

# A Conceptual Paper on Early-Stage Business Model Development in Social Enterprises

Birger Aurlien Flak\*, Noor Hazlina Ahmad

School of Management, Universiti Sains Malaysia, 11800 Penang, Malaysia

\*Corresponding Author Email: [baflak@student.usm.my](mailto:baflak@student.usm.my)

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## Abstract

Social enterprises, which seek to achieve social impact through business activities, have increased in number in various parts of the world during the last few decades. However, creating business models that combine financial sustainability and social mission achievement is a challenge. Responding to recent calls for more research on social enterprise business models, this conceptual paper aims to shed some light in the area of business model development in early-stage social enterprises. Using theories of entrepreneurship and social entrepreneurship as its theoretical foundation, this paper suggests a conceptual framework for business model development in early-stage social enterprises which incorporates insights collected from relevant scholarly sources. The proposed conceptual framework describes early-stage business model development in social enterprises as a continuous process which starts before a social enterprise has been founded and continues for a period after the founding. This process is typically influenced by personal factors of the social entrepreneurs, by the needs of beneficiaries, by market conditions, by external factors, and by organizations that support social enterprises. The proposed conceptual framework could be used as the basis for an empirical study, following which a theory of business model development in early-stage social enterprises could be developed. Such a theory could potentially provide useful insights for social entrepreneurs who establish social enterprises.

**Keywords:** Social Enterprise, Business Model Development, Business Models, Social Entrepreneurship

## Introduction

In recent years, an increasing number of social enterprises have been established in various parts of the world (Basri et al., 2025). The term *social enterprise* “encompasses a wide variety of ventures rooted in the principles of collective social action which offer solutions to social and environmental issues” (Vidal et al., 2025). Social enterprises are “businesses that seek to achieve social and/or environmental impact through the trading of goods and services” (Tan et al., 2018). Social enterprises also typically engage in *social innovation*, as they develop and implement novel solutions to social problems and needs (Sampaio & Sebastião, 2024). And whereas traditional business typically prioritizes profit maximization for its owners, social enterprises focus on social value creation (Urmanaviciene, 2025), which is “a processual

phenomenon that takes shape in response to opportunities and available resources to realise social impact” (Lorenzo-Afable et al., 2023). To succeed, a social enterprise needs to develop a business model which enables it to both achieve its social mission and reach its financial goals (Chahine, 2022, pp. 9–10). Several recent studies suggest that more research is needed regarding business models employed by social enterprises (Gupta et al., 2020; Klarin & Suseno, 2023; Lorenzo-Afable et al., 2023). A recent literature review on existing literature about business models employed by social enterprises also suggested the need for more research on both factors that make social enterprises achieve their social goals, and on solutions that contribute to the social enterprises’ financial survival (Harangozo et al., 2025). This conceptual paper seeks to expand the knowledge of business model development in social enterprises, by exploring how early-stage social enterprises develop their business models. The paper also outlines how the proposed conceptual framework could be used as the basis for an empirical study on early-stage business model development in a specific geographical area: Southeast Asia.

In many countries in Southeast Asia, there appears to be a quite large and growing social enterprise sector. A study from 2018 estimated that hundreds of thousands of social enterprises existed across the ASEAN area (Tan et al., 2018, p. 3). There also appears to have been a wave of new social enterprises being established in Southeast Asia during the last 1-2 decades. A study by the British Council from 2021, which included six Southeast Asian countries, found that half of the social enterprises included in the study had been established during the previous ten years (Wong & Ace, 2021). And various studies show that both in Singapore (Wong & Ace, 2021), Indonesia (Sutanti, 2021), Cambodia (Lyne et al., 2015; Tan & Ke, 2018), Malaysia (British Council, 2018), Thailand (British Council, 2020), The Philippines (European Union et al., 2017) and Vietnam (British Council, 2019), there has been a significant increase in the number of social enterprises in the last 1-2 decades. There is unfortunately little information available about the rate of the establishment of social enterprises in Southeast Asia during the last 4-5 years. However, since various studies published during the period 2017-2021 showed that a large percentage of social enterprises in Southeast Asia were relatively newly established, it is likely the case that many social enterprises in Southeast Asia are still relatively young.

The rest of this paper starts with a section describing the theoretical foundation for this study. Then, business models and how they relate to social enterprises is discussed. After this, various factors that may impact early-stage business model development in social enterprises are discussed. This is followed by a section in which a conceptual framework for the early-stage development of business models in social enterprises is proposed. Afterwards, a methodology of how this conceptual framework could be used as a basis for an empirical study of early-stage business model development in social enterprises in one geographical area, Southeast Asia, is described. And finally, this paper includes a discussion and conclusion.

### **Theoretical Foundation**

The theoretical foundation for this study will be two different theories of entrepreneurship and two different theories of social entrepreneurship, as explained below.

### *Theories of Entrepreneurship*

Schumpeter's theory of entrepreneurship will be part of the theoretical foundation for this study. Schumpeter considered market capitalism as an ongoing "revolution" that disrupts the current social economic and social hierarchy. And according to this theory, entrepreneurs are "revolutionaries" who disrupt the current order and create dynamic change. This happens through a process called "creative destruction", in which the old is constantly being replaced by the new (Liberto, 2022).

Another relevant theory of entrepreneurship is the opportunity-based entrepreneurship theory, which originated with Peter Drucker (Drucker, 1985, 2002). Opportunity-based entrepreneurship is a business creation that emerges when there is an entrepreneurial opportunity. And opportunity-based entrepreneurs are people who attempt to start a business because of the attractiveness of the business idea (Bhasin, 2023; He et al., 2020; Murphy & Marvel, 2008). One difference between opportunity-based entrepreneurship theory versus Schumpeter's theory of entrepreneurship, is that the latter focuses more on entrepreneurs creating change, whereas the former focuses more on entrepreneurs as people who make use of opportunities that arise. Both Schumpeter's theory of entrepreneurship and the opportunity-based entrepreneurship theory will be part of the theoretical foundation for this study.

### *Theories of Social Entrepreneurship*

Social entrepreneurship is "an approach by individuals, teams, and start-up companies in which they develop, fund, and implement solutions to economic, political, social, cultural, and environmental issues" (Jiatong et al., 2021). J. Gregory Dees is often considered the "father of social entrepreneurship as an academic field" (Battle Anderson, 2014). His theories regarding what social entrepreneurship is will therefore be regarded as an important part of the theoretical foundation for this study. Dees claimed that social entrepreneurs are "one species in the genus entrepreneur" (Dees, 2001, p. 2), and that for social entrepreneurs, "the social mission is explicit and central" (Dees, 2001, 2). He also provided the following definition of what social entrepreneurs are:

Social entrepreneurs play the role of change agents in the social sector, by:

- Adopting a mission to create and sustain social value (not just private value),
- Recognizing and relentlessly pursuing new opportunities to serve that mission,
- Engaging in a process of continuous innovation, adaptation, and learning,
- Acting boldly without being limited by resources currently in hand, and
- Exhibiting heightened accountability to the constituencies served and for the outcomes created. (Dees, 2001)

In addition to Dees' theories regarding social entrepreneurship, the "positive theory of social entrepreneurship" by Santos (2009) will be considered part of the theoretical foundation for this study. According to this theory, "social entrepreneurship is the pursuit of sustainable solutions to problems of neglected positive externalities" (Santos, 2009). Although the market mechanism of supply and demand frequently and to a large degree contributes to many people having their needs for various products and services met, the market mechanism doesn't always work perfectly. When the market causes inefficient distribution of resources, this is considered market failure. For example, when the market fails to provide basic

necessities or employment for a group of marginalized people, this could often be considered a kind of market failure. However, market failure can sometimes be rectified through what is called positive externalities. A positive externality occurs when a benefit is received or transferred to a party as an indirect effect of the transactions of another party. And, according to F. M. Santos (2009), social entrepreneurship is the pursuit of positive externalities that can be utilized to rectify social wrongs.

### **Business Models for Social Enterprises**

A business model “describes an architecture for how a firm creates and delivers value to customers and the mechanisms employed to capture a share of that value” (Teece, 2018). A business model is a quite broad concept, and all the following nine elements may be considered to be part of a company’s business model: Key partnerships, key activities, key resources, value propositions, customer relationships, channels, customer segments, cost structure and revenue streams (Nielsen & Lund, 2018; Osterwalder, 2013; Osterwalder & Pigneur, 2010).

Just like any other business, social enterprises also utilize business models. However, conventional business model theories are not sufficient to describe business models employed by social enterprises. A well-performing social enterprise typically manages to combine social performance with economic performance (Musinguzi et al., 2025). Social enterprises therefore need to employ business models that not only create value for its customers and a source of income for the company, but also create some kind of social value for the beneficiaries which the social enterprise is aiming to help. Social enterprises need to utilize integrated business models that enable them to both reach their financial goals and achieve their social missions. Chahine (2022) suggests that successful business models for social enterprises must include the following three parts: An impact model, a revenue model and an operational model. The impact model describes how the social enterprise will achieve its social mission, the revenue model describes how the social enterprise will reach its financial goals, and the operational model describes organizational structures, distribution channels, etc. that need to be in place if the social enterprise is going to reach its goals (Chahine, 2022, pp. 9–10).

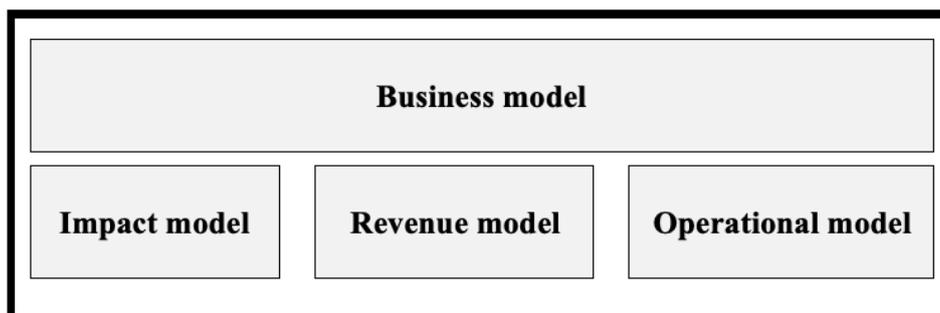


Figure 1: Social enterprise business model, adapted from Chahine (2022, p. 10).

Alter (2007) has developed an overview of nine different business models that are frequently employed by social enterprises: Entrepreneur Support Model, Market Intermediary Model, Employment Model, Fee-for-Service Model, Low-Income Client as Market, Cooperative Model, Market Linkage Model, Service Subsidization Model and Organizational Support Model. Some social enterprises may employ more than one of these models, and there might

also be some SEs that employ business models that are not included in this list of nine models (Alter, 2007; Wolfgang Grassl, 2012). The nine business models nevertheless provide a good overview of business models frequently employed by social enterprises, and the nine models are briefly described in the table below. In this table, the term beneficiary is used about people from the target population which the SEs are aiming to help.

Table 1

*An overview of nine different business models that are frequently employed by social enterprises (Alter, 2007).*

<p><b>(1) Entrepreneur Support Model:</b> SEs that employ this model sell business support and financial services to its beneficiaries, which are self-employed individuals or firms. The clients of these SEs then sell their products and/or services on the open market. An example of SEs that employ this model is an SE which offers microfinance services to poor clients.</p>	<p><b>(2) Market Intermediary Model:</b> In this model, an SE acts as an intermediary, providing services to individuals, firms or cooperatives, to help them access markets. The SE may also help these beneficiaries with product-development, production and marketing, and financial services. The SE sells the products in high-margin markets at a mark-up.</p>	<p><b>(3) Employment Model:</b> SEs employing this model provide employment for their beneficiaries. The beneficiaries get employed by the SE to produce products/services which are then sold in the open market. Beneficiaries are typically marginalized people who face various kinds of barriers to employment.</p>
<p><b>(4) Fee-for-Service Model:</b> SEs employing this business model commercialize their social services, and then either sell them directly to their beneficiaries, or to a third-party payer. The SE may for example provide healthcare or educational services, and the SE achieves financial sustainability through charging a fee for the services it provides.</p>	<p><b>(5) Low-Income Client as Market:</b> This model is a variation of the fee-for-service model, in which SEs provide poor and low-income beneficiaries access to products and services. Since the beneficiaries are low-income clients, the SEs needs to keep the costs low. The SEs may also use profits generated from wealthy clients to subsidize services sold to poor clients.</p>	<p><b>(6) Cooperative Model:</b> SEs employing this model provide direct benefits to its beneficiaries, through member services, such as for example collective bargaining power, economies of bulk purchase, access to products and services, access to external markets, etc. The members both contribute to the cooperative and receive benefits from it.</p>
<p><b>(7) Market Linkage Model:</b> SEs employing this model facilitate trade relationships between the beneficiaries and external markets. The beneficiaries are typically small producers, local firms and cooperatives, and the SE functions as a broker connecting buyers and producers and charging a fee for this service. This type of SE focuses on connecting the beneficiaries to markets.</p>	<p><b>(8) Service Subsidization Model:</b> SEs employing this model sell products or services to an external market and uses the income it generates to fund its social programs. Typically, SEs employing this model will leverage either their tangible or intangible assets as the basis for their commercial activities. For example, the SE may rent out its buildings or equipment to generate an income.</p>	<p><b>(9) Organizational Support Model:</b> SEs employing this model sell products and services to external markets, businesses or the general public. In some cases, the beneficiaries are the clients. In this model, the business activities are usually separate from the social programs. The business activities generate a profit which is then used to fund the social programs of the SE.</p>

*Various Factors Impacting Se Business Model Development*

Entrepreneurs launching social enterprises or other ventures generally design a business model prior to founding the enterprise and begin implementing it upon launch. However, it's essential that they remain open to refining this model – both before and after the enterprise is operational – by analysing available data and actively learning from customer feedback to identify necessary adjustments and improvements (Acumen Academy, n.d., p. 3). And the capacity to adapt to the ever-changing environment in which start-ups operate is widely recognized as a key factor for their success (Sevilla-Bernardo et al., 2022). Consequently, the development of a business model – for social enterprise start-ups and other start-ups – is not a one-time event but an ongoing process that begins prior to the enterprise's establishment and evolves throughout the initial years following its launch.

The way in which social enterprises develop suitable business models is sometimes referred to as *sustainable business model innovation* (Girma et al., 2025). A sustainable business model can be defined as “a business model that incorporates pro-active multi-stakeholder management, the creation of monetary and non-monetary value for a broad range of stakeholders, and which holds a long-term perspective” (Geissdoerfer et al., 2018). And sustainable business model development can be defined as the “analysis and planning of transformations to a more sustainable business model or from one sustainable business model to another”, which can include both “the development of an entirely new business model and the transformation of an existing business model” (Geissdoerfer et al., 2018).

In examining how social entrepreneurs create sustainable business models for their start-ups, it is crucial to account for a range of influencing factors. Among these, the entrepreneur's motivation stands out as particularly significant (Ramdan et al., 2025). To embark on the journey of founding a social enterprise, individuals must possess what scholars often describe as social entrepreneurship intentions (SEI) (Hockerts, 2017; Mair & Noboa, 2005). Having social entrepreneurship intentions implies that an individual not only has a desire to become a social entrepreneur but also believes in their ability to establish a successful social venture (Mair & Noboa, 2005). The founder's motivation serves as the driving force behind both the creation of the social enterprise and the sustained effort required to build a viable and effective business model.

Another key factor influencing early-stage business model development in social enterprises is the target beneficiaries and their specific needs. While many social enterprises are driven by a mission to support marginalized communities or underserved populations, others focus on addressing environmental challenges – and a significant number pursue a dual mission that integrates both social and environmental objectives (Chahine, 2022, Chapter 1). The development of a social enterprise's business model is inherently shaped by its intended beneficiaries and their specific needs – whether those beneficiaries are individuals, the environment, or both. To be effective, the social enterprise must craft a business model that ensures it can meet the needs of those it seeks to serve.

The market in which a social enterprise plans to offer its products or services also plays a significant role in shaping its business model. Social enterprises engage in business activities, selling products/services to customers/clients, with the goal of achieving financial sustainability, enabling them to fulfil their social mission (Defourny & Nyssens, 2006; Saebi et

al., 2019). Therefore, in the process of developing a business model, a social enterprise founder must be prepared to adjust the enterprise's offerings to align with the needs of its customers and clients.

Early-stage business model development may also be impacted by any kind of support structures that are available for social entrepreneurs. Such support structures include incubators, accelerators, training programmes, grants and other types of funding, that may be available for the social enterprise and its founder (Chahine, 2022, Chapters 6–7; Singh et al., 2025). By participating in incubators, accelerators or other training programmes for social entrepreneurs, the entrepreneurs may gain insights that will help them optimize the business models of their social enterprises. And to what degree a social entrepreneur is able to secure grants or other types of funding for his/her social enterprise, will impact what kinds of business models will be viable for the social enterprise.

Finally, the development of business models in early-stage social enterprises is also influenced by external factors. These include the economic and socio-cultural environments of the country or region in which the enterprise operates (Lorenzo-Afable et al., 2023; Puumalainen et al., 2015). It also includes the relevant legal framework of the country where the enterprise is based (Wilkinson et al., 2015; Wronka-Pośpiech, 2018). In a few countries and states, social enterprises can register in a legal category which has been developed specifically for social enterprises. However, only a small percentage of countries and states have this kind of a legal category (Tyler, 2025), and social enterprises in other countries and states must find other suitable legal categories to register in. To be able to develop a suitable business model, the founder of a social enterprise needs to be aware of the prevailing local legal, economic and socio-cultural factors and be able to manage the impact that these external factors may have on the enterprise.

### **Conceptual Framework**

Business model development in early-stage social enterprises is a process through which the founders of a social enterprise gradually develop a suitable business model. The goal of this process is to create a business model that will enable the SE to both achieve its social mission and reach its financial goals. The business model development will typically be impacted by various factors. Firstly, the business model development will be impacted by personal factors, including the motivation of the founders (Hockerts, 2017; Mair & Noboa, 2005) and the skills and experience of the founders (Saebi et al., 2019). Social enterprises typically have either a group of humans or the planet / the environment as its beneficiaries, and the needs of these beneficiaries will impact the social mission of the SE, and the social mission will impact the business model development. The market, which includes clients that the SE will attempt to sell its products/services to, will impact the financial goals of the SE – and the financial goals of the SE will also impact the business model development. Both the social mission and the financial goals of the SE can be considered internal factors of the SE, and another internal factor that may impact the business model development is the values and culture of the SE. If the SE manages to get some support from the support system that is available for SEs, such as incubators, accelerators, training, grants and various forms of funding, then the business model development may also be impacted by the support system which the SE is receiving some support from. Finally, the business model development will also be impacted by

external factors such as the economic, social and cultural environment of the country where the SE is based, and the legislative framework.

The figure below gives an overview of all the factors that may impact early-stage business model development in social enterprises.

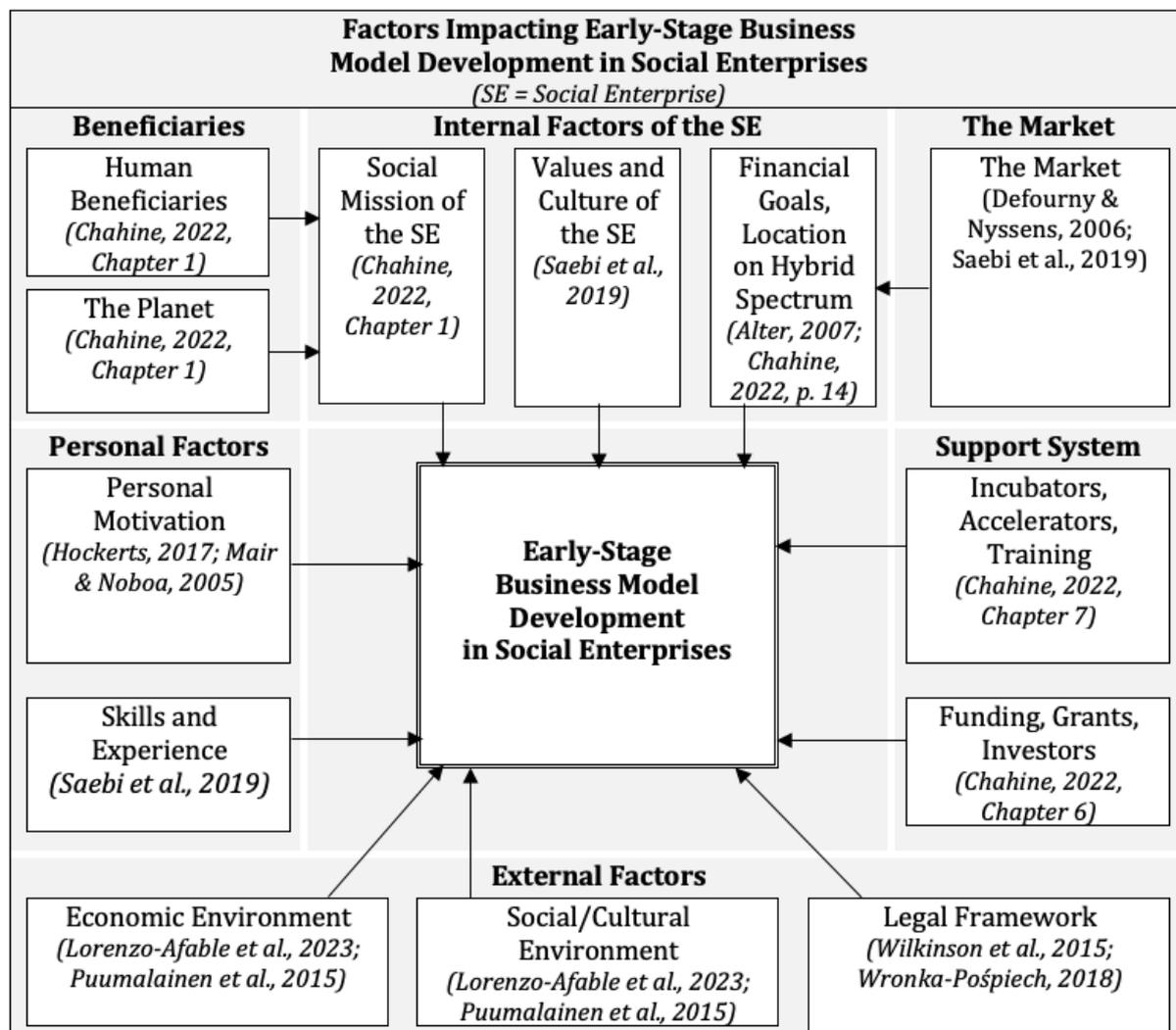


Figure 2: Factors impacting early-stage business model development in a social enterprise (SE).

A recent study on social entrepreneurship in a specific sector in a specific geographical area described social entrepreneurship as being driven by individual-level factors, organizational-level factors and institutional-level factors (Chongruk et al., 2025). The individual-level factors correspond with the personal factors mentioned in the model above. The organizational-level factors correspond with the internal factors in the model above. And the institutional-level factors correspond with the external factors in the model above. However, attempting to provide a broad and nuanced framework depicting early-stage business model development in social enterprises, the model above includes three additional categories: The beneficiaries, the market and the social enterprise support system.

It is essential to understand that business model development in early-stage social enterprises typically is a process which starts before the enterprise is founded and continues during the first few years after the enterprise has been founded. Hence, all the factors mentioned in the figure above may impact the business model development in the SE in different ways at various stages. Before a social enterprise has been founded, the founders may typically have some ideas about how to help its beneficiaries, and about what kind of products or services it is going to offer the potential customers in the market. However, after the social enterprise has been launched, the enterprise will typically to an increasing degree start to interact with both its beneficiaries and its customers. And these interactions may give the enterprise new insights about both its beneficiaries and its customers, and these insights may cause the SE to adapt or adjust its business model in some ways. In a similar way, all the different factors included in the figure above may impact the business model development in early-stage SEs at various stages.

Early-stage entrepreneurship is typically divided into two stages called the pre-formation stage and the post-formation stage, which are the stages before and after the social enterprise has been launched (Saebi et al., 2019). This conceptual framework includes the pre-formation stage and the early parts of the post-formation stage, which is the first few years after the social enterprise has been founded. However, to be able to study how business models evolve in the first few years after the launch of the social enterprise, this conceptual framework also includes the situation at the launch of the enterprise as a separate “stage” between the two other stages. Hence, the figure below gives an overview of how various factors can impact the business model development of social enterprises during the various early stages of the social enterprises.

<b>Factors impacting business model development:</b>	<b>Pre-formation stage:</b>	<b>Situation at launch:</b>	<b>Early post-formation stage (first few years after launch):</b>
Personal factors			
Beneficiaries			
Internal factors of the SE			
The market			
Support system			
External factors			

Figure 3: Factors impacting early-stage business model development in social enterprises across the pre-formation stage, launch, and early post-formation stage.

The proposed conceptual framework provides an overview of factors that impact early-stage business model development in social enterprises. The framework could be used as the basis for an empirical study, in order for the various parts of the conceptual framework to be either corroborated or disproved. Through an empirical study, a number of founders of social enterprises could be asked about how they developed suitable business models for their enterprises. The respondents of such a study should be given the opportunity to describe which of the factors in the conceptual framework that most significantly impacted their early-stage business model development and be given the opportunity to add other factors to the conceptual framework if they perceive important factors to be missing from the framework.

In the next section, the methodology which could be employed in such an empirical study will be described.

### **Methodology of Proposed Empirical Study**

The proposed conceptual framework could be used as the basis for an empirical study researching early-stage business model development. The purpose of such a study would be to attempt to develop a theory of business model development in early-stage social enterprises. Such a theory could potentially provide useful insights for founders of social enterprises, for policymakers and for various organizations that aim to support social enterprises. In the following paragraphs, a methodology for how such a study could be carried out in a specific geographical area, Southeast Asia, is outlined.

The study would be an explorative study seeking to gain insights from several founders of social enterprises in Southeast Asia regarding their experiences with developing suitable business models. Since the study would aim to explore how founders of social enterprises developed suitable business models for their enterprises, and in order to get a broad perspective on this issue, the qualitative method has been chosen for this study. Whereas quantitative studies typically focus on clearly defined research questions that can be answered with numerical data, qualitative explorative studies are used to identify and develop further problems, seek new insights, and assess phenomena in new light (Hunziker & Blankenagel, 2024). Qualitative research has the potential to provide detailed insights and contextual explanations for various challenges faced in contemporary management practice (Lanka et al., 2021). Qualitative research is also typically focused on providing a description of a phenomenon by capturing the experience of the participants of the study (Lanka et al., 2021). Hence, the qualitative method is suitable for this explorative study.

From among the qualitative approaches that are available, the multi case study method would be chosen for this study. A multi case study enables the researcher to explore differences within each case and between cases (Baxter & Jack, 2008). Since the purpose of this study is to gain insights from several founders of social enterprises, the multi case study method is suitable. The number of cases that are included in a multi case study typically ranges between two and approximately twenty cases (Hunziker & Blankenagel, 2024, p. 175). Hence, the number of cases to be included in this multi case study should be somewhere between two and twenty cases.

Various techniques can be used to conduct qualitative primary data collection. For this study, individual in-depth interviews would be chosen as the data collection method. In individual in-depth interviews, the researcher and interviewee explore an issue together through a conversation (Sreejesh et al., 2014, 47). Since the focus of this study is on how the founders of social enterprises themselves perceive the issue of business model development, individual in-depth interviews will be a suitable technique to be utilized for data collection. The interviews will be semi-structured interviews. Semi-structured interviews provide a balance between the need to generate systematic data and the flexibility to ask interviewees follow-up questions to gain additional information about important issues (Sreejesh et al., 2014, p. 48-49), and will therefore be suitable for this explorative study.

After data collection, the data would be analysed through thematic analysis. Thematic analysis is a method for “identifying, analysing, organizing, describing, and reporting themes found within a data set” (Nowell et al., 2017). Some of the advantages of using thematic analysis is that this data analysis method is quite flexible, and that it does not require detailed technological knowledge (Nowell et al., 2017). Since the purpose of this study partly is to gain insights from several social entrepreneurs, and to compare the experiences of these individuals, thematic analysis has been chosen as data analysis method.

After the empirical research described above has been conducted, a theory of early-stage business model development in social enterprises could be developed. Such a theory could describe the most important factors that enable social entrepreneurs to develop suitable business models for their social enterprises across the pre-formation and early post-formation stages of their enterprises’ existence. This would solve the research issues described in the introduction to this paper, which include gaining a deeper understanding of business models used by social enterprises and of business model development in early-stage social enterprises. Findings from the research could also provide practical contributions that may prove valuable for social entrepreneurs and for policymakers and organizations that seek to support social enterprises. By gaining a deeper understanding of how social entrepreneurs engage in the complex task of developing business models that combine financial sustainability and social mission achievement, future social entrepreneurs can gain insights that will help them create successful business models for their social enterprise start-ups. And the insights gained can also be used by policymakers and organizations that support social enterprises, enabling them to be of better assistance to social enterprise start-ups.

Parts of the novelty of this study would be that it could provide a new and more comprehensive theory of early-stage business model development in social enterprises. Various theories exist regarding entrepreneurship (Bhasin, 2023; Drucker, 1985; Liberto, 2022), social entrepreneurship (Dees, 2001; Santos, 2009), the motivation of social entrepreneurs (Hockerts, 2017; Mair & Noboa, 2005), business models (Nielsen & Lund, 2018; Osterwalder, 2013; Osterwalder & Pigneur, 2010; Teece, 2018) and business models employed by social enterprises (Alter, 2007; Chahine, 2022, p. 10; Wolfgang Grassl, 2012). However, this study would attempt to provide a more detailed overview of early-stage business model development in social enterprises, and this would include attempting to develop a theory regarding this issue that would incorporate aspects from all the aforementioned theories.

### **Discussion and Conclusion**

This conceptual paper has proposed a conceptual framework describing early-stage business model development in social enterprises. Based on this conceptual framework, the following propositions are suggested: (1) Business model development in early-stage social enterprises is a continuous process which typically begins prior to the formal establishment of the enterprise and extends well into the years following its founding. (2) The process of developing a suitable business model for a social enterprise is shaped by a diverse range of factors, including the motivation, skills and experience of the founders, the needs of the target beneficiaries, market dynamics, internal organizational factors of the social enterprise, any assistance received from organizations that support social entrepreneurs, and external factors such as the legal framework and the economic and socio-cultural environments of the

country where the social enterprise is located. (3) To succeed, founders of social enterprises must craft suitable business models that combine social impact with financial sustainability. This requires a commitment to ongoing adaptation, adjustment and optimisation throughout the early stages of the enterprise's development.

This paper has presented a conceptual framework for early-stage business model development in social enterprises. The framework can be used as a blueprint for an empirical study of how business model development takes place in early-stage social enterprises. By collecting data from a number of founders of social enterprises, and then analysing the data, the various elements of the proposed framework could either be corroborated or disproved. This paper has also presented a methodology which could be employed to carry out an empirical qualitative study in Southeast Asia based on the conceptual framework presented in this paper. After such a study has been conducted, a theory of early-stage business model development in social enterprises may be developed. And such a theory could provide valuable insights for social entrepreneurs who are in the process of establishing social enterprises.

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