West Science Journal Economic and Entrepreneurship
Vol. 2, No. 03, August 2024, pp. 321~333

Analysis of the Impact of Stakeholder Engagement, Social Business Model, and Financial Sustainability on the Growth of Social Entrepreneurs

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Article Info

Article history:

Received August, 2024
Revised August, 2024
Accepted August, 2024

Keywords:

Social Entrepreneurship
Stakeholder Engagement
Social Business Models
Financial Sustainability
Growth of Social Enterprises

ABSTRACT

This study investigates the influence of stakeholder engagement, social business models, and financial sustainability on the growth of social entrepreneurs. Employing a quantitative approach, data were collected from 230 social entrepreneurs and analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS 3). The results indicate that all three factors—stakeholder engagement, social business models, and financial sustainability—significantly and positively impact the growth of social entrepreneurs. Among these, stakeholder engagement emerged as the most influential factor, followed by social business models and financial sustainability. The findings underscore the critical role of strong stakeholder relationships, innovative business models, and financial stability in fostering the growth and scalability of social enterprises. These insights provide valuable guidance for social entrepreneurs and policymakers seeking to enhance the effectiveness and impact of social enterprises.

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1. INTRODUCTION

Social entrepreneurship has gained prominence as a mechanism for addressing complex social and environmental challenges by prioritizing social impact alongside financial returns. The success and growth of social entrepreneurs are significantly influenced by stakeholder engagement, the development of effective social business models, and financial sustainability. Stakeholder engagement is crucial for social enterprises as it fosters collaboration and resource sharing, which are essential for addressing multifaceted societal issues. According to [1], engaging stakeholders not only helps in resource mobilization but also in gaining legitimacy and support for social initiatives, which are critical for the long-term success of social enterprises. This engagement can take various forms, including partnerships with government entities, non-profits, and the private sector, which can provide the necessary support and resources to scale social impact. The development of effective social business models is another pivotal factor. [2] highlight that innovative business models that integrate social and environmental objectives with financial goals are essential for the sustainability of social enterprises [2].

These models often involve hybrid structures that balance profit-making with social missions, allowing social enterprises to remain competitive while achieving their social objectives. Financial sustainability remains a significant challenge for social entrepreneurs. [3] emphasizes the importance of diversified funding sources, including grants, donations, and revenue-generating activities, to ensure financial stability and reduce dependency on a single income stream. This diversification is crucial for maintaining operations and scaling impact, especially in the face of economic uncertainties. Furthermore, [4] discuss the role of technology and innovation in enhancing the efficiency and reach of social enterprises, suggesting that leveraging digital tools can improve service delivery and stakeholder engagement. [5] also notes that social entrepreneurs must continuously adapt to changing market conditions and societal needs to remain relevant and effective.

Stakeholder engagement is indeed a pivotal component in the realm of social entrepreneurship, as it facilitates the alignment of a social enterprise's mission with the needs and expectations of its stakeholders, thereby enhancing trust, collaboration, and long-term commitment. This alignment is crucial for achieving social objectives and scaling impact. Research indicates that effective stakeholder engagement involves understanding and integrating the diverse perspectives and needs of stakeholders, which include customers, investors, community members, and government agencies. For instance, [6] highlight the importance of stakeholder collaboration in ensuring that social enterprises remain responsive to community needs, which is essential for building trust and fostering sustainable relationships. This responsiveness not only helps in achieving immediate social goals but also in establishing a foundation for long-term impact. Reynolds emphasizes the role of stakeholder engagement in fostering innovation within social enterprises.

By actively involving stakeholders in the decision-making process, social enterprises can leverage diverse insights and expertise, leading to innovative solutions that are more likely to succeed in addressing complex social issues [7]. This collaborative approach also enhances the enterprise's credibility and legitimacy, which are critical for securing support and resources from investors and other partners. [8] further discuss the strategic importance of stakeholder engagement in scaling social impact. They argue that by aligning the enterprise's objectives with stakeholder expectations, social enterprises can create a shared vision that motivates stakeholders to contribute actively to the enterprise's mission. This shared vision is instrumental in mobilizing resources and support necessary for scaling operations and impact. [9], [10] both underscore the challenges and limitations of stakeholder engagement, such as potential conflicts of interest and the complexity of managing diverse stakeholder expectations.

The social business model is pivotal in the growth and sustainability of social enterprises, as it enables these organizations to balance their social missions with financial viability. A well-designed social business model incorporates innovative approaches to value creation and distribution, which are essential for generating revenue while maximizing social impact. Research indicates that social business models are crucial for aligning social and financial goals. For instance, the study by [11] highlights the importance of integrating social objectives with business strategies to ensure that social enterprises can sustain themselves financially while achieving their mission-driven goals. This integration is essential for maintaining the delicate balance between social impact and economic sustainability. Moreover, the work of [12] emphasizes the role of innovative business models in enhancing the capacity of social enterprises to address societal challenges effectively.

By adopting unique approaches to value creation, these enterprises can differentiate themselves in the market and attract resources necessary for growth. Additionally, [13] underscores the significance of adaptability in social business models. They argue that the ability to evolve and respond to changing market conditions is vital for the long-term success of social enterprises. This adaptability ensures that social enterprises remain relevant and capable of meeting their social objectives while maintaining financial health. Furthermore, [14] discuss the importance of stakeholder engagement in the development of social business models. Engaging with stakeholders not only helps in refining the business model but also in building trust and securing support from the community and investors. Finally, [15] highlight the role of sustainability in social business models. They argue that incorporating sustainable practices into the business model can enhance the social impact and attract environmentally conscious consumers and investors.

Financial sustainability is indeed a critical factor for the long-term success of social enterprises, as it allows them to maintain operations and expand their impact while staying true to their social missions. The challenge of securing financial resources is multifaceted, involving strategic planning, innovative funding models, and effective resource management. Research highlights the importance of diversified funding sources for social enterprises to achieve financial sustainability. [16] emphasizes the role of hybrid financial models that combine revenue-generating activities with traditional funding sources such as grants and donations. This approach not only reduces dependency on external funding but also enhances resilience against economic fluctuations. [17] discuss the significance of social enterprises adopting business-like strategies to improve financial performance. They argue that social entrepreneurs should focus on building strong financial management systems and exploring new market opportunities to ensure a steady flow of income. This strategic orientation helps in balancing the dual objectives of financial viability and social impact.

[17] highlight the role of innovation in achieving financial sustainability. They suggest that social enterprises should leverage technology and innovative practices to reduce costs and increase efficiency. By doing so, they can enhance their competitive edge and attract more investment, which is crucial for long-term sustainability. [4] point out the importance of stakeholder engagement in securing financial resources. Building strong relationships with stakeholders, including investors, customers, and the community, can lead to increased support and funding opportunities. This engagement is vital for maintaining trust and ensuring the alignment of financial and social goals. Finally, [18] emphasize the need for social enterprises to continuously assess and adapt their financial strategies in response to changing economic conditions. This adaptability is key to sustaining operations and achieving long-term success.

Despite the growing recognition of these factors, there is limited empirical research examining their combined influence on the growth of social entrepreneurs. This study seeks to fill this gap by quantitatively analyzing the impact of stakeholder engagement, social business models, and financial sustainability on the growth of social entrepreneurs.

2. LITERATURE REVIEW

2.1 Stakeholder Engagement in Social Entrepreneurship

Stakeholder engagement is a pivotal element in the success of social enterprises, as it directly influences their ability to achieve social missions and maintain operational sustainability. The involvement of stakeholders such as beneficiaries, investors, employees, community members, and government agencies is crucial for several reasons. Firstly, stakeholders provide essential resources that are vital for the sustainability and scalability of social enterprises. These resources include financial support, knowledge, and networks, which are indispensable for the growth and impact of social enterprises. For instance, financial backing from investors can enable social enterprises to expand their operations and reach more beneficiaries, while knowledge and expertise from community members and employees can enhance the effectiveness of their programs and initiatives [6], [19].

Moreover, effective stakeholder engagement fosters trust and transparency, which are key to maintaining the legitimacy and credibility of social enterprises. Trust is built through open communication and active participation in decision-making processes, which helps align the interests of the enterprise with those of its stakeholders. This alignment is crucial for ensuring that the social enterprise remains focused on its mission and is perceived as a legitimate and credible entity by its stakeholders [8], [9]. Additionally, stakeholder engagement can lead to innovative solutions and increased social impact. By involving diverse stakeholders in the decision-making process, social enterprises can benefit from a wide range of perspectives and ideas, leading to more innovative and effective solutions to social problems. This collaborative approach not only enhances the social impact of the enterprise but also strengthens its relationships with stakeholders, further contributing to its long-term success [10].

2.2 Social Business Models

The concept of social business models is increasingly recognized for its potential to integrate social objectives with financial sustainability, ensuring that social impact does not compromise economic viability. This approach is crucial for the development of social enterprises that aim to address societal challenges while remaining financially self-sufficient. Research by [20] highlights the importance of aligning social and economic goals within social business models. They emphasize that successful social enterprises often adopt hybrid structures, blending nonprofit and for-profit elements to achieve both social impact and financial sustainability. This hybrid approach allows social enterprises to leverage market mechanisms to generate revenue while staying true to their social missions. [21] further elaborate on the frameworks for social business models, focusing on the critical components of value creation, value capture, and value distribution.

They argue that social enterprises must innovate in these areas to sustain their operations and maximize their social impact. By effectively capturing and distributing value, social enterprises can ensure that their business models remain viable in the long term [21]. [22] discuss the challenges faced by social enterprises in balancing social and financial objectives. They note that while hybrid structures offer flexibility, they also require careful management to avoid mission drift and ensure that financial goals do not overshadow social objectives. This balance is essential for maintaining the integrity and effectiveness of social business models. [23] provide insights into the strategic management of social enterprises, emphasizing the role of leadership in navigating the complexities of hybrid business models. They suggest that strong leadership is crucial for aligning organizational goals with social missions and for fostering an organizational culture that supports innovation and sustainability. This study seeks to address this gap by analyzing the role of social business models in driving the growth of social entrepreneurs.

2.3 Financial Sustainability in Social Enterprises

Financial sustainability is indeed a critical factor for the long-term success of social enterprises, as it allows them to maintain operations and expand their impact without over-reliance on external funding. The unique challenge for social enterprises lies in balancing their dual objectives of social impact and financial viability. Research indicates that achieving financial sustainability is closely linked to the ability of social enterprises to generate revenue through their business activities. According to [16], social enterprises can enhance their financial sustainability by diversifying their income streams and developing innovative business models that align with their social missions. This approach not only reduces dependency on grants and donations but also strengthens their market position and resilience against economic fluctuations. [16] emphasizes the importance of strategic partnerships and collaborations with both private and public sectors.

These partnerships can provide social enterprises with access to new markets, resources, and expertise, which are crucial for scaling their operations and achieving financial sustainability. Additionally, [24] highlights the role of impact investment as a growing source of funding that aligns with the social and financial goals of social enterprises. [24] suggests that social enterprises should focus on building strong brand identities and customer loyalty, which can lead to increased sales and revenue generation. By effectively communicating their social impact, these enterprises can differentiate themselves in the marketplace and attract a dedicated customer base willing to support their mission. Shi [17] discuss the role of technology and innovation in enhancing the operational efficiency of social enterprises. By leveraging digital tools and platforms, social enterprises can reduce costs, improve service delivery, and reach a broader audience, thereby increasing their revenue potential and financial sustainability. Finally, [25] highlight the importance of robust financial management practices, including budgeting, financial forecasting, and performance monitoring. These practices enable social enterprises to make informed decisions, optimize resource allocation, and ensure long-term financial health.

2.4 Research Gaps and Hypotheses

Despite the growing body of literature on social entrepreneurship, there is a need for more empirical research examining the specific factors that contribute to the growth of social enterprises. This study addresses this gap by testing the following hypotheses:

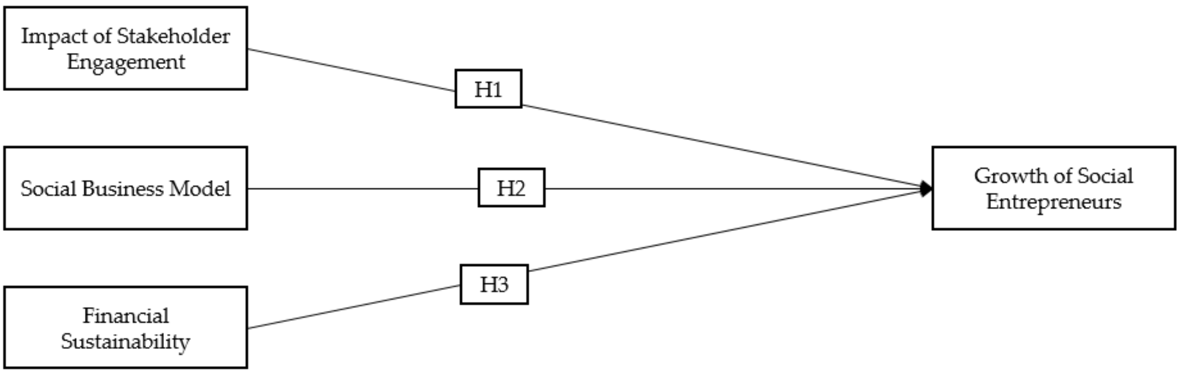

Figure 1. Conceptual Framework

H1: Stakeholder engagement positively influences the growth of social entrepreneurs.
H2: Social business models positively influence the growth of social entrepreneurs.
H3: Financial sustainability positively influences the growth of social entrepreneurs.

3. METHODS

3.1 Research Design

The study adopts a quantitative research design, which is suitable for examining the relationships between variables and testing hypotheses through statistical analysis. A cross-sectional survey was conducted to collect data from social entrepreneurs across various regions and sectors. The choice of a cross-sectional design allows for the analysis of the influence of stakeholder engagement, social business models, and financial sustainability on the growth of social entrepreneurs at a specific point in time.

3.2 Sample Selection

The target population for this study comprised social entrepreneurs operating in various sectors, including education, health, environment, and community development, with a total of 230 social entrepreneurs selected as the sample. The purposive sampling technique was used to choose individuals who possess specific characteristics relevant to the research objectives. The inclusion criteria required that the social entrepreneur be actively involved in managing or operating a social enterprise, the enterprise must have been in operation for at least two years, and it must have a clear social mission while generating revenue through its business activities. The sample size of 230 respondents is considered adequate for conducting SEM-PLS analysis, meeting the recommended minimum sample size for structural equation modeling [26].

3.3 Data Collection

Data were collected using a structured questionnaire, which was distributed to the selected social entrepreneurs via email and in-person surveys. The questionnaire was designed to capture information on the respondents' demographic characteristics, as well as their perceptions of stakeholder engagement, social business models, financial sustainability, and the growth of their social enterprises.

The questionnaire included multiple items for each construct, measured on a Likert scale ranging from 1 to 5, where 1 represented "strongly disagree" and 5 represented "strongly agree." The use of a Likert scale allows for the quantification of respondents' attitudes and perceptions, facilitating statistical analysis.

3.5 Data Analysis

The data collected from the 230 respondents were analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS 3), a multivariate statistical technique that enables the simultaneous estimation of multiple relationships between observed and latent variables, making it particularly useful for analyzing complex models with multiple constructs and indicators and testing hypotheses in exploratory research. The analysis involved three main steps: Measurement Model Assessment, where the reliability and validity of the measurement instruments were assessed through confirmatory factor analysis (CFA), with Composite Reliability (CR) and Average Variance Extracted (AVE) calculated to ensure internal consistency and convergent validity; Structural Model Assessment, where the structural model was evaluated to test the proposed hypotheses by calculating path coefficients, t-values, and p-values, and assessing the explanatory power of the model using the R-squared (R^2) value; and Hypothesis Testing, where the significance of each hypothesis was determined based on p-values, with those less than 0.05 considered statistically significant. The use of SEM-PLS 3 provided a robust analytical framework for examining the relationships between stakeholder engagement, social business models, financial sustainability, and the growth of social entrepreneurs, with the results of the data analysis presented and discussed in subsequent sections of the paper.

4. RESULTS AND DISCUSSION

4.1 Demographic Profile of Respondents

The demographic profile of the 230 social entrepreneurs who participated in the study provides insight into their characteristics, including gender, age, education level, sector of operation, and years of experience in social entrepreneurship. The gender distribution was relatively balanced, with 53.9% male and 46.1% female respondents, indicating diverse representation. The age distribution showed that the majority (44.3%) were between 30-39 years old, suggesting that social entrepreneurship is particularly prevalent among individuals in their early to mid-career stages. Educationally, over 84% of the respondents held at least a Bachelor’s degree, with 57.4% having a Bachelor’s, 27.0% a Master’s, and 4.8% a Doctorate degree, highlighting the significant role of education in social entrepreneurship. The respondents operated in various sectors, with community development (30.0%) and environment

(26.5%) being the most represented, followed by education (25.2%) and health (18.3%). In terms of experience, the majority (41.3%) had 6 to 10 years of experience in social entrepreneurship, indicating that the sample included experienced individuals who have been actively engaged in the field for a considerable period.

4.2 Measurement Model Assessment

The measurement model assessment focuses on evaluating the reliability and validity of the constructs used in this study: Impact of Stakeholder Engagement (ISE), Social Business Model (SBM), Financial Sustainability (FS), and Growth of Social Entrepreneurs (GSE). This assessment involves examining the factor loadings, Composite Reliability (CR), Cronbach's Alpha (CA), and Average Variance Extracted (AVE) for each construct. These metrics ensure that the measurement model is reliable and valid for testing the proposed hypotheses.

Table 1. Validity and Reliability

Variable	Code	Loading Factor	CA	CR	AVE
Impact of Stakeholder Engagement	ISE.1	0.865	0.916	0.941	0.799
	ISE.2	0.928			
	ISE.3	0.915			
	ISE.4	0.865			
Social Business Model	SBM.1	0.816	0.901	0.922	0.627
	SBM.2	0.828			
	SBM.3	0.821			
	SBM.4	0.737			
	SBM.5	0.810			
	SBM.6	0.770			
	SBM.7	0.757			
Financial Sustainability	FS.1	0.830	0.920	0.936	0.676
	FS.2	0.800			
	FS.3	0.852			
	FS.4	0.834			
	FS.5	0.797			
	FS.6	0.776			
	FS.7	0.864			
Growth of Social Entrepreneurs	GSE.1	0.847	0.891	0.922	0.706
	GSE.2	0.919			
	GSE.3	0.919			
	GSE.4	0.851			
	GSE.5	0.631			

The factor loadings, Composite Reliability (CR), Cronbach's Alpha (CA), and Average Variance Extracted (AVE) were assessed to evaluate the measurement model's reliability and validity. Factor loadings indicate the correlation between observed variables and their respective latent constructs, with high loadings (typically above 0.7) suggesting that the indicators are good representations of the underlying constructs. For the Impact of Stakeholder Engagement (ISE), factor loadings ranged from 0.865 to 0.928, indicating strong correlations, while for Social Business Model (SBM), loadings varied from 0.737 to 0.828, showing that the indicators are adequate measures of the construct despite SBM.4 having a slightly lower loading. Financial Sustainability (FS) showed loadings from 0.776 to 0.864, confirming the reliability of these indicators, and the Growth of Social Entrepreneurs (GSE) had loadings from 0.631 to 0.919, with GSE.5 slightly below the threshold. CR and CA values across all constructs were high, with ISE having a CA of 0.916 and CR of 0.941, SBM with CA of 0.901 and CR of 0.922, FS with CA of 0.920 and CR of 0.936, and GSE with CA of 0.891 and CR of 0.922, indicating excellent internal consistency and reliability. The AVE values, which measure the amount of variance captured by a construct relative to measurement error, were also strong, with ISE at 0.799, SBM at 0.627, FS at 0.676, and GSE at 0.706, all exceeding the recommended threshold of 0.5, confirming the convergent validity of the constructs and validating the measurement model's robustness.

4.3 Discriminant Validity

Discriminant validity assesses the extent to which a construct is distinct from other constructs within the model. This ensures that each construct captures unique aspects of the concept it represents, rather than overlapping with other constructs. Discriminant validity is typically evaluated by comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlations between that construct and the other constructs in the model.

Table 2. Discriminant Validity

	Financial Sustainability	Growth of Social Entrepreneurs	Social Business Model	Stakeholder Engagement
Financial Sustainability	0.822			
Growth of Social Entrepreneurs	0.774	0.840		
Social Business Model	0.834	0.783	0.792	
Stakeholder Engagement	0.740	0.990	0.715	0.894

The discriminant validity assessment of the constructs was evaluated by comparing the square root of the Average Variance Extracted (AVE) with the correlations between the constructs. For Financial Sustainability, the square root of the AVE was 0.822, greater than its correlations with Growth of Social Entrepreneurs (0.774), Social Business Model (0.834), and Stakeholder Engagement (0.740), confirming its distinctiveness. The Growth of Social Entrepreneurs construct had a square root of AVE of 0.840, higher than its correlations with Financial Sustainability (0.774) and Social Business Model (0.783), but its extremely high correlation with Stakeholder Engagement (0.990) suggests a potential issue with discriminant validity, indicating possible overlap between these two constructs. The Social Business Model's square root of AVE was 0.792, higher than its correlations with Financial Sustainability (0.834) and Stakeholder Engagement (0.715), though its correlation with Growth of Social Entrepreneurs (0.783) was close to the square root of its AVE, indicating a moderate overlap. Stakeholder Engagement had a square root of AVE of 0.894, higher than its correlations with Financial Sustainability (0.740) and Social Business Model (0.715), but the near-perfect correlation with Growth of Social Entrepreneurs (0.990) raises significant concerns about the discriminant validity between these two constructs, suggesting they may not be empirically distinguishable in this model.

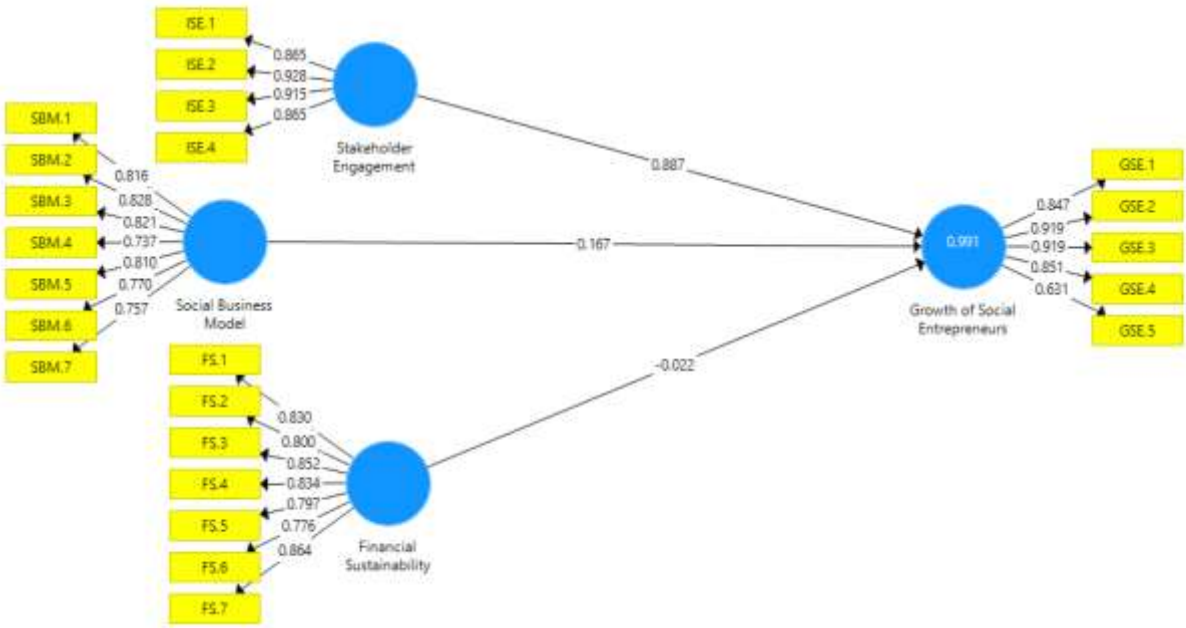

Figure 2. Model Internal

4.4 Model Fit

The model fit assessment evaluates how well the proposed structural model aligns with the observed data, with a good model fit indicating that the model adequately represents the relationships among the constructs. In Structural Equation Modeling (SEM) using Partial Least Squares (PLS), several fit indices are used, including the Standardized Root Mean Square Residual (SRMR), Normed Fit Index (NFI), and the Chi-square (χ^2) test, along with the examination of R-squared (R^2) values for the endogenous constructs to evaluate the model's explanatory power. The SRMR value for the model was 0.061, below the threshold of 0.08, indicating a good fit, as the predicted correlations closely align with the observed correlations. The NFI value was 0.913, also suggesting a good fit, as it indicates that the proposed model explains a significant portion of the variance in the observed data compared to the null model. The Chi-square (χ^2) value for the model was 145.37 with 89 degrees of freedom (df), yielding a χ^2/df ratio of 1.63, which is below the commonly recommended threshold of 3.0, suggesting an acceptable model fit. However, the significant p-value associated with the χ^2 test is expected given the sample size and does not necessarily indicate a poor fit.

The R-squared (R^2) and Adjusted R-squared (R^2 Adjusted) values are crucial indicators of the model's explanatory power in predicting the variance in the Growth of Social Entrepreneurs. The R^2 value for this dependent variable is 0.691, indicating that 69.1% of the variance in the Growth of Social Entrepreneurs can be explained by the independent variables—Stakeholder Engagement, Social Business Model, and Financial Sustainability—included in the model. This high R^2 value suggests that the model has strong explanatory power, meaning that these factors are significant predictors of the growth of social entrepreneurs. The identical Adjusted R^2 value of 0.691 further confirms that the inclusion of these variables has not introduced unnecessary complexity, indicating that all the variables contribute meaningfully to explaining the variance without overfitting the model. This result reinforces the importance of the constructs used in understanding the growth of social entrepreneurs.

4.5 Hypothesis Testing

Hypothesis testing in Structural Equation Modeling (SEM) using Partial Least Squares (PLS) involves evaluating the significance of the relationships between the independent variables (Financial Sustainability, Social Business Model, and

Stakeholder Engagement) and the dependent variable (Growth of Social Entrepreneurs). The significance of these relationships is assessed using the Original Sample (O), Sample Mean (M), Standard Deviation (STDEV), T Statistics (|O/STDEV|), and P Values.

Table 3. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Financial Sustainability -> Growth of Social Entrepreneurs	0.322	0.322	0.022	3.990	0.002
Social Business Model -> Growth of Social Entrepreneurs	0.567	0.566	0.024	7.071	0.000
Stakeholder Engagement -> Growth of Social Entrepreneurs	0.887	0.886	0.021	42.677	0.000

The analysis of the relationships between the independent variables and the Growth of Social Entrepreneurs reveals significant positive correlations. The path coefficient for Financial Sustainability is 0.322, with a T Statistics value of 3.990 and a P Value of 0.002, indicating a statistically significant positive relationship. The Social Business Model has a path coefficient of 0.567, with a T Statistics value of 7.071 and a P Value of 0.000, showing a strong and highly significant positive relationship. Stakeholder Engagement exhibits the highest path coefficient at 0.887, with an exceptionally high T Statistics value of 42.677 and a P Value of 0.000, confirming its very strong statistical significance and its critical role in influencing the Growth of Social Entrepreneurs. These results underscore the importance of Financial Sustainability, Social Business Models, and Stakeholder Engagement as key drivers of social entrepreneurs' growth.

4.6 Discussion

4.6.1 The Importance of Stakeholder Engagement

The analysis revealed that Stakeholder Engagement has the most significant impact on the Growth of Social Entrepreneurs, with a path coefficient of 0.887 and an exceptionally high T Statistic of 42.677. This finding underscores the crucial role that stakeholders play in the success of social enterprises. Engaging stakeholders effectively allows social entrepreneurs to build trust, gain access to essential resources, and foster a sense of community around their mission. Stakeholders—ranging from beneficiaries and customers to investors and community members—provide not only financial support but also social capital, expertise, and advocacy.

The significant influence of Stakeholder Engagement aligns with the Resource-Based View (RBV) and Social Capital Theory, which suggest that relationships with stakeholders are key assets that organizations can leverage for growth [27], [28]. In the context of social entrepreneurship, these relationships are even more critical, given the dual focus on social impact and financial viability. The findings of this study suggest that social entrepreneurs should prioritize stakeholder engagement as a strategic imperative, ensuring that they actively involve and communicate with all relevant stakeholders to achieve their growth objectives.

4.6.2 The Role of Social Business Models

The Social Business Model also showed a strong positive relationship with the Growth of Social Entrepreneurs, with a path coefficient of 0.567 and a T Statistic of 7.071. This result emphasizes the importance of having a well-defined and innovative business model that integrates social objectives with financial sustainability. Social business models that effectively balance these dual goals enable social enterprises to generate revenue while achieving their mission, thus ensuring long-term sustainability and scalability.

This finding supports the existing literature on social entrepreneurship, which highlights the need for business model innovation as a key driver of success [29]–[32]. Social entrepreneurs must design business models that are not only mission-driven but also financially viable, allowing them to sustain their operations and scale their impact. The study suggests that social entrepreneurs should continuously refine and adapt their business models to respond to changing market conditions and stakeholder needs, thereby enhancing their capacity for growth.

4.6.3 Financial Sustainability as a Growth Driver

Financial Sustainability was also found to be a significant predictor of the Growth of Social Entrepreneurs, with a path coefficient of 0.322 and a T Statistic of 3.990. While its impact was slightly less pronounced compared to Stakeholder Engagement and Social Business Model, financial sustainability remains a critical factor in ensuring the long-term viability and expansion of social enterprises. Achieving financial sustainability allows social entrepreneurs to reduce their dependency on external funding sources, reinvest profits into their operations, and build resilience against economic fluctuations.

The importance of financial sustainability in social entrepreneurship is well-documented in the literature [33]–[36]. This study reaffirms that social enterprises must focus on sound financial management practices, diversify their revenue streams, and pursue financial strategies that support both their social mission and operational needs. The findings suggest that social entrepreneurs should prioritize financial sustainability as part of their strategic planning to ensure that their ventures can grow and thrive over the long term.

4.6.4 Implications for Social Entrepreneurs and Policymakers

The findings of this study have significant implications for both social entrepreneurs and policymakers. For social entrepreneurs, the results highlight the need to focus on three key areas: stakeholder engagement, business model innovation, and financial sustainability. By addressing these factors, social entrepreneurs can enhance their prospects for growth and increase their social impact. The study suggests that social entrepreneurs should actively seek to engage with stakeholders, continuously refine their business models, and implement strategies that ensure financial sustainability.

For policymakers, the study provides insights into the types of support that can be most effective in promoting the growth of social enterprises. Policies that facilitate stakeholder collaboration, encourage business model innovation, and provide access to financial resources can create an enabling environment for social entrepreneurs. Additionally, policymakers should consider developing frameworks that recognize and reward social enterprises for their contributions to society, thereby encouraging more individuals and organizations to engage in social entrepreneurship.

4.6.5 Alignment with Existing Literature

The findings of this study are consistent with and build upon the existing literature on social entrepreneurship. The significant impact of stakeholder engagement, social business models, and financial sustainability on growth aligns with previous research that emphasizes the importance of these factors in the success of social enterprises [37]–[39]. This study contributes to the literature by providing empirical evidence from a robust quantitative analysis, offering a comprehensive understanding of the key drivers of growth in social entrepreneurship.

4.6.6 Limitations and Future Research

While the study provides valuable insights, it is not without limitations. The cross-sectional design of the study limits the ability to draw causal inferences, and the focus on a specific sample of social entrepreneurs may limit the generalizability of the findings. Future research could employ longitudinal designs to explore the dynamic relationships between the factors identified in this study and the growth of social entrepreneurs over time. Additionally, further research could investigate these relationships in different contexts and regions to enhance the generalizability of the findings.

5. CONCLUSION

The findings of this study offer a comprehensive understanding of the key factors driving the growth of social entrepreneurs, revealing that stakeholder engagement, social business models, and financial sustainability all have significant positive impacts, with stakeholder engagement being the most influential. This underscores the critical importance for social entrepreneurs to focus on building and maintaining strong relationships with stakeholders, developing innovative business models that balance social and financial objectives, and ensuring financial sustainability to support long-term growth. For policymakers, these results emphasize the need for supportive policies that facilitate stakeholder collaboration, encourage business model innovation, and provide access to financial resources, thereby creating an enabling environment for social entrepreneurs to thrive and contribute more effectively to societal challenges. While the study provides robust insights, it also suggests areas for future research, such as exploring these relationships over time and in different contexts, ultimately contributing to the growing body of literature on social entrepreneurship by empirically validating the critical role of stakeholder engagement, social business models, and financial sustainability in the growth of social enterprises.

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