

Model C in social business modeling

O Modelo C na modelagem de negócios sociais

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Abstract

Purpose: This article aims to analyze entrepreneurs' perceptions about the contributions of Model C in modeling their social businesses.

Originality/value: The study contributes theoretically and empirically when addressing social businesses linked to opportunities and their development challenges by using the Model C tool in its modeling, exploring institutional integration, and allowing a holistic, systemic structure of value creation activities.

Design/methodology/approach: The study adopts a qualitative method of a descriptive type based on multiple cases in three Brazilian social businesses. For data collection, an interview script developed from the analysis categories of the Model C framework was applied, as well as the interviewees' perception of how the tool helps the development of their business model, direct observation, and documentary analysis. The analysis of the results was performed with the aid of the software ATLAS.ti.

Findings: Based on the assumption that a social business model mixes several institutional logics, combining social and financial missions in a balanced way, the results show that Model C can structure the business's organizational capacity and social value. However, it cannot fully quantify the financial value generated by social businesses, leading the social entrepreneur to use complementary financial tools. There is evidence for the creation of new tools that assist in obtaining innovative solutions to address societal challenges.

Keywords: social business, Model C, business model, business model canvas, theory of change



Resumo

Objetivo: Este artigo tem como objetivo analisar a percepção de empreendedores sobre as contribuições do Modelo C na modelagem de seus negócios sociais.

Originalidade/valor: O estudo contribui teórica e empiricamente ao abordar os negócios sociais atrelados às oportunidades e seus desafios de desenvolvimento através da utilização da ferramenta Modelo C na sua modelagem, explorando a integração institucional e permitindo uma estrutura sistêmica holística de atividades de criação de valor.

Design/metodologia/abordagem: O estudo adota uma abordagem qualitativa do tipo descritiva, a partir de múltiplos casos em três negócios sociais brasileiros. Para a coleta de dados, aplicou-se um roteiro de entrevista elaborado a partir das categorias de análise do *framework* do Modelo C e analisou-se a percepção dos entrevistados sobre o quanto a ferramenta auxilia o desenvolvimento do seu modelo de negócio, a observação direta e a análise documental. A análise dos resultados foi realizada com o auxílio do *software* ATLAS.ti.

Resultados: Partindo do pressuposto de que um modelo de negócio social reúne diversas lógicas institucionais, combinando missões sociais e financeiras de forma equilibrada, os resultados apontam que o Modelo C consegue estruturar a capacidade organizacional e o valor social do negócio, mas não é capaz de quantificar completamente o valor financeiro gerado por negócios sociais, resultando na necessidade de uso de ferramentas financeiras complementares por parte do empreendedor social. Há uma evidência para a criação de novas ferramentas que auxiliem na obtenção de soluções inovadoras que abordem os desafios societais.

Palavras-chave: negócios sociais, Modelo C, modelo de negócios, *business model canvas*, teoria da mudança



INTRODUCTION

Social businesses are gaining prominence in modern societies (Islam, 2022; Mele et al., 2020; Spieth et al., 2019). They are defined as organizations that incorporate elements from different institutional logics (Battilana & Dorado, 2010) which seek to combine a commercial function with a social mission (Porter & Kramer, 2011). Its objective is to achieve a social mission through commercial activities, which are caught between the competing demands of market logic and social welfare logic (Ashraf et al., 2019; Pache & Santos, 2013; Rey-Martí et al., 2016).

These business models are also identified as hybrid models, social entrepreneurship, inclusive business, and bottom-of-the-pyramid business. Each concept has its particularities of existing and operating. However, they have the common goal of being financially sustainable (financial value) while solving social and/or environmental problems (social value) (Davies & Doherty, 2019; Fulgencio & Le Fever, 2016; Wilson & Post, 2013).

Thus, the concept of social business is associated with a modality created in the traditional corporate perspective to generate products and services that meet the needs of society (Spieth et al., 2019). Therefore, social businesses are for-profit companies intentionally created to solve or improve the needs of low-income and/or vulnerable populations, as well as the protection of the environment (Ávila et al., 2016; Clark & Brennan, 2012; Petrini et al., 2016; Rosolen et al., 2019; Thompson & MacMillan, 2010; Wilson & Post, 2013; Yunus et al., 2010).

When navigating the institutional plurality of social businesses, one can create conflicts and rivalry between the competing objectives of each logic (Gigliotti & Runfola, 2022; Jay, 2013; Spieth et al., 2019). The challenge then arises to create tools that assist in structuring social business models, which serve as a cognitive instrument for managers to understand the logic of how a company creates and captures financial and social value (Martins & Ling, 2017), builds its elements and functionalities, governance structure, as well as capturing new business opportunities (Braun et al., 2019).

Model C is inserted in this context because it is characterized as a framework created based on validated tools in the market and in the business model literature, but not sufficient for social business models, which are the business model canvas and the theory of change (Branco et al., 2018). Its objective is to help social entrepreneurs develop their business models based on the organizational capacity, financial value, and social value inherent in





social business (Branco et al., 2018). That is, it emerges as an alternative proposal for modeling social businesses.

However, due to the inherent complexity of social businesses, some researchers have reflected on the use of models (Cunha & Putnam, 2019), emphasizing the fundamental need to expand on studies within a contextualized perspective (Simanavicius et al., 2021) in order to favor the use of approaches that incorporate the analytical verification of the specificities of business environments (Lortie et al., 2022).

Thus, this research is limited to presenting the origin, importance, and evolution of the concept of social business linked to opportunities and its development challenges through the use of the Model C tool. For these reasons, this article aims to analyze entrepreneurs' perceptions about the contributions of Model C in shaping their social businesses.

The research contributes to the construction of scientific knowledge by presenting Model C as a study instrument since, so far, no published scientific results have been found about its effectiveness in helping to develop social business models.

The article is organized into five sections. In addition to this introductory part, a review of the literature on social businesses and their management models is presented. Subsequently, the research methodology is outlined, followed by the presentation and analysis of the results. Finally, research considerations are outlined.

SOCIAL BUSINESSES: CONCEPTS AND MODELS

The concept of social business has attracted the attention of academics and professionals in recent years, which is reflected in the growth of publications on the subject (Canestrino et al., 2019; Desai & Tyler, 2020; Islam, 2022). Despite this, social business remains a complex phenomenon, challenged by definitions and conceptual frameworks, gaps in the research literature, and limited empirical data (Bhatt, 2022; Weerawardena et al., 2019).

Meeting social needs that offer opportunities to solve problems or achieve social goals seems a common theme in most definitions (Canestrino et al., 2019; Dees, 2007; Desai & Tyler, 2020). Despite this, the differences can be underlined concerning the characteristics of the activities undertaken (innovative versus traditional) and the results (social and financial value) of the process (Hussain et al., 2019; Yunus, 2009; Zahra et al., 2009). It is noteworthy, therefore, that one of the most discussed issues is linked to



creating values and social returns (Canestrino et al., 2019). In this way, social businesses act as change agents to create and support social value (Dees, 2007; Gomes et al., 2020). On the other hand, it is also associated with economic results (Ashraf et al., 2019; Zahra et al., 2009).

Teece (2010) further explains the business model and its connection with value generation, stating that the essence of a business model is to define how entrepreneurs deliver value to customers, encourage them to pay for that value, and convert those payments into additional profits.

Therefore, the challenge of social businesses is associated with the logical combination and identifying the factors that may allow hybrid organizations to competitively address competitive pressures and how to structure themselves at the intraorganizational level (Bhatt, 2022; Kannothra et al., 2018). Understanding this process is essential to operationalizing social businesses' inner workings and how they can survive and thrive in pluralistic environments (Pache & Santos, 2013).

Choosing the correct organizational form is a crucial issue for the success of any entrepreneurial activity. However, it is much more critical in social business, mainly because the difficulties stand out with planned activities (Canestrino et al., 2019). Thus, it is emphasized that the structure of a social business represents a central issue linked to the intention and social impact that is intended to be achieved (Desai & Tyler, 2020).

Thus, social business models, as they are hybrid models, involve market dynamics and propose resolutions for deep and structural social needs via their products and services (Osterwalder et al., 2005; Teece, 2010). Thus, social business research models that capture economic, social, and environmental value have emerged (Davies & Doherty, 2019).

Social business models

One of the main framework proposals for creating business models is the business model canvas (Osterwalder, 2004). This model allows for a lean but holistic view to promoting understanding, discussion, creativity, and analysis of projects so that stakeholders can jointly assess the various risks related to their execution. Furthermore, the business model canvas values a simplified visual presentation, with the proposal of being a facilitator for the creation of innovative business models (Joyce & Paquin, 2016; Türko, 2016), thus becoming a strategic management model to design business models in a creative session (Nidagundi & Novickis, 2017).





Osterwalder's proposal (2004) is presented on a screen and comprises four main pillars of a company: customers, offers, infrastructure, and financial viability (Osterwalder & Pigneur, 2010). These unfold into nine blocks that offer a complete view of the various elements that make up the company and its relationships: value proposition, customer segment, customer relationships, channels, key partners, key activities, essential resources, the structure of costs and revenue stream (Corallo et al., 2019).

The business model canvas plays a crucial role in the enterprise's success, requires formulating and articulating a relevant business concept, and must be aligned with the organization's strategy, culture, and resources (Kuru & Artan, 2020). It is, therefore, a valuable tool to assist in understanding factors such as: success rate of a business, market positioning, competitor analysis, innovation in products/services, process or technology, and strategies to obtain a competitive advantage in the face of the marketplace. For this reason, it is also used by social entrepreneurs to develop their business models (Türko, 2016).

Even if this tool does not respond to how a social business can generate social value, it helps in the perception of generating financial value. Thus, as it does not present the definitions of social and financial value in the same framework, this tool is generally used in conjunction with others that define the generation of social value, such as the theory of change, which helps entrepreneurs establish their thesis of social impact linked to the business model (Brandão et al., 2014). The tool is less pragmatic for defining financial sustainability. However, it highlights the social value, predicts the expected actions and results, and explicitly explains the assumptions and hypotheses of the business's existence, access to it, and the evidence generated by the social business (Moreira & Silveira, 2018). Many studies claim that the theory of change is the best approach to dealing with complex problems and social and political change processes since it emphasizes the links between objectives, strategies, results, and assumptions (Arensman et al., 2018).

Thus, the theory of change is understood as the mechanism to describe the set of assumptions that explain the steps that lead to the long-term goals of social interventions and the connections between activities and products that occur in each phase of interventions (Weiss, 1995). It consists of a chain of results in which inputs, products, indicators, assumptions, results, and impacts of an intervention are defined (Rogers, 2014). In this way, it produces an account of the set of processes that link the performance of activities to the execution of the desired pragmatic objectives (Moreira & Silveira, 2018). It is predominantly used as a results-based approach that





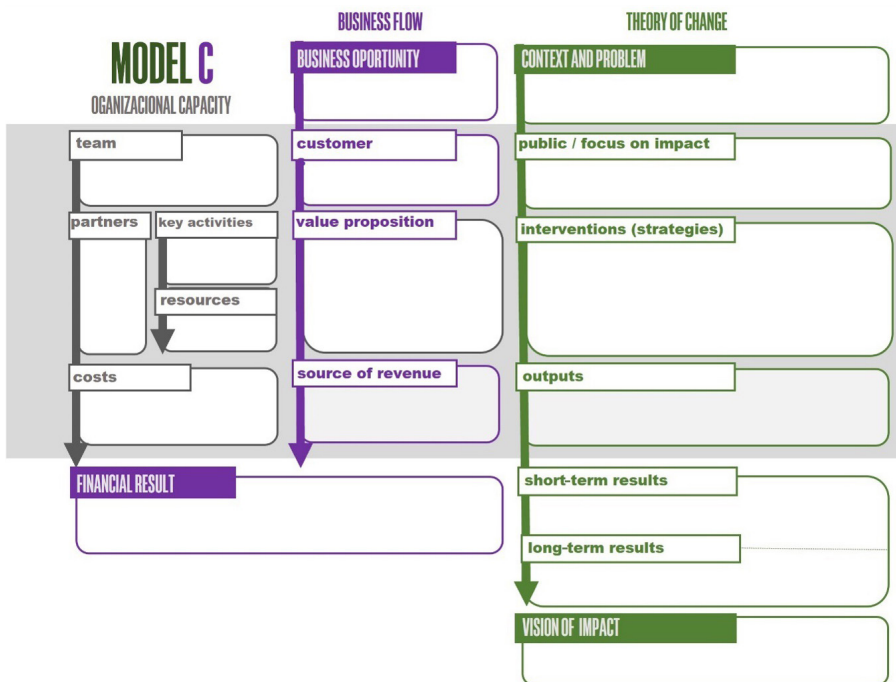
evokes cause-and-effect thinking. It emphasizes the intended goals and focuses on how the venture intends to achieve them (Arensman et al., 2018; Ongan & Fortuna, 2021).

The tool is based on the business model canvas and the theory of change. It is supported by the lack of a proposal that contemplates the formation of structured and clear social business models regarding their financial sustainability and social impact. Instead, it was structured to help social businesses establish their business model, considering their organizational capacity and economic and social value generation (Branco et al., 2018).

Model C is formed by three main dimensions: organizational capacity, business flow, and theory of change. These dimensions comprise 17 categories, divided into a framework, as shown in Figure 1.

Figure 1

Model C



Source: Branco et al. (2018).

Organizational capacity is related to a set of skills and resources a business has, making it possible to identify the existence or not of organizational characteristics and actors involved in the company’s strategic actions





(Ávila et al., 2016; Rodriguez-Plesa et al., 2022). In this sense, a business that has organizational capacity explains its functioning and the resources necessary for its survival, as well as being able to define its differential as a business. Therefore, the organizational capacity can be configured as a business competitive advantage (Gravenhorst et al., 2003). Specifically, in Model C, the authors and collaborators established five categories to compose the organizational capacity of a social business: team, partners, key activities, resources, and costs.

Business flow is a dimension comprising five Model C categories: market opportunity, customers, value proposition, source of revenue, and financial results. The purpose of the dimension is to explain who the social business market is, who will pay for its solution, what value the business intends to generate for its customers and/or beneficiaries, how the income will be generated, and what the result will be. For a business to be competitive, it must effectively define its market niche, customer, value, and financial structure to minimize its entry barriers (whether market, financial, or technological) (Rubin et al., 2015). In this sense, the entrepreneur's applied knowledge under these dimensions makes him position himself in a relevant way and increases the chances of business growth, especially in a social business.

The theory of change dimension comprises seven specific categories for creating a business social or environmental impact narrative: context and problem; public/focus on the impact; interventions (strategies); outputs; short-term results; long-term results; and vision of impact. The theory of change highlights the identification of the context of action, the establishment of the direction of change, the activities, and expected results, as well as the explanation of assumptions and hypotheses and access to evidence (Arensman et al., 2018).

In this context, Model C stands as a management and strategic planning tool, supporting social entrepreneurs in the way they conceive the businesses they lead. Therefore, its contribution is supported by the alignment of teams around its purpose to create an integral narrative of the business while focusing on sustainable solutions.

METHODOLOGICAL PROCEDURES

For this research, a qualitative and descriptive approach was adopted (Merriam, 1998; Patton, 2014) to identify and describe the contributions resulting from using Model C in modeling social businesses.





The study strategy chosen was multiple cases (Yin, 2015) as it allows for the detailed understanding of multiple units of analysis inserted in the context of the studied phenomenon (Pesce & Abreu, 2019; Pettigrew, 2013). Furthermore, the multiple case study allowed for the observation of the phenomenon's complexity and the study of the reconfiguration of the business model as a dynamic process. Thus, each case was treated as a separate experiment, following a logic of replication with multiple cases to refine the theory (Eisenhardt & Graebner, 2007).

The protocol for choosing the cases was based on the following criteria: 1. different sectors of activity; 2. businesses with more than 1 (one) year of operation; 3. social businesses that applied the business model canvas and theory of change tools to structure their business models. These criteria were chosen so that data collection would obtain vast, qualified information consistent with the purpose of the research.

Following the criteria of the case definition protocol, 12 Brazilian social businesses were listed through online research and contacted with organizations that support social businesses in the country. Of these, three made themselves available to answer the survey:

- *Social Business 1 (SB1)*: With two years of experience in the market, it generates revenue but does not have complete financial sustainability and seeks to promote gender equality through entrepreneurship.
- *Social Business 2 (SB2)*: Has been operating in the market for three years with financial sustainability. Its social value proposal is to offer access to laboratory tests to the vulnerable population that depends solely on the SUS.
- *Social Business 3 (SB3)*: Generates revenue for two years and seeks to promote access to information and legal education for the vulnerable population and children at the bottom of the pyramid.

Data was collected through semi-structured interviews with those responsible for the investigated enterprises, documentary data (strategic and confidential documents made available by the cases studied), and non-participant observation. In addition, primary data were collected to analyze the respondents' perception of the application of the tool. It also reflected on the business model in general and the essential practices to fulfill its social mission. Initially, they were invited to fill in the Model C form for their businesses. Based on this process, they assessed their contribution to structuring it as a social business based on the interview script.





Thus, data triangulation enabled a deeper understanding of the dynamics involved and the establishment of a logical chain between the central question and the research conclusions (Ellram, 1996; Gerring & McDermott, 2007), expressing the validity and reliability of the survey data.

Data analysis was developed according to the phases of the content analysis process proposed by Bardin (2011). To carry out the analysis of the interviews, the ATLAS.ti qualitative research software was used as a support tool.

RESULTS ANALYSIS

Characterization of the investigated enterprises

Social Business 1 (SB1) is the first female business accelerator created in Brazil, whose mission is to reduce the difference between genders, support women in developing new ideas and businesses, and positively impact society. The project seeks to generate social impact through gender equity with support for women. It was created in 2017 and survived on revenue from its services and support from the members' resources, awards won, and public funding resources. SB1's primary solution is a women's enterprise development program, with seasonal classes focused on women's empowerment.

Social Business 2 (SB2) was created from a master's research in 2017 to present a market solution that contributes to social development based on a digital platform that offers clinical diagnoses in an automated way faster than existing, low-cost solutions. The solution is sold to laboratories, institutions, and governments that perform clinical tests. The impact of this business is the possibility of carrying out high-cost exams that are inaccessible to the population that does not have private health plans and/or depends exclusively on the Brazilian Unified Health System (SUS). It also helps to reduce the contamination of healthcare professionals' health by exchanging chemical reagents for the artificial intelligence created by the company.

This enterprise was one of the nine Brazilian social businesses to be supported by the Banco Internacional de Desenvolvimento (BID), in 2019, with one million reais to be invested in the business so that the solution could be installed in more places in the country and the SUS. Furthermore, the business is also supported by the Financiadora de Estudos e Projetos (Finep), a financial adviser of studies and projects of the Federal Government in innovation and research, which is supported as one of the social businesses that will contribute to the development and accessibility of health in the country.



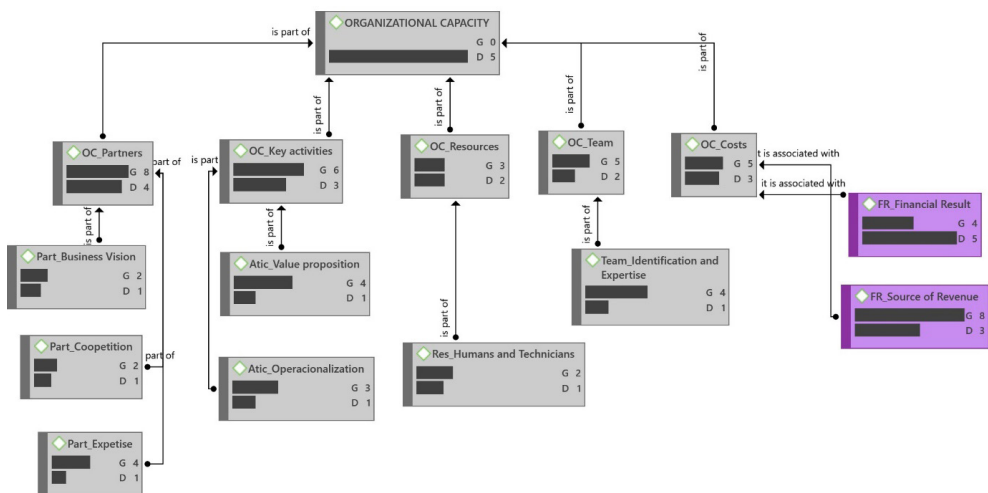
Social Business 3 (SB3) was created in May 2018 to promote free information and guidance on topics related to law, technology, and society in an accessible and playful way. The SB3 has public elementary school children, and information is presented through debates, lectures, study groups, interviews, books, and educational booklets.

As national partners, the business has considered references in the themes of law and technology that help SB3 to apply its methodology through donations of content, materials, and dissemination of the work. The business also has a network of researchers and professors specializing in the subject, including doctors, masters, and undergraduates. In addition to this research network, they have three multipliers of their solutions in Paraíba, Rio de Janeiro, and abroad, specifically in Japan.

Dimension: organizational capacity

An analysis of the categories covered by Model C with the investigated entrepreneurs was made. The data allowed us to present how a social entrepreneur should consider each organizational capability when filling out their framework. The analysis resulted in Figure 2, which lists the relevant information for each category of organizational capacity in developing social business models.

Figure 2
Organizational capacity dimension





As shown in Figure 2, the partner's category demonstrates how social businesses relate to each other and choose their partners. Respondents value partners aligned with the company's vision, as well as complementary expertise to their services and/or products. They seek partners who strengthen and promote their business or those who invest money and knowledge in developing the business model. In addition, they seek partners who develop with them; they do not seek to compete but to cooperate, relating to partners in the same segment but with different expertise. The results point to the relationship between the way respondents choose and the concept of cooptation, in which partnerships are established for mutual gain while considering the competition and individual interests (Chim-Miki & Batista-Canino, 2017).

Those investigated consider that key activities are classified as an essential category because they allow entrepreneurs to identify their products and services and the necessary actions to operationalize their business models.

The key activities are related to developing solutions that cause social impact and speed up and take low-cost tests to the market, giving more access to the population. We do research. We import inputs to develop technology and lower the cost of everything but with responsibility (SB2).

The results indicate that entrepreneurs sought to align their key activities with the value proposition of their businesses and thus relate what needs to be done to offer their product or service combined with the social value they seek to deliver. Osterwalder and Pigneur (2010) explain that the need to define key activities is to plan which actions and strategies can be used so that the operationalization of the business works in line with its value proposition.

According to those investigated, the resource category allows entrepreneurs to indicate which tools, whether human or technical, help in the operation of their business. SB3 states that financial resources are necessary for the operation of the business, including access to technical resources. SB2 emphasized that human resources are defined based on their professional experience. It is considered that by identifying which resources they have, it is possible for decision-making on a new business positioning to be based on existing resources or to identify the need to include complementary resources (Spieth et al., 2019; Vézina et al., 2019).

The cost category was considered the most sensitive by those investigated because two of the three social businesses interviewed are not financially sustainable, and this category explains the challenges regarding





financial sustainability since they operate with minimal costs, such as, for example, not being able to afford the remuneration of the team involved. By showing these weaknesses, this category becomes essential for the entrepreneur to understand the viability of his business. Nevertheless, costs are still related to the revenue sources category and the financial results category of the framework – both categories belonging to the business flow dimension. In this sense, it is emphasized that the cost structure summarizes the financial resources implications of the means that the company uses to operationalize the business model. At the same time, revenue results from how a company earns money through marketing its products and services (Petrini et al., 2016).

The team category that was included in Model C, differentiated it from the other tools, as evidenced by the observation made with the entrepreneurs, justifying that their presence in the business model serves as a guide for the development of skills, new products and/or services, and as the information that adds value in attracting investors to the business. In addition, Petrini et al. (2016) point out that developing competencies makes it possible to identify the organizational knowledge necessary to establish the business, regarding the organization's proficiencies, knowledge, and skills.

When asked for documents that prove the tools used to structure the organizational capacity, it was noticed that they need to use specific tools to model their businesses. In this way, they need to pay more attention to reviewing and updating the tools, which are unusable to guide entrepreneurs in making strategic decisions. This difficulty can compromise the structuring of new businesses and obtain results contrary to the purpose of creating the tool.

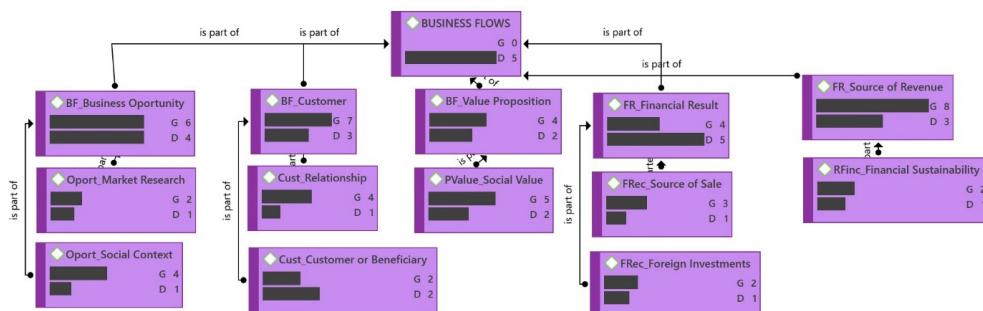
However, it is understood that Model C helps develop social business models, contributes to structuring the organizational capacity, and consequently, in planning actions and positions that indicate the viability, or not, of operationalizing the social business.

Dimension: business flow

The business flow dimension comprises five categories: business opportunity, value proposition, customers, revenue sources, and financial results. Figure 3 shows how the case studies understand how each is perceived and used to structure their social business models.



Figure 3
Business flow dimension



As shown in Figure 3, the tool contemplates structuring the business flow. According to the research, the cases studied showed how each category is considered when carrying out the business model. For example, the business opportunity category presents the need to carry out or plan a market survey so that the business can identify its niche, the consumption power of its target audience, and differentiate it or not, and the social problem to be resolved. SB1 confirms the importance of market research to identify the opportunity and relate it to the problem because, according to him: “Market opportunity is very much confused with the problem you are solving. So, when you start creating those personas and market research, you have greater clarity” (SB1).

Data from the field diary indicate that the definition of this field allows entrepreneurs to understand the need to study the context they are inserted in, to question themselves on how to meet the current market opportunity, and whether the proposed solution for the identified social problem is viable. With this, the tool also allows businesses to define who their customers are, enabling the social entrepreneur to differentiate customers from beneficiaries of the social value generated since, in a social business, they may or may not be the same person, and this definition will directly impact the revenue model of each business.

Another category is the value proposition. According to the data, the entrepreneurs consider that it identifies the understanding of social value related to the expertise and purposes of the social business and how much impact it intends to deliver to the beneficiary. For SB1, its value proposition is defined to: “accelerate towards a diverse, inclusive and abundant future, with businesses led by women, structured and generating social change. With competence, property in working with the theme, without political bias”



(SB1). While for SB2: “It is to offer low-cost, fast, and accurate exams. We elaborate by identifying the unmet need in this market” (SB2).

The revenue sources category was understood more objectively as a field that included which financial resources are needed to operationalize the business model and thus consider selling products, services, and own or external investments to the business capital. In this category, entrepreneurs also identified that the tool induces them to think of new alternative sources of income for the viability of the business.

The financial result is a category that identifies the financial value of the business, as concluded via document analysis, in which it is possible to determine whether the company is financially sustainable and thus base strategic decision-making. The result of this category is the difference between revenue sources and costs. The latter belongs to the dimension of organizational capabilities.

Thus, when questioned about this aid in making strategic decisions from the perspective of sustainability and viability, all businesses claim that they would use the tool as a guide. SB1 justifies this statement when he says that he would make decisions with Model C to define the direction of his strategies because, according to him, “[...] if my business needs to move in that direction, I will create things for that direction. I think the Model C helps a lot” (SB1).

However, the research identified that the tool does not induce the entrepreneur to define the financial value of the business quantitatively. That is, it will depend on the entrepreneur’s interpretation of whether there is a need to include exact values in its costs and revenues, for example. For example, suppose the entrepreneur chooses not to use values and only nominally indicates their costs and revenues. In that case, he will be able to visualize what his business model should contain, but he will need help to quantify how sustainable it is or should be. This fragility can compromise the assessment of the viability of the social business if the entrepreneur sticks to using only Model C.

These perceptions made it possible to conclude that, for businesses with a higher level of maturity in generating financial value linked to social value, Model C still needs to meet this need, requiring additional financial tools entirely. However, the model provokes the entrepreneur to define a sustainable structure minimally for businesses that need to identify how to generate financial value.

Following this logic of suggestions so that Model C could be improved, the entrepreneurs of SB1 and SB2 remained with the same reasoning of



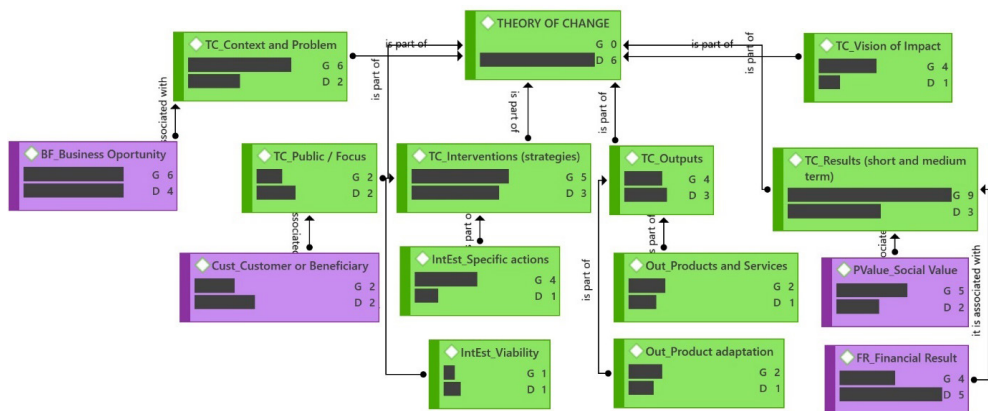
having a better possibility of structuring financial value, but with particularities. SB1 explains that Model C may not meet the two main theoretical strands of social business: the strand based on the perception of Yunus et al. (2010), which argues that all profit resulting from a social business should be reinvested in the business itself, and the approach defended by authors such as Clark and Brennan (2012), who argue that profit generation is part of the formation of social businesses and their distribution must follow the coherent logic of the corporate market.

Concerning categories more related to social value, the tool suggests the theory of change dimension, which social entrepreneurs perceive as a guide for their impacts and deliveries. The results obtained from this dimension will be detailed below.

Dimension: theory of change

According to the Model C application manual, the theory of change dimension is responsible for indicating and planning the change and social/environmental impacts generated by a social enterprise, thus building its impact narrative. The dimension comprises 7 (seven) categories: context and problem, public/focus of the impact, interventions (strategies), outputs short-term results, long-term results, and vision of impact, as shown in Figure 4.

Figure 4
Theory of change dimension





The case studies consider the context and problem category as a means to understand and identify the business context through direct observation and analysis. In addition, it is directly related to the market opportunity category, belonging to the business flow dimension. This is because they can be the same thing; that is, the context of the problem can be the identified market opportunity or not.

Regarding the business opportunity variables and the problem context, SB1 needed help answering when questioned. This is because, in their context, the variables have a response correlated to the market opportunity given the lack of direct competitors at the time of business creation, and the problem context was answered through the situation experienced by its target audience, a consequence of the lack of businesses that solve the problem.

In this sense, the social entrepreneur must understand the difference between market opportunity and context and problem, as they are directly related to the customer category (belonging to the business flow). The public/focus of the impact category defines and identifies the beneficiary of the social value, relating it to the context and problem identified, as well as allowing the differentiation between beneficiary and client, when necessary, understanding that the beneficiary is the individual who receives the benefits of the value social and customer the person who pays for the product or service.

The interventions (strategies) category, according to the interviewees, serves to identify actions that the business must carry out to make its product or service available to its customers and beneficiaries in a viable way, as well as to analyze whether the chosen actions are consistent with the principles of the business and its sustainability. The vision of SB1 explains this in the way it defines its operating strategy:

We focus on creating impact, and we understand that we have to act in all social strata, together with what defines Yunus. We are very much in line with his concept and we are inspired by what he did and still does. He believes that besides fulfilling social objectives, a social business has to cover operating costs, as it does not depend on donations, nor should dividends be withdrawn by shareholders/owners, with excess profits reinvested in the business (SB1).

SB2, in turn, details how it defined its strategies to present its business, valuing its viability and development: “Our strategy was through participation in several national programs of acceleration, incubation, and rankings to reach potential customers. After these contacts, we contacted the decision-makers to present the proposals” (SB2).





Outputs are the category in which entrepreneurs understand that the products and services the business offers must be declared and “what” is delivered by the social business. It is also a category that helps entrepreneurs analyze the need to change or improve the business’s product and/or service.

According to the research, the short and long-term results category helps in planning and forecasting what is intended to be achieved, mainly in terms of social value, since it takes more time to analyze social and/or environmental changes offered by a business. Entrepreneurs also point out that it is a valid category to understand the viability of the social business model and to identify new markets since it is possible to have more data on the performance of the business.

It is noticed that the tool provokes the social entrepreneur to plan and identify their results in the short and long term. Unfortunately, this information is only sometimes clear and defined for beginning entrepreneurs, making filling in the formed complex. However, as seen, it is possible to use these categories as a form of prediction for post-validation of results and, with the resulting data, analyze the performance of the business model, as performed by SB3:

Within three years – 2022, we intend to reach more than 5,000 public school students welcomed by PlacaMãe at its events. The desired result concerning the 1st year of operation of the business. In the long term, in 5 years – 2024, we want to have the creation of a school: physical and virtual space to host consultancy, events, and courses (SB3).

According to the research presented, the categories of results help entrepreneurs plan and analyze their businesses’ viability, making it possible to identify strengths and weaknesses and thus help entrepreneurs make decisions. According to Zott et al. (2011), the business model should identify weaknesses and strengths inherent to an enterprise.

Finally, the vision of impact category presents itself as a space to explain the relationship between social value and the creation of the business as a way of contributing to the solution of a complex social and environmental problem, which will not be solved only with the action of a single social business, but with a set of actors involved in the situation, as defined by the studied social businesses.

SB1 defines its impact vision as “Accelerating towards a diverse, inclusive and abundant future, with businesses led by women, structured and generating social change.” At the same time, SB2 sees it as “Giving access to





laboratory tests for the Brazilian low-income population,” and SB3 stated that “We want to contribute to the creation of a computerized society concerning its rights and included in the digital transformation resulting from the social and economic development of the country.”

The results corroborate the findings (Ongan & Fortuna, 2021; Reinholz & Andrews, 2020) by pointing to the theory of change as a factor to measure indicators for each expected step on the way to impact. Thus, a comprehensive illustration of how long-term results can be achieved in a specific context and under particular circumstances can be seen in Model C.

The analyses identify the contribution to the theoretical field of social business since they provide empirical evidence from Model C, highlighting the interrelationships between the studied dimensions. It was noticed that Model C presents the organizational practices used by managers to respond to the impact of their actions on society and how they can position themselves to create the desired social change.

FINAL CONSIDERATIONS

This article aimed to analyze entrepreneurs’ perceptions of the contributions of Model C in shaping their social businesses. It follows that it is possible to conclude that Model C helps the development of business models through the set of three dimensions encompassed by the model; social business models may be structured.

In addition, the tool presents the dimensions used so that managers can guide themselves in their actions, even if not validated in a first application. This will give entrepreneurs knowledge about guidelines to manage them in pursuit of the dual mission.

However, the tool can be contemplated with improvements for a greater understanding of entrepreneurs, greater freedom of adaptation and customization for business models in operation, and guidelines for quantitative and qualitative responses for structuring and feasibility analysis and decision-making with a more incredible foundation.

As it is a new tool, only some examples of completed frameworks are found to serve as a parameter for entrepreneurs who have no experience with the model – making it necessary to interpret the filling guide available by the creative institutions or that some social business specialists with expertise in the model help entrepreneurs understand the tool and how to use it in favor of their business model.





The findings have theoretical and practical implications. This study provides a new theoretical lens on social business by presenting a model that anchors organizational capacity and financial and social value generation. It also provides managerial implications as entrepreneurs identify their choices and combine economic and social logic in a practical and effective model. Thus, business models, which create value over time, are embedded in an organizational and strategic environment oriented towards specific dimensions, constantly allowing the conformation, adaptation, and renewal of the entire business model.

As suggestions for future research, it presents the formatting and creation of tools that help Model C thoroughly structure how a social business model can sustainably generate financial and social value. Thus, the current Model C framework becomes a simplified, balanced social business model presentation.

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