iJRASET
International Journal For Research in Applied Science and Engineering Technology



INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 13 **Issue:** XII **Month of publication:** December 2025

DOI: https://doi.org/10.22214/ijraset.2025.76608

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue XII Dec 2025- Available at www.ijraset.com

Application of the Business Model Canvas in Designing Sustainable Social Enterprises

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Abstract: ***Social enterprises have emerged as a powerful organizational form that combines entrepreneurial practices with the pursuit of social and environmental objectives. Unlike traditional profit-oriented businesses, social enterprises seek to create social value while maintaining financial sustainability. Designing an effective business model that balances these dual objectives remains one of the most significant challenges faced by social entrepreneurs. The Business Model Canvas (BMC), a widely used strategic management tool, offers a structured framework for visualizing how organizations create, deliver, and capture value. However, its application in the context of sustainable social enterprises requires careful adaptation.***

This research paper examines the application of the Business Model Canvas in designing sustainable social enterprises. The study adopts a conceptual and exploratory research design based on an extensive review of existing literature, policy reports, and secondary case evidence. The analysis explores how each of the nine building blocks of the Business Model Canvas can be aligned with sustainability goals and social impact objectives. The findings indicate that while the traditional Business Model Canvas provides strategic clarity and coherence, social enterprises require modifications to incorporate social value creation, beneficiary-centric approaches, hybrid revenue models, and multi-stakeholder partnerships. The study concludes that an adapted Business Model Canvas can serve as an effective tool for enhancing the long-term sustainability, scalability, and impact of social enterprises.

Keywords: Business Model Canvas, Social Enterprises, Sustainability, Social Entrepreneurship, Business Model Design.

I. INTRODUCTION

A. Background of the Study

In recent years, societies across the globe have faced increasing social and environmental challenges such as poverty, unemployment, inequality, climate change, and limited access to basic services like education and healthcare. Traditional approaches led by governments and charitable organizations have often been insufficient to address these complex and interconnected problems due to resource constraints and institutional limitations. As a result, social enterprises have emerged as innovative and sustainable solutions that combine social mission with entrepreneurial action.

Social enterprises differ from conventional business organizations in that they prioritize social or environmental impact alongside financial performance. While traditional businesses focus primarily on profit maximization, social enterprises aim to create shared value by addressing societal needs through market-based mechanisms. At the same time, unlike non-profit organizations that rely heavily on donations and grants, social enterprises seek to generate revenue through the sale of goods or services. This hybrid nature makes business model design a critical success factor for social enterprises.

The Business Model Canvas, developed by Osterwalder and Pigneur, provides a visual representation of how an organization operates through nine interconnected components. It has been widely adopted by startups and corporations due to its simplicity, flexibility, and strategic clarity. However, applying this framework to social enterprises presents unique challenges, as social enterprises often serve multiple stakeholders, including beneficiaries who may not be paying customers. This study seeks to explore how the Business Model Canvas can be effectively applied and adapted for sustainable social enterprises.

B. Rationale and Significance of the Study

Despite the growing popularity of social entrepreneurship, many social enterprises struggle to achieve long-term sustainability. Common challenges include overdependence on external funding, unclear revenue models, weak articulation of value propositions, and difficulties in scaling operations without compromising social mission. These challenges highlight the importance of structured business model design.

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The Business Model Canvas offers a holistic framework that links value creation, operations, resources, partnerships, and financial sustainability. Understanding how this framework can be adapted for social enterprises is significant for several reasons. First, it can help social entrepreneurs design more resilient and scalable organizations. Second, it can assist investors and policymakers in evaluating the sustainability of social enterprise models. Third, it contributes to academic literature by extending the application of a mainstream business framework to mission-driven organizations.

C. Statement of the Problem

Although social enterprises aim to achieve both social impact and financial sustainability, many fail due to weak or poorly designed business models. Traditional business planning tools often emphasize profitability, while non-profit frameworks focus on social outcomes without addressing revenue generation. Consequently, social enterprises face difficulties in balancing mission integrity with financial viability. The central problem addressed in this study is: How can the Business Model Canvas be effectively applied and adapted to design sustainable social enterprises?

II. REVIEW OF LITERATURE

A. Concept of Social Entrepreneurship

Social entrepreneurship refers to the application of entrepreneurial principles to address social or environmental problems. Social entrepreneurs act as change agents who identify opportunities to create social value, often in underserved or marginalized communities. Unlike traditional entrepreneurs, their primary motivation is not profit but social impact.

The literature emphasizes that social enterprises operate in uncertain environments and often face limited access to capital, skilled resources, and infrastructure. These constraints make effective business model design essential for survival and growth.

B. Evolution of Social Enterprises

Historically, social enterprises evolved from charitable organizations, cooperatives, and mutual aid societies. Early social enterprises relied heavily on grants and donations. Over time, increasing competition for funding and the need for self-sufficiency led to the adoption of revenue-generating activities. Today, social enterprises operate across various sectors such as education, healthcare, agriculture, renewable energy, and financial inclusion.

C. Sustainability in Social Enterprises

Sustainability in social enterprises is multidimensional and includes economic, social, and environmental dimensions. Economic sustainability ensures financial continuity, social sustainability ensures long-term impact, and environmental sustainability ensures responsible resource use. Scholars argue that neglecting any of these dimensions can undermine organizational effectiveness and mission integrity.

D. Business Models and Their Importance

A business model describes how an organization creates, delivers, and captures value. For social enterprises, business models must balance multiple objectives and stakeholders. Studies indicate that weak business models are a leading cause of social enterprise failure, highlighting the need for structured frameworks like the Business Model Canvas.

E. Overview of the Business Model Canvas

The Business Model Canvas consists of nine building blocks: value proposition, customer segments, channels, customer relationships, revenue streams, key activities, key resources, key partnerships, and cost structure. While effective for commercial enterprises, its traditional focus on customers and revenue requires adaptation for social enterprises.

III. RESEARCH OBJECTIVES

The objectives of this study are:

1) To examine the relevance of the Business Model Canvas for social enterprises
2) To analyze how sustainability goals align with BMC components
3) To identify necessary adaptations of the Business Model Canvas
4) To propose a structured framework for designing sustainable social enterprises

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ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.538
Volume 13 Issue XII Dec 2025- Available at www.ijraset.com

IV. RESEARCH METHODOLOGY

This study adopts a conceptual and exploratory research design based on secondary data. Academic literature, policy reports, and documented case studies form the primary data sources. The analysis involves thematic examination and conceptual mapping of business model components to sustainability outcomes.

V. APPLICATION OF BUSINESS MODEL CANVAS IN SOCIAL ENTERPRISES

1) Value Proposition: In social enterprises, the value proposition includes social and environmental benefits in addition to functional value. It clearly defines the problem addressed and the positive change created for beneficiaries.
2) Customer Segments: Social enterprises often serve dual segments: paying customers and beneficiaries. Recognizing this distinction is crucial for accurate business model design.
3) Revenue Streams: Revenue models are typically hybrid, combining earned income with grants, donations, or subsidies. Diversified revenue streams enhance financial resilience.
4) Key Partnerships: Partnerships with NGOs, government agencies, and private firms play a critical role in resource access, legitimacy, and scalability.

VI. FINDINGS AND DISCUSSION

The analysis reveals that the Business Model Canvas provides strategic clarity but requires adaptation for social enterprises. Embedding sustainability and social impact into business model components enhances long-term viability. Hybrid revenue models and strong partnerships emerge as key success factors.

VII. IMPLICATIONS OF THE STUDY

1) Managerial Implications: Social entrepreneurs can use the adapted Business Model Canvas as a planning and evaluation tool to align mission and operations.
2) Policy Implications: Policymakers can support social enterprises by promoting standardized business model frameworks and providing incentives for sustainable revenue generation.
3) Academic Implications: The study extends business model literature by contextualizing the Business Model Canvas for social entrepreneurship.

VIII. LIMITATIONS OF THE STUDY

Despite providing meaningful theoretical insights into the application of the Business Model Canvas in designing sustainable social enterprises, this study is subject to certain limitations that should be acknowledged. Recognizing these limitations is essential for ensuring academic transparency and for guiding future research efforts.

Firstly, the study is conceptual and exploratory in nature and relies primarily on secondary data sources such as academic journals, policy reports, books, and documented case studies. While this approach allows for a comprehensive synthesis of existing knowledge, it does not involve the collection of primary empirical data from social enterprises. As a result, the findings may lack direct validation from real-time organizational practices and stakeholder perspectives.

Secondly, social enterprises operate across diverse sectors including education, healthcare, agriculture, renewable energy, and financial inclusion. Each sector has distinct operational challenges, regulatory environments, and stakeholder dynamics. This study adopts a generalized perspective, which may not fully capture sector-specific variations in business model design. Consequently, the applicability of the findings may differ depending on the nature and context of individual social enterprises.

Thirdly, the Business Model Canvas itself has inherent limitations when applied to complex, mission-driven organizations. While the study proposes adaptations to incorporate social and environmental value, the canvas remains a simplified representation of organizational reality. Certain qualitative aspects such as cultural context, community trust, leadership values, and informal stakeholder relationships are difficult to capture within a structured framework like the BMC.

Another limitation relates to geographical and contextual diversity. Social enterprises operating in developing economies face different constraints compared to those in developed regions, including access to capital, infrastructure, and regulatory support. As this study does not focus on a specific geographical context, it may not fully reflect the unique challenges faced by social enterprises in different regions.

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Lastly, the dynamic nature of sustainability and social entrepreneurship poses an inherent limitation. Social enterprise models continue to evolve in response to technological advancements, policy changes, and shifting societal expectations. Therefore, the applicability of the findings may change over time, necessitating continuous refinement of business model frameworks.

IX. FUTURE SCOPE OF THE STUDY

The present study opens several promising avenues for future research in the field of social entrepreneurship and sustainable business model design. Given the growing importance of impact-driven enterprises, further exploration of this topic can significantly enhance both academic understanding and practical application.

One major area for future research involves empirical validation of the adapted Business Model Canvas framework. Researchers can conduct case studies, surveys, and interviews with founders, managers, beneficiaries, and investors of social enterprises to assess how effectively the adapted BMC supports sustainability and scalability. Empirical data would help validate the conceptual insights presented in this study and provide evidence-based recommendations.

Future studies may also adopt a sector-specific approach. Examining the application of the Business Model Canvas in specific sectors such as education, healthcare, agriculture, or renewable energy would allow for more nuanced insights. Sector-wise analysis can reveal how business model components vary based on regulatory requirements, funding mechanisms, and stakeholder expectations.

Another important direction for future research is the integration of impact measurement frameworks with the Business Model Canvas. Tools such as Environmental, Social, and Governance (ESG) metrics, Social Return on Investment (SROI), and the United Nations Sustainable Development Goals (SDGs) can be incorporated into the canvas to quantitatively assess social and environmental outcomes. This integration would strengthen the accountability and credibility of social enterprises.

Technological advancements also present significant opportunities for future research. The role of digital platforms, data analytics, artificial intelligence, and blockchain in enhancing transparency, monitoring impact, and optimizing operations in social enterprises warrants detailed examination. Future studies could explore how technology-enabled business models can improve efficiency and stakeholder trust.

Additionally, comparative studies between traditional enterprises, non-profit organizations, and social enterprises would enrich understanding of hybrid business models. Such comparisons can highlight the strengths and limitations of social enterprise models and provide insights into best practices for balancing impact and profitability.

Finally, future research can explore policy and institutional support mechanisms that enable sustainable social enterprise development. Examining government incentives, regulatory frameworks, and public-private partnerships can help identify strategies to create enabling ecosystems for social entrepreneurship.

X. CONCLUSION

This study set out to examine the application of the Business Model Canvas in designing sustainable social enterprises, with the objective of understanding how a widely used business framework can be adapted to suit mission-driven organizations. Social enterprises represent a critical response to contemporary social and environmental challenges, yet their long-term success depends heavily on the strength and clarity of their business models.

The study demonstrates that while the traditional Business Model Canvas offers a valuable structural foundation, it requires meaningful adaptation to capture the unique characteristics of social enterprises. Elements such as value proposition, customer segments, revenue streams, and key partnerships must be reinterpreted to include social impact, beneficiaries, and sustainability considerations. The findings emphasize that sustainability should not be treated as an external or secondary objective, but rather embedded within the core logic of the business model.

Furthermore, the study highlights the importance of hybrid revenue models, stakeholder collaboration, and impact-oriented value creation in ensuring the long-term viability of social enterprises. By providing a structured yet flexible framework, an adapted Business Model Canvas enables social entrepreneurs to align mission, operations, and financial strategy in a coherent manner.

In conclusion, the application of the Business Model Canvas in designing sustainable social enterprises offers significant potential for enhancing strategic clarity, operational effectiveness, and scalability. This study contributes to existing literature by extending a mainstream business framework into the domain of social entrepreneurship and sustainability. While further empirical research is required, the insights presented herein provide a valuable foundation for social entrepreneurs, policymakers, academics, and impact investors seeking to build resilient and impactful organizations.

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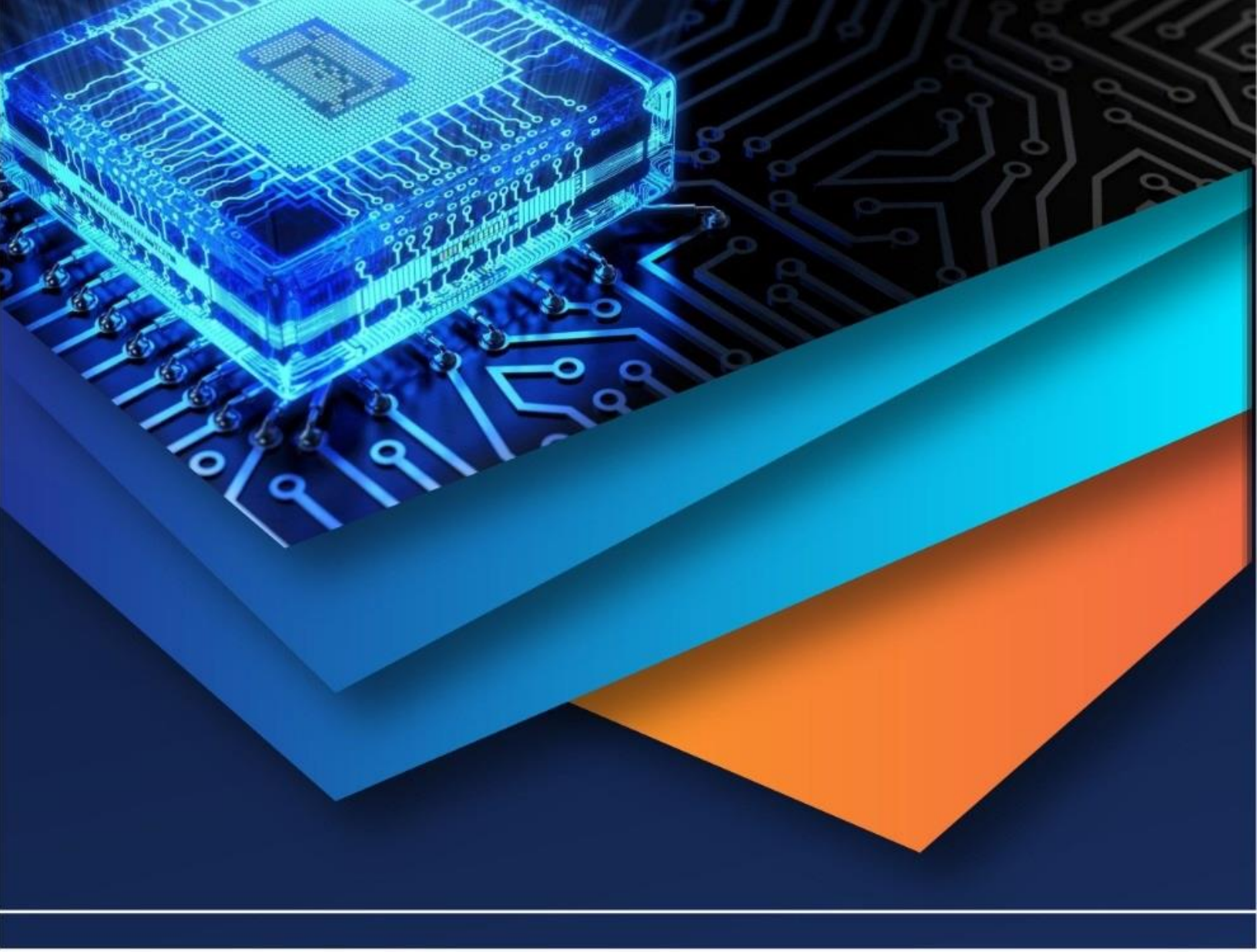
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