

A Business Model Canvas for Social Enterprises

Virginie Vial ^{a,b*}^aKEDGE Business School, Domaine de Luminy, Marseille 13009, France^bLyons Institute of East Asian Studies (IAO), ENS de Lyon, 15 Parvis René Descartes, Lyon 69342, France

*Corresponding author: virginie.vial@kedgebs.com

Abstract

This paper builds on the latest developments of the business model literature and discusses the specificities of social entrepreneurship to develop a social business model canvas. Because of social entrepreneurship's mission-driven aspect, opportunities as vehicles to serve the mission, the particular nature of opportunities, the institutional barriers to overcome, the size of the market, the specific type of customers, the scarcity of resources and difficulty to gather them, as well as the pre-eminence of a triple bottom line, we propose to augment the current business model definition and propose a dedicated business model canvas for social enterprises.

Keywords: Business model ; canvas ; social entrepreneurship

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■ 1.0 INTRODUCTION

Business model is a widespread concept among practitioners of entrepreneurship, and research, although still representing a thin field of study, is starting to take shape and provide unifying definitions and concepts. This represents an important contribution, as well-designed business models are decisive ventures' success factors. Additionally, innovative business models are at the core of a specific form of entrepreneurship: social entrepreneurship. However, neither practitioners nor researchers seem to have yet elaborated a dedicated business model framework to deal with the specificities of social entrepreneurship. We propose to build on the emerging for-profit business model literature, as well as definitions of social entrepreneurship, to show that social entrepreneurship business models deserve a specific set of components, and develop a specific business model canvas for social entrepreneurship so as to describe the specific relationships between those components.

■ 2.0 THEORETICAL FOUNDATION OF THE STUDY

What Are Business Models?

Business models are widely taught in business schools, commonly used by business practitioners, yet under-studied in academic circles. Works that embrace the study of business models do not seem to belong to a specific research area, definitions are scattered, and the field is highly fragmented (Eden & Ackermann, 2000; George & Bock, 2011). Zott, Amit & Massa (2010) report that "since 1995, there have been 1,177 papers published in peer-reviewed academic journals in which the notion of a business model is addressed" (p.1). Depending on authors, business model definitions emphasize design, resources, narration, innovation, transactions, or opportunity (George & Bock, 2011). Table 1 illustrates this diversity through a set of several definitions found in the literature.

Table 1 A Selection of various business model definitions

Authors	Business model definition
Timmers (1998)	"A business model is an architecture for product, service and information flows, including a description of the various business actors and their roles" (p. 4).
Amit & Zott (2001)	"A business model depicts the content, structure, and governance of transactions designed so as to create value through the exploitation of business opportunities" (p. 493).
Chesbrough & Rosenbloom (2002)	"The business model provides a coherent framework that takes technological characteristics and potentials as inputs and converts them through customers and markets into economic outputs" (p. 532).
Magretta (2002)	"[Business models] are, at heart, stories—stories that explain how enterprises work" (p. 87).
Mangematin et al. (2003)	"Each business model has its own development logic which is coherent with the needed resources—customer and supplier relations, a set of competencies within the firm, a mode of financing its business, and a certain structure of shareholding" (p. 624).
Downing (2005)	"[The business model] is a set of expectations about how the business will be successful in its environment" (p. 186).
Morris et al. (2005)	"The model represents a strategic framework for conceptualizing a value-based venture" (p. 734)
Osterwalder et al. (2005)	"A business model is a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams." (p.10)
Casadesus & Ricart (2010)	"The logic of the firm, the way it operates and how it creates value for its stakeholder"
Demil & Lecoq (2010)	"The way activities and resources are used to ensure sustainability and growth"
Gambardella & McGahan (2010)	"Business model is a mechanism for turning ideas into revenue at reasonable cost"
Itami & Noshino (2010)	"...business model is a profit model, a business delivery system and a learning system"
McGrath (2010)	"The business model construct offers some intriguing opportunities to capture better how a given set of resources translates into something a customer is willing to pay for. Which brings us to two core components of what constitutes a business model. The first is the basic 'unit of business', which is the building block of any strategy, because it refers to what customers pay for. The second are process or operational advantages, which yield performance benefits when more adroit deployment of resources leads a firm to enjoy superior efficiency or effectiveness on the key variables that influence its profitability" (p. 249).
Sabatier, Rousselle & Mangematin (2010)	"Cross roads of competence and consumer needs"
Teece (2010)	"How a firm delivers value to customers and converts payment into profits"
Williamson (2010)	"... cost innovation business model offers advantages in radically new ways meaning more for less"
Yunus, Moingeon & Lehmann- Ortega (2010)	"A value system plus a value constellation"
Zott & Amit (2010)	"...a system of interdependent activities that transcends the focal firm and spans its boundaries"
George & Bock (2011)	"The underlying dimensions of the business model are resource structure, transactive structure, and value structure" (p.83)

In essence, the business model literature presents the definition of a business model as the arrangement of resources and networks needed to create and distribute value following a discovered opportunity, with the objective of making a profit (capturing value).

"Act[ing] as recipes for creative managers" (Baden-Fueller & Morgan, 2010, p. 156), the business model concept is in particular useful to practitioners when studied from the perspective of its components, and the relationships between those components. Chesbrough and Rosenbloom (2002), are among the first scholars to propose a list of the basic functions of a business model that "articulates the value proposition", "identifies a market segment and specify the revenue generation mechanism", "defines the structure of the value chain required to create and distribute the offering and complementary assets needed to support position in the chain", "details the revenue mechanism(s) by which the firm will be paid for the offering", "estimates the cost structure and profit potential", "describes the position of the firm within the value network linking suppliers and customers", "and formulates the competitive strategy by which the innovating firm will gain and hold advantage over rivals" (pp. 533-534). In line with this seminal functional definition, Morris et al. (2005) provide an extensive literature review on business models components and propose a unified framework of business models that would boil down to six main components:

1. Component 1 (factors related to the offering): How do we create value?
2. Component 2 (market factors): Who do we create value for?
3. Component 3 (internal capability factors): What is our source of competence?
4. Component 4 (competitive strategy factors): How do we competitively position ourselves?
5. Component 5 (economic factors): How we make money?
6. Component 6 (personal/investor factors): What are our time, scope, and size ambitions?" (Morris, Schindehutte & Allen, 2005, p.730 Table 2)

A 360° view of business models is not about choosing a focus among design, resources, narration, innovation, transactions, or opportunity, but will require a full description of the six core topics that all relate to the components of a business model. In other words, a business model requires a description of the opportunity pursued, the structure design of the business model (how components are arranged with the aim of pursuing that opportunity) – including any innovating element in that structure, how resources are secured and combined for the pursuit of the opportunity, the type of transactions and relationships between the different components of the business model, and how the business model can be narrated so as to expose what the enterprise is doing.

As a model, the business model represents a generalisation of the mechanics of how ventures operate and create value, while allowing within variations so as to describe unique business models. As Morris et al. (2005) put it, “while the foundation level is adequate to capture the essence of a model for many firms, sustainable advantage ultimately depends on the ability of the entrepreneur to apply unique approaches to one or more of the foundation components” (p.731). Indeed, as Baden-Fueller & Morgan (2010) propose, business models “provide means to describe and classify businesses” (p. 156). Nicholls (2006) for example, uses the term “business model” to classify different types of businesses, one of which is “multinationals”. He states that “the outstanding success of this business model has demonstrated – amongst other matters - how to scale operations internationally and to maximize value creation through innovation and technology”, while classifying social entrepreneurship as another type of business model. Similarly, Cannatelli et al. (2012), classify social entrepreneurship as another type of “business models identified as functioning according to a double or triple bottom line [that] represents a form of social innovation” (p.249). Pitta et al. (2008) also add: “ In spite of the opposing viewpoints in the literature regarding the extent to which there is a business opportunity at the BOP, there is agreement that serving the low-income sector profitably requires a different business model” (p. 394).

We question whether the mainstream “foundation level”, encompassing the six components proposed by Morris et al. (2005), is adequately developed to capture the specificities of social entrepreneurship. Answering this question will contribute to both reflection on social entrepreneurship business modeling, as well as wider investigations concerning the nature and specificity of social entrepreneurship. Indeed, while social entrepreneurship can be viewed as a specific type of business model, the specificities of this business model remain unclear (Chesbrough et al., 2006).

Social Entrepreneurship and Value Creation

Social entrepreneurship has emerged as a distinctive field of study towards the end of the 1990s, and interesting developments in terms of its definition are taking shape. Among one of the first and comprehensive definitions purports that social entrepreneurship is a “multidimensional construct” (Mort, Weerawardena and Carnegie, 2003, p. 86) resting on four core characteristics (Dees, 1998; Drayton, 2002; Alvord, Brown, and Letts, 2003): it tackles social problems, is mission-driven, has an innovative business model, and strives to be financially self-sufficient.

Social enterprises are originally different in terms of the nature of opportunities they pursue, which are social in the broad sense (Dorado, 2006), and embedded in larger social missions that represent their final goal. Austin et al. (2006: 6-7) oppose commercial and social entrepreneurs: while the former focus on new needs, large or growing market size in a structurally attractive industry, the latter concentrate on serving basic and long-standing needs. Yunus et al. (2010) describes the “social business concept [as] a self-sustaining company that sells goods or services and repays its owners’ investments, but whose primary purpose is to serve society and improve the lot of the poor” (p.309). Domains of activities of social enterprises and the agenda of international development institutions fighting poverty such as the United Nations or the World Bank overlap indeed greatly, and one can confidently argue that, starting with micro-credit initiatives, social enterprises have become one of the new emerging key actors of development (Nelson, 2007; Ruggie et al., 2006; Wilson, 2006). The global development agenda today draws heavily on Sen’s (1999) view defining human development as a set of capabilities, which enable people to achieve a good life of their own choice.

The social needs that are identified by social entrepreneurs are among those capabilities, ranging from life expectancy to caring for other species, enjoying political freedom, or receiving adequate education. The rationale behind social entrepreneurship is asking the question of how to bring what is needed to those who have no access, mostly because they cannot pay the existing market price.

In particular, social entrepreneurship activities target areas that are heavily linked to development issues. We understand here development in the sense of Sen (1999), who views human development as a set of capabilities of the human being, made possible through the access to a set of resources. While Sen refuses to draw an exhaustive list of what those capabilities could be, because they should not be fixed and are contingent to different people, Nussbaum (2003) proposes a list of ten broad “central capabilities”.

This approach to development has fuelled numerous development initiatives from international organisations such as the World Bank, who partly uses Sen’s approach to define the 8 Millenium Development Goals, or the United Nations, who define a Human Development Index with several items derived from Sen.

Table 2 Links between Human Capabilities, Ashoka’s sectors, and Millenium Development Goals (MDGs)

Nussbaum's Central Human Capabilities	Ashoka's Sectors	MDGs
/	/	Global partnership for development Poverty and hunger
Life expectancy	Health	
Bodily health including food, shelter provision and quality	Health	Child mortality
Bodily integrity including freedom to move and be protected from violent assaults	Health	Maternal health, HIV, malaria and other diseases
Being able to develop and use senses, imagination and thought through education, freedom of expression, religious and artistic activities.	Learning and education	Primary education
Being able to form and use practical reason,	Learning and education	Primary education
Being able and free to experience emotions, this can be supported by certain forms of “human associations”	Human rights	/
Affiliation, including freedom of association, participation to community activities, and not be discriminated against	Civic engagement	Gender equality and women empowerment
Play, including all recreational activities	Human rights	/
Control over one’s environment, <i>via</i> political and material control	Human rights	/
Being able to live with and care for other species from nature including animals and plants	Environment	Environmental sustainability

Table 2 shows how Nussbaum's capabilities list matches operational development initiatives such as MDGs and HDI components. We compare these with the activities that are the most embraced by social entrepreneurs, as depicted by the activities listed by one of the largest association of social entrepreneurs worldwide, the Ashoka foundation. We note that the 6 main sectors of activity of Ashoka fellows cover issues that are in line with human capabilities as well as MDGs. Issues listed by the Skoll or the Schwab foundations, another two worldwide social entrepreneurs associations, cover similar ground, with more or less details. The activities of social entrepreneurs therefore aim at serving human development in the broad sense.

As such, the opportunities pursued by social entrepreneurs seem to be spotted within the particular realm of a broader mission, human development, or, as some put it "making the world a better place". For social entrepreneurs, the pursuit of a particular opportunity is a vehicle for serving the broader mission, serving human development. The enterprise itself can have a lower level mission embedded within the grand mission of human development. These lower level missions are visible in the sub-categories of social enterprises activities as listed by the main social entrepreneurship foundations: promoting health, learning and education, human rights, civic engagement, protecting the environment.

Additionally, it appears that the context of human development issues in which social enterprises operate is characterized by higher social and institutional barriers (Robinson, 2006). Dorado and Ventresca (2013) purport that social entrepreneurship tackles 'complex social problems' or even 'wicked problems', i.e. problems which are defined by their circular causality, persistence, absence of well-structured alternative solutions, relative lack of room for trial and error learning, constitutive of 'contradictory certitudes', and harbouring redistributive implications for entrenched interests (Rayner, 2006) (p.69).

Going even further, Dorado & Ventresca (2013) state that "In short, the distinctive quality of entrepreneurial engagement in the context of wicked problems is not the form of value pursued by the actors, but that it promotes system-change; that is the simultaneous unbuilding and rebuilding of constellations of value creating activities (Hajek et al., 2011)." (p.70). This is in line with the literature on the agency role of social entrepreneurship, which purports that one of the central role and specificity of this form of activity is to offer citizens a vehicle to operate significant changes in the broad environment so as to influence the way globalization is unfolding (Grenier, 2006).

From the case analysis of the Grameen Bank, it seems that "formulating social business models, ... require[s] new value propositions, value constellations, and profit equations" (Yunus et al., 2010, p. 308). It appears that creating business models for social ventures requires a set of characteristics that are similar to the ones of for-profit ventures: "challenging conventional thinking, finding complementary partners and undertaking continuous experimentation", while "two are specific to social business models: recruiting social-profit-oriented shareholders, and specifying social profit objectives clearly and early" (Yunus et al., 2010, p. 308). They thereby underline first that at the core of the social enterprise business model is the commitment of internal stakeholders to the mission, which is specific to the enterprise, as opposed to the shared standard mission of commercial enterprise which is to maximise profit.

Because of social entrepreneurship's mission-driven aspect, opportunities as vehicles to serve the mission, particular nature of opportunities, and the institutional barriers to overcome, we put forward the following proposition:

Proposition 1: In social entrepreneurship business modelling, the mission needs to be stated, and accordingly, value creation requires to be described at a higher level, augmented by how it serves the mission. Overcoming institutional barriers always necessitates a service to be part of the value creation.

Social Entrepreneurship and Strategy

As social enterprises pursue opportunities that will support missions situated in the realm of human development, characterised by high institutional barriers, they tend to serve deprived populations. These populations are present throughout the world, are relatively large, and underserved. As an illustration, according to the United Nations, in 2008, 22.4% of the world population lived with under 1.25 USD per day and therefore falling into the poor category. While this level of poverty is mostly present in developing countries, developed countries are not exempt from poverty. In 2009, the US Census Bureau reported that 18.7% of the American population was below the 1.25 poverty line. Deprived populations therefore represent potentially large markets, labelled by Prahalad & Hart (2002) "the bottom of the pyramid", characterised by potential customers who are interested by products and services, are willing to pay, but for which the institutional barriers between the supply and the demand are too high.

In this context that combines the size of the market with the institutional barriers to this market, the higher purpose of social enterprises given the mission they set to themselves, and the opportunities they pursue, competition among social enterprises becomes both irrelevant and counter-productive. In an area where the market is sadly virtually endless, resources to serve this market are scarce, and commitment of entrepreneurs to generally make the world a better place is high, a logic of cooperation will tend to dominate over the logic of competition, which lead us to our second proposition:

Proposition 2: Cooperative or coepetitive rather than competitive-only strategies are adopted.

Social Entrepreneurship and Customers

Zahra et al (2009) propose a definition of social entrepreneurship that is in line with the rest of the literature in that it "encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner" (p. 519). More interestingly, regarding the subject under scrutiny, they underline that "social entrepreneurs make significant and diverse contributions to their communities and societies, adopting business models to offer creative solutions to complex and persistent social problems." (p. 519), and mention the term "business model" seven times in their paper. Social entrepreneurship is said to have "applied innovative business models to address social problems previously overlooked by business, governmental and non-governmental organizations", not-for-profit ventures are said to "apply entrepreneurial strategies and business models" so as to access financial resources in a more sustainable way (p.520). But business models in social entrepreneurship also play an important role in terms of how to create and deliver the value that will contribute to the mission, as Novogratz exemplifies when she says: "To do it right (help the poor), we have to build business models that matter, that are scalable, and that work with Africans, Indians, people

all over the developing world who fit in this category” (Novogratz, 2005). This is further illustrated in Nirmalan et al. (2004) who clearly state that the business model innovation resides in allowing the distribution of free eye-care for the poor. In that respect, the specificity of business models for social entrepreneurship will be to underline the innovation relative to the existing business models in the for-profit realm, innovation that allows the distribution of an existing product or service to a previously underserved market. Indeed, “the critical barrier to doing business in rural regions is distribution access, not a lack of buying power” (Prahalad and Hammond, 2002, p.50).

In the literature, social entrepreneurship is exemplified as using innovative business models so as to overcome the institutional barriers they face and tackle the “wicked problems” they have chosen to put at the core of their mission, and as such, they would use specific business models. Social entrepreneurship can therefore be viewed as following a specific unified business model within the more global realm of entrepreneurship. This business model would allow the concomitant pursuit of different goals: economic growth, employment, and quality of life, or economic, social and environmental sustainability (Thomas, 2004; Nichols, 2006), and would embrace business models that allow for the distribution of goods and services that contribute to human development for the “bottom of the pyramid”.

Social Entrepreneurship and Resources

On the other hand, the literature also presents social enterprises as not-for-profit organisations that adopt commercial business models so as to secure financial resources. In this instance, the danger is that “Still, a focus on business models can also tilt social entrepreneurs’ focus away from addressing their chosen causes toward making a profit, shifting services away from the truly indigent to only those who can afford to pay” (Zahra et al., 2009). But the securing of financial resources is not the only aim of social entrepreneurs when embracing business models. As Seelos & Mair (2005) note, they embrace business models to secure a vast array of resources: “Social entrepreneurship creates novel business models, organizational structures, and strategies for brokering between very limited and disparate resources to create social value. It therefore relies on individuals who are exceptionally skilled at mustering and mobilizing resources: human, financial, and political” (p. 244).

Indeed, securing resources becomes a time and energy consuming activity when it comes to engage them into non-evidently financial return-rich activities and opportunities that are known for the institutional barriers they face. The networks and managerial skills required from the social entrepreneur are particularly important in the domain of partnership and cooperation agreements. As already noted earlier, social enterprises evolve in a context of cooperation or cooptation rather than competition, because of the scarcity of resources for the missions they have set for themselves. And indeed, as Dahan et al. (2010) note, “our conceptualization broadens the business model concept to incorporate cross-sector collaborations, arguing such partnerships can create and deliver both social and economic value, which can be mutually reinforcing” (p. 326).

The combination of the specific type of customers, the existence of institutional barriers, and the scarcity of resources and difficulty to gather them leads us to our third and fourth propositions:

Proposition 3: Innovation in terms of distribution of value to customers is always present. Customers are multiple and situated at different points in the value chain. Monetary transactions with customers are not always necessary.

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

Social Entrepreneurship and Impact Measurement: The Triple Bottom Line

In Europe for example, underlining the final result as a benefit for the community, the EMES network states that “social enterprises are not-for-profit private organizations providing goods or services directly related to their explicit aim to benefit the community. They rely on a collective dynamics involving various types of stakeholders in their governing bodies, they place a high value on their autonomy and they bear economic risks linked to their activity”. For Mair and Marti (2006) social entrepreneurship is “a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs...[in which] relative priority given to social wealth creation vs. economic wealth creation. In business entrepreneurship, social wealth is a by-product of the economic value created” (p. 37 and 39). As a not-for-profit venture, social entrepreneurship aims at producing and distributing social value, but does not strive to capture value, i.e. maximize profit, but only seek profit making so as to cover operating costs. This fundamental difference will have an effect on the way the bottom line of the venture is presented, as the social venture is interested in the overall economic, social and environmental impact it has on the world rather than just the financial bottom line. For Yunus et al. (2010), additionally to the focus and commitment to the mission, the second core characteristic of social entrepreneurship is the specification of social profit objectives which require of course the definition of specific social profits, but also the development of specific metrics to measure them. They propose that “the value proposition and constellation are not focused solely on the customer, but are expanded to encompass all stakeholders”, “the definition of desired social profits through a comprehensive eco-system view, results in a social profit equation”, and “the economic profit equation targets only full recovery of cost and of capital, and not financial profit maximization” (Yunus et al., 2010, p. 318). As a result, we elaborate our fifth proposition.

Proposition 5: A component of the business model describing the type and scope of social impact needs to be added. This social impact should include the three aspects of sustainability: economic, social and environmental.

■3.0 CONCLUSION

We have argued that although the literature on business models is still fragmented and the subject of debates among scholars, a consensus on key functions (Chesbrough and Rosenbloom, 2002) and components (Morris et al., 2005) is starting to emerge. 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 et al., 2005, p.730 Table 2), and in essence, the business model literature presents the definition of a business

model as the arrangement of resources and networks needed to create and distribute value following a discovered opportunity, with the objective of making a profit (capturing value). While Morris et al. (2005) propose that the business model as described by its six components corresponds to a “foundation level” fit to describe many types of enterprises, building on George & Bock (2011), we add that a full business model should encompass business model design, resources, narration, innovation, transactions and opportunity. We underline that part of the literature on social entrepreneurship present social entrepreneurship as a specific business model within the realm of entrepreneurship in general, i.e. one of the many types of enterprises. We question however whether the mainstream “foundation level” is fit to describe and analyse accurately social enterprises and their specificities. Indeed, while social entrepreneurship can be viewed as a specific type of business model, the specificities of this business model remain unclear (Chesbrough et al., 2006).

We support the view that social enterprises are specific in that they are primarily mission-driven, and that the opportunities they pursue are situated in the domain of the human development mission, itself declined into the different capabilities that contribute to overall human development in the sense of Sen (1999). It appears that those areas of activities are characterized by higher social and institutional barriers (Robinson, 2006), and opportunities are described as “wicked problems” (Dorado & Ventresca, 2013)

Because of social entrepreneurship’s mission-driven aspect, opportunities as vehicles to serve the mission, the particular nature of opportunities, the institutional barriers to overcome, the size of the market, the specific type of customers, the scarcity of resources and difficulty to gather them, as well as the pre-eminence of a triple bottom line, we propose to adapt the current business model definition as synthesized by Morris et al. (2005) to the specificities of social enterprises and propose the following business model canvas in Figure 1..

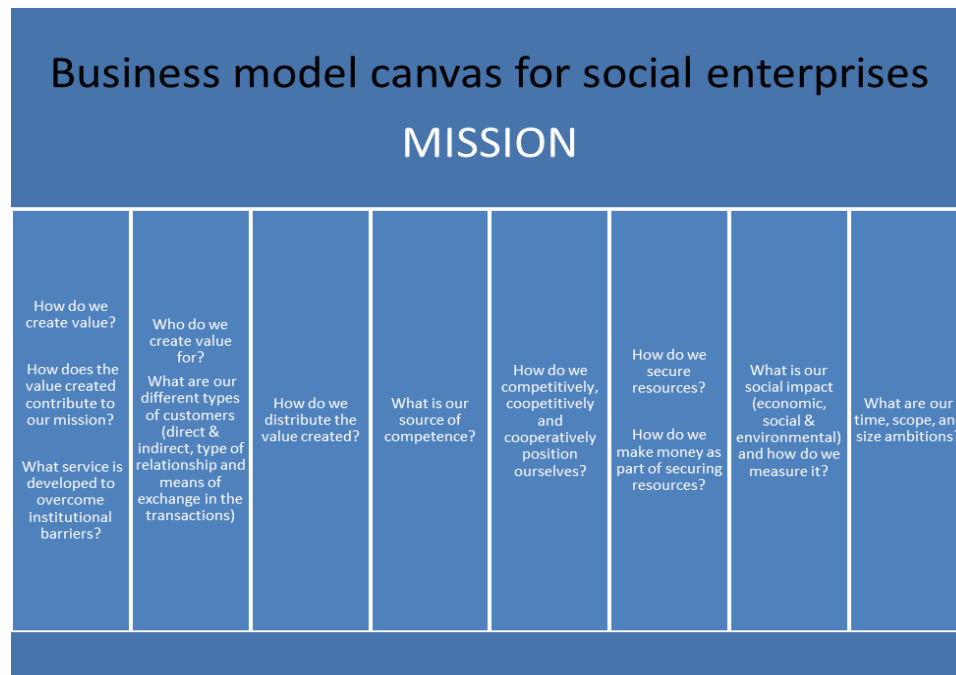


Figure 1 Business model canvas for social enterprises

4.0 APPLICATION: THE CASE OF MITRA BALI

As an illustration, we propose to present a case of application of our social business model canvas to the social enterprise Mitra Bali, headed by Agung Alit, an Indonesia-based social entrepreneur elected Ashoka fellow in 2001. We base our discussion on the information found at <https://www.ashoka.org/fellow/agung-alit> (accessed on April, 1st 2014). This case study was randomly selected from the list of Ashoka fellows.

Mitra Bali is a social enterprise specialised in fair trade, which aim is to overcome the usual institutional barriers that prevent smallholders from participating fairly to international trade, as well as overcome the limitations of usual fair trade programmes: "In 1991, Alit was introduced to the fair trade system as a field worker in Bali with a national organization working on fair trade. Alit saw that existing efforts has not managed to resolve some of the systemic unfairness that put craftspeople at a disadvantage. Generally, organizations working towards fair trade helped small producers to market their products but did not deal with their everyday problems, especially those that arise during production. A guide during his student days, Alit knew about the daily needs of small producers, and about issues such as trickery by buyers, and lack of capital and market information."

The enterprise has for broad mission the “Economic development”, which, in the human development literature, is considered as one of the core activity supporting human development, and also being one of the outcomes of human development. The mission here focuses more particularly on “Citizen/Community Participation, Microenterprise”, and states its mission as “Establishing a fair trade system for craftspeople in Bali, developing their business acumen while creating social and economic sustainability in their communities”.

We present below Figure 2 showing the business model of Mitra Bali based on verbatims from the enterprise description as depicted by the Ashoka foundation.

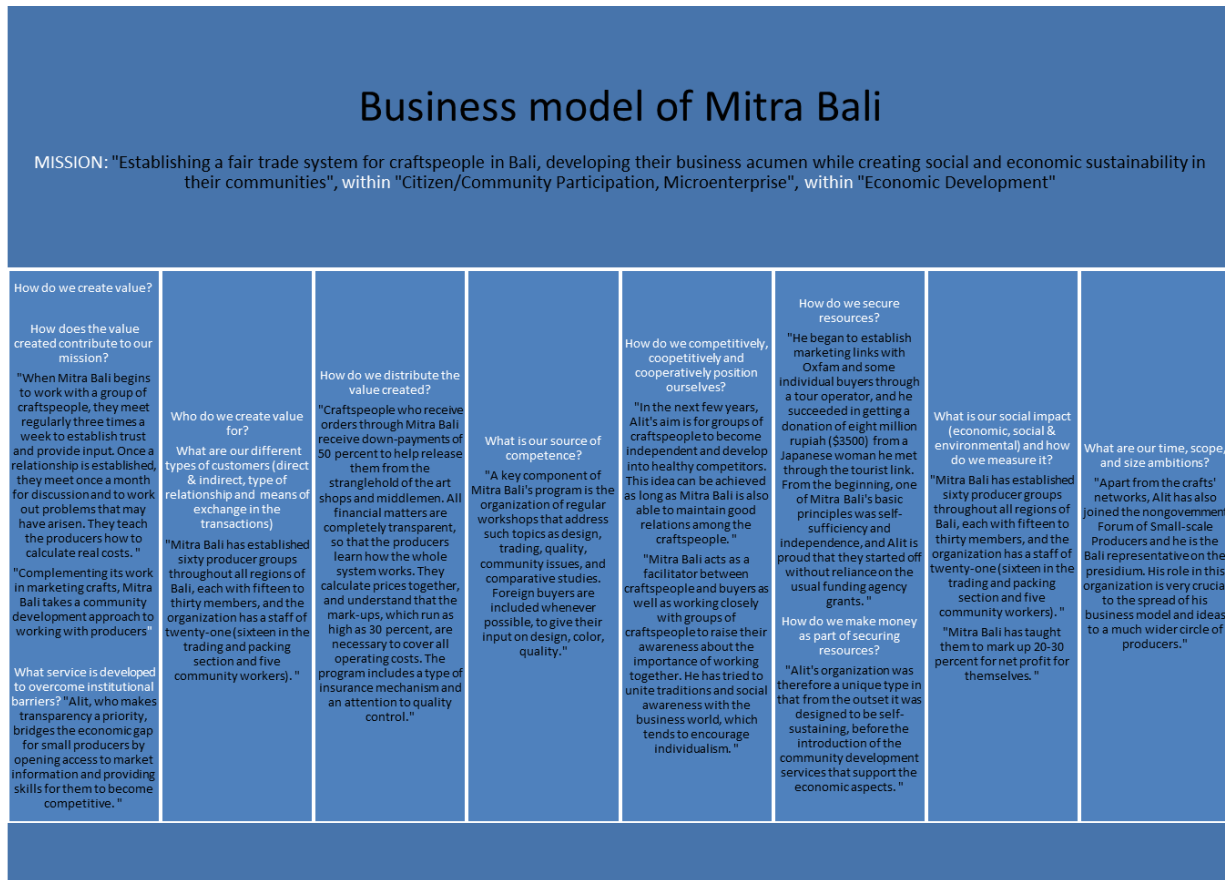


Figure 2 Business model of Mitra Bali

The value creation includes overcoming the very institutional barriers that are at the root of the social issue, as the enterprise “makes transparency a priority, bridges the economic gap for small producers by opening access to market information and providing skills for them to become competitive.” The value is created through regular meetings of craftspeople who are at the same time suppliers and customers to the enterprise, so as to create trust, maintain social networks, train participants self-sufficiency in overcoming institutional barriers, and work towards community development. The value created contributes directly to the mission.

The value is created mostly for craftspeople who sell their products to distributors and end consumers, who also benefit from the social value created in the form of product quality in the broad sense, including reputational and ethical quality. Employment generated by this organisation is also part of the value created.

The value is distributed through the union of formerly isolated actors – the craftspeople, who are empowered via the pooling of forces, information sharing, learning of the trade’s financial aspects, partial down payments by Mitra Bali “to help release them from the stranglehold of the art shops and middlemen”, as well as an insurance mechanism.

The source of the competence of the enterprise is the ability to raise initial resources, recruit, and animate a network of various partners along the value chain while maintaining a climate of trust and will to share quality and value created.

The enterprises clearly promotes a cooperative behavior among craftspeople, both through the value creation process and the discourse, encouraging stakeholders to use the strength created by cooperation while also becoming fair competitors among themselves.

The enterprise managed to secure initial investment through leveraging its network, and sustains resources via its economic activity and various programs.

While no specific integrated metrics is proposed to apprehend overall social impact, it can still be inferred from the provided information. The social enterprise helps between 900 and 1,800 craftspeople throughout the island of Bali, who have raised their mark-up to 20 to 30%, when they initially had only vague information about their operating costs and eventual benefit. Overall value creation would also have to be evaluated including the various additional community building and environmental protection programs.

Finally, Mitra Bali, in existence since 1993 and still operating today, has shown its ability to sustain and grow its business model, and also gives signs of its ability to scale up the model to more producers and regions via its participation to the Forum of Small-scale Producers.

This short analysis of the business model of a randomly selected social enterprise shows the applicability of the developed social business model canvas, while suggesting the potential lack of social impact metrics.

5.0 IMPLICATIONS AND AVENUES FOR FURTHER RESEARCH

Our model contributes to advancing social entrepreneurship theory, as it shows that social entrepreneurship is a form of entrepreneurship that is intrinsically different to commercial entrepreneurship. It also contributes to business model thinking in that it proposes a new definition of business model in the context of social entrepreneurship. The emerging social business model canvas can then be used as a tool for social enterprises business model generation and analysis. Further research will entail testing empirically the model on a wide scale.

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