Innovating Social Enterprise Business Models: A Financial and Economic Capability Framework for a Catholic-Based Institution

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Abstract:

Background: Innovation in management and business models has become essential for organizations seeking to balance financial sustainability with social value creation. Social enterprises, particularly those embedded in faith-based institutions, represent hybrid business models that integrate economic activities with social and moral objectives. Anchored in Amartya Sen's Capability Approach, this study addresses the gap in innovation-oriented frameworks that guide the design and management of social enterprise business models within Catholic-based institutions in the Philippine context.

Method: The study adopted a mixed-methods research design combining household surveys and key informant interviews in selected barangays. Quantitative data were analyzed using stepwise multiple regression, applying forward selection and backward elimination techniques to identify key determinants of household per capita income while satisfying the Best Linear Unbiased Estimates (BLUE) assumptions. Qualitative findings were used to contextualize results and inform the development of an innovative financial and economic capability-based business model framework.

Results: Findings reveal that education, number of working household members, access to electricity, household size, and dependency ratio significantly influence household economic performance. These results underscore the importance of integrating human capital development, infrastructure access, and financial inclusion into social enterprise business models. Based on the empirical findings, the study proposes a financial and economic capability framework that innovates traditional social enterprise models by aligning operational strategies, value creation, and mission-driven outcomes within a Catholic institutional setting.

Conclusion: The proposed framework contributes to innovation management and business model literature by demonstrating how faith-based social enterprises can strategically integrate capability-building mechanisms into sustainable and scalable business models. The study offers practical insights for managers, policymakers, and social entrepreneurs seeking to innovate inclusive business models that generate both economic and social impact.

Keywords:

Social enterprise, business model innovation, innovation management, financial capability, economic capability, capability approach, faith-based institutions, inclusive development, Philippines.