderating path for digital capability.

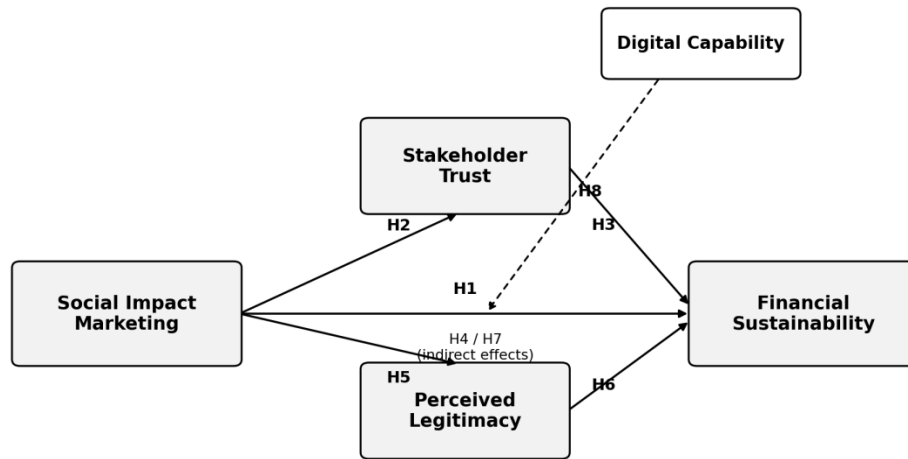


Figure 1. Conceptual framework

Note. Developed from stakeholder theory, signaling theory, and legitimacy theory. H4 and H7 represent indirect effects; H8 represents moderation of the H1 path.

METHOD

Sample and data collection

The study uses a cross-sectional survey design and treats the organization as the unit of analysis. Each response represents a knowledgeable key informant from an Indian social enterprise. The respondents in the dataset include founders, co-founders, chief executive officers, directors, marketing heads, operations heads, strategy leads, business heads, and program leads, all of whom were screened for familiarity with both marketing and financial decisions.

The final dataset contains 250 usable responses. All respondents reported that their organizations identify as social enterprises, operate in India, and that they themselves are sufficiently familiar with both marketing and finance to answer the questionnaire. This screening approach reduces the risk of low-information responses and improves the validity of organization-level perceptual measures.

The sample is heterogeneous in legal form, sector, region, and revenue model. As Table 1 shows, Section 8 companies and private limited companies account for the largest shares of the sample, while the dominant sectors are skills development, agriculture and allied activities, education, health, and financial inclusion. The mean organization age is 9.09 years, the mean number of employees is 24.26, and the mean earned-income share is 53.18%. Altogether, 76.8% of the organizations report active use of digital marketing channels.

Table 1. Sample profile of the 250 Indian social enterprises

Panel	Category	Value
Summary	Sample size (organizations)	250
Summary	Mean organization age (years)	9.09
Summary	Median organization age (years)	8
Summary	Mean employees	24.26
Summary	Median employees	15
Summary	Mean earned-income share (%)	53.18
Summary	Uses digital marketing	76.8%



Legal form	Section 8 Company	75 (30.0%)
Legal form	Private Limited Company	67 (26.8%)
Legal form	NGO / Trust / Society	43 (17.2%)
Legal form	Hybrid (for-profit + nonprofit)	29 (11.6%)
Legal form	Partnership / LLP	20 (8.0%)
Legal form	Cooperative / Producer Company	16 (6.4%)
Sector	Skills Development	48 (19.2%)
Sector	Agriculture & Allied	36 (14.4%)
Sector	Education	34 (13.6%)
Sector	Health	29 (11.6%)
Sector	Financial Inclusion / Fintech	26 (10.4%)
Sector	Energy & Environment	26 (10.4%)
Sector	Handicrafts & Artisan Livelihoods	17 (6.8%)
Sector	Women Empowerment	12 (4.8%)
Sector	Waste Management / Recycling	7 (2.8%)
Sector	Tourism & Cultural Heritage	7 (2.8%)
Sector	Water & Sanitation	5 (2.0%)
Sector	Affordable Housing	3 (1.2%)
Region	South	94 (37.6%)
Region	North	64 (25.6%)
Region	East	36 (14.4%)
Region	West	35 (14.0%)
Region	Central	14 (5.6%)
Region	Northeast	7 (2.8%)
Revenue model	Mixed	126 (50.4%)
Revenue model	Sales	46 (18.4%)
Revenue model	Grants	34 (13.6%)
Revenue model	Subscriptions	21 (8.4%)
Revenue model	Contracts	15 (6.0%)
Revenue model	Donations	8 (3.2%)
Revenue trend (last 3 years)	Increased	132 (52.8%)
Revenue trend (last 3 years)	Remained stable	70 (28.0%)
Revenue trend (last 3 years)	Decreased	48 (19.2%)

Note. Percentages are based on the full sample of 250 organizations. The table includes both continuous descriptive indicators and categorical composition by legal form, sector, region, revenue model, and recent revenue trend.

4. MEASURES

All focal constructs were measured with multi-item statements anchored on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Composite scores were computed as the mean of each construct's items. The item domains were developed from prior literature on social enterprise marketing, stakeholder relations, legitimacy, sustainability, and digital capability, and were adapted to the Indian social enterprise context (Bandyopadhyay & Ray, 2020; Becker et al., 2023; Bharadwaj, 2000; Chaudhri, 2014; Du et al., 2010; Morgan & Hunt, 1994; Suchman, 1995; Yasmin et al., 2025).

Social impact marketing was measured with six items capturing mission-centered communication, impact storytelling, and evidence-based communication of social outcomes. Stakeholder trust was measured with five items reflecting reliability, honesty, transparency, and confidence in the enterprise. Perceived legitimacy was measured with five items that captured credibility, authenticity, and appropriateness. Financial sustainability was measured with six items reflecting revenue stability, cost coverage, resilience, and the ability to sustain operations over time. Digital capability was measured with six items concerning the organization's use of digital platforms, content systems, and analytics for stakeholder engagement.

Control variables included organization age, organizational size (logged employees), leadership experience, and the earned-income share of total revenue. These controls were included because maturity, size, managerial experience, and the degree of commercialization may plausibly affect financial sustainability independent of the focal constructs.

5. ANALYTICAL STRATEGY

The hypotheses were tested using hierarchical ordinary least squares regression with HC3 robust standard errors. This approach is appropriate because the study examines directional associations among reliable multi-item composite constructs and does not require estimation of a full latent-variable structural model. For the mediation hypotheses, indirect effects were estimated using 5,000 bootstrap resamples. The moderation hypothesis was tested with a mean-centered interaction term between social impact marketing and digital capability.

To assess internal consistency and convergent validity, one-factor solutions were estimated separately for each construct and used to calculate composite reliability (CR) and average variance extracted (AVE). Discriminant validity was assessed using the heterotrait-monotrait ratio (HTMT) criterion (Henseler et al., 2015). Common method bias was examined procedurally and statistically. In addition to screening and item design remedies, Harman's single-factor test showed that the first factor explained 30.25% of total variance, below the conventional 50% threshold, and all variance inflation factors in the structural models were below 2.0, suggesting that common method variance is unlikely to dominate the findings (Podsakoff et al., 2003).

Table 2. Measurement properties of the focal constructs

Construct	Items	Cronbach α	CR	AVE	Loading range
Social impact marketing	6	0.867	0.901	0.604	0.737–0.814
Stakeholder trust	5	0.856	0.898	0.638	0.782–0.830
Perceived legitimacy	5	0.813	0.871	0.575	0.728–0.783
Financial sustainability	6	0.889	0.916	0.647	0.789–0.818
Digital capability	6	0.869	0.903	0.610	0.744–0.825

Note. CR = composite reliability; AVE = average variance extracted. Loading ranges are from one-factor solutions estimated separately for each construct. All CR values exceed .87, all AVE values exceed .57, and all HTMT values were below .60, indicating satisfactory internal consistency, convergent validity, and discriminant validity.

6. RESULTS

Table 3 reports the descriptive statistics and correlations for the focal constructs. Mean values are above the midpoint for all five constructs, ranging from 3.447 for financial sustainability to 3.830 for digital capability. Internal consistency is strong across the board, with Cronbach's alpha values between 0.813 and 0.889. All zero-order correlations are positive and statistically significant. The strongest bivariate association is between social impact marketing and financial sustainability ($r = 0.513, p < .001$), followed by the correlation between social impact marketing and digital capability ($r = 0.419, p < .001$).

The hypothesis tests are summarized in Table 4. In the direct-effects model, social impact marketing is positively associated with financial sustainability ($\beta = 0.502, p < .001$), supporting H1. When the mediators and digital capability are included, the direct coefficient remains positive and significant ($\beta = 0.314, p < .001$), indicating that mediation is partial rather than full. Stakeholder trust is positively associated with financial sustainability ($\beta = 0.205, p < .001$), supporting H3, and perceived legitimacy is also positively associated with financial sustainability ($\beta = 0.140, p = .009$), supporting H6.

Social impact marketing is positively associated with stakeholder trust ($\beta = 0.352, p < .001$) and with perceived legitimacy ($\beta = 0.341, p < .001$), supporting H2 and H5. Digital capability shows an independent positive association with financial sustainability in the full model ($\beta = 0.156, p = .010$), but the interaction between digital capability and social impact marketing is not significant ($\beta = -0.032, p = .437$). H8 is therefore not supported. The full model explains 41.7% of the variance in financial sustainability.

Table 5 presents the bootstrapped indirect effects. The indirect effect of social impact marketing on financial sustainability through stakeholder trust is positive and significant ($\beta = 0.071, 95\% \text{ CI } [0.034, 0.115]$), supporting H4. The indirect effect through perceived legitimacy is also positive and significant ($\beta = 0.048, 95\% \text{ CI } [0.012, 0.090]$), supporting H7. The total indirect effect is 0.119, and because the direct effect remains significant after accounting for the mediators, both mediation paths are best interpreted as partial.

Finally, the short open-ended question was coded to provide a light-touch qualitative triangulation of the survey results. Table 6 shows that the most frequent challenge concerns impact measurement and evidence generation, followed by contextual market constraints, long sales cycles, limited communication capacity, and the difficulty of translating mission into a commercially legible value proposition. These qualitative themes reinforce the quantitative finding that impact communication matters, but only when it is credible, actionable, and aligned with the organization's commercial reality.

Table 3. Descriptive statistics, reliability, and correlations

No.	Construct	Mean	SD	α	1	2	3	4	5
1	Social impact marketing	3.753	0.857	0.867	—				
2	Stakeholder trust	3.605	0.928	0.856	0.393	—			
3	Perceived legitimacy	3.710	0.824	0.813	0.388	0.281	—		
4	Financial sustainability	3.447	0.973	0.889	0.513	0.395	0.370	—	
5	Digital capability	3.830	0.870	0.869	0.419	0.144	0.183	0.375	—

Note. $N = 250$. Correlations are Pearson coefficients. Values below the diagonal are reported; all are positive and statistically significant at $p < .05$ or better.

Table 4. Hypothesis tests from hierarchical regression models

Hypothesis	Path	β	Robust SE	p	Decision
H1	SIM \rightarrow financial sustainability	0.502	0.050	< .001	Supported
H2	SIM \rightarrow stakeholder trust	0.352	0.058	< .001	Supported
H3	Stakeholder trust \rightarrow financial sustainability	0.205	0.053	< .001	Supported
H5	SIM \rightarrow perceived legitimacy	0.341	0.059	< .001	Supported
H6	Perceived legitimacy \rightarrow financial sustainability	0.140	0.053	= .009	Supported
H8	SIM \times digital capability \rightarrow financial sustainability	-0.032	0.041	= .437	Not supported

Note. Reported coefficients are standardized betas from OLS models with HC3 robust standard errors. Control variables in all models were organization age, logged employees, leadership experience, and earned-income share. The direct H1 model explained 34.2% of the variance in financial sustainability; the full model explained 41.7%.

Table 5. Bootstrapped indirect effects

Hypothesis	Indirect path	β	95% LLCI	95% ULCI	Decision
H4	SIM \rightarrow stakeholder trust \rightarrow financial sustainability	0.071	0.034	0.115	Supported

H7	SIM → perceived legitimacy → financial sustainability	0.048	0.012	0.090	Supported
—	Total indirect effect	0.119	0.070	0.174	—
—	Direct effect after mediators	0.318	0.205	0.432	—
—	Total effect	0.504	0.407	0.598	—

Note. Indirect effects were estimated with 5,000 bootstrap resamples. An indirect effect is statistically significant when the 95% confidence interval does not include zero.

Table 6. Main challenge themes from the open-ended responses

Challenge theme	Frequency	%	Interpretation
Impact measurement / evidence	189	75.6	Difficulty generating timely, credible and comparable impact evidence for customers, partners and funders.
Contextual sector constraints	116	46.4	Sector-specific frictions such as price sensitivity, compliance demands, seasonal variation or operational reliability expectations.
Long sales and procurement cycles	79	31.6	Revenue conversion is slowed by institutional purchasing cycles, delayed decisions and long trust-building horizons.
Resource constraints in marketing	60	24.0	Communication teams, budget, content production and analytics capacity remain limited.
Mission–market translation	56	22.4	Organizations struggle to translate social outcomes into a commercially legible value proposition without diluting mission.

Note. The open-ended question asked respondents to identify the biggest challenge in converting social impact communication into financial sustainability. Responses were coded thematically and used for triangulation rather than as a standalone qualitative data source.

7. DISCUSSION

The results show that social impact marketing is not merely a symbolic communication function. It is positively associated with the financial sustainability of Indian social enterprises, and that association remains significant after accounting for stakeholder trust, perceived legitimacy, digital capability, and the control variables. This finding extends prior work on social enterprise marketing by suggesting that how social value is communicated matters for the organization’s financial resilience, not only for its external image (Bandyopadhyay & Ray, 2020; Bhattarai et al., 2019; Glaveli & Geormas, 2018).

The mediation findings are especially important. Stakeholder trust and perceived legitimacy both transmit part of the relationship between social impact marketing and financial sustainability. This is consistent with the study’s theoretical framing. Stakeholder theory helps explain why organizations need continued support from diverse audiences, while signaling theory explains how impact-oriented communication can reduce uncertainty and shape those audiences’ evaluations (Connelly et al., 2011; Freeman, 2010). In practical terms, the results suggest that social impact marketing works financially because it helps stakeholders believe the enterprise is credible, reliable, and worthy of support.

The trust pathway is somewhat stronger than the legitimacy pathway in the present data, as indicated by the larger indirect effect through stakeholder trust ($\beta = 0.071$) relative to perceived legitimacy ($\beta = 0.048$). This is substantively meaningful in the Indian setting, where organizations often operate in relationally dense environments and where repeated exchange depends heavily on confidence, transparency, and perceived consistency. Legitimacy still matters, but the evidence suggests that relational confidence may be the more immediate bridge between impact communication and financially sustainable exchange.

The digital capability result is more nuanced. Digital capability shows a positive independent relationship with financial sustainability, but it does not significantly strengthen the social impact marketing–financial sustainability relationship. This means that organizations with stronger digital capability tend to be more financially sustainable overall, yet that capability does not automatically amplify the payoff from impact-oriented marketing. One interpretation is that digital tools matter as an enabling infrastructure, but the commercial value of impact communication still depends primarily on message credibility, stakeholder trust, and institutional fit rather than on channel sophistication alone (He et al., 2022; Satar et al., 2024).

The qualitative responses reinforce this interpretation. Respondents repeatedly pointed to problems of evidence generation, long conversion cycles, and mission–market translation. In other words, the barrier is often not a lack of storytelling intent; it is the difficulty of producing timely, credible, and commercially legible evidence that stakeholders can act on. This helps explain why digital capability had a main effect but not a moderating effect. Digital tools can improve communication capacity, yet they cannot solve weak impact measurement systems or sector-specific purchasing frictions by themselves.

Another noteworthy finding is the positive and robust effect of earned-income share on financial sustainability. This does not diminish the importance of social mission. Instead, it highlights that financial sustainability among social enterprises remains partly grounded in the strength of the organization’s revenue architecture. Social impact marketing appears to matter most when it is anchored in credible evidence and coupled with a business model that can convert stakeholder support into relatively stable revenue.

8. THEORETICAL IMPLICATIONS

The study contributes to social enterprise scholarship in three ways. First, it places marketing more centrally within the explanation of social enterprise sustainability. Much of the existing literature has emphasized hybridity, governance, and institutional complexity, but the present findings show that stakeholder-facing communication is a meaningful strategic capability rather than a peripheral activity (Battilana & Lee, 2014; Doherty et al., 2014; Saebi et al., 2019).

Second, the article integrates stakeholder theory, signaling theory, and legitimacy theory into a coherent explanation of how marketing translates into financially relevant outcomes in hybrid organizations. The results show that impact communication is not financially consequential simply because it is visible; it becomes consequential when it strengthens trust and legitimacy.

Third, the study adds evidence from India, which remains underrepresented in mainstream empirical work on social enterprises. The Indian context is theoretically relevant because hybrid organizations there face acute legitimacy demands, institutional heterogeneity, and strong pressure to demonstrate both commercial discipline and social authenticity (Pandey et al., 2023; Sengupta & Sahay, 2018; Sengupta et al., 2018).

9. MANAGERIAL IMPLICATIONS

For practitioners, the central message is that social impact marketing should be managed as a system rather than as an occasional campaign. Enterprises need clear routines for articulating mission, showing evidence of outcomes, and translating social impact into a value proposition that different stakeholder groups can understand. The open-ended responses suggest that this translation challenge is one of the main bottlenecks to financial sustainability.

Managers should also treat trust and legitimacy as strategic assets. Transparent communication, consistent claims, and regular disclosure of outcomes are likely to yield more durable returns than high-volume but weakly substantiated messaging. In sectors such as education, health, agriculture, and livelihoods, organizations may benefit from developing standardized impact dashboards, testimonial systems, and sector-specific proof points that make social value more decision-relevant for customers and partners.

Digital investments remain important, but the findings indicate that they should not be viewed as a substitute for evidence quality. Social enterprises are more likely to benefit from digital tools when those tools are integrated with credible data collection, message refinement, and stakeholder follow-up rather than treated as purely promotional infrastructure.

10. LIMITATIONS AND FUTURE RESEARCH

The study has several limitations. First, it uses cross-sectional data, which means that the results should be interpreted as evidence of association rather than definitive causality. Longitudinal designs could examine whether changes in social impact marketing precede changes in revenue stability or resilience over time.

Second, the design relies on single-informant perceptual measures. Although the screening protocol, reliability checks, and common-method diagnostics reduce concern, future work could combine survey data with audited financial indicators, customer data, or multi-respondent designs.

Third, the study treats Indian social enterprises as a heterogeneous field. Future research could test whether the observed relationships differ systematically across sectors, legal forms, or revenue architectures. The non-significant moderation effect for digital capability also deserves further study, potentially with more fine-grained measures that distinguish channel use, analytics capability, and digital content quality.

11. CONCLUSION

This study shows that social impact marketing is positively associated with the financial sustainability of Indian social enterprises and that this relationship operates partly through stakeholder trust and perceived legitimacy. Digital capability contributes positively to financial sustainability, but it does not significantly strengthen the focal relationship. Taken



together, the findings suggest that social impact marketing matters financially when it is credible, evidence-backed, and capable of building durable stakeholder confidence. For hybrid organizations in India, the challenge is not simply to communicate mission more loudly; it is to communicate social value in ways that stakeholders trust, regard as legitimate, and can translate into sustained economic support...

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