MONETIZING SOCIAL VALUE CREATION – A BUSINESS MODEL APPROACH (SUMMARY)

Susanne Dohrmann  
*Otto-von-Guericke-University, Germany*

Matthias G. Raith  
*Otto-von-Guericke-University, Germany*

Nicole Siebold  
*Otto-von-Guericke-University, Germany, nicole.siebold@ovgu.de*

---

Dohrmann, Susanne; Raith, Matthias G.; and Siebold, Nicole (2014) "MONETIZING SOCIAL VALUE CREATION – A BUSINESS MODEL APPROACH (SUMMARY)," *Frontiers of Entrepreneurship Research*: Vol. 34 : Iss. 18 , Article 3.  
Available at: https://digitalknowledge.babson.edu/fer/vol34/iss18/3

This Summary is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized editor of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
Principal Topic

The way in which social value is created through entrepreneurial ventures varies considerably and is therefore often difficult to compare. From an economic standpoint, value creation through social ventures requires financial resources and activities that lead to expenditures. The sustainability of social ventures differs depending on how these expenditures are financed. This article analyzes the various financing forms of social ventures by developing a general framework in which social business models can be analyzed and categorized. Using a gallery of real-life case studies, we illustrate how social business models can be ordered according to the degree to which they monetize social value creation and the level of generated market revenues in excess of expenditures.

Method

In order to provide a common economic basis for comparing the multitude of social ventures found in practice, we lay a focus on the design of the social mission's underlying business model with special regard to financing forms and sources. Using a sample of Ashoka Fellows and their social enterprise business models and well-known global case studies, we classify every social business model according to two characteristics: First, by the degree to which it strategically monetizes social value creation and, second, by the level of market revenues that it generates through or with the underlying social mission.

Results and Implications

The analysis shows that different social ventures pursuing highly diverse social missions can be grouped into four distinguishable business-model classes due to the structural similarity of their business models. The classes can be ordered according to their degree of monetization, where the monetization of social value creation increases through the changing role of the social mission. Moreover, one can observe how external funding is gradually reduced or replaced by market revenues as monetization increases.

The major contribution of our paper is a general framework for analyzing the monetization of social value creation based on social enterprises’ underlying business models. Our framework intuitively reveals a positive correlation between the monetization of social value creation and the generation of market revenues. Furthermore, it illustrates that simple changes in the business model structure can have a significant impact on the monetization of value creation and financial output.

CONTACT: Nicole Siebold; nicole.siebold@ovgu.de; (T): +49 391 6718940; Otto-von-Guericke-University, Chair of Entrepreneurship, Universitaetsplatz 2, 39106 Magdeburg, Germany.