

Sustainable regional value capture by social businesses: a dynamic capability perspective

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Sustainable regional value capture by social businesses: a dynamic capability perspective

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ABSTRACT

The contribution of social businesses to regional sustainability has garnered increasing prominence in the regional studies literature. However, there is a lack of research on how social businesses can contribute to sustainable value capture by enhancing regional dynamic capability. By adopting the theoretical lens of dynamic capabilities, this paper draws on data from Bangladesh and Greece and establishes that sustainable regional value capture is achieved through the mutual shaping of regional and firm-level dynamic capabilities, augmented within regional ecosystems. Social businesses can optimise sustainable regional value capture by leveraging four drivers and attributes: collaboration, agility, regulation and entrepreneurial leadership.

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1. Introduction

Prior research has emphasised the importance of sustainable value creation, which positively impacts the environment, regional communities and businesses (Apostolidis et al., 2021; Papista & Krystallis, 2013; Singh et al., 2022). The creation of sustainable value by stakeholders within a specific region, however, does not necessarily ensure that this value will be retained to benefit the region and regional stakeholders sustainably. The retention of regional value is known as regional value capture – a concept that has garnered significant research attention over the years (Bailey et al., 2020; Jeannerat & Theurillat, 2021). Social businesses (SBs) can be critical actors in capturing sustainable regional value due to their strong alignment with social and environmental commitments (Apostolidis et al., 2022; Gupta et al., 2020) and their profound and enduring connection with regional communities and business ecosystems (Fink et al., 2017; Kibler & Muñoz, 2020; Suitner et al., 2022). However, SBs grapple with a persistent struggle to combine social impact with maintaining operational and financial sustainability (e.g., Muñoz & Kimmitt, 2019; Ostertag et al., 2021), which may affect their potential to support regional value capture.

Unlike conventional commercial businesses, SBs are driven by a mission to address social issues (Best et al., 2021; De Silva et al., 2021; Weerawardena et al., 2010), prioritising the delivery of products and services that meet community needs and champion environmental protection (Cato & Nakamura, 2022). In pursuit of these objectives, SBs operate within complex ecosystems, competing and collaborating with profit-oriented organisations and other stakeholders (Carayannis et al., 2019). Nevertheless, the general lack of resources faced by SBs and their focus on addressing local needs mean they have to effectively leverage relationships and interactions with regional stakeholders to co-create value (Bally et al., 2025; Ostertag

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et al., 2021). Furthermore, the inherent challenge of sustainable value is that it is simultaneously co-created and co-destroyed by a diverse range of stakeholders within the business ecosystem, rather than emerging solely from the efforts of an individual organisation (Bailey et al., 2020; Gibbs & Lintz, 2016; Yang et al., 2022).

The dynamics of value co-creation and co-destruction receive limited attention in the regional studies literature. Nevertheless, understanding these dynamics is essential for assessing how firms engage with stakeholders, utilise their resources, and contribute to regional value capture, that is, the extent to which the value generated within a business ecosystem benefits a specific region (Bailey et al., 2020). This notion is echoed in recent theoretical discussions that shift the focus from value creation to value capture (Yang et al., 2022). However, the existing literature does not provide an overarching conceptual framework that links value co-creation, co-destruction and regional value capture. Addressing this gap, this paper examines how SBs develop capabilities to enhance sustainable regional value capture.

To achieve the above research objective, we have adopted the theoretical lens of dynamic capabilities (DCs), which in the regional studies literature has been linked to regional dynamic capability (RDC). The latter is a critical driver for regional value creation. Hence, the link between firm-level DC and more collective RDC has attracted considerable research attention and provides a valuable conjecture for this paper. We find it opportune to explore this link to analyse how SBs' capabilities and regional capabilities mutually shape each other to contribute to sustainable value capture.

As both SBs and sustainability are multifaceted concepts which can shape (and be shaped by) regional context (Kibler & Muñoz, 2020; Smith & Stevens, 2010), we combine and compare the interview findings from SBs of regions in two countries with diverse policies, cultures and sustainability challenges (i.e., Bangladesh and Greece). The findings advance our current understanding of how SBs can contribute to RDC, which leads to value co-creation, minimises value co-destruction and contributes to regional value capture. In so doing, we inform scholars and policymakers in formulating future policies for building SBs' capabilities to drive regional growth.

The remainder of this paper is structured as follows. The literature review establishes the knowledge gap. The methodology then rationalises the selection of the contexts and explains the data collection and analysis. We then present our findings and explicate their contributions.

2. Literature review

Two key literature streams inform the paper's conceptual underpinning: regional value capture and RDCs. We explore pertinent concepts to create a solid conceptual foundation that integrates these two ideas.

2.1. Regional value capture

Recent management scholarship no longer views value solely in economic terms but extends beyond financial outcomes, encompassing social welfare and environmental sustainability (Brown et al., 2024; Singh et al., 2022). While sustainable value extends beyond the traditional definition of value creation, both involve similar stakeholder roles and types of engagement (Patala et al., 2016). Hence, we leverage the wider concept of value creation inherent within the regional development literature, linking it to the contexts in which SBs operate.

The concept of sustainable regional value centres around the net benefit derived from a variety of economic and social activities within a specific area. Regional value is influenced by the functioning of ecosystems at the regional scale and by their interactions with the broader world (Bailey et al., 2020; Jeannerat & Theurillat, 2021). A regional ecosystem is defined as a value network comprising actors within a specific region that interact to co-create mutually beneficial outcomes (Brown, 2023; Clarysse et al., 2014; Rickett et al., 2023), employing various strategic approaches, such as developing partnerships, enhancing their bargaining power and leveraging technological advancements (Neilson et al., 2018). This regional value co-creation requires agile, responsive and mutually supportive processes, as it involves co-production, engagement and resource integration among stakeholders (Babu et al., 2020; Ranjan & Reed, 2016). Thus, regional value can be harnessed by optimising the region's DC. Moreover, regional actors benefit when the created value remains within their region, leading to the concept of regional value capture.

Hence, regional value capture refers to the utilisation and retention of created value within a region (Labory & Bianchi, 2021). Sustainable regional value capture would also include environmental and social dimensions. There is significant overlap between value capture and value co-creation, as co-creative partnerships among actors within a regional ecosystem can foster value capture.

Nevertheless, it is essential to recognise that value is not only co-created but also can be co-destroyed (Rahman et al., 2019). Value co-destruction may also emerge, reflecting a diminishment of the value in the regional ecosystem (Echeverri & Skålén, 2011). When optimising regional value capture, it is crucial to consider how value can be co-destroyed by social, political and governmental actors within a region (Plé & Chumpitaz Cáceres, 2010; Rahman et al., 2019). Co-destruction can occur for various reasons, including system failures, conflicting goals, (intentional or unintentional) resource misuse, or lack of coordination between organisations, processual rigidity, or lack of effective communications (Apostolidis et al., 2021; Keeling et al., 2021; Plé & Chumpitaz Cáceres, 2010).

The existing literature, however, does not simultaneously examine the co-creation, co-destruction and capture of regional value. Moreover, there is some theoretical dissensus regarding the connection between value co-creation and co-destruction. While some authors view them as mutually exclusive (Makkonen & Olkkonen, 2017), others propose that they are interconnected and may occur within the same process (Rahman et al., 2019). Developing a comprehensive conceptual framework that encompasses value co-creation, co-destruction and capture can clarify how relevant drivers generate or undermine value within a region by leveraging the individual and collective capacity of various regional stakeholders. To further assess these concepts, we adopt the DCs theory, which has been widely used in existing literature to analyse how and why firms co-create value.

2.2. Regional dynamic capabilities (RDCs)

The concept of DCs has emerged as a substantial body of knowledge that analyses firms' performance and responses to evolving situations by leveraging, aligning, and modifying resources and capabilities (Teece et al., 1997). The term 'dynamic' refers to the continual evolution of the competitive environment, shaped by multiple factors, including innovation, policy changes and evolving consumer needs. DCs are vital to organisations for resource utilisation and value optimisation (Ambrosini et al., 2009; Teece et al., 1997).

The capabilities of businesses and entrepreneurs are intertwined with the dynamics and resources of a region (Labory & Bianchi, 2021) and collectively constitute regional capability (Boschma & Frenken, 2011). Regions, like individual companies, build and enhance their capabilities in order to leverage local assets. Regional capabilities can be influenced by various factors, including industrial and organisational diversity, infrastructure, policy and financial support, entrepreneurial drive, and historical background, shaping potential and opportunities within a specific region (Balland et al., 2018; Jipa-Muşat & Prevezer, 2023; Tripl et al., 2020).

As such, some regions may possess stronger capabilities than others. Regional governance, as well as regional resources, infrastructure and institutions, can make a difference. Some regions may experience diminished DCs due to incoherence between resource allocation and firm-level capabilities (Boschma, 2017; Isaksen & Tripl, 2016; Tripl et al., 2019). Different organisations within a region may also have different capabilities, leading to inconsistencies and tensions among the actors within the ecosystem. Accordingly, appropriate coordination and optimisation of regional capabilities are required to inform policy formulation (Isaksen et al., 2019; Laasonen, 2023). Regional DCs evolve through iterative interactions among firms, individuals (entrepreneurs and policymakers), regulations, and policies that shape resource utilisation and value creation. Furthermore, factors transcending a region's geographic boundaries can influence regional capability development and their outcomes. Hence, value created by one region can be transmitted to another. For instance, while many smaller European regions have benefited from the enhanced regional capabilities built upon European Union (EU)-funded projects, the top-down, 'one-size-fits-all' EU policy can simultaneously diminish the capabilities of regions and industries (Asheim et al., 2016; Tödting & Tripl, 2005).

The existing literature on SBs emphasises their capabilities, which are often supported by the regional ecosystem in which they operate, due to financial vulnerability, unstable or unclear regulatory environment, and their aim to achieve social well-being and environmental sustainability, objectives that may not always align

with those of other actors in the wider ecosystem (Bally et al., 2025; Kibler & Muñoz, 2020). As SBs often struggle to balance achieving those objectives with maintaining financial sustainability, they require specific capabilities to procure, capitalise upon and reconfigure resources to achieve their objectives (De Silva et al., 2021; Scarlato, 2013). However, SBs remain important stakeholders within the regional ecosystem and make valuable contributions to the RDCs. Hence, DC provides a useful conceptual underpinning to analyse how SBs' engagement with other stakeholders leads to value eco-creation, co-destruction and capture.

2.3. Research gap

Figure 1 illustrates the conceptual base of this paper by linking relevant concepts. Although SBs must have the necessary capabilities to run an organisation effectively, similar to a commercial entity, their products, services, and commitment to the community and environment are distinct from those of commercial entities. As such, their drive to enhance their capabilities, their engagement with ecosystem actors and their contribution to regional value capture differ. Existing literature lacks conceptual scaffolding and empirical constituents to explain the link between value co-creation, co-destruction and capture. We seek to address this gap. More specifically, this paper seeks to answer the following research questions:

- RQ1: How does SBs' engagement with stakeholders contribute to RDCs?
- RQ2: How do SBs' contributions to RDCs enable sustainable regional value capture?

We examine these issues in depth using data from SBs in Bangladesh and Greece. The next section elaborates on the methodology adopted to answer the research questions.

3. Methodology

3.1. Research philosophy and selection of contexts

We used an interpretivist approach to study how SBs can contribute to RDCs and support sustainable value creation, destruction and capture in their regions. This approach was chosen because our research questions aimed to understand the interactions among different actors, as well as the process and outcomes of these interactions. To enable an in-depth investigation into the stated knowledge gaps in the context of regional study, we selected two countries from Europe and Asia, namely, Greece and Bangladesh. Neither country has a standard legal definition of SBs. The term is usually conflated with non-governmental organisations (NGOs) and charities. Table 1 shows the similarities and unique features of the two countries to rationalise the selection.

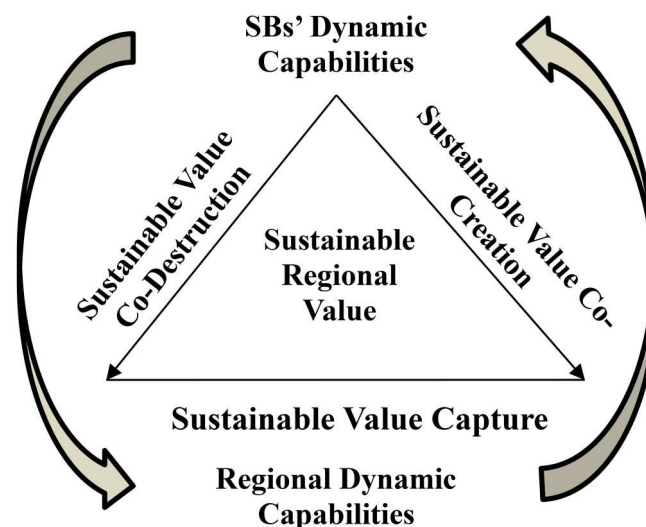


Figure 1. Conceptual framework: regional value capture through dynamic capabilities (based on the literature).

Table 1. The selection of research contexts.

Features	Country comparison
Geography	<ul style="list-style-type: none"> • Greece and Bangladesh are two countries in Southern Europe and South Asia, respectively. They are of similar size • Greece has a strong attachment to its European neighbours and is a member of the European Union and the Eurozone • Bangladesh is a member of the South Asian Association of Regional Cooperation (SAARC), which also includes India and Pakistan. Bangladesh has strong trade relations with China
Backgrounds in regional development through social business initiatives	<ul style="list-style-type: none"> • <i>The Economist</i> (2023) rated Greece as the top-performing economy in Europe in 2023. For the second year in a row, Greece has achieved remarkable results, with a gross domestic product (GDP) growth rate of 1.2%. In comparison, in 2024 Bangladesh was one of the fastest growing economies in Asia (dailystar.net, 2026) • Bangladesh is one of the development partners of large Organisation for Economic Co-operation and Development (OECD) nations. Professor Yunus' success with Grameen Bank has earned global recognition for Bangladeshi social entrepreneurs (Mahfuz Ashraf et al., 2019) • Currently, social businesses in Greece are growing in number, and they act as an intermediary between the public and private sectors (Adam, 2018). Greece, however, was a latecomer to the European accounts in establishing a specific legal framework for social businesses in 2011 (European Commission, 2013).^a The arrival of such reform activism was associated with the severe financial and social crisis initiated in 2010 (Koukiadaki & Kretsos, 2012). It was also driven by specific European Union directions to boost the social economy further

Note: ^aThe evolution of the national regulatory framework for social enterprises is characterised by a significant intensity and progress in the last decade with the enforcement of two relevant legal interventions on SBs (Law 4019/2011 and Law 4430/2016; for Law 4430/2016, see <https://www.kodiko.gr/nomothesia/document/242234/nomos-4430-2016>; and for Law 4019/2011, see <https://www.kodiko.gr/nomothesia/document/63473/nomos-4019-2011>).

By studying SBs in two different countries and their respective regions, we were able to gather data from a wide range of SBs, and this enriched our understanding of the contexts, relevant actors and their relationships. Specifically, the SBs interviewed varied greatly in turnover, headcount and local market share, and reinvested profits into a variety of missions (e.g., health, education and the environment). The businesses were drawn from a mix of urban and rural regions, and whilst almost all participants were senior and middle management, they represented diverse professional backgrounds, lengths of time in post and demographic characteristics.

3.2. Sample selection and data collection

To recruit SBs, we employed two sampling criteria. We approached SBs that were tackling diverse social issues, comprising agriculture, environment, tourism, health, education, sanitisation, employment, waste management, and food and nutrition. We purposely selected SBs based in both urban and rural areas. These two criteria enabled us to form a comprehensive case of SB operations in the selected countries by facilitating a diverse regional and mission-related understanding.

We conducted semi-structured interviews using predetermined, open-ended questions. Accordingly, we delved into regional and firm-level DCs and asked questions relating to value co-creation, co-destruction and capture. The data were derived from 28 individual participants from Bangladesh and 14 from Greece. These included senior and middle SB managers, and experts from industry and academia. For the detailed profiles of participants, see Appendix A in the supplemental data online.

The data were collected between November 2021 and May 2022. Interviews were conducted online, according to participants' preferences, which facilitated researcher access and suited the study timeframe. Interviews were undertaken either in English or the local language, according to individual participants' preferences, lasting between 60 and 110 min. For the interview protocol, see Appendix B in the supplemental data online.

3.3. Data analysis

The analytical validity of our study is focused on ensuring the credibility, plausibility and trustworthiness of the data, as well as its contribution to theory development. We upheld this analytical validity by rigorously collecting and analysing data, as recommended by Srivastava and Chandra (2018). Our data analysis began with the development of a coding framework, followed by the identification and classification of themes and codes in relation to the research objectives and existing literature. The three coders familiarised themselves with the interview transcripts to understand the contexts in which the SBs were

functioning. We established four primary thematic areas according to the research questions: (1) the regional ecosystem and the DCs of SBs (connected to research question 1); (2) the contributions of SBs to regional capability development (connected to research question 1); (3) sustainable value co-creation and co-destruction (connected to research question 2); and (4) sustainable value capture (connected to research question 2).

In the first stage, the three coders independently identified relevant codes from each thematic area following existing qualitative scholarly works (e.g., Dey et al., 2022; Singh et al., 2022). After accumulating the first set of codes, the three researchers reached a consensus on these codes, representing the second stage of coding, as outlined in Table 2. The second-order codes were then compared with the existing literature. For example, the nature and process of value co-destruction identified in our study aligns with the dialectical nature of value co-creation and co-destruction described by Rahman et al. (2019). An illustrative excerpt from the interviews, serving as evidence, is shown in Table 5. We employed a similar approach to derive other constructs corresponding to the designated subthemes, which were ultimately amalgamated to create evidence-based conceptual scaffolding. Table 2 presents an example of the first- and second-order codes associated with the three main themes.

4. Findings

The four key thematic areas identified in Table 2 define the scope of the findings in light of the research objectives and conceptual underpinnings. First, we explore SBs' engagement with other stakeholders in the regional ecosystem and how they shape SBs' capabilities and RDCs. We identify how these capabilities enable them to negotiate with the actors and drivers that lead to the co-creation, co-destruction and capture of sustainable regional value. Finally, we critically assess existing policies which can facilitate SBs' contribution to sustainable regional value capture. Additionally, Appendix C in the supplemental data online shows the sets of regional values (e.g., social, environmental) which SBs offer.

Table 2. An example of data coding.

Key thematic areas of this research	First-order codes	Second-order codes	Final constructs
Regional ecosystem and SBs' dynamic capabilities	Resource-sharing Support mechanism Training Need for capacity development Regional growth Social and environmental understanding	Sharing of resources Support within an ecosystem Knowledge and capacity development Regional growth Social challenges	Resource-sharing within an ecosystem Knowledge- and capacity-building support Adaptability
SBs' contributions to regional capability development	Social value Environmental value SBs' contributions to social and environmental value Contributions to other businesses	Social and environmental value SBs' contributions to social and environmental value Contributions to other businesses	Championing social and environmental value Contributions to other businesses
Sustainable value co-creation and co-destruction	Continuous iterative process of value co-creation Dynamic interrelationship between actors Drivers for value co-destruction Interrelationship between value co-creation and co-destruction Why is value co-destroyed?	Dynamic process of value co-creation Drivers for value co-destruction Nature and process of value co-destruction	Dynamic process of value co-creation Drivers for value co-destruction Dialectic nature of value co-creation and co-destruction
Sustainable regional value capture	Collaboration Support mechanism Entrepreneurial Innovation Regulation Regulated markets Responsiveness Flexibility	Collaboration Entrepreneurial leadership Innovative vision Regulations Agility Flexibility	Collaboration Entrepreneurial leadership Regulations Agility

Note: SB, social business.

4.1. SBs' contribution to RDC

In our interviews, participants argued that by identifying and engaging with appropriate regional stakeholders (such as local authorities, organisations or communities), they could overcome their financial and operational challenges, and maintain their commitment to their social mission. Concurring with existing literature, our findings from both countries highlight the importance of regional resource-sharing and knowledge transfer, as well as business adaptation to the regional context, as important sources of DCs for the SBs (Grillitsch & Nilsson, 2017; Singh et al., 2022) (Table 3). These capabilities enable SBs to remain competitive, avoid mission drift and maintain sustainable value creation by adapting to changing conditions. For instance, several organisations in Bangladesh decided to assist local SBs through support and partnerships, which include knowledge transfer, capacity-building and training, and specialised guidance in areas such as idea refinement, launching viable products/services and arranging seed capital. These guiding organisations play a critical role in shaping SBs' knowledge-based DCs, as appropriate knowledge assets can enable the adaptability of the organisations' strategies (Kaur, 2023).

Similarly, in line with existing literature, resource-sharing with other stakeholders in the ecosystem was also highlighted by our participants as a significant source of DCs (Faridian & Neubaum, 2021; Mihailova, 2023). Particularly in cases of financial constraints (e.g., during the early stages of the SB) or SBs focus on complex social issues (e.g., women's health), sharing of resources has been proven essential in terms of sensing and seizing opportunities in the ecosystem. At the same time, model adaptation was reportedly essential to ensure the viability of the SBs' activities, as our participants report several obstacles in their pursuit of engagement with other organisations. Most participants (almost 100%) stressed social challenges, highlighting issues arising from a lack of understanding and support for SBs and a volatile macro-environment. Our participants linked the initial lack of support to policy-related complications, complex bureaucratic processes and stigma surrounding SBs. As shown in Table 3, these issues stemmed from the lack of understanding of the central and local governments of the needs and values of SBs and their inability to establish suitable support systems to enable knowledge transfer and capacity-building.

Corroborating existing literature, our findings confirm that, similar to firms, regions can also develop DCs, in order to recombine, reconfigure, reshape, and optimise their resources to react in response to change and capitalise on value co-creation opportunities (Balland et al., 2018; Jipa-Muşat & Prevezer, 2023; Trippel et al., 2020). When applied at a regional level, DCs refer to a region's collective ability to learn, innovate, adapt institutions, deploy resources effectively, and reconfigure economic structures in response to changing environments. Due to their strong links to regional stakeholders (e.g., Bally et al., 2025), SBs' capabilities strongly influence (and are influenced by) the capabilities and resources of the region, which ultimately contribute to the region's DCs. Our findings suggest that, since SBs are often rooted in local problem-solving and stakeholder engagement, the development of their knowledge-based DCs can translate community insights and regional resources into tacit knowledge, knowledge networks, scalable solutions and innovation that can help them sense and seize sustainable value capture opportunities efficiently. Similarly, resource-sharing partnerships can enable mobilisation and reconfiguration of local resources and enhancement of social capital and trust within the ecosystem, which can enhance collaboration, adaptation and resilience within regions. Finally, by having to develop capabilities that allow SBs to adapt their business model to fit in an often unclear and

Table 3. Influence of the regional ecosystem on social businesses' (SBs) capacity development.

Themes	Interview responses
Resource-sharing within an ecosystem	<ul style="list-style-type: none"> 'The success of our SB could be attributed to a few factors, such as strong network support, adoption of an innovative approach for addressing the social issue (women's health), and an effective and efficient business model' (participant 3, Bangladesh) 'The vast majority of the initial investment was covered by me personally. ... However, I was helped by my friends, as we shared offices and infrastructure at the initial stage' (participant 4, Greece)
Knowledge- and capacity-building support	<ul style="list-style-type: none"> 'To assist the SBs in overcoming the barriers, we adopt incubation and acceleration programmes, which comprise capability building, training and consultation support' (participant 22, Bangladesh) 'You can find cooperative local banks that could support SBs only in certain areas and regions, such as in Karditsa and Crete. In Athens and Thessaloniki, there are impact hubs. We do not have such support in our area. There is no specific fund for SBs, and the capacity of preparing and submitting a proposal for funding from the EU is very competitive ... particularly without any training or support' (participant 2, Greece)
Adaptability	<ul style="list-style-type: none"> 'In Greece, you can be either an NGO without a business model or a typical for-profit organisation. There are about 10 non-governmental bodies that provide funding for SBs' (participant 1, Greece)

uncertain political and legislative environment, they can increase awareness of and introduce new business models and governance practices, that can improve resilience and reduce systemic risk.

Our participants highlight that these RDCs can support the development of routines, processes, abilities and networks that allow a region to sense and seize opportunities and transform resources to create and capture sustainable value, in ways that support SBs and help them achieve their social mission. This can involve employment generation, more efficient use of local resources, support for local vulnerable communities, building social capital and trust in the region, and increased productivity.

Interestingly, our participants also explain how SB DCs can create opportunities for them to extend their operations or their stakeholder network into other sectors or regions, further amplifying their impact on RDCs and eventually sustainable value creation. Challenges in this case, however, include mission drift and a lack of long-term commitment from SB members and other stakeholders, which may impact the organisation's longevity and influence their priorities, and, consequently, their contribution to regional sustainability. Table 4 presents how SBs can contribute to regional capability development to co-create sustainable value. It is interesting to note, however, that fewer respondents were able to identify their SBs' contributions to the wider business ecosystem. A possible explanation for this may be their lack of strategic understanding regarding how their SBs create symbiotic relationships with other businesses.

4.2. Sustainable regional value capture

4.2.1. Value co-creation and co-destruction

While the reciprocity between the DCs of SBs and regions enables them to shape one another, the outcome creates value. As identified in the extant literature (e.g., Rahman et al., 2019; Singh et al., 2022), value is not simply created but co-created by actors within a business ecosystem. First, we can identify value co-creation as an outcome of dynamic, evolving engagement among ecosystem members. An overwhelming majority of the respondents (38/42) recognised the dynamic nature of the interactions within the ecosystem, although fewer (31/42) could ascertain the dialectical nature of value co-creation and co-destruction.

Further evidence suggests that value co-creation and co-destruction are strongly interconnected and can happen in the same production process. As such, value co-creation and co-destruction are not necessarily mutually exclusive. Whether value will be co-created or co-destroyed depends on how actors (e.g., SBs, stakeholders) use their capabilities to negotiate with organisational attributes and with meso- and macro-level drivers. Participants highlighted that, although their SBs interact and co-create sustainable value with large (regional, national and international) stakeholders, the availability (or lack) of resources, opportunities and supporting regulations/policies can lead to either value co-creation or co-destruction. This evolves dynamically (Table 5).

Based on the above discussion, we argue for the importance of understanding value co-creation from a critical perspective, incorporating both co-creation and co-destruction. This is necessary to analyse how value is regionally captured.

4.2.2. Sustainable value capture: collaboration, agility, regulations and entrepreneurship (CARE)

Our research highlights various micro-, meso- and macro-level drivers that impact RDC and consequent value co-creation/co-destruction and value capture (key themes and frequencies are outlined in Appendix

Table 4. SBs' contribution to regional capability development.

Themes	Interview responses
Supporting sustainable regional value	<ul style="list-style-type: none"> 'When we first started, it wasn't easy to make enough money from this business. I was lucky to get initial support from partnering organisations. Gradually, we developed trust and cooperation from other business and not-for-profit organisations. Now, they consider us a valued partner. We are proud to have championed these principles in our region and now many others are on board too' (participant 3, Greece) 'For the government of a resource-constrained country like Bangladesh, it is not always possible to provide key facilities (e.g., health and education) to every remote area' (participant 25, Bangladesh)
Contribution to other businesses	<ul style="list-style-type: none"> 'We gradually scaled up our processes. We were initially working with two fishermen, and we expanded our activities. Now we operate in 36 ports in Greece and Italy. In general, we cooperate in Greece and Italy with over 320 fishing vessels and 1,500 fishermen, and we remove five tons of plastic from the sea every week' (participant 1, Greece) 'We have been working with youths from urban slum areas and contributed to their capacity development. Now many of them have started their own businesses. ... They now contribute in their own way to the local community, and we are still taking advantage of any opportunity to work together' (participant 11, Bangladesh)

Table 5. Value co-creation and co-destruction.

Themes	Interview responses
Dynamic nature of value co-creation	<ul style="list-style-type: none"> • 'We got support from commercial organisations, NGOs, and the local community for scaling up the production and distribution of the outputs. We could provide healthy food to individuals in target areas at a nominal price. It is a co-creative process which benefits and brings value for all parties and continues to evolve' (participant 4, Bangladesh) • 'We engage with a wide range of stakeholders, including the local community. Our community members provide local insights and ideas, which we use in innovating services. On the one hand, the older generation of fishermen transfers their knowledge to us; on the other, we also obtain information from local communities about illegal trawlers. Together, we are working towards sustainable fisheries' (participant 4, Greece)
Value co-destruction due to imperfect competition, a lack of policy support, and the bargaining power of larger partners	<ul style="list-style-type: none"> • 'SBs have to rely on/collaborate with other organisations for market access, investment/funding, policy support, and resource sharing. These collaborations may be beneficial for the SBs, but in many cases, this results into the non-SB partner exerting dominance over the SBs' decision making and operations' (participant 28, Bangladesh) • 'Many of our partners are corporate organisations that naturally want to prioritise their own agenda while collaborating on any project. Since we focus particularly on environmental protection and climate change issues, it is difficult for us to go into any partnership that hardly touches the environment' (participant 1, Greece)
The dialectic interrelationship between value co-creation and co-destruction	<ul style="list-style-type: none"> • 'We provide free education to underprivileged children of the remote areas of the country. Despite our efforts, we do not receive adequate support from our partners and other stakeholders. We often invest significant time and resources in persuading and negotiating with local opinion leaders. That diminishes value for all parties' (participant 8, Bangladesh) • 'We receive funding from the EU for our social business that deals with agricultural outputs. While the EU support is critical for our existence, it comes with baggage, such as obsession to meet the funding requirements, unnecessary bureaucracy, and a lack of locally appropriate funding schemes' (participant 6, Greece)

D in the supplemental data online). More specifically, participants highlighted the importance of micro-level DCs, such as collaborative resource-sharing and knowledge/capacity-building, to SBs' contributions to regional sustainable value capture, while factors such as entrepreneurial leadership and regulations were also mentioned by most respondents in both countries.

Our findings also offer strong evidence to suggest that SBs have to contribute to the agility of the regional ecosystem. Agility is the capacity to adapt to a dynamic environment by sensing, analysing and responding rapidly to environmental changes (Guo et al., 2023; Harsch & Festing, 2020). Agility is an essential attribute for SBs who grapple with dynamic changes in the business landscape. The ability to respond to external changes is a key attribute for generating value while remaining competitive in the market, while regional agility is essential to ensure that the value created stays within the region.

Structural changes within a business ecosystem are argued to be a precondition for continuous innovation and growth (Asheim et al., 2011; Boschma, 2004). However, SBs often lack sufficient financial and market strength to effect structural change through innovation and growth. Concurring with existing literature (Babu et al., 2020; Carayannis et al., 2019; Jabbar et al., 2025), our findings indicate that SBs are required to hone their entrepreneurial skills to interact meaningfully with other stakeholders (e.g., from the industry, government, academia and local community), in order to navigate the challenges and stay ahead of the curve. Our interview respondents strongly feel the need for enterprising plans and ability to motivate, manage and guide their stakeholders and use their resources. As such, we have identified entrepreneurial leadership as a driver, affecting the relationship between SBs and RDCs, and regional value capture.

At the meso-level, collaborations with appropriate stakeholders (e.g., commercial organisations, SB incubators/facilitators, NGOs, other SBs, local communities and universities) are vital to RDC and sustainable regional value creation. In both Greece and Bangladesh, the mobilisation of resources, the utilisation of local knowledge, and the distributed support and collaboration among ecosystem members lead to the co-creation of sustainable value. However, factors such as policy issues, bureaucratic 'red tape', and the dominance or non-cooperation of larger (commercial) organisations may impede the sustainable value creation process and even lead to value co-destruction. Table 6 summarises the findings by providing evidence of the drivers that contribute to sustainable value capture.

5. Discussion

The findings of this research are based on the four major themes, which emanate from the two research questions. In this section, we integrate the findings and the four themes within the two research questions and discuss the development of the CARE model (Figure 2).

Table 6. Drivers of sustainable value capture.

Dynamic capabilities and drivers	Interview response
Collaboration	<ul style="list-style-type: none"> • 'We offer educational services for underprivileged children, and we have to develop a strong rapport with various social and youth organisations. At the same time, we must collaborate with schools that solicit donations from their students. I also support other social businesses with my contacts, and often we work on joint projects, such as developing environmental awareness' (participant 15, Bangladesh) • 'The reason we have been able to successfully serve local communities and protect the local environment is our understanding of the people and organisations. We are in the agricultural sector, and you know how important ecosystems are. To ensure sustainable fisheries, we must collaborate with individual fishermen, government organisations, and wholesalers. Without having them on board, we are unable to make any inroads' (participant 11, Greece)
Agility	<ul style="list-style-type: none"> • 'Another significant challenge I face is that there is no actual process for my organisation to be registered as an SB, as they have to be either registered as a Company or as a Charity or as a Trust. I have to adapt and remain flexible about how I identify my organisation and its operations' (participant 14, Bangladesh) • '[T]he conflict was mostly due to disagreements amongst members regarding the priorities that our organisation should have during the Covid-19 pandemic – members did not consider it fair to wait three years until our organisation was financially secure. ... This competitiveness and tension were against the mission of the organisation and the nature of the service we strive to offer. ... Following discussions with lawyers and consultants, we decided to adopt a more flexible structure, retaining a small core team within the organisation and engaging a larger number of external collaborators, who provided expertise as needed to deliver value to our customers. That flexibility helped us improve the quality of the service and the social impact' (participant 7, Greece)
Regulations	<ul style="list-style-type: none"> • 'In Bangladesh, the SBs are to be registered either as a business entity or an NGO, which is really challenging for the SBs. Moreover, the SBs, which are dealing with sensitive social issues, experience social resistance from the local community to reach the target audience' (participant 27, Bangladesh) • 'When we started this enterprise, we faced ambiguity due to the nature of our social enterprise and the contribution we wanted to make, but also the general uncertainty around support and regulations for social businesses' (participant 10, Greece)
Entrepreneurial leadership	<ul style="list-style-type: none"> • 'I decided to take over the leadership of the organisation, as I was the one with better awareness and understanding of the opportunities and challenges, the vision for the organisation and the required networks. Although I ended up investing a lot of my personal time and money, on hindsight it was the only way we could finalise the work required for our social business, improve the sustainability of the organisation and help the local families' (participant 4, Greece) • 'We [SB facilitators] constantly provide various support to the SBs for idea generation and refinement, incubation, and finally acceleration. We are happy to see that many of the SBs which we supported are now working successfully to address various social issues while achieving sustainable growth' (participant 21, Bangladesh)

5.1. How SBs build their DCs while contributing to RDCs

Based on our findings, we posit that the network of capabilities depends on establishing a business ecosystem, which may encompass SBs, commercial organisations, institutions and communities. Hence, SBs face the challenge of remaining competitive in a business ecosystem in which other partners do not necessarily share the same level of social commitment. For instance, participants from Bangladesh reported being unable to meet the requirements of their ecosystem actors due to financial and operational constraints. Nonetheless, actors working with SBs within an ecosystem must be incentivised to ensure their continuous engagement and support. For example, the Bangladeshi government's support for a 100% export-oriented garment industry has empowered local governments and strengthened the regional capabilities of districts surrounding Dhaka, which have emerged as hubs for readymade garment industries. Similarly, the support of sustainable fisheries in Greece, as reported in the findings, contributed to the development of a robust ecosystem, leading to the scale-up of their operations and the systematic removal of plastic waste in the respective regions.

The above examples concur with the trinity of change agency perspective (Grillitsch & Sotarauta, 2020), which indicates that structural changes may be facilitated by entrepreneurship and regional leadership. Our findings advance this understanding by highlighting the importance of consistent and synergistic alignment between firm and RDCs, which leads to sustainable regional value. Furthermore, SBs leverage and embed locally grounded knowledge acquired through social and communal networks. The outer circular flow (Figure 2) illustrates how SBs, business ecosystems and regional capabilities are interconnected.

5.2. How the mutual shaping of SBs, DCs and RDCs enable sustainable regional value capture

Our findings suggest that business ecosystems serve as platforms for value co-creation. However, we further extend this understanding by arguing that value can be simultaneously co-created and co-destroyed. Value

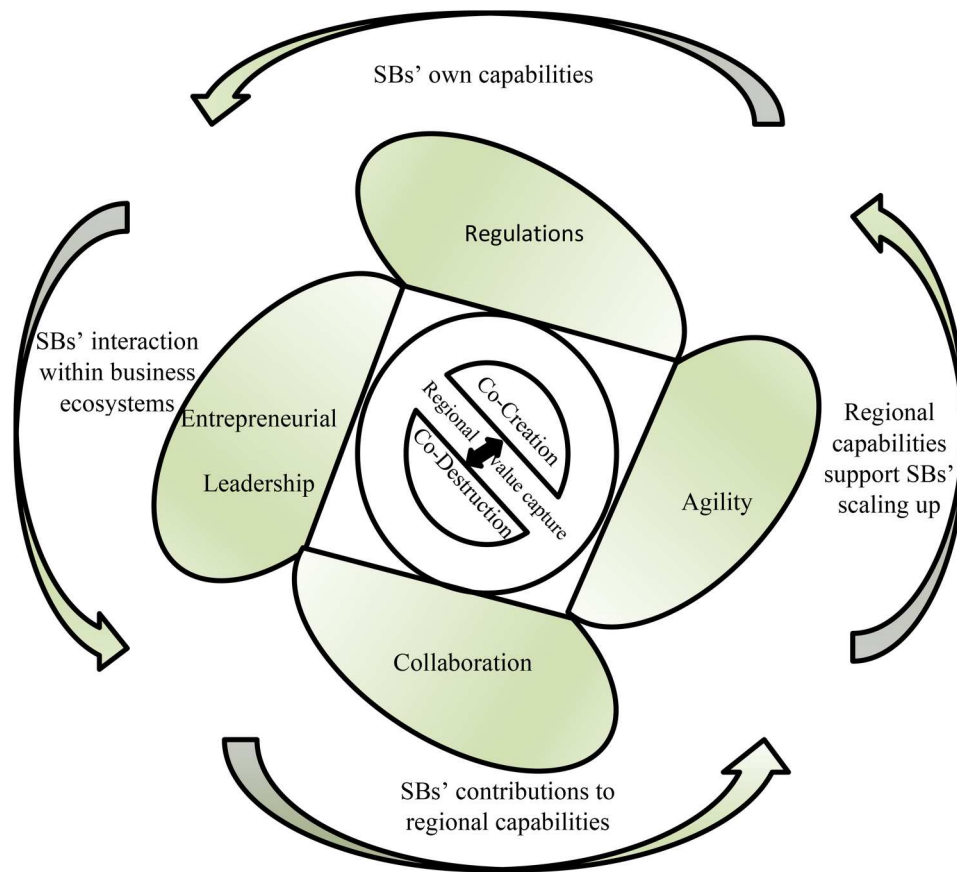


Figure 2. Collaboration, agility, regulations and entrepreneurship (CARE) model of sustainable regional value capture by social businesses.

co-creation, co-destruction and value capture evolve in a spiralling manner. The existing literature has discussed the dialogical interrelationships among various actors in value co-creation (Prahalad & Ramaswamy, 2004) and co-destruction (Keeling et al., 2021). This paper adopts a critical perspective toward value co-creation and co-destruction. In both countries, specific drivers and organisational attributes determine how and to what extent sustainable value is co-created, co-destroyed and captured. These include an entrepreneurial and agile approach to utilising local knowledge, distributed support and collaboration, and ethical standards applied within an industry. However, discontinuities in engagement policies, excessive bureaucracy, and an unregulated business ecosystem can create opportunistic actors, power dominance by larger entities, and unethical business practices. These, in turn, diminish the value that accrues to SBs and to wider society, constituting value co-destruction.

According to our findings, contributions to the pathway for sustainable regional value capture require a strong commitment to responsibility and collaboration, which can be achieved within a regulated environment (see Table 6 for indicative quotations). In both countries, our participants felt that a lack of clear and consistent regulatory support severely affected their ability to co-create value, while greater regional efficiency can be achieved by reducing bureaucracy. For instance, a participant from the Greek agricultural sector highlighted how EU funding can cause producers to focus on unnecessary bureaucratic tasks, diverting their attention and hindering their ability to utilise their capabilities effectively. Similarly, the red tape involved in accessing EU funding reportedly consumes significant time and effort for SBs, which could be better utilised elsewhere. Therefore, EU support can be seen as a double-edged sword – while it provides funding, it also reduces resources and capabilities. Policy interventions at the EU and national levels, and support from local governments, can help reduce bureaucracy and increase opportunities for value creation.

The above also highlights that, in a regional context, value co-destruction is not entirely distinct from value co-creation; these processes can occur at different points in interactions and may involve multiple

stakeholders, and their policies and practices. In effect, the optimisation of RDC can ensure value co-creation and mitigate risks for value co-destruction. Therefore, we integrate the dynamic processes into a comprehensive conceptual model – the CARE model.

5.3. The CARE model of sustainable value capture

The existing regional studies literature suggests that regional value capture is achievable through vertical integration within the production system, technological formation and a robust regional business ecosystem (Neilson et al., 2018). However, our findings suggest that these conditions are either absent or inadequate for SBs to contribute to regional value. Adopting a DC theoretical lens, we have constructed the CARE model (Figure 2) to demonstrate the preconditions for sustainable regional value. We have identified a set of micro-, meso- and macro-level drivers, namely CARE leadership. These drivers are facilitators of the links between SB DCs and RDCs and preconditions for value co-creation, while their absence and/or inappropriate application may even lead to value co-destruction.

SBs can balance entrepreneurial success and sustainable value creation by leveraging local knowledge through collaboration and engagement with local communities and businesses (Alvedalen & Boschma, 2017; Kibler & Muñoz, 2020; Smith & Stevens, 2010). However, regional value capture requires entrepreneurial initiatives that can creatively embed value within local institutions. This is achievable through collaboration among local actors and the complementarity of the organisations' DCs within an ecosystem. As discussed, in loosely or unregulated business environments, the collaboration and complementarity of capabilities are impeded by several factors, including unethical business practices, unequal competition, power dynamics between small and large organisations, and a top-down approach to policy formulation. Accordingly, effective coordination amongst actors within an ecosystem requires a regulatory framework that can safeguard the interests of SBs and smaller entities. Figure 2 builds on the conceptual architecture and research gaps identified in Figure 1 and incorporates our findings to synthesise the CARE framework and outline the contributions and novelty of this research.

6. Conclusions

6.1. Theoretical contributions

This paper offers two key theoretical contributions. First, it enriches the existing literature on regional value capture by exploring the dynamic interaction between value co-creation and co-destruction. We assert that value co-creation and co-destruction are not necessarily mutually exclusive and can happen within the same context. Moreover, we demonstrate, through the presentation of data-driven insights, that value co-creation and co-destruction occur together and may be intertwined and at least partially inseparable, which can affect the value capture process. This constitutes a significantly more nuanced representation of the three phenomena than the extant literature provides. By minimising value co-destruction and fostering co-creation, optimum regional value can be captured.

Second, it establishes a conceptual foundation for enhancing the RDC to facilitate sustainable regional value capture. We argue that for SBs to generate sustainable value within a regional context, they must refine their DCs to effectively engage within business ecosystems, which optimises RDC. The four drivers identified and analysed in this paper – collaboration, agility, regulation and entrepreneurial leadership – provide a comprehensive set of preconditions to enhance and harness SBs' DCs. Furthermore, whereas entrepreneurship studies often portray regulation (and, to a lesser extent, collaboration) as impediments to agility and entrepreneurial leadership, we examine how these factors can interact with one another to enhance SB outcomes.

6.2. Practical and policy recommendations

In the context of Bangladesh, SBs are struggling due to a lack of supportive regulatory frameworks. They are often classified as commercial entities, while they lack the luxury of focusing only on commercial

success. Similar regulatory challenges impede SBs in Greece. We suggest that a coherent regulatory framework recognising the financial and operational challenges of SBs is imperative for their continuity as well as for sustainable regional development through robust RDC. Unregulated and asymmetrical competition not only damages regional sustainable value but may also inhibit SBs' growth and contribution to RDC. Local governments have a crucial role in pivoting the success of SBs and contributing to sustainable regional value. As suggested by Labory and Bianchi (2021), universities can play a major role in capturing regional value by building capacity and developing the leadership of local entrepreneurs. Additionally, a pluralistic and cohesive ecosystem demands continuous and sustainable partnerships between the stakeholders. The provision of tax relief and other financial incentives and support from local regional financial institutions in the form of low-interest and easily available loans for SBs and their collaborators can foster greater cohesion and sustainable opportunities for collaboration. Policy intervention is also required to limit the influence of dominant actors and encourage benefits for local businesses and employment.

6.3. Limitations and further research

As has been widely represented in the existing literature, regional development and sustainability are multifaceted concepts which may be affected by numerous factors. This study has assessed those factors relating to SBs and whether/how they can contribute to sustainable regional development. Although this work contributes significantly to SB-related policies and strategies, the drivers and processes identified and described are neither exhaustive nor fully independent of contextual limitations. For instance, although the current study demonstrates how the absence or inappropriate application of the CARE drivers may lead to value co-destruction, instead of value co-creation, future research can extend our model by exploring the existence of other, more specific, factors that could lead to the co-destruction of regional value and negatively affect regional value capture.

Furthermore, although this paper develops a generic understanding of SBs' operations and contributions to regional value capture, we suggest that future research extrapolates the findings into other regional contexts. Additionally, longitudinal case studies on industry-specific SBs may provide further insights and enrich our understanding. Although it can be argued that SBs working in various sectors may encounter specific contextual challenges and issues, a granular analysis of sectoral factors and drivers is beyond the remit of this paper. These points can be further explored in future research to advance our understanding and knowledge in this area.

Author contributions

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No potential conflict of interest was reported by the authors.

Ethics statement

The authors confirm that informed consent was obtained from all participants in written form.

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Data availability statement

Due to the nature of the research, the supporting data are not available.

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