

Bridging the Hybridity Gap: A Conceptual Framework for Integrating Social Entrepreneurship into Sustainable SME Business Models in Fragile Economies

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ABSTRACT

Small and medium-sized enterprises (SMEs) are increasingly recognised as pivotal actors in advancing sustainable development, particularly in developing and fragile economies where state capacity, large-scale corporate investment, and formal institutional support remain limited. Despite this importance, dominant sustainable business model (SBM) frameworks have largely been conceptualised and empirically tested within stable, institutionally mature Western contexts. This raises significant concerns about their relevance, transferability, and operational feasibility in environments characterised by institutional voids, economic volatility, informality, and socio-political fragility. This conceptual paper argues that social entrepreneurship (SE) provides the missing “hybridity logic” necessary to adapt and operationalise SBMs for SMEs operating in fragile economies such as Zimbabwe and Zambia. Drawing on hybridity theory, sustainable business model scholarship, and empirical insights from African social entrepreneurship research, the paper develops an integrative conceptual framework that explains how SE principles—namely social mission anchoring, community embeddedness, and innovative resource mobilisation—enable SMEs to manage persistent tensions between social value creation and financial sustainability. This conceptual paper contributes to theory by extending SBM scholarship into underexplored institutional contexts and by repositioning hybridity as a core organisational capability rather than a structural anomaly. Practically, the framework offers actionable guidance for SME owners, policymakers, and development agencies seeking to foster resilient, inclusive, and sustainable enterprises in fragile economies.

1. Introduction

Over the past two decades, sustainability has shifted from a peripheral or symbolic concern to a central strategic imperative for businesses across the globe. This shift has been driven by a convergence of factors, including escalating environmental degradation, persistent social inequalities, climate change pressures, and rising expectations from stakeholders that firms should contribute positively to societal well-being rather than merely maximise shareholder value. As a result, businesses are increasingly expected to integrate economic performance with social and environmental responsibility in a coherent and credible manner.

Within this evolving discourse, sustainable business models (SBMs) have emerged as a key analytical and practical construct. SBMs move beyond traditional corporate social responsibility approaches by embedding sustainability principles directly into the core logic of how firms create, deliver, and capture value. Rather than treating sustainability as an add-on or compliance-driven activity, SBMs emphasise systemic integration of economic, social, and environmental objectives (Bocken et al., 2014). This reconceptualisation has generated substantial scholarly interest, resulting in a proliferation of SBM typologies, frameworks, and archetypes.

Small and medium-sized enterprises occupy a particularly significant yet under-theorised position in sustainability debates. Globally, SMEs account for more than 90 per cent of all businesses and generate a substantial share of employment and income, particularly in developing regions (OECD, 2017). In Sub-Saharan Africa, SMEs are not only economic actors but also critical social institutions, providing livelihoods, social protection, and community-level services in contexts where the state and large corporations often fail to reach. In countries such as Zimbabwe and Zambia, SMEs dominate sectors such as agriculture, retail, manufacturing, and informal services, making them central to poverty reduction and inclusive growth strategies.

However, African SMEs operate under conditions that differ markedly from those assumed in mainstream SBM literature. These conditions include chronic macroeconomic instability, weak regulatory enforcement, limited access to formal finance, infrastructure deficits, high levels of informality, and exposure to political and policy uncertainty. In such environments, survival often takes precedence over long-term strategic planning, and firms must constantly adapt to shocks and disruptions. Consequently, the adoption of conventional SBM frameworks—many of which assume stable markets, predictable regulation, and access to capital—becomes highly challenging.

Existing SBM frameworks such as the circular economy, triple bottom line, and shared value approaches have been primarily developed within Western institutional settings characterised by relatively strong governance, effective market coordination, and

supportive policy environments. While these frameworks offer valuable conceptual insights, they often inadequately capture the lived realities of SMEs in fragile economies. As a result, there is growing recognition that SBM theory must be contextualised to account for institutional diversity, fragility, and informality.

This paper argues that social entrepreneurship provides a critical yet underutilised lens for addressing this contextual gap. Social enterprises have long operated in environments marked by institutional weakness and unmet social needs, combining social missions with market-based activities in highly resource-constrained contexts. These organisations are inherently hybrid, simultaneously navigating social welfare and commercial logics. Drawing on hybridity theory, this paper conceptualises social entrepreneurship not as a separate organisational category, but as a set of principles and practices that can enable conventional SMEs to operationalise sustainability in fragile economies.

The central research question guiding this paper is therefore: How can social entrepreneurship principles bridge the gap between sustainable business model frameworks and the operational realities of SMEs in fragile economies? By addressing this question, the paper seeks to contribute to scholarly debates at the intersection of sustainability, entrepreneurship, and development, while also offering practical insights for policymakers and practitioners.

2. Literature Review

2.1 Sustainable Business Models

The concept of the business model has evolved considerably since its early use in strategy and entrepreneurship research. Initially focused on value capture, revenue streams, and competitive advantage, the business model construct has expanded to incorporate broader considerations of value creation and stakeholder engagement. Sustainable business models represent a further evolution, explicitly integrating environmental stewardship and social responsibility into the firm's value proposition, value creation and delivery mechanisms, and value capture logic (Geissdoerfer et al., 2018).

Bocken et al. (2014) provide one of the most influential contributions to SBM scholarship by identifying a set of sustainable business model archetypes, including maximising material and energy efficiency, creating value from waste, substituting with renewables, and delivering functionality rather than ownership. These archetypes have been widely applied in studies of large firms and multinational corporations, particularly in developed economies. Similarly, the triple bottom line framework emphasises the simultaneous pursuit of economic, social, and environmental performance, while the shared value approach advocates aligning business success with social progress (Porter & Kramer, 2011).

Despite their conceptual sophistication, these frameworks often rest on assumptions that are problematic in fragile economies. They presuppose the existence of enabling infrastructure, effective regulatory oversight, reliable supply chains, and access to patient capital—conditions that are frequently absent in countries such as Zimbabwe and Zambia. SMEs in these contexts often operate informally, face volatile input and output markets, and must contend with inconsistent policy implementation. Consequently, the practical applicability of dominant SBM frameworks remains limited.

Recent scholarship has begun to challenge the implicit universality of SBM models. Das et al. (2021) argue that SMEs in developing economies face structural and institutional constraints that fundamentally shape their sustainability choices. Aagaard and Vanhaverbeke (2024) further highlight the need to consider firm size, resource endowments, and institutional context when analysing business model innovation for sustainability. However, despite these advances, SBM research remains dominated by empirical evidence from developed economies, with limited theoretical adaptation to fragile and conflict-affected settings.

2.2 Hybridity Theory

Hybridity theory provides a valuable lens for understanding organisations that combine multiple, and often competing, institutional logics within a single organisational form. Hybrid organisations include social enterprises, cooperatives, mutual organisations, and mission-driven SMEs that simultaneously pursue social and commercial objectives. According to Battilana and Lee (2014), hybridity arises when organisations draw legitimacy, resources, and meaning from more than one institutional logic, such as market, state, and community logics.

Early hybridity research tended to frame hybridity as inherently problematic, emphasising risks such as mission drift, internal conflict, and governance complexity. Pache and Santos (2013) highlight how competing logics can generate tensions in decision-making, performance measurement, and resource allocation. However, more recent scholarship has shifted towards a more dynamic and process-oriented view of hybridity. Rather than viewing hybridity as a liability, scholars increasingly conceptualise it as a strategic capability that can enhance innovation, adaptability, and resilience (Smith et al., 2013).

In fragile economies, hybridity may be less an organisational choice than a structural necessity. SMEs often operate in contexts where formal institutions are weak or unreliable, requiring them to rely on informal norms, social networks, and community legitimacy to access resources and markets. Mair and Marti (2009) argue that entrepreneurship in institutional voids inherently involves hybrid practices, as entrepreneurs must creatively combine market mechanisms with social and institutional bricolage. Hybridity theory therefore offers a powerful framework for understanding how SMEs navigate competing demands under conditions of institutional fragility.

2.3 Social Entrepreneurship in African Contexts

Social entrepreneurship research in Africa has expanded significantly over the past decade, reflecting growing recognition of the role of socially oriented ventures in addressing development challenges. African social enterprises often emerge in response to persistent institutional voids, providing essential goods and services such as healthcare, education, renewable energy, water, and financial inclusion in contexts where state provision is inadequate (Zahra et al., 2008).

Empirical studies highlight several distinctive features of African social enterprises. First, they tend to be deeply embedded in local communities, leveraging trust-based relationships, social capital, and indigenous knowledge as strategic resources (Rivera-

Santos et al., 2015). Second, they employ innovative and hybrid resource mobilisation strategies, combining market revenues with grants, donor funding, partnerships, and cross-subsidisation (Doherty et al., 2014). Third, they frequently blur the boundaries between for-profit and non-profit activities, reflecting highly hybrid organisational forms that challenge conventional categorisations.

Despite these insights, social entrepreneurship research has often developed in parallel to, rather than in dialogue with, mainstream SBM scholarship. As a result, the potential of SE principles to inform and enrich sustainable business model theory—particularly in fragile economies—remains underexplored. This paper seeks to bridge this gap by positioning social entrepreneurship as a practical mechanism for operationalising sustainability in resource-constrained SME contexts.

3. Methodology and Approach

This paper adopts a conceptual research design, which is appropriate given its primary aim of theory development rather than empirical testing. Conceptual research plays a critical role in advancing management and entrepreneurship scholarship by integrating fragmented literatures, identifying theoretical gaps, and proposing new frameworks and relationships (Jaakkola, 2020). The framework developed in this paper is based on an integrative literature synthesis drawing on three core bodies of literature: (1) sustainable business models, (2) hybridity theory, and (3) social entrepreneurship in developing and fragile economies. Rather than conducting a systematic review, the paper employs a problem-driven approach, focusing on the specific challenge of operationalising sustainability within SMEs operating under conditions of institutional fragility.

The conceptual development is further informed by empirical insights generated in earlier phases of the broader doctoral research project, particularly findings relating to SME sustainability practices and social entrepreneurship dynamics in Zimbabwe and Zambia. These insights are not re-analysed in this paper but are used as sensitising concepts to ground the theoretical synthesis and enhance contextual relevance.

4. Conceptual Framework: Bridging the Hybridity Gap

4.1 The Hybridity Gap in Existing SBM Frameworks

The hybridity gap refers to the disconnect between the normative aspirations of dominant SBM frameworks and the operational realities faced by SMEs in fragile economies. Conventional SBMs articulate what firms should achieve in sustainability terms but often provide limited guidance on how to manage trade-offs under conditions of severe resource constraints, institutional uncertainty, and informality.

In contexts such as Zimbabwe and Zambia, SMEs frequently face immediate survival pressures, including inflation, currency instability, energy shortages, and fluctuating demand. Under such conditions, long-term investments in environmental technologies or formal sustainability reporting may be perceived as unrealistic or secondary. Social value creation is often viewed as a moral obligation rather than a strategic asset, leading to ad hoc or informal sustainability practices that remain invisible within conventional SBM frameworks.

4.2 Integrating Social Entrepreneurship Principles

To address this gap, the proposed framework integrates three core social entrepreneurship principles into the SBM architecture:

Social Mission Anchoring: Anchoring the business model around a clearly articulated social mission enhances organisational legitimacy, stakeholder trust, and long-term orientation. In fragile economies, where regulatory enforcement is weak, social legitimacy often substitutes for formal institutional legitimacy, enabling firms to access markets, resources, and community support.

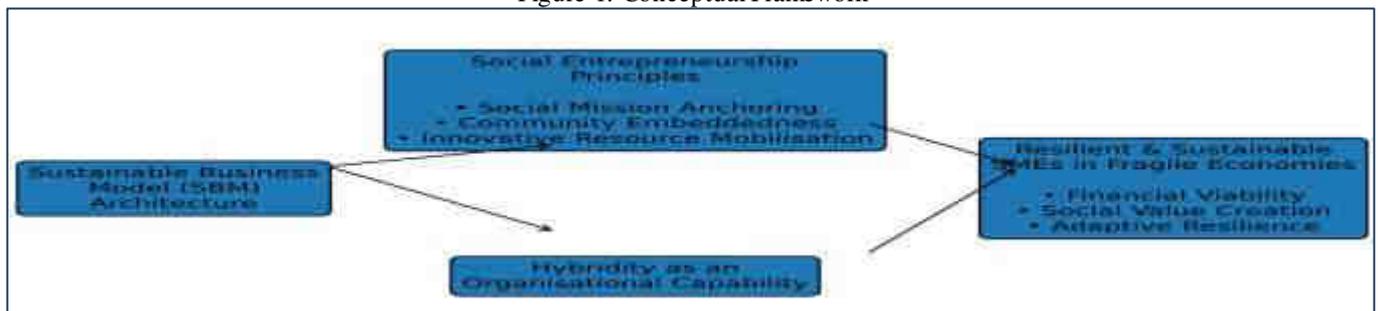
Community Embeddedness: Deep engagement with local communities allows SMEs to access informal resources, local knowledge, and trust-based networks. Community embeddedness facilitates co-creation of value, reduces transaction costs, and enhances resilience during periods of crisis.

Innovative Resource Mobilisation: Hybrid financing mechanisms—including cross-subsidisation, partnerships with NGOs, and blended finance—enable SMEs to overcome capital constraints and manage financial risk. Such mechanisms are particularly important in environments with underdeveloped financial systems.

4.3 Framework Dynamics

The framework conceptualises sustainability not as a static balance among economic, social, and environmental pillars, but as a dynamic process of negotiation between social and economic logics. Social value creation is positioned as a strategic path way to economic viability, rather than as a constraint on profitability.

Figure 1: Conceptual Framework



Source: Author’s conceptualisation (2026).

Figure 1; illustrates the conceptual framework through which social entrepreneurship principles are integrated into sustainable business model architectures via hybridity as an organisational capability.

5. Discussion

5.1 Theoretical Contributions

This paper makes several theoretical contributions. First, it extends sustainable business model theory into fragile and underexplored institutional contexts, challenging assumptions of stability and formalisation. Second, it reconceptualises hybridity as a core organisational capability rather than a structural anomaly. Third, it integrates social entrepreneurship principles into mainstream SBM scholarship, thereby bridging previously siloed literatures.

5.2 Practical and Policy Implications

For SME practitioners, the framework highlights the strategic importance of social legitimacy, community relationships, and hybrid resource strategies. For policymakers, it underscores the need for regulatory frameworks that recognise and support hybrid organisational forms. Development agencies can use the framework to design more context-sensitive SME support and financing programmes.

5.3 Future Research Directions

Future research should empirically test the proposed framework using qualitative case studies and mixed-methods approaches. Comparative studies across fragile and stable contexts would further enhance understanding of how hybridity dynamics shape sustainable business models.

6. Conclusion

This paper argues that sustainable business models cannot be effectively implemented in fragile economies without explicitly addressing hybridity challenges. Social entrepreneurship provides the missing logic required to bridge the gap between SBM theory and SME practice. By integrating social entrepreneurship principles into sustainable business model frameworks, the paper advances a more context-sensitive and practically relevant understanding of sustainability in fragile economies.

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