



## Social Entrepreneurship Canvas: A Visual Framework for Managing Commercial and Social Value Propositions

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**Abstract:** The purpose of this paper is to develop a framework that visualizes the interplay between the management of a social enterprise's commercial and social value propositions. Drawing from Osterwalder and Pigneur's Business Model Canvas (2010), visual frameworks help practitioners to better understand, frame, and devise strategies for their enterprises. Given the challenges of blending both commercial and social values (Emerson, 2003), it is a vital contribution for and scholarship to have an easy-to-understand yet theoretically sound framework.

This study capitalizes a critical literature review methodology, grounding theory building on Austin, Stevenson, and Wei-Skillern's 'social entrepreneurship framework' (2006) and performing synthesis with other frameworks and studies (Michellini & Fiorentino, 2012; Osterwalder & Pigneur, 2010; Yunus, Moingeon, & Lehmann-Ortega, 2010)

This paper potentially lays out the foundations for further studies, in which the author invites practitioners and scholars to test and refine the proposed 'social entrepreneurship canvas'. Through this endeavour, the author aims to move a step further in bridging the theory-practice gap in the field of social entrepreneurship.

**Key Words:** social entrepreneurship canvas, business model canvas, social enterprise, social entrepreneurship, business model

### 1. INTRODUCTION

#### *1.1 From conceptualizing boundaries to developing frameworks for practice*

Much has been written on the conceptualization of social entrepreneurship as a field for study and practice. Gregory Dees, considered as one of the pioneers of social entrepreneurship as an academic field, wrote the seminal article "The Meaning of Social

Entrepreneurship" (Dees, 2001) that has been numerous cited. He authored and co-wrote other articles and books, focusing on non-profit and for-profit social entrepreneurship theory (Dees & Anderson, 2002; 2006; Dees, Emerson, & Economy, 2001; 2002). Electronic databases such as EBSCOhost and ProQuest feature numerous peer-reviewed articles relevant to the topic, signifying the growing interest of scholars all around the world in developing this field.

In practice, Muhammad Yunus is one of the most renowned social entrepreneur, being awarded the Nobel Peace Prize last 2006 for his endeavors in microfinance. The Grameen Bank has been highly regarded as an exemplar of social enterprises that help address poverty in Bangladesh (Yunus, 2007; Yunus, 2010). In the Philippines, Sebastian (2010) illustrates the cases of the country's more popular social enterprises, such as ECHOstore, Hapinoy, and Rags2Riches. Gawad Kalinga continues to build on its 'bayanihan economics' (Meloto, 2013), fostering its Center for Social Innovation through the Enchanted Farm at Angat, Bulacan – serving as the 'Silicon Valley for social entrepreneurs' (Meloto, 2013).

Evidently, social entrepreneurship as both a field of study and practice is continuously evolving. However, this paper's review of literature shows that developing actionable theories and frameworks for practice can address the theory-practice gap of social entrepreneurship. This is supported by Noreen Bautista, General Manager of Consulting and Business Services for Social Enterprises (CBS) under the BCY Foundation. She narrates how neophyte social entrepreneurs often struggle to make sense, understand, and organize their strategies once pitted in the 'real world' of social entrepreneurship. Although the field is in constant development through trial-and-error methods, there is a need for frameworks that are simple, easy-to-understand, yet grounded on theory.

### 1.2 Practitioner need for visual frameworks

The management world has no shortage of visual tools and frameworks, especially in the academe and consulting fields. Most popular are Porter's Five Forces Framework and Value Chain, Kaplan and Norton's Balanced Scorecard and Strategy Maps, and even Boston Consulting Group's Portfolio Matrix (Kiechel, 2010). For better or worse, these kinds of frameworks have permeated corporate strategic planning (Kiechel, 2010).

Given the complexities of management in today's time, scholars and practitioners strive to devise new visual frameworks that will better make sense of a constantly evolving and uncertain world.

Bautista (personal communication, 2013) believes that the rise of design and visual thinking can help her fellow social entrepreneurs to better put order in the 'messy iterative groping' (Coghlan, 2013).

One recent visual framework gaining popularity around the world is Osterwalder and Pigneur's 'Business Model Canvas' (2010), officially published in their book 'Business Model Generation'. The Canvas has been adopted for its simplicity yet capacity to visually show the operating and offering models of a particular business – conveniently functioning as a business plan in a box ([www.businessmodelhub.com](http://www.businessmodelhub.com)). Figure 1 shows the Business Model Canvas composed of nine building blocks.

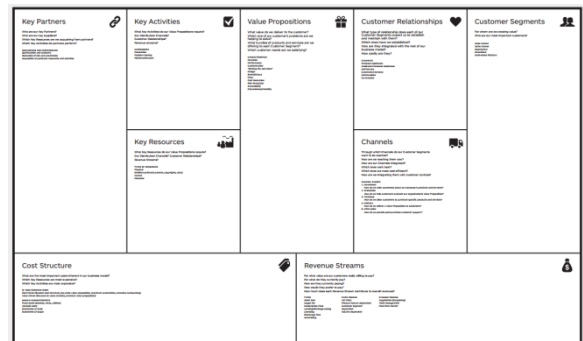


Figure 1. The business model canvas (Osterwalder & Pigneur, 2010)

### 1.3 Business models and entrepreneurship

Research on business models are gaining popularity in recent times. Scholars and practitioners involved with social entrepreneurship (Dees, Emerson, & Economy, 2001; 2002) have borrowed the concept of business models – modifying and tweaking them to suit the contexts of social enterprises' need to balance money-mission relationships (Alter, 2006; Bull, 2007; Emerson, 2003; Michelini, 2012; Michelini & Fiorentino, 2012; Nicholls, 2006; Yunus, Moingeon, & Lehmann-Ortega, 2010).

Significantly overlapping with the management of business models is the need for entrepreneurial management. Austin, Stevenson, and Wei-Skillern (2006) proposed the 'Social

Entrepreneurship Framework’, building on the existing entrepreneurship frameworks focusing on People, Context, Deals, and Opportunities (PCDO).

Synthesizing Austin et al.’s social entrepreneurship framework with the business model literature allows potential for a visual framework that can better equip scholars and social entrepreneurs to manage dual value propositions and solve a social problem sustainably.

#### 1.4 Objectives and scope

Thus, the objective of this research paper is to synthesize findings in the literature of business models and social entrepreneurship to pursue the development of a ‘Social Entrepreneurship Canvas’. The author aims to develop a visual framework usable by practitioners yet theoretically grounded for scholarship.

## 2. BUILDING THE SOCIAL ENTREPRENEURSHIP CANVAS

### 2.1 Commercial and social business model frameworks

The researcher recognizes Osterwalder and Pigneur’s business model canvas (2010) as one of the most desirable visual frameworks in commercial business model literature. Its simplicity yet reflection of how a business operates and offers value provide vivid picture for practitioners and scholars.

In the social entrepreneurship field, scholars and practitioners have developed ‘social business models’ (Yunus et al., 2010). Figure 2 describes how Yunus et al. (2010) described the general components of a social enterprise’s business model.

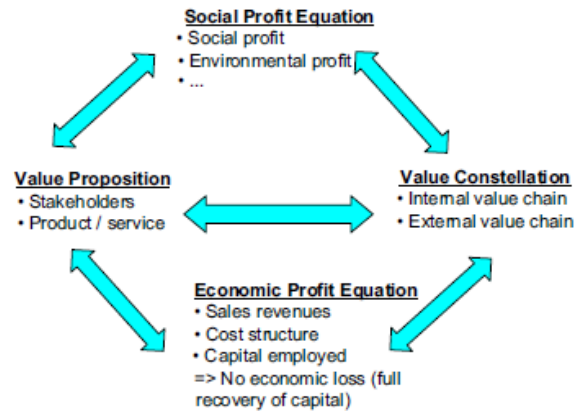


Figure 2. The four components of a social business model (Yunus et al, 2010).

Building on these previous works, Michelini and Fiorentino (2012) conducted a study synthesizing literature on social and inclusive business models. Figure 3 shows how Michelini and Fiorentino described the comparison between social and inclusive business models.

The researcher appreciates the frameworks shared by these authors. However, compared to Osterwalder and Pigneur’s (2010) Business Model Canvas, the frameworks of Yunus et al. (2010) and Michelini and Fiorentino (2012) can build on how the Business Model Canvas seeks to simplify the visualization of a business model, enabling practitioners to have a visual framework they can tweak. Visual and design thinkers appreciate the Canvas because they can use it as a brainstorming tool – drawing, doodling, placing sticky notes and utilizing other forms of creative tools to manipulate the canvas ([www.businessmodelhub.com](http://www.businessmodelhub.com)).

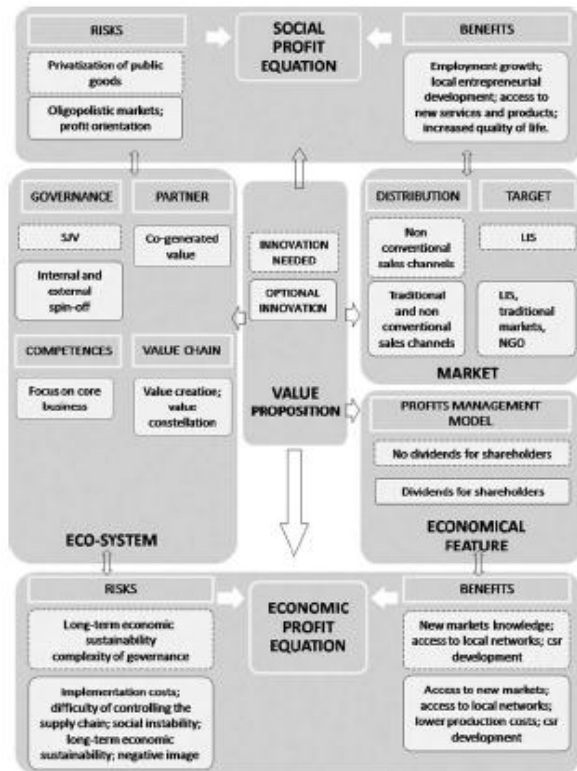


Figure 3. Social and inclusive business models (Michelini & Fiorentino, 2012).

As seen in the framework, the eco-system component resembles Osterwalder and Pigneur’s ‘key partners’ building block of the Business Model Canvas.

### 2.2 Commercial and social entrepreneurship frameworks

In doing for-profit social ventures and framing theories for social entrepreneurship, authors have stated the complexity of managing the financial and social bottomlines (Dees & Anderson, 2002; 2006; Austin et al, 2006). Austin et al. (2006) have tackled the overlaps between the commercial entrepreneurship and social entrepreneur frameworks, building on Sahlman’s (as cited in Austin et al, 2006) PCDO framework. Table 1 describes the components of the framework, namely People, Context, Deal, and Opportunity.

Table 1. Analytical framework for entrepreneurship (Sahlman, as cited in Austin et al., 2006)

Components	Definitions
People	Active participants necessary for the venture to succeed, whether internal or external of the venture (Austin et al., 2006)
Context	Elements not within the entrepreneur’s control that influences failure or success (Austin et al., 2006)
Deal	Defines “who gives” and “who gets what” (Austin et al., 2006) in the creation and delivery of value
Opportunity	“any activity requiring the investment of scarce resources” (Sahlman, as cited in Austin et al., 2006)

Building on the PCDO framework, Austin et al. (2006) proposed a social entrepreneurship framework, putting an enterprise’s social value proposition at the center as shown in Figure 4.

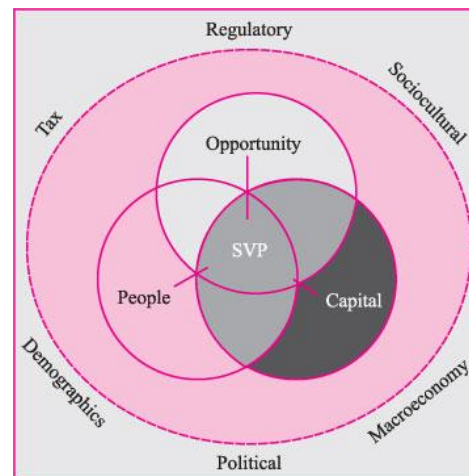


Figure 4. Social entrepreneurship framework (Austin et al., 2006)

### 2.3 Developing the ‘social entrepreneurship canvas’

The researcher realizes that the literature on business model and entrepreneurship frameworks



complement each other. Relating to the activities of social entrepreneurs, Austin et al.'s (2006) framework visualizes how they should manage the social value proposition (SVP) of their enterprise. Literature on business models (Osterwalder & Pigneur, 2010; Yunus et al., 2010; Michelini & Fiorentino, 2012) crystallizes the need for a commercial and social entrepreneur to understand the venture's systems of value creation. The researcher realizes two important points in the art of managing social enterprises or pursuing social entrepreneurship ventures.

First, a social entrepreneurship framework and business model must feature two systems of value creation: (1) the financial or commercial business model and (2) the social business model. This is the limitation of Osterwalder and Pigneur's Canvas – it only depicts the system of commercial value creation. Yunus et al. (2010) and Michelini and Fiorentino (2012) solve this by recognizing the need for the social profit equation.

Second, the social entrepreneurship framework of Austin et al. (2006) shows how the entrepreneurial activities, especially the PCDO components, overlap with the usage of business model frameworks. In identifying People, Context, Deals, and Opportunities, the business model frameworks guide the scholars and practitioners in organizing value creation and delivery through visual thinking. In designing a business model, it is important to account for the Context or PESTEL factors and iterate strategies based on changing conditions.

Grounded on these two insights, the researcher proposes the 'Social Entrepreneurship Canvas', depicting how a venture manages two systems of value creation through the commercial and social value propositions. In this framework, the researcher adopts the "doing well by doing good" approach to social entrepreneurship (Glover, 2012). The framework visualizes how the act of doing well (commercial) fuels the act of doing good (social), and so on and so forth, creating a desirable cycle of dual value creation and delivery. Figure 5 shows the proposed social entrepreneurship canvas. The

assumption of the proposed canvas is that the financial revenue streams fund the costs of pursuing social impact, while the pursuit of social impact (e.g. empowering communities through livelihood) benefit the business through greater employee or supplier relationship with the community.



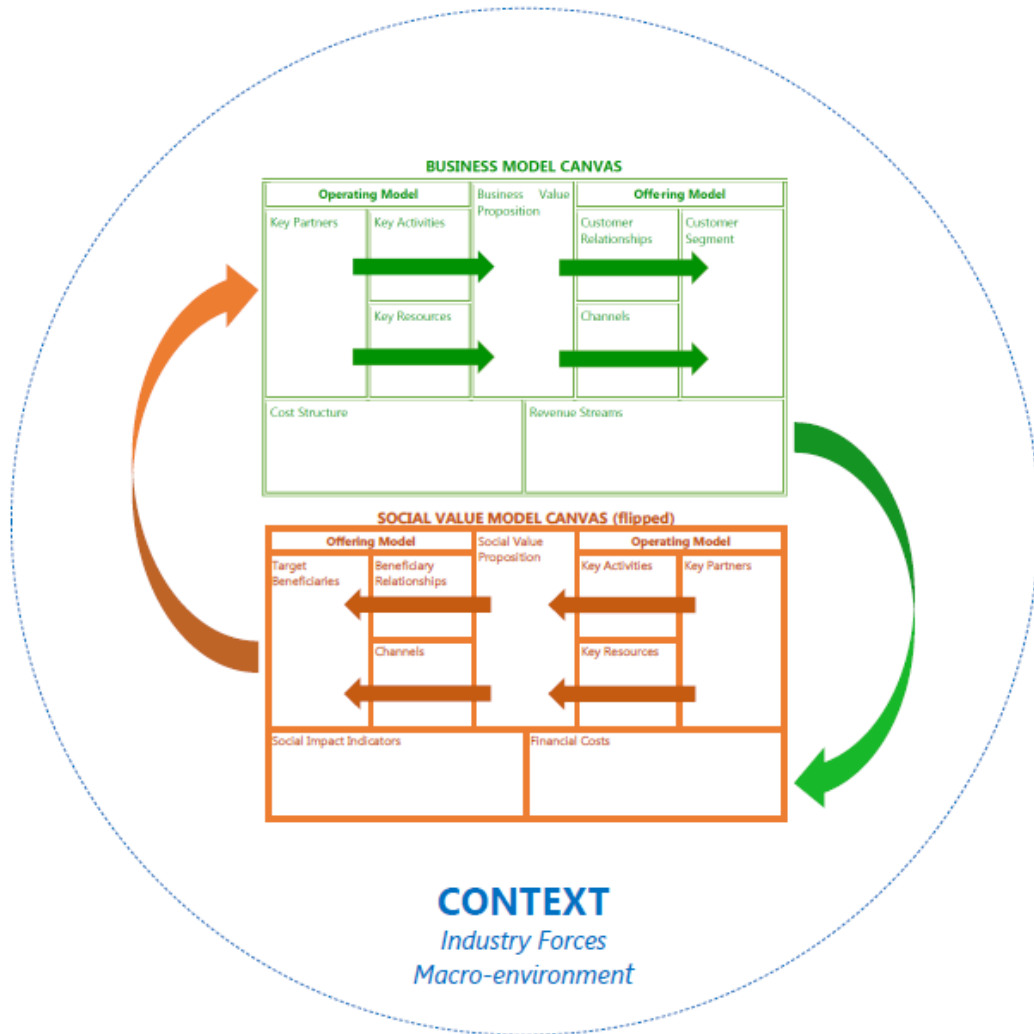


Figure 5. The social entrepreneurship canvas

### 3. CONCLUSIONS AND RECOMMENDATIONS

This critical review of relevant literature serves as a crucial step in the understanding of how social enterprise managers and social entrepreneurs can use visual frameworks in handling commercial and social value propositions. The researcher encourages scholars and practitioners to refine and

improve the social entrepreneurship canvas through practice. The researcher recommends robust qualitative research in the future, perhaps case study analysis or participatory action research in the testing of the proposed framework. Furthermore, the social entrepreneurship canvas can be further synthesized with cutting edge management theories, such as Eric Ries' The Lean Startup and Kim and Mauborgne's Blue Ocean Strategy, to name a few.



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