
Social Business Models – A typology based on levels of integration



Karin Kreutzer, Elisabeth Niendorf

Social Business, Social Entrepreneurship, Hybrid Organizations, Social Business Models, Organizational Tensions

Sozialunternehmen, Social Entrepreneurship, Hybride Organisationen, soziale Geschäftsmodelle, Organisationale Spannungen

We develop a framework for determining the level of integration of social business models and a subsequent typology. We distinguish between integrated, moderately integrated and differentiated social business models and theorize on the likelihood of organizational tensions in each model. Drawing on a series of examples from different countries and sectors, our analysis shows that social business models differ in two parameters, the degree of integration of the beneficiaries as well as the allocation of resources to create economic and social value. We suggest that the likelihood for organizational tensions is low in both integrated as well as differentiated social business models, while it is higher in social business models with a moderate level of integration. Our conceptual framework and the related propositions pave the way for an empirical inquiry of this theoretically appealing and practically relevant phenomenon.



In diesem Beitrag entwickeln wir einen konzeptionellen Rahmen für die Unterscheidung von sozialen Geschäftsmodellen entsprechend ihres Integrationsgrades und darauf aufbauend eine Typologie für Sozialunternehmen. Wir unterscheiden zwischen integrierten, teilweise-integrierten und differenzierten sozialen Geschäftsmodellen und leiten theoretische Überlegungen über die Wahrscheinlichkeit des Auftretens von organisationalen Spannungen in dem jeweiligen Model ab. Anhand von zahlreichen Beispielen aus verschiedenen Ländern und Sektoren, zeigen wir, dass sich soziale Geschäftsmodelle in zwei Parametern unterscheiden, dem Grad der Beteiligung der Begünstigten und der Ressourcenzuteilung zu ihrer ökonomischen und sozialen Wertschöpfung. Wir erwarten, dass die Wahrscheinlichkeit für organisationale Spannungen sowohl in integrierten als auch in differenzierten Geschäftsmodellen gering ist, in teilweise integrierten sozialen Geschäftsmodellen wiederum vergleichsweise höher. Unser konzeptioneller Rahmen und die abgeleiteten Hypothesen lassen sich für empirische Untersuchungen dieses theoretisch interessanten und praktisch relevanten Phänomens nutzen.

INTRODUCTION

In recent years, the growing importance of social enterprises has been widely recognized in politics and research alike (Battilana et al. 2015; Besharov & Smith 2013; Dutta 2016;

Fosfuri et al. 2016). Some of these organizations manage to pursue social and economic activities simultaneously – as a social business. Social businesses are typically self-sustainable; they achieve their social impact largely without individual donations or government funding (*Yunus et al.* 2010). Some of these businesses address the base of the pyramid (BOP) population in emerging markets (*Prahalad* 2010); others operate in industrialized countries. A well-known example is *Grameen Bank*, the Nobel-prize winning microfinance institution founded by Muhammad Yunus in Bangladesh.

Existing research has pointed to potential tensions that might arise due to the hybrid nature of social businesses (*Battilana & Dorado* 2010). Since there is no clear single “bottom line,” the allocation of resources as well as the different professional backgrounds of employees and investors (social versus commercial) creates a plethora of potential conflict areas and organizational tensions (*Glynn* 2000; *Golden-Biddle & Rao* 1997; *Fosfuri et al.* 2016), which might paralyze the organization (*Pache & Santos* 2010) and thus influence the performance of the social business negatively (*Santos et al.* 2015).

Battilana and Lee (2014) argue that the degree of potential tension is influenced by the level of integration in a social business model. They define the integration of a social business model as “the extent to which commercial and social goals are advanced through a common set of activities versus through separate sets of activities” (*Battilana & Lee* 2014: 413). The authors suggest that a high level of integration of a social business model ensures fewer tensions and thus smooth processes and operations within the organization. However, to date the integration of social business models “has received only limited attention from researchers” (*Battilana & Lee* 2014: 414). Thus far we do not know how the integration of social and commercial practices is actually achieved (*Greenwood et al.* 2011) and what exactly integrated models look like. What are criteria to distinguish between integrated and differentiated models? Therefore, we set out to conceptualize integrated versus differentiated social business models and to theorize how the degree of integration might influence the likelihood of organizational tensions in social business models. We use illustrative cases to apply our conceptualization to a sample of 70 financially self-sustainable social businesses from all over the world. The contribution of our work is twofold. First, we enrich the literature on social entrepreneurship with a concept for determining the degree of integration of a social business model based on two distinct parameters, the degree of integration of the beneficiary in the process of value creation and the allocation of resources for economic as well as social value creation. Second, we derive propositions on the likelihood of organizational tensions in different social business models. We suggest that for integrated as well as for differentiated social business models, the likelihood of tensions is lower. However, we expect an increased likelihood of organizational tensions in moderately integrated social business models.

SOCIAL BUSINESS MODELS

There has been a surge in the literature on business models (*Zott et al.* 2011), which can be defined as the inter-connected set of activities that create social and/or economic value by addressing a particular need (*Zott & Amit* 2007). According to *Teece* (2010), a business model outlines the method by which the enterprise “delivers value to customers, entices customers to pay for value and converts those payments to profit” (*Teece* 2010: 172). *Abdelkafi* (2012) describes the business model as a layer between strategy and operations, where operations refer to the detailed day-to-day business and the business model repre-

sents an abstraction. There are several examples of innovative social business models that reduce poverty and human suffering and are at the same time financially viable. One is the self-sustainable business model of *Waste Concern*, created in 1994 by two entrepreneurs in Bangladesh. The company addresses the problem of waste disposal faced by cities, local communities and local authorities. Despite spending almost a quarter of its total annual budget on waste removal, the local authorities could only deal with less than 40% of the waste. The rest piled up in the streets and landfill sites, creating a number of serious social as well as health threats. The business model of *Waste Concern* leverages the high organic content of waste (mainly from food leftovers) to turn waste into compost and sell this as a valuable substitute for chemical fertilizer to local farmers. This helps to minimize the overuse of chemical fertilizer, which had drastically lowered the soil quality in the past. The demand for the fertilizer is high and in cooperation with the largest fertilizer company in Bangladesh the business model of *Waste Concern* has been rapidly scaled (*Seelos & Mair 2007*). *Waste Concern* is not only an example of a self-sustaining, but also for an integrated social business model.

The literature describes integrated social business models as those business models that produce social value and commercial revenue through one unified strategy (*Battilana et al. 2012; Ebrahim et al. 2014*); this is called blended value proposition (*Emerson 2003*). Thus, the activities of integrated social business models align profit and social impact objectives. *Fowler (2000)* denotes social enterprises as integrated when economic activity in itself produces social outcomes. In a hypothetical fully integrated social business model, social and commercial value is non-divisible, which means that every activity produces both social and commercial value (*Emerson 2003*). This model is appealing because managers do not face trade-offs between pursuing the social mission and adhering to the profit goals of the social business, as both aspects are integrated into the same strategy. Other scholars look at this relationship from another perspective and stress that a disaggregation of a social enterprise's social and economic value creation properties makes implementing a social enterprise more difficult (*Alter 2006*). In practice we find a broad variety of types of social business models (for a review see *Alter 2006*) and each type has a different potential to become self-sustainable. The potential to become financially self-sustainable is high when the beneficiaries are at the same time the customers of the product or the service. This is the case for *Grameen Bank*, which pioneered microfinance as a “way of bringing banking services to an unserved section of the population” (*Bessant et al. 2012: 236*). Worldwide over 100 million families are served (*Bessant et al. 2012*). Social and economic objectives are aligned as serving the demands of paying clients simultaneously generates income and social impact. Delivering financial services to unbanked populations fulfills the economic goal of generating income and makes the business self-sustainable. At the same time, promoting start-up companies and SMEs and thereby contributing to income generation of the ‘unserved’ customers fulfills the social mission.

The type of social business model has implications, not only for the potential self-sustainability and the survival of social businesses (*Bouchard & Rousselière 2015; Tracey & Jarvis 2006*), but also for managing the organization. We answer the call of *Santos et al. (2015)* to carefully differentiate management implications according to the specificities of the different types of social business models. They distinguish social business models based on a two-by-two matrix. The first dimension concerns the automatic versus the contingent nature of social value creation and the second dimension differentiates social business

models based on the overlap of clients and beneficiaries. For each type of social business model, the authors suggest different strategies concerning an adequate structure, governance, effective strategies for human resources, performance management as well as ideal financing mechanisms for scaling up the business model. Ebrahim et al. (2014) distinguish between two categories of integrated and differentiated social enterprises and theorize on the governance challenges that they face. These authors recognize that not all social enterprises fall squarely into these two ideal types. Other scholars have used empirical analysis for developing a typology of social business models. The research of Mair et al. (2012) is particularly interesting in our context. The authors use content and cluster analysis on a global sample of 200 social enterprises. Their findings are in line with Spear (2011) and show differences in the forms of capital (social, economic, human, and political capital) that social enterprises leverage to achieve social change and satisfy the respective demands of beneficiaries, clients and other stakeholders. We use those insights and stress the role of resource allocation for economic as well as social value creation in classifying different types of social businesses.

Synthesizing the findings of these authors, we propose a new framework for determining the level of integration of a social business model. Importantly, our unit of analysis is the organization. Our framework is based on two parameters: the degree of integration of the beneficiaries as well as the allocation of resources to create economic and social value.

First, we argue that the degree of integration of beneficiaries into the business model represents an important parameter to determine the level of integration of the social business. While the typology of social business models of Santos et al. (2015) takes into consideration the degree of overlap between clients and beneficiaries, it does not account for other types of beneficiary involvement. Based on Fosfuri et al. (2016) and Ebrahim et al. (2014), we provide a more comprehensive differentiation of the various kinds of beneficiary involvement into those that have (1) beneficiaries as customers; (2) beneficiaries engaged as employees in the process of value creation; (3) beneficiaries as suppliers; or (4) beneficiaries without a role in the process of value creation. This parameter is necessary to determine the level of integration of social business models. However, it is not sufficient for all types of social business models. Especially, for the classifying social business models with beneficiaries engaged as employees in the process of value creation, we propose an additional parameter.

Second, we argue that the allocation of resources to create economic and social value can be used as a parameter to determine the level of integration of a social business model. There are different types of resources and scholars of the resource-based view have categorized them into physical, human and organizational capital¹ (Barney 1991). For reasons of simplicity, we concentrate on financial and human resources in our analysis. The allocation of financial and human resources for generating social and economic value is indicative of the level of integration of the social business model. As shown in Figure 1, we distinguish between three scenarios (1) resources allocated for economic value creation (EVC) are identical with resources allocated for social value creation (SVC), (2) resources allocated for EVC and SVC are different but partly overlap and (3) separate resources al-

1 Physical capital includes the physical assets of the enterprise such as technology, equipment and raw material. Human capital covers aspects such as training, experience or intelligence. Organizational capital comprises, e.g., the planning and controlling system. Other scholars such as Grant (1991) additionally distinguish between financial resources, technological resources and reputation.

located for EVC and SVC. We argue that as the degree of overlap of the resources allocated for economic and social value creation increases, so too does the level of integration of the social business model. We label social business models with financial and human resources generating simultaneously economic and social value as *integrated*. We classify those models that allocate their resources exclusively either for social value creation or for economic value creation as *differentiated*. In some social business models, we find both overlapping resources for SVC and ECV and resources that are exclusively allocated either for SVC or for ECV. We label these kinds of social business models as *moderately integrated*.

In summary, the literature claims that social enterprises with a high level of integration of their core activities are more successful in pursuing social as well as economic goals simultaneously than those with separate sets of activities (Battilana & Lee 2014; Alter 2006). Integrated social business models are seen as facing fewer conflicts and organizational tensions. To date this assumption has not been rigorously tested due to the lack of a conceptual framework for determining the level of integration in social business models.

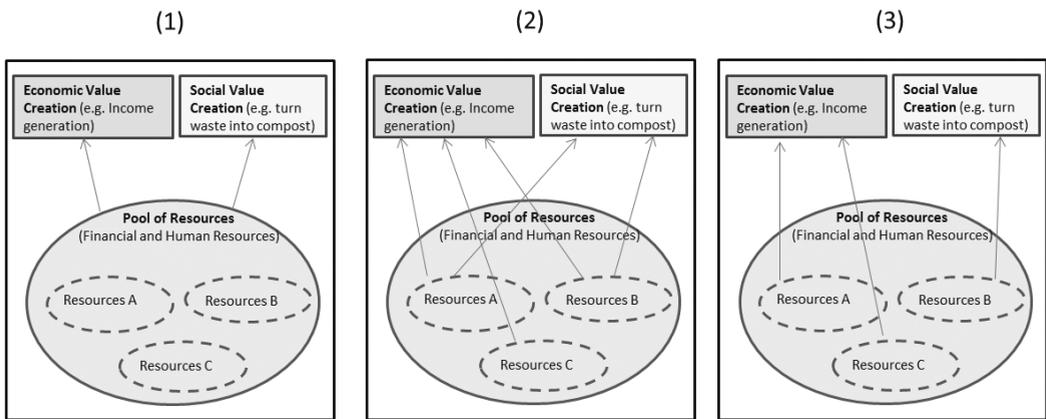


Figure 1 Three scenarios for resource allocation in social enterprises

INTEGRATION OF SOCIAL BUSINESS MODELS AND TENSIONS

We start with an outline of our conceptual framework and apply it to different self-sustainable social businesses in order to illustrate the differences between integrated, moderately integrated and differentiated social business models (Table 1). In a next step, we apply our framework to a sample of 70 self-sustainable social businesses from a broad range of countries and sectors (Annex 1).

Beneficiary-as-customer business model

In the first type of social business model, the beneficiary is the customer of the product or service offered by the social business. The core activities create social impact by serving the beneficiaries. Since the beneficiaries are also the customers, revenue is generated simultaneously. The dominant part of financial and human resources is dedicated to a combined creation of social and economic value. An example of an integrated social business model with the beneficiary as customer is the British social enterprise *Unforgettable*.

Founded in 2015, the company currently has 10 employees and sells online 2, 000 specialized products for people with dementia, a huge market as worldwide more than 44 million people suffer from dementia. The company was set up to improve the lives and careers of those living with dementia. Unforgettable offers innovative products for the daily challenges of the illness – including activities and games, mealtimes, sleeping, personal hygiene and dressing. The financial as well as human resources of Unforgettable are allocated for the simultaneous creation of economic and social value, classifying it as an integrated social business model.

Beneficiary-integrated-in-value-creation business model

In the second type of social business model, the beneficiary engages as an employee in the process of value creation. Here the role of the beneficiary alone is not sufficient to determine the degree of integration of this type of social business model. We therefore propose an additional parameter, the allocation of resources for economic value creation and social value creation. We distinguish between three sub-groups.

First, social business models that innovatively work with the special skills of their beneficiaries and provide them with regular employment contracts, e.g., the highly sensitive sense of touch of blind people, mathematical and technical skills of people with autism, etc. *Auticon*, founded in 2011, employs people with autism as IT-consultants. Today, Auticon has 100 staff members (two-thirds with autism). Apart from its headquarters in Berlin, Auticon opened several branches in Munich, Düsseldorf, Frankfurt am Main, Stuttgart and Hamburg and is starting operations in London and Paris. As resources allocated for EVC overlap almost completely with the resources allocated for SVC, Auticon classifies as an integrated social business model.

Second, social businesses providing long-term employment to marginalized groups, e.g., the handicapped, people with mental health problems, the long-term unemployed, young people with little or no job experience, etc. An example is *Jobfactory*, a Swiss social enterprise that offers a broad range of products and services ranging from IT-services, professional painting or hairdressing services to facility management services or a fashion and music store. Jobfactory provides employment opportunities for 120 young unemployed adults and qualifies more than 250 young adults to start with a formal apprenticeship. While there is an overlap between the human and financial resources of Jobfactory that are allocated for the EVC and the SVC, some resources are allocated solely for EVC and some resources solely for SVC. Since it is the goal of Jobfactory that young employees find a job in the labor market, they receive training in performing well in job interviews or in preparing their application documents. The resources allocated for training exclusively contribute to SVC; thus, we suggest classifying this sub-group of social business models as differentiated.

Third, social business models with a primary goal of qualifying their beneficiary-employees for the labor market and a secondary objective of generating revenue. An example is the so-called work integration enterprise (*WISE*) (*Battilana et al.* 2015). Beneficiaries are provided with meaningful work, which positively influences their personal development and self-esteem, and with the skills they need to find employment in the regular job market. In this type of social enterprises, EVC and SVC do not share the same costs, and human resources are allocated separately for the creation of economic and social value. Social value is created by specialized training or counselling offered by social workers and

other staff members, and income is generated by selling products – sometimes co-produced by the beneficiaries. As separate resources are allocated for EVC and SVC, we classify this sub-group of social business models as differentiated.

Beneficiary-as-supplier business model

In the third type of social business model, beneficiaries assume the role of the supplier. Typical examples are Fair Trade companies, such as *GEPA*. *GEPA* sells groceries and handicrafts from developing countries. Producers are paid fair prices for their products, i.e., prices that are higher than usual market prices and allow producers a decent living. *GEPA* sources its products from small-holders who find it difficult to access the world market. It offers long-term contracts with suppliers and engages in social programs such as education programs. Founded in 1975 in Wuppertal, *GEPA* currently has 166 employees, a turnover of 68 million EUR and products are typically sold in world shops. Economic value is created through the sales of products in Germany and social value is created in local communities in developing countries, i.e., externally. While higher sales in Germany increase the social impact for producers, the social value creation takes place outside of *GEPA*'s business model; thus, it is not part of the organization's core activities. Employees in Germany focus their time and effort on selling the products and not on creating social impact for the beneficiaries. Thus, *GEPA* is an example of a differentiated business model.

Beneficiary-not-included-in-value-creation business model

In the fourth type of social business model, the beneficiary has no role in the process of value creation of the social enterprise. The paying customer is not the direct beneficiary of the firm's social action (Fosfuri et al. 2016) The North American social enterprise *Toms* – founded in 2006 by Blake Mykoskie – promotes the so-called 'One for One' concept. With each purchase of a pair of *Toms*' shoes, *Toms*' 'Giving Partners' donate a new pair of shoes to an impoverished child. The same concept applies to a number of projects supported by *Toms*; for example, with the sale of eyewear, money is donated to projects improving the eyesight of people in developing countries; with the sale of handbags, money is donated to projects training skilled birth attendants and distributing birth kits (containing items that help a woman safely deliver her baby). Finally, the profit from the sales of coffee supports people with safe drinking water. By infusing its products with social meaning, *Toms* establishes a value-based relationship to its customers, people who care about the social values that *Toms* supports and align their consumption patterns with these values (Fosfuri et al. 2016). The business model can be classified as differentiated since the social value creation takes place outside of *Toms*' the business model and the beneficiary is not included in value creation. The company allocates the dominant share of resources to its commercial activities. Only some financial as well as human resources are allocated for selecting adequate 'Giving Partners' and maintaining an effective partnership with them. *Toms* has been extremely successful with this business model. The company has reached more than 35 million people in need in over 70 countries across five continents. Thus, there is no connection between the degree of integration of a social business model and the degree of social value creation. Differentiated business models may create as much social impact as integrated models.

Table 1 Classification of social business models according to their degree of integration

Parameter 1 Degree of integration of beneficiaries	Parameter 2 Allocation of resources for EVC and SVC	Level of integration	Examples
Beneficiary=Customer			
	EVC = SVC	Integrated	Unforgettable (GBR)
Beneficiary=Employee			
Type 1	EVC = SVC	Integrated	Auticon (GER)
Type 2	EVC ≠ SVC	Moderately integrated	Jobfactory (CHE)
Type 3	EVC ≠ SVC	Differentiated	WISE (FRA)
Beneficiary=Supplier			
	EVC ≠ SVC	Differentiated	GEPA (GER)
Beneficiary external (Fund-raising)			
	EVC ≠ SVC	Differentiated	Toms (USA)

In line with authors from the social entrepreneurship literature, we argue that the degree of integration determines the likelihood of organizational tensions (*Battilana & Lee 2014; Besharov & Smith 2013; Dacin et al. 2011; Smith et al. 2013; Pache & Santos 2010*). However, our conceptual framework for determining the degree of integration of the social business model provides a more nuanced view of the likelihood of tensions in different social business models.

As organizations want to gain legitimacy in their organizational environment (*DiMaggio & Powell 1983*), tensions are more likely to develop in organizations that encompass two conflicting organizational logics originating from different institutional fields (*Smith & Tushman 2005*), the market and the social welfare field (*Glynn 2000; Golden-Biddle & Rao 1997*). “When actors with multiple and divergent identities exist within the same institution, different resources can become defined as core competencies, and strategic decision making can become increasingly contentious; thus, conflicts of strategic definition and resolution can stem from conflicts over identity” (*Glynn 2000: 295*). Social businesses, which address the demands of one institutional field, create less potential for tensions than those addressing the demands of more than one institutional field. We suggest that in integrated social business models, the degree of integration of the beneficiaries is high, i.e., beneficiaries are the customers or the employees of the social business. Thus, integrated social businesses predominantly respond to the demands of one institutional environment, that of the beneficiaries, which reduces the likelihood of tensions. This line of argumentation is reflected in Proposition 1a.

Proposition 1a: In integrated social business models, the likelihood of tensions is low, as a high degree of integration of beneficiaries leads to an overlap in the demands from the social and business sectors.

We suggest that the situation is similar in non-integrated social business models. Using the business model as the unit of analysis, we argue that differentiated social business models focus on one type of value creation and thus mostly respond to the demands of one institutional environment. Having reviewed a number of differentiated social business models (see Annex 1), we propose that in differentiated social business models the focus typically lies on economic value creation since social value creation is externalized to partners. Therefore, the degree of integration of the beneficiaries is low. We argue that this situation prevents potential conflicts and tensions (Proposition 1b) since the demands and requirements of primarily one institutional environment, the market, have to be met.

Proposition 1b: In differentiated social business models, the likelihood of tensions is low as a low degree of integration of beneficiaries prevents conflicting institutional logics.

In contrast, when the social business model comprises separate social and commercial activities, social businesses may experience a “service paradox,” i.e., serving the demands of the social sector involves failing to adequately serve the demands of the commercial sector (Jay 2013). While customers want products of the best possible quality at a low price, beneficiaries need carefully designed production processes that help them to develop their full potential in the workplace. We argue that moderately integrated social businesses are likely to be confronted with competing interests of beneficiaries, customers and employees, which leads to potential tensions (Proposition 1c).

Proposition 1c: In moderately integrated social business models, the likelihood of tensions is high due to the competing interests of the beneficiaries and customers.

Moreover, tensions may arise in situations where resources are scarce and the resource demands of social and commercial activities are mutually exclusive. According to our conceptual framework, in integrated social business models the resources for creating economic value are equivalent to the resources allocated for creating social value (see Figure 1). The literature suggests that more integrated business models face fewer tensions regarding the question of how to best allocate the available human, financial, and attentional resources (Battilana & Lee 2014; Nielsen 1986). This argument is reflected in Proposition 2a.

Proposition 2a: In integrated social business models, the likelihood of tensions is low as resources allocated for the EVC simultaneously contribute to SVC and vice versa.

We develop this argument further and also suggest that in differentiated social business models the likelihood of tensions is low. In differentiated social business models the focus mostly lies on economic value creation. We argue that this justifies the decision to allocate the dominant share of resources for economic value creation. Thus, the likelihood of tensions is low due to a clearly defined logic for the allocation of resources (Proposition 2b).

Proposition 2b: In differentiated social business models, the likelihood of tensions is low as resources allocated for the EVC do not conflict with resources allocated for SVC.

For moderately integrated social business models, the allocation of resources is less straightforward as the business model incorporates social as well as economic value creation. Some resources overlap; others are exclusively allocated for either social value cre-

ation or economic value creation. We expect that in the allocation of resources, there is an inherent potential for organizational tensions and conflict (Proposition 2c).

Proposition 2c: In moderately integrated social business models, the likelihood of internal tensions is high due to an unclear allocation of resources for EVC and SVC.

In summary, we argue that organizational tensions are likely in moderately integrated social businesses, whereas they are less likely in integrated and differentiated social business models. This relationship between the degree of integration and the likelihood of tensions can be illustrated as an inverse U-shaped curve, shown in *Figure 2*.

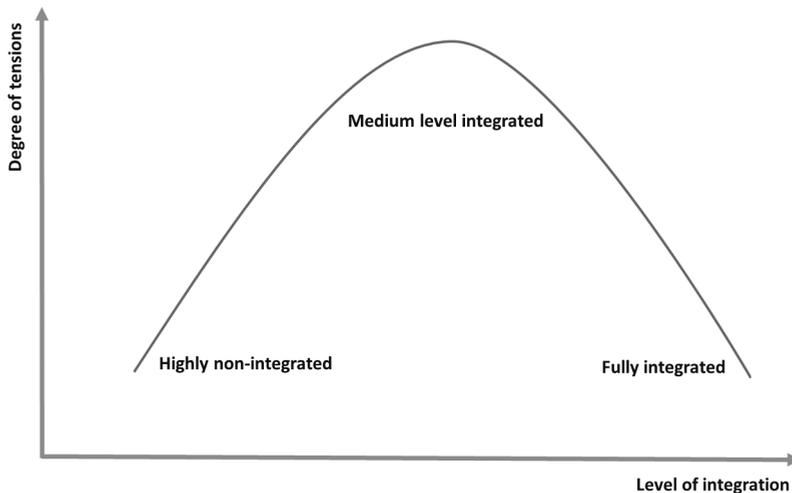


Figure 2 Level of integration and degree of tensions in social business models

CONCLUSION

Existing research has pointed to potential tensions in organizations that adhere to conflicting institutional logics (Glynn 2000; Golden-Biddle & Rao 1997), such as social businesses (Battilana & Dorado 2010). Research suggests that the degree of potential tension is influenced by the level of integration of commercial and social activities in a social business model (Battilana & Lee 2014; Besharov & Smith 2013; Dacin et al. 2011; Smith et al. 2013; Pache & Santos 2010). Thus far, we lack a comprehensive conceptual framework for empirical work on the proposed relationship. We set out to explore criteria to distinguish between integrated and differentiated social business models.

We identify two parameters that are crucial for determining the degree of integration of a social business model, (1) the degree of integration of the beneficiaries and (2) the allocation of resources for creating economic and social value. Although the first parameter is often sufficient, in specific cases, the second parameter is needed for a consistent and coherent classification of social business models.

We suggest that the notion of competing resource claims stemming from the conflicting demands of different institutional fields, is crucial for any theoretical attempt to predict organizational tensions in social business models that might paralyze the organization (Pache & Santos 2010) and thus negatively influence performance (Santos et al. 2015).

Our conceptual framework offers a more nuanced view than the existing research and suggests that the relationship between the degree of integration and the likelihood of tensions takes the form of an inverse U. Our results confirm the argument of the existent literature that more integrated social business models may experience fewer tensions. However, we contradict existing theorizing and suggest a low level of tensions in differentiated social business models. We argue that the likelihood of tensions is higher for social business models with a moderate level of integration due to conflicting claims on the allocation of resources.

Our framework invites future research to empirically test our propositions and calls for more conceptual work to better understand the different dimensions of the integration of social business models.

ANNEX

1. Examples for integrated social business models

Parameter 1: Beneficiary = Customer

Parameter 2: Resources allocated for EVC = resources allocated for SVC (RSVC)

Algramo (COL), Spouts of water (UGA), Moradigna (BRA), Afard Holdings (UGA), Impact Water (UGA), Nutrivida (CRI), BIVE (COL), Palmis Eneji (HTI), Seniors Home (ALB), Awamu Biomass Energy (UGA), Green Bio Energy (UGA), Dream Shuttle Limited (UGA), Golden Bees Limited (UGA), M-KOPA (KEN), Medwatch (TUN), Bwera Inforamtion Centre (UGA), Diamondcab (HKG), Light Be (HKG), ReelGardening (ZAF), FasoProt (BFA), Sanergy (KEN), HCT Group (GBR), Welsh Water (GBR), International Development Enterprises India (IND), Social Welfare Corporation Shinko Fukushima (JPN), Centro Ginecologico Integral (ARG), Echale a tu casa (MEX), Sugruvi (PHL)

Parameter 1: Beneficiary = Employee (Type 1)

Parameter 2: Resources allocated for EVC = resources allocated for SVC (RSVC)

Specialisterne (DNK), Mar & Sol (COL), Dialouge in the Dark (GER), Hogaru (COL), Udruzene (BIH), Garment Cerrik (ALB), Pegasus (GER), The Big Issue (GBR), Digital Data Divide (USA), Discovering Hands (GER)

2. Examples for moderately integrated social business models

Parameter 1: Beneficiary = Employee (Type 2)

Parameter 2: Some resources allocated for EVC = resources allocated for SVC (SVC), Other resources allocated for EVC \neq resources allocated for SVC

La Fageda (ESP), Stadthaushotel (GER), ATF Gaia (FRA), Gump- & Drahtesel, Bicycles for Africa (CHE), Rags2Riches (PHL), Hilltribe Organics (PHL)

3. Examples for differentiated social business models

Parameter 1: Beneficiary = Employee (Type 3)

Parameter 2: Resources allocated for EVC \neq resources allocated for SVC

Entreprises de Formation par le Travail (BEL), Centres d'Adaptation la Vie Active (FRA), Beschäftigungsgesellschaften von Wohlfahrtsverbänden (GER), Empresas de Inserção (PRT), Social Economy (National Programme) Work Integration Social Entreprises (IRL)

Parameter 1: Beneficiary = Supplier

Parameter 2: Resources allocated for EVC \neq resources allocated for SVC

Fairphone (NLD), Sage Uganda (UGA), Coffee Circle (GER), Chuculat (COL), Sacha Colombia (COL), Enterprise Rizona (RKS), Jali Organic (UGA), Zelenoo (SRB), Kreyol Essence (HTI), Aryodi Bee Farm (UGA), Cluster Laitier (TUN), CaféDirect (GBR), DivineChocolate (GBR), El Puente (GER), Kakoa (IDN), Hilltribe Organics (THA), Shagrila Farms (CHN)

Parameter 1: Beneficiary no role

Parameter 2: Resources allocated for EVC \neq resources allocated for SVC

Two Fingers Brewing (GBR), Deutschland rundet auf (GER), ChariTea/ LemonAid (GER)

REFERENCES

- Abdelkafi, N. (2012). Open Business Models for the Greater Good – A Case Study from the Higher Education Context Nizar. *Die Unternehmung*, 66(3), 299–317.
- Alter, S. K. (2006). Social Enterprise Models and their Mission and Money Relationships. In A. Nicholls (Ed.), *Social Entrepreneurship: New Models of Sustainable Social Change* (pp. 205–232). Oxford: Oxford University Press.
- Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.
- Battilana, J., & Dorado, S. (2010). Building Sustainable Hybrid Organizations: The Case of Commercial Microfinance Organizations. *Academy of Management Journal*, 53(6), 1419–1440.
- Battilana, J., & Lee, M. (2014). Advancing Research on Hybrid Organizing – Insights from the Study of Social Enterprises. *The Academy of Management Annals*, 8(1), 397–441.
- Battilana, J., Lee, M., Walker, J., & Dorsey, C. (2012). In Search of the Hybrid Ideal. *Stanford Social Innovation Review*.
- Battilana, J., Sengul, M., Pache, A. C., & Model, J. (2015). Harnessing Productive Tensions in Hybrid Organizations: The Case of Work Integration Social Enterprises. *Academy of Management Journal*, 58(6), 1658–1685.
- Besharov, M. L., & Smith, W. K. (2014). Multiple Institutional Logics in Organizations: Explaining Their Varied Nature and Implications. *Academy of Management Review*, 39(3), 364–381.
- Bessant, J., Rush, H., & Trifilova, A. (2012). “Jumping the tracks”: Crisis-driven social innovation and the development of novel trajectories. *Die Unternehmung*, 66(3), 221–242.
- Bouchard, M. J., & Rousselière, D. (2015). Do Hybrid Organizational Forms of the Social Economy have a Greater Chance of Surviving? An Examination of the Case of Montreal. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 27, 1894–1922.
- Dacin, M. T., Dacin, P. A., & Tracey, P. (2011). Social Entrepreneurship: A Critique and Future Directions. *Organization Science*, 22(5), 1203–1213.
- DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147–160.
- Dutta, S. (2016). Creating in the Crucibles of Natures Fury: Associational Diversity and Local Social Entrepreneurship after Natural Disasters in California, 1991–2010. *Administrative Science Quarterly*, 1–41.
- Ebrahim, A., Battilana, J., & Mair, J. (2014). The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations. *Research in Organizational Behavior*, 34, 81–100.
- Emerson, J. (2003). The Blended Value Proposition: Integrating Social and Financial Returns. *California Management Review*, 45(4), 35–51.
- Fosfuri, A., Giarratana, M. S., & Roca, E. (2016). Social Business Hybrids: Demand Externalities, Competitive Advantage, and Growth Through Diversification. *Organization Science*, 27(5), 1275–1289.
- Fowler, A. (2000). NGOs as a moment in history: Beyond aid to social entrepreneurship or civic innovation? *Third World Quarterly*, 21(4), 637–654.
- Glynn, M. A. (2000). When Cymbals Become Symbols: Conflict Over Organizational Identity Within a Symphony Orchestra. *Organization Science*, 11(3), 285–298.

- Golden-Biddle, K., & Rao, H. (1997). Breaches in the Boardroom: Organizational Identity and Conflicts of Commitment in a Nonprofit Organization. *Organization Science*, 8(6), 593–611.
- Grant, R. M. (1991). The resource-based theory of competitive advantage: Implactions for strategy formulation. *California Management Review*, 114–135.
- Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. (2011). Institutional Complexity and Organizational Responses. *The Academy of Management Annals*, 5(1), 317–371.
- Jay, J. (2013). Navigating Paradox As a Mechanism of Change and Innovation in Hybrid Organizations. *Academy of Management Journal*, 56(1), 137–160.
- Mair, J., Battilana, J., & Cardenas, J. (2012). Organizing for Society: A Typology of Social Entrepreneurial Models. *Journal of Business Ethics*, 111(3), 353–373.
- Nielsen, R. P. (1986). Piggybacking Strategies for Nonprofits: A Shared Costs Approach. *Strategic Management Journal*, 7(3), 201–215.
- Pache, A.-C., & Santos, F. (2010). When Worlds Collide: The Internal Dynamics of Organizational Responses to Conflicting Organizational Demands. *Academy of Management Review*, 35(3), 455–476.
- Prahalad, C. (2010). *The Future at the Bottom of the Pyramid*. New Jersey: Pearson.
- Santos, F., Pache, A.-C., & Birkholz, C. (2015). Making Hybrids Work: Alining Business Models and Organizational Design for Social Enterprises. *California Management Review*, 57(3), 36–58.
- Seelos, C., & Mair, J. (2007). Profitable Business Models and Market Creation in the Context of Deep Poverty: A Strategic View. *Academy of Management Perspectives*, 21(4), 49–63.
- Smith, W. K., Gonin, M., & Besharov, M. L. (2013). Managing Social-Business Tensions: A Review and Research Agenda for Social Enterprise. *Business Ethics Quarterly*, 3(July 2013), 407–442.
- Smith, W. K., & Tushman, M. L. (2005). Managing Strategic Contradictions: A Top Management Model for Managing Innovation Streams. *Organization Science*, 16(5), 522–536.
- Spear, R. (2011). Formes coopératives hybrides. *Revue Internationale de L'economie Sociale: Recma*, (320), 26–42.
- Teece, D. J. (2010). Business Models, Business Strategy and Innovation. *Long Range Planning*, 43, 172–194.
- Tracey, P., & Jarvis, O. (2006). An Enterprising Failure: Why a promising social franchise collapsed. *Stanford Social Innovation Review*, 4(1), 66–70.
- Yunus, M., Moingeon, B., & Lehmann-Ortega, L. (2010). Building Social Business Models: Lessons from the Grameen Experience. *Long Range Planning*, 43(2–3), 308–325.
- Zott, C., & Amit, R. (2007). Business Model Design and the Performance of Entrepreneurial Firms. *Organization Science*, 18(2), 181–199.
- Zott, C., Amit, R., & Massa, L. (2011). The Business Model: Recent Developments and Future Research. *Journal of Management*, 37(4), 1019–1042.

Karin Kreutzer heads the Chair of Social Business at the EBS Universität für Wirtschaft und Recht.

Address: EBS Universität für Wirtschaft und Recht, Rheingaustraße 1, 65375 Oestrich-Winkel, Germany, Tel: +49 (0) 611 7102 1412, Fax: +49 (0) 611 7102 10 1412, karin.kreutzer@ebs.edu

Elisabeth Niendorf is a Research Assistant and PhD Candidate at the Chair of Social Business at the EBS Universität für Wirtschaft und Recht.

Address: EBS Universität für Wirtschaft und Recht, Rheingaustraße 1, 65375 Oestrich-Winkel, Germany, Tel: +49 (0) 611 7102 1420, Fax: +49 (0) 611 7102 10 1420, elisabeth.niendorf@ebs.edu