

A BUSINESS MODEL FOR SOCIAL ENTREPRENEURSHIP SUSTAINABILITY

Dr. Sorin BLAGA¹

¹ School of Business, University of Newcastle, Australia
sblaga@inet.net.au

Abstract: *Business model, social entrepreneurship and sustainability are elusive concepts, in the realm of management with no clear and generally accepted definition. A review of the main discourses in the management field of these concepts is presented. The question that drives this study is related to how economic and social values creation can be integrated into a social enterprises business model in a sustainable manner. How these links can be managed, advanced, or innovated in order to improve economic and social value creation. This is called the business case for sustainability. The study put forward a framework that may offer support for further research in this area and aid scholars and practitioners in the field of social entrepreneurship.*

Keywords: business model, social entrepreneurship, sustainability.

JEL Classification Codes: M1, M5, M13, M14, M19.

1. Introduction

We are living in a challenging world where individuals and communities are required to adapt to dramatic social, economic and political changes that are reshaping entire capitalism. The Global Financial Crisis pushed the global economy into a slowdown and has produced a considerable erosion of social systems worldwide that generated a significant shift of confidence in governments. Basic needs of millions of people in countries around the world remain unmet, as they are unable to pay for products and services to satisfy their needs. These challenges have forced researchers to rethink entire social processes and to redesign frameworks and social institutions to meet these challenges (Zahra and Nambisan, 2012). However, managers should view social issues as a potential business proposition by creating social value and solving unmet social needs, through a new type of venture named social enterprises. The process is called social entrepreneurship that requires a specific form of the business model in creating and discharging social values in a sustainable manner.

2. What is Social Entrepreneurship?

Literature indicates that social entrepreneurship has emerged as a new field of entrepreneurial research that is in its infancy (Mair and Marti, 2006; Zahra et al., 2012). Progress has been made on various fronts as researchers have adopted new avenues of inquiry emerging from mainstream theoretical frameworks of entrepreneurship and then applying these insights to the context of social entrepreneurship (Antonioli, et al., 2016).



This is an open-access article distributed under the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>).

However, social entrepreneurship may materialize in various social enterprises according to a firm's business model, the activities performed and the outcomes of entrepreneurial processes. Social entrepreneurship emerged from the integration of two separate concepts: "social" and "entrepreneurship" (Mair and Marti, 2006). Literature reveals social entrepreneurship "creates innovative solutions to immediate social problems" (Alvord et al., 2004, p. 261) and "social entrepreneurs" are individuals with innovative ideas who address these social problems, while "social enterprises" are "organizations dedicated to solving social problems" (Dees et al., 2004, p. 25). The following section considers more closely the concepts and definitions of social entrepreneurship and social entrepreneur.

2.1. Definitions of Social Entrepreneurship, Social Entrepreneur and Social Enterprise

Even though the literature on social entrepreneurship is growing, the concept is still poorly understood. The phenomenon of social entrepreneurship is not new. We have had social entrepreneurs for a long time, but we never called them that (Dees, et al., 2001). In this light, the concept of entrepreneurship was extended into the social sector by offering tools and a methodology for researching and teaching in this new field of entrepreneurship. The concept of "social entrepreneurship" establishes some boundaries in a blurred area of entrepreneurship. The new emerging terminology used in defining the phenomenon of social entrepreneurship enhances the management field.

- Definition of Social Entrepreneurship

Literature reveals various views and theories that generate numerous definitions, emphasizing one or other dimension of social entrepreneurship (Mair and Marti, 2006; Short et al., 2009). In this light, Mair and Marti (2006) attempted to systematically map this amalgam of definitions with the aim of creating a theory and ended up by stating only that social entrepreneurship is a "promising source of explanation, prediction, and delight" (p. 43). They emphasized that the lack of a common definition is "not necessarily an impediment in the search for theory" and postulated that eventually, a definition will materialize. In order to fully understand these issues, the following emergent sources of definitions are discussed.

Social entrepreneurship literature reveals that the definitions combine elements from the various domains, considering social entrepreneurship as the activities of non-profit organizations (NPOs) that use market-based activities to support their social missions or organizations that use social innovations to create social values, regardless of the organizations are for profit or not.

For example, Dees and Elias, (1998) synthesized the elements of the definitions of social entrepreneurship previously used as:

- social entrepreneurship adopts "a mission to create and sustain social value, not just private value" (p. 167)
- a social entrepreneur is "pursuing new opportunities to serve that mission" (p. 167)
- social entrepreneur engages "in a process of continuous innovation, adaptation, and learning" (p. 167)
- social entrepreneur "exhibits a heightened sense of accountability to the constituencies served and for the outcomes created" (p. 167).

Each one of these elements has its own contribution to the development of the concept of social entrepreneurship. For example, the view that the "social ventures' mission is to create and sustain social value, not just private value" (Dees and Elias 1998, p. 166) is fundamental and distinguishes social enterprises from a mainstream business that seeks individual wealth creation.

However, creating profit is part of both business models, but in the case of social enterprises, it has a social means and a social end.

- Definition of Social Enterprises

Definition of social enterprises is hampered by their dynamics and diversity of social firms involved, which are characterized by the innate contradictions between their business and social objectives. For example, the view that the "social ventures' mission is to create and sustain social value, not just private value" (Dees, 1998, p. 166) is fundamental and distinguishes social enterprises from a mainstream business that seeks individual wealth creation. However, creating profit is part of both business models, but in the case of social enterprises, it has a social means and a social end.

Following Dees and Elias (1998, 2001) elements of social entrepreneurship definition, the UK and Europe have both sought to establish definitions of social enterprise. The UK government's definition, published in the Department of Trade and Industry (2002) dissemination paper titled "Social Enterprise: A Strategy for Success", was defined as: "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners" (p. 1). Alternatively, the European Union defines a social enterprise as an undertaking:

- whose primary objective is to achieve social impact rather than generating profit for owners and shareholders
- which uses its surpluses mainly to achieve these social goals
- which is managed by social entrepreneurs in an accountable, transparent and innovative way (Commission's expert group on social entrepreneurship, GECES, 2011)

The above definition actually 'operationalised' the existing concept of social enterprise embedding three key dimensions: the social enterprise's primary goal is to create social value, in a market-oriented business environment, involving all stakeholders for the benefit of the community.

- Definition of Social Entrepreneurs

Social entrepreneurs pursue new opportunities to serve their venture's social mission in fulfilling existing social needs and are strong-minded to make their vision work (Haugh, 2005; Mair and Marti, 2006). The business model they develop has a "can do" character involving a great deal of flexibility as they learn about what works and what does not work. This specific approach to social entrepreneurship emphasizes the importance of an individual's personal qualities and attributes, such as persistence and determination in pursuing their social mission (Stephan and Drencheva, 2017). Specifically, Dees (2001) stated that social entrepreneurs are change agents in the social sector by "adopting a mission to create and sustain social value" (p. 12) by unremittingly identifying new opportunities that serve their objectives within the legal framework and constraints of the resources available. However, social entrepreneurs seek to create a fit between an individual's personal gain, the creation of social values and the fulfillment of community needs. In the UK, the School for Social Entrepreneurs (2014) defined the social entrepreneur as a person who adopts an entrepreneurial attitude to create social values rather than to make money. However,

To summarize, the literature on social entrepreneurship has shown little consensus over its definition and, so far, the concept remains poorly defined (Short et al., 2009), which emphasizes the need for more research in order to develop a consistent definition. There appears to be a deficiency among the various definitions of social entrepreneurship, which becomes apparent when using random terms such as “social enterprise, social entrepreneurship and social venturing” (Dart, 2004, p. 5). Unfortunately, an agreement on social entrepreneurship terminology and a definition has so far not been reached. In this light, Haugh (2005) stated that “the social entrepreneurship research arena is hindered by the many terms and definitions adopted by researchers and policy-makers” (p. 4).

2.2. Construct of Social Entrepreneurship

Several scholars emphasised that the entrepreneurship construct may include an entrepreneur’s attributes and motivation, the entrepreneurial process, the entrepreneurship outcome and the environment for entrepreneurship (Cunneen and Mankelov, 2010). A combination of these constructs, as shown in Figure 1, presents a flexible and dynamic model of the entrepreneurship domain that may also be applied to the social entrepreneurial domain.

This research argues that entrepreneurship is a dynamic, multi-dimensional construct (Mort, 2002; Dyer et al., 2008) and its variables have reciprocal influences on each other, which are not well represented in the General Model of Entrepreneurship elaborate by Cunneen and Mankelov (2010). Therefore, the 3D Social Entrepreneurship Model proposed in Figure 1 shows not only that the process is multidimensional but that it is also a dynamic process and any changes in any variable may produce effects in various other areas.

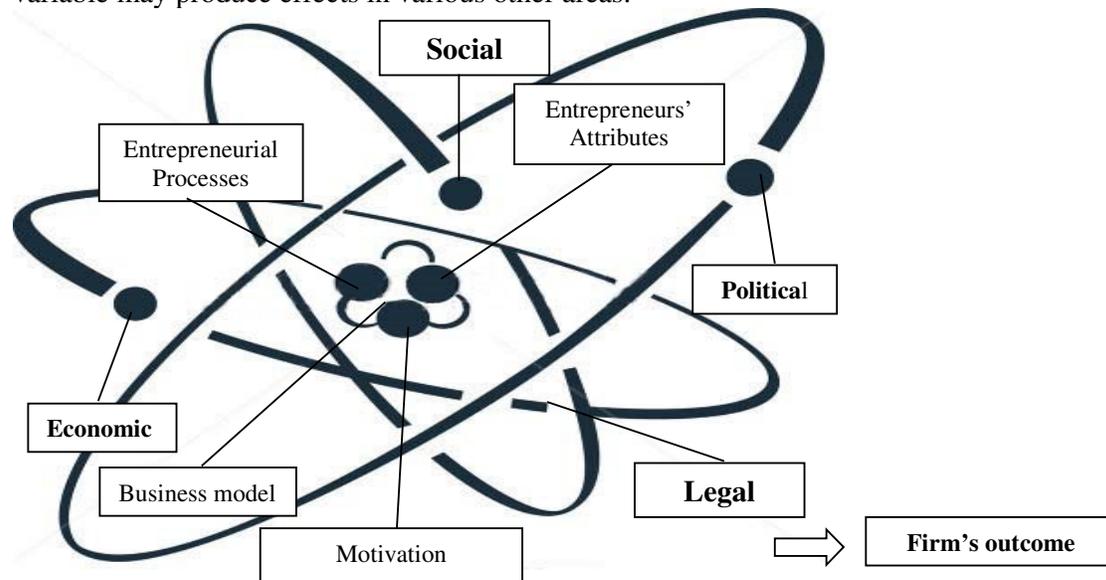


Figure 1: Social Entrepreneurship Model

Source: Developed for this research

The core of the model in Figure 1 represents the entrepreneurial processes, business model, motivations and entrepreneurs’ attributes and the contextual factors (economic, social, political and legal) that could influence new venture outcome. For example, if a potential entrepreneur's personal profile is characterized by compassion and altruism they will probably identify a social issue as a business opportunity and may act accordingly to satisfying it. In this case, the outcome of the entrepreneurial activity is social, and the venture created uses specific resources and a

particular business model to generate the desired outcome. In contrast, other entrepreneurs may aim at attaining a lavish lifestyle and power, which may involve them using a different business model to generate a different outcome.

2.3 The Social Dimension of Entrepreneurship

A number of scholars (Dees, 2001; Mort et al., 2002) have argued that the social entrepreneurship concept revolves around two elements, the “social” and “entrepreneurship”. The “social” construct denotes a firm’s unique organizational purpose of exclusively creating social equities, which fundamentally differs from the mission of commercial or economic ventures exclusively focused on profit maximization used for personal needs (Mair and Martí, 2006). Some may be tempted to identify social enterprises with not-for-profit (NFP) organizations which are often faced with the necessity of satisfying stakeholders’ multiple needs. The fundamental differences between social ventures and NFP organizations lie in the way these firms balance their finances. While social enterprises struggle to balance their books by their own abilities to produce, sell and adapt their operations to the market conditions, NFP organizations rely on sponsorship, donations and grants on top of their existing commercial activities. In many cases, NFP and charity organizations are only redistributing funds and have no “entrepreneurial” character at all.

In this respect, social enterprises may have an innovative role in identifying and funding social venture creation, with possible grants allocated only once directly to individual social entrepreneurs. The “entrepreneurship” component of social entrepreneurship gives to the concept of the second common usage, in terms of the tools used in performing their “social” activities. These tools embed a commercial business model in the operations of social ventures, a business plan which includes financing and marketing activities. These operational “tools” are common elements of social and commercial enterprises (Mort, 2002; McMullen, 2011). Existing “business models” per se are insufficient if social entrepreneur’s leadership attributes are not put into an organizational context, seeking a “sustainable advantage”. This approach may contribute to a better understanding of the social entrepreneur and the concept of social entrepreneurship.

Entrepreneurship is largely understood as a multi-dimensional concept and, therefore, social entrepreneurship has genetically inherited this multi-dimensional character (Dees, 2001). As a multidimensional concept, social entrepreneurship aggregates a number of interconnected characteristics or “dimensions” describing the phenomena. Independently, each one of these dimensions is relatively well-defined, but by identifying empirical and logical correlations between its components one may use it as an overall abstraction and a new representation of social entrepreneurship may emerge. The variables that contribute to the concept of social entrepreneurship development are discussed below.

Literature supports the multi-dimensional character of social entrepreneurship. A number of researchers (Mort, 2002) have come to the conclusion that business idiosyncrasy is characterized by risk-taking, pro-activeness and innovativeness. These elements of social business behaviour contribute largely to a descriptive presentation of social entrepreneurial behaviour. Therefore, these three elements represent the scale of an individual’s complex business behaviour which confers on social entrepreneurship a multi-dimensional character. To develop a robust argument one may need to consider an interdisciplinary approach to social entrepreneurs’ behaviour.

Opportunity recognition is a central theme in entrepreneurship. Broadly speaking, an opportunity can be perceived by individual entrepreneurs as meeting some market needs by an innovative combination of various resources. In the case of an individual social entrepreneur, the opportunity recognition dimension refers to the identification of a social issue as a business opportunity. In this case, the social value can be defined as the relative importance that one may place on the changes they experience in their personal or community lives. If these values are captured through the market setting then we have a social business opportunity. Concurrently, entrepreneurial opportunity recognition, as a result of a cognitive process, and innovative resource combinations, are the necessary elements of creating an innovative venture with a cutting-edge competitive advantage, creating a sustainability perspective (Mort, 2002; Dyer et al., 2008). Figure 2 illustrates the multidimensional constructs of Social Entrepreneurship embedding all these elements.

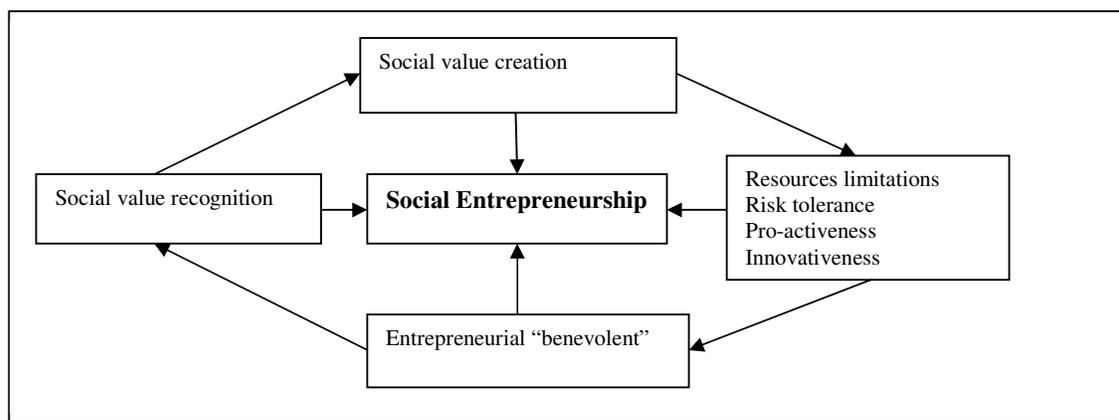


Figure 2: Multi-dimensional Construct of Social Entrepreneurship

Source: Adaptation from Mort et al., 2002; Weerawardena and Mort, 2006.

As presented in Figure 2, this study identified that social value as a business opportunity leads to the intention for social entrepreneurship that is materialized by the following core elements of the concept: resources, innovativeness, proactiveness and risk management. Intentionality of social value creation may not happen without the existence of one “benevolent” individual entrepreneur that optimizes these elements within existing business environment constraints. Overall, this model aligns the strategy and operations into social entrepreneurship business model.

An alternative view of social entrepreneurship emerges from the practitioners’ point of view that revolves mainly around two important issues: how to balance the firm’s finances and how to fulfill the firm’s social mission. Social entrepreneurship concept is perceived by practitioners through various variables affecting the processes of delivering social values or social justice, such as innovative vision - thinking outside of the box, financial resources that support a firm’s long-term commitment - sustainability of its mission, and efficiently using these resources (Seanor, et al., 2014). Therefore, the social enterprises business model has to reflect practitioner’s views of these complex ideas and interactions in their world and cover the following areas: finance, management, social marketing, etc., which also confers a multi-dimensional character to the meaning of social entrepreneurship.

Social entrepreneurship may be understood as an aggregate concept which embeds some of the social entrepreneurs' attributes (that often are extended to firms) and is relevant to risk tolerance,

pro-activeness, innovativeness and the ability to recognize a social issue as a business opportunity. These views have allowed researchers to recognize similarities and differences among the broad range of individuals and organizations engaged in social entrepreneurship. There are also significant dissimilarities between them in the way they discover social needs then identify and exploit social opportunities, and the impact they have on existing social systems. One could say that social entrepreneurs have to be committed to creating social values and, in this regard, they have to exhibit the right judgments in balancing the firm finance with its mission (Dees, 2001; Mort et al., 2002) through an appropriate business model.

3. Business Model for Social Entrepreneurship

Social entrepreneurs have to use their cognitive abilities in interpreting the surrounding business environment and perceive a social issue as business opportunities, answering to the question of what strategies may need to adopt in order to deliver social values. This approach to social entrepreneurship may enhance a social entrepreneur's ability to recognize and assess some of the fundamental assumptions behind venture creation prior to launching it, as presented in Figure 2. The advantage of conducting such a test, in a clearly defined domain and is economically justified.

The specialised literature reveals that the organization's business model is an explicit conceptual general model rather than the organisation's financial model, as usually applied to market-based organisations. In the case of social entrepreneurship, the business model is mainly concerned with how the social value is created, discharged and how can be converted into some financial gain (Teece, 2010). By doing so, the classical business model definition is now challenged and should aim at creating also a social value. Following, this article presents the classical business model concept, introducing and discussing the proposed business model for social entrepreneurship and its role in social enterprises sustainability.

3.1. Business model definitions

Ab initio (lat.), the term business model was used extensively during the 1990s' economic developments of the world and specifically of the US economy, that lead the economists to conclude that an era of a 'New Economy' was born and subsequently the business model concept grew significantly and became a business and academic research topic. Moreover, the business model's multiple core elements gave it flexibility in creating and appropriating values through its design (Osterwalder, et.al. 2005; Nenone and Storbacka, 2009). For example, McGrath (2010) analysing the role and importance of the business model in value appropriation and creating a sustainable competitive advantage identified four major directions in developing pragmatic strategies:

- Executives should focus their attention on externalities (creating value for customers) rather than internal focus and afterward looking to identify a market niche.
- The business model cannot be pre-designed or anticipated and embed a great deal of experimentation and learning.
- Seem that business model needs to "discover" it rather than "planning" it.
- Company's "sustainable" and competitive advantage has rather an "ephemeral" character due to environment's quick change, competition and technological changes.

Most researchers find it hard to get a good grasp of the business model concept as there are no "theoretical grounds in economics or business studies" (Teece, 2010). In the early stage, some

scholars used the term “business idea” or “service management system” to describe what is today known as a business model. However, some scholars approach the business model concept by using metaphors in describing its categorical elements and evolutionary changes in order to create a specific taxonomy with the view of theory building. Arguably, all these views have a degree of validity, supporting authors’ view(s) but failed in gaining researcher’s affiliation. This research establishes similarities in different business model definitions in use that embed *value proposition; create value; value creation; value creation design* as main elements (Osterwalder, 2005; Nenone and Storbacka, 2009; Zott, 2011). Therefore this study proposes the following definition of a business model for social entrepreneurship:

The Business Models for social entrepreneurship is a holistic system that ingrains all business elements with the purpose of creating and capturing social value.

3.2. The business model of a social enterprise

This article argues Osterwalder’s (2005) view that one cannot establish a hierarchal relationship or syntaxes of the business model components and therefore I propose a 3D representation of the business model similar to that used to describe the social entrepreneurship model, as this is the aim of this study. In this case, the core will embed all elements (org. vision and mission, org. structure and governance, processes, revenues, technology, etc.) each with a specific role, wholly governed by organisation’s specific policies and the external environment elements (competitors, community needs, social responsibility, legal responsibilities, etc.) that are gravitating around the core. Variation of any of the above elements will define the specificity of a particular organisation’s business model. This will be the business’ DNA! In this representation of the business model construct the core identified organisation’s internal elements and external elements that influence its operations are gravitating the core elements. This representation offers the generality and flexibility needed for practitioners, policy-makers and scholars.

Additional refinements may be needed when using a business model as an instrument of analysis for the social entrepreneurship processes (Mair et al., 2006). In this regard, Amit and Zott (2001) have explained the business model concept through an organization’s appropriation of certain (social) values which are relevant to the organization’s objectives. They consider that the business model is useful for analysing an organization’s processes of value creation and state that: “A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities” (p. 504). Analysing this statement from the perspective of the present research, it could be argued that one may require, a priori, a good understanding of an organization’s objectives.

However, organisation business model has to answer the following questions that create the organisation context for social entrepreneurship: How do you create these social values? and what, why and for whom are these values being created? The “how” question define the nature of the venture created as commercial or social. The “what” question may define the product or social service provided; the “why” question may clarify the reasoning for the organization’s activities and gives moral support to continue their activities. The question of “who” will receive these values clarifies the target (customers) of the organization’s activities. The business model that answer to this questions identifies the social objective, identifying the social issue as a business case, triggers intention and commitment to act socially entrepreneurially, managing

resources and stakeholders (Grayson and Hodges, 2004). Overall, this defines the organisational context of social entrepreneurship.

3.3. Organisation resources

Any business model can be made operational only if the firm has safe and reliable resources that reinforce support for the process of value creation. Entrepreneurial activities need human resources, physical (material) resources and financial resources, which together constitute the environment, as well as intangible resources such as skills, knowledge, contacts, credentials, passions and reputation, which are related to the entrepreneur's personal qualities.

A logical approach to a resources strategy emerges from the business requirements which have to be clearly established before the creation of the venture. Presumably, the business plan embeds the requirements of a business, including a list of suppliers and strategies for contracting these resources. In this process, the financing of a venture and its operation are some of the most difficult issues which all entrepreneurs are confronted with. In an organisational context, one of the most common problems for social entrepreneurs is access to enough resources that allow them to become sustainable in fulfilling their social mission. At the organisation level, this may represent an organisation's competitive advantage. Despite its importance, in many cases, financial planning is deficient (Dees, 2001).

3.4. Organisation structure

Any commercial or social enterprises structure requires careful planning and development based upon what is needed now and in the future. There is not a specific template, method or theory of how one may structure a new (social) venture. The difficulty arises from the nature of the firm, its objective (social or commercial), product or services that produce, the process used and many more. Due to this diversity of activities, lack of a clear definition, the business model role is enhanced even more as it ensures the logical connection between different departments in the process of social value creation and distribution. Organisation's social and financial performance depends also on business model efficiency in using its resources and capacities that is driven by its structure (Alter, 2006). However, the synergy of the business model and organisation's structure enhances venture. In this regard, organisation chart is a useful instrument that can be used in over-viewing social venture logical structure. As social enterprises are usually a SMEs or even family-based firm and its structure is small and simple. The simple structure is the most flexible is, allowing separate divisions/departments reporting straight to the top decision-maker. This type of structure is likely to be the most efficient (Valentine and Gray, 2001). As the business environment changes, organisations need to adapt to these changes and periodically need to perform a "re-structuring" action in order to remain sustainable.

3.5. Social entrepreneurial process

To satisfy a pragmatic approach to the social entrepreneurial process, a priori clarification is needed. The concept of the "process" has a technical meaning, emphasizing how a material is "processed" or "transformed" into a usable and marketable product or service. This research approach is fruitless as social and commercial ventures have endless products and services offered and there will be no differences between these enterprises typology.

In this study, of interest will be the process of social venture creation. However, several researchers stated that the social entrepreneurial process is mostly influenced by the business

environment (Morris, et al., 2007). Seem that the environment shapes the strategy used, which in turn shapes the process undertaken. Social venture's outcome is a result of the process used as a synergetic result of four components – the activities performed, resources, structure and governance. If the environment is in *ceteris paribus* state then the business model effectiveness is dependent upon the degree of congruence (or fit) between the four process components and the strategy adopted. When the strategy fits environmental conditions, congruence is associated with organisational effectiveness.

3.6. Organisation governance

The fourth controversial dimension concerns social enterprises governance that attracts much attention from those seeking to decide whether an organisation should be eligible for government grants. A useful definition for this concept is that governance "is the relationship among various participants in determining the direction and performance of corporations" (Monks and Minow, 1995, p. 1). This view could be enhanced to embed other entities just by replacing the term "corporations" with the general term of "organisations". In a market based economic entity, the subjects within the governance responsibilities are typically shareholders, senior management and the board of directors. In the not-for-profit organisations, shareholders do not exist for participation in governance, and depending on their size, they may not have also a board of directors. This may affect organisation governance as the board "bears the ultimate responsibility for the integrity of the corporation [and] general compliance with the law" (OECD, 1998, p. 49).

In the case of social enterprises, managers must have a higher commitment to the employees, organisation and stakeholders well-being and both the skills and experience to discharge social values. This is a critical part of social enterprise's management that sets the overall framework within which the organisation operates. Social enterprise's management has legal obligations, being under government scrutiny, to implement and practice democratic management style to gain legitimacy through the involvement of stakeholders at the highest levels of the organisation. As previously stated the business model embeds also elements of social enterprise's governance through its decision-making process and its participative inclusiveness. Therefore, if social enterprises are shifting from one governance model to another then the impact that this can have on other elements of the organisation and its performance should be examined.

3.7. Legal responsibility

At the present time, society as a whole expects that all companies, including social enterprises to operate with the laws and regulations promulgated by the local and national governments. There is also a "tacit" social contract between any social or commercial venture and the society beyond their economic missions which is equally important for both forms of organisation (Dart, 2004). Following their legal responsibilities, social enterprises make also an ethical statement to the world that provides a "license to operate" gaining all the support they need.

3.8. Economic responsibility

As stated by Adam Smith as early as 1776 the business entities were created to provide goods and services to society in return for a profit that is convenient for all participants. The profit motive was established as the primary incentive for entrepreneurship. This aspect is also valid for social entrepreneurship as the economic objective is paramount in fulfilling their social

mission (Alter, 2006). This study identified that several scholars described the business model as related to businesses economic purpose by using the following terms: *profit formula*; *profit potential*; *revenue model*; *revenue logic*; *returns for stakeholders*; (Osterwalder, 2005; Nenone and Storbacka, 2009; Zott, 2011) showing concerns for how companies generate their profit.

3.9. Social responsibility

The social entrepreneurial research stems from a new academic inquiry area within the wider domain of entrepreneurial research, which focuses on a particular form of venture that uses a commercial business model for its operations using its outcomes to create social values (Frederick, 2007). These new types of firms are named by some as: "double bottom line" ventures (Dees, 1998, Frederick et al., 2006), "hybrid" organisations (Haugh, 2005) or "social enterprises" (Mair and Marti, 2006). In this regard, mainstream entrepreneurs; use a business model specially designed for their "economic aim" of maximizing their profits, while social entrepreneurs are using a business model that deliver "moral" or social values. In this case, Martin and Osberg (2007) acknowledged that entrepreneurs are motivated exclusive by extrinsic factors, such as money, and social entrepreneurs are motivated by intrinsic factors, such as community wellbeing and philanthropy, leading to an altruistic approach to the entrepreneurial process. This may not exclude the economic aspect of their activity that sustains their social mission (Dees and Elias, 1998; Dees and Anderson, 2004).

3.10. Social enterprises competitors

Social entrepreneurs are astonished to discover that the market rule is applying also to their social enterprises. In specific occasions, social entrepreneurs are required to make hard choices about which one of their programs to develop, cultivate or eliminate as their financial resources are limited and cannot support all programs. Or alternatively, there are competitors that offer that particular services at a better price and quality (Boschee, 2009). This premeditated marketing decision is much more difficult for a social entrepreneur, which is concerned about venture survival as their financial resources are limited and cannot support their social mission, meanwhile, a traditional commercial business is concerned only by single bottom line, the profit. Against market rules, social enterprises will continue offering products and services that have a significant social impact even if they lose money meanwhile, commercial enterprises will not. One may say that social entrepreneurs are equally concerned with their financial viability and their social impact of their product and service, regardless of their competitor's activity.

4. Sustainability

In our common responsibility to society, we have to include the business environment. However, society as a whole is gradually more sensitive to the business environment that needs to foster social entrepreneurship and ensuring social enterprises economic sustainability (Haugh, 2005). To create social enterprises sustainability requires from social entrepreneurs to adopt a strategic management approach and create a strong relationship between business economic success and social value created and delivered. In order to achieve this desiderate, social entrepreneurs have to implement an innovative business model that embed all the above elements in a synergetic manner. That may create not only "market sustainability" through competitive advantages (Stead and Stead, 2008) as well as social values. In this case, the business model of social enterprises, have to be oriented towards a triple bottom line to fulfill market needs, social needs, financially security and delivering the social value in an environmentally friendly manner (Norman and MacDonald, 2004). Based on these key

assumptions this conceptual research put forward the following framework for social entrepreneurship sustainability (Figure 3) that brings consistency in managing an organisation’s sustainability, reinforced by the business model and adding value for all stakeholders.

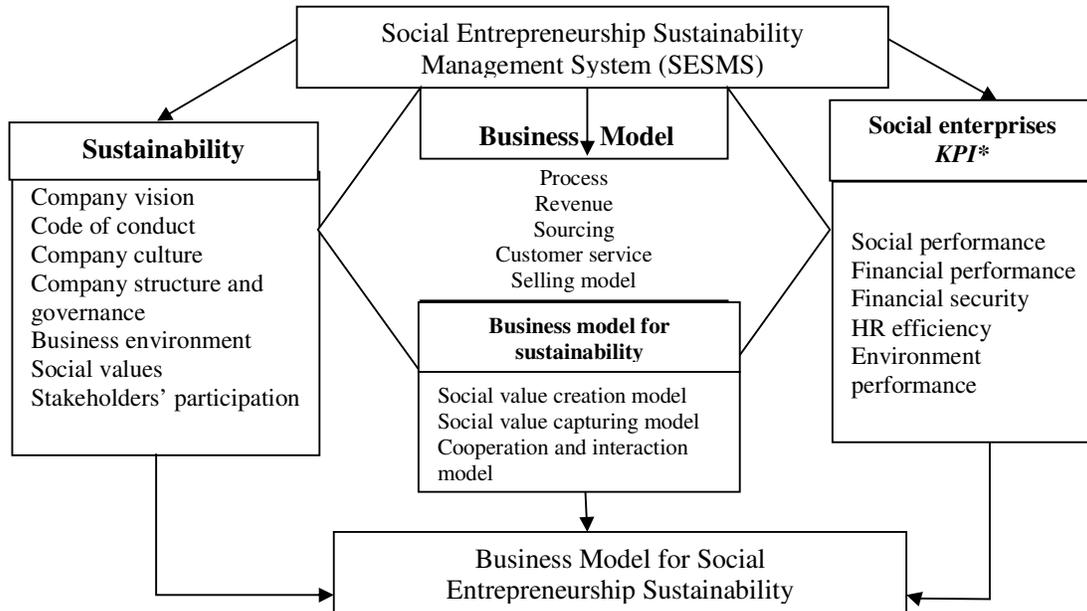


Figure 3: Social Entrepreneurship Sustainability Framework

Source: Developed for this research *KPI Key Performance Indicators

Figure 3 represents the proposed Business Model for Social Entrepreneurship Sustainability embedding all elements discussed in Section 3 offering to practitioners, policy-makers and scholars a wide choice of business model options as can be adapted to enterprise’s needs by picking various elements. Creating the Social Entrepreneurship Sustainability Management System (SESMS) as a virtual intelligence center strategically links Sustainability management to the Business Model with organisation key performance indicators (KPI) with the purpose of creating social value. Various models have been previously proposed, but this attempt offer a link between theoretical perspective and pragmatic approach to social entrepreneurship sustainability.

5. Conclusion

This study revealed that the business model for sustainability in social entrepreneurship setting is not an easy task as social entrepreneurs have to manage holistically enterprises financial stability, the process of value creation and value delivery. These variables are never into equilibrium and therefore social entrepreneur/manager has to continuously analyse, adapt and pro-actively respond to business environment jolts. Sustainability never happened by chance, it is created! To achieve the latest managers requires a good understanding of how these drivers can be positively influenced by societal and environmental activities.

As commercial businesses, social enterprises are also concerned about costs, cost reduction, sales, price, profit margin (if there is a profit), risk, reputation, brand value, attractiveness and most importantly innovative and creative business models. Managers have to continue to seek sustainable strategy, innovative business models and establish the organisation’s key performance indicators (KPI) that could create a sustainable venture.

References

- Alter, S.K., (2006). Social enterprise models and their mission and money relationships. *Social entrepreneurship: New models of sustainable social change*, pp.205-232.
- Alvord, S.H., Brown, L.D. and Letts, C. W., (2004). Social entrepreneurship and societal transformation. *Journal of Applied Behavioural Science*. Vol. 40, Issue 3, pp. 260-282.
- Antonioli, D., Nicolli, F., Ramaciotti, L. and Rizzo, U., (2016). The Effect of Intrinsic and Extrinsic Motivations on Academics' Entrepreneurial Intention. *Administrative science*, Vol. 6, Issue 15, pp 1-18.
- Austin, J., Stevenson H. and Wei-Skillern, J., (2006). Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrepreneurship Theory and Practice*. Vol. 30, Issue 1, pp. 1–22.
- Boschee, J., (2009). *The Chronicle of Social Enterprise*. Published: John Heinz III College at Carnegie Mellon University, Pittsburgh, Pennsylvania, US.
- Cukier, W., Trenholm, S. and Gekas, D., (2011). Social Entrepreneurship: A Content Analysis. *Journal of Strategic Innovation and Sustainability*. Vol. 7, Issue 1, pp. 99-119.
- Cunneen, D.J. and Mankelow, G., (2010). *Entrepreneurship and New Gazelle Creation. How Entrepreneurs Create New Gazelles*. Lambert Academic Publishing AG&CO.KG, Saarbrucken, Germany.
- Dart, R., (2004). The legitimacy of social enterprise. *Non-profit Management and Leadership*, Vol. 14, Issue 4, pp. 411-424.
- Dees, J. G. and Elias, J., (1998). The challenges of combining social and commercial enterprise. *Business Ethics Quarterly*, Vol. 8, Issue 1, pp. 165-178.
- Dees, J.G., Haas, M and Hass, P., (2001). The Meaning of Social Entrepreneurship, http://www.caseatduke.org/documents/dees_sedef.pdf, Retrieved on 10.05.2015.
- Dees, J.G., Anderson, B.B., and Wei-Skillern, J., (2004). Scaling social impact. *Stanford Social Innovation Review*. Vol. 1, pp. 24–32.
- Diochon, M. and Anderson, A.R., (2009). Social enterprises and effectiveness: a process typology. *Social Enterprises Journal*. Vol.5, Issue 1, pp. 7-29.
- Dyer, J.H., Gregersen, H.B. and Christensen, C. (2008). Entrepreneur behaviors, opportunity recognition, and the origins of innovative ventures. *Strategic Entrepreneurship Journal*. Vol. 2, Issue 4, pp. 317–338.
- Frederick, H.H., Kuratko, D.F., and Hodgetts, R.M., (2006). *Entrepreneurship: Theory, process, practice*. Thomson, Sydney, Australia.
- Haugh, H., (2005). A research agenda for social entrepreneurship, *Social Enterprise Journal*, Vol. 1 Issue 1, pp. 1 – 12.
- Mair, J. and Martí, I., (2006). Social entrepreneurship research: A source of explanation, prediction, and delight. *Journal of World Business*, Vol. 41, Issue 1, pp. 36-44.

- Martin, R.L. and Osberg, S., (2007). Social entrepreneurship: The case for definition. *Stanford social innovation review*. Vol. 5, Issue 2, pp. 28-39. Stanford, California, US.
- McGrath, G.R., (2010), Business Models: A Discovery Approach, *Long Range Planning*, Vol.43, Issue1, pp. 247-261
- McMullen, J.S., (2011). Delineating the domain of development entrepreneurship: a market-based approach to facilitating inclusive economic growth. *Entrepreneurship Theory and Practice*, Vol. 35, Issue 1, pp.185-215.
- Monks, R.A.G. and Minow, N., (1995). Corporate governance on equity ownership and corporate value. *Journal of financial Economics*, Vol. 20, pp.293-315.
- Morris, M.H., Coombes, S., Schindehutte, M. and Allen, J. (2007), "Antecedents and outcomes of entrepreneurial and market orientations in a non-profit context: theoretical and empirical insights", *Journal of Leadership and Organizational Studies*, Vol. 13, Issue, 4, pp. 12-39.
- Mort, G.S., Weerawardena, J. and Carnegie, K., (2002). Social entrepreneurship: Towards conceptualisation. *International Journal of Nonprofit and Voluntary Sector Marketing*. Vol. 8, Issue 1, pp.76-88.
- Nenone, S. and Storbacka, K., (2009), Business model design: conceptualizing networked value co-creation, *European Institute for Advanced Studies in Management*. The 2009 Naples Forum on Services: Service-Dominant Logic, Service Science, and Network Theory.
- Osterwalder, A., (2005). The Business Model Ontology a proposition in a design science approach. PhD thesis, Lausanne University, Switzerland.
- Short, J.C., Moss, T.W. and Lumpkin, G.T., (2009). Research in social entrepreneurship: Past contributions and future opportunities. *Strategic Entrepreneurship Journal*, Vol. 3, Issue 2, pp. 161-194.
- Stead, J.G. and Stead, W.E., (2008). Sustainable strategic management: an evolutionary perspective. *International Journal of Sustainable Strategic Management*, Vol11, Issue 1, pp.62-81.
- Seanor, P., Bull, M., Baines, S. and Purcell, M., (2014). Where social enterprise practitioners draw the line: Towards an understanding of movement from social entrepreneurship as boundary work. *International Journal of Public Sector Management*, Vol. 27 Issue 4, pp. 353-368.
- Stephan, U. and Drencheva, A., (2017). The person in social entrepreneurship: A systematic review of research on the social entrepreneurial personality. *The Wiley Handbook of Entrepreneurship*. Wiley, Chichester, pp. 205-229.
- Teece, D.J., (2010). Business model, business strategy and innovation. *Long Range Planning*, Vol.43, Issue1, pp172-194.
- Zahra, S.A. and Nambisan, S., (2012). Entrepreneurship and strategic thinking in business ecosystem, *Business Horizons*. Issue 55, Issue 3, pp. 219-229.
- Zott, C., Amit, R. and Massa, L., (2011). The business model: theoretical roots, recent developments and future research. *Journal of Management*, Vol. 37, Issue1, pp-1019- 1024.