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# Business Models of Social Entrepreneurial Organizations: Typology

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# Context and Importance

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- What is the core nature of SEO?
  - Business model
    - Tool to help understand the logic / story
    - Represented by a number of components
  - Types of SEO
  - Theory development in SE
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# Objective and Research Question

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- to present and discuss  
a typology of business models used by  
social entrepreneurial organizations  
(SEO)
  - RQ: What are the types of business  
models of SEO?
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## SEO and Business Model

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### **Social Entrepreneurial Organizations (SEO)**

organizations using the entrepreneurial approach for tackling social problems

### **Business Model**

«describes the rationale of how an organization creates, delivers and captures values» (Osterwalder and Pigneur, 2010, p.14)

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# Methodology

- Literature review on business models and social entrepreneurship
- Case studies of SEO
- N = 77 (St. Petersburg State University)
- N = 3 (in-depth case)
  - #1: Jewel Girls
  - #2: Partners for Joy
  - #3: Bump Book Bus

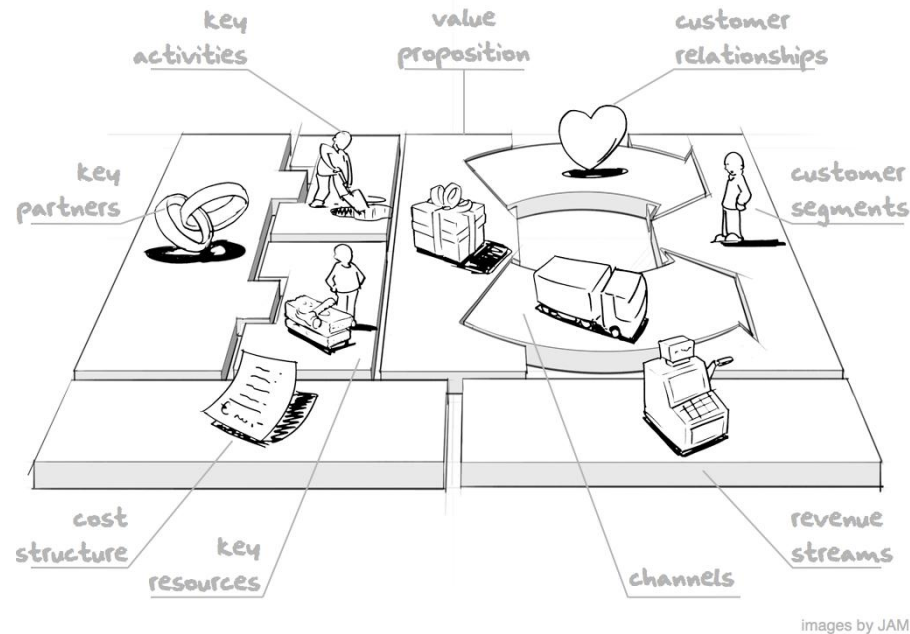
# Research Project

- **Step 1** – Similarities and differences in business model components of social entrepreneurial organizations (*ANSER - ARES Conference, Ottawa, 2015; EMES Conference, Helsinki, 2015*)
- **Step 2** – Typology of SEO business models (*ARNOVA Conference, 2015*)
- **Step 3** – Institutional and strategic aspects of business model types

## Components for SEO

### Business Model Canvas

(Osterwalder and Pigneur, 2005; 2010)



- Value Proposition
- Stakeholder Segments
- Key Ressources
- Key Activities
- Stakeholder Relationships
- Value Networks
- Revenue Streams
- Cost Structure
- Social value equation

## Beneficiary and Customer

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### ■ Beneficiary

- is the main stakeholder for whom social impact is generating

### ■ Customer

- the recipient of a good, service, product, or idea, obtained for a monetary or other valuable consideration. The party which is engaged in generation income.
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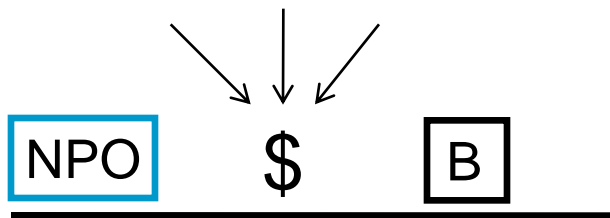
# Typology of NPO & FPO Traditional Organizations



## NonProfit Organizations (NPO)

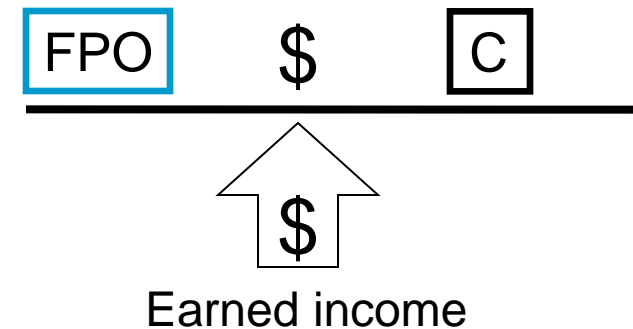
Type NPO

Grants Donations



## For Profit Organizations (FPO)

Type FPO



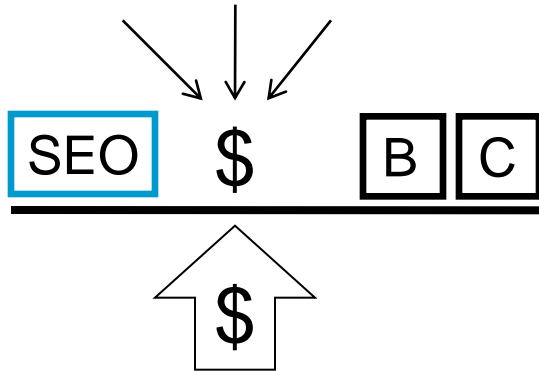
**B** = Beneficiary      **C** = Customer

## Proposed SEO Business Models

### 1 layer

#### Type 1

Grants Donations

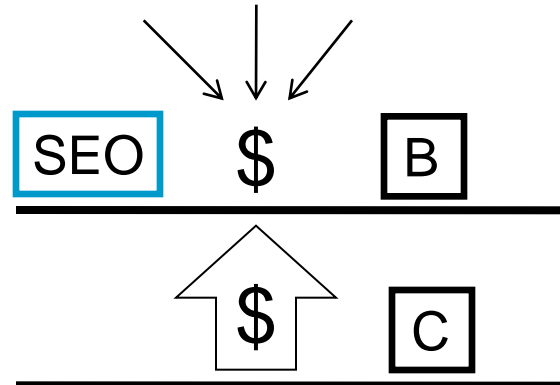


Earned income

### 2 layers

#### Type 2

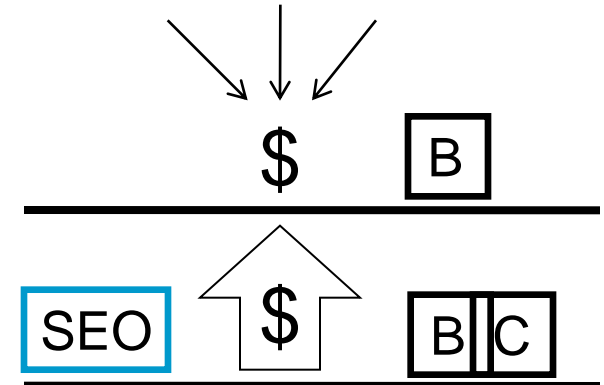
Grants Donations



Earned income

#### Type 3

Grants Donations



Earned income

**B** = Beneficiary

**C** = Customer

# Illustration Model T1



## Case #1

	<b>“Jewel Girls”</b>
<i>Organizational form</i>	Non-profit
<i>Problem</i>	People trafficking problem
<i>Market, government failure</i>	The problem is not recognized by the state, the NGOs that deal with the problem are not stable and act locally.
<i>The ways for problem solving</i>	Psychological rehabilitation through trainings and making jewelries.

# Typology of SEO

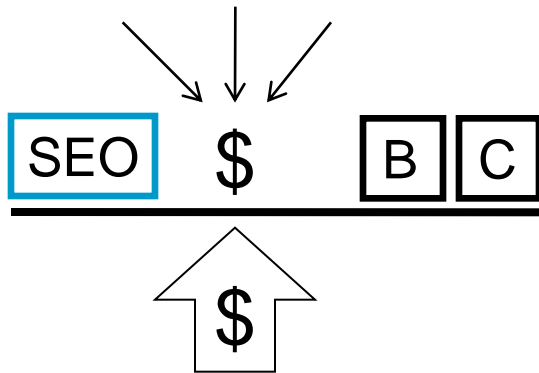


## Proposed SEO Business Models

### 1 layer

#### Type 1

Grants Donations

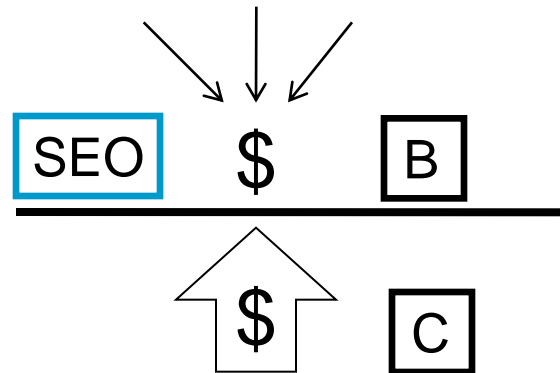


Earned income

### 2 layers

#### Type 2

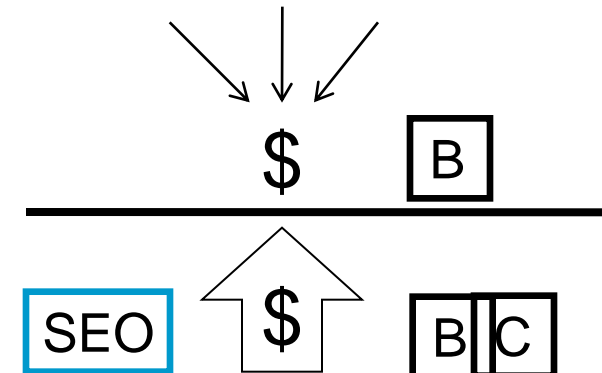
Grants Donations



Earned income

#### Type 3

Grants Donations



Earned income



= Beneficiary



= Customer

# Illustration Model T2



## Case #2

	<b>“Partners for joy”</b>
<i>Organizational form</i>	Non-profit
<i>Problem</i>	Children who stay in the hospitals for a long time suffer not only physically but also psychologically
<i>Market, government failure</i>	Children’s hospitals do not provide services for psychological rehabilitation of children (except staff psychologist)
<i>The ways for problem solving</i>	Provide clown therapy assistance for children who are treated at hospitals or at home.

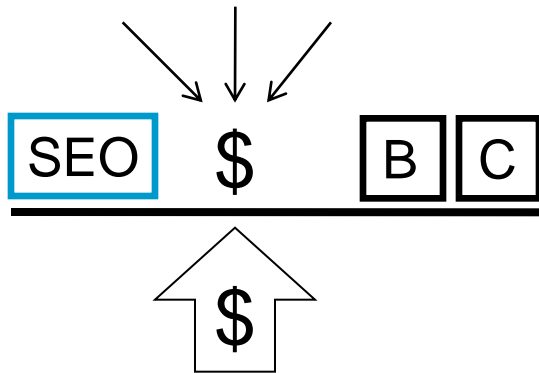
# Typology of SEO

## Proposed SEO Business Models

### 1 layer

#### Type 1

Grants Donations

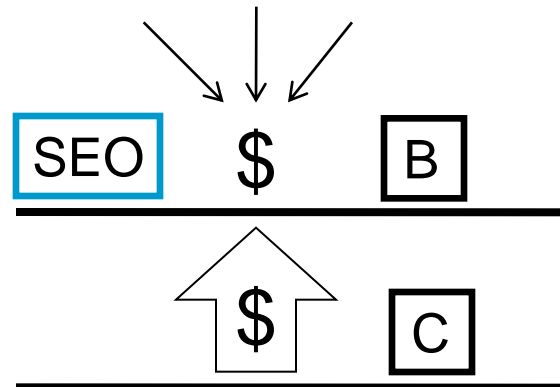


Earned income

### 2 layers

#### Type 2

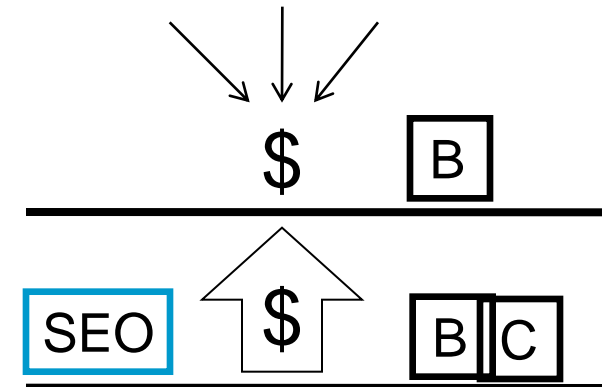
Grants Donations



Earned income

#### Type 3

Grants Donations



Earned income

[B] = Beneficiary [C] = Customer

# Illustration Model T3



## Case #3

	<b>“Bumper Book Bus”</b>
<i>Organizational form</i>	For-profit
<i>Problem</i>	Children don't read
<i>Market, government failure</i>	In geographically remote areas, there is low level of libraries infrastructure and bookstores for kids.
<i>The ways for problem solving</i>	Bring books for those who cannot buy books.



## Conclusion

- Three basic types are defined
  - based on a traditional types of organizations
- Contribution to SE
  - Development of the theoretical foundations
  - Business model as unit of analysis
- Future activities
  - Examination of institutional and strategic aspects of each business model type



# Limitations



- Russian SEO
- Not random sample
- Limited number of components

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