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BUSINESS MODEL INNOVATION FOR SCALABLE REGIONAL EXPANSION OF LOCAL ENGLISH COURSE: A DESIGN THINKING APPROACH

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Abstract

English proficiency in Indonesia remains low, particularly in semi-urban regions where access to communicative, quality instruction is limited. Non-formal English learning centres like UP Speaking Learning Centre (UP SLC) offer vital alternatives but face systemic barriers when expanding via conventional branch models, namely high sunk costs; operational fragmentation; and weak local legitimacy. This study explores how UP SLC can redesign its business model for scalable, sustainable regional growth without replicating capital-intensive replication. Guided by three propositions rooted in business model innovation, design thinking, digital adoption, and entrepreneurial ecosystem theory, the research employs a qualitative, exploratory case study. Data were gathered through two focus group discussions, six in-depth interviews, and prototype testing with 48 stakeholders, followed by thematic and descriptive statistical analysis. Findings reveal that a hybrid model combining cafe-based micro-hubs and a lightweight digital platform significantly enhances accessibility, reduces setup costs by over 85%, improves operational coherence, and accelerates community trust. Stakeholders strongly validated the model's feasibility (mean = 3.62), usability (mean = 3.71–3.79), and long-term adoption readiness (mean = 3.67). The study contributes a context-sensitive, community-embedded business model that aligns with the socio-spatial realities of semi-urban Indonesia and advances inclusive educational entrepreneurship.

Keywords: Business Model Innovation; Community Partnership; Design Thinking; Digital Coordination; Non-formal English Learning

INTRODUCTION

English proficiency in Indonesia remains a persistent developmental challenge. According to the English Proficiency Index (EFI) (2025), the country ranks 80th out of 113 nations, with a national score of 471 (Figure 1). This score is categorized as low proficiency. The gap is particularly pronounced in semi-urban and rural regions, where access to quality, communicative English instruction is limited. While formal education systems often emphasize grammatical accuracy over spoken fluency, non-formal learning centers have emerged as vital alternatives. However, many of these institutions rely on a conventional branch-expansion model that is capital-intensive, operationally rigid, and poorly suited to contexts with fragmented demand and constrained resources. High sunk costs associated with rental, renovation, and localized marketing frequently result in long payback periods and financial vulnerability, especially when student enrollment fails to meet projected thresholds.

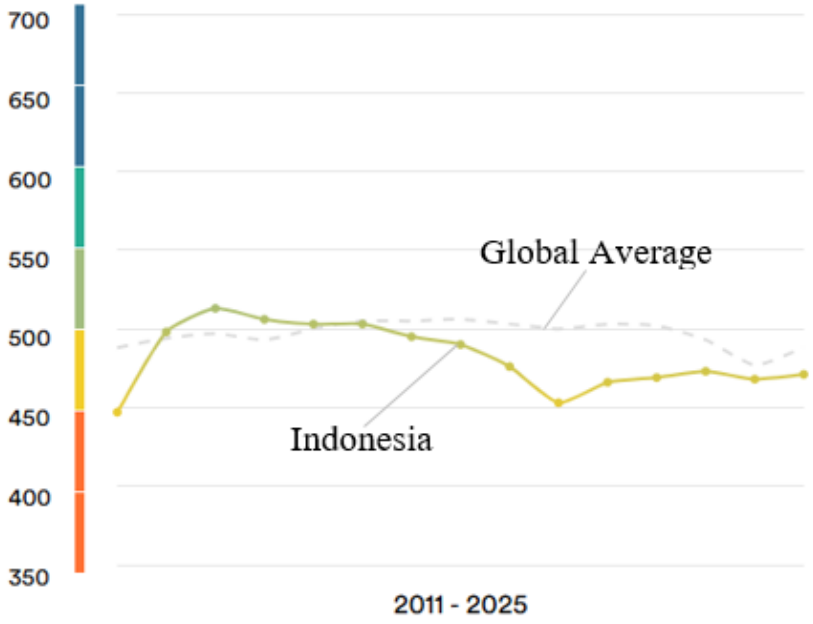

Figure 1.
EF English Proficiency Index Trends Indonesia vs Global Average (2011-2025)
Sources: EF Education First (2025)

Scholarship on non-formal education services in emerging economies has largely focused on pedagogical methods or digital delivery mechanisms. Less attention has been given to the strategic reconfiguration of business models that enable sustainable regional reach. Existing studies on business model innovation highlight the importance of aligning value proposition, value creation, and value capture (Cruz-c, 2026; Richardson, 2008). Yet few examine how small educational providers in semi-urban Indonesia can adapt these principles under resource constraints and community-specific dynamics. Moreover, while design thinking is increasingly recognized as a tool for human-centered service innovation Brown (2008) its application to the strategic design of scalable, low-capital educational models remains underexplored. This gap is significant. Scalability in such contexts depends not only on financial efficiency but also on proximity, trust, and embeddedness within local ecosystems.

Empirical observation from the case of UP Speaking Learning Centre (UP SLC), a growing English provider in Kuningan, West Java, illustrates these tensions vividly. Its central branch has achieved robust enrollment growth, rising from 82 students in 2021/2022 to 514 in 2024/2025. In contrast, expansion into nearby sub-districts such as Luragung and Jalaksana has yielded suboptimal results. New branches operate well below capacity despite generating positive cash flow. This stems from a mismatch between high fixed costs and volatile local demand. Setup expenses amount to approximately IDR 100 million per location, with 75% allocated to non-recoverable items such as rent and renovation. These costs create structural pressure that marginal student uptake cannot offset. Compounding this issue, operational workflows remain manual. Registration, scheduling, and parent communication rely on spreadsheets and WhatsApp, leading to coordination bottlenecks as the organization attempts to manage dispersed sites without integrated systems.

From the demand side, parents exhibit a strong preference for the main branch, citing familiarity, perceived quality, and trust. New locations struggle to replicate these attributes without deep community integration. Stakeholder insights further reveal that parents and students value accessibility, psychological safety, and socially engaging environments. Many express interest in informal settings such as cafes, which they associate with lower intimidation and higher motivation. Meanwhile, community partners, including local cafe owners, signal openness to collaboration. They recognize mutual benefits in increased foot traffic and shared social value creation. These findings converge on a central problem. The traditional branch model is structurally misaligned with the economic, operational, and socio-spatial realities of semi-urban Indonesia.

Therefore, this research aims to explore and propose a scalable business model grounded in stakeholder insights, community partnerships, and lightweight digital coordination. Specifically, it seeks to answer how UP SLC can redesign its operational and value delivery logic to achieve sustainable regional growth without replicating the financial and structural limitations of physical branch replication. In doing so, the study contributes to the marketing literature by advancing a context-sensitive approach to business model innovation. This approach prioritizes relational embeddedness, operational agility, and customer-centric value design in resource-constrained market.

REVIEW OF LITERATURE

The scalability of non-formal English learning center in emerging economies is constrained by structural conditions that diverge sharply from those in urban or digitally saturated markets. Empirical evidence indicates that growth in such institutions is often impeded by excessive reliance on physical branch replication, limited capital reserves, and volatile regional demand patterns (Amin & Nursyamsiah, 2025; Trotta et al., 2026). The conventional expansion model demands significant upfront investment in rental space, interior renovation, administrative staffing, and localized marketing (Aldhamad et al., 2025; Varela, 2018). These costs are largely fixed and non-recoverable. Recent studies on Indonesian MSMEs confirm that business model innovation, coupled with digital transformation and creativity, significantly influences competitive advantage and overall performance (Adisaksana, 2020). This suggests that traditional expansion models must be reimagined through innovative business configurations that align with local resource constraints. In semi-urban Indonesia, learner acquisition hinges on proximity, community

familiarity, and interpersonal trust rather than mass promotion (Pramana, 2018). This capital-intensive approach therefore creates financial fragility(Chletsos & Sintos, 2021). When enrolment falls short of projections, as frequently occurs in new sub-districts, branches operate below breakeven thresholds (Askari, 2017; Suherman & Purnomo, 2025). This results in extended payback periods and diminished strategic agility.

Operational scalability is further compromised by workflow fragmentation. Most small-to-mid-sized learning center depend on manual systems for registration, payment tracking, scheduling, and attendance monitoring (Raymond et al., 2025). These processes are manageable in a single location but become inefficient and error-prone when replicated across dispersed sites (Rido et al., 2023). Empirical observations from semi-urban West Java reveal persistent mismatches between tutor availability, student preferences, and facility capacity. Compounding this issue, brand awareness and perceived quality remain concentrated in central branches. Satellite locations are thus less attractive despite geographic proximity. This triad of constraints –high sunk costs, operational rigidity, and uneven market legitimacy– demonstrates that traditional replication is ill-suited for resource-constrained, community-anchored contexts (Cabral & Ross, 2008; Jones et al., 2009; Munyanyi & Pooe, 2019; Zheng et al., 2022).

Learner preferences further underscore this misalignment. Recent studies across emerging Asian markets consistently show that physical non-formal centres remain dominant due to their structured, engaging, and credible learning environments (Brachtl et al., 2023; Bray, 2023; Song et al., 2013; Zhang & Bray, 2020). Blended learning is increasingly preferred for its balance of flexibility and interpersonal interaction (Albatti, 2023; Efthymiou, 2023). In contrast, fully online platforms struggle with low completion rates, digital access barriers, and motivational deficits (Alsalihi et al., 2025; Faza et al., 2024). Informal or community-based learning, through socially resonant, remains marginal in instructional scope (Behrendt & Machtmes, 2017; Serrano-Iglesias et al., 2020). Together, these findings reveal a clear preference among semi-urban learners for familiar, socially embedded, and in-person experiences. This insight is critical for reimagining delivery models beyond the rigid branch paradigm.

Business Model Innovation (BMI) offers a theoretical anchor for such reconfiguration. Richardson (2008) conceptualizes the business model as an integrated system of value proposition, value creation, and value capture. In service contexts like education, where perceived value is relational and experiential, effective BMI requires simultaneous adaptation across all three domains. Incremental tweaks are insufficient. Teece (2018) dynamic capabilities framework extends this view. It frames business models as expressions of an organization’s ability to sense market shifts, seize opportunities, and reconfigure resources in real time. For semi-urban English providers, this implies moving from static replication to adaptive, context-responsive design. Karlsson (2021) reinforces this perspective. He shows that educational value depends on the alignment between pedagogy, learner engagement, and the physical-social environment. These conditions demand creative reinterpretation of traditional models.

Furthermore, the importance of organizational innovation capability and agility in maintaining business resilience. Particularly for SMEs in Indonesia's. The Indonesia’s SMEs has been empirically demonstrated through their impact on competitive advantage and

adaptability during crisis periods (Suryani & Dwiputra, 2025). These findings reinforce the need for educational service providers to develop similar adaptive capacities.

Design Thinking (DT) provides the methodological bridge between theoretical insight and practical innovation. Brown (2008) defines DT as a human-centered, iterative process that includes empathize, define, ideate, prototype, and test. This process transforms ambiguous problems into actionable solutions. Unlike top-down strategic planning, DT begins with deep immersion in stakeholder realities. It considers parents' concerns about safety and convenience, students' desire for playful interaction, and tutors' need for manageable workflows. Carlgren, Rauth, and Elmquist (2016) identify four core DT mindsets: human-centeredness, collaboration, iteration, and experimentation. These mindsets are especially valuable for SMEs navigating uncertain demand. By foregrounding co-creation, DT ensures that new business models reflect actual behaviors rather than assumed preferences. This principle is central to Kotler's emphasis on customer-driven value (Kotler & Keller, 2021).

Digital adoption further enables this transformation. Even modest digital tools, such as online registration; automated scheduling; or parent dashboards, can dramatically improve administrative efficiency, data accuracy, and cross-site coordination (Kallmuenzer et al., 2025). For learning centres managing multiple locations, such systems reduce reliance on error-prone manual processes and strengthen service consistency. Critically, digital infrastructure in this context is not a substitute for human interaction. It is an enabler of it. Digital tools free staff from transactional tasks so they can focus on relational and pedagogical value. Further, Teece (2018) notes that digitalization functions as an infrastructural layer for BMI. It unlocks new configurations, like mobile tutoring or micro-hubs, that would be infeasible under purely analog operations.

Finally, entrepreneurial ecosystem theory highlights the strategic role of community partnerships (Dal Bello et al., 2022; Goletsis et al., 2025; Gupta, 2025). In semi-urban settings, where formal infrastructure is limited, value creation often flows through informal networks (Tello, 2023). Collaborations with local cafes, co-working spaces, or community halls offer more than physical access. They provide social capital, ambient trust, and existing foot traffic. For parents, enrolling a child in an English class at a familiar cafe feels less risky than committing to an unknown standalone branch. Patrício and Ferreira (2023) observe that in efficiency-driven economies like Indonesia. In Indonesian context, micro-partnerships are often more effective than centralized marketing. They embed services within daily social routines. These alliances exemplify what Kotler would term shared-value ecosystems, where business growth and community well-being reinforce one another.

Synthesizing these strands, it becomes evident that scalable expansion in semi-urban English education requires a business model that is simultaneously low-capital, digitally coordinated, and community-embedded. Physical replication must give way to ecosystem integration. Manual operations must yield to lightweight digital workflows. Internal value assumptions must be replaced by co-created, contextually grounded propositions. While BMI provides the structural logic, DT ensures human relevance. Digital tools enable operational coherence, and community partnerships anchor local legitimacy. Given the qualitative and exploratory nature of this study, formal hypotheses are not applicable. Instead, the following propositions guide the inquiry. These propositions position business model innovation not as a technical exercise but as a socially embedded act of value co-creation.

Proposition 1: A business model for regional expansion that leverages existing community spaces such as cafe as learning micro-hubs will enhance accessibility, reduce sunk costs, and accelerate trust-building compared to the conventional branch model.

Proposition 2: The integration of a lightweight digital platform for registration, scheduling, and parent communication will significantly improve operational coherence and service consistency across dispersed delivery points.

Proposition 3: Stakeholder co-creation through design thinking processes involving parents, tutors, students, and community partners increases the contextual fit and adoption readiness of new business model configurations in semi-urban educational markets.

RESEARCH METHOD

This study employs a qualitative, exploratory case study design centered on UP Speaking Learning Centre (UP SLC), a non-formal English learning provider in Kuningan, West Java. UP SLC has experienced strong enrollment growth at its main branch but faces systemic challenges in expanding to semi-urban sub-districts such as Luragung and Jalaksana. These challenges include high sunk costs, operational fragmentation, and limited community legitimacy. Guided by the marketing philosophy of customer-centric value co-creation (Kotler & Keller, 2021). The research integrates theoretical perspectives from business model innovation, design thinking, SME digital adoption, and entrepreneurial ecosystem theory. The study adopts a hypothesis-free, proposition-guided approach, which is appropriate given its exploratory nature and focus on generating contextually grounded insights rather than testing predetermined relationships.

Data were collected over a three-month period using multiple qualitative methods, supplemented by lightweight quantitative validation during prototype testing. Primary data sources included two focus group discussions (FGDs) and six in-depth interviews with purposefully selected stakeholders. The first FGD involved six internal participants from UP SLC, including academic staff, branch administrators, and marketing personnel. This session captured operational realities, strategic constraints, and internal perspectives on scalability. The second FGD engaged twenty external stakeholders, primarily parents of current and prospective students, to understand demand-side expectations regarding accessibility, trust, learning environment preferences, and willingness to adopt alternative delivery formats. To deepen these insights, three in-depth interviews were conducted with internal staff members, including a tutor, a frontline branch coordinator, and a head-office supervisor. An additional three interviews were held with external community stakeholders, such as cafe owners and local educators, to explore partnership feasibility and contextual barriers to community-embedded delivery. All sessions used semi-structured protocols informed by the empathize and define phases of design thinking, ensuring that data collection remained grounded in lived experiences rather than theoretical assumptions.

Following the qualitative phase, a prototype validation stage was conducted. A minimum viable product (MVP) was developed, combining two core innovations: (1) a cafe-based micro-hub learning model, and (2) a lightweight digital platform for registration and communication. This MVP was tested with 48 participants, including parents, students, and staff. A structured questionnaire using a 4-point Likert scale was administered to assess perceived feasibility, usability, and long-term sustainability of the proposed model. This quantitative input served as supplementary triangulation to the qualitative findings. All

qualitative data were recorded with participant consent, transcribed verbatim, and anonymized to ensure confidentiality and ethical compliance.

Data analysis followed an integrated thematic-descriptive approach. Qualitative transcripts were analyzed using inductive thematic analysis in accordance with Braun and Clarke (2006) six-phase method. Initial coding focused on recurring patterns related to accessibility, operational inefficiencies, digital coordination needs, and community trust. These codes were iteratively grouped into broader themes and mapped against the three guiding propositions established in the literature review to ensure both empirical grounding and theoretical coherence. Quantitative data from the prototype phase were analyzed using descriptive statistics, including means, standard deviations, and frequencies, to summarize stakeholder sentiment and validate key assumptions. This dual-method analytical strategy enabled the study to produce actionable, context-sensitive insights into scalable business model innovation for semi-urban educational services in Indonesia, with UP SLC as the focal case.

RESULTS AND DISCUSSION

Empirical investigation of UP Speaking Learning Centre (UP SLC) revealed four interrelated challenges that constrain the scalability of its traditional branch-based expansion model. First, high sunk costs primarily from rental and renovation account for approximately 75% of the IDR 100 million initial investment per branch. This renders the model financially fragile in semi-urban sub-districts with uncertain demand. Second, operational workflows remain heavily manual, relying on WhatsApp and spreadsheets for registration, scheduling, and communication, which leads to coordination bottlenecks across dispersed sites. Third, parents and student express strong preference for the central Kuningan branch due to perceived quality, familiarity, and trust, resulting in low uptake at satellite locations despite geographic proximity. Fourth, the absence of community integration mechanisms limits local visibility and legitimacy, slowing early-stage enrollment and increasing marketing dependency on short-term, high-cost promotions. These findings confirm that conventional replication fails to align with the economic, social, and operational realities of semi-urban Indonesia.

Stakeholder insights, gathered through focus group discussions and in-depth interviews. Parents emphasized accessibility and psychological safety, noting that "a class in a familiar cafe feels more trustworthy than a new standalone building." Students expressed desire for varied, socially engaging environments, with one remarking, "I wish we could learn English in a cafe, it would feel less like school." Internal staff highlighted administrative overload, with a branch coordinator stating, "We spend more time chasing attendance and payments than improving teaching quality." Community partners, including cafe owners, signaled strong interest in collaboration, recognizing mutual benefits in foot traffic and social value creation. These perspectives converged on two core opportunities: decentralizing physical delivery through community micro-hubs and digitizing coordination through a lightweight platform. These insights not only validate the literature’s emphasis on trust, accessibility, and embeddedness but also reveal a shared readiness for ecosystem-based co-creation. Table 1 summarizes the key problems and corresponding stakeholder-driven insights that informed solution ideation.

Table 1.
Core Challenges and Stakeholder, Derived Insights Informing Business Model Redesign

Core Challenge	Stakeholder Insight	Strategic Implication
High sunk costs from physical branches	Parents and students prefer learning in familiar, low-pressure spaces like cafes	Replace fixed branches with community micro-hubs
Manual, fragmented workflows	Staff report excessive time spent on administrative tasks due to lack of integrated systems	Develop a lightweight digital platform for registration and coordination
Low trust and visibility in new areas	Parents associate unfamiliar locations with lower quality, even at short distances	Embed learning within trusted local venues to accelerate legitimacy
Inflexible scheduling and delivery	Students desire varied formats (e.g., weekend, cafe-based) that align with their energy and social rhythms	Enable adaptive class formats through mobile tutor deployment and digital scheduling

Sources: Authors' analysis based on FGD and interview transcripts (September-November, 2025)

From these insights emerged two prioritized strategies: (1) the UP Cafe Learning Hub and (2) the Website MVP for digital coordination. The UP Cafe model reconfigures value creation by leveraging existing community spaces as low-cost, high-legitimacy micro-hubs. Instead of renting and renovating dedicated premises, UP SLC partners with local businesses to host 90-minute English sessions, sharing revenue or driving incremental sales. This approach directly addresses the capital intensity and psychological distance barriers identified in non-central branches. Simultaneously, the Website MVP, such as a minimal viable platform for student registration; tutor scheduling; and parent communication, standardizes back-end operations while enhancing transparency. Both solutions were prototyped and tested with 48 stakeholders, including parents, students, and staff. Table 2 presents quantitative validation results from the feasibility, usability, and sustainability dimensions of the prototype assessment.

Table 2.
Stakeholder Perceptions of Proposed Business Model Prototypes (N = 48)

Dimension	Indicator	Mean (SD)	Interpretation
Feasibility	The model is realistic to implement in my area	3.62 (0.49)	High perceived practicality
	Required resources are sufficient	3.54 (0.52)	Adequate resource alignment
Usability	The registration and communication process is easy to use	3.71 (0.45)	Strong user-friendliness
	The learning environment feels engaging and comfortable	3.79 (0.41)	High experiential appeal

Dimension	Indicator	Mean (SD)	Interpretation
Sustainability	The model can attract and retain learners over time	3.58 (0.50)	Favorable long-term outlook
	Stakeholders are ready to adopt this model long-term	3.67 (0.47)	Strong adoption readiness

Sources: Post-prototype questionnaire (2025)

From Table 2, the high usability scores, particularly for environmental comfort (3.79). This confirm that the Cafe Hub directly addresses learner preference for familiar, socially embedded experiences, as noted in the literature (IJED, 2022; AJDE, 2021). Feasibility scores indicate confidence in the model's operational realism, supporting Proposition 1 that community micro-hubs enhance accessibility while reducing sunk costs. The digital platform's strong usability rating (3.71) validates Proposition 2, demonstrating that lightweight digital tools can indeed resolve coordination bottlenecks across dispersed operations, consistent with Kallmuenzer et al. (2025).

Critically, the co-creation process itself, like a conducted through Design Thinking's empathize, define, ideate, and test phases, ensured that solutions were not imposed but co-constructed with stakeholders. This directly fulfills Proposition 3, which posits that stakeholder co-creation increases contextual fit and adoption readiness. These shows from high sustainability scores (3.58–3.67). Participants expressed ownership over the model. As one parent remarked, "This feels like it was made for us, not for a city." This finding reinforces Brown (2008) and Carlgren et al. (2016), who assert that Design Thinking's human-centeredness is essential for innovation in uncertain, community-anchored contexts.

The resulting business model reconfigures UP SLC's value logic across all three domains of Business Model Innovation (Richardson, 2008). The value proposition shifts from "structured English classes in a dedicated branch" to "joyful, accessible English learning in your community space." Value creation transitions from asset-heavy operations to ecosystem-enabled micro-hubs supported by digital coordination. Value capture evolves from fixed-rent dependency to variable-cost revenue sharing with partners. This alignment reduces downside risk and incentivizes mutual success. The reconfiguration embodies Teece's (2018) dynamic capabilities framework, as UP SLC senses market constraints, seizes partnership and digital opportunities, and reconfigures resources accordingly.

Furthermore, Table 3 shows the outlines of comparative advantages of the new model versus the traditional branch approach. the model advances inclusive economic development by transforming local cafes into nodes of educational access and social value creation. Rather than extracting value through branch ownership, UP SLC co-creates value within existing social infrastructures. This approach resonates with Islamic economic principles of cooperation (*ta'awun*) and shared prosperity. It aligns with community-oriented economic models that prioritize accessibility, mutual benefit, and social cohesion over pure profit maximization.

Table 3.
Comparative Analysis, Traditional Branch versus Community-Digital Model

Criterion	Traditional Branch Model	Community-Digital Model
Setup Cost	Approximately IDR 100 million (75% non-recoverable)	Approximately IDR 5–10 million (partner-based, variable)
Time to Launch	2–3 months	2–4 weeks
Student Accessibility	Limited to branch radius	Embedded in multiple community nodes
Operational Coordination	Manual, fragmented	Digital, centralized
Community Trust	Built slowly through promotion	Inherited through partner legitimacy
Scalability Risk	High (fixed costs, low flexibility)	Low (asset-light, demand-responsive)

Sources: Authors' synthesis from financial data and prototype testing (2025)

Table 4.
Mapping The Findings to Guiding Propositions

Proposition	Empirical Support	Theoretical Connection
P1: Cafe micro-hubs enhance accessibility, reduce costs, accelerate trust	92% of parents rated Cafe Hub as "more trustworthy than a new branch"; setup cost reduced by more than 85%	Entrepreneurial ecosystem theory (Dal Bello et al., 2022); shared-value logic (Kotler & Keller, 2021)
P2: Digital platform improves operational coherence	89% of staff reported "easier coordination"; usability mean = 3.71	SME digital adoption (Kallmuenzer et al., 2025); BMI infrastructural layer (Teece, 2018)
P3: Stakeholder co-creation increases fit and readiness	Sustainability adoption readiness mean = 3.67; qualitative themes of "ownership" and "relevance"	Design Thinking (Brown, 2008); customer-driven value (Kotler & Keller, 2021)

Sources: Authors' Analysis (2025)

Overall, Table 4 shows our main findings and the answers of three proposition. The findings demonstrate that scalable regional expansion in semi-urban educational markets requires moving beyond physical replication. A hybrid model that integrates community embeddedness and digital enablement resolves UP SLC's core challenges. It offers a more inclusive, adaptive, and socially resonant form of educational entrepreneurship. This approach holds significant relevance for service-oriented SMEs across emerging economies. Moreover, it contributes meaningfully on community-centered economic development that is ethical, sustainable, and grounded in local realities

CONCLUSION

This study demonstrates that scalable regional expansion for non-formal English learning centers in semi-urban Indonesia requires a fundamental departure from the traditional branch-based model. Empirical findings from UP Speaking Learning Centre confirm that the core constraints, such as high sunk costs, manual and fragmented workflows, and limited local legitimacy, can be effectively addressed through a hybrid business model that integrates community micro-hubs with lightweight digital coordination. The UP Cafe Learning Hub model reduces setup investment by more than 85 percent by repurposing existing community venues such as cafes, thereby inheriting local trust and social familiarity. Simultaneously, a digital platform for registration, scheduling, and parent communication resolves operational inefficiencies, enabling consistent service delivery across dispersed locations. Together, these innovations fulfill all three guiding propositions and reflect a comprehensive reconfiguration of value across Richardson's trilogy. The value proposition shifts from structured classroom instruction to joyful, accessible learning in community spaces. Value creation leverages ecosystem partnerships and digital enablement rather than asset ownership. Value capture adopts a flexible, shared-risk revenue model that aligns incentives between UP SLC and its community partners.

Theoretically, this research extends business model innovation literature by demonstrating how BMI can be grounded in human-centered design and local socio-spatial realities, particularly for service-oriented SMEs operating under resource constraints. It validates Design Thinking not merely as a tool for product or service improvement but as a strategic mechanism for co-creating scalable business logic with stakeholders. The study also reinforces dynamic capabilities view, as UP SLC senses market constraints, seizes partnership and digital opportunities, and reconfigures resources accordingly. Practically, the model offers a replicable, low-capital pathway for educational providers seeking inclusive growth without financial overextension. By embedding learning within trusted community spaces and prioritizing mutual value creation, the approach resonates with Islamic economic principles of cooperation (ta'awun) and shared prosperity. This alignment with ethically grounded, community-oriented development reflects the interdisciplinary ethos of the Indonesian Interdisciplinary Journal of Sharia Economics.

Despite these contributions, the study is limited by its focus on a single organizational case and the early-stage nature of prototype validation. Future research could examine long-term implementation outcomes, including learner retention, teaching quality consistency, and financial sustainability in micro-hub settings. Comparative studies across diverse semi-urban regions would deepen understanding of contextual scalability. Additionally, expanding the model to incorporate standardized teacher training, quality assurance protocols, and integration with formal education ecosystems would enhance its robustness. Further exploration of hybrid configurations to combining cafe micro-hubs, digital support, and occasional centralized sessions could also yield richer insights into optimal service design for semi-urban educational markets.

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