

A Case Study of Social Enterprise: Enhancing Sustainable Growth Through Agency X in Malaysia

Farhawahidah Ahmad Puad^{1*}

¹ *Johor Business School,
Universiti Tun Hussein Onn Malaysia, MALAYSIA*

*Corresponding Author: farha@uthm.edu.my
DOI: <https://doi.org/10.30880/jbsnexus.2026.03.01.007>

Article Info

Received: 13 March 2026
Accepted: 25 May 2026
Available online: 27 June 2026

Keywords

Social enterprise, organisational sustainability, hybrid organisation, community empowerment, Malaysia

Abstract

This study analyses how Agency X balances social mission and operational sustainability as a community-based social enterprise in Malaysia. Using a qualitative case study approach, the research examines how the organisation operationalises its social mission, sustains organisational activities, and manages tensions between social objectives and operational viability. Data were collected through two site visits, organisational observations, informal semi-structured discussions with management representatives and operational workers, and documentary analysis involving organisational materials, business model documents, programme records, and operational reports. Thematic analysis was applied to identify recurring organisational patterns aligned with the research objectives. The findings demonstrate that Agency X operationalises its social mission through community-centred employment, food assistance activities, training programmes, and collaborative operational practices. Organisational sustainability is supported through hybrid revenue streams, institutional partnerships, and adaptive operational arrangements. However, tensions emerged between inclusion and efficiency, mission orientation and commercial sustainability, as well as growth ambitions and operational capacity. The findings support existing social enterprise literature suggesting that hybrid organisations continuously negotiate competing organisational priorities rather than fully resolving them. The study contributes to social enterprise literature by providing empirical insights into how Malaysian community-based social enterprises sustain operational continuity while maintaining social legitimacy. The case further highlights that long-term sustainability requires strategic focus, disciplined operational management, and selective organisational growth rather than uncontrolled expansion.

1. Introduction

Social enterprises have increasingly gained attention as organisational forms that combine entrepreneurial activities with social objectives. Unlike conventional business organisations that primarily focus on profit generation, social enterprises operate with broader social purposes while attempting to maintain operational sustainability. These organisations are commonly associated with community development, social inclusion, and local economic participation through market-based activities (OECD, 2021). Contemporary literature further

This is an open access article under the CC BY-NC-SA 4.0 license.



positions social enterprises as hybrid organisations that continuously balance social mission and commercial sustainability within dynamic operational environments (Cardella et al., 2021; Slitine et al., 2024).

In Malaysia, the development of social enterprise activities has expanded alongside broader national efforts to strengthen entrepreneurship, community participation, and sustainable economic development. Government agencies and entrepreneurship support institutions have increasingly recognised socially-oriented enterprises as contributors to local development and inclusive economic participation (SME Corp Malaysia, 2022). Within this context, community-based social enterprises have emerged across sectors such as food services, welfare support, training activities, and humanitarian assistance. These organisations often operate with limited resources while simultaneously addressing local community needs and maintaining operational continuity.

Despite growing interest in social enterprise development, sustaining both social objectives and operational viability remains a significant organisational challenge. Existing studies suggest that social enterprises frequently experience tensions between mission-driven activities and commercial sustainability due to resource limitations, operational demands, and stakeholder expectations (Harsanto et al., 2022). As hybrid organisations, social enterprises are often required to balance community responsiveness, financial sustainability, operational efficiency, and organisational growth simultaneously. These tensions are particularly relevant in community-based initiatives where social legitimacy and operational survival are closely interconnected.

Although previous studies have discussed social entrepreneurship, sustainability, and organisational value creation, empirical case-based research within the Malaysian context remains relatively limited. This limitation is significant because social enterprises increasingly contribute to community development, employment creation, and social inclusion in Malaysia. Without a deeper understanding of how social enterprises balance social objectives with operational sustainability, practitioners and policymakers may face difficulties in designing effective support mechanisms for long-term organisational success. Therefore, examining real-world organisational practices is necessary to generate context-specific insights into sustainable social enterprise management.

This study addresses the existing research gap by examining Agency X as a Malaysian community-based social enterprise operating in the food-service and humanitarian support sector. The study specifically explores how the organisation balances its social mission with operational sustainability through its organisational practices, community engagement initiatives, and hybrid operational structure. In particular, the study seeks to address the following research questions:

RQ1: How does Agency X operationalise its social mission within its daily organisational activities?

RQ2: What organisational practices contribute to the sustainability of the enterprise?

RQ3: What tensions arise between social objectives and operational sustainability within the organisation?

2. Literature Review

2.1 Social Enterprise

Social enterprises are increasingly recognised as hybrid organisational forms that combine entrepreneurial activities with explicit social objectives. Unlike conventional businesses that primarily prioritise profit generation, social enterprises seek to create social value while maintaining operational continuity through market-based activities. Cardella et al. (2021) describe social entrepreneurship as organisational activity that focuses on addressing social problems through innovative and sustainable approaches. Similarly, the European Commission (2020) characterises social enterprises as organisations that pursue social aims while engaging in economic activities that support long-term organisational viability.

The growing relevance of social enterprises is closely associated with broader discussions surrounding inclusive development, local participation, and community-oriented economic activities. In many contexts, social enterprises function as mechanisms for addressing unmet social needs while simultaneously supporting employment opportunities, community engagement, and local empowerment (OECD, 2021). Rather than separating social objectives from economic activities, social enterprises integrate both dimensions within a single organisational structure.

Within the Malaysian context, social enterprise development has expanded alongside national efforts to strengthen entrepreneurship and sustainable economic participation. According to SME Corp Malaysia (2022), entrepreneurship development initiatives increasingly encourage innovation, community participation, and sustainability-oriented enterprise activities. Community-based social enterprises have therefore emerged across sectors such as food services, welfare support, training programmes, and humanitarian assistance. These organisations commonly operate with limited organisational resources while attempting to sustain both social contribution and operational continuity.

2.2 Sustainability in Social Enterprise

Sustainability has become an important discussion within social enterprise literature because hybrid organisations must maintain operational viability while continuing to pursue social objectives. Organisational sustainability in social enterprises extends beyond financial survival and includes the ability to maintain social legitimacy, operational continuity, and community relevance over time. Slitine et al. (2024) argue that social enterprises continuously adapt their organisational structures and activities in response to changing social and operational conditions. This suggests that sustainability within social enterprise is not static but requires ongoing organisational adjustment and strategic alignment.

Business model discussions are also relevant in understanding how social enterprises sustain their activities. Osterwalder et al. (2020) explain that business models help organisations organise value creation, delivery, and operational coordination through interconnected activities and resources. In social enterprises, value creation frequently includes both commercial and social dimensions simultaneously. Sustainable organisational practices therefore depend on how effectively social enterprises coordinate operational activities, partnerships, resources, and revenue-generating mechanisms.

Teece (2021) further emphasises that organisational sustainability is closely related to dynamic capabilities and the ability to adapt operational arrangements according to changing environments. This is particularly important for community-based social enterprises that often operate within resource constraints and uncertain operational conditions. In such settings, sustainability depends not only on social commitment but also on strategic flexibility, operational discipline, and adaptive organisational management.

2.3 Hybrid Organisation Tension

Existing literature also highlights that social enterprises frequently experience tensions arising from their hybrid organisational structure. Because social enterprises pursue both social mission and operational sustainability simultaneously, organisations often face competing priorities involving financial viability, community responsiveness, operational efficiency, and organisational growth. Harsanto et al. (2022) argue that hybrid organisations regularly encounter challenges in balancing sustainability objectives with practical operational realities.

One common tension involves balancing social inclusion with operational efficiency. Community-oriented activities such as training programmes, employment support, and inclusive participation may require additional organisational resources, supervision, and operational flexibility. While these practices strengthen social legitimacy and community engagement, they may also increase operational complexity and resource pressure. This demonstrates that social value creation may involve organisational trade-offs rather than purely beneficial outcomes.

Another tension concerns the relationship between organisational growth and mission sustainability. Expanding commercial activities may strengthen financial sustainability but can also create risks of mission drift if operational priorities become increasingly commercially driven. Slitine et al. (2024) note that hybrid organisations continuously negotiate between maintaining social orientation and ensuring operational continuity. As a result, tensions within social enterprises are often ongoing organisational conditions rather than problems that can be permanently resolved.

2.4 Conceptual Framework

Based on the literature, this study proposes that social mission activities and organisational sustainability practices interact within a hybrid organisational structure. While social mission activities create community value and social legitimacy, sustainability practices support operational continuity and resource mobilisation. However, the interaction between these dimensions may generate organisational tensions involving efficiency, growth, resource allocation, and mission alignment. Understanding how these factors interact provides a useful framework for examining sustainable growth within community-based social enterprises.

Figure 1 presents the conceptual framework guiding this study and illustrates the relationships between social mission activities, organisational sustainability practices, hybrid organisational tensions, and sustainable organisational growth within the context of community-based social enterprises.

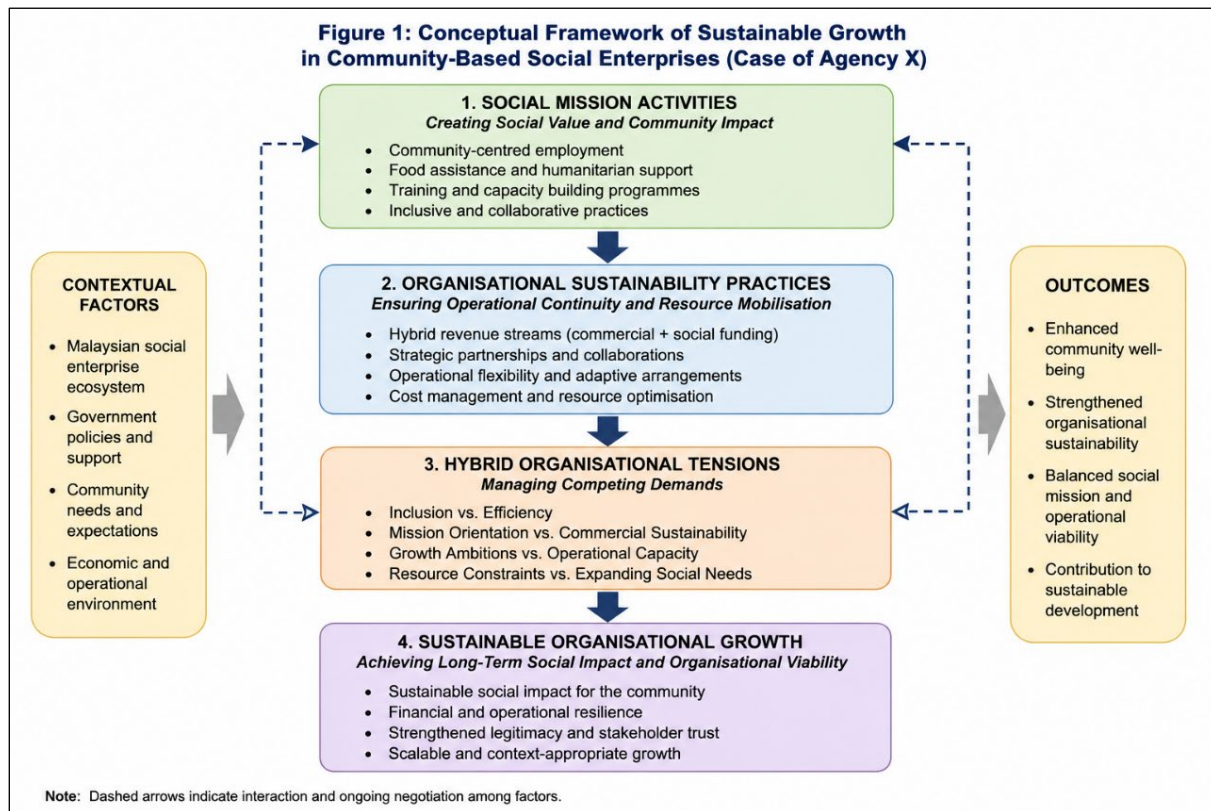


Fig. 1 Conceptual framework

3. Methodology

This study employed a qualitative case study methodology to examine Agency X as a community-based social enterprise operating within the Malaysian food-service and humanitarian support sector. A case study approach was selected because it allows detailed examination of organisational practices within their real operational context.

Data collection was conducted between January and March 2026 through two site visits to the organisation's operational facilities. During the visits, direct observations were conducted involving food preparation processes, operational coordination, community participation activities, and service delivery arrangements. Observational notes were recorded manually during and immediately after each visit.

Semi-structured interviews were conducted with six organisational informants consisting of two management representatives, two operational workers, and two community participants involved in programme implementation. The interview protocol focused on organisational mission, operational practices, sustainability challenges, community engagement, and organisational development priorities.

Documentary analysis was also conducted involving organisational brochures, internal operational documents, business model materials, programme descriptions, social media communication materials, and organisational presentation slides. These materials were analysed to triangulate observation and interview findings.

Thematic analysis was applied following a systematic coding process. Initial coding identified recurring organisational practices and operational patterns. These codes were subsequently grouped into broader themes aligned with the research objectives and research questions. Triangulation between interviews, observations, and documentary materials was conducted to strengthen analytical reliability and reduce single-source interpretation bias.

The case was selected because Agency X represents an active community-based social enterprise operating through hybrid commercial and social activities within the Malaysian context. Its organisational structure provides a suitable setting to examine how social enterprises negotiate sustainability while maintaining social objectives.

4. Analysis

4.1 Operationalisation of Social Mission (RQ1)

The findings in Table 1 indicate that Agency X operationalises its social mission through the integration of community-oriented activities within its daily organisational operations. Rather than functioning solely as a commercial food enterprise, the organisation incorporates social objectives directly into its operational structure through community participation, training activities, and humanitarian support initiatives. The organisation's activities demonstrate that social contribution is embedded within routine operational practices rather than implemented as a separate philanthropic activity.

One important finding involves the organisation's emphasis on community participation and local engagement. The site observations and organisational materials showed that Agency X involves local community members in operational activities, particularly in food preparation, programme coordination, and support services. The organisation also conducts training and skills development activities aimed at improving community participation and employment opportunities. These practices reflect a socially-oriented operational approach where organisational activities are structured not only to generate revenue but also to support local community involvement.

Table 1 *Thematic findings for RQ1: Operationalisation of social mission*

Theme	Evidence from Case	Analytical Interpretation	Supporting Literature
Community participation	Local community involvement in operational activities	Social mission embedded within organisational operations	Cardella et al. (2021)
Skills development initiatives	Training and upskilling programs were integrated into organisational activities	Organisational activities support community empowerment	OECD (2021)
Humanitarian support	Participation in food aid and relief activities	Social legitimacy strengthened through community responsiveness	Slitine et al. (2024)
Community-oriented operations	Integration of social objectives into daily practices	Hybrid organisational structure combining social and operational goals	European Commission (2020)

The findings support existing literature suggesting that social enterprises create value through integrated social and operational activities rather than isolated charitable programs (Cardella et al., 2021). Agency X demonstrates characteristics associated with hybrid organisations where social mission and organisational activities are continuously interconnected. This also reflects the Malaysian community-based context where local participation and relational engagement remain important organisational elements.

The analysis further suggests that Agency X maintains social legitimacy through visible community engagement and practical social contribution. Its organisational activities extend beyond food production and include broader community-oriented functions such as participation support and local collaboration. These findings indicate that the organisation operationalises its social mission through everyday organisational practices rather than through symbolic social positioning alone.

From the perspective of Hybrid Organisation Theory, Agency X demonstrates how social enterprises integrate social value creation and operational activities within a single organisational structure. Rather than separating commercial and social functions, the organisation embeds social objectives into everyday operations, supporting the view that hybrid organisations create value through the simultaneous pursuit of social and economic goals. This finding reinforces Cardella et al. (2021), who argue that social entrepreneurship involves balancing multiple organisational objectives within complex operational environments.

4.2 Organisational Sustainability Practices (RQ2)

The findings in Table 2 show that Agency X supports organisational sustainability through diversified operational activities, collaborative partnerships, and adaptive organisational arrangements. The organisation operates using a hybrid structure that combines commercial food-related services with community-oriented activities. This hybrid arrangement allows the organisation to maintain operational continuity while continuing to pursue social objectives.

One significant finding concerns the organisation's diversified revenue-generating activities. Agency X does not depend on a single operational function but instead combines ready-to-eat food sales, catering activities, kitchen rental services, and retort processing support. This diversified operational structure appears to reduce dependency on a single income source while supporting organisational flexibility. The organisation also maintains collaborative relationships with external agencies, institutional partners, and community stakeholders that contribute to operational continuity.

Table 2 *Thematic findings for RQ2: Organisational sustainability practices*

Theme	Evidence from Case	Analytical Interpretation	Supporting Literature
Hybrid revenue streams	Income generated through food sales, catering, kitchen rental, retort services	Revenue diversification supports operational continuity	Teece (2021)
Institutional collaboration	Partnerships with agencies and universities	External collaboration strengthens organisational resilience	Harsanto et al. (2022)
Flexible operational structure	Small workforce supported multiple organisational activities	Adaptive arrangements support sustainability under resource constraints	Osterwalder et al. (2020)
Community-based operations	Integration of operational and social activities	Sustainability linked to local relevance and social legitimacy	Slitine et al. (2024)

The findings align with business model literature suggesting that organisational sustainability depends on coordinated value creation and operational adaptability (Osterwalder et al., 2020; Teece, 2021). Agency X demonstrates that sustainability in community-based social enterprises may depend more on operational flexibility and selective diversification rather than large-scale expansion. The organisation's ability to combine operational activities with community-oriented functions contributes to its continued organisational relevance.

At the same time, the findings suggest that organisational sustainability remains closely tied to resource management and operational discipline. While the organisation demonstrates adaptability, its sustainability also depends on maintaining manageable operational scope and effective coordination between social and commercial activities. This reflects broader discussions in social enterprise literature regarding the importance of balancing mission orientation with practical operational sustainability.

The findings also support Dynamic Capability Theory (Teece, 2021), which suggests that organisational sustainability depends on an organisation's ability to adapt resources, partnerships, and operational arrangements in response to changing environmental conditions. Agency X demonstrates such adaptability through revenue diversification, collaborative partnerships, and flexible operational arrangements, thereby strengthening organisational resilience and long-term sustainability.

4.3 Tensions Between Social Mission and Operational Sustainability (RQ3)

The analysis in Table 3 identified several tensions arising from the hybrid organisational structure of Agency X. Although the organisation demonstrates the ability to combine social and operational objectives, the findings suggest that these objectives are not always fully compatible. Instead, the organisation continuously negotiates competing operational priorities involving community inclusion, operational efficiency, financial sustainability, and organisational growth.

One major tension identified involves balancing inclusion-oriented activities with operational efficiency. The organisation's commitment to community participation and training activities occasionally requires additional supervision, coordination, and operational flexibility. While these practices strengthen social legitimacy and community engagement, they may also increase operational complexity and place pressure on organisational resources.

Table 3 *Thematic findings for RQ3: Tensions between social mission and operational sustainability*

Theme	Evidence from Case	Analytical Interpretation	Supporting Literature
Inclusion versus efficiency	Community participation requires additional supervision	Social inclusion may increase operational complexity	Harsanto et al. (2022)
Mission versus sustainability	Multiple social activities create operational pressure	Hybrid organisations negotiate competing priorities	Slitine et al. (2024)
Growth versus operational capacity	Expansion ambitions strain limited resources	Sustainability requires strategic focus and controlled growth	Teece (2021)
Social responsiveness versus operational focus	Broad activities create coordination challenges	Hybrid organisations risk operational fragmentation	Osterwalder et al. (2020)

A second tension concerns the relationship between organisational growth and operational capacity. The organisation engages in multiple operational and community-oriented activities simultaneously, which may create challenges involving coordination, workforce capacity, and operational focus. While broader organisational activities may strengthen visibility and community engagement, excessive operational expansion could potentially weaken organisational coherence.

The findings support previous studies arguing that tensions within social enterprises are ongoing organisational conditions rather than temporary problems that can be permanently resolved (Harsanto et al., 2022; Slitine et al., 2024). Agency X demonstrates that hybrid organisations continuously balance social responsiveness with operational sustainability through adaptive and selective organisational practices.

The case also reflects characteristics associated with community-based social enterprises in the Malaysian context, where relational networks, community trust, and collaborative participation remain important organisational resources. Rather than relying solely on formal organisational systems, Agency X appears to sustain its activities through flexible coordination and community-oriented operational practices. These findings contribute to existing social enterprise literature by demonstrating how hybrid organisational tensions are negotiated within practical local operational settings.

Consistent with Hybrid Organisation Theory, the tensions identified in Agency X should not be interpreted as organisational weaknesses or failures. Instead, they represent natural consequences of pursuing dual social and commercial objectives simultaneously. The organisation continuously negotiates these competing demands through adaptive decision-making, resource prioritisation, and strategic balancing between social impact and operational sustainability.

5. Conclusion

This study examined how Agency X balances its social mission with operational sustainability as a community-based social enterprise in Malaysia. The findings indicate that the organisation operationalises its social mission through community-oriented activities integrated within its daily organisational operations. Community participation, training initiatives, and humanitarian support activities were embedded within operational practices rather than implemented as separate charitable programmes. At the same time, organisational sustainability was supported through diversified operational activities, collaborative partnerships, and adaptive operational arrangements.

The study also identified several tensions associated with the organisation's hybrid structure. The findings suggest that balancing social objectives with operational sustainability remains an ongoing organisational challenge. In particular, tensions emerged between community inclusion and operational efficiency, mission orientation and financial sustainability, as well as organisational growth and operational capacity. These findings indicate that sustainability within social enterprises depends not only on social commitment but also on disciplined operational management and strategic prioritisation.

From a practical perspective, the study highlights the importance of maintaining manageable operational scope, organisational focus, and adaptive coordination in community-based social enterprises. Organisations operating with limited resources may benefit from prioritising activities that are closely aligned with both their operational capabilities and social objectives. Collaborative partnerships and flexible operational structures also appear important in supporting longer-term organisational continuity.

The study contributes to the social enterprise literature by providing empirical insights into how community-based social enterprises in Malaysia manage hybrid organisational tensions within practical operational settings.

While previous studies have largely focused on conceptual discussions of social entrepreneurship and sustainability, this study provides a case-based understanding of how social mission and operational sustainability are negotiated in everyday organisational practice. The findings further contribute to discussions on hybrid organisations by demonstrating that tensions between social and operational priorities are continuous organisational conditions rather than issues that can be permanently resolved. The findings also support the proposed conceptual framework, demonstrating that social mission activities and organisational sustainability practices interact within a hybrid organisation structure that generates ongoing organisational tensions and influences sustainable organisational growth.

5.1 Practical and Managerial Implications

The findings offer several practical implications for managers of social enterprises. First, organisations should maintain a balance between social objectives and operational sustainability by prioritising activities that generate both social and economic value. Second, managers should diversify revenue streams to reduce financial dependency and enhance organisational resilience. Third, strategic partnerships with government agencies, universities, and community organisations can strengthen operational capacity and access to resources. Finally, managers should implement clear performance indicators to monitor both social impact and operational performance, ensuring sustainable organisational growth without compromising mission objectives.

This study provides useful insights into how a community-based social enterprise balances social mission and operational sustainability. However, the findings are based on a single case study involving one organisation and six informants, which may limit the transferability of the findings to other contexts. Future research could adopt comparative case study designs across different sectors and include a broader range of participants to provide richer insights into the sustainability practices of social enterprises.

Acknowledgement

The authors would like to express their sincere appreciation to the Agency X and Johor Business School, Universiti Tun Hussein Onn Malaysia, for their support and encouragement in the completion of this study.

Conflict of Interest

Authors declare that there is no conflict of interests regarding the publication of the paper.

Author Contribution

*The authors confirm contribution to the paper as follows: **Introduction:** Farhawahidah Ahmad Puad; **Literature Review:** Farhawahidah Ahmad Puad; **Methodology and Conclusion:** Farhawahidah Ahmad Puad; **Data Analysis:** Farhawahidah Ahmad Puad. All authors reviewed the results and approved the final version of the manuscript.*

References

- Cardella, G. M., Hernández Sánchez, B. R., Monteiro, A. A., & Sánchez García, J. C. (2021). Social entrepreneurship research: Intellectual structures and future perspectives. *Sustainability*, 13(14), 7532. <https://doi.org/10.3390/su13147532>
- European Commission. (2020). Social enterprises and their ecosystems in Europe: Comparative synthesis report. Publications Office of the European Union
- Harsanto, B., Mulyana, A., Faisal, Y. A., & Shandy, V. M. (2022). Open innovation for sustainability in social enterprises: An empirical evidence. *Journal of Open Innovation: Technology, Market, and Complexity*, 8(3), 160. <https://doi.org/10.3390/joitmc8030160>
- OECD. (2021). OECD SME and entrepreneurship outlook 2021. OECD Publishing.
- Osterwalder, A., Pigneur, Y., Bernarda, G., Smith, A., & Papadacos, T. (2020). *The invincible company: How to constantly reinvent your organization with inspiration from the world's best business models*. Wiley.
- Slitine, R., Chabaud, D., & Richez Battesti, N. (2024). Beyond social enterprise: Bringing the territory at the core. *Journal of Business Research*, 176, 114577. <https://doi.org/10.1016/j.jbusres.2024.114577>
- SME Corp Malaysia. (2022). SME annual report 2021/2022. SME Corp Malaysia.
- Teece, D. J. (2021). Business models and dynamic capabilities. *Long Range Planning*, 54(2), 102007. <https://doi.org/10.1016/j.lrp.2020.102007>