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Social Entrepreneurship and Sustainable Value Creation: Evidence from Community-Based Enterprises

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Abstract

Social entrepreneurship has gained prominence as a mechanism for addressing social and environmental challenges while maintaining economic viability. This study examines how social enterprises create sustainable value through hybrid business models that integrate social mission and financial performance. Using empirical data from community-based enterprises, the findings indicate that strong stakeholder engagement and mission-driven innovation significantly enhance social impact and financial sustainability. The study contributes to entrepreneurship literature by providing evidence on the performance dynamics of social enterprises in emerging and transitional economies.

Keywords: Social entrepreneurship, sustainable value creation, social enterprises, hybrid business models, community development

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1. Introduction

Social entrepreneurship combines entrepreneurial practices with social objectives to address unmet societal needs. Unlike traditional ventures, social enterprises pursue dual goals of financial sustainability and social impact. In recent years, community-based social enterprises have emerged as effective agents of local development, particularly in regions facing economic and social inequalities. This paper explores the mechanisms through which social entrepreneurship contributes to sustainable value creation.

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2. Methodology

2.1 Research Design

A mixed-method quantitative study utilizing structured surveys and impact assessment indicators.

2.2 Sample and Data Collection

Data were collected from 95 registered social enterprises operating in education, healthcare, environmental services, and social inclusion sectors.

2.3 Key Variables

- **Independent variables:** Stakeholder engagement level, innovation intensity
- **Dependent variables:** Social impact score, financial sustainability ratio

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3. Results

Table 1. Social Entrepreneurship and Value Creation Outcomes

Variable	Low Level	Moderate Level	High Level
Social Impact Score (0–5)	2.4	3.7	4.6
Financial Sustainability (%)	54.2	68.5	82.1

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Regression results show stakeholder engagement ($\beta = 0.48$, $p < 0.01$) and innovation intensity ($\beta = 0.44$, $p < 0.01$) as significant predictors of sustainable value creation.

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4. Discussion

The results demonstrate that social enterprises with higher stakeholder engagement and innovation capacity achieve superior social and financial outcomes. Community involvement enhances legitimacy, resource access, and long-term sustainability. Innovation enables social enterprises to scale impact while maintaining economic viability. These findings reinforce the relevance of hybrid business models in addressing complex societal challenges.

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5. Conclusion

Social entrepreneurship plays a critical role in sustainable development by integrating economic and social objectives. Policymakers should support social enterprises through inclusive financing mechanisms and capacity-building programs to maximize their developmental impact.

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