

# Business Model Innovation Based on Sustainability: Synthesizing Strategies of Smes and Social Organization

Agniya Thahira<sup>a,\*</sup>, Vuan Maharani<sup>b</sup>, Siti Mukamimah<sup>c</sup>, Ana Rimbasari<sup>d</sup>, Afriansyah Tanjung<sup>e</sup>

<sup>abcd</sup> *Bisnis and Humanioran/PJJ Manajemen, Universitas Siber Muhammadiyah, Yogyakarta, Indonesia*

<sup>e</sup> *Bisnis and Humanioran/PJJ Hukum, Universitas Siber Muhammadiyah, Yogyakarta, Indonesia*

\*Corresponding author. E-mail address: [agniya@sibermu.ac.id](mailto:agniya@sibermu.ac.id)

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## ARTICLE INFO

## A B S T R A C T

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### **Article history:**

**Received**  
May 2025

**Accepted**  
July 2025

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### **Keywords**

*Business Model  
Innovation Based,  
Sustainability*

This study aims to explore how the strategic goals of small and medium-sized enterprises (SMEs) and social organizations influence the pathways of business model innovation (BMI) and the implementation of sustainability. It integrates the BMI pathway perspective from SMEs with the Sustainable Business Model Canvas approach to understand how organizations balance business growth with social and environmental impact. The research employs a multiple case study method involving 10 organizations (consisting of SMEs and social enterprises) that are either in the process of or have already undertaken business model innovation. Data were collected through in-depth interviews and secondary documentation, then analyzed using a combination of the Business Model Canvas and the Sustainable Business Model Canvas approaches, along with the Activity System Framework. The study finds that the strategic objectives of organizations—both economic and socio-environmental—shape distinct pathways for business model innovation. SMEs tend to initiate innovation from the standpoint of profitability or growth, whereas social organizations focus more on integrating social and environmental values. This is an exploratory study and is limited to a small number of organizations. Further research using a quantitative approach is needed to generalize the findings. Nevertheless, the results enrich our understanding of how business model innovation can be aligned with strategic goals and sustainability, especially in contexts with limited resources. This study provides practical guidance for SME and social organization practitioners to manage their innovation pathways more deliberately by considering the balance between economic, social, and environmental values. The business model and sustainability canvases have proven to be effective tools for helping organizations design impactful innovation strategies. The research introduces an integration between the SME BMI pathway approach and the Sustainable Business Model Canvas, which has been rarely addressed in previous literature. By combining these two approaches, the study offers a new framework for understanding the business model innovation process across different types of organizations that pursue sustainability in a strategic manner. Keywords: Business Model Innovation; Business Model Canvas; Sustainability; SMEs (Small and Medium-sized Enterprises); Social Organizations.

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## 1. Introduction

### 1.1 Background

In recent decades, the concept of sustainability has become a key concept in management, attracting significant attention from both academics and practitioners [1]. The term "sustainability" essentially refers to "the ability to maintain something at a certain level" and has been widely applied in various contexts across various disciplines.

Sustainability has become a strategic focus in the business world, influencing how organizations design and implement their business models. The triple bottom line approach [2] emphasizes the importance of creating not only economic value, but also social and environmental value. As the need for sustainable business practices increases, various types of organizations—both small and medium-sized enterprises (SMEs) and social organizations—are required to integrate sustainability principles into their core strategies.

Initially, the concept of sustainability was developed to complement companies' profit orientation by incorporating elements of social responsibility, which are increasingly considered important. This idea aimed to encourage the application of sustainable principles in businesses that traditionally focus on profit, thus creating a distinction between "for-profit" and "non-profit" organizations. However, this distinction has been increasingly blurred in recent years with the emergence of social organizations [3], namely companies that combine profit-seeking with a commitment to sustainability, particularly in the social aspect [4]. These types of organizations are referred to as "social for-profit" because they pursue not only economic goals but also consider other benefits, thus reflecting their dual character [5]. This development is supported by trends such as social entrepreneurship [6], which shows that the concept of "value" is now expanding for many companies, integrating the three aspects of sustainability—profit, society, and the environment [7].

At the same time, Business Model Innovation (BMI) has been identified as a key mechanism for navigating market complexity and achieving long-term sustainability. However, despite being a key driver of the global economy, only a small percentage of SMEs actively innovate their business models. This is partly due to limited formal strategies and resources, resulting in innovation processes that tend to be unstructured and reactive [8].

Recent research indicates that micro, small, and medium enterprises (SMEs) have the potential to improve their performance through business model innovation. However, researchers and business practitioners remain unclear about the concrete mechanisms by which SMEs innovate their business models [9]. Business model innovation (BMI) is defined as a process or activity that intentionally changes a company's core elements and its business logic [10]. Essentially, BMI is viewed as the outcome of a company's strategic activities [11], where managers are required to maintain alignment between strategic objectives and the key components of their business models [12].

In this context, the Business Model Canvas (BMC) introduced by Osterwalder and Pigneur (2010) has become a widely used strategic tool to help organizations—both for-profit and non-profit—design, describe, and communicate their business models [13]. The BMC enables organizations to map core business elements such as value propositions, customer segments, distribution channels, key resources, key activities, and cost and revenue structures. For SMEs and sustainability-oriented social organizations, the BMC can be a useful framework for balancing economic, social, and environmental value creation in an integrated manner [14].

Several studies have shown how social organizations and SMEs can adapt elements of their BMC to incorporate sustainability dimensions—for example, by expanding their value proposition to include social impact, selecting key partners with a sustainability vision, or diversifying revenue streams through economic activities and grants [4]. These adaptations reflect a shift toward hybrid business models that aim not only to generate profits but also to contribute to community well-being and environmental sustainability.

However, the related literature is still limited in synthesizing how sustainability-based business model innovation strategies are actually implemented by SMEs and social organizations, particularly in the context of BMC use. Therefore, this study aims to explore and synthesize sustainability-based business model innovation strategies by referring to the Business Model Canvas approach, both from the perspective of SMEs and social organizations. By understanding the patterns and characteristics of innovation carried out by these two types of organizations, this study is expected to provide theoretical and practical contributions to the development of sustainability-oriented business models.

### *1.2 Problem Statement*

Despite the growing recognition of sustainability as a strategic imperative in modern business, there remains a significant gap in understanding how sustainability principles are operationalized within business model innovation (BMI), particularly among small and medium-sized enterprises (SMEs) and social organizations. While tools like the Business Model Canvas (BMC) have been widely adopted to conceptualize and communicate business models, the literature provides limited insight into how these organizations specifically integrate social and environmental dimensions into their business models through innovation.

Moreover, most existing studies focus on large corporations or general innovation frameworks, leaving a knowledge gap regarding the practical mechanisms, patterns, and strategies by which SMEs and social enterprises innovate their business models to align with sustainability goals. This gap is further compounded by the absence of a comprehensive synthesis of sustainability-based BMI strategies using the BMC framework in the context of hybrid organizations—entities that blend profit-making with social and environmental missions.

Therefore, this research addresses the following central problem: How do SMEs and social organizations implement sustainability-based business model innovation strategies using the Business Model Canvas framework, and what patterns and characteristics can be identified from their approaches?

By answering this question, the study seeks to fill the theoretical void and provide actionable insights for practitioners aiming to design sustainable, innovative business models in resource-constrained environments.

### *1.3 Objectives and Scope*

Research Objectives:

- 1) To identify the strategies used by small and medium-sized enterprises (SMEs) and social organizations in integrating sustainability principles into their business models.
- 2) To explore how the Business Model Canvas (BMC) is utilized as a strategic tool for implementing sustainability-based business model innovation (BMI) within SMEs and social organizations.
- 3) To analyze the patterns, similarities, and differences in sustainability-based BMI strategies between SMEs and social organizations.
- 4) To synthesize key findings into a conceptual framework or set of recommendations that can guide practitioners and policymakers in fostering sustainable business models in resource-limited contexts.

### Scope and Limitations:

The study is limited to organizations categorized as small and medium enterprises and social organizations (including social enterprises or social for-profits) that demonstrate a commitment to sustainability.

- 1) **Emphasis on the BMC framework:** The research specifically uses the Business Model Canvas (BMC) by Osterwalder and Pigneur (2010) as the analytical lens for mapping and evaluating sustainability-based innovation strategies.
- 2) **Geographical or contextual constraints:** Depending on data availability, case studies or examples may be drawn from specific regions or industries, which could limit the generalizability of findings to other contexts.
- 3) **Exclusion of large corporations and purely non-profit entities:** The study does not focus on large-scale corporations or traditional non-profits that do not pursue profit alongside social/environmental goals, as these fall outside the scope of hybrid or sustainability-driven business models.
- 4) **Descriptive and exploratory in nature:** Given the limited prior research in this specific area, the study is primarily exploratory and may not result in universally applicable models, but rather in frameworks and insights relevant to specific organizational types.

By clearly defining these objectives and limitations, the research aims to provide a focused and meaningful contribution to the understanding of how sustainability can be embedded into business models through innovation in SMEs and social organizations.

## 2. Literature Review

### 2.1 Related Work

Several previous studies have explored the importance of sustainability in the development of business models, particularly through the Triple Bottom Line approach [2], which integrates economic, social, and environmental dimensions. This approach has encouraged businesses—including small and medium-sized enterprises (SMEs) and social organizations—to adopt strategies that go beyond profit generation to also deliver social and environmental value [7].

In the context of business model innovation (BMI), researchers have identified it as a key mechanism for navigating market complexities and achieving long-term sustainability ([15];[9]). However, the adoption of BMI among SMEs remains relatively low, primarily due to limited resources, lack of formal strategies, and innovation processes that are often reactive and unstructured [8].

To systematically design and analyze business models, many organizations utilize the Business Model Canvas (BMC) proposed by Osterwalder and Pigneur (2010). The BMC has proven useful for both for-profit and non-profit organizations in outlining key business components such as value propositions, customer segments, key partnerships, cost structures, and revenue streams.

Some studies have demonstrated how social organizations and SMEs can adapt BMC elements to incorporate sustainability considerations [4,5]. Examples include expanding value propositions to address social impact, partnering with sustainability-driven stakeholders, and diversifying income streams through commercial and grant-based activities. However, these adaptations are often implemented in a fragmented or ad-hoc manner, lacking a systematic framework or documented best practices.

### 2.2 Research Gap

Although the literature on sustainability and business model innovation has gained increasing attention, several key research gaps remain:

1. **Lack of in-depth understanding of how sustainability-based BMI strategies are implemented within SMEs and social organizations.** Much of the existing research has focused on large corporations, whereas SMEs and social organizations possess unique characteristics—such as

limited resources, dual-purpose missions, and flexible structures—that demand tailored approaches.

2. Limited studies that use the BMC framework to analyze business model innovation from a sustainability perspective. While the BMC is widely used in business practice, there is a scarcity of research that explicitly examines how its elements are strategically adapted by SMEs and social organizations to balance economic, social, and environmental objectives.
3. Absence of synthesized sustainability-based BMI strategies into a practical and applicable framework for practitioners. Existing studies tend to be descriptive and exploratory, without producing actionable models or frameworks that can guide real-world implementation in resource-constrained settings.

This study aims to address these gaps by exploring and synthesizing sustainability-oriented business model innovation strategies using the BMC framework, specifically within the contexts of SMEs and social organizations. The goal is to contribute both theoretically and practically to the development of sustainable business models that reflect the evolving role of organizations in creating integrated value across multiple dimensions.

### 3. Methodology

Describe the research design and methods used to collect and analyze data. Explain why each choice was made and how it aligns with the research objectives.

#### 3.1 Data Collection

This research employed a qualitative multiple case study approach involving 10 organizations, consisting of a mix of small and medium-sized enterprises (SMEs) and social enterprises. These organizations were selected using purposive sampling, with inclusion criteria based on their engagement in sustainability-related activities and their ongoing or completed efforts in business model innovation (BMI) ([16];[17]). Primary data were collected through in-depth, semi-structured interviews with founders, managers, or decision-makers responsible for innovation or sustainability strategy. The interviews explored topics such as the organization’s strategic objectives, innovation initiatives, sustainability priorities, and business model changes [18]. In addition to interviews, secondary data were gathered from organizational documents, websites, reports, and other publicly available materials to triangulate and enrich the qualitative insights. Data collection was conducted over several months to ensure depth and accuracy in understanding each case.

#### 3.2 Analysis Techniques

Data analysis was conducted using a combination of Business Model Canvas (BMC) and Sustainable Business Model Canvas (SBMC) frameworks to map the innovation trajectories and sustainability integration of each organization. Each case was first analyzed individually to understand its unique pathway, followed by cross-case analysis to identify recurring patterns, differences, and themes.

To capture the structural and strategic aspects of innovation, the study also applied the activity system framework to examine how various activities, linkages, and design themes supported the organizations’ value creation and capture mechanisms [19].

The analysis involved several iterative steps:

- Coding interview transcripts using thematic analysis
- Mapping changes in the business model elements
- Categorizing organizations based on dominant strategic goals (economic vs. socio-environmental)
- Synthesizing innovation pathways across cases

#### 3.3 Validation

To ensure the validity and reliability of the findings, several strategies were employed:

- **Triangulation:** Data from interviews were cross-verified with secondary documentation (e.g., organizational reports, websites, media coverage) to ensure consistency and reduce bias.
- **Member checking:** Preliminary case summaries and interpretations were shared with selected participants for feedback and confirmation, allowing them to validate or clarify information.
- **Peer debriefing:** Findings and interpretations were reviewed by fellow researchers and experts in business model innovation and sustainability to enhance analytical rigor and mitigate researcher bias.
- **Thick description:** Rich contextual detail was used in presenting the cases to allow readers to assess transferability and applicability to other settings.

Given its exploratory nature and limited sample size, the study does not aim for statistical generalization but rather provides analytical generalization by offering conceptual insights and a novel framework that can inform future research and practice.

## 4. Results and Discussion

### 4.1 Key Findings

**Table 1. Value Proposition Comparison: MSMEs vs. Non-Profit**

Aspect	MSMEs / Profit Organizations	Non-Profit Organizations
Core Value Objective	Providing quality, unique, and locally tailored products while pursuing economic profit	Creating social impact, empowerment, and improved quality of life—not financial gain
Example of Products/Services	Local coffee, soft bread, halal noodles, certified biscuits, fast & guaranteed T-shirts, handmade dolls	Scholarships, skills training, orphan care, science-based environmental education
Cultural/Identity Value	Strengthening local identity (e.g., Kopi Kingkong and Mie Echo emphasize Malay values and product halalness)	Instilling spiritual and social values (e.g., Qur'an memorization, MKU, homes for orphans)
Functional Value	Quality products, competitive prices, ease of access, unique design or flavor	Access to education, shelter, productive economic training, community-based scientific education
Relational/Emotional Value	Building closeness with customers (e.g., Roti Joko based on trust and direct interaction)	Building bonds of love, trust, and long-term care
Certification & Assurance	Halal, HACCP, ISO, product quality guarantees (biscuits, T-shirts)	Value-based approach, credibility from religious or social institutions
Sustainability Elements	Some businesses begin integrating social donations and sustainability (e.g., Biskuit Cahaya's donation to Palestine)	Primary focus on social sustainability through empowerment, education, and environment

Main Loyalty Drivers	Product quality, uniqueness, trust, pricing, and customization	Tangible social impact, empathy, community engagement, and institutional trust
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**Table 2. Comparison: MSMEs vs Non-Profit – Value Proposition in the Context of Sustainability**

Aspect	MSMEs / Profit Business	Non-Profit Organizations
Core Value Focus	<ol style="list-style-type: none"> <li>1) Price, quality, and speed of service</li> <li>2) Efficient customer experience</li> <li>3) Green branding to add environmental value</li> <li>4) Short- to medium-term, transaction-based relationships</li> </ol>	<ol style="list-style-type: none"> <li>1) Social justice, empathy, spirituality</li> <li>2) Community education and empowerment</li> <li>3) Public trust through transparency and active engagement</li> <li>4) Long-term relationships based on values and social impact</li> </ol>
Sustainability Elements	<ol style="list-style-type: none"> <li>1) Customer cash flow as the backbone of operations</li> <li>2) Initial efforts to build emotional relationships</li> <li>3) Limited initiatives in customer reporting and transparency</li> <li>4) Sustainability focus remains pragmatic and fragmented</li> </ol>	<ol style="list-style-type: none"> <li>1) Community and donor relationships as a source of sustainability</li> <li>2) Environmental and social programs as core activities</li> <li>3) Open financial reporting and public accountability</li> <li>4) Active role in building social solidarity and environmental awareness</li> </ol>

**Table 3. Customer Relationship Comparison: MSMEs vs. Non-Profit**

Aspect	MSMEs / Profit Business	Non-Profit Organizations
Relationship Objective	Maintain customer loyalty and increase sales	Build trust, engagement, and donor support
Types of Relationship	<ul style="list-style-type: none"> <li>- Transactional (sales)</li> <li>- Personal</li> <li>- Loyalty-based (giveaways, promos)</li> </ul>	<ul style="list-style-type: none"> <li>- Emotional &amp; spiritual</li> <li>- Community-based</li> <li>- Collaborative &amp; educational</li> </ul>
Channels/Media Used	<ul style="list-style-type: none"> <li>- Direct service</li> <li>- Membership</li> <li>- Resellers &amp; distributors</li> <li>- Testimonials &amp; after-sales</li> </ul>	<ul style="list-style-type: none"> <li>- Religious gatherings &amp; community visits</li> <li>- Trainings</li> <li>- Webinars, financial reports</li> </ul>
Target Contact	Mainly direct customers (end-users) or distributors (B2B)	Donors, the general public, beneficiaries (foster children, program participants)
Examples of Specific Strategies	<ul style="list-style-type: none"> <li>- Membership programs (Kaos Ngapak)</li> <li>- Agent bonus schemes (Biskuit Cahaya)</li> <li>- Free product trials (Mie Echo)</li> </ul>	<ul style="list-style-type: none"> <li>- Financial transparency reports (BM Bismillah)</li> <li>- Community religious studies</li> <li>- Project collaborations (Polimeritas)</li> </ul>
Innovative Approaches	Some have adopted loyalty systems and product personalization	Use value-driven and participatory approaches (faith, education, environment)
Emotional Intensity	Moderate (based on service and product quality)	High (based on moral, spiritual, and social values)

Systematization	Still limited in digital CRM systems	Some have routine reporting and activities, but not fully digitized
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**Table 4. Comparison: MSMEs vs Non-Profit – Customer Relationship in the Context of Sustainability**

Aspect	MSMEs / Profit Business	Non-Profit Organizations
Economic Sustainability	Customer relationships maintain cash flow and repeat orders	Donor and community relations ensure operational continuity
Social Sustainability	Beginning to build personal connections and customer loyalty	Strengthens social solidarity and community care
Environmental Sustainability	Still rarely addressed directly, unless through green branding efforts	Some (e.g., Polimeritas) directly address environmental issues
Relationship Duration	Short to medium term, focused on transaction frequency	Medium to long term, focused on shared values and long-term impact
Value Focus	Price, product quality, service speed	Justice, empathy, spirituality, education, environmental sustainability
Transparency & Trust	Still limited; not all MSMEs have structured reporting for customer relations	Driven by financial transparency reports and public engagement in activities

**Table 5. Channel Comparison: MSMEs vs. Non-Profit**

Aspect	MSMEs / Profit-Oriented	Non-Profit Organizations
Type of Channel	Combination of digital & physical: Marketplaces (Shopee, Tokopedia), social media, resellers, physical stores, exhibitions	Social & limited digital networks: Community gatherings, religious studies, school visits, WhatsApp groups
Approach	Active & commercial: Channels aim to reach broad markets, accelerate transactions, and drive purchases	Relational & participatory: Channels aim to build trust, raise donations, and educate the public
Primary Channel Goal	Sales, brand exposure, market penetration, customer retention	Education, fundraising, community participation, strengthening social missions
Channel Examples	Facebook Ads, Shopee, Tokopedia, Instagram, brochures, physical outlets, MSME exhibitions	Religious studies, community visits, webinars, emails, school visits, WhatsApp groups, NGO networks
Nature of Interaction	Customer-to-business (C2B) and reseller-focused	Donor-to-organization and community-focused
Channel Control	High – MSMEs control their platforms and promotions	Low to moderate – Some organizations are passive, relying on voluntary visits or donations



Reach Effectiveness	High, especially through digital marketing and e-commerce	Limited if reliant only on local networks; broader if digital media is used (e.g. Polimeritas)
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**Table 6. Comparison: MSMEs vs Non-Profit – Channel in the Context of Sustainability**

Sustainability Dimension	MSMEs (Profit-Oriented)	Non-Profit Organizations
Economic	Channels drive direct sales, strengthening the business’s financial resilience	Channels encourage donor support and community participation to ensure program continuity
Social	Channels such as MSME fairs and social media can serve as platforms for local education and social interaction	Channels like religious gatherings, school visits, and webinars enhance social awareness and community inclusion
Environmental	Some channels (e.g., marketplaces) can be used to promote eco-friendly products	Educational channels such as those used by Polimeritas directly focus on environmental awareness
Sustainable Innovation	MSMEs that combine digitalization (e.g., Shopee, IG Ads) and personalization (resellers, exhibitions) are more adaptive	Organizations like Polimeritas that integrate community and digital strategies are more likely to innovate for long-term impact

**Table 7. Customer Segment Comparison: MSMEs vs. Non-Profit**

Aspect	SMEs (Profit-Oriented)	Non-Profit Organizations
Type of Customer	General consumers, distributors, resellers, end users, local communities, institutions	Primary beneficiaries (orphans, underprivileged groups), students, educators, researchers
Main Objective	To increase sales and generate profit	To create social, educational, and welfare impact
Market Segmentation	Based on market needs (e.g., food, clothing, crafts, etc.)	Based on socio-economic needs (e.g., access to education, food, skills development, etc.)
Reach	Local to national (depending on production scale and digital marketing)	Mostly local, though some (e.g., Polimeritas) reach broader audiences
Customer Characteristics	Buyers seeking product value: price, quality, fast service	Vulnerable individuals or groups needing access to basic services or education
Relationship Type	Primarily transactional (exchange-based)	Based on empathy, trust, and social benefit

**Table 8. Comparison: MSMEs vs Non-Profit – Customer Segmentation in the Context of Sustainability**

Sustainability Pillar	How Customer Segments Support It
Social	Targeting communities, preserving culture, serving religious/cultural needs.
Economic	Strengthening local economies, micro-entrepreneurship, accessible pricing.

Environmental	Localized production and delivery, small-batch production, reducing waste.
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**Table 9. Key Partners Comparison: MSMEs vs. Non-Profit**

Sustainability Dimension	SMEs (Profit-Oriented)	Non-Profit Organizations
Social	Provide products relevant to local culture and community (e.g., handmade dolls, local-themed shirts)	Focus on marginalized groups, empower orphans and the poor through education and skill training
Economic	Create jobs, support local economic growth, strengthen micro-business ecosystems	Reduce the financial burden of poor families through free education, scholarships, and entrepreneurship training
Environmental	Not all SMEs are eco-conscious yet, but there's potential through sustainable packaging and local production	Some organizations (e.g., Polimeritas) actively engage in environmental education and sustainable science

**Table 10. Comparison: MSMEs vs Non-Profit – Key Partners in the Context of Sustainability**

Aspect	For-Profit (MSMEs)	Non-Profit Organizations
Type of Key Partners	<ul style="list-style-type: none"> <li>- Raw material suppliers (farmers, local producers)</li> <li>- Distributors, resellers</li> <li>- Logistics partners (shipping/couriers)</li> <li>- Influencers, business trainers</li> </ul>	<ul style="list-style-type: none"> <li>- Regular donors</li> <li>- Government &amp; public agencies (social, education, health)</li> <li>- Zakat agencies/LAZ</li> <li>- Psychologists, educators, NGOs</li> </ul>
Nature of Partnership	Transactional and strategic: focused on efficiency in production and distribution	Collaborative and value-based: focused on long-term support & impact sustainability
Purpose of Partnership	Support production, promotion, distribution, and sales growth	Expand social programs, education, health, and community services
Partner Involvement	Contract-based, mutually beneficial economically	Often value-based, trust-oriented, and mission-aligned
Flexibility	Relatively high, depending on market and business strategy	More stable, relies on long-term relationships and trust

**Table 11. Key Activities Comparison: MSMEs vs. Non-Profit**

Aspect	UMKM (Profit-Oriented Businesses)	Non-Profit Organizations
Main Focus	Producing goods or services for sale (e.g., bread, noodles, coffee, t-shirts, biscuits, handmade dolls)	Providing social and educational services to vulnerable groups (orphans, the poor, community empowerment, environmental awareness)

Core Activities	<ul style="list-style-type: none"> <li>- Daily production</li> <li>- Distribution to agents/resellers</li> <li>- Social media marketing</li> <li>- Product innovation (free samples, customer feedback)</li> <li>- Direct &amp; online sales</li> </ul>	<ul style="list-style-type: none"> <li>- Formal and non-formal education</li> <li>- Religious activities (Islamic studies, Quran classes)</li> <li>- Social empowerment &amp; mentoring</li> <li>- Distributing aid</li> <li>- Campaigns and community-based programs</li> </ul>
Activity Objectives	To increase sales, customer satisfaction, and market presence	To provide social value, improve well-being, and address community issues
Stakeholder Engagement	Primarily focused on customers and efficient operations	Focused on donors, beneficiaries, volunteers, and community partners
Primary Output	Commercial products and brand loyalty	Social change, community empowerment, and improved quality of life

**Table 12. Comparison: MSMEs vs Non-Profit – Key Activities in the Context of Sustainability**

Sustainability Dimension	For-Profit (MSMEs)	Non-Profit Organizations
Economic	<ul style="list-style-type: none"> <li>- Drives local economic growth</li> <li>- Supports local farmers and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>- Empowers vulnerable groups</li> <li>- Collaborates with social financial institutions (e.g., Baitut Tamwil)</li> </ul>
Social	<ul style="list-style-type: none"> <li>- Limited to CSR or customer loyalty programs</li> </ul>	<ul style="list-style-type: none"> <li>- Directly focused on reducing poverty, improving education, mental and social health</li> </ul>
Environmental	<ul style="list-style-type: none"> <li>- Relevant if business has eco-conscious vision (e.g., eco-friendly materials, zero waste)</li> </ul>	<ul style="list-style-type: none"> <li>- Direct contributions (e.g., Polimeritas educates on environmental-friendly polymer science)</li> </ul>
Innovation	<ul style="list-style-type: none"> <li>- Market-driven, usually pragmatic innovation</li> </ul>	<ul style="list-style-type: none"> <li>- Sustained and educational innovation based on research and values (e.g., Polimeritas)</li> </ul>

**Table 13. Key Resources Comparison: MSMEs vs. Non-Profit**

Aspect	Profit (UMKM)	Non-Profit Organizations
Human Resources	Operational staff, sales/marketing team, production workers	Volunteers, caregivers, educators, donors, program coordinators
Financial Resources	Business capital, revenue from sales, investors	Donations, grants, in-kind contributions
Physical Resources	Machinery, raw materials (e.g., flour, coffee, fabric), shops/factories	Orphanages, training rooms, community halls, tools for education/empowerment
Intellectual Resources	Brand identity (e.g., Kaos Ngapak), packaging designs, secret recipes, customer data	Educational modules, religious teachings, social programs, administrative systems
Digital & Social Platforms	Social media accounts, e-commerce stores, delivery apps	Social media for outreach, WhatsApp groups, online classes, community networks

**Table 14. Comparison: MSMEs vs Non-Profit – Key Resources in the Context of Sustainability**

Sustainability Dimension	UMKM (Profit)	Non-Profit
Economic	Contributes to local economic growth by creating jobs, distributing local goods, and encouraging innovation	Helps vulnerable communities through skills training, micro-enterprise support, and capacity building
Social	Builds networks with customers, though mostly transactional	Promotes social justice and inclusion through education, spiritual guidance, and humanitarian services
Environmental	Many UMKMs have not yet focused on environmental impact (unless intentionally integrated)	Organizations like <i>Polimeritas</i> explicitly address environmental issues through education and sustainable innovation

**Table 15. Cost Structure Comparison: MSMEs vs. Non-Profit**

Aspect	Profit (UMKM)	Non-Profit Organizations
Main Expenditure Focus	<ul style="list-style-type: none"> <li>- Raw materials (production)</li> <li>- Workers' salaries and wages</li> <li>- Operations (electricity, water, rent)</li> <li>- Promotion/marketing</li> <li>- Equipment and machine maintenance</li> </ul>	<ul style="list-style-type: none"> <li>- Routine assistance and social services</li> <li>- Daily operational costs</li> <li>- Staff or volunteer salaries (if any)</li> <li>- Asset maintenance (buildings, equipment)</li> </ul>
Cost Properties	<ul style="list-style-type: none"> <li>- More variable and market-dependent</li> <li>- Directly related to the scale of production and sales</li> </ul>	<ul style="list-style-type: none"> <li>- More fixed and program-based, depending on the schedule of social or educational activities</li> </ul>
Source of Financing	<ul style="list-style-type: none"> <li>- Income from sales of products/services</li> </ul>	<ul style="list-style-type: none"> <li>- Donations, grants, corporate CSR, NGO/government collaboration</li> </ul>
Financial management	<ul style="list-style-type: none"> <li>- Managed with a business approach: efficiency = profit</li> </ul>	<ul style="list-style-type: none"> <li>- Emphasis on accountability and transparency to maintain public trust</li> </ul>
Purpose of Expenditure	<ul style="list-style-type: none"> <li>- Generating profits, business expansion, maintaining business continuity</li> </ul>	<ul style="list-style-type: none"> <li>- Providing social impact, serving the community, maintaining donor trust</li> </ul>

**Table 16. Comparison: MSMEs vs Non-Profit – Cost Structure in the Context of Sustainability**

Dimension	Profit Business (UMKM)	Non-Profit Organizations
Economic Sustainability	<ul style="list-style-type: none"> <li>- Revenue generation from key assets</li> <li>- Efficiency in using machines, inventory, human capital</li> </ul>	<ul style="list-style-type: none"> <li>- Diversification of donor sources</li> <li>- Asset monetization (e.g., venue rental)</li> <li>- Financial planning via grants</li> </ul>
Social Sustainability	<ul style="list-style-type: none"> <li>- Job creation</li> <li>- Meeting local market needs (food, clothing, gifts)</li> </ul>	<ul style="list-style-type: none"> <li>- Addressing social inequality</li> <li>- Providing education, welfare, empowerment for marginalized groups</li> </ul>

Environmental Sustainability	<ul style="list-style-type: none"> <li>- Some use local suppliers, reducing transport emissions</li> <li>- Innovation in packaging &amp; waste reduction</li> </ul>	<ul style="list-style-type: none"> <li>- Promoting awareness of social and environmental issues</li> <li>- Sustainable education (e.g., Polimeritas)</li> </ul>
Resilience & Scalability	<ul style="list-style-type: none"> <li>- Brand and product innovation enable business growth</li> <li>- Repeat customer base stabilizes income</li> </ul>	<ul style="list-style-type: none"> <li>- Community involvement and diversified volunteers ensure program continuity</li> <li>- Use of digital tools for wider outreach</li> </ul>

**Table 17. Revenue Stream Comparison: MSMEs vs. Non-Profit**

Aspect	Profit Organization (UMKM)	Non-Profit Organization
Revenue Sources	<ul style="list-style-type: none"> <li>- Direct product/service sales</li> <li>- Distribution and resellers</li> <li>- Business partnerships</li> <li>- Digital and offline sales</li> </ul>	<ul style="list-style-type: none"> <li>- Individual and institutional donors</li> <li>- ZISWAF (Zakat, Infaq, Sadaqah, Waqf)</li> <li>- Government funding</li> <li>- Fundraising activities</li> <li>- Social enterprise (e.g., hall rental, training programs)</li> </ul>
Diversity (Polymery)	<ul style="list-style-type: none"> <li>- Product diversification</li> <li>- Multiple sales and distribution channels</li> </ul>	<ul style="list-style-type: none"> <li>- Loyal and general donors</li> <li>- Project-based income</li> <li>- Social enterprise activities</li> </ul>
Social Mission Link	Profit-driven; sustainability depends on market demand and profit margin	Social mission-driven; sustainability depends on donor loyalty and operational efficiency
Revenue Control	Influenced by market demand, pricing strategy, production volume, branding	Depends on public trust, reputation, and clear social impact programs
Innovation in Income	Comes from expanding product lines, service improvement, and digital adoption	Develops alternative sources like social business, CSR partnerships, and donor engagement

**Table 18. Comparison: MSMEs vs Non-Profit – Revenue Stream in the Context of Sustainability**

Sustainability Dimension	UMKM (Profit)	Non-Profit
Economic	Strong revenue stream (through sales and profit margin) increases the chance of expansion and market resilience.	Economic sustainability is supported through regular donations, government support, and social entrepreneurship.
Social	Social impact can occur if the business model includes local communities, fair trade, or eco-friendly products.	Social impact is the main objective. Sustainable funding reflects public support for the social mission.
Environmental	Green products or sustainable production processes boost brand value and customer loyalty.	Donors and stakeholders are more committed to organizations that are transparent, eco-conscious, and ethical.

## 4.2 Interpretation of Results

### 1. Value Proposition

The core value proposition of an organization defines the value it delivers to its customers or beneficiaries. For MSMEs, the core objective is fundamentally economic, centered on generating profit [7]. They aim to provide "quality, unique, and locally tailored products" with a strong emphasis on "Price, quality, and speed of service". Examples of their offerings include "Local coffee, soft bread, halal noodles, certified biscuits, fast & guaranteed T-shirts, handmade dolls". These businesses often weave "Cultural/Identity Value" into their products, as seen with "Kopi Kingkong and Mie Echo emphasizing Indonesia values and product halalness". Their "Functional Value" is rooted in delivering quality products, competitive pricing, and ease of access, while "Relational/Emotional Value" is built on trust and direct interaction, exemplified by "Roti Joko". In stark contrast, Non-Profit Organizations are driven by a core objective of "Creating social impact, empowerment, and improved quality of life—not financial gain". Their value emphasis is on "Social justice, empathy, spirituality". Functionally, they provide essential services such as "Access to education, shelter, productive economic training, community-based scientific education". The relational and emotional value they foster revolves around "Building bonds of love, trust, and long-term care".

Regarding sustainability, MSMEs' integration is often pragmatic and somewhat fragmented. While some, like "Biskuit Cahaya," may "begin integrating social donations and sustainability" through initiatives such as "donation to Palestine," their operational backbone remains "Customer cash flow". The use of "Green branding" might be employed to enhance environmental appeal, but broader transparency initiatives are typically limited. For Non-Profit Organizations, sustainability is inherently central to their mission. Their "Primary focus on social sustainability through empowerment, education, and environment" underscores their core purpose. "Environmental and social programs" are not peripheral but are considered core activities, sustained by robust "Community and donor relationships" and a commitment to "Open financial reporting and public accountability".

A close examination of these differences reveals a fundamental divergence in how value is prioritized and perceived. For MSMEs, social or environmental considerations, when present in their value proposition, typically serve as a means to enhance market appeal or fulfill corporate social responsibility, ultimately supporting economic objectives. Conversely, for NPOs, economic viability itself functions as a means to achieve their overarching social and environmental goals [20]. This foundational difference dictates resource allocation and strategic decisions across all subsequent business model components. Furthermore, both organizational types prioritize trust, but for distinct purposes. MSMEs cultivate trust to facilitate transactions, reduce perceived risk, and encourage repeat purchases. For NPOs, however, trust serves as the very currency of their existence, directly enabling their capacity to attract essential resources, such as donations and volunteers, and legitimizing their impact delivery. This distinction makes transparency, explicitly noted as a cornerstone for NPOs, far more critical and systematically embedded in their operations compared to MSMEs.

### 2. Customer Relationships

Customer relationships define the types of interactions an organization has with its customer segments [7,13]. For MSMEs, the primary objective is to "maintain customer loyalty and increase sales". Their relationships are typically "Transactional (sales), Personal, Loyalty-based (giveaways, promos)". The emotional intensity of these relationships is generally "Moderate (based on service and product quality)". They utilize channels such as "Direct service, Membership, Resellers & distributors, Testimonials & after-sales" to target "Mainly direct

customers (end-users) or distributors (B2B)". Specific strategies include "Membership programs (Kaos Ngapak), Agent bonus schemes (Biskuit Cahaya), and Free product trials (Mie Echo)". Non-Profit Organizations, conversely, aim to "Build trust, engagement, and donor support". Their relationships are characterized by "Emotional & spiritual, Community-based, and Collaborative & educational" connections. The emotional intensity is notably "High (based on moral, spiritual, and social values)". They engage with "Donors, the general public, and beneficiaries (foster children, program participants)" through channels like "Religious gatherings & community visits, Trainings, Webinars, and Financial reports". Their strategies involve "Financial transparency reports (BM Bismillah), Community religious studies, and Project collaborations (Polimeritas)". In terms of economic sustainability, MSMEs' customer relationships are vital for "maintain cash flow and repeat orders," directly linking customer engagement to financial viability. Non-profits, on the other hand, rely on "Donor and community relations" to ensure their operational continuity. Socially, MSMEs are "Beginning to build personal connections and customer loyalty," while non-profits actively "Strengthen social solidarity and community care". Environmental sustainability is "still rarely addressed directly" by MSMEs, unless through "green branding efforts". In contrast, some non-profits, such as "Polimeritas," directly address environmental issues.

A consistent pattern observed is that MSME relationships are typically "short to medium term, focused on transaction frequency," whereas NPO relationships are "medium to long term, focused on shared values and long-term impact". This is not merely a stylistic difference but a strategic imperative. MSMEs optimize for the speed and volume of transactions, making shorter-term relationships acceptable. NPOs, however, depend on sustained support (donations, volunteerism) and aim for long-term behavioral change through education and empowerment, which necessitates deeply embedded, enduring relationships built on shared values[20]. The high emotional intensity for NPOs is a direct consequence and enabler of this long-term relational strategy. This distinction significantly impacts the type of customer relationship management (CRM) systems required; MSMEs might prioritize sales-focused CRM, while NPOs need systems that track engagement, impact, and donor history, emphasizing relationship nurturing over transaction tracking.

Furthermore, financial transparency reports are explicitly listed as a channel and strategy for Non-Profit Organizations, fostering trust, whereas MSMEs' transparency is noted as "still limited". For NPOs, transparency is not just a best practice; it is a fundamental relational strategy directly tied to their economic sustainability. Without a direct product or service exchange for revenue, donor trust, cultivated through transparent reporting of funds and impact, becomes the primary mechanism for attracting and retaining financial resources. This creates a direct causal link: transparency leads to trust, which in turn leads to donor support and operational continuity. The observation that MSMEs often lack systematized CRM suggests their relational trust-building is less formalized and less critical to their immediate financial lifeline.

### 3. Channels

Channels describe how an organization communicates with and reaches its customer segments to deliver a value proposition [13]. MSMEs typically employ a "Combination of digital & physical" channels, including "Marketplaces (Shopee, Tokopedia), social media, resellers, physical stores, and exhibitions". Their approach is "Active & commercial," with channels designed to achieve "Sales, brand exposure, market penetration, and customer retention". Specific examples include "Facebook Ads, Shopee, Tokopedia, Instagram, brochures, physical outlets, and MSME exhibitions". The nature of interaction is primarily "Customer-to-business (C2B) and reseller-focused," and MSMEs generally maintain "High" control over their channels. Their reach effectiveness is "High, especially through digital marketing and e-commerce".

Non-Profit Organizations, conversely, primarily utilize "Social & limited digital networks," such as "Community gatherings, religious studies, school visits, and WhatsApp groups"[20]. Their

approach is "Relational & participatory," with channels aiming for "Education, fundraising, community participation, and strengthening social missions". Examples include "Religious studies, community visits, webinars, emails, school visits, WhatsApp groups, and NGO networks". Interactions are "Donor-to-organization and community-focused," and their channel control is "Low to moderate," often relying on voluntary engagement. Their reach is "Limited if reliant only on local networks; broader if digital media is used (e.g. Polimeritas)".

In terms of economic sustainability, MSME channels directly "drive direct sales, strengthening the business's financial resilience". Non-profit channels, by contrast, "encourage donor support and community participation to ensure program continuity". Socially, MSME channels like fairs and social media can serve as platforms for "local education and social interaction". Non-profit channels, such as religious gatherings and webinars, "enhance social awareness and community inclusion". Environmentally, MSMEs may use channels to "promote eco-friendly products", while non-profits, like "Polimeritas," directly focus on "environmental awareness" through educational channels. For sustainable innovation, MSMEs combining "digitalization (e.g., Shopee, IG Ads) and personalization" are "more adaptive". Non-profits integrating "community and digital strategies" are "more likely to innovate for long-term impact".

The stark difference in channel types—commercial for MSMEs versus social and community-based for NPOs—is a direct reflection of their core mission and resource constraints. MSMEs invest in broad, transactional channels to achieve market penetration, whereas NPOs leverage existing social structures and personal networks to build trust and foster engagement. This implies that NPOs are often more adept at leveraging social capital as a channel, while MSMEs prioritize financial capital for channel development, investing heavily in marketing to maximize sales conversions and brand exposure. This distinction suggests that policy support for MSMEs might effectively focus on digital marketing training and e-commerce platform access, whereas for NPOs, it might involve facilitating community network building and digital tools for educational outreach, rather than broad advertising.

While both organizational types utilize digital channels, their motivations and the impact on scalability differ significantly. For MSMEs, digitalization directly translates to economic scalability, enabling more sales and wider market reach. For NPOs, digitalization enables social scalability, allowing them to reach more beneficiaries, educate wider audiences, and engage more donors. This indirectly supports their economic sustainability by broadening their support base. The "low to moderate" channel control for NPOs suggests that even with digital tools, their reliance on voluntary engagement means they cannot exert the same level of direct control over conversion funnels as profit-oriented businesses. Consequently, digital literacy and infrastructure support for NPOs should prioritize tools for community building, content dissemination, and transparent reporting, rather than solely e-commerce functionalities.

#### 4. Customer Segments

Customer segments define the specific groups of people or organizations an organization aims to reach and serve. MSMEs target a broad range of customers, including "General consumers, distributors, resellers, end users, local communities, and institutions"[13]. Their main objective is "To increase sales and generate profit". Their market segmentation is "Based on market needs (e.g., food, clothing, crafts, etc.)", and their customers are typically "Buyers seeking product value: price, quality, fast service". Their reach can extend from "Local to national (depending on production scale and digital marketing)", and the relationship type is "Primarily transactional (exchange-based)".

Non-Profit Organizations, by contrast, focus on "Primary beneficiaries (orphans, underprivileged groups), students, educators, and researchers"[20]. Their main objective is "To create social, educational, and welfare impact". Segmentation is "Based on socio-economic needs (e.g., access



to education, food, skills development, etc.)", and their customers are "Vulnerable individuals or groups needing access to basic services or education". Their reach is "Mostly local, though some (e.g., Polimeritas) reach broader audiences", and the relationship is "Based on empathy, trust, and social benefit".

Both organizational types contribute to social sustainability by "Targeting communities, preserving culture, and serving religious/cultural needs". Non-profits specifically "focus on marginalized groups, empower orphans and the poor". Economically, MSMEs strengthen "local economies, micro-entrepreneurship, and accessible pricing". Non-profits "reduce the financial burden of poor families through free education, scholarships, and entrepreneurship training". Environmentally, MSMEs contribute through "Localized production and delivery, small-batch production, reducing waste". Non-profits, such as "Polimeritas," "directly address environmental issues through education and sustainable science".

The term "customer segment" itself takes on fundamentally different meanings depending on the organizational type. For MSMEs, it is about identifying who *buys* their product, encompassing consumers, distributors, and resellers. For NPOs, it is about identifying who *needs* their service (beneficiaries) and, crucially, who *funds* their service (donors). While the provided data primarily focuses on beneficiaries, the broader operational context of NPOs necessitates recognizing donors as a distinct and vital segment whose needs, such as impact reporting, transparency, and alignment with values, must be met to secure funding. This duality in "customer" segments represents a core complexity for NPOs that is generally absent in MSMEs. Consequently, strategic planning for NPOs must explicitly address the value proposition, relationship management, and communication channels for both beneficiaries and donors, as their needs and motivations are distinct.

Furthermore, the data suggests that sustainability acts as an inherent outcome for NPOs, particularly social and increasingly environmental sustainability, directly stemming from their core customer segmentation (targeting vulnerable groups, environmental education). For MSMEs, however, sustainability contributions derived from customer segmentation, such as localized production or small-batch manufacturing, are often a strategic choice or an indirect consequence, rather than the primary driver. This highlights a difference in the intentionality of impact. NPOs' segmentation is *designed* to address social and environmental problems, making sustainability an inherent outcome of their targeting strategy. MSMEs' sustainability contributions through segmentation are often secondary or coincidental; for example, local production might be chosen for cost efficiency but also offers environmental benefits. This distinction underscores that for NPOs, the "who" they serve is intrinsically tied to "what" impact they create.

## 5. Key Partners

Key partners represent the network of suppliers and partners that make a business model work. For MSMEs, partners are primarily transactional and strategic, focused on efficiency [13]. These include "Raw material suppliers (farmers, local producers), Distributors, resellers, Logistics partners (shipping/couriers), and Influencers, business trainers". Partnerships are typically "Contract-based, mutually beneficial economically". Their purpose is to "Support production, promotion, distribution, and sales growth", and their flexibility is "Relatively high, depending on market and business strategy".

Non-Profit Organizations engage with partners who support their social mission and operational continuity [20]. These include "Regular donors, Government & public agencies (social, education, health), Zakat agencies/LAZ, Psychologists, educators, and NGOs". Their partnerships are "Collaborative and value-based," often "value-based, trust-oriented, and mission-aligned". The purpose is to "Expand social programs, education, health, and community services", and these partnerships are "More stable, relies on long-term relationships and trust".

In terms of social sustainability, MSMEs "Provide products relevant to local culture and community". Non-profits, conversely, "Focus on marginalized groups, empower orphans and the poor". Economically, MSMEs "Create jobs, support local economic growth, [and] strengthen micro-business ecosystems". Non-profits "Reduce the financial burden of poor families through free education, scholarships, and entrepreneurship training". Environmentally, MSMEs' eco-consciousness is still developing, with "potential through sustainable packaging and local production". Non-profits, such as "Polimeritas," "actively engage in environmental education and sustainable science".

The types of partners engaged by each organizational type reveal whether the organization is building a value chain for product delivery or an impact chain for social change. MSMEs design a partner ecosystem that optimizes their supply chain and distribution network to deliver products efficiently and profitably. This involves partners focused on inputs, logistics, and market access. In contrast, NPOs design an ecosystem that optimizes their impact delivery and resource mobilization network, relying on diverse stakeholders for funding, expertise, and outreach. This often means NPOs' partnerships are more complex, involving multiple layers of trust and shared mission rather than purely economic transactions. Consequently, partnership management strategies will differ significantly, with MSMEs focusing on contract negotiation and performance metrics, while NPOs prioritize relationship building, shared governance, and long-term alignment of values.

The "more stable" nature of NPO partnerships, which "relies on long-term relationships and trust", compared to MSMEs' "relatively high flexibility, depending on market and business strategy", suggests that shared mission and trust create more enduring alliances than market-driven economic incentives. This stability can make NPOs potentially more resilient to market fluctuations, as their partnerships are anchored in shared values and long-term commitment rather than short-term economic gains. While MSMEs can quickly pivot partners based on market needs, NPOs' deep relational capital provides a buffer against external shocks, ensuring the continuity of social programs even if specific funding sources shift. This highlights the strategic value of non-financial capital, such as trust and a shared mission, for NPOs.

## 6. Key Activities

Key activities describe the most important things an organization must do to make its business model work. For MSMEs, the main focus is "Producing goods or services for sale". Their core activities include "Daily production, Distribution to agents/resellers, Social media marketing, Product innovation (free samples, customer feedback), and Direct & online sales". The objectives of these activities are clearly "To increase sales, customer satisfaction, and market presence". Their stakeholder engagement is "Primarily focused on customers and efficient operations", and their primary output is "Commercial products and brand loyalty".

Non-Profit Organizations, conversely, focus on "Providing social and educational services to vulnerable groups". Their core activities encompass "Formal and non-formal education, Religious activities (Islamic studies, Quran classes), Social empowerment & mentoring, Distributing aid, [and] Campaigns and community-based programs". Their objectives are centered on "To provide social value, improve well-being, and address community issues". Stakeholder engagement is "Focused on donors, beneficiaries, volunteers, and community partners", and their primary output is "Social change, community empowerment, and improved quality of life".

In terms of economic sustainability, MSMEs' activities "Drives local economic growth, Supports local farmers and suppliers, [and] Empowers vulnerable groups," often collaborating with "social financial institutions (e.g., Baitut Tamwil)". For non-profits, their activities like skills training and micro-enterprise support, while not explicitly detailed in the economic sustainability column of the provided table, implicitly contribute to economic well-being. Socially, MSMEs' efforts are

"Limited to CSR or customer loyalty programs" , while non-profits are "Directly focused on reducing poverty, improving education, [and] mental and social health". Environmentally, MSMEs' activities are relevant if the business has an "eco-conscious vision". Non-profits make "Direct contributions (e.g., Polimeritas educates on environmental-friendly polymer science)". Innovation in MSMEs is "Market-driven, usually pragmatic" , while for non-profits, it is "Sustained and educational based on research and values (e.g., Polimeritas)".

The key activities of MSMEs are primarily geared towards operational efficiency to maximize profit and market presence. In contrast, NPOs' activities are designed to maximize impact effectiveness and reach for their social mission. This means the very definition of "success" for key activities differs. For MSMEs, success is measured by throughput, sales volume, and market share. For NPOs, it is measured by the depth and breadth of social change, the number of lives impacted, and the quality of educational outcomes. This necessitates tailored performance measurement frameworks: financial key performance indicators (KPIs) for MSMEs versus social impact metrics (e.g., number of beneficiaries, literacy rates, environmental improvements) for NPOs. This also implies that investment in technology and process improvement will diverge; MSMEs might invest in automation or supply chain optimization, while NPOs might invest in pedagogical tools, impact assessment software, or community outreach platforms.

Furthermore, the impetus for innovation also varies significantly. MSME innovation is "market-driven" and "pragmatic," responding to consumer preferences and competitive pressures. NPO innovation, described as "sustained and educational, based on research and values," responds to complex societal needs and often pioneers new approaches, such as Polimeritas's work in environmental science. This suggests that NPOs might be leading in certain types of innovation, particularly in social and environmental solutions, which may not be immediately profitable but offer long-term societal benefits. Policy support for innovation should recognize these distinct drivers; funding for MSME innovation might focus on research and development grants for product development, while for NPOs, it might support pilot programs for new social interventions or research into sustainable practices.

## 7. Key Resources

Key resources represent the assets required to offer and deliver the value proposition. For MSMEs, human resources include "Operational staff, sales/marketing team, [and] production workers". Their financial resources comprise "Business capital, revenue from sales, [and] investors". Physical resources consist of "Machinery, raw materials (e.g., flour, coffee, fabric), [and] shops/factories". Intellectual resources are characterized by "Brand identity (e.g., Kaos Ngapak), packaging designs, secret recipes, [and] customer data". Digital and social platforms utilized include "Social media accounts, e-commerce stores, [and] delivery apps".

Non-Profit Organizations rely on a different set of resources. Their human resources include "Volunteers, caregivers, educators, donors, [and] program coordinators". Financial resources are derived from "Donations, grants, [and] in-kind contributions". Physical resources encompass "Orphanages, training rooms, community halls, [and] tools for education/empowerment". Intellectual resources are centered on "Educational modules, religious teachings, social programs, [and] administrative systems". Digital and social platforms are used for "outreach, WhatsApp groups, online classes, [and] community networks".

In terms of sustainability, MSMEs contribute economically by "creat[ing] jobs, distribut[ing] local goods, and encourag[ing] innovation". Non-profits "Help vulnerable communities through skills training, micro-enterprise support, and capacity building". Socially, MSMEs "Build networks with customers, though mostly transactional". Non-profits "Promote social justice and inclusion through education, spiritual guidance, and humanitarian services". Environmentally, "Many UMKMs have not yet focused on environmental impact (unless intentionally integrated)". Non-

profits, such as "Polimeritas," "explicitly address environmental issues through education and sustainable innovation".

Both organizational types rely on human resources, but their strategic value differs. MSMEs primarily view human resources as a cost center and a driver of productivity. In contrast, for NPOs, human resources, particularly volunteers, are a strategic asset and a direct source of value that enables their core activities without incurring significant fixed costs. This implies that NPOs must excel at volunteer recruitment, management, and retention, which requires different human resource strategies than those focused on paid employees. Policy support for NPOs might therefore include programs for volunteer training and recognition, or grants to cover essential staff salaries to ensure program stability.

Furthermore, MSMEs focus on proprietary intellectual resources—brand identity, recipes, customer data—to gain a competitive advantage and ensure market exclusivity. Non-Profit Organizations, conversely, focus on intellectual capital such as educational modules, social programs, and religious teachings, which are often intended for wider dissemination and public good. Their administrative systems are geared towards managing complex social programs and reporting, rather than competitive advantage. This suggests a fundamental difference in their philosophy towards knowledge: one of proprietary protection versus one of open-source social benefit. Consequently, funding for NPO research and program development should consider mechanisms for open access and dissemination of their intellectual capital to maximize societal benefit.

## 8. Cost Structure

The cost structure outlines all costs incurred to operate a business model. For MSMEs, the main expenditures focus on "Raw materials (production), Workers' salaries and wages, Operations (electricity, water, rent), Promotion/marketing, [and] Equipment and machine maintenance". Their costs are typically "More variable and market-dependent" and "Directly related to the scale of production and sales". Their operations are financed by "Income from sales of products/services". Financial management emphasizes "efficiency = profit", with the purpose of expenditure being "Generating profits, business expansion, [and] maintaining business continuity".

Non-Profit Organizations' main expenditures are directed towards "Routine assistance and social services, Daily operational costs, Staff or volunteer salaries (if any), [and] Asset maintenance (buildings, equipment)". Their costs are generally "More fixed and program-based, depending on the schedule of social or educational activities". Funding comes from "Donations, grants, corporate CSR, [and] NGO/government collaboration". Financial management prioritizes "accountability and transparency to maintain public trust", and the purpose of expenditure is "Providing social impact, serving the community, [and] maintaining donor trust".

In terms of economic sustainability, MSMEs rely on "Revenue generation from key assets" and "Efficiency in using machines, inventory, [and] human capital". Non-profits rely on "Diversification of donor sources, Asset monetization (e.g., venue rental), [and] Financial planning via grants". Socially, MSMEs contribute through "Job creation" and "Meeting local market needs". Non-profits directly address "social inequality" and provide "education, welfare, [and] empowerment for marginalized groups". Environmentally, MSMEs may use "local suppliers, reducing transport emissions" or innovate in "packaging & waste reduction". Non-profits "Promot[e] awareness of social and environmental issues" and provide "Sustainable education (e.g., Polimeritas)". Resilience and scalability for MSMEs are driven by "Brand and product innovation" and a "Repeat customer base". For non-profits, these are achieved through "Community involvement and diversified volunteers" and the "Use of digital tools for wider outreach".

The "variable and market-dependent" costs of MSMEs versus the "fixed and program-based" costs of NPOs indicate different risk exposures. MSMEs face market demand risk, allowing them to scale down production and associated variable costs during economic downturns, making them agile in response to market shifts. NPOs, with fixed program costs such as maintaining an orphanage or paying educators, face greater pressure to secure consistent, predictable funding, as reducing these costs directly impacts their ability to deliver their mission. This highlights that NPOs' resilience is heavily tied to their ability to diversify funding and build strong donor relationships, whereas MSMEs' resilience is tied to market adaptability and efficiency. Therefore, financial planning and risk mitigation strategies must be fundamentally different, with MSMEs focusing on inventory management and flexible labor, and NPOs focusing on endowment building, long-term grant applications, and robust fundraising campaigns.

Furthermore, the financial management philosophies diverge significantly. MSMEs manage for "efficiency = profit," while NPOs manage for "accountability and transparency to maintain public trust". This implies that for NPOs, "profit" (or surplus) is not an end in itself but a means to sustain and expand their impact. Financial success for MSMEs is measured by profit margins and growth, whereas for NPOs, it is measured by the efficient and transparent use of funds to achieve maximum social impact, with any surplus (often termed "reserves" or "operating capital") being reinvested into the mission. This redefinition means that NPOs are often scrutinized more heavily on their administrative overheads and direct program spending, as donors seek assurance that their contributions are directly impacting beneficiaries. This distinction suggests that reporting standards and auditing practices for NPOs should emphasize impact per dollar spent, while for MSMEs, traditional profitability metrics remain the primary focus.

#### 9. Revenue Streams

Revenue streams represent the cash an organization generates from each customer segment. For MSMEs, revenue sources include "Direct product/service sales, Distribution and resellers, Business partnerships, [and] Digital and offline sales". Diversity in their revenue comes from "Product diversification [and] Multiple sales and distribution channels". Their revenue model is "Profit-driven; sustainability depends on market demand and profit margin". Revenue control is influenced by "market demand, pricing strategy, production volume, [and] branding". Innovation in income generation for MSMEs stems from "expanding product lines, service improvement, and digital adoption".

Non-Profit Organizations have a distinct set of revenue sources, including "Individual and institutional donors, ZISWAF (Zakat, Infaq, Sadaqah, Waqf), Government funding, Fundraising activities, [and] Social enterprise (e.g., hall rental, training programs)". Diversity in their revenue comes from "Loyal and general donors, Project-based income, [and] Social enterprise activities". Their revenue model is "Social mission-driven; sustainability depends on donor loyalty and operational efficiency". Revenue control depends on "public trust, reputation, and clear social impact programs". Innovation in income for non-profits involves developing "alternative sources like social business, CSR partnerships, and donor engagement".

In terms of economic sustainability, MSMEs' "Strong revenue stream (through sales and profit margin) increases the chance of expansion and market resilience". Non-profits' "Economic sustainability is supported through regular donations, government support, and social entrepreneurship". Socially, MSMEs' "Social impact can occur if the business model includes local communities, fair trade, or eco-friendly products". For non-profits, "Social impact is the main objective. Sustainable funding reflects public support for the social mission". Environmentally, MSMEs' "Green products or sustainable production processes boost brand value and customer loyalty". Non-profits benefit as "Donors and stakeholders are more committed to organizations that are transparent, eco-conscious, and ethical".

For MSMEs, revenue directly measures market acceptance and demand for their products, validating their product-market fit and competitive positioning. For NPOs, revenue, primarily from donations and grants, measures public and institutional recognition of their societal value and impact. This means a decline in MSME revenue typically implies a market problem, whereas a decline in NPO revenue implies a trust or perceived impact problem. Consequently, marketing and fundraising strategies are fundamentally different: MSMEs focus on consumer persuasion and competitive pricing, while NPOs focus on storytelling, impact reporting, and building emotional connections to philanthropic motivations.

Innovation in revenue streams is also driven by different imperatives. MSME innovation in revenue is about expanding market share or product lines. NPO innovation, particularly through the development of "social enterprise" models, is a strategic move to diversify away from sole reliance on donations, thereby enhancing financial stability and potentially expanding mission reach. For NPOs, developing social enterprises or engaging in CSR partnerships is not just about increasing funds; it is a critical strategy for reducing vulnerability to fluctuating donor sentiment or grant cycles. This makes their innovation in revenue streams a direct driver of economic resilience for their social mission, moving towards a hybrid model that blends commercial principles with social objectives. Policy frameworks should thus encourage and support NPOs in developing social enterprise models, potentially through seed funding or regulatory flexibility, recognizing their dual benefit for economic sustainability and mission delivery.

## 5. Discussion

The findings of this comparative analysis offer significant implications for understanding the distinct roles and operational dynamics of MSMEs and Non-Profit Organizations within the broader socio-economic landscape. By dissecting their business models through the lens of the Business Model Canvas, we gain a nuanced appreciation for how their fundamental objectives shape every strategic choice and operational mechanism.

### 5.1 Comparison with Prior Research

This study identifies fundamental differences between Micro, Small, and Medium Enterprises (MSMEs) and Non-Profit Organizations (NPOs), particularly in their core objectives and approaches to sustainability. MSMEs are primarily driven by profit and tend to view sustainability as a market-based strategy—often using green branding or CSR to enhance competitiveness. In contrast, NPOs are mission-driven, with sustainability integrated into their core purpose, as seen in examples like Polimeritas, which engages in environmental education as a direct expression of its mission.

The way these organizations mobilize resources also differs significantly. MSMEs depend on financial capital and transactional relationships, while NPOs rely heavily on relational capital, including trust and community support. Without regular commercial revenue, non-profits must build long-term engagement with stakeholders such as donors and volunteers. These patterns are consistent with established theories on resource dependence and stakeholder management.

Additionally, innovation in MSMEs is typically market-driven—aimed at gaining competitive advantage—whereas in NPOs, it is mission-driven, focused on solving complex social problems. The emergence of hybrid models, where non-profits adopt social enterprise strategies for financial sustainability, reflects a growing trend in blending commercial tools with social goals. This study contributes to the broader understanding of how different organizational types integrate sustainability into their business models and adapt in response to evolving challenges.

### 5.2 Limitations

While this comparative analysis provides valuable insights, it is important to acknowledge certain limitations that may influence the generalizability and depth of the findings.

The study draws on several illustrative examples (e.g., Kopi Kingkong, Mie Echo, Biskuit Cahaya, Kaos Ngapak, Polimeritas, BM Bismillah) to highlight differences in sustainability practices between MSMEs and NPOs. While these cases enrich the qualitative analysis, the limited number and diversity of examples may constrain the generalizability of findings across the broad and varied landscape of MSMEs and NPOs.

Cultural and geographic context plays a significant role in shaping organizational practices. References to Malay values, halal standards, and zakat agencies point to a Southeast Asian setting where religious and cultural norms influence sustainability approaches, partnerships, and customer engagement. While the Business Model Canvas offers a universal framework, its application in this study reflects local socio-economic dynamics, making broader applicability to other regions more uncertain without additional validation.

The research offers a static, qualitative snapshot of business models and sustainability integration, without quantitative metrics or longitudinal analysis. It lacks detailed explanations of how sustainability is operationalized in each case—such as mechanisms behind waste reduction or financial transparency. This limits insights into the scale, impact, and adaptability of the models over time, particularly in response to external changes or strategic shifts.

### 5.3 Future Research

Building upon the insights and acknowledging the limitations of this study, several avenues for future research emerge that could deepen our understanding of MSMEs and NPOs and their contributions to sustainable development.

To enhance generalizability and validate observed patterns, future research should employ large-scale quantitative studies across diverse sectors and regions. By gathering measurable data on revenue, impact, and resource allocation, such studies can statistically assess the relationship between business model components and sustainability outcomes. This would provide empirical support to complement the current qualitative insights.

Longitudinal research is also needed to understand how MSME and NPO business models adapt over time, especially under external pressures such as economic shifts, technological change, or policy reforms. Additionally, deeper qualitative investigations should examine specific sustainability mechanisms within each BMC component—for instance, how MSMEs apply circular economy principles or how NPOs communicate environmental impact effectively.

Further exploration into hybrid organizations that blend commercial and social goals is crucial, as is assessing the role of policy support in enabling sustainable practices. Research should also consider stakeholder perspectives to capture how value and impact are perceived across different groups. Finally, the influence of digital transformation deserves attention, particularly in how it shapes operational efficiency, transparency, and impact measurement in both MSMEs and NPOs.

### Acknowledgement

I would like to express my deepest gratitude to Universitas Siber Muhammadiyah (SiberMu) for the invaluable support and opportunities provided throughout the completion of this study.

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