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A BUSINESS MODEL CANVAS FOR SOCIAL ENTERPRISES (SUMMARY)

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≈ SUMMARY ≈

A BUSINESS MODEL CANVAS FOR SOCIAL ENTERPRISES

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Principal Topic

Innovative business models are at the core of social entrepreneurship definition, and well-designed business models are decisive ventures' success factors. We propose to build on the scarce existing for-profit business model literature, as well as emerging definitions of social entrepreneurship, and develop a specific business model canvas for social entrepreneurship.

Key Propositions

We support the view that social enterprises are more aware of their social purpose than their commercial counterparts, and that this purpose is chosen because of the social or institutional barriers to its development. Indeed, social entrepreneurship targets the creation of human capabilities in the sense of Sen (1999), for those who have few, either because they cannot pay the existing market price, or because of other institutional barriers. The emphasis on business model innovation becomes thus evident.

Business models boil down to six components: value creation – how (1) and who for (2), competencies (3), strategic positioning (4), monetization (5), time, scope and size ambitions (6) (Morris, Schindehutte & Allen, 2005, p.730 Table 2).

Confronting the literatures on social entrepreneurship and business models, and exploring numerous examples of social enterprises, we argue that social enterprises differ from for-profit firms as follows:

Proposition 1: Value creation requires to be described at a higher level, augmented by how the mission is served. Overcoming institutional barriers always necessitates a service to be part of the value creation.

Proposition 2: Customers are multiple and situated at different points in the value chain. Monetary transactions with customers are not always necessary.

Proposition 3: Cooperative or cooperative rather than on competitive-only strategies are adopted.

Proposition 4: Monetization takes different forms and sometimes relies on acquiring resources via non-monetary arrangements.

Proposition 5: A component of the business model describing the type and scope of social impact needs to be added.

Results and Implications

We thus propose a specific business model canvas for the social enterprise, redefining components 1, 2, 4 and 5, while adding a 7th component dealing with social impact. It contributes to advancing social entrepreneurship theory as well as business model thinking. It can be used as a tool for social enterprises business model generation and analysis.

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