

EXPLORING TYPOLOGIES OF SOCIAL ENTREPRENEURSHIP AND FURTHER PATHWAYS TOWARD SUSTAINABILITY

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Abstract

The social economy has an important role within the worldwide societies as it promotes sustainable growth and it places upfront people and communities instead of profits. It has a significant contribution in the generation not just of meaningful employment, but also it supports social cohesion, and provides solutions to unmet needs of the society. Within social economy, social enterprises have developed as key actors, addressing various social and environmental challenges, integrated in entrepreneurial strategies driven by social missions. The present paper focuses on understanding typologies of social entrepreneurship and aims to address the research question of how models of sustainable social entrepreneurship within the social economy can be identified, conceptualized and classified. The analysis exposes the need to understand the differences that exists between typologies of social entrepreneurship in order to better integrate them in various local context, and further develop public policies aiming to support sustainable development in various geographic contexts. Furthermore, the paper underlines the need to prioritize the economic, social and environmental dimensions of social economy to favor models of sustainable social entrepreneurship.

Keywords: social entrepreneurship, social economy, sustainable development, community values, social capital

Classification JEL: L31

1. Introduction

The social economy is a distinct sector within the modern economy, designed to meet social needs through economic activities that do not primarily aim for profit, but rather for social impact (Borzaga & Defourny, 2001; Chaves & Monzón, 2012). In this sector, value creation is defined by solidarity, equity, responsibility, and democratic participation. Recent literature emphasizes that the performance and resilience of social entrepreneurship depend on the degree of integration of community values into the organizational and operational structure (Putnam, 2000; Schwartz, 2012).

Aggregate empirical data at the European Union level confirms the strategic importance of the social economy. At the European level, the social economy encompasses more than 4.3 million entities – cooperatives, associations, foundations, mutuals – employing over 11.5 million people, representing 6.3% of the employed population (European Commission/EISMEA, 2024; OECD, 2025). In certain countries, the sector reaches around 8% of GDP. The sector's structure is diverse: associations employ over 6.2 million people (54%), cooperatives approximately 3.3 million (29%), and social enterprises at least 3.9 million people (European Commission/EISMEA, 2024). The revenues generated by the sector exceeded approximately 913 billion EUR in 2021, with major impact in key sectors such as agri-food, healthcare, energy, creative industries and tourism (European Commission/EISMEA, 2024; OECD, 2025).

In Romania, the social economy sector includes over 6,000 entities and provides employment for over 19,000 people, with significant presence in associations, foundations and cooperatives (European Commission, 2019). National and European public policies support development through grants, tax facilities and institutional partnerships, while the practical importance of these organizations derives from their potential to provide concrete solutions for social inclusion, the reduction of regional disparities and social innovation (European Commission/EISMEA, 2024).

At the European Union level, current policy frameworks and funding instruments highlight the strategic relevance of the social economy and social entrepreneurship, particularly in addressing social exclusion, regional disparities, and the green and digital transitions (European Commission, 2021). The EU Action Plan for the Social Economy, together with programmes such as the European Social Fund Plus (ESF+), the Single Market Programme, InvestEU and Horizon Europe, provides financial support, technical assistance and capacity-building for social enterprises, cooperatives and other social economy entities. Other initiatives, linked to the European Pillar of Social Rights and the European Green Deal, further integrate social innovation and inclusive entrepreneurship into broader development agendas (European Commission, 2021; OECD, 2025).

In Romania, the social economy has been increasingly supported through a mix of national legislation and EU-funded programmes, particularly following the adoption of Law 219/2015 on the social economy, which formally introduced the status of “social enterprise” and “work integration social enterprise” (Parlamentul României, 2015; European Commission/EISMEA, 2024). Governmental institutions, in partnership with European funding bodies, channel resources to social enterprises and NGOs mainly through ESF+ and regional operational programmes, financing projects focused on social inclusion, employment of vulnerable groups and the development of rural social enterprises. The national strategies on social inclusion and poverty reduction explicitly recognise the social economy as a key mechanism for delivering sustainable community-based solutions (European Commission/EISMEA, 2024).

Starting from the general objective of identifying and comparing models of sustainable social entrepreneurship in different organizational contexts, the research is structured around the following research question: *How can models of sustainable social entrepreneurship within the social economy be identified, conceptualized and classified?*

This question aims at understanding the typologies and distinctive characteristics of models of sustainable social entrepreneurship, using as reference the level of integration of community values and the economic performance of organizations. Specialized literature proposes multiple classifications, each reflecting diverse theoretical and contextual approaches (Borzaga & Defourny, 2001; Dees, 2001; Yunus, 2010; Austin et al., 2006; Zahra et al., 2009). The answer to this question allows not only mapping existing models, but also developing a conceptual framework useful for organizations and decision-makers.

2. Typologies of social entrepreneurship

Social entrepreneurship represents a dynamic field within the social economy, combining entrepreneurial ingenuity with an explicit social mission. Contemporary literature defines social entrepreneurship as a process of creating and developing hybrid organizations that address specific social problems through an economically viable business model (Dees, 2001; Nicholls, 2006; Austin et al., 2006). Unlike traditional entrepreneurship, where the primary goal is maximizing profit for shareholders, social entrepreneurship prioritizes social impact and addressing challenges of public interest, reinvesting financial surplus in the mission (Yunus, 2010). The Global Innovation Index, published by WIPO (2024) emphasizes that social entrepreneurship has evolved from an academic niche to an increasingly institutionalized set of practices, with concrete applications in key sectors such as healthcare, education, environment, and local economic development.

Specialized literature proposes multiple *typologies of social entrepreneurship*, each reflecting diverse degrees of integration of community values (Dees, 2001; Yunus, 2010; Austin et al., 2006; Zahra et al., 2009).

Nonprofit with economic activities Model, supported by Dees (2001), is represented by nonprofit organizations that conduct complementary commercial activities, reinvesting profit to support the social mission. This model predominates in the sector of foundations and associations, maintaining a clear separation between economic activity (revenue source) and the social mission (fundamental purpose).

Social business model, supported by Yunus (2010) and Nicholls (2006) is represented by entrepreneurial initiatives whose main purpose is solving a social problem, not maximizing profit. Yunus (2010) defines this model through seven principles, including the primacy of social impact over dividends, profit reinvestment, and independence from donations in the long term.

Hybrid model, as conceptualised by Austin et al. (2006) and Battilana and Lee (2014), comprises organizations that explicitly manage the inherent tension between economic logic and social objectives, often through complex or dual organizational structures. This category acknowledges the challenge of “mission drift” (deviation from mission) and the need for governance mechanisms to maintain balance.

Cooperative model, as defined by Borzaga and Defourny (2001), is characterised by democratic governance (“one member, one vote”), community-based membership and an equitable distribution of results, and represents a traditional pillar of the social economy rooted in values of solidarity and mutual aid.

The entrepreneur profile-focused model, as proposed by Zahra et al. (2009), offers a conceptual typology that classifies initiatives based on the founder's role: “social bricoleurs” (who address local problems with limited resources), “social constructionists” (who scale successful models at a regional level), and “social engineers” (who create innovative, large-scale systems that transform institutional structures).

While traditional frameworks emphasize structural characteristics, contemporary typologies of social entrepreneurship have evolved toward an outcome-focused perspective, classifying initiatives based on the nature and scale of their societal impact. Recently, Polychronopoulos et al. (2024) introduces an innovative perspective, a classification based on results and impact mechanisms, not just organizational structure. Polychronopoulos et al. (2024) propose an outcome-based typology that identifies seven distinct forms of social enterprises based on three complementary dimensions: individual transformation, capital provision, and societal influence. The study, conducted on 49 social ventures in 10 European and other countries, demonstrates that the traditional “hybrid vs. nonprofit” classification model is insufficient to capture the complexity of contemporary social impact.

Mair, Battilana, and Cardenas (2012) developed an alternative typology based on four forms of capital: social capital (networks, trust), economic capital (finances, assets), human capital (knowledge, competencies), and political capital (influence, advocacy). The comparative study of 200 social organizations worldwide shows that the distribution of these capital forms largely determines the operational model and the scaling capacity of social initiatives.

WIPO (2024) developed an integrative framework that emphasizes that models of sustainable social entrepreneurship are those that operate simultaneously on multiple pathways, thus multiplying impact at different levels – individual, community, and societal. The Global Innovation Index, identifies four main pathways through which social entrepreneurship creates transformative impact: customer pathway (serving marginalized populations with innovative products/services), employee pathway (creating jobs for vulnerable groups with labor market barriers), product pathway (innovation in products/services with direct social/environmental impact), and ecosystem pathway (systemic transformation of institutional structures and social practices).

The practical relevance of these conceptual delimitations, both traditional and contemporary, results from the necessity of classifying models of social entrepreneurship, using as reference the level of integration of community values, economic performance, and concrete mechanisms of social impact. This approach allows not only identification of the optimal typology for each local context, but also development of adapted public policies, scaling of initiatives with positive long-term impact, and facilitation of replication of proven models from other geographic contexts (Mair & Martí, 2006; Zahra et al., 2009).

3. Conceptualization of sustainable social entrepreneurship

Sustainable social entrepreneurship can be defined as a process of creating and developing hybrid organizations that address specific social problems through an economically viable business model, anchoring their strategy and operations in the values of the served community, solidarity, equity, participation, and reinvesting financial surplus to scale their impact over the long term (Schwartz, 2012; Emerson, 2003; Battilana & Lee, 2014). This definition moves away from the oversimplified view that social entrepreneurship is merely philanthropy with economic elements (Martin & Osberg, 2007), integrating a complexity that reflects the operational reality of these organizations.

Sustainability in the context of social entrepreneurship is a multidimensional concept, which can be analyzed through the lens of the Triple Bottom Line (Elkington, 1998), adapting the model to the specifics of the social economy, including three dimensions social, economic and environmental.

The social dimension aims at generating positive and lasting impact in the community. Its measurement involves evaluating the inclusion of vulnerable groups, reduction of inequalities, and building social capital – that network of trust, collaboration, and reciprocity that supports local development over the long term (Putnam, 2000; Wray-Lake et al., 2023). Community values – solidarity, equity, responsibility – are the primary drivers of this dimension.

The economic dimension aims at the organization's ability to ensure financial autonomy through generating its own revenues and efficient resource management. For social enterprises, this dimension presents a major strategic challenge: managing the inherent tension between market logic and social objectives (Battilana & Lee, 2014). True economic sustainability is achieved when financial performance not only ensures survival, but also consolidates and expands the social mission, in a model of “blended value” (Emerson, 2003).

The environmental dimension includes responsibility toward natural resources and the ecological impact of activities. Even for organizations without an explicit ecological mission, this dimension becomes increasingly important through alignment with the Sustainable Development Goals (SDGs) and a holistic approach to responsibility (Elkington, 1998).

Sustainable social entrepreneurship represents a conceptual evolution that integrates principles of sustainability into social business models, moving beyond traditional approaches that separate social mission from economic performance. The Global Innovation Index (WIPO, 2024) and Elkington (1998) emphasize that this model emerges as a response to the simultaneous need to generate social impact and ensure long-term viability, in the context of contemporary economic and social challenges.

Communities grounded in values such as solidarity, responsibility, and equity possess a strong foundation of social cohesion and mutual trust, which fosters civic engagement and collective action aimed at the common good (Wray-Lake et al., 2023). These values not only enhance participation in community processes but also contribute significantly to social resilience in the face of crises. Such communities are better equipped to respond to major disruptions—whether economic, social, or environmental—thanks to dense support networks and internalized norms of cooperation and mutual aid (Stokols et al., 2009). In this context, sustainable social entrepreneurship draws essential strength from the social capital embedded in shared community

values, which underpins adaptability, rapid mobilization, and continuity of impact during periods of uncertainty.

4. Conclusions

The analysis of social entrepreneurship typologies and of the conceptual foundations of sustainable social entrepreneurship indicates that sustainability is not a simple attribute of organizational form, but the result of a complex alignment between social mission, economic viability and the systematic integration of community values into governance and day-to-day practice. Classical models, such as nonprofits with economic activities, cooperatives, hybrid organizations or social businesses, and newer outcome-based or capital-based typologies show that social enterprises operate along multiple dimensions simultaneously, combining different logics of value creation and different mechanisms of impact.

Within this multidimensional landscape, sustainable social entrepreneurship emerges where these configurations manage to stabilize over time a balanced relationship between the social, economic and environmental dimensions, as suggested by the adapted Triple Bottom Line framework. This balance does not result from a purely technical optimization, but from a continuous process of negotiation between stakeholders, institutional expectations and community norms, in which local value systems – solidarity, equity, participation, responsibility – play a constitutive role.

Social capital represents a critical factor, often overlooked in traditional analysis, for the success and sustainability of models of sustainable social entrepreneurship. Organizations that build and maintain high social capital have a superior capacity to scale their impact, attract diverse resources and withstand periods of economic or social turbulence, because they benefit from denser networks of trust, reciprocity and cooperation at community level. In this sense, social capital does not simply accompany sustainable social entrepreneurship, but becomes one of its main enabling conditions, mediating the transformation of community values into durable organizational capabilities.

At the same time, the emerging typologies centered on impact pathways and on different forms of capital highlight that sustainable social entrepreneurship operates through cumulative and mutually reinforcing mechanisms. Customer, employee, product and ecosystem pathways intersect with social, economic, human and political capital, generating configurations that vary across sectors and territories, but which can be analytically mapped and compared within a coherent framework. This perspective allows a move beyond the binary oppositions between “nonprofit” and “for-profit” and invites a more nuanced understanding of hybridization and mission-driven business models.

From a policy and practice standpoint, these findings underline the need for differentiated support instruments that recognise the diversity of models and their specific combinations of values, resources and impact mechanisms. Generic, one-size-fits-all approaches to funding, regulation or capacity-building risk favouring only those initiatives that already, fit dominant institutional templates, while marginalising context-sensitive, community-anchored forms of social entrepreneurship. Designing public policies that explicitly take into account typologies of social entrepreneurship, levels of social capital and the role of community values can contribute to a more inclusive and resilient social economy, especially in countries where the sector is still consolidating.

Future research should deepen the empirical investigation of these models in different national and local contexts, with particular attention to Central and Eastern Europe, and specifically emerging ecosystems like Romania, where institutional legacies, trust patterns and community structures shape distinct trajectories of social entrepreneurship. Mixed-methods designs, comparative case studies and longitudinal analyses could refine the proposed conceptual framework, test its applicability across sectors and reveal the specific ways in which social capital

and community values are translated into sustainable organizational arrangements and long-term social impact.

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