

CORVINUS UNIVERSITY OF BUDAPEST

ADVANCING SUSTAINABLE BUSINESS  
MODELS FOR SOCIAL ENTERPRISES:  
CONCEPTUAL DEVELOPMENT AND  
EMPIRICAL INSIGHTS

PHD DISSERTATION

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Budapest, 2026

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Advancing sustainable business models for  
social enterprises: Conceptual development  
and empirical insights

Department of Sustainability Management  
and Environmental Economics

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Corvinus University of Budapest  
Doctoral School of Business and Management

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## **Preface**

More than eighteen years ago, I graduated from university and worked for a non-governmental organization (NGO), Oxfam Hong Kong, in the pro-poor market program. Our mission was to support small-scale farmers to improve their livelihoods. These farmers were producers in the agricultural value chain, but the income they received from their products was far below the price paid by end consumers. The imbalance in bargaining power indicated that their hard work did not translate into secure and long-term income. Our program, therefore, focused on skill training and market access facilitation to strengthen farmers' capacities. However, we soon recognized that training was insufficient. One day, my program leader forced me to come up with more ideas; otherwise, the funding would be withdrawn, and the project would be postponed. As a young graduate with limited practical experience at that time, I struggled to give her an answer. I could not determine how to move beyond our reliance on external donors while still serving vulnerable communities. The unanswered question stayed with me.

Over time, after working in different roles and becoming a university lecturer, I had the chance to approach the concept of social enterprises. Unlike traditional NGOs, social enterprises aim to tackle social problems using market-oriented strategies, integrating social missions with revenue-generating activities. I found that it would be the answer for myself that organizations could pursue serving communities while becoming financially sustainable without compromising their social mission. This realization became the starting point for my dissertation.

## **Acknowledgement**

I would like to express my deepest gratitude to my supervisor, Harangozó Gábor, for his dedicated supervision, insightful feedback, and constant support throughout every stage of this dissertation. His strategic guidance, constructive comments, and continuous encouragement have been invaluable in shaping this research and helping me refine my ideas. I am profoundly thankful for the time, patience, and academic rigor he consistently devoted to my work.

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My sincere gratitude goes to the 20 Hungarian and Vietnamese social enterprise founders and managers who generously participated in this research. They continuously engaged in follow-up discussions and provided additional clarification when needed. Their openness, time, and willingness to share their experiences not only enriched the findings of this dissertation but also deepened my own understanding of social enterprises' business model and their dual value proposition.

I would like to thank Julianna Kiss for her generous support in advising me on the social enterprise database and for her valuable feedback during the data collection stage.

I am also grateful to my colleagues, Nguyen Anh Thu at the British Council and Phan Hoang Quan at Hanoi University, for their support in connecting me with social enterprises and social impact businesses in Vietnam. I would like to express my special appreciation to Nguyen Thi Minh Hieu, my former Head of Department of Management, Faculty of Management and Tourism, Hanoi University, and Nguyen Le Phuong Tram, my former colleague, whose inspiration first introduced me to the field of social enterprises and guided me toward a lasting passion for research.

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# I. RESEARCH FRAMEWORK

## 1. Introduction

Practitioners and scholars have been making continuous attempts to gain a deeper understanding of how to deliver societal benefits effectively while maintaining financial viability. In such efforts, social enterprises emerge as a bridge between the business and social spheres, aiming to contribute to solving social problems (Halsall *et al.*, 2022). Unlike conventional organizations that prioritize maximizing shareholder returns, social enterprises pursue a dual mission of creating both social and environmental impact and financial sustainability. They strive for double value creation, where the financial and economic goals are not for their own sake but are meant to promote the fulfillment of the social goal and mission (Gandhi and Raina, 2018; Dupain *et al.*, 2022; Kiss, 2024).

In society, social enterprises play a crucial role in addressing social and environmental challenges while contributing to economic development and innovation. With their innovative ideas, social enterprises have assisted governments in reducing social inequality, eradicating hunger, reducing poverty, providing targeted support, enhancing the capacity of ethnic minorities, conserving natural resources, and protecting the environment (Nicholls, 2010; M. Nguyen *et al.*, 2021).

Prior literature has widely advanced social enterprise research across multiple thematic domains. However, they mainly adopt a functional lens, examining the isolated dimensions of social enterprises rather than the business model that integrates them. For example, (Islam, 2022) outlined a growth strategy for scaling social impact, and (Maalaoui, Le Loarne-Lemaire and Razgallah, 2020) linked the poor growth of social enterprises to inefficient knowledge management processes, placing social enterprises within broader strategic frameworks while underexploring the structural transformation of social enterprises' value-creation models. (Schätzlein, Schlütter and Hahn, 2023) provided a comprehensive overview of external financing constraints at individual, organizational, and institutional levels. The management of business relationships in (Alinaghian and Razmdoost, 2021) research demonstrated the importance of stakeholder ties. However, both financing and network elements in those studies were discussed as external resource conditions for social enterprises, rather than as integral components of business model design that shape the dual value creation structures. In addition, contextual studies have examined the characteristics of rural social enterprises in Europe (Van Twuijver *et al.*, 2020), and emerging markets (Gupta and Srivastava, 2024), and technology-driven or sustainability-oriented ventures (Harsanto *et al.*, 2022; Grassi and Toschi, 2024),

enriching the understanding of social enterprise diversity across settings. Performance-related research has explored the interplay between social and financial outcomes (Hussain, Ahmad and Mia, 2023) and the barriers to the limitation of performance measurement systems (Cosa and Urban, 2023). While these research streams provide valuable insights into the various factors shaping social enterprises, they tend to explain what social enterprises struggle with, including growth, finance, legitimacy, and knowledge inefficiency, rather than investigating how the architecture of their business model influences these challenges. As a result, the business model through which social enterprises organize and align their dual value creation remains comparatively underexplored.

Despite diversity in organizational forms and social goals (Coskun, Monroe-White and Kerlin, 2018; Gertner, 2023), social enterprises share common characteristics in their business models. The idea of visualizing a business model has been derived from Osterwalder and Pigneur's (2010) business model canvas. The approach is a comprehensive framework to better understand and interpret the main features of enterprises' operation from creating values to communicating those values to customers and capturing them back to the business itself, which can also be beneficial for social enterprises. However, the existing body of research argues that this business model canvas does not fully capture the specificities of social enterprises, particularly regarding social mission, social impact and impact measurement. Consequently, the extended or social versions of the business model canvas have been further developed, incorporating additional features such as social impact mission, value for beneficiaries, co-interventions, social and environmental costs and benefits, and community reinvestment, which can help social enterprises come up with innovative solutions to develop their businesses.

Given the dual value creation (social mission and economic stability) of social enterprises, examining the business model as an integrated architecture of value proposition, value creation, and value delivery becomes particularly crucial. Furthermore, the extension of the traditional business model canvas offers a more holistic understanding of how social enterprises structure and align their social and economic activities to achieve their dual goals and promote their ability to continue delivering social and environmental impact.

While the socially extended business model canvas has been proposed to address the shortcomings of the traditional canvas, its conceptual clarity and empirical applicability have received insufficient examination. The dissertation aims to investigate how social enterprises operationalize the socially extended business model canvas in order to sustain dual value creation. To address this overarching objective, the dissertation is organized around three

interconnected studies that collectively examine both the conceptual foundations and the practical application of the socially extended business models in social enterprises.

The dissertation is structured as follows.

Section 1 provides an introduction to the dissertation that outlines the central research problem and clarifies the overall research goals. A theoretical framework is then developed as a foundation for conceptualizing social enterprises, a socially extended business model canvas, and its key components that inform the overarching research questions and sub-questions addressed in the three following studies. The section further introduces the research design and details the research models used across the three studies.

Section 2 presents the three studies in a consistent narrative. Study 1 establishes the conceptual foundation by critically examining the socially extended business model canvas and identifying key research gaps. Building on this foundation, Study 2 deeply dives into the illustration of the theoretical framework in practice through an empirical investigation of social enterprises. Study 3 extends the analysis by examining the complexity of practices, particularly social impact measurement practices, a key challenge associated with sustaining dual value creation in social enterprises.

Section 3 discusses major findings, highlighting the novelty values of each study and its theoretical and empirical contributions.

The following section (theoretical background) presents a literature review of the current state of the topics addressed in the studies.

## **2. Theoretical background**

### **2.1. Social enterprise and dual value creation logic**

There have been many attempts to define the concept of a social enterprise, reflecting its evolution across different institutional and cultural contexts. In general, social enterprises are organizations whose main goal is to contribute to solving and mitigating social or environmental problems, while also performing economic activities as a means of achieving their social mission (European Commission, 2019). Unlike conventional businesses that prioritize profit maximization, social enterprises combine entrepreneurial thinking and business practices with explicit social value creation (Lee *et al.*, 2012; Bocken, Fil and Prabhu, 2016; Yang and Wu, 2016; F. Alberti and Varon Garrido, 2017; Bull and Ridley-Duff, 2019). As hybrid organizations, they seek to balance economic sustainability with social objectives and

therefore occupy a position between purely profit-oriented firms and organizations pursuing primarily social goals (Margiono, Zolin and Chang, 2018; Neessen, Voinea and Dobber, 2021).

The concept of social enterprise has been interpreted differently across regions, giving rise to several schools of thought (Defourny and Nyssens, 2010). In the United States, two major approaches have emerged: the earned-income school, which views social enterprises primarily as nonprofit organizations generating commercial revenue to support their missions, and the social innovation school, which emphasizes the role of innovative entrepreneurs as agents of social change (Defourny and Nyssens, 2010). In contrast, the European tradition conceptualizes social enterprises as organizational forms that combine entrepreneurial activity with collective social objectives, democratic governance, and multi-stakeholder involvement (Defourny and Nyssens, 2010). From a European perspective, social enterprises are often located within the broader social economy, which encompasses cooperatives, associations, foundations, mutual organizations, and other entities that prioritize social objectives over capital accumulation (Defourny and Nyssens, 2010, 2012).

Within the broader conceptual landscape of social enterprises, social business (Yunus, Moingeon and Lehmann-Ortega, 2010) represents a closely related model. It is defined as a self-sustaining business created to solve a social problem, in which investors may recover their initial investment but do not receive dividends. Instead, all surplus profits are reinvested into the company for growth and social impact. In this sense, the social enterprise offers a more flexible concept that can legally distribute profits to investors and may rely on philanthropic funding. As such, among many definitions, the European Commission's idea offers a widely recognized perspective on social enterprises, highlighting three main aspects (European Commission, 2011). The first feature of social enterprises is the creation of social value. Social enterprises' primary goal is creating social impact, rather than profit-making. Secondly, profits generated from business activity (in other words, surplus) are largely reinvested in the organization, the community, and social goals, thereby contributing to the achievement of the social mission. Thirdly, the organizational form may vary, but it is essential that its operations follow democratic or participatory principles and take into account principles of social justice.

A defining characteristic of social enterprises is their commitment to creating both social and economic value. Unlike conventional businesses, which primarily pursue financial returns, social enterprises are expected to achieve a dual mission: generating positive social or environmental outcomes while maintaining sufficient economic performance to sustain their operations (Defourny and Nyssens, 2010; Bull and Ridley-Duff, 2019). Economic value

creation refers to the ability of social enterprises to generate revenue through market transactions, ensuring financial sustainability and organizational continuity. This economic dimension enables social enterprises to reduce dependence on external funding and to reinvest resources into their core activities. At the same time, social value creation represents the intentional generation of positive social and/or environmental outcomes, such as poverty reduction, social inclusion, employment generation, or environmental sustainability. These outcomes constitute the primary mission of social enterprises and distinguish them from conventional for-profit organizations.

Taken together, this dual value creation logic reflects the hybrid nature of social enterprises and requires them to continuously balance mission achievement with financial viability. In practice, social and economic objectives may not always be mutually reinforcing and, under certain circumstances, may become difficult to reconcile. For example, hiring workers with disabilities may increase social value by enhancing inclusion and providing employment opportunities for disadvantaged groups, while at the same time reducing economic value through lower average productivity and higher support costs. Similarly, selling products at affordable prices to low-income beneficiaries increases social value by improving accessibility and affordability, but it may decrease economic value by reducing profit margins and limiting financial returns. In addition, attempting to reach the most marginalized groups can strengthen social impact by addressing those with the greatest needs, yet it often increases operational costs and resource requirements, thereby constraining economic sustainability. Such situations illustrate the tensions that can arise between social and economic objectives. If not carefully managed, these tensions may increase the risk of mission drift, whereby commercial pressures gradually outweigh the original social mission (Battilana and Dorado, 2010; Ebrahim, Battilana and Mair, 2014; Raišienė and Urmanavičienė, 2017; Njiraini, Ndunge and Mathuva, 2024). Consequently, the challenge for social enterprises is not only to create social value but also to manage and align these potentially competing objectives in ways that ensure the long-term viability of both their mission and operations. Addressing this challenge requires an understanding of how social enterprises organize, create, deliver, and sustain value over time. This has led to growing interest in sustainable business models that effectively integrate economic and social value creation and support the long-term sustainability of social enterprises.

## **2.2. Sustainable business model in social enterprises**

An organization's business model is the operational framework that determines how it creates and delivers value to customers and users, and how it simultaneously generates revenue and surplus. In addition to its internal structuring function, a business model also serves as a communication device that enables stakeholders such as investors, employees, and partners to understand how an organization operates and creates value.

Sustainable business models have extended this traditional perspective to examine how organizations can sustain value creation over time while addressing the expectations of multiple stakeholders. Rather than treating sustainability as an external objective, this perspective emphasizes the integration of social, economic, and environmental considerations into the overall logic of organizational value creation (Bocken, Fil and Prabhu, 2016). As a result, attention shifts from short-term economic performance to the long-term viability of value creation systems that integrate broader societal concerns into organizational activities (Stubbs and Cocklin, 2008).

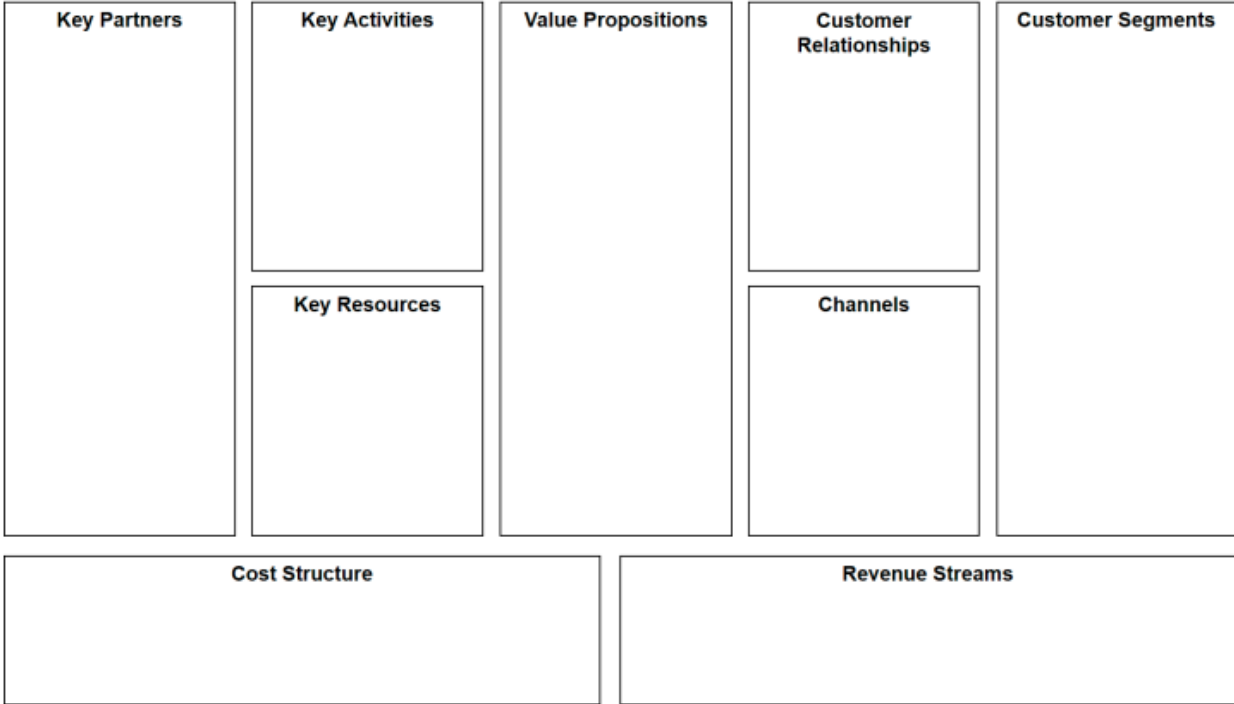
In this study, sustainability is understood not in its broad environmental sense, but at the organizational and business model level, referring to the ability of an organization to maintain value creation over time under conditions of resource constraints and stakeholder expectations. While sustainability is often discussed in relation to environmental and societal systems, in the context of social enterprises, it also encompasses a hybrid organization's ability to maintain and regenerate value over time while accounting for the interests of multiple stakeholders beyond shareholders alone.

Within this context, sustainable business models in social enterprises refer to structures that enable the continuous balancing of the social and economic objectives over time. These configurations ensure not only the achievement of the social mission but also the long-term survival and adaptability of the enterprise. In other words, such models illustrate how social enterprises convert their dual goals of value creation into a consistent and ongoing set of activities, relationships, and resource flows that can be maintained despite changing and often conflicting institutional demands.

**2.3. Business model canvas and its extensions**

**2.3.1. Business model canvas**

Business model canvas (Osterwalder and Pigneur, 2010) (see Figure 1) is a practical tool that can help structure the business model, facilitating the more effective achievement of the economic and thus indirectly social goals of social enterprises.



**Figure 1: Business model canvas**  
*(Source: Osterwalder and Pigneur, 2010)*

In the model, four areas of business operation, which are infrastructure management, product, customer interface, and financial aspects, were divided into nine smaller blocks. The first three elements of the infrastructure management quadrant are key partners, key activities, and key resources. The three elements from the right side of the canvas are customer relationships, customer segments, and channels, illustrating the business’s customers and their interactions with them. The business's product component is represented by the value proposition building block, and the financial parts are represented by the cost structure and revenue streams at the bottom of the page. (1) Key partners are key suppliers and partners to help run and develop the business. (2) Key activities are activities that the business uses resources to create differentiated values and through which, earn profit. (3) Key resources are the most important resources for the business to survive including physical (nature resource, environment), intellectual (copyrights), human and financial resources. (4) Customer

relationships are how the business retains old customers and/or attracts new ones. (5) Customer segments identify the business's customers, the most important customers and their characteristics, the mass versus niche market. (6) Channels block mentions what channels to reach the customer segments through a process of improving customer's awareness, helping them evaluate the value, allowing them to buy the product, delivering the value to customers, and providing them after sales services. (7) Value proposition mentions what value that the business's products bring to the customer segments such as newness, design, brand, price, accessibility, etc. (8) Revenue stream is a summary of all sources of company's revenue, how much and percentage of each. (9) Cost structure includes essential costs to run the business including fixed and variable costs.

Business model canvas is not only beneficial for for-profit organizations but also good for those who have non-financial missions. By adding two more blocks into the original canvas, (1) the social and environmental costs of a business model (such as its negative impact), and (2) the social and environmental benefits of a business model (such as its positive impact) (Osterwalder and Pigneur, 2010), is considered as an adaptation to organizations with social goals. Due to its simplicity and visual clarity, the business model canvas has been extensively used in both academic research and practice to describe and communicate business models across a wide range of organizational contexts. It enables a shared understanding of how different elements of an organization interact to support its overall value creation logic.

However, despite its widespread adoption, the original business model canvas remains limited in capturing the strategic choices of organizations that integrate social and environmental mission into the value proposition (Joyce and Paquin, 2016; Sparviero, 2019). In particular, it tends to insufficiently represent how social value is created, distributed, and embedded within broader stakeholder networks, as well as how non-financial outcomes interact with economic value creation. This limitation has motivated the development of extended versions of the business model canvas that more explicitly incorporate social and environmental dimensions into the representation of business models, such as the socially extended business model canvas.

### ***2.3.2. Socially extended business model canvas***

In response to the limitations of the original business model canvas, the socially extended business model canvas has emerged as supplementing some additional aspects that specifically support the specific aspects of social enterprises and monitoring of the achievement of the social mission, which can be practically useful for social enterprises (Sparviero, 2019; Social Business

Design, 2020). By expanding the traditional canvas structure, it seeks to better reflect the dual or multiple value creation logic characteristic of social enterprises, where financial sustainability and social mission are closely interdependent.

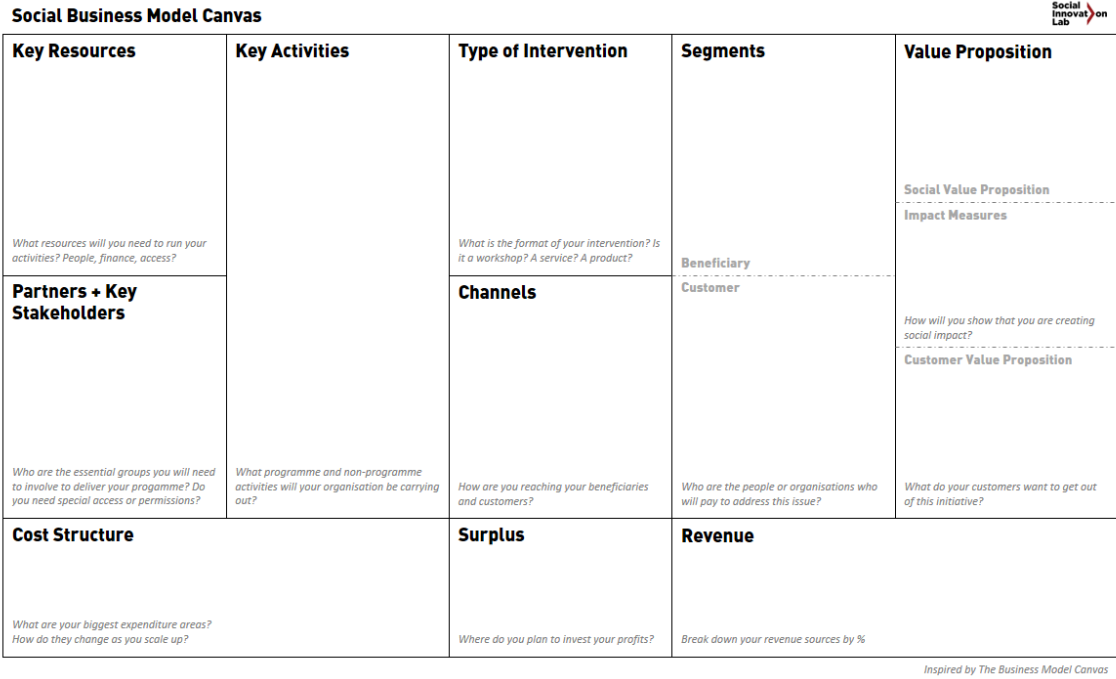
Practitioners and scholars have proposed two streams of socially extended business model canvas: either adding extra categories to the original business model canvas or using multi-layer approaches to separate each layer model for each type of impact. Both streams have advantages and disadvantages in attempts to capture the complexity of social enterprise’s business model.

One typical type of the first stream is the 14-building-block social enterprise model canvas, presented by Sparviero (2019), which aims to address the difficulties encountered by social enterprises. This model refines existing blocks to align with social enterprises' vocabulary and introduces new ones. The revised blocks replace "value proposition" with "social value proposition," not only clarifying the creation of value for customers and beneficiaries but also specifying the social problem the social enterprise addresses and the positive change it creates. Additionally, the term "non-targeted stakeholders" replaces "key partnerships," emphasizing stakeholders who are indirectly affected. Furthermore, the term "customers and beneficiaries" replaces "customer segments," and "customers and beneficiaries’ engagement" denotes the reciprocal relationship between social enterprises and their beneficiaries. In this sense, beneficiaries may not be paying customers. Lastly, the term "income" replaces "revenue," which encompasses all sources of finance. The blocks "mission values", "objectives", "impact measures", "output measures", and "governance" have been included.

Governance (GOV)			
Non-Targeted Stakeholders (NtS)	Key Resources (KR)	Channels (CH)	Customers & Beneficiaries (C & B)
	Key Activities (KA)	Customer & Beneficiaries Engagement (C&B E)	
Mission Values (MV)		Social Value Proposition (SVP)	Impact Measures (IM)
Objectives (Obj)			Output Measures (OM)
Cost Structure (C\$)		Income (I\$)	

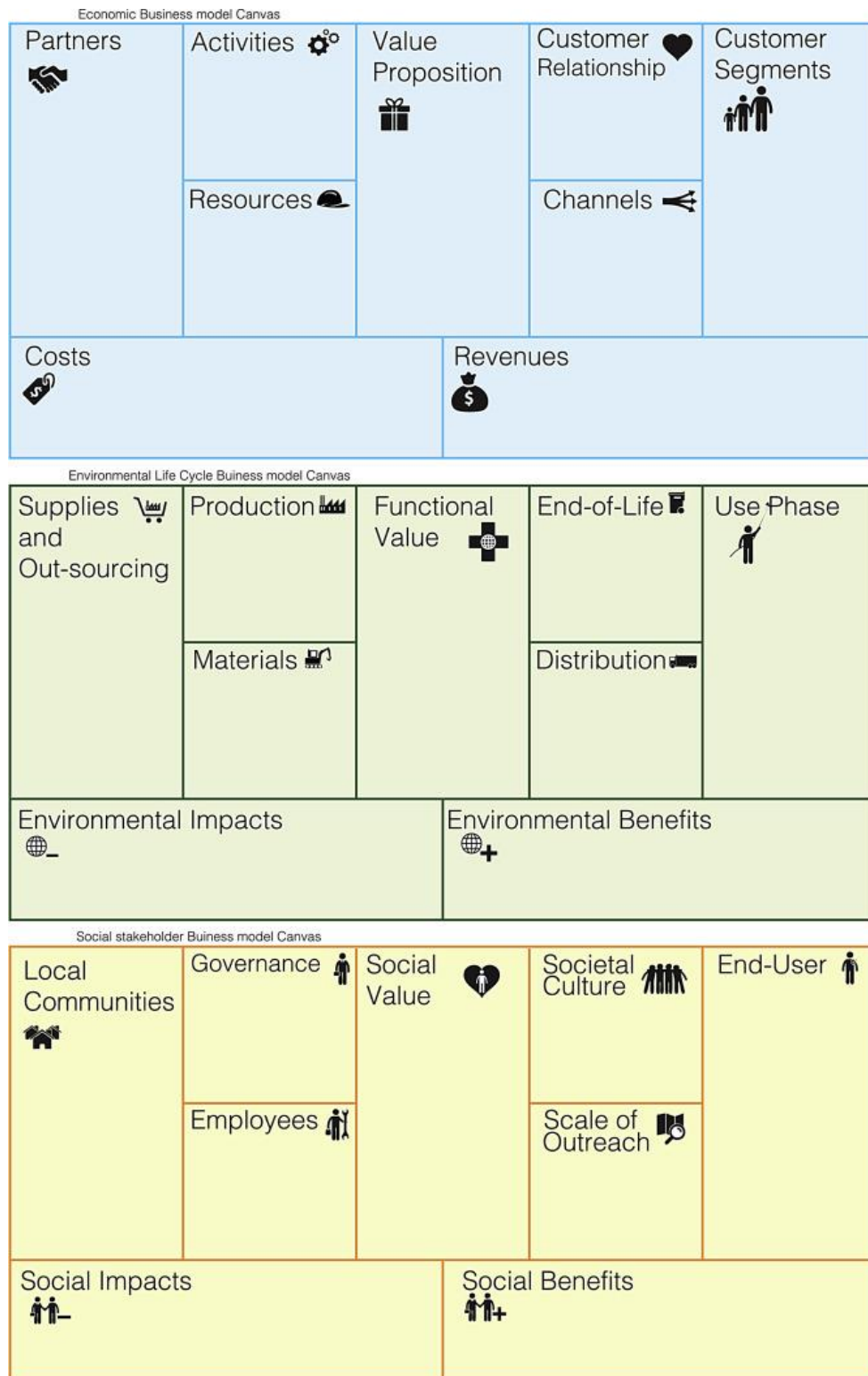
**Figure 2: The socially extended business model canvas**  
*(Source: Sparviero, 2019)*

In addition to the nine blocks of the business model canvas, the social business model canvas comprises 13 building blocks (Social Business Design, 2020). The canvas considers the value of "beneficiaries," who typically incur no costs but play a vital role in the organization's functioning. Additionally, it encompasses the "social value proposition," which extends beyond the customer value proposition, and the "impact measures" that delineate how social enterprises manage their social impact. In addition to collaborating with partners, the canvas encompasses the inclusion of "key stakeholders" who are or should be engaged in the social enterprise's program. The term "surplus" refers to the allocation of earnings by social enterprises.



**Figure 3: Social Business Model Canvas**  
(Source: Social Business Design, 2020)

An alternative canvas, the second stream, is to construct parallel iterations of the original economic framework that incorporates distinct multilayer strategies, such as distinct social or environmental impact. The Triple Layered business model canvas consists of two layers: an environmental layer that considers the entire lifecycle, and a social layer that accounts for stakeholders' perspectives. This modification enhances the business model's explicit representation of the process of generating triple values, encompassing economic, environmental, and social aspects (Joyce and Paquin, 2016).



**Figure 4: Triple-layered business model canvas**

*(Source: Joyce and Paquin, 2016)*

The additional block stream maintains the original business model canvas's intuitive structure, making it accessible to practitioners. However, it tends to position social and environmental dimensions as add-on components rather than fully integrated elements, thereby

reinforcing a conceptual separation rather than genuine embedding of social value creation within the business model logic. In addition, the introduction of multiple additional blocks can make the canvas visually crowded and cognitively demanding. On the other hand, the triple-layered business model canvas addresses this limitation by explicitly structuring economic, social, and environmental layers. While this improves conceptual rigor in capturing sustainability dimensions, it may also increase cognitive complexity and reduce usability for practitioners when grasping the integrated overview.

These tensions across existing approaches highlight a fundamental trade-off between conceptual completeness and practical usability. Building on this observation, this dissertation synthesizes the most recurrent and essential dimensions across existing socially extended business model canvas variants and proposes a simplified integrated structure. Rather than adding further layers or categories, the proposed canvas identifies six core dimensions that appear consistently across the literature and practice, which serve as the analytical foundation of this research.

The first dimension is the **social value proposition**. Although the traditional value proposition may also include components through which the enterprise can contribute to the public and create social value, the explicit inclusion of this aspect helps capture the social contribution more precisely, especially if the enterprise has several value propositions (for example, different for target groups).

Second, the explicit representation of the **social impact** in the model helps clarify the business's goal, which is key to the success of the hybrid organization (which formulates both economic and social goals).

Third, **social impact measurement** refers to the quantifiable or qualitative effects. It can be short-term (for example, how many members of the target group were reached) or long-term (how much actual impact was achieved).

Fourth, **non-targeted stakeholders** are stakeholders with whom the company does not specifically cooperate, but whose activities still affect its operations (for example, organizations offering similar activities, even competitors or potential future cooperation partners).

The fifth category is **beneficiaries**. In addition to customers, there may be other beneficiaries for whom validating the value proposition is integral to the success of the social mission, but who do not pay for the product or service.

Last but not least is **surplus**. Profit is particularly important in traditional businesses as a means of long-term survival, but its use is not a priority. In the case of social enterprises, on the other hand, it is important to consider how it is used (for example, to further support the enterprise's social mission or to support another organization with a similar profile but not yet profitable).

## **2.4. Social impact and social impact measurement**

While Study 3 provides an in-depth review of social impact measurement approaches, this section outlines the key conceptual debates necessary to position the overall dissertation.

### ***2.4.1. Social impact***

Social impact represents a central construct in social enterprise research. It overlaps with related terms such as social value creation, social return, and social accounting (Dufour, 2019; Parkinson and Naidu, 2024) and social performance or social value (Salavou and Cohen, 2021; Quilloy, Newman and Pyman, 2024), reflecting different emphases on value generation and accountability. However, persistent definitional ambiguity has led to ongoing debates regarding attribution, measurement boundaries, and appropriate evaluation approaches.

Conceptually, social impact refers to the change generated through organizational intervention (Kolodinsky, Stewart and Bullard, 2006), particularly the portion of outcomes attributable to the organization rather than to external factors (Perrini, Costanzo and Karatas-Ozkan, 2021). Importantly, such an impact may be positive or negative, intended or unintended (Perrini, Costanzo and Karatas-Ozkan, 2021).

Building on the value chain perspective, prior research distinguishes between output, outcome, and impact, positioning impact as longer-term, systemic change beyond immediate and short-term results.

### ***2.4.2. Social impact measurement***

Impact measurement, in literature, is commonly used interchangeably with other terms including social performance, impact reporting, and social impact accounting (Lall, 2019). It extends beyond financial or technical evaluation and must remain mission-linked and contextually adapted within the specific environment in which social enterprises operate (Leung *et al.*, 2019). Impact measurement serves both internal and external purposes, improving organizational performance and sustainability, demonstrating accountability to funders and policymakers, and strengthening legitimacy in the eyes of stakeholders and the public (Leung

*et al.*, 2019). However, compared to financial performance measurement, social impact measurement is considered more complex due to definitional ambiguity, multi-causal relationships, attribution challenges and the difficulty of capturing intangible and qualitative changes (Lall, 2019; Leung *et al.*, 2019; Perrini, Costanzo and Karatas-Ozkan, 2021; Salavou and Cohen, 2021). This complexity not only creates methodological challenges but may also shape organizational behavior. In practice, the difficulty of capturing context-specific social outcomes can drive social enterprises to focus on more easily measurable indicators. Such tendencies introduce the risk of mission drift, where the emphasis on what can be measured gradually displaces what is most meaningful to the organization's social purpose (Battilana and Lee, 2014; Sparviero, 2019). In response to these challenges, social enterprises frequently adopt a combination of quantitative and qualitative indicators. Although a wide range of tools and techniques has been developed to address these challenges, no single method fully captures the multidimensional nature of social impact across diverse social enterprise contexts. Consequently, both academic and professional discussions increasingly promote methodological pluralism to attain a more thorough comprehension of impact.

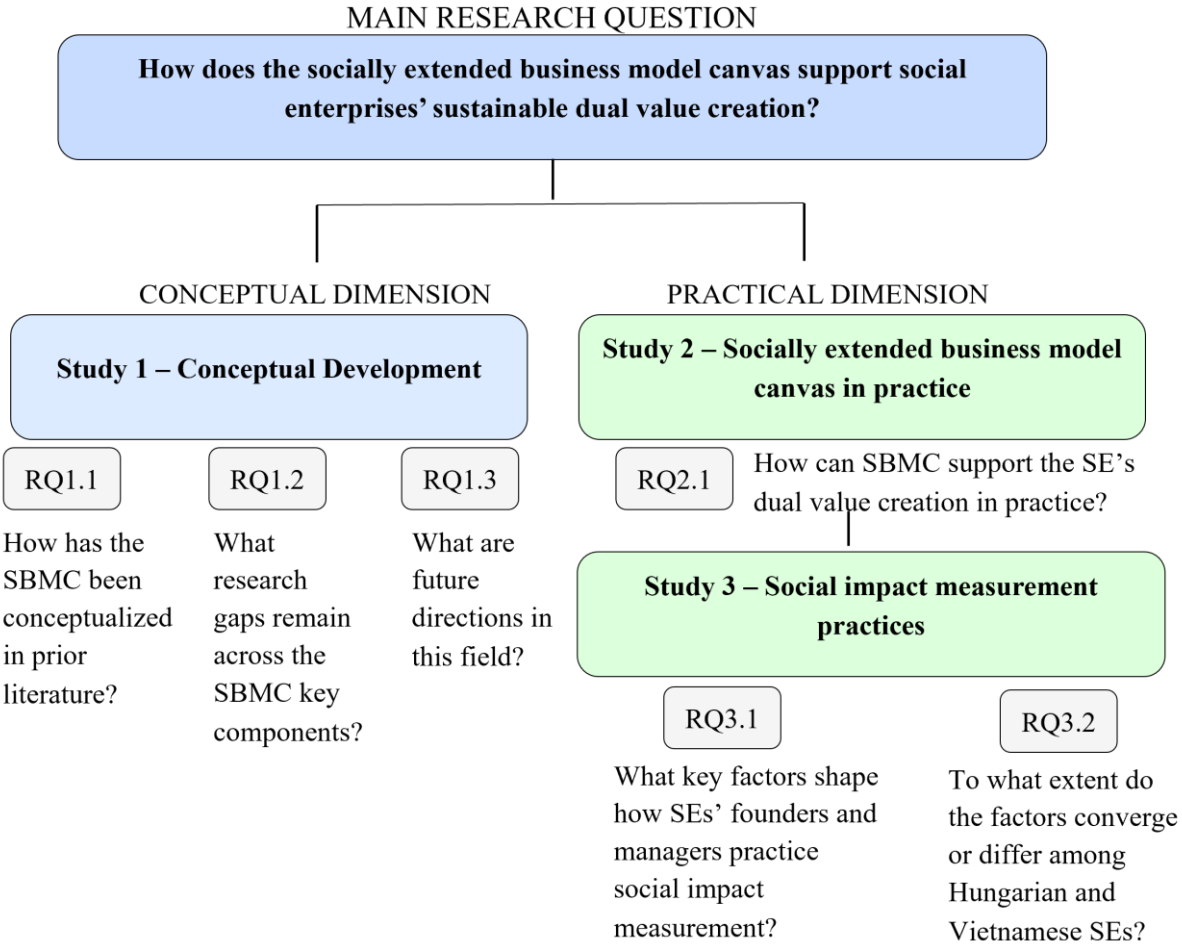
On the other hand, having tools and techniques available is insufficient to ensure effective social impact measurement. Recent research emphasizes the resource and capacity constraints as a factor that hinders social enterprises from measuring their social impact (Molecke and Pinkse, 2017; Costa and Andreaus, 2021). External pressure from funders also contributes to how social enterprises respond, either compliance or resistance (Molecke and Pinkse, 2017; Grieco, 2018). These dynamics explain why social impact measurement practices frequently diverge from the intention of standardization frameworks.

### **3. Research questions**

As discussed above, while prior literature has extensively examined social enterprises from different dimensions, less attention has been paid to how social enterprises' dual value creation is embedded in their business model. In this regard, the socially extended business model canvas offers a promising framework by explicitly integrating social value creation into the structure of business models. However, the socially extended business model canvas's conceptuality and its applicability in empirical contexts remain underexplored. Therefore, there is a need for a more integrated and empirically grounded understanding of how the socially extended business model canvas operates in practice. Accordingly, this study was designed to address the research goals mentioned in the Introduction section, formulating the following overarching research

question: “**How does the socially extended business model canvas support social enterprises’ sustainable dual value creation?**”

The preceding theoretical background has given a conceptual framework for the six key components of the socially extended business model canvas, among which social impact measurement is considered crucial for aligning social enterprises’ business models with their social mission and avoiding mission drift. The theory discussion refined the author to break the main research question into two streams of sub-questions, including theoretical and practical approaches. This flow was represented in Figure 5.



**Figure 5: Research questions and sub-questions**

*(Source: created by author)*

*Note: SBMC is socially extended business model canvas, SE is social enterprise*

Regarding the conceptuality gap of the socially extended business model canvas, the first study addressed sub-questions related to its conceptualization, shortcomings, and research gaps within its key components, and future directions in this field. By answering these questions,

Study 1 provided a conceptual understanding of the socially extended business model canvas, creating the groundwork for the next empirical studies.

In the practical dimension, the conceptualization in Study 1 guided Study 2 to investigate how the canvas supports social enterprises' dual value creation in practice. Next, Study 3 was conducted with the aim of addressing one significant research gap found in Study 1, exploring the social impact aspect and the social impact measurement which is considered crucial to align social enterprises' business model with their social mission and avoid mission drift. The study focused on the factors behind how social enterprises' founders and managers implement such practices, and the extent to which these factors converge or differ among Hungarian and Vietnamese social enterprises.

Together, these research questions provide a structured roadmap for the study, guiding the selection of methods and data collection strategies detailed in the following Research Design section.

#### **4. Research design**

Given the exploratory and theory-building nature of the dissertation, the studies are guided by research questions rather than hypotheses. While hypotheses are typically associated with theory-testing research that examines predefined relationships among variables, this dissertation aims to synthesize existing knowledge, develop and refine conceptual frameworks, and explore organizational practices and perspectives. Therefore, research questions are considered more appropriate for addressing the research objectives.

To address the research questions, the dissertation employs a multi-method research design structured around the three interrelated studies. Each study represents a distinct research model aligned with the overall aim of conceptualizing and examining sustainable business models for social enterprises.

**Study 1** adopts a conceptual research model based on a systematic literature review. The systematic literature review is the most appropriate method for understanding the roles of the socially extended business model canvas in dual value creation for social enterprises, highlighting the contributions of each socially extended business model category and identifying research gaps and potential future research directions. It can offer a comprehensive analysis of a research domain that has already been analyzed (Tranfield, Denyer and Smart, 2003). Following PRISMA guidelines (Page *et al.*, 2021), the researchers conducted a bibliometric analysis in the reliable databases, including Scopus and EBSCO Business

Complete, and updated it until April 2024. The sample of 109 peer-reviewed Q1/Q2 Scimago papers, published between 2007 and 2024, has sufficient analytical depth and variation to support thematic coding. The analysis was then conducted in two stages. First, descriptive characteristics of the studies were systematically recorded. Second, a thematic content analysis was performed using a structured coding framework. To enhance reliability, a pilot coding of ten articles was conducted independently and compared before proceeding with the full analysis. Detailed procedures and analytical outcomes are presented in the corresponding journal article.

**Study 2** employs a qualitative case study model. Case study methodology is a widely used research approach across disciplines, including the social sciences, business, education, and health sciences. One of the primary strengths of the case study method is its ability to provide rich, in-depth insights into complex phenomena within their real-life contexts (Yin, 2018). By focusing on a particular case or multiple cases, researchers can explore the intricacies, dynamics, and nuances of the phenomenon under investigation (Baxter and Jack, 2008). Case studies offer a holistic understanding of the research topic, capturing not only what happened but also how and why it happened (Yin, 2018). By analyzing a case study, the author would understand and ensure the socially extended business model canvas works in visualizing social enterprises' model to achieve their social goals. This in-depth analysis allows for the uncovering of unique patterns, relationships, and underlying mechanisms that may not be evident through other research methods. The information on the case was gathered from multiple sources, including an interview with the founder, an observation, and company documents. The socially extended business model canvas was therefore illustrated and tested in a real-world context.

**Study 3** follows a mixed-method research model using the Q method. The literature review suggested that social impact measurement practices rely heavily on the interpretations of founders and managers of social enterprises. Therefore, to understand the factors behind these interpretations, the research utilizes the Q method, which is particularly suitable for analyzing subjective practices (Stephenson, 1952). Unlike the R method, which correlates variables across a sample of respondents, the Q method correlates persons across a set of statements, allowing the identification of distinct patterns of thinking. Participants rank a set of carefully developed statements (the Q-set) along a forced normal distribution, typically ranging from strong disagreement to strong agreement. This ranking technique promotes reflective comparison across statements, clarifying trade-offs and exposing internal value hierarchies. Instead of generating clusters based on variables, the Q method performs a by-person factor analysis.

Individuals who sort statements in similar ways load on the same factor, indicating a shared configuration of meaning (Watts and Stenner, 2005). Each extracted factor represents a distinct pattern of social impact measurement practice.

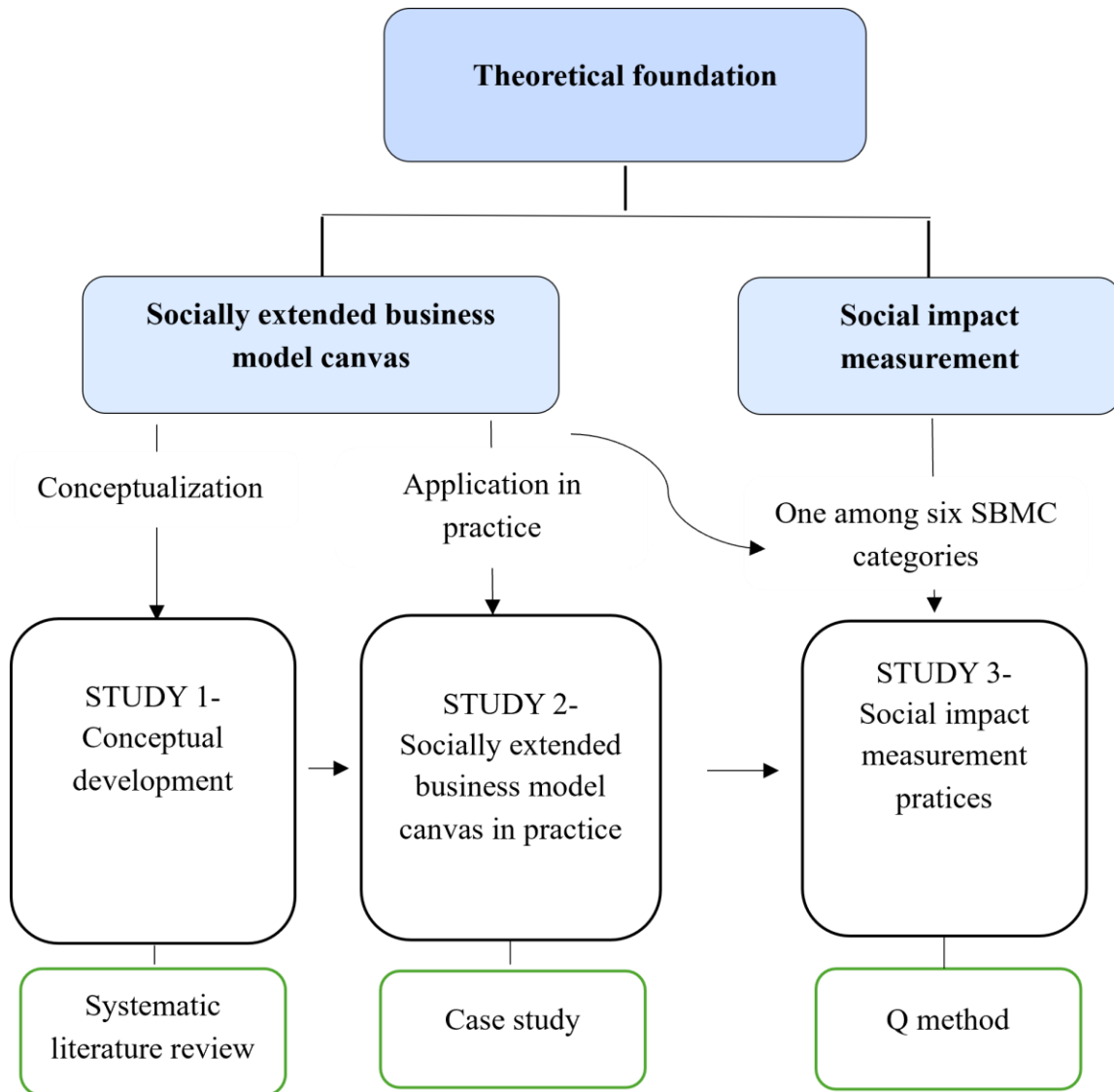
The study involved 20 participants from 18 social enterprises, equally distributed between the Hungarian and Vietnamese samples. Participants were founders and managers with substantial knowledge of their organizations' social impact measurement processes and practices. To enrich the interpretation of the Q-sorts, 15 follow-up interviews were conducted. These interviews explored the reasons behind participants' statement rankings and provided deeper insights into their reflections, priorities, and perceptions regarding social impact measurement. The Q-sorts were analyzed using factor extraction and varimax rotation in Ken-Q analysis software. The quantitative factor structure was then complemented by qualitative insights from the follow-up interviews, which were used to interpret and validate the emergent factor narratives.

The combination of quantitative and qualitative approaches in the Q method has significant benefits for configuring patterns of practices without imposing predefined categories. In the context of this study, it enables the identification of shared social impact measurement orientations across Hungarian and Vietnamese social enterprises, as well as context-specific configurations. The method is particularly valuable for cross-national comparisons because it reveals similarities and differences at the level of subjective interpretation rather than at the surface level. The forced distribution structure reduces bias toward consent and forces participants to articulate their priorities, thereby revealing dilemmas embedded in impact measurement practices, such as financial sustainability versus social impact, standardization versus contextualization, and long-term versus short-term impact. The detailed procedure of the Q method was represented in the journal article.

Together, these three research models form a coherent progression from theory development to organizational application and to interpretive analysis, ensuring alignment between theoretical foundations and empirical investigation.

## **5. Structure of studies**

The following section provides a brief summary of the three studies, outlining their logical relationship with the dissertation as a whole (details in Figure 6) and their publication status (as illustrated in Table 1).



**Figure 6: The structure of the three studies**

*(Source: created by author)*

*Note: SBMC is the socially extended business model canvas*

As illustrated in Figure 6, three studies were structured following an interrelated logic. Each study was grounded in a specific stream of the theoretical foundation, including the socially extended business model canvas, and social impact measurement. While Study 1 focused on conceptual development, Study 2, and 3 progressively examine the practical application. Study 2 offered a broader scope when examining the socially extended business model as a whole in a real case study. Study 3 selected one among six research gaps derived from one of six categories of the socially extended business model canvas (result of Study 1) to address and provide empirical research on social impact measurement practices.

In particular, **Study 1** produced an article named “**A socially extended business model canvas approach to social enterprises – A systematic literature review**”, which was published in the Journal of Small Business and Entrepreneurship (Q1 Scimago ranking) in October 2025. The paper provided a theoretical framework and conceptual foundation about a socially extended business model canvas for social enterprises, where social responsibility is embedded in social enterprises’ business models, visualizing dual value creation as the nature of social enterprises. The review identified six research gaps across six categories in business model canvas and proposed several future research directions.

**Table 1: Publication profile of the three studies**

<b>Study</b>	<b>Title</b>	<b>Journal</b>	<b>Journal ranking</b>
1	A socially extended business model canvas approach to social enterprises – A systematic literature review	Journal of Small Business and Entrepreneurship	Q1 (Scimago)
2	The role of the business model canvas in supporting the mission of social enterprises	Magyar Tudomány	B (MTMT)
3	Key factors behind social impact measurement - a Q method study on social enterprises in a European and Asian context	Central European Management Journal	Q2 (Scimago)

**Study 2**, “**The role of the business model canvas in supporting the mission of social enterprises**”, was published in Magyar Tudomány (B ranking in the list of Hungarian Academy of Sciences) in September 2024. This paper illustrated the practical usefulness of the theoretical socially extended business model canvas by analyzing a real-life social enterprise’s business model canvas operating in Hungary's healthcare sector. By using this structured business model canvas tool, social enterprises can map their activities, stakeholder relationships, and value propositions, and direct their practices to achieve their economic and social missions more effectively.

**Study 3** was published on the Central European Management Journal (Q2 Scimago ranking), entitled “**Key factors behind social impact measurement - a Q method study on social enterprises in a European and Asian context**”. The research chose to explore one research gap of impact measurement indicated through the systematic literature review in Study 1. Using the Q method, the study examined the diverse practices of social enterprises’ founders and managers regarding social impact measurement and factors behind social impact measurement practices. The paper highlighted a comparative analysis of social enterprises between two different contexts- Hungary and Vietnam, and concluded some common and different interpretations that shape their practices regarding standardization versus universality, short-term versus long-term impact, and accountability versus learning opportunities.

## II. STUDIES

### 6. A socially extended business model canvas approach to social enterprises – a systematic literature review

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#### Abstract

Social enterprises, organizations that aim to achieve the dual goals of solving societal problems while maintaining their financial sustainability, build a bridge between the entrepreneurial world and society. However, their imperfect business models tend to hinder the achievement of their goals. Using a self-developed framework that applies the socially extended business model canvas approach (extending the original concept of business model canvas), this paper provides a systematic literature review of 109 academic papers concerning the success factors of the dual value creation of social enterprises. Based on thematic analysis, the paper argues for the importance of a more conscious and better-focused business model approach to social enterprises. It also highlights current shortcomings and future research directions that may contribute to more effective dual value creation in the field.

**Keywords:** social entrepreneurship, business model, business model canvas, socially extended business model canvas.

#### 6.1. Introduction

Entrepreneurs and academics have long striven to understand how to deliver benefits to society in an economically feasible manner. Beyond the numerous approaches of private and public organizations, more and more social enterprises (SEs) have entered the stage in recent decades (Nicholls 2010; Saebi, Foss and Linder 2019; Bhardwaj *et al.* 2022; Claassen *et al.* 2024).

SEs are organizations that have a dual mission of achieving social goals while maintaining financial viability through commercial activity (Defourny, Nyssens, and Brolis 2021; Ciepielewska-Kowalik et al. 2021, Dupain et al. 2022). This dual mission is used synonymously with “dual value creation” which refers to the simultaneous generation of both social and economic value. SEs’ missions include clearly defined social goals (and, with many SEs, environmental ones as well, understood social goals in this sense at the rest of the paper), but for longer-term success, the economic feasibility and stability of their activities are needed as well (Nicholls and Cho, 2006). Earlier literature reviews have targeted several research streams related to SEs, including frameworks of the concept’s theoretical foundation (Short, Moss and Lumpkin, 2009), the phenomenon of “technology social ventures”, the development of “socially oriented technological innovations” (Grassi and Toschi, 2021), and SEs operating in emerging markets (Gupta and Srivastava, 2021). Other studies have explored the role of social capital in driving SE activities (Hidalgo, Monticelli and Vargas Bortolaso, 2024); the participation and influence of women in SEs (Garcia-Lomas and Gabaldon, 2023); and broad trends in social business enterprise research in terms of methodologies, themes, citations, authorship networks, and sustainability issues (Chaudhuri *et al.*, 2023). While these streams offer valuable insights into the diverse dimensions shaping SEs, they often address SEs from thematic or contextual perspectives rather than examining how SEs operationalize their dual mission through a business model approach. As such, there remains a gap in the literature concerning how a business-model lens—focusing on how SEs create, deliver, and capture both social and economic value—can enhance our understanding of dual value creation in SEs.

To contribute to filling this gap, this study addresses how the business model focus and the business model canvas (BMC) approach (Alexander Osterwalder and Pigneur, 2010) to SEs can help them better achieve their dual value creation goals (Neessen, Voinea and Dobber, 2021). The BMC approach is a comprehensive framework for increasing the understanding of and interpreting the main features of enterprise operations, which may also benefit SEs. However, the current body of research suggests that the BMC inadequately encompasses SEs’ business models and lacks specific, SE-related aspects, such as multiple value propositions, the inclusion of a broad range of stakeholders, and social or environmental impacts (Nicholls and Cho, 2006; Sparviero, 2019). To better understand and support the dual value creation of SEs, socially extended versions of the BMC (SBMCs) have emerged (Joyce and Paquin, 2016; Sparviero, 2019). Social aspects are embedded into the original BMC by either adding explicitly social-

related categories or using parallel categories where social impacts can be differentiated from economic (or even environmental) impacts.

This systematic literature review of 109 peer-reviewed articles on business-model-focused SE research analyzes current SE research streams based on a self-developed SBMC model grounded on the literature. Compared to prior literature reviews, we focus on the additional categories of SBMCs, such as social value proposition, social impact, social impact measurement, non-targeted stakeholders, beneficiaries, and the allocation of surpluses. The main research question that drives this study is, “How can an SBMC framework contribute to the dual value creation of SEs?”. Our main objectives are to (i) review how the SBMC framework may help SEs achieve their dual value creation, and (ii) highlight barriers and (iii) future research directions in the field. This research contributes to the exploration and better understanding of research gaps and future research directions at the intersection of business models and SE research.

The rest of this paper is structured as follows. Section 2 presents the conceptual framework, including the concept of SEs, the business model focus, and the SBMC approach. Section 3 introduces our research model and the steps of the systematic literature review. Section 4 presents and analyzes the results (including a descriptive and thematic analysis). Section 5 discusses topics not fully addressed by the papers we identified and analyzed using our research model and proposes future research directions, while Section 6 concludes.

## **6.2. Conceptual framework**

### ***6.2.1. The concept of social enterprises***

Various approaches to defining SEs have been taken in research and practice, reflecting the diverse nature of these organizations. On the one hand, SEs prioritize their social mission over economic goals (Defourny, Nyssens and Brolis, 2021). This characteristic makes them different from conventional businesses. Instead of maximizing profit, SEs focus on creating social value. For example, Grameen Bank provides microcredit to empower impoverished individuals, particularly women, to start small businesses and lift themselves out of poverty (Yunus, Moingeon and Lehmann-Ortega, 2010); OH, a water-treatment-focused enterprise in France was initiated to assist the users becoming independent and succeed in creating social jobs (Real, Lizarralde and Tyl, 2020), while JUMP is a platform that provides educational services to people at the bottom of the pyramid (Park, Hwang and Kim, 2018).

On the other hand, SEs must remain financially sustainable. This combination means that SEs may be interpreted and positioned somewhere in the middle of the spectrum of “profit oriented” versus “social value oriented” (Margiono, Zolin and Chang, 2018b; Neessen, Voinea and Dobber, 2021). Within this range, SEs may be viewed similarly to non-profit organizations when they focus primarily on social value creation by implementing social innovations to tackle specific social issues (Canestrino et al. 2019). SEs can also be not-for-profit organizations that integrate economic outcomes into their operations and consider their economic purpose not as their primary mission but as a means of promoting social development (Gandhi and Raina, 2018b). Profit is reinvested or used to expand SEs’ social impact, and SEs may become self-sustained or self-funded (Dupain et al. 2022). SEs may also act as social businesses, which are profit-oriented organizations with the mission of motivating strong social and environmental innovation (Yunus, Moingeon and Lehmann-Ortega, 2010). The European Commission (2011) has defined SEs as an “operator in the social economy” that prioritizes social impact rather than pursuing financial gain for shareholders.

There is another approach that seeks a balance between the two seemingly opposite goals that involves treating SEs as hybrid organizations (Battilana *et al.*, 2012; Bocken, Fil and Prabhu, 2016b; Yang and Wu, 2016b; F. G. Alberti and Varon Garrido, 2017; Bull and Ridley-Duff, 2019b).

All in all, despite the wide range of definitions, we claim that SEs generally have certain features in common: (1) their primary goal is social impact creation rather than profit making only; (2) profit is mainly used to achieve the social mission – money is a means, not an end; and, (3) the majority of the profit earned from business activities is reallocated back to the organization, community, and social goals.

### **6.2.2. Business model focus of social enterprises**

A huge body of literature examines SEs’ social mission, but comparatively few studies emphasize the necessity of SEs having a viable business model to ensure their financial sustainability (Margiono, Zolin and Chang, 2018b). Although making a profit is not a primary goal, SEs still need a business model to achieve their social mission. Many SEs and other societal organizations that consider themselves SEs fail to achieve their social goals (Dowin Kennedy and Haigh, 2019; Faruque Aly, Mason and Onyas, 2021; Tykkyläinen and Ritala, 2021). Therefore, the business model focus may require more emphasis.

A business model is understood as a framework for how an enterprise will generate revenue. It "describes the basis on which a company creates, delivers, and captures value" (Osterwalder and Pigneur 2010). A business model usually has three elements: Value Creation, which defines who the company's customers are and what value the company will deliver to them – the resource side; Value Delivery, which describes how to deliver the proposition – the customer-related side; and Value Capture, which covers how the offer and its delivery will be combined to accrue value for the company.

One of the most widely used tools for analyzing and designing business models is Osterwalder and Pigneur's (2010) business model canvas (BMC). It provides a framework by which organizations, including SEs, may visualize their areas of business operation on one page. Four areas (infrastructure management, product, customer interface, and financial aspects) are divided into nine smaller blocks: key partners, key activities, key resources, customer relationships, customer segments, channels, value proposition, cost structure, and revenue streams. By analyzing the canvas, users can view the interaction among different elements of the business model and their contribution to the overall success of the business.

The comprehension of an organization's BMC may offer valuable insights into its strategic design and management, promoting the latter's consistency and coherence, hence facilitating strategic competitiveness (Joyce and Paquin, 2016). However, despite being a simple tool to apply, the BMC fails to adequately capture strategic change or the evolutionary nature of the business model (Sinkovics, Sinkovics and Yamin, 2014). Environmental and/or social value is not explicitly emphasized in the canvas (Joyce and Paquin 2016), making it difficult to explore the social mission and impact of organizations such as SEs.

### ***6.2.3. The socially extended business model canvas approach***

The conceptual idea of the original BMC (Osterwalder and Pigneur 2010) is structuring and visualizing the business models of enterprises. However, over time, SBMCs emerged to better address the specific nature of SEs.

One stream involves adding a few extra categories to the original BMC. The SBMC of the Social Innovation Lab (2013) also covers "beneficiaries" who often do not financially contribute to SEs but are crucial for the social mission, "social value proposition," which goes beyond customer value proposition, and "social impact measures," which define how SEs manage their social impact. Besides partners, the canvas includes the "key stakeholders" that are or should be involved in the analysis. The component "surplus" describes how SEs plan to

invest their profits. Another author, Sparviero (2019), has proposed a 14-building-block SBMC that refines the originally defined blocks in line with SE terminology and adds totally new ones. The redefined blocks include “social value proposition” (which replaces “value proposition” to specify value creation for customers and beneficiaries), “non-targeted stakeholders” (to replace “key partnerships” that emphasize indirectly affected stakeholders), “customers and beneficiaries” (to take the place of “customer segments”), and using “customers’ and beneficiaries’ engagement” (instead of “customer relationships”) to highlight the two-way relationship between SEs and their beneficiaries. Further, “income” is used to replace “revenue,” better capturing all sources of finance. The following blocks are also added: “mission values,” “objectives,” “impact measures,” “output measures,” and “governance.”

The other stream involves building parallel versions using the original economic canvas that include multilayer approaches such as separate social impact or even separate environmental impact. The Triple-Layered BMC involves a further environmental and social layer to better address the ecological impacts and stakeholder perspective of SEs (Joyce and Paquin, 2016; Wit and Pylak, 2020). Smith (2012) differentiates two different canvases for “beneficiaries” and for “donors,” avoiding the confusion associated with not clearly doing this in the original BMC (Qastharin 2016).

Both streams add to the original BMC. If some categories are supplemented, the canvas will keep simplicity while providing more tailored components. However, too many building blocks may make the canvas visually crowded and potentially difficult to understand. Parallel, multilayer approaches can promote greater specification, with each layer focusing on specific aspects. Therefore, users may be able to create a deeper analysis of individual components. However, these separate layers might lead to a fragmented understanding of the model because stakeholders must navigate all the layers to grasp the overall picture.

## **6.3. Methodology**

### ***6.3.1. Research model***

The systematic literature review is the best method for understanding the benefits of SBMC for SEs, pinpointing the contribution of each component and identifying knowledge gaps and potential areas for future research. It can provide a comprehensive analysis and integrate the knowledge within a study field that has already been addressed (Tranfield, Denyer and Smart, 2003b).

Unlike other reviews on the research themes associated with SEs presented in the introduction, we focused on the business model approach of the SEs, targeting the social aspects of SBMCs (Subsection 2.3.) This created the basis for the research model:

- Social value proposition/activity: The explicit representation of this category aids in capturing the social contribution with greater precision, particularly when the SE has several value propositions (for example, for different target groups).
- Social impacts: This assists in defining the goals and attainment, which are crucial to the success of the SE.
- Social impact measures: This highlights the measurement of the impact.
- Key stakeholders: These are non-collaborative stakeholders whose actions still impact SEs' operations.
- Beneficiaries: those who, beyond normal customers, contribute to the success of SEs' social mission.
- Surplus: In the case of profitability, this addresses how and where the profit is invested or distributed.

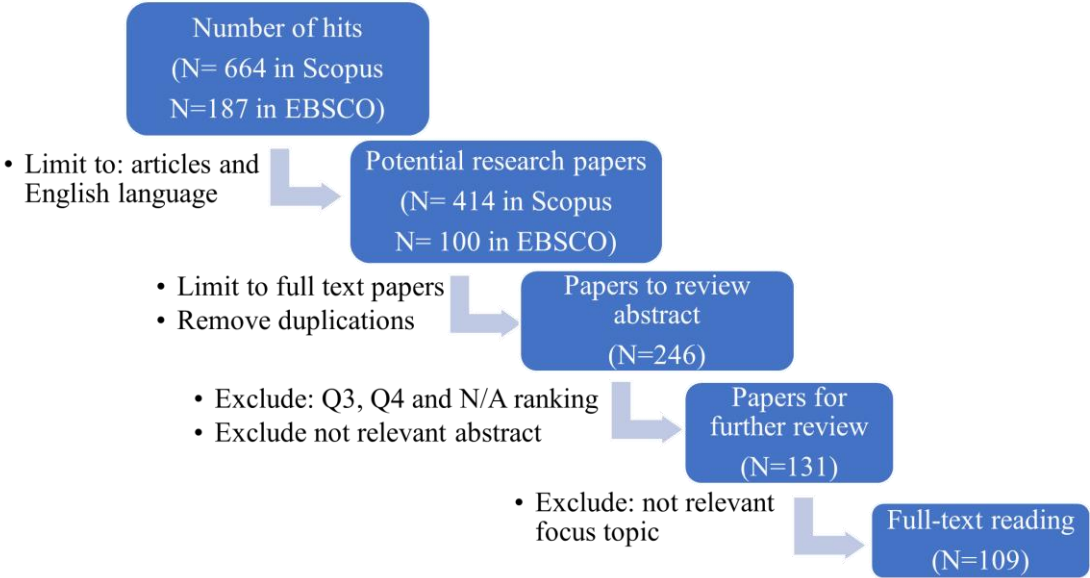
We distinguish each of the main categories above into sub-categories. To better understand the social value proposition of SEs, we used sub-coding in terms of activity types, including identifying specific activities aimed at an economic, social, or environmental purpose and complex ones that support sustainability or combine two or all three purposes. The social impacts of SEs were categorized as direct or indirect impacts and positive or negative ones. Social impact measures are broken down into (1) measurement criteria, concerning whether the impact is measured through output or impact factors, both, or not measured at all; (2) quantitative or qualitative methods; (3) direct or indirect measures; and (4) absolute or relative measurement. Key stakeholders and beneficiaries include public or private ones or both. Surplus is categorized as internal (investment in the same activities or in cross-financing other activities), external (investment outside the organization), or both.

### **6.3.2. Data Selection**

A bibliometric analysis was conducted in early 2024 in accordance with PRISMA guidelines (Page et al., 2021). We used the databases of Scopus and EBSCO Business Complete, which are considered reliable search engines for identifying publications of good quality. The search had no time limit and contained the search terms either in the title, abstract, or keywords.

Keywords interchangeable with SE, including “social entrepreneur”, “social entrepreneurship” and “social enterprise” were incorporated into the search strings using the "OR" filter, ensuring that all pertinent publications would be identified in the databases. The string was continued with the “AND” function to link with the final keyword, “business model.”

The search resulted in 664 papers in the Scopus database and 187 in EBSCO, requiring further screening. Inclusion criteria were applied to limit the dataset to academic articles in English, resulting in 414 articles in Scopus and 118 in EBSCO. Next, full-text papers were selected, duplications were removed, and the remaining 444 papers were reviewed. All Q3/Q4/unknown journals (Scimago Journal Ranking) were excluded, and the set was limited to only Q1/Q2 ones. The 246 remaining abstracts were assessed, and those that addressed (for our purposes) irrelevant topics (such as definitions of SEs or the nature of SEs with no business model focus, business models and social innovations not specifically applied to SEs, corporate social responsibility, the impact of SEs not associated with a business model, SEs’ contributions to sustainable development, social media not focused on SEs, and sustainable innovation). One hundred and thirty-one articles remained for further review through full-text reading and screening. Twenty-two articles were later excluded based on the latter because they were not really focused on the business model. Finally, 109 articles remained from which we could get deeper understanding on the development of the literature, the research focus, and literature gaps.



**Figure 1. Systematic literature review flow diagram.**

The sample size of 109 studies with the time span of 2007 to 2024 reflects a comprehensive and thematically saturated set of peer-review contributions within the scope of the research. To enhance the robustness and completeness of the review, a small number of highly relevant articles were manually added based on expert judgment, ensuring inclusion of seminal or emerging works that may not have met initial database or ranking filters. While the exclusion of Q3/Q4 journals aimed to maintain quality and rigor by focusing on higher-impact research, we acknowledge that this criterion could introduce bias by underrepresenting voices from less prominent journals or regional contexts, where innovative or practice-based studies are often published. To mitigate this, we cross-checked topic coverage across sources.

We then conducted a formal analysis to organize the descriptive information in our dataset, followed by thematic content analysis using a self-developed coding system. To improve validity and reliability and assess the extent to which the coding categories could be effectively captured, ten pilot publications were coded. The pilot study was conducted independently by the authors and subsequently compared to ensure the relevance and accuracy of the coding process. Thereafter, the 99 remaining articles were deeply analyzed and discussed among the authors. Core themes were mapped using an Excel sheet, and descriptive information about each paper (i.e., methodology, journal, country/ies, and sector) and key findings were related to the six key categories.

## 6.4. Results

### 6.4.1. Descriptive analysis

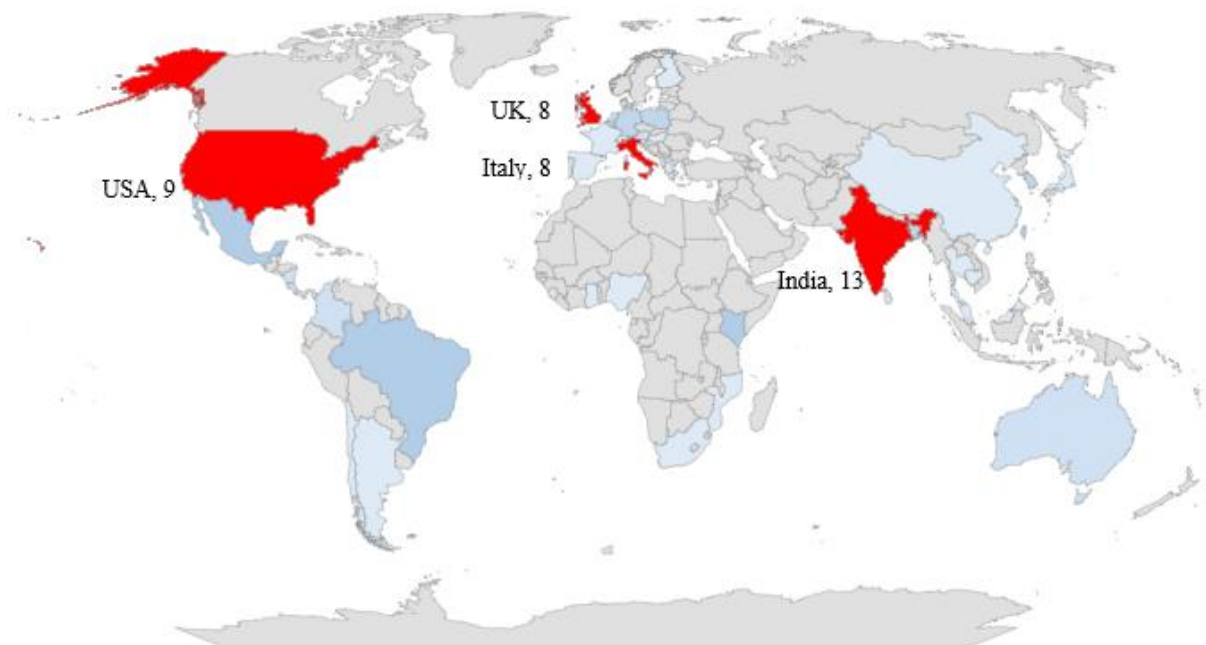
More than 60 different journals published at least one paper (most of them are listed in the subject area of Business, Management, and Accounting by Scimago Journal Ranking), and 15 published multiple papers. The dominant journals include top ones like the *Journal of Social Entrepreneurship* with nine articles and the *Journal of Cleaner Production* with seven.

**Table 1. Distribution of publications by journal, multiple hits.**

<b>Journal</b>	<b>No.</b>	<b>Journal</b>	<b>No.</b>
Sustainability	11	Strategic Entrepreneurship Journal	2
Journal of Social Entrepreneurship	9	Journal of Management Development	2
Journal of Cleaner Production	7	Energy Research and Social Science	2

Journal of Business Research	6	Journal of Open Innovation: Technology, Market, and Complexity	2
Social Enterprise Journal	5	Management Decision	2
Journal of Business Ethics	3	Nonprofit and Voluntary Sector Quarterly	2
International Journal of Entrepreneurial Behaviour and Research	3	Science, Technology and Society	2
International Small Business Journal: Researching Entrepreneurship	2	Tourism Review	2

As Figure 2 indicates, India is the country that features most frequently (13 times), possibly because of its large population and BoP markets that need SEs to serve social purposes. On the whole, however, papers published in developed countries seem to be more focused, possibly because of data availability and/or the background of the authors.



**Figure 2. Geographical distribution of SE research.**

The most common research design/method is a combination of empirical and qualitative approaches (Table 2), with case study and action research accounting for 63.3% of all occurrences. This suggests a preference for qualitative approaches involving in-depth analysis of real-world cases or interventions. The least common combination is quantitative desk research using mathematical models and fuzzy logic methods, representing only 0.9% of

occurrences, indicating the well-established understanding that SE research pertains to social factors that may be challenging to identify in numerical data.

**Table 2. Distribution by methodological approach.**

Research design	Research method	Frequency	Percent
Empirical Qualitative	Case study and action research	69	63.3
Desk Qualitative	Conceptual model	14	12.8
Empirical Triangulation	Mixed method	14	12.8
Empirical Quantitative	Survey research	11	10.7
Desk Quantitative	Mathematical models and fuzzy logic	1	0.9
Total	Total	109	100

#### 6.4.2. Thematic analysis

The analysis in this section follows the structure presented in subsection 3.1 (Table 3).

##### 6.4.2.1. Social value creation

Nearly 80% of the articles focused on SEs' specific activities creating social, environmental, or economic value. Among them, 30 articles described efforts to generate economic value through activities such as offering high-quality services at discounted prices to local communities or Indigenous women (Prado, Robinson and Shapira, 2022), low-cost and reliable energy solutions (Bandi et al. 2020; Jolly, Raven, and Romijn 2012), fairtrade products (Davies and Doherty 2019), inexpensive electricity (Olofsson, Hoveskog and Halila, 2018), an affordable home self-construction model with low-cost materials and transportation (Palomares-Aguirre *et al.*, 2018), high quality, cost-efficient and resource-friendly building materials (Ince and Hahn, 2020), a unique touristic experience (Canestrino et al. 2019; Cucari et al. 2020; Scherrer 2020), in-house food sales (Dickerson and Hassanien, 2018), franchising (Giudici *et al.*, 2020) and hand-made products (Wagner and Kabalska, 2023).

Social value-focused activities were related to the areas of food, education, healthcare, and employment. Examples include fresh and healthy food from a local farm (Török *et al.*, 2022), reduced-price products offered to the poor to increase their welfare (Yen, Chen and He, 2021), social franchising with training provided for farmers (Sabatier *et al.*, 2017), daytime care and treatment of those in need and employment for beneficiaries (Colovic and Schruoffenegger, 2021; Neessen, Voinea and Dobber, 2021), technological solutions for fighting diseases

(Agrawal and Gugnani, 2014), and cost-effective and accessible drugs against sickle cell disease (Sabatier *et al.*, 2017).

Specific environmental types of activities featured environmental protection (Wang and Zhou, 2021), a creative reuse center (Real, Lizarralde and Tyl, 2020), and providing farmers with inputs that help to avoid significant environmental impact (Norese *et al.*, 2021).

**Table 3. Summary of coded categories.**

No.	Categories	Coding	Sub-categories	Number of hits	Percent
1	Social value proposition	Activity Type	Specific	79	72.5
			Complex	17	15.6
			N/A	13	11.9
2	Social impact	Direct/ Indirect Impact	Direct	64	58.7
			Indirect	26	23.9
			N/A	19	17.4
		Positive/Negative Impact	Positive	79	72.5
			Negative	2	1.8
			Both	9	8.3
			N/A	19	17.4
3	Social impact measure	Measurement	Output	27	24.8
			Impact	4	3.7
			Both	6	5.5
			Does not measure	3	2.8
			N/A	69	63.3
		Qualitative/ Quantitative	Quantitative	31	28.4
			Both	3	2.8
			N/A	75	68.8
		Direct/Indirect Measure	Direct	27	24.8
			Indirect	7	6.4

			Both	1	0.9
			N/A	74	67.9
		Absolute/Relative	Absolute	27	24.8
			Relative	4	3.7
			Both	4	3.7
			N/A	74	67.9
4	Key Stakeholders (beyond business partners)	Key Stakeholders	Public	43	45.0
			Private	4	3.7
			Private and public	13	11.9
			N/A	49	45.0
5	Beneficiaries (not paying customers)	Beneficiaries	Public	71	65.1
			Broader society	5	4.6
			Private and public	4	3.7
			All	3	2.8
			N/A	26	23.9
6	Surplus (how/where the profit is invested)	Surplus	Internal (same activity)	28	25.7
			Internal (same activity/cross-financing other activities)	2	1.8
			External	1	0.9
			All	6	5.5
			No surplus at all	16	14.7
			N/A	56	51.4
	Total number of hits			109	100

Seventeen articles illustrate SEs' activities in terms of complex sustainability. Topics included but were not limited to policies promoting a bio or circular economy to reduce environmental effects, promoting local employment opportunities and social learning and

involving Indigenous people in entrepreneurial endeavors (Siegner, Panwar and Kozak, 2021), responding to crises in water supply (Jabłoński and Jabłoński, 2019), trading woodland products and services with the local community (Ambrose-Oji, Lawrence and Stewart, 2015), increasing awareness about environmental impacts related to PET bottles, and promoting social change through responsible consumption practices (François and Goi, 2023).

#### 6.4.2.2. *Social Impact*

Of the 109 articles reviewed, 90 mentioned the social impacts of SEs, which were more direct and positive than indirect and negative. Positive impacts included raising a community's awareness (Goyal, Sergi and Kapoor, 2017; Scherrer, 2020; Wevers and Voinea, 2021), empowering marginalized groups (Roy and Karna, 2015; Doherty and Kittipanya-Ngam, 2021), contributing to the food supply in African countries (Hemphill, 2013), providing employment and training for disadvantaged people and/or those with a low income (Dixon and Clifford, 2007; Zajko and Hojnik, 2018; Dahles *et al.*, 2020; Kim and Ji, 2020), keeping teenagers away from drugs, violence and social evils (Hlady Rispal and Servantie, 2017), and promoting sustainable practices and socioeconomic advancement (Dobson *et al.*, 2018).

While not explicitly emphasized, some studies implied potential negative or unintended impacts; for instance, the overuse of woodland resources raised sustainability concerns (Ambrose-Oji, Lawrence and Stewart, 2015) or well-intentioned donations, such as bicycles to children from low-income families, were sometimes misaligned with actual needs or capabilities (Lortie, Cox and Roundy, 2022). (Prado, Robinson and Shapira, 2022) found that training is good for local people, but when marginalized or indigenous people's skills are upgraded, they tend to leave their community for better opportunities instead of staying and contributing to developing it. According to (Siegner, Panwar and Kozak, 2021), indigenous communities overly rely on external support, making them vulnerable. (Török *et al.*, 2022) identified that creating jobs for disabled people and promoting local producers who use local ingredients makes a positive impact but is associated with risks to the SEs' operation as the ingredients may not be supplied in enough quantity, or trainers cannot find, or train enough disabled people who are capable of the respective work. Another paper found that renewable energy may be a good choice in an energy shortage, but it is difficult to decide if this represents sustainable energy (Olofsson, Hoveskog and Halila, 2018).

#### 6.4.2.3. *Social Impact Measurement*

Although measuring SEs' social impacts and communicating them to society are good ways to illustrate SEs' contribution, a large proportion of articles (approximately 63%) did not

address SEs' social impact measurement. Moreover, in three case studies, SEs did not measure their social impacts. They blamed the fact that the impact is hard to measure, and financial performance is questionable (Gray *et al.*, 2018), or said that the impact was created naturally and was not even counted by the SEs (Baraldi and Salone, 2022) or that social impact can be increased by facilitating stakeholders' interaction through internet technologies (Katsamakas, Miliareisis and Pavlov, 2022).

If the measurement of SEs' social impact was mentioned, it focused on output criteria, which are short-term and quantifiable, not on long-term impact. Most indicators were either based on B-corp certification or GRI/SDG indicators (Lin, Lin, and Wang 2021; Siegner, Panwar, and Kozak 2021; Wu, Wu, and Wu 2018) or SROI (social return on investment) (Kim and Ji, 2020; McInerney, 2023) or were management metrics of the SEs' own making (Lokman and Chahine, 2021). Quantification was also used, such as the number of participants, number of beneficiaries who benefit from the SE's operation, amount of food waste avoided, number of employment opportunities, and satisfaction scores (Bandini, Gigli, and Mariani 2021; Bonomi *et al.* 2021; Canestrino *et al.* 2019; Cucari *et al.* 2020; Doherty and Kittipanya-Ngam 2021; Franzidis 2019; Islam and Iyer-Raniga 2023; Lokman and Chahine 2021; Matzembacher *et al.* 2020; Sparviero 2019).

Impact measurement, which takes a broad view and was long-term if mentioned at all, was related to the B- Impact Assessment of B-Lab (Tabares 2021; Zebryte and Jorquera 2017) or SEs' own reports on the efficacy of their products or services that promote social values (Chia *et al.*, 2022); or quantified impact volumes (Goyal, Sergi and Jaiswal, 2015); tracked the trend of financial performance and social performance on a long-term basis (Jia and Sun, 2023); or used complex indicators such as "poverty impact ratio," "reinvestment amount" and "unappropriated retained earnings" (Claassen *et al.*, 2024).

When the dominant measurement criteria were output ones, they were based on quantitative, direct, and absolute evaluations rather than qualitative, indirect, and relative ones.

#### 6.4.2.4. *Key stakeholders*

Most SEs in the dataset consider and analyze their key stakeholders, such as customers, government, and local authorities in terms of general business stakeholders. Stakeholders other than normal business partners are public stakeholders in most cases, including local communities (Ambrose-Oji, Lawrence and Stewart, 2015; Sandeep and Ravishankar, 2015; Colovic and Schruoffenegger, 2021; Prado, Robinson and Shapira, 2022; Armstrong and

Grobbelaar, 2023; Scuotto, Cicellin and Consiglio, 2023b), community influencers (Neessen, Voinea and Dobber, 2021; Sottini, Ciambotti and Littlewood, 2022), volunteers and/or freelancers (Ćwiklicki, 2019; Kullak, Baker and Woratschek, 2021; Reficco, Layrisse and Barrios, 2021; Baraldi and Salone, 2022; Sanzo-Pérez, Rey-García and Álvarez-González, 2022; Tortia, no date) and NGOs (Dixon and Clifford, 2007; Florin and Schmidt, 2011; Jolly, Raven and Romijn, 2012; Goyal, Sergi and Jaiswal, 2015; Franzidis, 2019). Private stakeholders included for-profit organizations (Ko and Liu, 2021), complementary organizations (Purkayastha, Tripathy and Das, 2020), and large commercial companies (Zajko and Hojnik, 2018).

#### 6.4.2.5. *Beneficiaries*

The majority of articles described SEs' beneficiaries as public beneficiaries (71 out of 109 articles). These include vulnerable, Indigenous people, including women and children (Goyal, Sergi and Jaiswal, 2015; Purkayastha, Tripathy and Das, 2020); retired or unemployed women (Wagner and Kabalska, 2023); disabled people (Park, Hwang and Kim, 2018; Dowin Kennedy and Haigh, 2019); members of low-income communities (Akter *et al.*, 2020; Layrisse, Reficco and Barrios, 2020; Bandini, Gigli and Mariani, 2021; Faruque Aly, Mason and Onyas, 2021); young people (Svirina, Zabbarova and Oganisjana, 2016; Hlady Rispal and Servantie, 2017; Reid, 2017; Hassan and Daud, 2019); "second-class citizens" such as the elderly, youth, minorities, and the unemployed (Yun, Yang and Park, 2016); farmers (Wilson and Post, 2013); and individuals in local communities (Weerawardena *et al.*, 2021; De Beule, Bruneel and Dobson, 2023).

#### 6.4.2.6. *Surplus*

Not many SEs were identified as profitable: 16 out of 109 articles even concluded that SEs had no surplus income at all.

When SEs make a profit, they often choose to reinvest internally, as mentioned in 28 papers. They may use their profits to reward high-quality staff (Faruque Aly, Mason and Onyas, 2021), support self-funding or self-sustained operations so they no longer depend on outside funding (Goyal, Sergi and Jaiswal, 2015; Bonomi *et al.*, 2021; Baraldi and Salone, 2022; Bhardwaj *et al.*, 2022; Chia *et al.*, 2022; Nkabinde and Mamabolo, 2022), share profits with beneficiaries (Colovic and Schruoffeneger, 2021), or reinvest in similar programs or projects aimed at community development (Gelbmann and Hammerl, 2015; Sandeep and Ravishankar, 2015; Zebryte and Jorquera, 2017).

Only one article mentioned that SEs' surplus was used to sponsor external NGOs in the community (Olofsson, Hoveskog and Halila, 2018). In this case, donating some profit to charity was considered one of the company's two value propositions, apart from selling renewable electricity. Over the years, the company has made sizable donations to NGOs.

SEs can use any profit to provide support both within and outside their organization, for example, not only to increase financial independence but also to make offshore donations (Lin, Lin and Wang, 2021), pay dividends to smallholder farmers, or invest in schools for training the next generation of social entrepreneurs (Doherty and Kittipanya-Ngam, 2021). Other articles identified returning a share of profit to local female producers and another to local education programs (Franzidis, 2019) or 50-50% reinvesting into future projects and donating to charity groups (Wong *et al.*, 2019).

## **6.5. Discussion**

### ***6.5.1. Shortcomings and research gaps***

#### *6.5.1.1. Social purposes are not always achieved*

An SE's social value proposition goes beyond profit-making, as it aims to have a positive social impact, however, these social purposes are not always achieved.

SEs may initially achieve their social goals through innovation, but when they grow further and face changes in the business context, such as a mature market or increased competition, they may find it hard to maintain their initial purpose (Olofsson, Hoveskog and Halila, 2018).

SEs have the objective of either supporting nonprivate beneficiaries or collaborating with them to produce social value. Consequently, it is crucial for SEs to have an understanding of the specific benefits that the particular nonprivate beneficiary deems significant (Haase, 2021). In this sense, if SEs do not understand their beneficiaries' needs, it may be a barrier to attaining their goals. For example, in the case of an SE that donates bicycles to low-income children through the "buy-one-give-one" model (Lortie, Cox and Roundy, 2022), the question is what if the bicycle is not needed by the child (but need other things much more). Regarding this issue, the social impact of the goal of the "movement for all" SE also needs to be clarified. On the other hand, the perception of impacting beneficiaries positively may influence SEs' intention to "do good." If actors do not understand or recognize the social impact they are trying to make, it can be challenging to garner support. For example, eKutir, an SE from India, created a digital platform to benefit a network of farmers, but the adoption rate was not as high as expected (Sengupta *et al.*, 2021). Besides the (non-adopting farmers') insufficient proficiency in utilizing

digital platforms and bad word of mouth from those who did use it, the perception of the impact that the platform has is worth considering. Alpha, a SE that provides drinking water to underprivileged people in Africa, received negative feedback from their beneficiaries, who lack faith in the product being offered (Iddy, Alon and Litalien, 2022). Resistance from the community created a challenge for the SE in terms of implementation and impact dissemination.

The complexity of social issues may be another reason that SEs face difficulty in achieving their social purpose. Our findings indicate that many papers focused on specific types of activity rather than complex ones, although many social issues are deeply rooted and complex social, economic, and cultural phenomena. SEs, often operating with limited resources, may find it challenging to fully grasp the complexity of the problems they are trying to solve and thus struggle to achieve their desired impact.

Failure to attain social goals may also be because of SEs' unsuccessful products or services. The price of sustainable products is often higher than 'normal' ones (Matzembacher *et al.*, 2020); if prices decrease so members of a community can afford them, the market tends to shrink along with the profits, potentially decreasing the scope of the SE's social impact. Relying on local ingredients as one of the unique selling points (Török *et al.*, 2022) may cause problems for SEs if local producers are unable to provide enough quantity and quality of supplies over a longer time.

For those cases that achieve their social purpose, the factors that make them different and the reason they succeed are gaps that need to be clarified. In various articles, the success factors are listed as price differentiation (Scuotto, Cicellin and Consiglio, 2023), having a niche market and unique local suppliers (Török *et al.*, 2022), revising business models to provide the same quality products at a reasonable price to persons with a low-income, cost reduction due to innovation in the distribution channel and innovation through partnerships (Akter *et al.*, 2020).

#### *6.5.1.2. Potential negative social impacts and risks are hidden*

Businesses have a 'dark side' impact on society, and SEs are no exception. However, in most papers, the negative impacts of SEs were not within the scope of discussion, although controversial impacts may occur. For example, SEs may offer products or services to the community that are affordable but not cheap, reliable, or sustainable (Akinboade *et al.*, 2023). At the same time, they may not engage in local production, displacing local businesses that cannot compete in the market. SEs tourist operations may attract a large number of people but fail to prevent tourist activities from ruining the local landscape. FARM, an art and tourism

project in Favara, includes an exhibition, bookshop, school of art, and many other attractive buildings. Not measuring their huge impacts on local economic and social development (Baraldi and Salone, 2022) may mean failing to recognize that such operations can support those who are active in tourism and other related fields but may not be good for others who have to contend with rising prices.

Generating immediate benefits is often at odds with long-term sustainable development. An initiative that raised the volume of logging to generate funds for a training program aimed at unemployed youth attracted criticism for disregarding forest sustainability measures. Further, expanding the sustainability-certified production of timber may also affect the future of local conservation areas. Examples can be found in an article by (Siegner, Panwar and Kozak, 2021).

These negative and sometimes not immediately apparent consequences may be unintended or considered trade-offs by SEs. However, being aware of such impacts is necessary for SEs' impact assessment, helping SEs achieve their social goals.

#### *6.5.1.3. Social impact measurement is lacking or incomplete*

Theoretically, an SE should establish measurable indicators to track its social impact, but in fact, little evidence was found that social impacts were measured.

What are the appropriate measurements: quantitative or qualitative, direct or indirect, absolute or relative? It seems to be difficult to identify good metrics. For example, if the indicator is the size of population benefiting from the SE's activities, this may not be enough to evaluate whether social goals are being met. Some SEs offer training courses to help improve the competencies of vulnerable communities and increase the likelihood that individuals can find employment in the future, such as offering training programs for women to help them find work in the construction industry (Cooney, 2011) or vocational IT training for unemployed and inexperienced people (Bonomi *et al.*, 2021). However, the number of participants is not a good indicator of the achievement of a higher level of competency or a better chance of obtaining the associated jobs. In this scenario, using numerical indicators appears to be unsuitable. Impact measurement should be managed in alternative ways, either quantifiable or qualitative, or both.

The lack of standardized and universally accepted impact measures is indeed an ongoing challenge for SEs. B Lab's B Impact Assessment, SDGs, and GRIs are often applicable to large corporations rather than small organizations, including SEs. SEs that tried to measure their impact found their own ways, such as linking their social impact to commercial success (Davies and Chambers, 2018), using a third-party platform to measure their impact (Van Doninck *et al.*,

2021), borrowing independent and transparent third-party standards (Busenitz *et al.*, 2016; Y. Wu, Wu and Wu, 2018), or developing their own metrics such as management and outcome metrics (Lokman and Chahine, 2021) or an SROI/ social value index (Hlady Rispal and Servantie, 2017; Kim and Ji, 2020). The means of measurement are very specific to individual SEs, and it is hard to develop universal metrics and indicators. Several factors contribute to this challenge, including the diversity of SEs' missions, long-term effects, and resource constraints. SEs operate in various sectors with different goals and different challenges. A method of measuring impacts that may work for an environmental-resolution SE may not be appropriate for a healthcare-focused one. Moreover, social change often occurs over the long term, and short-term measurements may not capture the full impact of SEs' initiatives, requiring longitudinal studies that are resource-intensive and time-consuming. Meanwhile, many SEs operate with limited resources. Allocating resources for rigorous impact assessments may stretch their budgets.

#### *6.5.1.4. Lack of focus on non-targeted stakeholders*

Our findings indicate that SEs focus primarily on the targeted stakeholders, especially the communities or groups the SE aims to benefit. However, it is essential to recognize that there may be non-targeted stakeholders, indirectly impacted by the actions and operations of SEs. These stakeholders may not be explicitly mentioned in the articles about the cases, but their presence and influence are still significant. If SEs' focus is strictly narrowed down to the targeted stakeholders, their potential impact may decrease. For example, DCLead is an SE that offers a master's program that gives students flexibility with the timing of their studies and competes with national programs that do not charge for participation (Sparviero, 2019). The non-targeted stakeholders of DCLead may be its competitors in the sense that if the latter succeeds, they can benefit or learn from that indirect knowledge.

#### *6.5.1.5. Beneficiaries are improperly specified*

Most articles did not provide information about beneficiaries, leading to a shortcoming in SE research. Failing to pinpoint specific beneficiaries makes it hard for SEs to design initiatives to address their actual needs. For example, in the case of the "buy-one-get-one" model of bicycle selling SEs (Lortie, Cox and Roundy, 2022), the child beneficiary may have no need for the product. SEs may thus face difficulty avoiding unintended negative consequences.

On the other hand, clearly defining beneficiaries enables SEs to measure their impact accurately, creating a basis for designing appropriate metrics and evaluation methods to assess the effectiveness of initiatives. It is crucial to provide detailed information about who the

beneficiaries are, where they live, what challenges they face, and how the SEs' activities are designed to satisfy their needs. This clarity not only enhances the credibility and effectiveness of the SE but also fosters a deeper understanding of its social impact within the broader community and among stakeholders.

#### *6.5.1.6. SEs' surplus may not exist*

SEs must make enough money to cover their operating costs, ensure their long-term viability, and support the fulfillment of their social mission. It is interesting to see how any surplus is distributed, but in practice, as shown in the articles, evidence of such surplus was rarely present. One SE decided to give up its social mission since it could not reach a break-even point, then nearly went bankrupt (Tykkyläinen and Ritala, 2021). SEs are not as profitable as commercial operations, and having only a social motivation may cause them to struggle to access credit markets (Cornée, Kalmi and Szafarz, 2020), or fail to provide their founders to break even (Florin and Schmidt, 2011). It is estimated that 40% of SEs in Taiwan in 2017 were loss-making (Y. Wu, Wu and Wu, 2018).

Many SEs need to find creative solutions to sustain themselves financially, such as optimizing resources through social bricolage (Scuotto, Cicellin and Consiglio, 2023), partnership and collaboration among and outside social sectors (Defourny, Nyssens and Brolis, 2021; Misbauddin, Nabi and Dornberger, 2022), capacity building (Bhardwaj *et al.*, 2022), and innovative means of cost reduction (Grimm, 2023). Options for SEs may include developing alternative revenue streams and examining and replicating the best practices of other SEs that have managed to thrive despite the absence of surplus income. Researchers have studied the long-term impact of SEs that operate without a surplus, examining whether this affects the long-term viability and effectiveness of their innovation capacity.

#### *6.5.1.7. Further shortcomings according to the SBMC approach*

SE founders, whose key characteristics include their unique background, knowledge related to the mission, motivation for social value creation, and salient identity, play an important role in defining the vision-mission of SEs, including their business models (Sandeep and Ravishankar, 2015; Busenitz *et al.*, 2016; Prado, Robinson and Shapira, 2022), increasing the probability of obtaining for the SE a legal identity (Wulleman and Hudon, 2016). Some articles described case studies of SEs where social values were not promoted because the SE changed course or the founder left or died (Florin and Schmidt, 2011; Olofsson, Hoveskog and Halila, 2018). This does not concern the scope of the business model but the challenges of transitioning

from individual values to organizational ones, or in other words, the founder-successor dilemma. This may be a research gap to explore.

### ***6.5.2. Future research directions***

Based on the shortcomings of the current research, several future research directions may be identified. Regarding the drawbacks associated with the social value proposition, it would be worthwhile analyzing why SEs achieve/do not achieve their social purposes, and whether there is empirical evidence that having specific social value propositions can help SEs attain social goals. This may not only be a topic for research but also a recommendation that SEs should concentrate more clearly on their social values and revise their business models accordingly.

Furthermore, since the negative impacts or potential risks of SE operations are not well covered in the research we examined, a critical analysis of these consequences, as well as the trade-offs with social goals, is required, which would help to measure the impact of SEs.

Nor is the social impact measurement dilemma adequately addressed. Additionally, it may be crucial to highlight collaboration among SEs' partners and networks to expand the range of items that are measured in the context of a lack of support, limited resources, and the diversity of operations.

Understanding the main stakeholders should be a more specific focus. Apart from regular business partners, non-targeted stakeholders such as indirect competitors, local communities, NGOs, and social groups are not directly involved in SEs' operations but may still be affected by their activities.

It is also interesting to consider how to identify additional beneficiaries and analyze the effect of their perceptions on SEs' intention to create an impact.

In terms of the category of 'surplus,' there should be more focus on how SEs can survive and how to improve SEs' business models so they can reach a break-even point and then even generate a surplus. This could be relevant from an academic and practical perspective. Setting up platforms to obtain funding from other SEs, adopting digitalization into SEs' business models, and scaling up SEs' business models to promote systemic change are potential ideas. Financially successful SEs can subsidize each other. SEs may act as individual enterprises or as part of an ecosystem of SE families that benefit from synergy, and larger SEs may support smaller or newer ones. On the other hand, some SEs may achieve their social goals without a surplus, which is a topic that deserves to be researched further.

Other research topics could include the role of the founders in successful SEs (in terms of business models) and the founder-successor dilemma.

### 6.5.3. Limitations

Although the systematic review process followed a standardized way set by the PRISMA guidelines, the coverage of the studies involved searching only two – even comprehensive – databases and was limited to English-language Q1 and Q2 published literature, which may not capture all relevant research. Important insights and information about SEs may exist in others, such as Q3/Q4 studies or even in grey or practitioner focused literature. This may lead to a modest but probable bias in our analysis.

**Table 4. Shortcomings and fields for future research.**

Categories	Shortcomings and research gaps	Future research directions
Social value proposition	Social values are not always achieved because of the following reasons: <ul style="list-style-type: none"> <li>• Difficulty scaling up the model</li> <li>• Lack of understanding of needs of beneficiaries</li> <li>• Complexity of social issues</li> <li>• Unsuccessful products/services</li> </ul>	<ul style="list-style-type: none"> <li>• Identify factors/reasons that make SEs achieve/not achieve their social goals.</li> <li>• Seek empirical evidence that a socially extended business model can help achieve the social purposes of SEs.</li> </ul>
Social impact	Negative impacts or risks not in focus	<ul style="list-style-type: none"> <li>• Investigate trade-offs between social goals and indirect negative impact</li> </ul>
Social impact measures	Measurements lacking; the mission measurement paradox was not covered	<ul style="list-style-type: none"> <li>• Examine standardized and generalized indicators/measurements of social impact, and</li> <li>• Collaboration among partners in addressing social impact measurement</li> </ul>
Non-targeted stakeholders	Non-targeted stakeholders were not mentioned	<ul style="list-style-type: none"> <li>• More specific focus on understanding the main stakeholders</li> </ul>
Beneficiaries	Beneficiaries were not specified properly	<ul style="list-style-type: none"> <li>• Identify how to detect further beneficiaries, and</li> <li>• The effect of beneficiaries' perception of SEs intention to have an impact</li> </ul>
Surplus	SEs with no surplus at all; Small	Identify

	surplus but struggle when scaling up; Surplus, if any, is mainly reinvested internally.	<ul style="list-style-type: none"> <li>• solutions/initiatives for SEs' financial survival</li> <li>• Digitalization in SEs' business models</li> <li>• How to scale-up SEs' business models to promote systemic change</li> <li>• Case studies of successful SEs that do not generate a surplus</li> </ul>
Other	SEs may face challenges pursuing their initial social goals when their founders resign or leave	<ul style="list-style-type: none"> <li>• Investigate the founders-successors dilemma</li> </ul>

## 6.6. Summary and outlook

This review increases understanding of how the SBMC approach may contribute to the business model focus and, thus, to the more effective dual value creation of SEs, bridging the gap between entrepreneurship and society. Findings suggest that (1) instead of dual value creation, SEs mainly succeed in specific fields by creating either economic, environmental or social value; (2) SEs typically succeed in terms of making a positive social impact; (3) social impact measurement is still a fundamental and unsolved challenge (even when SEs do this, they mainly focus on shorter-term outcomes rather than longer-term impact); (4) even when identified, the key stakeholders other than normal business partners were more likely to be public communities than private organizations; (5) most beneficiaries (when mentioned) were identified as public citizens and communities; (6) SEs' surplus, if it existed, was typically allocated to internal investment.

The findings contribute to different areas of interest. From an academic research perspective, we highlight the shortcomings in the literature, making suggestions that may fill in some gaps. Practitioners may also identify important insights about innovative ways to build up or revise their business models to achieve their dual mission (such as refining their social purpose, considering the potential trade-offs related to their social impacts, focusing on their social impact assessment, and identifying key stakeholders that may not initially be targeted but nonetheless play a crucial role in their operations, and refining their business models to help break even or generate a surplus). Further, policymakers may also find this review useful for gaining a better understanding of SEs and developing more accurate regulatory frameworks that promote social benefits.

For future research, we have both theoretical and empirical suggestions for how SEs can better achieve their dual missions. These include focusing more on their social goals, and more

precisely measuring their social impact (including potential trade-offs). There should be more focus on understanding the drivers of the main stakeholders, including non-market ones. Better specifying beneficiaries and their perceptions of SEs' impact is also an area that deserves further research. Last but not least, identifying solutions that support SEs' financial survival, the digitalization of SEs' business models, and scaling up SEs' business models to promote systemic change are required to help them achieve their dual mission.

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## 7. The role of the business model canvas in supporting the mission of social enterprises

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### **Abstract**

Social enterprises can serve as a bridge between the social and business spheres, and their role is growing in the European Union and in Hungary. They strive for a dual value creation, where financial and economic goals are not pursued for their own sake, but to further the realization of a social goal or mission. Social enterprises are a diverse group, both in terms of organizational form and social purpose. What they have in common, however, beyond their social mission, is that in many cases there are gaps in their economic skills and business model focus. By structuring the business model, this paper introduced a practical tool, the business model canvas, and argues that it can help social enterprises to achieve their economic and, indirectly, their social goals more effectively. To complement the model with social aspects, a tool – more tailored to social enterprises – is presented and evaluated. A case study is used to argue for the practical usefulness of the social business model canvas.

**Keywords:** social enterprise, social mission, business model, extended business model canvas

### **7.1. Introduction**

Economic organizations primarily focus their value creation on shareholder and consumer value (Chikán, 2020). This does not exclude the possibility that social value and benefits may emerge in the process, but neither does it necessarily imply that they will. Representatives of the social sphere (civil sector, non-profit organizations), on the other hand, devote their efforts

primarily to fulfilling their social mission in a broader sense. At the boundary between these two spheres lie social enterprises, which themselves constitute a highly diverse group. These organizations place emphasis on economic viability as a means of achieving their social mission. Taking into account both international and domestic trends, it is evident that this group is continuously expanding. Social enterprises are typically highly committed to their social missions; however, their economic competencies often require further development (Huszák, 2018). The aim of the study is to present and review a tool suitable for grasping and structuring the business model focus of social enterprises through a practical case study. In this study, we present how the business model canvas and its extended version which incorporates social aspects can support the economic success of social enterprises, and thus the more effective fulfillment of their social mission.

## **7.2. The concept and practical role of social enterprises**

Social enterprises are organizations whose primary goal is to contribute to the solution and alleviation of social problems, while also carrying out economic activities as a means of achieving this (Kiss–Mihály, 2019). Social enterprises are therefore characterized by a hybrid approach that combines entrepreneurial thinking and business practices with a strong commitment to social and environmental missions. Among many existing definitions, the European Commission's definition of social enterprises perhaps captures the essence of social enterprises most effectively (European Commission, 2011):

- Creation of social value. The aim of the business activity is to contribute to the common good, in many cases through social innovations.
- The profits (in other words, surpluses) generated by business activities are largely reinvested, thus contributing to the fulfillment of the social mission.
- The organizational form can be diverse, but it is important that their operation follows democratic or participatory principles, and takes into account the principles of social justice.

The forms of social value creation and the missions associated with it can be highly diverse; however, it is essential that the mission addresses a clearly defined social problem. In practice, the most common areas include poverty reduction, the fight against unemployment, food provision (Török–Agárdi, 2020), education (Matolay–Révész, 2020), or the improvement of healthcare, environmental protection, etc. In this sense, social enterprises are hybrid organizations characterized by the duality of economic objective and social mission. Social

innovation is closely linked to social value creation. The essence of social innovations lies in the development of novel solutions (such as new products, but also organizational solutions) that contribute to the common good and improvements in quality of life, in addition to economic gain.

The use of surplus generated by social enterprises can take many forms. It may be reinvested within the organization to finance activities that differ from the revenue-generating core activity but are nonetheless essential for fulfilling the social mission. On the other hand, the profit may be used to promote the activities of other organizations that create significant social value, whether they operate in similar or different fields. In a broader interpretation, the surplus generated in the process of creating social value need not be reinvested. The Nobel Prize-winning economist Muhammad Yunus, who received the recognition for developing the business concept of the Grameen Bank founded in Bangladesh with the aim of reducing poverty through microfinance (Pataki, 2009), considers it conceivable in the case of social enterprises for owners to make use of the profits. By contrast, in the approach he refers to as social business, a concept that may still sound less familiar in the Hungarian context, the surplus must be used strictly to further support the realization of the social mission (Yunus, 1998). While the literature on social enterprises places great emphasis on the appropriate use of the surplus generated, far less attention is devoted to the questions of how and in what way this surplus can be achieved, even though its realization constitutes an important instrument for social value creation.

As a result of the international initiative known as the European Social Entrepreneurship Monitor (ESEM), a comprehensive overview of the practical experience of social enterprises operating in Europe has been created. The research, which was conducted at the turn of 2021 and 2022, assessed the background, opportunities and challenges faced by these organizations. The research covered a total of twenty-one European countries, including Hungary (where the research was coordinated by a non-governmental organization, the Social Enterprise Coalition). The total sample includes 1907 social enterprises, 48 of which are Hungarian. The main findings of the research were summarized in the *Table 1*.

**Table 1.** Overview of social enterprises in Europe and Hungary based on the research of the European Social Entrepreneurship Monitor

	<b>European context</b>	<b>Hungarian context</b>
<b>Definition</b>	In some (but not all) countries, there is an official	There is no official definition, an organization

	definition or conceptual delimitation.	can be considered a social enterprise based on the criteria discussed earlier.
<b>Stage of maturity</b>	Most organizations are in the growth phase, while only a few have reached maturity; however, many newly established organizations also exist.	The vast majority of organisms are in the early growth phase (with a significantly smaller proportion of mature organizations).
<b>Most common fields of activity</b>	Healthcare, social work, education.	Education, social work, food and housing support
<b>Most common related UN Sustainable Development Goals</b>	3. Good health and well-being; 8. Decent work and economic growth; 10. Reduced inequalities	3. Good health and well-being; 10. Reduced inequalities; 17. Partnership for the goals
<b>Most common forms of organization</b>	Highly diverse (economic and non-profit organizational forms, and officially social enterprises where there is such a legal form)	Association, foundation, cooperative
<b>Employee involvement in decision-making</b>	Medium	Low/Medium
<b>Beneficiary involvement in decision-making</b>	Medium	Low
<b>Ratio of business income to total resources</b>	Slightly more than half	Slightly less than half
<b>Use of surplus</b>	Mostly reinvested to support the social mission	Mostly reinvested to support the social mission
<b>Main operational difficulties</b>	Low consumer awareness, lack of lobbying power, financial/financing difficulties	Financial/financing difficulties, low consumer awareness, lack of state funding
<b>Policy support</b>	Low	Very low

*Source: Authors' editing based on Dupain et al., 2022*

The results indicate that the fields of activity and operating environment of social enterprises in Hungary are largely similar to the European average. At the same time, it is important to emphasize that the challenges related to revenue generation, and financing appear somewhat greater than average, particularly given that similar difficulties are observed in several other countries as well.

### **7.3. The business model logic of social enterprises**

The observations presented so far also support the necessity of economic competencies and the importance of business model–based thinking in the case of social enterprises, thereby facilitating the realization of their social missions.

A business model can be understood as the operational framework that defines how an organization creates and delivers value recognized by customers or users, while simultaneously generating revenue or surplus. The main elements of a business model are the following:

- *Value proposition.* The value proposition indicates what type of value a business or product provides to customers, clients, or users. In the case of social enterprises, it is also a specific aspect to clarify to consumers how the enterprise and its product contribute to the common good, that is, how they create social value.
- *Value creation.* Value creation means the practical implementation of the value proposition. For a social enterprise, an additional consideration is the need to ensure ethical and socially responsible operations during the value creation process (for example, the use of raw materials sourced from audited or certified suppliers with a low environmental impact, or the appropriate working conditions for employees and other partners involved at this stage of the supply chain).
- *Value capture.* Value capture refers to the process by which a product or service actually reaches consumers, and the enterprise realizes revenue or profit from the value it has created. From a social point of view, it is particularly important that a real need is satisfied, for example, that consumers receive as many products and services as they really need.

### **7.4. Possibilities for applying the (social) business model canvas**

The Business Model Canvas (Osterwalder–Pigneur, 2013) is a simple and effective tool that helps enterprises understand, design and monitor their business model and its key aspects in a structured way. Due to its nature, it is particularly recommended for smaller enterprises. In the

case of social enterprises, the use of a business model canvas can be particularly useful, as it can help to align both economic and social goals. The tool visualizes the three main elements of business models (value proposition, value creation, and value capture), while further breaking down the latter two into additional key elements. Key factors determining value creation are:

- **Key partners:** These are the essential partners with whom the enterprise cooperates, such as other businesses, suppliers, organizations, but also local communities, non-governmental organizations, or governmental bodies that contribute to the realization of the value proposition.
- **Key activities:** These include the activities that occupy most of the enterprise's time and are most important for delivering the value proposition.
- **Key resources:** These are resources that are crucial to the success of the enterprise, either in terms of quantity or quality. This can include not only financial resources, but also human resources and expertise.
- **Cost structure:** Identifying the most important costs is a crucial element of business model logic. In the case of social enterprises, this does not necessarily aim at cost minimization. In many cases, it rather focuses on cost optimization while recognizing the true cost of resources. (For example, employing labor "illegally" may be cheaper in the short term, but in the case of a social enterprise, it is definitely not recommended).

The components of value capture in the business model canvas include:

- **Customers:** This category identifies the existing and potential customer groups that need the company's products and services. For social enterprises, it is paramount that they satisfy real needs (not generated ones).
- **Customer relations:** This refers to what relationships the enterprise has established with the different customer groups so far, how it relates to customer expectations, and what further developments may be needed to achieve the social mission.
- **Value channels:** The channels through which the enterprise can reach its existing and potential consumers. In the case of social enterprises, ethical considerations are particularly important (for example, avoiding unsolicited consumer bombardment and misleading advertising).

- Revenue: This includes the definition of revenue sources and pricing practices. Revenue generation is also key to maintaining and, if possible, expanding social enterprises, but it must be aligned with their social mission.

The business model canvas, when applied with appropriate care, can support the development and illustration of social enterprises' business models on its own. However, there are some complementary categories that deliberately support the specific characteristics of social enterprises, for example, the monitoring of the achievement of the social mission. In the literature (for example, Joyce–Paquin, 2016, or Krátki, 2022), and in practice, several socially extended business model canvases appear. Here are some key additional categories:

- Social value proposition: While a traditional value proposition may have components through which an enterprise can contribute to the common good and create social value, the explicit appearance of this aspect helps to capture social contribution more accurately, especially if the business has multiple value propositions (for example, for different target groups).
- Non-targeted stakeholders: Stakeholders with whom the enterprise does not cooperate in a specific way, but whose activities nevertheless have an impact on its operations (for example, organizations offering similar activities, which may be competitors, potential future cooperation partners, etc.).
- Social mission: Explicitly displaying the social mission in the model helps to clarify the goal that the enterprise has set, and that is key to the success of a hybrid organization (with both an economic and a social purpose).
- Beneficiaries: In the case of social enterprises, there may be other beneficiaries in addition to the (paying) customers, for whom the validation of the value proposition is an integral part of the success of the social mission, but they themselves do not pay for the product or service.
- Measuring social impact: From the point of view of the fulfillment of the social mission, it is especially important for the company to be aware of the effectiveness of the steps taken in this direction. Impacts can be measured quantitatively or qualitatively. It can be short-term (how many target groups were reached) or long-term (how much actual impact was achieved).

- **Surplus:** Profit is also of paramount importance in the case of traditional enterprises, as it is a means of long-term survival, but its use is not a priority aspect. In the case of social enterprises, on the other hand, it is important to understand how they are used (for example, to further support the social mission of the enterprise, or perhaps to support other organizations with a similar profile but not yet profitable).

Based on the presented aspects, the business model canvas recommended for social enterprises is summarized and visualized in Table 2.

**Table 2.** Socially extended business model canvas (categories not included in the original model in bold)

Key Partners	Key activities	<b>Social value proposition</b>	Customer Relations	Customers
<b>Non-targeted stakeholders</b>	Key resources		Value Channels	<b>Beneficiaries</b>
<b>Social Mission</b>			<b>Measuring social impact</b>	
Cost structure			Revenue Streams	
<b>Surplus</b>				

*Source: Edited by the authors*

In the table, the traditionally typed categories represent the key categories of the basic business model canvas, while the **bolded** ones are additional aspects that can further tailor the design and better enable understanding of social enterprises' business models, including aspects key to the social mission. The central category related to the value proposition can be interpreted in several ways. In certain cases, it is relatively homogeneous, insofar as it fully supports the social mission (for example, offering food from a short supply chain to consumers with limited financial resources). However, the practical enforcement of this homogeneous value proposition may be limited (particularly in relation to the purchasing power of the targeted consumers). In such situations, a hybrid value proposition can also be conceivable, where, on the one hand, products from a short supply chain, or possibly locally, are offered to "traditional" consumers at market prices, and on the other hand, some of the products are offered at a discount to consumers in need.

The application of the business model canvas to social enterprises has many advantages, but also limitations. The most important of these are summarized in *Table 3*.

**Table 3.** Key advantages and limitations of using a socially extended business model canvas

Advantages	Limitations
<p><b>Simplicity:</b> The key components help outline the enterprise's business model. Since it can be created easily, it does not necessarily require the involvement of an external consultant.</p>	<p><b>Oversimplification:</b> Although the key categories appear in the model, many important details, especially in larger organizations, are left out.</p>
<p><b>Ease of overview:</b> As a graphical tool that also illustrates causal relationships, it effectively visualizes the most important areas and their interconnections, and can be easily communicated to members of the organization.</p>	<p><b>Lack of context:</b> The tool does not cover the broader context of the operating environment, which is also essential for the success of the business model.</p>
<p><b>Supports strategic planning:</b> Reflecting on the key categories also supports the organization's strategy development process.</p>	<p><b>Does not replace strategic planning:</b> The tool is primarily supportive and illustrative, and it only works well if it is based on a well-thought-out strategy.</p>
<p><b>Improve effectiveness:</b> Keeping the relevant aspects in mind at all times helps to achieve the organization's goals (including social mission) more effectively.</p>	<p><b>Static approach:</b> It does not take into account the temporal and spatial changes in the operating environment, therefore, it requires regular updating and revision.</p>

*Source: Edited by the authors*

All in all, it can be concluded that the business model canvas is a highly useful tool for supporting and illustrating the business model approach of social enterprises, especially for smaller organizations. By incorporating additional social considerations, it may become even more suitable for structuring the conditions that support the achievement of the dual (economic and social) goals of hybrid organizations.

### 7.5. A practical application: the example of AdniJóga

AdniJóga is a social enterprise that, as part of its core business, formulates a social mission in addition to its business goals. The social mission of the organization is to "sustainably deliver the meditative elements of yoga, which encourage physical and mental harmony, to adults and children who have experienced trauma and are forced into difficult life situations" (URL1).

*Their primary goal is to ensure that the positive effects of yoga reach individuals who would otherwise not have access to such services. In the following section, we briefly review how AdniJóga can utilize the extended business model canvas in its activities, which is summarized in Table 4. The table was prepared on the basis of a document analysis of AdniJóga's written materials and an interview with the organization's staff.*

During the case study, the objective was not merely to mechanically fill in the proposed framework; we also aimed to obtain feedback on the usability of the tool. The process confirmed that, beyond its theoretical advantages, the extended business model canvas can also be a useful tool in practice. In the case of AdniJóga, the following benefits were identified:

- The most important goals of the organization and the success factors leading to their achievement can be summarized and reviewed on a single page (making the tool useful both for visualization and strategic planning).
- It is useful during the planning phase, but due to its ease of updating, it can also function as a dynamic evaluation tool.
- It helps to visualize the duality of social and economic goals (the traditional business canvas has been used before, but there was a problem integrating social goals into the original model).
- It provides a common language between corporate and social sector perspectives, thereby facilitating collaboration with business partners.
- Explicit representation of non-targeted stakeholders helps to better understand indirect social impact and can therefore contribute to their enhancement.

**Table 4.** The application of the business model canvas extended with social aspects through the example of AdniJóga

<p><b>Key Partners</b></p> <ul style="list-style-type: none"> <li>Professional partners supporting the identification of beneficiaries (Mályvavirág Foundation, Menedék – Hungarian Association for Migrants, Hungarian Cancer League, Hungarian Maltese Charity Service, Bagázs Public Benefit Association, Hungarian Interchurch Aid, Lea Mother’s Home, MIRA Program, Temporary Home for Families of Gödöllő, Belvárosi Eating Disorder Workshop, Bethesda Children’s Hospital)</li> <li>Other professional partners (Appy, Badur Foundation, Trauma Center, Manduka, Erste Bank)</li> <li>Providers of pop-up venues (e.g. museums)</li> <li>Impact Measurement Helpers (Corvinus Science Shop, ESSRG [<i>Environmental Social Science Research Group</i>])</li> <li>Other professional mentors (in the field of coaching and organizational development)</li> </ul>	<p><b>Key activities</b></p> <ul style="list-style-type: none"> <li>Providing yoga classes on a market basis</li> <li>Providing yoga classes on a need-based basis</li> <li>Training yoga instructors</li> <li>Provision of special services (<i>Pop-up</i> classes)</li> </ul>	<p><b>Value proposition</b></p> <p>Providing yoga classes (as a physical and mental health service) for all segments of society,</p> <ul style="list-style-type: none"> <li>market (→market value proposition) and</li> <li>charity (→social value proposition)</li> </ul> <p>basis</p>	<p><b>Customer Relations</b></p> <ul style="list-style-type: none"> <li>With companies: regular (e.g. 12 occasions / 3 months) or ad hoc contracts (in the context of individual events)</li> <li>With private individuals: online contact</li> <li>With yoga instructors: adult education contracts</li> <li>Request regular feedback as a basis for impact measurement</li> </ul>	<p><b>Customers</b></p> <ul style="list-style-type: none"> <li>Companies (e.g. Richter, KPMG, The Body Shop) (80%)</li> <li>Individuals</li> <li>Yoga instructors (about 100) (some of whom may become their own instructors)</li> </ul>
<p><b>Non-targeted stakeholders</b></p> <ul style="list-style-type: none"> <li>Other yoga providers, including potential competitors (who may also set social goals in the future)</li> <li>Future partners, including companies connected to private individuals</li> <li>Clients of yoga instructors who have participated in yoga training</li> </ul>	<p><b>Featured resources</b></p> <ul style="list-style-type: none"> <li>Yoga instructors (805) / Expertise</li> <li>Expertise in positioning the service / delivering it to beneficiaries</li> </ul>		<p><b>Value Channels</b></p> <ul style="list-style-type: none"> <li>Personal outreach</li> <li>Referrals</li> <li>Pop-up demonstration class / yoga venue</li> <li>Automatic channels</li> <li>Website, instructor newsletter</li> <li>Networking events</li> </ul>	<p><b>Beneficiaries</b></p> <ul style="list-style-type: none"> <li>People who have experienced trauma and are living in a difficult financial situation</li> <li>Employees of charitable yoga</li> </ul>

<ul style="list-style-type: none"> <li>Professional evaluators (e.g.: Civil Award, EdisonPlatform by Bridge Budapest, SEWF [Social Enterprise World Forum])</li> <li>Other non-governmental organizations within Appy – organizational knowledge sharing</li> </ul>	<ul style="list-style-type: none"> <li>Locations (typically free of charge)</li> <li>Other accessories (yoga mat, speakerphone, yoga equipment)</li> </ul>			class partners (e.g. NANE [Women for Women Together Against Violence])
<p><b>Social Mission</b></p> <p>To sustainably deliver the meditative, physical, and mental harmony–promoting elements of yoga to adults and children who have experienced trauma and are forced into difficult life situations.</p>		<p><b>Measuring social impact</b></p> <ul style="list-style-type: none"> <li>Quantitative and qualitative impact measurement (through questionnaires and interviews)</li> <li>Conducted in detail every semester, after yoga classes, between classes</li> <li>Feedback is collected from company groups and yoga instructors. In the case of pop-up clocks, there is no effect measurement yet due to lack of capacity.</li> </ul>		
<p><b>Cost structure</b></p> <ul style="list-style-type: none"> <li>Wages (approximately 80%)</li> <li>Venue rental</li> <li>Fixed assets and equipments</li> <li>Human resources</li> <li>Operating cost</li> </ul>	<p><b>Revenue Streams</b></p> <ul style="list-style-type: none"> <li>Different pricing for both companies and individuals, based on purchasing power and the service used</li> <li>Fixed pricing for yoga instructors – basic and sponsor (funds charity classes for 3 people)</li> <li>Separate donation option (very minor) → Donation machine</li> <li>80% own revenue, 20% grant funding</li> <li>About 50-50% of paid and charity classes</li> </ul>			
<p><b>Surplus</b></p> <p>The revenues of the market-based activity are used to cross-finance the hours provided on a charitable basis, therefore income-generating activity is important for sustaining the core mission. There is about 4 months of reserve available, and the goal is to increase wages.</p>				

*Source: Edited by the authors*

## 7.6. Conclusion

Our study undertook to present the background of social enterprises, the duality of economic and social value creation, and the business model focus necessary as a means of achieving social goals. In doing so, it emphasized that the revenues of social enterprises are not primarily intended to serve profit-oriented goals, but rather to support the achievement of their stated social missions. The widely used business model canvas can itself be a useful tool for social enterprises, but its version extended with social aspects – as proposed in this study – can prove even more effective in capturing the specific objectives of social enterprises and in supporting their realization, both as a strategic planning and an evaluation tool. The experience of a practical case study also supports the usefulness and effectiveness of the tool. Although it is not a universal solution, it can effectively help social enterprises to increase the effectiveness of their efforts for the common good.

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## 8. Key factors behind social impact measurement - a Q method study on social enterprises in a European and Asian context

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### Abstract

**Purpose** – This study identifies common and unique factors shaping social impact measurement (SIM) practices among founders and managers of social enterprises (SEs) across different cultural contexts.

**Design/methodology/approach** – The research used the Q method to capture SIM practices among SEs in Hungary and Vietnam. Participants sorted forty-five statements derived from the literature, and by-person factor analysis was used to detect distinct configurations of practice.

**Findings** - Four distinct factors emerged in the Hungarian SEs sample, three in the Vietnamese SEs sample, and four in the combined dataset, revealing both consensus and disagreement. While most SEs valued stakeholder engagement and rejected standardized, one-size-fits-all approaches, they differed in how they addressed the sector's perceived inefficiency, resource constraints, long-term versus short-term impact, and external pressure.

**Practical implications** – The results provide direction for SE practitioners, funders, and policymakers to co-design and enhance context-sensitive and participatory impact measurement frameworks that support the social mission of SEs.

**Originality/value** - The study contributes to the expanding literature on SIM in hybrid organizations by employing the Q method in a cross-national SE context, complementing practice-oriented studies by providing a deeper understanding of the factors that drive variation in SIM practices. Future studies can build on this article by applying Q methodology to other regional SE ecosystems, comparing viewpoints in extensive international contexts, and investigating how attitudes change over time in response to shifting funding, policy, or societal conditions.

**Keywords:** social enterprise, impact measurement, Q methodology, social impact.

## 8.1. Introduction

Social enterprises (SEs) face a significant challenge in measuring their performance with regard to their social goals, mission, and impact (Lall, 2019; Sparviero, 2019). This issue, which refers to the “mission measurement paradox,” arises from a disconnect between social mission, objectives, and impact measurement. The fundamental objective of SEs is not the maximization of economic value for shareholders; instead, it is broader and more complex, focusing on the "social value" creation for the community. Therefore, economic and financial indicators alone are insufficient to evaluate SEs’ performance (Costa & Andreaus, 2021, Harangozo *et al.*, 2025). However, social achievements are complex and tailored to social goals, necessitating justification and acknowledgement, while financial and economic success is universally understood and easily communicated. This leads SEs to diverge from their initial purpose and to prioritize easily measurable outcomes over more meaningful but harder-to-quantify mission-driven goals, resulting in "mission drift," a central risk for SEs when financial pressure begins to outweigh commitments to social purpose (Weisbrod, 2004; Battilana and Lee, 2014b; Ramus and Vaccaro, 2017; Sparviero, 2019).

On the other hand, SEs often face pressure to demonstrate measurable outcomes to funders, investors, and stakeholders (Agrawal and Hockerts, 2019; Dufour, 2019; Ormiston, 2019; Liston-Heyes and Liu, 2021). SEs must balance the need for rigorous measurement with their broader mission, which may not always align with the short-term or quantifiable outcomes typically demanded by investors. This circumstance can lead to a misalignment between the goals of the enterprise and the expectations of external stakeholders (Nicholls, 2010).

Furthermore, the dilemma is intensified by the diversity of stakeholders involved in SEs, including beneficiaries, investors, and communities. Each group may have different expectations for how impact should be measured, leading to conflicting priorities (Bacq and Eddleston, 2018). This makes it difficult to design an impact measurement framework that satisfies all stakeholders while remaining true to the mission.

Regarding the framework for SIM, previous studies have examined measurement tools design and process, including the SEs’ practices in the food-waste sector in the Netherlands preferring output measurement to outcome metrics (Muftugil-Yalcin and Klas, 2025), the social balance sheet – a useful self-developed tool to measure social impacts (Guzmán, Correa and Valiente, 2024), the

social return on investment (SROI) dominance and limitations (Green, 2019; Fuertes-Fuertes, Cabedo and Jimeno-García, 2020), the integration of social impact into financial metrics to avoid impact washing in social ventures (Bengo, Borrello and Chiodo, 2021), the theoretical principles of evaluation thinking (Tsotsotso, 2021), and the classification of SIM approaches and tools (Pedrini and Zaccone, 2020). While these studies focused on the design of measurement frameworks, the operational processes of applying SIM tools, and the norms or criteria used to judge impact, less attention has been paid to the underlying factors shaping how SE founders and managers think about impact measurement—what they consider important, feasible, or problematic. Understanding these underlying viewpoints is valuable because perceptions influence actual practices, decisions about what to measure, and the willingness to engage with particular tools or frameworks (Luke, Barraket and Eversole, 2013; Rawhouser, Cummings and Newbert, 2019).

To investigate these underlying key factors, this study focused on revealing the areas of consensus and argument among diverse perspectives of SEs' founders and managers who have a good understanding of all the processes and key aspects of SIM, through a comparative analysis of two SE contexts- Hungary and Vietnam. We chose these two settings because they share similarities in growing SE ecosystems (Fekete *et al.*, 2021; M. H. T. Nguyen *et al.*, 2021) and also differ markedly in their institutional, historical, and resource environments. According to Hofstede's cultural dimensions (Hofstede, 2001; Minkov & Hofstede, 2012), Hungary scores relatively high on individualism, similar to many European countries, while Vietnam is characterized by strong collectivism and community orientation, common within Asia. In more individualistic and market-oriented contexts, measurement may be viewed as a technical or managerial tool, whereas in more collectivist and relational contexts, it may be interpreted as a social obligation, a community practice, or even a potential burden. Comparing these two settings, therefore, also offers an opportunity to reveal whether different cultural values may influence SEs' attitudes toward SIM.

Accordingly, this research addresses the following questions:

*What key factors shape how SE founders and managers practice SIM?*

*To what extent do these factors converge or differ among Hungarian and Vietnamese SEs?*

The structure of the rest of the paper includes Section 2, a literature review on the concept of SEs, their social impact, and its measurement; Section 3 describes the Q methodology we adopted and the research design; Section 4 presents key results from the component analysis and comparative analysis on both national and cross-national samples; Section 5 discusses possible reasons behind the consensus and differences among samples and implications; and Section 6 covers the conclusion of key findings, contributions, limitations, and directions for future research.

## **8.2. Literature review**

### **8.2.1. *The concept of social enterprises***

SE refers to a type of business model that aims to tackle social or environmental issues while also generating sustainable revenue (Canestrino *et al.*, 2019). Beyond the organization's corporate social responsibility, SEs add value to society by fostering and advancing social inclusion and sustainability (Krátki and Szabó, 2018).

Various definitions of SEs have been proposed in research and practice, reflecting the diverse nature of these organizations. In this research, we followed the general conceptualization of the European Commission (2011), illustrating the main features of SEs. Firstly, the primary objective of an SE is to create positive social change rather than solely focusing on maximizing profits for shareholders (Dupain *et al.*, 2022). Secondly, while they aim to generate income, SEs reinvest a significant portion of their profits back into their mission or the community they serve. This reinvestment may be directed towards expanding their impact, improving the quality of their products or services, or supporting the social causes they work towards.

For the sake of future impact-based investment, it is essential to evaluate and compare the social value created by each program or activity of SEs through a consistent approach to impact measurement.

### **8.2.2. *Social impact of SEs***

Understanding of social impact enables social entrepreneurs, SEs, policymakers, and support organizations to conceptualize the complex social problems that they aim to address, perhaps guiding them toward the creation of more responsive and impactful solutions (Lorenzo-Afable, Lips-Wiersma and Singh, 2020).

The term “social impact” overlaps with terms such as “social value creation” and “social return” and may also be associated with “social accounting” (Dufour, 2019; Parkinson and Naidu, 2024). It is also closely related to “social performance” or “social value” (Salavou and Cohen, 2021; Quilloy, Newman and Pyman, 2024).

Social impact can be identified as the outcomes of activities undertaken by SEs; however, its ambiguous definition has resulted in a lack of agreement regarding the most appropriate methods for measuring it (Perrini, Costanzo and Karatas-Ozkan, 2021). Social impact refers to the non-economic value produced by a specific activity (Emerson *et al.*, 2000) or the value received by the beneficiaries and other recipients of the intervention (Kolodinsky, Stewart and Bullard, 2006) or as the segment of the final outcome attributable to an organization’s action, excluding the changes that would have occurred independently of the organization’s involvement (Clark *et al.*, 2004). It is argued that external factors may affect the impact created, and that should be eliminated from the evaluation process to assess just the value generated by the organization (Perrini, Costanzo and Karatas-Ozkan, 2021).

On the other hand, social impact does not always mean a social gain, but a socially irrelevant impact, or has directly led to a negative effect (Parkinson and Naidu, 2024). The positive impact creates beneficial improvements, for instance, improving the likelihood for vulnerable people, promoting a sustainable lifestyle, or increasing awareness of responsible consumption. Conversely, the negative effect illustrates adverse impacts such as pollution, labor structure disruption, and competitive imbalances.

In the theory of value chain, SE's social value is conceptualized in terms of output, outcome, and impact (Dufour, 2019; Salavou and Cohen, 2021). Output captures direct evaluations and benefits, including the number of beneficiaries, the volume of product/service offers, and revenues derived from both operational and non-operational activities. Outcome reflects improvements in beneficiaries' lives, including satisfaction and social issue solutions, usually moderated by events beyond the control of the organization; therefore, it is more difficult to obtain. Impact denotes long-term, sustainable changes at the societal level.

### **8.2.3. Social impact measurement**

In the literature, the term “impact measurement” is the most commonly used along with others like “social performance,” “impact reporting,” and “social impact accounting” (Lall, 2019).

Social impact assessment is related to social outcomes that SEs bring other than just quantifying economic returns; therefore, it is not and should not be treated merely as a financial and technological exercise. It should be mission-linked and always be consistently comprehended within the specific context in which the SEs are located (Leung *et al.*, 2019).

SEs' impact assessment can be conducted for both internal and external purposes: (1) it assists SE in enhancing its performance and thus long-term sustainability; (2) it serves as convincing evidence to assure stakeholders including funders and the government that the allocated funds is utilized efficiently and effectively; (3) it establishes the SE's legitimacy in the eyes of the general public, thereby gaining support from consumers (Leung *et al.*, 2019, Csutora *et al.*, 2022). However, compared to financial performance measurement, social impact measurement remains considerably more complicated. This complexity is due to the lack of consensus on definitions, the challenges of multi-causal relationships, and the difficulty of quantifying intangible outcomes, such as qualitative changes in individuals' lives or social inclusion (Lall, 2019; Leung *et al.*, 2019; Perrini, Costanzo and Karatas-Ozkan, 2021; Salavou and Cohen, 2021). Therefore, SEs often adopt hybrid approaches combining quantitative and qualitative indicators.

A wide range of tools and techniques have been proposed to address these challenges. Among the most commonly cited is the theory of change, a systematic framework that illustrates how specific inputs and resources, when applied through certain interventions, lead to desired change (Simeone *et al.*, 2023). By mapping causal pathways, a theory of change facilitates evaluation of a project's impact, allowing stakeholders to identify successful elements and areas requiring improvement (Parkinson and Naidu, 2024). SROI, the net present value of benefits divided by the net present value of investments, can be employed retroactively or proactively (Green, 2019; Perrini, Costanzo and Karatas-Ozkan, 2021). While useful for estimating value, SROI often relies on beneficiaries' self-reported counterfactuals, which can reduce accuracy. The socially extended balanced scorecard approach captures the multi-dimensional nature of SEs' performance-innovation, stakeholder engagement, learning and growth, and financial outcomes (Krátki & Szabó, 2018; Mamabolo & Myres, 2020; Harangozo *et al.*, 2025). Despite its balanced approach, the balanced scorecard may still place significant weight on financial performance, potentially diverting attention from social objectives. Additional methodological approaches, such as Input-output analysis (Tausl Prochazkova and Noskova, 2020), Social Cost-Benefit Analysis, and standardized frameworks including the Global Reporting Initiative (Krátki and Szabó, 2018), B-

Corp Certification (Chen and Kelly, 2015), or social footprint measurement (Harangozó, Széchy and Zilahy, 2015) provide accountability and legitimacy, but have limited sensitivity to the dynamic nature of social outcomes (Krátki and Szabó, 2018; Lall, 2019). Taking these tools together, no single method can sufficiently capture the nature of social impact across diverse SE settings. Accordingly, the combination of quantitative and qualitative techniques, which provides a more comprehensive understanding of social impact, is increasingly advocated in both scholarly and practitioner discourse.

#### **8.2.4. *Factors shaping SEs' SIM practices***

Understanding the available tools alone is insufficient to explain why SIM practices differ substantially across SEs. Recent research indicates that SEs' practices are influenced by several underlying factors. Firstly, resource and capacity constraints are considered one of the significant predictors of SIM practice. SEs lack time, specialized human resources, technical expertise, and data systems, which limit their ability to implement complex impact measurements (Grieco, 2018; Leung *et al.*, 2019; Costa and Andreus, 2021). These constraints tend to hinder smaller or younger SEs from SIM or push them toward simplified or self-generated methods (Molecke and Pinkse, 2017). Secondly, leadership values and organizational culture strongly influence whether SIM is viewed primarily as a learning opportunity to boost staff's moral or a compliance requirement (Arvidson and Lyon, 2014; Polonsky, Landreth Grau and McDonald, 2016; Grieco, 2018). Thirdly, relationships with funders play a central role; however, some research argued that SEs respond to funders' pressure in a sense of internal discomfort and resistance (Arvidson and Lyon, 2014; Molecke and Pinkse, 2017; Grieco, 2018). Some others respond adaptively rather than passively. Rather than entirely accepting externally imposed tools, many SEs engage in "bricolage"-selectively combining, modifying, or symbolically using methods to satisfy multiple stakeholders while maintaining internal priorities (Ebrahim and Rangan, 2014; Molecke and Pinkse, 2017). These dynamics explain why SIM practices frequently diverge from the intentions of standard frameworks. Finally, the ecosystem differences influence what types of measurements are considered feasible. In more mature ecosystems with strong regulatory frameworks, SIM tends to be more formalized and metric-driven (Defourny and Marthe Nyssens, 2010a; Polonsky, Landreth Grau and McDonald, 2016). In emerging ecosystems, SEs often rely on flexible approaches.

Together, these factors demonstrate that SIM practices are shaped not only by conceptual tensions but also by organizational realities and institutional environments. This highlights the importance of examining how SE leaders themselves interpret SIM requirements, especially in cross-national contexts.

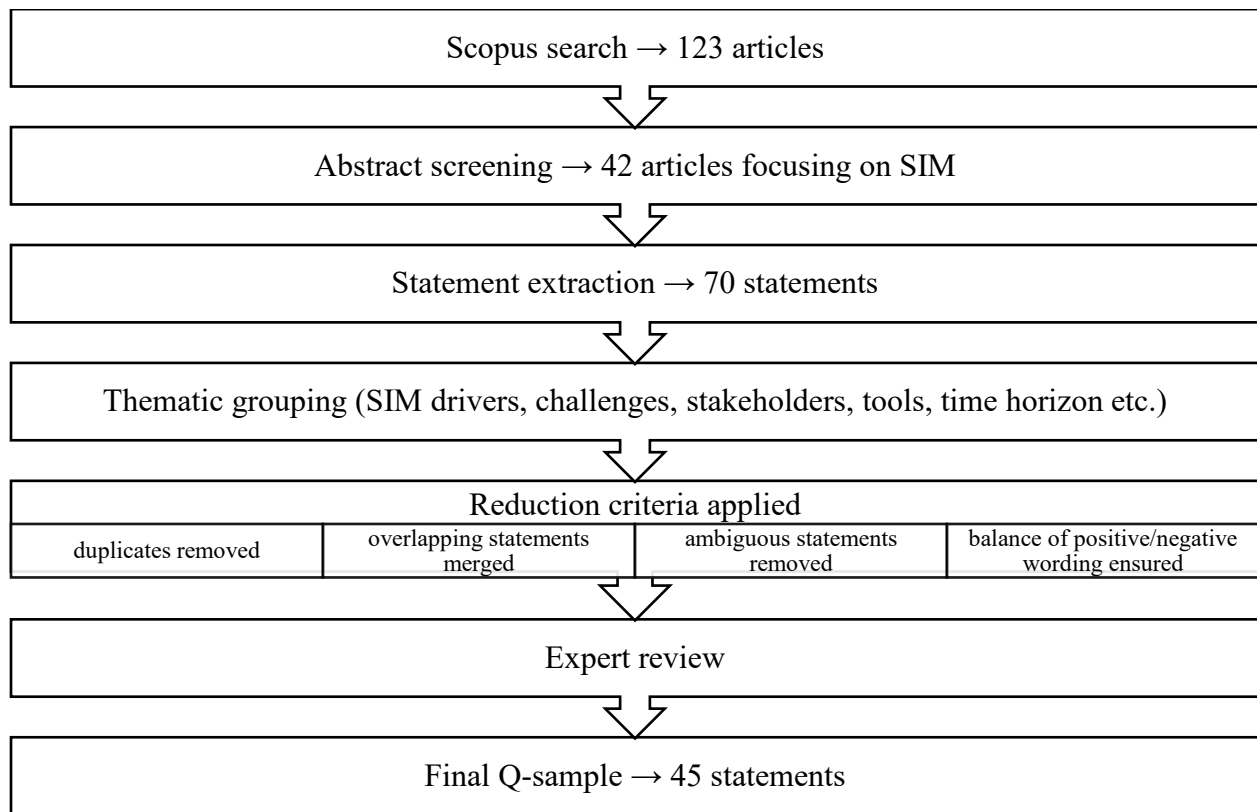
### **8.3. Methodology**

#### **8.3.1. Method**

The diverse influences identified in the literature suggest that SIM practices are fundamentally shaped by founders' and managers' subjective interpretations. To examine the factors through which these interpretations are translated into SIM practices, this study used the Q method to empirically study distinct configurations of practice. Q method has substantial advantages for systematically analyzing shared patterns in how participants enact SIM (Zografos, 2007; Bhatt, Qureshi and Riaz, 2019; Claassen *et al.*, 2024; Rauma *et al.*, 2024; Wallock, Narayan and Thomson, 2024). By combining qualitative and quantitative analysis, it enables the identification of participants' priorities. As a by-person factor analysis, the method clusters individuals (rather than variables) based on how similarly they sorted the statements. Consequently, meaningful insights can be generated without requiring large samples (Watts and Stenner, 2005).

The first step was the development of a concourse to capture the diversity of SIM practices and the considerations that SEs might have when implementing SIM. The concourse, a foundational step of Q methodology, refers to a collection of potential statements covering the research topic (Watts and Stenner, 2005). In this study, the concourse was constructed using secondary sources, including peer-reviewed journal articles. A systematic search was conducted in the Scopus database with no time limit and filtered by title, abstract, and keywords, using search terms such as “social enterprise,” “social entrepreneur,” “social entrepreneurship,” and “social impact measurement” or “measuring social impact.” It resulted in 123 articles, of which each abstract was scanned to ensure the focus on impact measurement of SEs, resulting in a shortlist of 42. These articles were then examined carefully to extract all potentially relevant statements, generating 70 statements, along with five to six that were not immediately relevant but considered possibly useful for future exploration. Thematic patterns and interconnections among these statements also emerged during the process, helping organize them into common categories and facilitating the reduction of the total number of statements for the final Q-sample. The categories

aligned with the key factors identified in the literature, including SIM implementation in general, motivations or drivers, challenges, stakeholder engagement, the relationship between funders and SEs, duration of impact, measurement indicators, and measurement tools and techniques. The statements were subsequently assessed by the researchers and scrutinized to eliminate redundancy, ambiguity, and bias risk that unintentionally prefers certain perspectives while excluding others. Finally, they were paraphrased, combined, and rewritten into a final set of forty-five statements (included in the Appendix), including both positively and negatively worded items to ensure balance and avoid bias. The final statement set was reviewed by SE research experts and translated into Hungarian and Vietnamese, depending on the language preference of participants. Figure 1 illustrates the statement selection and aggregation process, presenting the main stages.



**Figure 1. Development of the Q-sample**

### 8.3.2. SE sample

There are no specific rules for sample size in the Q method, and the number of participants may range from a small number to 60 (Watts and Stenner, 2005). In Q studies, the aim of sampling is not statistical representativeness but the inclusion of participants who possess relevant

knowledge and are able to express informed interpretations of the topic under investigation. Our research involved twenty participants from eighteen SEs, ten from Hungary, and ten from Vietnam, with two SEs represented by more than one participant. Participants were recruited using a combination of purposive and snowball sampling strategies (Sadler *et al.*, 2010). Initial participants were identified through existing SE databases and contact lists, as well as referrals from intermediary hubs supporting SEs. These initial contacts then referred to other SEs within their networks. To broaden the pool of potential SE participants, additional SEs were identified through online searches and the websites of SE hubs and contacted via email. This multi-source recruitment strategy helped reach SEs with different backgrounds and operational contexts.

Participants were founders and managers who were directly involved in or had a comprehensive understanding of SIM practices within their SEs. Although these roles involve different strategic and operational responsibilities, both founders and managers were represented across the extracted factors. This indicates shared interpretations of SIM practices rather than role-based differences. Including participants with different organizational roles was intentional, as Q method aims to capture the diversity of subjectivity surrounding a phenomenon rather than compare predefined respondent categories. This diversity, therefore, helps reveal different ways in which SIM practices are understood and implemented across organizations. The participating SEs range from young (established for 4 years) to long-standing (with nearly 30 years of history) and operate in various sectors, including tourism-related, education, manufacturing, sports, and environmental protection, offering a broad perspective on impact measurement across different fields. These varied organizational backgrounds contribute to capturing a broad spectrum of SIM practices across different operational contexts.

### **8.3.3. Data collection**

Each participant performed Q-sorting, either online or in person, arranging the forty-five statements into a forced normal distribution matrix (ranging from -3 to +3) to indicate their level of agreement. Compared to free distribution, forced distribution delimits unnecessary work and is convenient for participants (Watts and Stenner, 2005).

Following this sort, participants were interviewed to explain the reasoning behind their placement of selected statements, especially those they ranked at the extremes. These open-ended comments enriched the interpretation of the Q-sorts (Watts and Stenner, 2005), and were

transcribed and translated into English when necessary. Data collection (Q-sorting and interviews) was conducted during spring 2025.

**Table 1: A preference table used in Q-methodology.**

Disagree		Neutral			Agree	
-3	-2	-1	0	1	2	3
[4]						[4]
	[6]				[6]	
		[8]		[8]		
			[9]			

#### 8.3.4. Data analysis

Data was analyzed using the KenQ platform. Principal component analysis was used to extract factors, followed by varimax rotation. Factor extraction and interpretation were performed separately for the Hungarian and Vietnamese samples, and then again for the combined sample. Distinguishing statements ( $p < 0.05$ ) were used to interpret and label the factors. Comparative analyses were conducted both within and across national contexts.

### 8.4. Findings

#### 8.4.1. Intra-country similarities and differences

Eight factors were obtained in both subsamples. Four factors from the Hungarian group and three from the Vietnamese group exhibited eigenvalues over 1.0, a standard criterion for factor selection in Q methodology (Watts and Stenner, 2005). Moreover, all factor score correlations within the subsamples were under 0.5, and the condition of having at least two opinions within a single factor was also satisfied. As a result, we chose the four-factor solution for the Hungarian sample and the three-factor solution for the Vietnamese one.

According to the factor loadings of varimax rotation and auto flagging, four participants loaded onto Factor 1, while two participants loaded onto each other factor in the Hungarian sample. In the Vietnamese SE dataset, the participants in each factor were 4, 3, and 3, respectively.

**Table 2: Eigenvalues and explained variances (%) of the top factors.**

<b>Factor</b>	<b>Eigenvalue</b>	<b>Explained variance</b>	<b>Cumulative explained variance (%)</b>
Hu SE factor 1	2.67	27	27
Hu SE factor 2	1.35	13	40
Hu SE factor 3	1.28	13	53
Hu SE factor 4	1.10	11	64
Vie SE factor 1	3.87	38	38
Vie SE factor 2	1.37	14	52
Vie SE factor 3	1.17	12	64

*Note: "Hu SE" refers to Hungarian SEs; "Vie SE" refers to Vietnamese SEs.*

We interpreted and named each factor based on its distinguishing statements at the significance level of  $p < 0.05$  (see Table 3 for Hungarian SEs and Table 4 for Vietnamese SEs). The following sections present the factors for each country, followed by a comparative analysis within contexts.

### **Hungarian SE Factor 1 - "stakeholder oriented."**

Participants loading on this factor tended to prioritize stakeholder engagement as a key driver shaping how they design and interpret SIM. For this group, a belief in co-developing metrics with stakeholders will define what is meaningful and feasible to measure. One founder stated that:

*"I think there are stakeholders who can't really help in improving the impact measurement. But in this case, we should work with all of them, or at least just ask them."*

These participants supported structured frameworks such as the balanced scorecard to evaluate performance across multiple dimensions. They firmly rejected subjective or unverifiable assessments and were wary of using inadequate metrics, though not entirely dismissive. While they recognized critiques of how funders use impact data, their primary concern was improving internal practices rather than challenging external actors.

### **Hungarian SE Factor 2 - "practically oriented."**

Participants belonging to this factor practice SIM through a practical and critical lens. They strongly admitted the complexity and external pressure of impact measurement, preferring a

practical priority on product and service improvement to evaluation efforts. They rejected informal and daily activity-based assessments, with one participant remarking:

*“It would be really hard to measure; the activity is too much.”*

They shared concerns about SE’s perceived inefficiency and noted underutilized collaboration and peer learning among SEs. They rejected the assumption that balancing social goals and financial stability leads to better impact, indicating possible skepticism toward trade-offs between financial goals and social mission focus.

### **Hungarian SE Factor 3 - “flexible and short-term preferred.”**

Participants in this factor recognized the sector’s negative external image of inefficiency but did not consider it a real internal challenge. Instead, they expressed confidence in SEs’ capability to conduct impact measurement despite their size and rejected the prejudice that they lack required skills and resources. They criticized funders for imposing impact data collection without meaningful application or valuing social outcomes equally. While they supported stakeholder understanding and transparent communication, they preferred short-term, adaptable tracking approaches. One founder confirmed:

*“I think short-term outcomes are also very good, ... and let's say it disappears in a month, but maybe it changes something in the people's mind or heart, so actually the short-term becomes long-term.”*

This illustrates a belief that short-term impacts can catalyze meaningful and lasting change. These participants endorsed mixed indicators but resisted long-term-only frameworks, reflecting a preference for flexibility in impact measurement.

### **Hungarian SE Factor 4 - “long-term oriented.”**

Differing from Factor 3, this group could be characterized as independent and long-term thinking. They emphasized the value of long-term change other than quick results. They strongly preferred locally developed tools to global standards and viewed external incentives and support as essential drivers of impact measurement. One participant illustrated:

*“It's better because we are a small organization. We work with few people, basically, not like thousands”.*

They perceived funder-SE tensions, rejecting the inefficiency stereotype and the difficulty in identifying broad beneficiaries. They were neutral on stakeholder co-decision in impact measurement.

**Table 3: Distinguishing statements for Hungarian SE factors.**

Factor	Statement number	Factor 1 Q sort value	Factor 1 Z Score	Factor 2 Q sort value	Factor 2 Z Score	Factor 3 Q sort value	Factor 3 Z Score	Factor 4 Q sort value	Factor 4 Z Score
<b>Hu SE factor 1</b>	24	<b>3*</b>	1.5	-2	-1.07	1	0.17	-1	-0.77
	25	<b>2*</b>	1.2	0	0.02	0	-0.17	-1	-0.68
	22	<b>2</b>	1.01	-1	-1.03	-3	-1.56	0	0.00
	42	<b>1</b>	0.89	-1	-0.34	0	-0.26	0	0.00
	28	<b>0*</b>	0.27	-2	-1.07	2	1.39	-2	-1.44
	20	<b>-1</b>	-0.34	-3	-2.12	-3	-2.09	-2	-1.35
	5	<b>-1*</b>	-0.46	1	0.71	3	1.82	-3	-2.02
	44	<b>-2</b>	-0.88	0	0.05	1	0.17	2	0.96
	2	<b>-2</b>	-1.24	0	0.34	-1	-0.43	-1	-0.29
	7	<b>-3</b>	-1.57	0	0.05	-1	-0.53	0	-0.19
<b>Hu SE factor 2</b>	17	-1	-0.76	<b>3*</b>	2.12	0	-0.17	0	0.38
	8	-3	-1.56	<b>2*</b>	1.05	-2	-0.96	-1	-0.19
	9	-1	-0.88	<b>2*</b>	1.05	-1	-0.43	-1	-0.87
	14	0	-0.17	<b>1</b>	0.75	-1	-0.43	-2	-1.35
	5	-1	-0.46	<b>1</b>	0.71	3	1.82	-3	-2.02
	37	1	0.61	<b>-2*</b>	-1.05	1	0.60	1	0.48
	6	1	0.33	<b>-2</b>	-1.39	-1	-0.43	0	-0.19
<b>Hu SE factor 3</b>	5	-1	-0.46	1	0.71	<b>3</b>	1.82	-3	-2.02
	38	1	0.34	0	0.37	<b>2</b>	1.66	1	0.48
	28	0	0.27	-2	-1.07	<b>2*</b>	1.39	-2	-1.44
	26	0	-0.27	-1	-0.34	<b>1</b>	0.7	-1	-0.77
	16	-3	-2.24	-3	-1.44	<b>1*</b>	0.7	-3	-1.64
	24	3	1.5	-2	-1.07	<b>1</b>	0.17	-1	-0.77
	23	3	1.74	2	1.02	<b>1</b>	0	3	1.54
	31	2	1.14	2	1.07	<b>-1*</b>	-0.36	3	1.35
	15	1	0.67	3	1.1	<b>*-2</b>	-0.96	0	0.29
<b>Hu SE factor 4</b>	45	-1	-0.86	-2	-1.41	-2	-0.86	<b>3*</b>	1.35
	36	-2	-0.92	-1	-0.73	-3	-1.66	<b>2*</b>	1.25
	13	0	0.03	-1	-0.71	-1	-0.53	<b>2</b>	1.06
	22	2	1.01	-1	-1.02	-3	-1.56	<b>0</b>	0

29	2	1.04	0	0.32	0	-0.1	-3*	-1.44
19	1	0.53	1	0.37	0	-0.1	-3*	-1.54
5	-1	-0.46	1	0.71	3	1.82	-3*	-2.02

Note: \* indicates significance at  $p < 0.01$

### **Vietnamese SE Factor 1 - “standardization preferred.”**

The SEs who belonged to this factor partly valued standardization, unlike other groups who strongly disagreed with it. While they moderately supported global standards, they remained uncertain about the appropriateness of self-developed tools and structured frameworks like the balanced scorecard. As such, they might be predicted to simplify the measurement and/or follow the existing guidelines. One founder emphasized:

*“When needed, we can apply a set of indexes such as of the United Nations... It can be a framework to set levels... and others also apply, in their own way.”*

and another added:

*“All the funding requires an output and an assessment... Of course, we have a system that depends on each program... And if they want you to do more, you have to add more. That's how we're doing it.”*

These participants preferred short-term outcomes for adaptive strategy and were skeptical of using numeric metrics for long-term impact, indicating some appreciation for qualitative insights. They strongly opposed the view of SEs’ inefficiency and held a pragmatic attitude on the trade-off between financial and social goals and the subjectivity of impact measurement.

### **Vietnamese SE Factor 2 - “seeking for support.”**

This group was realistic when highlighting the burden of impact measurement for newly established and inexperienced SEs. They strongly agreed that impact evaluation is more demanding than beneficial and emphasized their lack of skills, tools, and resources. As a result, they rejected the opinion that small SEs can manage measurement effectively. One SE stated:

*“... a lot of SEs ... with the goodness of heart, but it does not necessarily mean that they know how to do that. ...you're always working with too few resources ... People are too busy juggling so many balls ... and you outsource it, but you have to have money. Then you have to have time to tell those outsourced people about your organization. So, it's a lot of resources needed.”*

They held little faith in collaboration and networking among SEs or stakeholder involvement in designing and improving the measurement. Their motivation for measuring impact remained unclear, as they were neutral on external pressure and prioritization between measurement and product or service improvement.

Despite internal limitations, they believed long-term impact should be prioritized, and every social impact should last more than one year. However, they seemed unfamiliar with or indifferent to layered frameworks including outcome, output, and impact. They firmly opposed universal indicators and doubted the feasibility of metric standardization.

### **Vietnamese SE Factor 3 - “cautious implementers.”**

The participants in this group implemented SIM with a cautious and critical mindset. While they acknowledged the importance of having adequate resources, they emphasized that this alone does not make impact assessment easy, particularly when dealing with complex beneficiary groups or tracking long-term effects. Interestingly, they did not perceive mission diversity as a major obstacle to evaluation.

They strongly opposed using wrong metrics “just to have something” and were wary of the “one-size-fits-all” indicators, but not neglective to formal tools and techniques. Their skepticism extended to tools like SROI and the idea of bypassing result verification.

This group downplayed the equal role of financial health and social impact in SEs’ success, highlighting the importance of intangible values, and rejected the assumption that financial reporting alone reflects SE contributions.

**Table 4: Distinguishing statements for Vietnamese SE factors.**

Factor	Statement number	Factor 1		Factor 2		Factor 3	
		Q sort value	Z Score	Q sort value	Z Score	Q sort value	Z Score
<b>Vie SE factor 1</b>	40	<b>1*</b>	0.73	-3	-1.73	-1	-0.62
	34	<b>1*</b>	0.51	-2	-1.29	-1	-0.70
	7	<b>0</b>	0.3	-2	-1.02	-1	-0.46
	45	<b>0*</b>	0.01	-3	-1.74	-2	-1.43
	6	<b>0*</b>	-0.11	2	1.12	3	1.64
	42	<b>0</b>	-0.2	1	0.75	1	0.61
	39	<b>-1*</b>	-0.41	-3	-1.87	-3	-1.61
	18	<b>-1</b>	-0.6	0	0.14	0	0.14
	5	<b>-3*</b>	-2.11	1	0.82	2	0.95
<b>Vie SE factor 2</b>	30	0	-0.21	<b>3*</b>	1.29	0	-0.38
	35	-2	-1.11	<b>2*</b>	1.27	-2	-0.77
	15	-1	-0.32	<b>2*</b>	1.06	-2	-0.84
	31	-2	-0.91	<b>1*</b>	0.75	0	-0.28
	38	2	1.01	<b>0</b>	0.17	2	1.12
	22	1	0.71	<b>0</b>	-0.02	2	1.37
	9	-2	-1.41	<b>0</b>	-0.04	-2	-1.00
	14	1	0.61	<b>0</b>	-0.14	1	0.89
	8	-2	-1.21	<b>0*</b>	-0.17	-3	-1.70
	25	2	0.9	<b>-1*</b>	-0.43	1	0.68
	21	2	1	<b>-1*</b>	-0.56	3	1.50
	16	2	1.22	<b>-1*</b>	-0.6	2	1.20
	40	1	0.73	<b>-3*</b>	-1.73	-1	-0.62
<b>Vie SE factor 3</b>	11	1	0.61	0	0.22	<b>3*</b>	1.7
	19	-1	-0.41	-1	-0.55	<b>1*</b>	0.75
	43	-3	-1.51	-2	-1.27	<b>0*</b>	0.26
	33	2	1.01	2	0.91	<b>0*</b>	-0.13
	3	2	1.31	3	1.41	<b>-1*</b>	-0.44
	40	1	0.73	-3	-1.73	<b>-1*</b>	-0.62
	2	-3	-1.81	-3	-1.88	<b>-1*</b>	-0.69
	37	0	0.2	1	0.67	<b>-1*</b>	-0.75
	1	3	2.11	3	1.85	<b>-2*</b>	-1.21
	20	-1	-0.52	-2	-0.88	<b>-3</b>	-1.68
	17	0	0.19	1	0.43	<b>-3*</b>	-1.82

*Note: \* indicates significance at  $p < 0.01$*

### **Comparison among Hungarian SE factors**

Despite their different orientations, all four Hungarian SE factors shared a belief in the importance of long-term impact while rejecting the overreliance on numerical indicators to capture such impact. However, Factor 3, while endorsing long-term goals, acknowledged adaptable and short-term tracking. In contrast, Factor 4 was the most strongly long-term oriented, believing only long-term change to be the true measure of the social mission progress.

Another point of consensus was the rejection of wrong metrics, coupled with an emphasis on starting with appropriate tools and maintaining transparent communication. There was strong support for using a mix of quantitative and qualitative methods. All factors admitted the difficulty of standardizing the metrics across diverse contexts. However, they varied in their responses to this challenge. Factor 1 and Factor 2 refused the feasibility of universal indicators, while Factor 3 supported a standardized set despite the known challenge. Factor 4 neither agreed nor disagreed with one-size-fits-all solution but strongly stood for self-developed tools and indicators, in contrast to other groups.

### **Comparison among Vietnamese SE factors**

Participants in the Vietnamese sample slightly rejected the idea that impact measurement is prohibitively resource-intensive, thereby emphasizing the necessity of result verification and recognizing impact measurement's role in building stakeholder trust. While skeptical about funders' support for overhead costs involved in measuring the impact, they agreed that measurement data is rarely used in funder decisions. Sharing a similar perspective to Hungarian participants, Vietnamese sample also refused to use poor-quality metrics, confirming transparency of external communication and a lifetime duration of some impacts.

However, key differences emerged in terms of the importance of financial-social balance, the role of resource constraints, and the perceived capacity of small SEs. While Factors 1 and 2 viewed financial health and social impact as equally important, Factor 3 prioritized social outcomes over financial ones. Nevertheless, this group still believed that striking a balance between the two ultimately leads to a more meaningful impact. For them, success likely means achieving deep social change, not simply surviving financially, though they recognized financial sustainability, as necessary. Factor 2 saw a lack of skills, training, and resources as a major barrier to effective impact measurement, while Factor 1 and 3 rejected it. Factor 2 disagreed that small SEs can

allocate their time and resources effectively for impact measurement, in contrast to the agreement of Factor 1 and 3.

#### 8.4.2. Cross-country similarities and differences

The study aimed to explore shared mindsets regarding SIM beyond national contexts. To achieve this, the Hungarian and Vietnamese SE subsamples were merged, and a combined Q analysis was conducted, resulting in four new factors (see Table 5). Notably, all conditions such as eigenvalues, factor score correlations, and number of participants loading onto each factor were satisfied.

**Table 5: Factor loading table in the combined sample.**

Q sort	Factor Group	Factor 1	Factor 2	Factor 3	Factor 4
P15	F1-1	0.8149*	0.24	0.1628	0.1485
P14	F1-2	0.7387*	0.1547	0.1249	-0.0135
P17	F1-3	0.671*	-0.1501	-0.0664	0.1605
P5	F1-4	0.5613*	0.3162	-0.3482	0.2578
P9	F1-5	0.5239*	0.1523	0.3359	-0.0703
P16	F1-6	0.4982*	-0.0452	0.4292	0.2326
P13	F2-1	0.2754	0.8659*	-0.0718	0.1
P19	F2-2	0.2546	0.7014*	-0.0674	-0.219
P7	F2-3	-0.1017	0.6157*	0.3292	0.2693
P6	F2-4	-0.2348	0.5989*	0.4127	-0.0436
P11	F2-5	0.5548	0.5578	-0.0656	0.1638
P18	F2-6	0.1156	0.4609*	0.2169	0.1424
P2	F3-1	-0.0012	0.0387	0.7444*	0.0207
P1	F3-2	0.3141	0.2357	0.5438*	0.2061
P20	F3-3	0.3941	0.3116	0.5128*	0.0188
P4	F4-1	0.0124	0.0295	0.0494	0.7401*
P10	F4-2	0.1605	-0.2384	0.285	0.6824*
P3	F4-3	0.0589	0.1731	-0.2495	0.6225*
P12	F4-4	0.5485	0.179	0.2479	0.5522
P8	F4-5	0.2603	0.3405	0.1827	0.5003*

*Note: \* indicates Q-sorts flagged*

We interpreted each factor as we normally would, using the distinguishing statements (see Table 6), combining to identify country composition (see Table 7).

**Table 6: Distinguishing Statements for Combined SE Factors.**

Factor	State ment numb er	Facto r 1		Facto r 2		Facto r 3		Facto r 4	
		Factor 1 Q Sort value	r 1 Z Score	Factor 2 Q Sort value	r 2 Z Score	Factor 3 Q Sort value	r 3 Z Score	Factor 4 Q Sort value	r 4 Z Score
<b>Combi ned factor 1</b>	1	<b>3*</b>	2.31	3	1.51	1	0.61	1	0.35
	24	<b>3*</b>	1.33	1	0.53	0	0.40	-2	-1.05
	37	<b>2</b>	1.28	-1	-0.40	1	0.45	-1	-0.68
	30	<b>2</b>	1.13	0	-0.21	0	0.17	1	0.51
	20	<b>0*</b>	-0.11	-3	-1.61	-3	-2.05	-3	-2.15
	33	<b>0*</b>	-0.17	1	0.90	-3	-1.71	2	1.36
	21	<b>0*</b>	-0.2	2	0.92	2	1.03	2	1.23
	44	<b>-2*</b>	-1.26	-1	-0.23	2	1.08	0	0.25
	43	<b>-3*</b>	-2.01	-1	-0.94	0	0.02	-1	-0.94
<b>Combi ned factor 2</b>	1	3	2.31	<b>3</b>	1.51	1	0.61	1	0.35
	16	-2	-1.08	<b>2*</b>	1.41	-1	-0.48	-3	-1.40
	40	-3	-1.49	<b>2*</b>	1.31	0	0.20	-2	-1.04
	11	-1	-0.25	<b>2*</b>	0.97	-1	-0.46	0	0.12
	45	-2	-1.09	<b>0*</b>	0.07	-2	-1.14	-2	-1.03
	19	0	0.14	<b>-1</b>	-0.75	1	0.56	0	0.05
	31	2	0.99	<b>-1*</b>	-0.77	1	0.54	3	1.41
	5	-1	-0.53	<b>-2</b>	-1.22	3	1.54	0	-0.14
	15	2	1.17	<b>-2*</b>	-1.35	0	0.30	2	1.17
35	1	0.74	<b>-3*</b>	-1.5	3	1.37	2	1.34	
<b>Combi ned factor 3</b>	5	-1	-0.53	-2	-1.22	<b>3*</b>	1.54	0	-0.14
	28	1	0.18	0	0.26	<b>3*</b>	1.29	-2	-1.35
	12	0	-0.12	-1	-0.23	<b>2</b>	1.16	0	0.23
	44	-2	-1.26	-1	-0.23	<b>2</b>	1.08	0	0.25
	13	-1	-0.52	0	-0.12	<b>2</b>	0.72	-1	-0.57
	26	-1	-0.78	0	-0.19	<b>1</b>	0.6	-1	-0.71
	10	-3	-1.27	-3	-1.66	<b>1</b>	0.45	-1	-0.48
	37	2	1.28	-1	-0.4	<b>1</b>	0.45	-1	-0.68
	15	2	1.17	-2	-1.35	<b>0</b>	0.3	2	1.17
	40	-3	-1.49	2	1.31	<b>0*</b>	0.2	-2	-1.04
	43	-3	-2.01	-1	-0.94	<b>0*</b>	0.02	-1	-0.94
	3	3	1.61	2	1.17	<b>-1*</b>	-0.61	1	0.39
	17	0	-0.07	-1	-0.35	<b>-2</b>	-1.1	3	1.80
	4	0	-0.21	0	-0.17	<b>-2*</b>	-1.14	2	1.05
	18	0	-0.13	0	-0.09	<b>-2*</b>	-1.14	1	0.35
33	0	-0.17	1	0.9	<b>-3*</b>	-1.71	2	1.36	

<b>Combined factor 4</b>	17	0	-0.07	-1	-0.35	-2	-1.1	<b>3*</b>	1.8
	4	0	-0.21	0	-0.17	-2	-1.14	<b>2*</b>	1.05
	8	-2	-1.01	-3	-1.48	-2	-1.28	<b>1*</b>	0.75
	9	-1	-0.94	-2	-1.16	-1	-0.89	<b>1*</b>	0.56
	3	3	1.61	2	1.17	-1	-0.61	<b>1</b>	0.39
	2	-3	-1.54	-2	-1.12	-2	-1.1	<b>0*</b>	0.17
	36	-2	-1.1	-2	-1.31	-3	-1.84	<b>0*</b>	-0.16
	10	-3	-1.27	-3	-1.66	1	0.45	<b>-1</b>	-0.48
	27	0	0.11	1	0.34	0	0.35	<b>-2*</b>	-1
	24	3	1.33	1	0.53	0	0.4	<b>-2*</b>	-1.05
	6	1	0.55	1	0.29	0	0.1	<b>-2*</b>	-1.21
	28	1	0.18	0	0.26	3	1.29	<b>-2*</b>	-1.35
	34	-1	-0.26	1	0.31	-1	-0.2	<b>-3*</b>	-1.51

Note: \* indicates significance at  $p < 0.01$

**Table 7: Combined factor characteristics - national composition.**

<b>Combined factor</b>	<b>No of SEs</b>	<b>No of Vie SEs</b>	<b>Vie participants</b>	<b>Vie SE factor</b>	<b>No of Hu SEs</b>	<b>Hu participants</b>	<b>Hu SE factor</b>
Combined factor 1	6	3	P5, P14, P16	Vie SE factor 2 (P14, P16), Vie SE factor 1 (P5)	3	P9, P15, P17	Hu SE factor 1
Combined factor 2	5	3	P6, P13, P19	Vie SE factor 2 (P13, P19), Vie SE factor 3 (P6)	2	P7, P18	Hu SE factor 3 (P7), Hu SE factor 4 (P18)
Combined factor 3	3	1	P20	Vie SE factor 3	2	P1, P2	Hu SE factor 1 (P1), Hu SE factor 3 (P2)
Combined factor 4	4	1	P8	Vie SE factor 3	3	P3, P4, P10	Hu SE factor 4 (P3), Hu SE factor 2 (P4, P10)
Outliers	2	2	P11, P12	Vie SE factor 1 (P11), Vie SE factor 2 (P12)	0		

Combined Factor 1 and 2 were well-mixed when included 3-3 and 3-2 Vietnamese and Hungarian SEs, indicating a transnational view.

Combined Factor 1 blended Hungarian SE Factor 1 with Vietnamese SE Factor 1 and 2. These participants strongly supported stakeholder-centered measurement and valued inclusive approaches other than formal reports. They found greater burden for young SEs, while strongly opposing SROI as the best option, believing in other standardized or non-standardized methods. This group shared a consistent view across the national boundaries.

Combined Factor 2 shared similarities with Combined Factor 1 in valuing a balance between social and financial goals. However, it distinguished itself by advocating to simplify the measurement process and rely on universal methods, showing less caution than participants in Vietnamese SE Factor 3, from which some of them originated. Compared to national-level factors, this factor also reflected a notable shift in attitude. Participants previously associated with Vietnamese SE Factor 2, who had expressed a need for support despite access to resources, now appeared more optimistic about SEs' productivity and their ability to overcome barriers. They did not prefer long-term options (as Hungarian SE Factor 4) to short-term tracking (as Hungarian SE Factor 3).

Combined Factor 3 and 4 were also mixed nations but seemed predominantly from Hungary, showing a culture-specific but present in both. Opposite Combined Factor 2, Combined Factor 3 accepted the bad image of SEs' inefficiency. This factor strongly reflected the characteristics of Hungarian Factor 1 and 3 when blaming funders' pressure with little practical return for SEs. They also confirmed the caution of Vietnamese Factor 3 when highlighting social value complexity. They held a new view of all other national and combined factors, standing at customers' side when introducing a market realism perspective that buyers actually value quality and price over social reporting. As can be seen, mixed participants in this factor converge on a realistic and critical stance.

Combined Factor 4 shared the same concern with Combine Factor 3, highlighting the difficulty of measuring social performance due to the diversity of problems and beneficiaries. Compared to Hungarian SE Factor 4 and Vietnamese SE Factor 3 included within it, this factor emphasized the burden of time and skills required for evaluation, and skepticism about external pressure from

fundors. Unlike Combined Factor 2, this group placed less value on short-term insights and external incentives, showing a more cautious and reflective attitude toward impact measurement.

## **8.5. Discussion**

The factor interpretations revealed significant consensus in how participating founders and managers in Hungarian and Vietnamese SEs practice SIM, even though the local contexts and institutional environments are different.

Across both national samples, SEs increasingly adopt a stakeholder-engaged mindset at the center of impact measurement. This logic appeared prominently in Hungarian SE Factor 1 and in Combined Factor 1, forming the “stakeholder-oriented” group. Participants’ opinions reflect their willingness to co-design the process, understand diverse needs, and maintain transparent communication. This orientation aligns with the literature of (Bellucci *et al.*, 2019; Dufour, 2019; Ormiston, 2019; Mamabolo and Myres, 2020; Costa and Andreaus, 2021; Liston-Heyes and Liu, 2021), emphasizing the importance of varied and context-specific stakeholder collaborations. A possible explanation for this shared emphasis is the multi-stakeholder nature of SEs. Unlike conventional businesses, SEs operate at the intersection of economic, social, and sometimes environmental objectives. As such, they are constantly navigating complex expectations from various stakeholders including not only traditional business partners but also non-targeted stakeholders, and not only customers but also beneficiaries (Sparviero, 2019). This complexity makes stakeholder engagement not just a value but a necessity in designing credible impact measures.

Another factor shaping SIM practices is the participants’ interpretations on standardized metrics versus context-specific tools. The majority of founders and managers in our samples shared their rejection of one-size-fits-all tools. This finding coincides with and reinforces the research by (Polonsky, Landreth Grau and McDonald, 2016; Perrini, Costanzo and Karatas-Ozkan, 2021). While some participants acknowledged the potential benefits of global indicators or frameworks such as SROI, the balanced scorecard, or SDGs, they also emphasized the importance of customizing the measurement to their own scale, goals, and beneficiaries. Even among those more open to structured methods, for example, Combined Factor 2, Hungarian SE Factor 1, and Vietnamese SE Factor 1, the motivation was rooted in adopting a shared measurement process and simplifying burdens rather than endorsing universal metrics uncritically. This indicates the value

of having a common approach to guiding impact measurement. SEs may see the shared process as a way to reduce technical and administrative tasks while also learning from peers. They can rely on common principles such as the theory of change and stakeholder mapping, to design customized measurement systems.

Resource limitations and capacity constraints were a prominent factor, especially in Vietnamese Factor 2 and Combined Factor 4. For these participants, the absence of clear guidelines and training made impact measurement an imposed duty other than a strategic asset, reinforcing existing research on capacity-related barriers (Grieco, 2018; Leung *et al.*, 2019; Costa and Andreus, 2021). However, participants in Hungarian SE Factors 3 held a contradictory view, expressing confidence in SEs' ability to carry out SIM despite their small size. These contrasting perspectives highlight how perceived capacity influences SEs' prioritization of measurement.

Moreover, Combined Factors 3 and 4, with strong Hungarian representation, framed the measurement through a critical lens, highlighting unrealistic funders' expectations, the undervaluation of social outcomes, and the market's preference for price and quality over social claims. These distinctions may root from contextual conditions of different cultural backgrounds of the two countries included in the sample (this is mainly in line with Polonsky *et al.* (2016), who studied these aspects from a Western perspective). SEs have been legally recognized under the 2014 Enterprise Law, creating legitimacy and institutional pressure for compliance (M. H. T. Nguyen *et al.*, 2021), which may explain why some Vietnamese SEs emphasize external expectations more than their Hungarian counterparts. Conversely, the lack of a legal identity in Hungary might enable more autonomy in assessing impact internally. Although results have to be handled with extra caution beyond the sample (both related to the method and the heterogeneity of cultures among countries in different continents), these findings also contribute to a better understanding of the context of SEs' impact measurement in a European and Asian context.

Participants in our research also differed in how they tend to respond to the sector's perceived inefficiency. The criticism emerged from the study by (Abbott *et al.*, 2019). In our study, Hungarian social entrepreneurs expressed their willingness to address the negative image associated with their sector, either acknowledging it as a reputational risk or challenging it by showcasing their competence and influence. Vietnamese SEs in our sample, meanwhile, characterized it as a misconception.

Hungarian and Vietnamese participants also differed in their conceptualization of the duration of impact. Hungarian Factor 3 and 4 stressed the importance of long-term change, even when acknowledging the need for short-term indicators. This finding confirmed the long-term prioritization in the research by (Nielsen, Lueg and Van Liempd, 2021). On the other hand, Vietnamese participants were generally more cautious, balancing the ambition for long-term impact with an acceptance of short-term results. This pattern consolidated with tailored work, aim, and capacities of SEs, leading to flexible choosing of short or long-term priority in the study of (Bassi and Vincenti, 2019). The contrast between the two national participants suggests that duration is not just a technical concern, but a reflection of differing organizational rhythms, risk preferences, and adaptation strategies.

The findings of the mentioned consensus and disagreement between participating Hungarian and Vietnamese SEs provide implications for practitioners, funders, and policymakers to improve SIM practices. For practitioners, stakeholder participation is a vital practical strategy to build legitimacy, generate meaningful data, and enhance internal capacity. In both national contexts, there was a strong desire for participatory approaches that respect organizational characteristics and local contexts. At the same time, while acknowledging the benefits of shared frameworks such as SROI and the BSC, SEs should flexibly adapt them to their unique mission. For funders, it is recommended to offer more context sensitive and capacity building oriented support for impact measurement rather than imposed universal metrics. For policymakers, legal frameworks could help formalize support for SEs. Particularly, the related regulations should place room for adaptability, provide stronger incentives, and avoid embedding rigid measurement requirements. Policymakers can also play a role in facilitating shared processes and collective resources to help balance standardization with contextual relevance.

## **8.6. Conclusion**

This study explored how founders and managers in Hungarian and Vietnamese SEs approach and make sense of SIM practices, using Q method to identify distinct configurations in both intra- and cross-national contexts. The analysis explored four distinct factors in the Hungarian SEs sample, three in the Vietnamese SEs sample, and four in the combined dataset, offering a deeper understanding of practitioners' SIM orientations. The findings revealed important common ground in both national SEs' contexts. Despite differing legal settings, SEs in both Hungary and Vietnam's

datasets commonly rejected one-size-fits-all approaches, preferred stakeholder-focused orientation, and emphasized the need for mixed methods and long-term thinking. At the same time, the study also highlighted the cross-national differences. Hungarian SE factors showed a greater willingness to discuss the sector's perceived inefficiency, with some attempting to enhance their image by using more professional methodologies. Vietnamese SE factors, meanwhile, preferred to dismiss this reputation or characterize it as a misconception. Hungarian SEs discussed the obstacles with their complexity and applicability in various contexts. Conversely, Vietnamese SEs focused on operational issues, including concerns about time, resources, and skills needed for conducting effective impact measurement. Divergences were also evident in how financial and social goals were prioritized. Vietnamese SE Factor 3 prioritized social benefits over financial sustainability, while others emphasized their mutual assistance. The combined factor analysis also revealed that Combined Factor 2 participants expressed more optimism and support for simplified, even universal processes, whereas Combined Factors 3 and 4 had critical attitudes, focusing on the market-driven orientation, the pressure from funders, and the challenges of assessment. These findings indicate that cross-national learning and peer reflections may gradually influence how SEs conceptualize and implement SIM over time.

The study contributes to the growing literature on impact measurement in hybrid organizations by integrating insights from SEs operating in different contexts. First, it clarifies several underlying factors that appear to shape SIM practices among the participants, including stakeholder engagement beliefs, the use of standardized versus context-specific tools, resource and capacity constraints, relationship between SEs and funders regarding SIM requirements, orientation toward short-term versus long-term impact, and assessments of social sector's inefficiency. Second, it reinforces the significance of stakeholder engagement embedded in SEs' measurement practices. Third, it adds empirical weight to critiques of standardized metrics and flexibility on adaptive processes and tools. This study also provides valuable implications for practitioners, funders, and policymakers seeking to enhance social impact measurement in the social sector.

Besides, our research has limitations. The Q method, while well suited to identifying distinct configurations of SIM practice, does not aim to be statistically generalizable. The sample size was small and context-specific, potentially limiting broader applicability. However, it still provides a good understanding of the international context of countries with very different cultures.

In this light, we advocate for future research that applies the Q method to other regional or emerging SE ecosystems to examine whether similar practice configurations emerge or whether alternative patterns can be identified. Longitudinal studies could also explore how SIM practices evolve over time, especially under changing policy, funding, or public circumstances. Future studies could adopt other methods with larger samples to validate the results that arise from our research.

## **8.7. Appendix**

### **List of Q statements**

1. Financial stability and social impact are equally important indicators of SE's success.
2. Double-checking impact assessment results is unnecessary.
3. Underreporting financial value of impact may lead funders and policymakers to underestimate SE's contribution.
4. Evaluating SEs' impact requires too much time, resources, and advanced research skills.
5. SEs are seen as less productive and less efficient than conventional businesses.
6. SEs who balance social goals with financial health achieve better impact than those who prioritize social mission alone.
7. Social impact measurement relies on subjective judgments, leading to inconsistent and potentially manipulable results.
8. Most SEs measure their social impact only because they are required by funders or associations.
9. It is better to spend time and resources on improving products and services rather than on impact measurement.
10. Impact measurement does little to build trust with stakeholders.
11. Access to resources and knowledge about impact measurement does not guarantee that SEs can easily assess their impact.
12. Social impact reports often fail to attract customer interest, as buyers focus more on quality and price than on societal value.
13. Lack of external incentives or sufficient support discourages many SEs from measuring impact.

14. A lack of collaboration or networking among SEs prevents them from sharing best practices.
15. SEs lack the skills, training, and resources needed for effective impact measurement.
16. Despite their small size, SEs can effectively allocate time and resources for impact measurement.
17. Measuring social performance is difficult because SEs address diverse societal problems and beneficiary groups.
18. Each SE's social value is unique, making it hard to find suitable benchmarks for comparison.
19. It's challenging to identify all beneficiaries of SE activities, especially when the impact targets broad populations rather than specific groups.
20. Wrong metrics for impact measurement are still better than no measurement.
21. It's hard to standardize social impact metrics because SEs differ in size, structure, purpose, and stakeholder needs.
22. SEs that involve all stakeholders in decision-making are more likely to measure their social impact effectively.
23. Assessment results should be communicated externally in a transparent manner.
24. Impact should be measured by understanding and addressing each stakeholder's needs.
25. SEs should work with all stakeholders to redesign and improve impact measurement practices together.
26. Social impact metrics are undervalued by funders compared to monetary indicators.
27. Many funders interfere in SEs' impact assessment, but they do not support the overhead cost involved.
28. Many funders impose impact measurement but rarely use the collected data in decision-making.
29. Funders often have different views on social impact compared to SEs.
30. For inexperienced SEs, the requirement to impact evaluations can be more of a burden than a valuable learning opportunity.
31. Social impacts should cover more than one year.

32. Some impacts can last a lifetime.
33. Some impacts should last more than 5 years after the activity.
34. Focusing on short-term outcomes is more realistic and provides quicker insights for adjusting strategies.
35. Long-term impact should be prioritized over short-term outcomes.
36. Only long-term impact shows true progress toward the mission.
37. Impact assessment should focus on involving daily activities, instead of on formal tools, metrics, or reports.
38. Measurement indicators should include outputs, outcomes and impact.
39. All long-term impacts can be measured through numeric indicators.
40. There is always a single group of indicators that works for all cases.
41. A mix of qualitative and quantitative assessment methods is needed to fully capture the value of SEs.
42. SEs' multidimensional performance should be captured by the balanced scorecard, which includes financial and social value metrics.
43. Calculating the value of created social impact over the investment amount is the most effective measurement method.
44. The unique characteristics of social value, like preserving heritage or improving well-being, make social impact calculations challenging.
45. Self-developed indicators and tools are much more appropriate than any global standards.

## 8.8. Reference

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### III. MAJOR FINDINGS AND CONCLUSION

#### 9. Major findings and discussion

Research has extensively examined social enterprises within various domains. However, these streams often address social enterprises from thematic or contextual perspectives other than investigating how social enterprises create dual value through a business model approach. This dissertation seeks to examine how social enterprises adopt the socially extended business model canvas in performing their dual value creation.

To answer the overarching research question, a systematic literature review in **Study 1** was conducted to synthesize existing knowledge of the socially extended business model canvas, following the PRISMA guideline. The socially extended business model canvas is used as an analytical framework to structure the review, acknowledging that the canvas has been represented in two streams in the literature: those that integrate social and environmental aspects and those that separate them into distinct layers. Despite these variations, the literature consistently converges on a set of core components that underpin these models. Accordingly, this study adopts a unified analytical structure consisting of six components that together capture the key dimensions of dual value creation. The analysis does not isolate social components from the canvas; rather, it considers all six components as an integrated framework while allowing for differentiated analytical attention to specific dimensions where relevant. This allows for a systematic comparison across studies while maintaining sensitivity to how different dimensions of value creation are conceptualized.

The review indicated a growing scholarly interest in the business model focus of social enterprises, with a concentration in European contexts and a dominance of quantitative approaches. The systematic literature review also followed the six key components of social enterprises' socially extended business model canvas, using thematic analysis to identify shortcomings and research gaps, thereby suggesting future research directions.

Firstly, in terms of social value proposition, most studies indicated that social enterprises focused on unique actions to generate value in social, environmental, or economic aspects, rather than on complex, sustainable ones, despite many social issues being deeply rooted in complex phenomena. This suggests a limited understanding of impact as a complex, integrated phenomenon in which different value dimensions may interact, reinforce, or even contradict one another. This

fragmentation may also help explain why the literature rarely addresses the failure of social enterprises to achieve their intended social goals, despite identifying challenges such as scaling-up difficulties (Bocken, Fil and Prabhu, 2016), product or service limitations (Matzembacher *et al.*, 2020), and misalignment with beneficiaries' needs (Iddy, Alon and Litalien, 2022). This points to a critical research gap- identifying the factors or reasons behind the achievement or non-achievement of social enterprises' social goals.

Secondly, the review found a tendency to portray social enterprises as positive actors while overlooking potentially negative social impacts. This indicated that existing research tended to adopt an idealized view of social enterprises, rather than critically examining the full spectrum of their societal effects. The identified gap, therefore, pointed to a deeper theoretical limitation. The concealment of negative social impacts and potential risks poses a challenge for social enterprises in assessing their impact and achieving their social goals. Neglecting harmful or negative consequences may be due to an excessive focus on short-term gains rather than long-term impact (Siegener, Panwar and Kozak, 2021). This may lead to a future research direction to investigate the trade-offs between social goals and indirect negative impacts.

Thirdly, the thematic analysis also revealed a lack of social impact measurement, despite the frequent reference to frameworks such as social return on investment, the Sustainable Development Goals, and the Global Reporting Initiatives. Most studies relied on output-based, quantitative, and indirect indicators with limited attention to outcome, qualitative, and indirect dimensions. The finding suggested that the current approaches to impact measurement remain insufficiently developed, reflecting an unresolved demand for standardized, comparable, and generalized measurements.

Another critical gap identified in the review was the limited consideration of non-targeted stakeholders, which corroborated Sparviero's (2019) findings. Existing studies tended to focus mainly on key stakeholders, while other non-targeted ones who have a significant influence on social enterprises' activities were largely absent from the analysis. This limitation suggested a more comprehensive understanding of complex stakeholders, ensuring the dynamic and inclusive mapping of actors.

The next gap emerging from the review related to the limited specification and understanding of beneficiaries. While beneficiaries were frequently mentioned as central actors, they were often

defined in broad general scopes. Without careful categorization of beneficiaries and identification of how they perceive and engage with the value offered, the design of products or services may rest on simplified, assumed needs. Future research may approach this gap, and study theoretically and empirically the identification of beneficiaries and the effect of beneficiaries' perception on social enterprises' intention to conduct an impact.

The last key component of a socially extended business model canvas, surplus, has received less attention in literature. While a large proportion of studies focused on the value creation of social enterprises' business models, few addressed value capture, particularly in terms of financial sustainability and surplus allocation. In many cases, surplus is either absent or reinvested internally, raising questions about long-term viability (Y. C. Wu, Wu and Wu, 2018; Cornée, Kalmi and Szafarz, 2020). This directs future research into two orientations: (i) solutions for social enterprises to sustain financially, and (ii) the possibility that a social enterprise can achieve a social goal without a surplus.

In addition to the six component-based research gaps identified in relation to the socially extended business model framework, the overall analysis of the literature suggests two further insights that go beyond the initial scope of the research questions. Firstly, the development of the socially extended business model canvas demonstrates a progressive transformation in the understanding of value creation within social enterprises. The literature indicates a movement away from focusing solely on mechanisms of value capture and representation inside organizational boundaries. Instead, there is increased emphasis on the legitimacy of value creation. As such, socially extended business model canvases are now regarded not only as tools for illustrating how social and economic value is produced, but also for validating and justifying the credibility and acceptability of these value claims to key stakeholders. This legitimacy function is supported by making the process of value creation explicit, including how inputs and activities lead to specific social and economic outcomes. It is also reinforced by clearly identifying the different actors involved in the value process, particularly by distinguishing who contributes to value creation and who benefits from it. At the same time, while socially extended business model canvases place strong emphasis on social value, they continue to explicitly acknowledge economic value as part of the overall business model logic, allowing both dimensions to be assessed in relation to each other. Secondly, the analysis suggests that the main conceptual contribution of socially extended business model canvases lies not simply in the addition of social components to

traditional business model representations. Instead, their evolution is more fundamentally characterized by a redefinition of organizational boundaries. Recent studies increasingly position beneficiaries and non-targeted stakeholders not as external recipients of value, but as integral actors embedded within the value creation process itself. This reflects a shift from a firm-centric view of business models toward a more relational and ecosystem-oriented understanding of value co-creation.

Overall, the conceptual insights suggested that the socially extended business model canvas is not only evolving at the theoretical level but also requires examination of how such an idea is translated into organizational practice. The findings of the systematic literature review in Study 1 therefore provided the conceptual foundation for the empirical phase of this research. This foundation highlighted the need to further examine how these conceptual developments were reflected in practice, that were addressed in Study 2 and Study 3.

**Study 2** examined a case study of application: AdniJóga, a social enterprise operating under the slogan "Do yoga and do good". The social mission of the organization is to "provide the meditative elements of yoga that encourage physical and mental harmony in a sustainable way to adults and children who have experienced trauma and are forced into difficult life situations." Their main goal is to bring the benefits of yoga to people who would otherwise not be able to access it. In the following, the study briefly reviewed how the extended business model canvas could be used in their activities. It enabled a more comprehensive representation of value creation by explicitly incorporating both economic and social dimensions. By mapping social mission, beneficiary groups, key activities, social value creation mechanisms, impact measurement, and revenue-generating activities within a single framework, the canvas made implicit organizational assumptions more visible and enabled clearer articulation of how social and economic objectives coexist within the organization.

Interview findings further suggested that the framework was useful not only as a descriptive tool but also as a mechanism for reflection and decision-making. The visual representation of social and commercial activities supported communication with external stakeholders and encouraged discussion regarding the alignment between mission-driven activities and financial sustainability. In this respect, the canvas functioned as a dynamic management tool that could

assist the organization in adapting its business model to changing circumstances while maintaining focus on its social mission.

The findings also provide empirical support for several conclusions drawn in Study 1. While the literature review identified a growing number of socially extended business model canvases, it highlighted the limited number of empirical studies demonstrating how social elements operate in practice. The AdniJóga case illustrated the practical value of incorporating elements such as mission, beneficiaries, social value creation, and impact-related considerations into business model representations. As a result, the study contributes empirical evidence to a field that has remained predominantly conceptual and demonstrates how social extensions can enhance the explanatory power of traditional business model frameworks.

At the same time, the case study highlighted several limitations of the socially extended business model canvas. Although the inclusion of social elements enabled a more comprehensive representation of social value creation, the framework oversimplified organizational reality. As a result, important details could remain hidden, particularly in organizations with more complex structures and stakeholder networks. Furthermore, while the canvas captured key internal components of the business model, it provided only limited insight into the broader institutional, social, and market contexts that may significantly influence organizational success. The findings also suggest that the framework should not be viewed as a substitute for strategic planning. Rather, its usefulness depends on the existence of a well-defined organizational strategy that can be translated into the visual structure of the canvas. Finally, despite supporting reflection and communication, the framework offers a largely static representation of organizational activities and therefore requires continuous revision to reflect changing circumstances and evolving stakeholder needs.

These limitations are particularly relevant when considered alongside the findings of Study 1. The literature review showed that scholars have sought to improve traditional business model canvases by incorporating additional social dimensions and stakeholder-oriented elements. The AdniJóga case confirms the value of these extensions but also demonstrates that increasing the number of social components does not fully overcome the inherent limitations of canvas-based representations. While social extensions enhance the visibility of mission, beneficiaries, and social value creation processes, challenges related to simplification, contextual sensitivity, and

organizational dynamics remain. Consequently, Study 2 contributes not only an empirical illustration of how a socially extended business model canvas can be applied in practice, but also a more critical understanding of both its strengths and limitations. In doing so, it complements the conceptual insights generated in Study 1 and supports the dissertation's broader objective of advancing business model approaches that better reflect the realities of social enterprises.

**Study 3** continued the empirical dimension of the overarching research question by focusing on social impact measurement as a key conceptual gap identified within the socially extended business model canvas in Study 1. In particular, it examines how social enterprises' founders and managers interpret the key factors shaping social impact measurement practices across different cultural contexts, thereby extending the understanding of how the canvas-related tensions are translated into real-world measurement practices. Four distinct factors emerged in the Hungarian social enterprises sample, three in the Vietnamese social enterprises sample, and four in the combined dataset, revealing both consensus and disagreement. One key issue raised in the theoretical literature was the concern that the available standardized tools and techniques to measure social impact insufficiently capture the complexity of social enterprises' social values (Polonsky, Landreth Grau and McDonald, 2016; Perrini, Costanzo and Karatas-Ozkan, 2021). The study's findings confirmed this practice when analyzing both Hungarian and Vietnamese social enterprise samples and the combined dataset. Most participants agreed to reject one-size-fits-all tools and techniques, criticizing over-standardization. However, they acknowledged the need for universal metrics to reduce resource burdens and simultaneously highlighted the vital role of customization aligned with their scales, goals, and beneficiaries. Study 3 also aligned with prior research in terms of the role of stakeholder engagement as a key driver shaping how social enterprises implement social impact measurement (Bellucci *et al.*, 2019; Mamabolo and Myres, 2020; Costa and Andreaus, 2021). Besides, the "stakeholder-oriented" factor identified in the study revealed further insights: stakeholder engagement was not merely a supporting mechanism but increasingly became a core principle in designing credible impact measurement. The complex stakeholder nature of social enterprises, therefore, required varied, context-specific stakeholder collaborations.

Another stream in the theoretical framework suggested that prior studies identified resource and capacity constraints as a major barrier to the implementation of social impact measurement. However, the findings here suggested a more dynamic approach. Differences between Vietnamese

and Hungarian participants indicated that not only actual capacity but also perceived capacity and confidence influenced whether impact measurement was viewed as a strategic asset or an imposed burden. This finding also challenged the assumption that small size or limited resource constrained engagement with impact measurement.

The findings also highlighted the significant role of institutional and contextual conditions in shaping impact measurement practices. Differences between Hungarian and Vietnamese participants suggested that regulatory environments, legal recognition, and funder expectations influence not only how impact was measured, but also how it was perceived and valued. For instance, participants of Vietnamese social enterprises appeared to be more responsive to external expectations, potentially due to stronger institutional recognition and associated compliance pressures. In contrast, Hungarian participants demonstrate greater autonomy and critical reflection, possibly reflecting the absence of a formal legal identity.

The next important finding reported in Study 3 was the differences in how participants conceptualized the duration of impact. Hungarian participants tended to prioritize long-term change while acknowledging the short-term metrics. Vietnamese participants tended to be more cautious, seeking a flexible choice that balances both short- and long-term results. These practices further highlighted the contextual and strategic nature of measurement practices. Rather than representing a purely technical choice, the prioritization of short-term versus long-term impact appears to reflect broader organizational rhythms, risk preferences, and adaptive strategies.

In addition to key findings on the underlying factors behind social impact measurement practices, Study 3's analysis also yielded two broader insights. First, the findings suggested that the key challenge of social impact measurement was not primarily the selection of the “best” or most appropriate method among competing tools. Instead, it lay in the need to balance multiple, and sometimes conflicting, organizational purposes that measurement was expected to serve. Across cases, social impact measurement practices were shaped simultaneously by demands for accountability toward funders, internal learning for organizational improvement, external legitimacy to signal credibility, and the fulfillment of the social mission itself. These purposes were not always aligned: for instance, approaches that enhanced accountability through standardized indicators could limit learning by constraining flexibility and contextual interpretation, while more participatory, learning-oriented approaches could be perceived as less robust in external reporting.

As a result, social impact measurement is less a technical optimization problem and more a continuous process of negotiation among competing purposes embedded in social enterprises' operational realities.

Second, the findings highlighted that the coexistence of multiple social impact measurement approaches and perspectives within the field indicated that standardization alone could not ensure effective impact measurement and management in social enterprises. Even when standardized tools were available or externally promoted, their uptake and usefulness remained highly contingent on organizational context, stakeholder expectations, resource availability, and the temporal horizon of impact being considered. In practice, social enterprises often adopt hybrid measurement strategies, combining standardized indicators with context-sensitive or qualitative approaches to respond to diverse stakeholder demands. This plurality suggests that social impact measurement cannot be reduced to a single unified framework; rather, it is inherently pluralistic, reflecting the diversity of value creation processes and accountability relationships in social enterprises. Consequently, efforts to improve social impact measurement should move beyond promoting uniformity and instead focus on enabling adaptive combinations of approaches that fit different purposes and contexts.

## **10. Novelty values and theses**

The dissertation's outcome is to advance sustainable business models for social enterprises. This means that social value creation is embedded in the business model and core missions of social enterprises through the socially extended business model canvas (**Study 1**); the canvas works in practice (**Study 2**); and one of its key components (social impact measurement) is interpreted differently by actors (**Study 3**). Table 2 provides more details on the related theses.

The systematic literature review in **Study 1** leads to a set of five interrelated theses that structure the conceptual understanding of socially extended business model canvases. First, prior literature has developed along two dominant streams: either by adding social components to the traditional canvas or by developing parallel and adapted models. Despite these differences, both streams converge on a shared underlying structure consisting of six key components relevant to social enterprise contexts (Thesis 1.1). Second, while these models extend the analytical scope of business model design, they also reveal persistent gaps, including limited attention to social goal failure, impact trade-offs, social impact practices, stakeholder identification, beneficiary

specification, and surplus allocation (Thesis 1.2). Third, these gaps suggest that future research should move beyond descriptive model extensions toward more integrative and empirically grounded frameworks that better reflect the complexity of dual value creation (Thesis 1.3).

Beyond the research questions-driven findings, two higher-order conceptual theses also emerge. The evolution of the socially extended business model canvas reflects a shift from value capture toward value legitimacy, highlighting the growing need to justify and verify social value alongside economic outcomes (Thesis 1.4). Finally, its core conceptual contribution lies not in merely adding social elements to existing models, but in redefining organizational boundaries by positioning beneficiaries and non-targeted stakeholders as active participants in value creation (Thesis 1.5). This reconceptualization shifts the business model perspective from a firm-centric logic to a more relational, ecosystem-oriented understanding of value creation.

Building on the conceptual insights of **Study 1**, **Study 2** examined the practical applicability of socially extended business model canvases in the context of social enterprises. The findings indicate that such frameworks provide an effective mechanism for representing and managing the dual value creation logic that characterizes social enterprises, thereby supporting organizational reflection and decision-making processes (Thesis 2.1). Furthermore, the explicit incorporation of social and economic dimensions into the canvas enhances the visibility of mission, impact, non-targeted stakeholders, beneficiaries, and the dual value creation, enabling a more comprehensive understanding of how social and economic objectives coexist and interact (Thesis 2.2). At the same time, the findings suggest that social extensions improve rather than fully overcome the inherent limitations of canvas-based approaches. While they increase the explanatory power of business model representations, challenges related to simplification, contextual sensitivity, and organizational dynamics remain (Thesis 2.3).

Having established and validated the socially extended business model canvas as a framework for integrating social value creation into business models (Studies 1 and 2), **Study 3** further examines how one of its key components is interpreted differently by actors in practice. The findings show that social impact measurement is shaped by multiple contextual and organizational factors, reflecting diverse managerial interpretations and priorities across social enterprises (Thesis 3.1). These factors include (i) the role of stakeholder engagement as a core principle in designing and implementing the impact evaluation; (ii) the concern between standardized versus context-

specific tools; (iii) resource limitations and perceived capacity; (iv) contextual and cultural differences; (v) the response toward the sector's perceived inefficiency; and (vi) the prioritization of short-term versus long-term impact. This diversity is further reflected in both convergence and divergence between Hungarian and Vietnamese participants, indicating that social impact measurement practices are strongly context-dependent (Thesis 3.2). More importantly, the results suggest that the central challenge of social impact measurement lies less in selecting an optimal method than in balancing competing organizational purposes, such as accountability, learning, legitimacy, and mission fulfillment (Thesis 3.3). The coexistence of multiple impact measurement approaches further implies that standardization alone is insufficient to ensure effective social impact measurement and management in social enterprises (Thesis 3.4).

Together, the three studies provide a multi-level understanding of how socially extended business models are designed, implemented, and interpreted in practice, forming the basis for the dissertation's key contributions.

**Table 2: Contributions of the three studies and related theses**

*(Source: created by author)*

<b>Study</b>	<b>Research questions</b>	<b>Methodology</b>	<b>Related theses</b>
1	<p>1.1 How has the socially extended business model canvas been conceptualized in prior literature?</p> <p>1.2 What research gaps remain across the socially extended business model canvas key components?</p> <p>1.3 What are future directions in this field?</p>	Systematic literature review	<p>1.1 The socially extended business model canvas has been conceptualized in two dominant streams: either additional categories or parallel models. Both streams, however, converge in six key components for the social enterprise context.</p> <p>1.2 The existing socially extended business model canvas shows six significant research gaps: social goal failure, impact trade-offs, social impact practices, non-targeted stakeholder identification, beneficiary specification, and surplus allocation.</p> <p>1.3 Future development requires more integrative and empirical approaches to address the above research gaps, moving beyond descriptive conceptualizations toward actionable frameworks that reflect the realities of dual value creation.</p> <p>1.4 The socially extended business model canvas reflects a shift from value capture toward value legitimacy,</p>

			<p>emphasizing the need to justify and verify social value alongside economic value.</p> <p>1.5 The main conceptual contribution of socially extended business model canvases is not the addition of social components, but rather the redefinition of organizational boundaries by incorporating beneficiaries and non-targeted stakeholders as integral actors of value creation.</p>
2	2.1 How can the socially extended business model canvas support the SE's dual value creation in practice?	Case study	<p>2.1 Socially extended business model canvas is an effective tool for visualizing, monitoring, and supporting social enterprises' dual value creation.</p> <p>2.2 The explicit integration of social and economic elements enhances the visibility and communication of mission, beneficiaries, and the dual value creation.</p> <p>2.3 The social extensions improve, but do not fully overcome, the inherent limitations related to simplification, contextual sensitivity, and organizational dynamics.</p>
3	3.1 What key factors shape how social enterprises' founders and managers practice social impact measurement?	Q method	<p>3.1 Social impact measurement in social enterprises is shaped by multiple contextual and organizational factors, reflecting diverse managerial interpretations and priorities.</p> <p>3.2 These factors indicate both convergence and divergence between Hungarian and Vietnamese social enterprises,</p>

	<p>3.2 To what extent do these factors converge or differ among Hungarian and Vietnamese social enterprises?</p>		<p>highlighting context-dependent approaches to social impact measurement.</p> <p>3.3 The key challenge of social impact measurement is not selecting the best method, but rather finding a balance between competing organizational purposes, including accountability, learning, legitimacy, and mission fulfillment.</p> <p>3.4 The coexistence of multiple approaches shows that standardization alone is insufficient for effective social impact measurement in social enterprises.</p>
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The three studies in this dissertation have their own novelty. **Study 1** provides the first structured synthesis of research on the socially extended business model canvas, consolidating a fragmented body of literature. It has identified unexplored areas and developed a future research agenda, helping future researchers to further explore this field. **Study 2** moves socially extended business model canvas research from conceptual discussion to empirical operationalization in a real social enterprise, serving as a bridge between literature and practice. **Study 3** applies the Q method to uncover the subjective factors behind social impact measurement practices in social enterprises, an approach rarely used in this field. The author conducted a systematic search of the Scopus database in 2026 using the keywords “Q method” or “Q methodology” and “social enterprise” (or related terms) and found only 6 documents. The search resumed the Q method using the keywords “impact measurement” (or related terms), and 14 documents were found. None of the documents were found when all three keywords were applied. Study 3 also identified distinct factor-based perspectives that explain variation in social impact measurement practices beyond organizational size or sector. It contributes to a comprehension of social impact measurement that complements dominant quantitative approaches.

Overall, the novelty of the dissertation lies in advancing both the conceptual and empirical understanding of socially extended business models and social impact measurement through a multi-study design that bridges theory, practice, and interpretation.

## **11. Conclusions**

The dissertation has explored how the socially extended business model canvas supports social enterprises in performing their dual value creation by combining theoretical insights with empirical findings from three studies. Each of the three studies addresses a distinct dimension of the overall research goal: conceptual clarification of the framework, empirical operationalization in practice, and contextual variation in implementation. The findings collectively demonstrate that, although the socially extended business model canvas has been developed from various conceptual perspectives, it consistently centers around six core components: social value proposition, social impact, social impact measurement, non-targeted stakeholders, beneficiaries, and surplus. Empirical evidence further indicates that this framework can effectively support social enterprises in achieving dual value creation in practice. The empirical study also reveals that the practices of social impact measurement- one of the key components of the socially extended business model

canvas were influenced by contextual and interpretive factors, with both consensus and differences across social enterprises in Hungary and Vietnam.

Drawing on these insights, the dissertation makes both theoretical and practical contributions. Regarding theoretical contributions, first, building on the fragmented literature on the socially extended business model canvas, the dissertation develops a consolidated conceptual structure that clarifies how dual value creation is embedded across six interrelated components of the canvas. This framework moves beyond isolated interpretations of individual extensions of the business model canvas and offers a more coherent understanding of how social and economic value dimensions are jointly configured in social enterprises. Second, the dissertation extends this conceptual foundation into an empirically grounded understanding of how the socially extended business model canvas operates in practice. By translating the conceptual framework into an applied setting, it demonstrates that business model representations are not merely descriptive tools but strategic devices that actively shape how social value creation is articulated, prioritized, and negotiated within organizations. Third, by applying the Q method, the dissertation introduces a subjectivity-centered perspective into social impact measurement research and challenges dominant assumptions that rely on standardization and objective comparability. Finally, across the three studies, the dissertation contributes a processual view of social enterprise value creation, linking the formation of value propositions, the operationalization of business models, and the interpretation of impact measurement.

Regarding practical contributions, the dissertation provides implications for social enterprise practitioners, funders, policymakers, and the social enterprise ecosystem. For social enterprises, the dissertation offers a reflective framework for aligning business model components, measurement practices, and responsible practices. Social enterprises can use a socially extended business model canvas as a strategic tool beyond a planning canvas. They can apply innovative ways to build or revise their business model to pursue and achieve their dual value creation. While measuring social impact, it is vital for social enterprises to value stakeholder engagement, respect local context, and adapt the universal tools and techniques to a specific social mission. For policymakers, the socially extended business model canvas provides a more comprehensive framework of social enterprises, enabling them to develop more accurate regulatory frameworks to promote social benefits. In particular, regulations related to impact measurement should allow for adaptability, provide stronger incentives, and avoid embedding rigid measurement

requirements. Policymakers can also facilitate shared processes and collective resources to help balance standardization with contextual relevance. On the other hand, fostering social enterprises requires more than a legal principle. Policies should focus on building capacity and providing long-term support rather than just short-term projects and should be based on trust and long-term cooperation. For funders, it should not be a burden on social enterprises to provide an impact report; instead, it is recommended to offer more context-sensitive, capacity-building-oriented support for impact measurement rather than imposing universal metrics. For the social enterprise ecosystem, the study suggested providing training and support programs to help social enterprises cope with resource constraints, scale up their models, and build trust among social enterprises and community stakeholders.

Pursuant to the dissertation, several directions remain open for further investigation. First, for conceptual development, future research can further address the research gaps identified in the systematic literature review of the socially extended business model canvas. The directions can include, but not be limited to: (i) the factors behind the failure of social enterprises to achieve their social goals; (ii) the trade-offs between social goals and potentially negative impact; (iii) the mission measurement paradox; (iv) the identification of non-targeted stakeholders; (v) the specification of beneficiaries and their perception toward social enterprises' impact creation; (vi) initiatives or solutions for social enterprises' financial survival; and (vii) surplus allocation. Future research may also investigate the role of founders in preserving social value creation, or, in other words, the dilemma between founders and successors in social enterprises. On the other hand, longitudinal studies can examine how social enterprises adopt their socially extended business model canvas over time, particularly during phases of growth, scaling, or financial pressure. Second, regarding methodological extensions, future research may build upon the methodological choices of this dissertation. Replicating the Q-method study in other regional or emerging social enterprise ecosystems allows scholars to examine whether comparable factor structures emerge or whether alternative patterns appear. Additionally, other large-scale research methods can validate the results from the dissertations and provide further insights. Third, the dissertation emphasizes the role of context in shaping impact measurement and responsible practices. Future studies can compare social enterprises operating in developed versus emerging markets or across different regulatory regimes. A deeper investigation into the role of ecosystem actors such as funders,

investors, and policymakers can enrich the understanding of how external pressures influence social enterprises' dual value creation, and impact measurement practices.

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