



Uncovering Success Factors of Social Enterprises

(A Case Study of Six Social Enterprises from Ethiopia)

By

Teklay Gebretsadik

A thesis

**Submitted to the Graduate Programs of Addis Ababa
University in Partial Fulfillment of the Requirements for the
Degree of Master of Sciences in Innovation Management and
Entrepreneurship**

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Addis Ababa University
College of Business and Economics
Master of Sciences in Management
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Advisor: Yitbarek Takele (PhD)

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DECLARATION

I hereby declare that the thesis entitled “*Uncovering Success Factors of Social Enterprises*” (A Case Study of six social Enterprises from Ethiopia) submitted to the School of Business and Economics, Addis Ababa University for the award of the Degree of Masters of Sciences in Innovation Management and Entrepreneurship is based on my original research work carried out by me myself under the supervision and guidance of Yitbarek Takele (PhD). I declare that this study is my original work and has not been submitted earlier in full or in a part there, for the award of other similar degree, Diploma, Fellowship, Associate ship or any other similar titles to this or any other University or Institutions.

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Statement of Certificate

This is to certify that Teklay Gebretsadik has completed his thesis entitled *“Uncovering Success Factors of Social Enterprises”* A case study of six social Enterprises from Ethiopia is his original work and is submitted for examination with my approval as thesis.

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Approval

This is to certify that the thesis prepared by Teklay Gebretsadik entitled; “*Uncovering Success Factors Social enterprise in Ethiopia*” (A case study of six Social Enterprises from Ethiopia) in partial fulfillment of the requirements for the award of the degree of Master of Sciences in Innovation Management and Entrepreneurship, is with the regulation of the university and accepted standards with respect to originality.

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As members of the Thesis Committee for this student, we approve the attached thesis

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Final approval and acceptance of the thesis is contingent upon the submission of final copy of the thesis to council of graduate studies (CGS) through the departmental or school graduate committee (DGC or SGC) of the candidate.

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ACRONYMS

ADB- The Asian Development Bank

BC – British Council

BM – Business Model

CBDPs – Community Based Development programs

CBOs – Community Based Organizations

CSR- Corporate Social Responsibility

ES - Entrepreneurial Success

GMs- General Managers

HRM – Human Resource Management

KSFs – Key Success Factors

MSE – Micro and Small Enterprises

NGOs – Non Government Organizations

OP – Organizational Performance

SE – Social Enterprise

SFs – Success Factors

SEP- Social Entrepreneurship

SEs – Social Enterprises

SEUK – Social Enterprise United Kingdom

UK –United Kingdom

SB - Social Business

Abstract

This paper is based on a qualitative study that aimed to identify factors that facilitate or impede success of social enterprises as they pursue both financial and social missions. Utilizing multiple case study research design as proposed by Yin (2003), the researcher gathered primary data by interviewing founders, co-founders, managers, senior staffs, clients and expert involved in social enterprises. The researcher also examined the field notes and publicly available data on these six enterprises. The final data analysis revealed that ten domains business plan or strategy; cooperation and partnership; acceptance of the venture in the public discourse; passion and commitment, leadership skill; education and prior experience; social network; Management or Board support; management abilities and Technology have greater contribution for success. While four variables (Product or service quality; shared vision or long-term vision, government, donor or family support and Risk-taking mentioned as additional variables of success. The study contributes further to the vastly growing yet still largely unexplored area of social entrepreneurship in the country. It also provides some guidance not only to aspiring social entrepreneurs but also to business educators who could contribute to the development of new mission-driven enterprises. The study also shows policy makers that they should put in place measures that will encourage cross-sector collaborations between the private sector, government, and civil society.

Key Words: Social Enterprise, Social Entrepreneurship, Social Enterprise Success, Key Success Factors

CHAPTER ONE

Introduction

The aim of this research is to assess and identify the key drivers which contribute for the success of social enterprises and develop a conceptual framework. The main focus is to briefly assess the major factors in relation to the social and financial performance of social enterprises in Ethiopia. This chapter also demonstrates the rationale for choosing this research topic.

1.1. Background of the Study

Solving deep-rooted societal evils, such as poverty, unemployment, gender inequalities, illiteracy, and climate change, is one of the most important issues our generation has encountered with. While various NGOs, movements, foundations, and associations dedicate themselves to respond to one or more of these social challenges, an increasing number of social firms seek to integrate a commercial business and social mission (Porter and Kramer, 2011).

The social enterprise business model is described as a revolutionary transformation of the non-profit sector from grant-dependent charities into mission driven enterprises (Defourny & Nyssens 2010). It can be also considered as a more cost-efficient way to supply governments' public services (Sepulveda, 2015).

The concept of Social entrepreneurship has emerged and expanded since the 1980s, as one of the most significant social innovation paths to eliminate or reduce the burdens of social problems (Lumpkin et al., 2018). Despite the growing attention as a scholarly field of research, the social entrepreneurship discipline is still untapped and even there is no consensus on the definition. So, most organizations have developed their own definitions.

For instance, UK which has one of the pioneer and most mature ecosystems for SEs, define SE as “a trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”. (SEUK, 2016)

While Asian Development Bank on the other hand defines a SE as, “a business-oriented not-for-profit or a mission-oriented for profit enterprise. It has a social or environmental mission or both at the core of its work and seeks to operate in a financially sustainable manner”. (ADB, 2016)

For the sake of this study SE is defined as “a business with a dual mission of achieving both financial sustainability and social purpose” (Doherty et al., 2014).

These social mission-driven businesses operate in markets (Kerlin, 2006) by engaging in economic and trading activities to fulfill the mission (Lorenz and Kay, 2010). Their work is often depend upon the active deployment of volunteers to serve the key functions (Austin et al., 2006); with multiple purposes of social enterprises; providing support services to marginalized groups; increasing the human or social capital within the communities; and provision of goods, services and advocacy (Burcea, 2014).

SE in Ethiopia is growing; many SEs are established with social mission; socio-economic values such as, employment opportunities; job creation is often a primary focus, selling a product, improving a particular community, health, well-being, livelihood (British council, 2016).

The very small unrepresentative sampling survey conducted by British Council (2016) show that, there are close to 55,000 SEs currently operating in Ethiopia. However, the research didn't clearly categorize them based on their purpose, rather, tried to include SMEs and cooperatives mostly inspired by the will of government. On the other hand there is no legal framework or national policies explicitly mentioning SE.

Beside this SEs are currently seen as a significant and flourishing part of the entrepreneurial realm in Ethiopia; these SEs have been challenging with the issue of sustainability and impact.

The success of the SEs or any business company depends on the organizational capability to manage the two factors (internal and external), through the analysis of environmental factors as well as the formation and implementation of business strategy (Ontorael and Suhadak, 2017).

In this paper success, in general, relates to the achievement of organizational mission, it can be measured in terms of the social impact on the general public, the financial sustainability, reputation and achievement of the long-term organizational goals in general.

1.2. Statement of the problem

The landscape for contemporary organizations including social enterprises has shifted and they are now urged to operate within a fierce competition, and they have to meet many complex requirements in order to survive (Dacin, et al, 2010).

In today's situation SEs are required to be more innovative and their objectives adapted to and geared towards achieving results that are efficient and effective (Kiežun, 2000).

As a consequence, non-profit institutions are increasingly being turned to engage in income generating activities partially to ensure they are fit enough to challenge the economic hit they will face in their course of social intervention efforts. However it is important for the organization to identify the key drivers behind their success. Stefanovic et al. (2010) and both Lussier and Pfeifer (2001) in simplest way define success as the company's ability to survive.

In the last two decades various studies have been conducted focused on success of SEs. Among others, Thompson and Strickland (1993) suggest technology, production, marketing, distribution, ability to cooperate and organizational skills as drivers of success. Badri and Davis (1995) identified four factors such as staff training, product/service design, management quality and relations between staff members. Obłój also lists public relations and marketing, prudent financial operations, effective human resource management, technological expertise and efficient production as crucial social entrepreneurial SFs. (Obłój, 2001)

Wronka (2013) identify strong leadership, motivation and employee commitment, enabling legal environment, attractiveness and clarity of innovative concept, management expertise and keeping and distributing accurate financial records as CSFs. Mason (2012) added, partnership, ability to negotiate and increase bottom line planning as common CSFs for SEs.

However, many scholars identified various success factors, still now there is no consensus on the drivers that really contribute for the success of SEs. On the other hand these studies widely undertaken in the developed countries; the social enterprise ecosystem in the developing countries is not yet addressed.

Even though social entrepreneurship research has seen matured, there are still many gaps in our knowledge. Previous research focused predominantly on defining, conceptualizing, and describing the phenomenon of social entrepreneurship; mostly done for academic purposes.

Specific to the Ethiopian context however the concept of social value creation is as old as the country (we can refer to the different traditional cooperatives like “Shemachoch”) as a discipline and practice it is a recent phenomenon. There are limited numbers of studies conducted to date in Ethiopia regarding the issue of social enterprises. Based on the random review of research works, the researcher found only two complete papers conducted specific to the issue of SEs in Ethiopia.

The first paper was undertaken by [British Council](#) in 2016. The paper is basically aimed to provide summary of the current size and scale and status of the SE sector in Ethiopia. The other study was conducted by [Abdulnasir](#) in 2017. The purpose of this review is to reveal the debatable issues with regard to definition, legitimation, and school of thoughts under the SEP construct and to forward future direction in Ethiopia through review of various articles.

The ultimate mission of a SE is to address the most pressing social challenges in society. However, the majority of the SEs in the emerging context, like Ethiopia is confronted with struggles for survival; facing with the issue of financial sustainability. ([Jeffrey et al., 2019](#))

This researcher has chosen to undertake this particular research topic on social entrepreneurship in an attempt to develop a conceptual framework on the factors of success of social enterprises. In addition the research aimed to contribute for the availability of research works on social enterprises in the Ethiopian context.

1.3. Research Questions

The research questions of this study are:-

1. What are the factors which contributes for the success of social enterprises in Ethiopia
2. How these factors contribute for the Success of Social Enterprises?
3. What are the key challenges Social enterprises have been facing?
4. What are the strategies suggested for the success of social enterprises?

1.4. Objective of the Study

1.4.1. General Objectives

The Study aims to develop a conceptual framework on the success factors of Social Enterprises.

1.4.2. Specific Objectives

In addition to this, the research aims:

- To identify the factors which contribute for the success of social enterprises
- To assess the influence of the factors on the success of SEs;
- To understand the key challenges which hinder social enterprises;
- To assess the strategies used for the success of SEs

1.5. Definition of Terms (operational definition)

Economic performance: refers to the performance of an organization in capturing economic value from its activities ([Kropp et.al 2006](#)).

Enterprise success: refer to the mere fact of continuing to run the business and existing in the market (as a registered business) ([Fisher, Maritz, & Lobo, 2014](#)).

Social Enterprise: - is a business with a dual mission of achieving both financial sustainability and social purpose ([Doherty et al., 2014](#)).

Sustainability: has been described as the success of the organization in terms of profitability, its social mission and sustainability of its operations without donations ([Euncheong, 2014](#)).

Social enterprise performance: is the overall organizational accomplishment within the context of both financial and social performance [Liu et al. \(2014\)](#).

Social performance: refers to the performance of an organization in creating social values to the customers or in achieving social missions, goals, and objectives ([Coombes et.al 2011](#)).

Social Value: can be understood as the value for society that is generated by solving a societal problem or responding to pressing social needs (Alvord, et al 2004)

1.6. Delimitation of the study

However social enterprise's success can be influenced by several factors, the researcher basically emphasize on identifying the major factors of success and understand how these factors contribute for the success of the social enterprises. In addition, the researcher is seeking to find out the key challenges SEs had been encountered.

The research also has focus on the experience of SEs (P.L.C or NGOs) which are emerged to address the multifarious socio-economic problems of the society and have a business to support their activities. Geographically the research is confine to investigate the experience of six social enterprises operating in Addis Ababa, but their operation reached to regions.

1.7. Limitation of the Study

The major limitation was lack of sufficient data on the trend and status of SEs in Ethiopia. In addition the researcher had encountered minor limitations which included accessibility of some projects (due to remoteness) location during field observation. There were also lack of access to organizational documents like bank statement, financial report and audit reports that limits the researcher's effort to deeply understand the financial performance of these SEs.

1.8. Significance/Contribution of the study

The study aimed to uncover the success factors that influence the performance of SEs which can be contributed for different bodies including social enterprise managers, policy makers, government bodies and other researchers who are interested in the SEP discipline.

Social Enterprise Managers: The research finding can help clarify what customers and employees need and expect. It can help provide insights into how service quality can be improved and which factors may be causing service failures.

Policy Makers: This study shows policy makers that they should put in place measures that will encourage cross-sector collaborations between the private sector, government, and civil society. The study also offers several potential contributions for advancing knowledge in the field and to provide a better understanding of SEs use as a business model.

This should contribute to future efforts to determine the effectiveness of SEs and to incorporate them into future strategic planning of SEs policy designing and implementation.

Government: It also informed policy interventions aimed at enhancing growth of social enterprises.

Other Researchers: the study also provided inputs to the scholars in gaining knowledge on factors that influence success of social enterprises and related studies. It also contributed to the debate around SEP by emphasizing the factors that influence the success of these enterprises.

1.9. Organization of the paper

The research is focused on exploring the success factors of SEs in Ethiopia. In this research there are five chapters. The first chapter dealt with study background. Chapter two concerned with literatures related to social entrepreneurship. Chapter three included the research methodology and the rationale behind using such strategy. Chapter four was all about the data analysis and discussion. Finally chapter five provided the major findings, conclusion and implications or further research gaps.

CHAPTER TWO

Literature Review

Based on the research context, this study defines a SE; an organization that has a clear social mission, adopts market-based approaches to pursue a self-sustaining revenue model, and allocates significant resources or profit distribution to fulfill its prior mission.

2.1. The Concept of Social Enterprise

The definition of social enterprise is much debated in the literature. Different scholars have tried to see it from different perspectives. However there is no universal definition offered for social enterprise (SE). Generally, a SE is a business with dual mission (social and financial) aims to achieve specific social objectives such as provide support for socially disadvantaged people including elders, orphaned and vulnerable children, people with disability, people live with HIV, or internally displaced people, develop products or service needed by the community, creating employment and training opportunities for the socially marginalized group, protecting the environment and so on. In other words the primary objective of SE is to achieve its social objectives rather than maximizing profits for distribution to shareholders.

There is an ongoing discussion over what precisely social enterprise is and who actually is a social entrepreneur. To gain insight into social enterprise (SE) and social entrepreneurship (SEP), it is important to explain the definition of SE in detail. The wide range of definitions of SE can be attributed to the contextual and contingent set of activities of social enterprises.

In particular, three terms are used which, at first sight, seem to be linked, namely, social entrepreneurship, social entrepreneurs, and social enterprise. “SEP” is the dynamic process through which specific types of individuals deserving the name of “social entrepreneurs” create and develop organizations that may be defined as “SE” (Huybrechts & Nicholls, 2012).

SE is considered as a response to either market failure, state failure or both, in meeting social needs (Nicholls 2006). Most of the literature on SE has focused on defining and describing the phenomenon of SE, stressing on two elements, namely social mission and entrepreneurial activities (Corner and Ho 2010).

From the late 1970s “SE is defined as a legally registered organization owned and controlled by its members based on the values of equity in ownership. It trades commercially, creates social wealth and reduces its environmental impact. Social wealth and environmental benefit can be created as an integral part of a social enterprise’s operations or can be delivered through its profit distribution. A SE seeks to be commercially profitable, to be environmentally sensitive and to deliver social wealth, and measured by their success in achieving this “triple bottom line”. (Freer and Local 2011)

Yunus (2009) defines SE as a ‘non-loss, Non-dividend Company that is created to address and solve a social problem’. Dees (2001) states that ‘Social entrepreneurs play the role of change agents in the social sector’, including an emphasis on their recognizing and relentlessly pursuing new opportunities to serve that mission’. While Bornstein (2007) focuses on the character of social entrepreneurs, who are ‘Transformative forces: people with new ideas to address major problems that are relentless in the pursuit of their visions...the social entrepreneur changes the performance capacity of society’.

Ebrahim et al (2014) on the other hand simply defined SE as “an organization that pursues a social mission through the use of market mechanisms”. The definition was composed of three components: (i) the economic and entrepreneurial dimensions (the entity engages in commercial activities of selling a product or service and competing in the market; (ii) the social dimensions, which have to do with the contribution to the community – the *raison d’être* of the entity; and (iii) the participatory governance dimensions (provide an expression of community ownership) (Defourny, et al, 2012).

In deciding on a definition of SEs to use for this piece of research, we drew on these precedents and the broader literature in this area. Filtered through the aim of the researcher, this led the author to focus on a relatively narrow definition of the term:

“A SE is a business with a dual mission of achieving both financial sustainability and social purpose at a time”.

2.2. Theoretical Foundation

This section discusses the theories that explain the emergence of social entrepreneurship. This study identifies two theories; The Social Innovation Theory and the Social Enterprise Theory that explain the development and sustainability of social enterprises.

2.2.1. The Social Innovation Theory

Societies all over the world are facing major societal challenges, such as climate change, socio-economic inequalities or ageing populations. Social entrepreneurs take it on themselves to develop innovative solutions for such societal challenges (Dees 2007), in particular those that governments, for-profit and non-profit organizations fail to address.

Shumpeter's Creative Destruction Theory set the stage for the concept of the social innovation by defining an entrepreneur as one who causes a transformation in markets through change by creating new combinations or innovations (Shumpeter, 1949). This creative response is the entrepreneur's reform function in the economic system that disrupts current innovative practices.

Many social entrepreneurs aim to achieve this creative destruction concept by using innovation to overhaul the social landscape for the better (Nicholls, 2006). Dees and Anderson (2006), draw on this theory to describe social entrepreneurs as those who revolutionize the methods of maximizing social value by investing resources into ventures with higher returns for the good of society. Social innovation, defined as "innovative activities and services that are motivated by the goal of meeting a social need" (Mulgan, 2006). Peredo and McLean (2006), further define this situation where an individual operates with the key goal of significantly changing society by generating some social value, and works to meet those objectives by recognizing and exploiting opportunities, being innovative, willing to take risks and willing to search for the resources required to do so.

Consequently, the underlying drive for social entrepreneurship is the creation of social value as opposed to personal or shareholder wealth (Noruzi, et al, 2010) and the activity of such social creation is characterized by pattern-breaking change or innovation (Munshi, 2010), through the creation of new combinations of, for example, products, services, organization, or production (Defourny & Nyssens, 2010).

The more radical proponents of this view approach social innovations as a means of politically transforming society by creating new social and power relations; for example, by developing innovations to empower citizens or the marginalized (Ayob, et al, 2016).

Phillips et al. (2015) reviewed the literature to identify the linkages between social innovation and social entrepreneurship. Social innovation and SEP both aim to pursue a social objective or mission, and involve a problem-solving opportunity to meet a social need. However, social innovation also implies that the innovation is accompanied by changes in the social system. While this may indeed be the case for some social entrepreneurs, it is not necessarily true of all social entrepreneurs. Furthermore, social innovation is not confined to social entrepreneurship; for-profit or non-profit enterprises as well as governmental organizations can also develop and implement innovative ideas that create change for the benefit of society.

The social innovation outcomes can manifest as products, production processes, technologies, services, interventions, business models or a combination of all of these, thereby differing in the extent of formalization (Choi and Majumdar 2015).

2.2.2. The Social Enterprise Theory

The proponent of the SE theory was Drucker (1985). The theory supports entrepreneurship that is not for profit making but has to be driven by innovation and resource for the purpose of improving life of people and creating opportunity.

Martin and Osberg (2007) added that, what sets the field of SEP apart is its purposeful intention to make a change in society that will result in the resolution or improvement of a societal problem that brings long lasting benefits.

Mair and Marti (2006) also agree, attributing the difference between SEP and commercial entrepreneurship to the vision and objectives the tried to meet in order to bring about social value and development instead of focusing on economic value. This School of thought, describes the enterprise as not only being a venture that seeks to do social good or solve societal problems but also as an organization that is not profit seeking (Hoogendoorn, et al, 2010).

2.3. Business Models of Social Entrepreneurship

Business models (BMs) have emerged as a cognitive instrument for managers to make sense of the logic of how a firm creates and captures value (Martins et al., 2015). While BMs originally focused solely on commercial value, it has recently been argued that the concept is capable of considering different constellations of institutional logics (Laasch, 2017).

For the sake of this study SEs can be classified by their mission orientation, by the level of integration between non-profit social programs and for-profit business, and by their intended target markets (Alter 2006).

In implementing activities that create both financial and social value, SEs must adopt the appropriate organizational design. Alter (2006) conceptualized alternative organizational models of how SEs can pursue both mission and money while managing the potential conflicts between the two bottom-lines.

- I. **The *embedded social enterprise model*:** shows how the social programs and the enterprise activities are synonymous, meaning the implementation of activities simultaneously pursue the money-mission relationship. Alter (2006) considers this organizational model sustainable and viable due to the comprehensive relationship between the financial and social bottom lines.
- II. **The *integrated social enterprise model*:** shows how social programs only overlap with business activities. Instead of synchronicity between enterprise activities and social programs, there is only a sharing of costs, assets, and attributes. The relationship between money-making activities and social programs is synergistic, i.e., both add value to one another (Alter, 2006).
- III. **The *external social enterprise model*:** shows social programs and business activities as distinct from one another. This is seen typically in businesses being completely separate from their non-profits. Businesses single-mindedly focus on making money, often funding the efforts of non-profits. The latter solely focuses on pursuing the social mission. Alter (2006) states that SE can combine models to capture more opportunities in both commercial markets and social sectors.

Based on the explanation of the above SE business models, at the external stage, the relationship is one-sided, as one between a charitable donor and a recipient; there are no elements of integrated strategies or management functions. At the integrated stage, the flow of benefits becomes bilateral as resources are exchanged and learning becomes mutual, and at the embedded stage, the principles characteristic of the two types of enterprise have merged at the levels of strategy and execution such that social programs are managed with the efficiency typical of private business, and for-profit projects are designed with responsibility and care for others.

2.4. Success in social enterprises

Central to the research objective is identification of factors that influence success of SEs. Therefore, it is important to define ‘success’ and explain how this concept is related to the study.

According to [Rykaszewski \(2013\)](#) successful SE ‘aims to build a profitable, self-sustaining company that also accomplishes its predefined social goals’. SEs is also subjected to similar key success factors, like normal businesses are. However, there are particular issues which social enterprises need to consider ([Nasruddin and Misaridin 2015](#)).

On the other hand entrepreneurial success (ES) is defined as “a complex phenomenon includes multiple criteria of a financial and non-financial character (efficiency, growth, profits, market share, firm size, probability of survival, and the growth in the number of employees)” ([Dej, 2010](#)). However, the simplest definition for ES is the mere fact of continuing to run the business and existing in the market ([Fisher, et al 2014](#)). Though, the success seems greater when more other businesses are failed ([Hogarth & Karelaia, 2008](#)). Nevertheless, limiting ES to solely economic indicators does not reflect its full meaning ([Wach, et al, 2016](#)). So they stressed the need to assess ES using subjective criteria.

Numerous Studies show that entrepreneurs do not necessarily equate success with wealth ([Alstete, 2008](#)), and some of them highly appreciate a work-life balance ([Bullini Orlandi, 2017](#)). Therefore, it should be acknowledged that any form of success may be perceived both subjectively or objectively ([Fisher et al., 2014](#)). With such an abundance of definitions, researchers have different ideas about how to measure ES.

For example, Joona describe success in terms of income from self-employment, exit, and survival rates, and job and wealth creation (Joona, 2018). Nevertheless, the significance of the non-financial indicators of ES cannot be ignored (Rasmus & Laguna, 2018). Supporting this idea, Steffens and his colleagues measured success using goal achievement, economic success, life style success, and company growth (Steffens et al., 2012).

Unlike commercial enterprises, Social entrepreneurs have to manage a double bottom line which necessitates a careful balance when striving to build and maintain competitive advantages. So, failure to maintain balance between the social and economic objectives often threatens the organizational sustainability (Mir Shahid and Shibu, 2016). The SE started with a pure social mission in a not-for-profit sector is forced to adopt some revenue generating strategies.

However, for this study success is explained based on the entrepreneurial perspective (Fodor & Pinte, 2017).

2.5. Drivers of Success

Scholars from the developed countries suggest plenty of factors that contribute for the success of SE. However since success is measured in terms of both financial and non-financial it is difficult to conclude certain factors are drivers for the success of social enterprises.

For instance, scholars like, (Liu et al, 2014, Barraket et al, 2016, Lortie et al, 2017, Jeffrey et al, 2018) have proposed entrepreneurial orientation, social salience and business planning as internal-oriented resources that may contribute to social enterprises' performance. Management support (Hyland, et al 2000), Leadership, customer focus and strategic alliances with suppliers (Terziovski, et al 1996) are also requisite to an organization's success.

Boyer, Creech and Paas (2008) have listed eight factors as a key SFs: (1) leadership: continuous engagement to lead and coordinate the enterprise; (2) partnership: the ability to negotiate and sustain a core set of relationships for the benefit of the enterprise; (3) triple bottom line planning that align economic benefit and social benefits; (4) attractiveness and clarity of innovative concept: product serve has clear concept and has potential in the market; (5) business planning and marketing: it can be the leaders or the partners who should have the expertise in business and marketing skills; (6) community engagement: engagement of the local stakeholders and

beneficiaries for long term success; (7) short and long term benefits management: the enterprise should be able to demonstrate how it plans to deliver both short and long term benefits to the stakeholders; (8) risk management: planning of risk mitigation to ensure the sustainability of the enterprise.

Wronka on the other hand listed ten success factors such as: 1) strong leadership, 2) motivation and commitment, 3) enabling legal / regulatory environment, 4) attractiveness and clarity of innovative concept, 5) management expertise, 6) key personal qualities for front line service delivery, 7) effective collaboration with public sector, 8) social capital, 9) local community involvement and 10) keeping and distributing accurate financial records (Wronka, 2013).

CHAPTER THREE

Methodology

3.1. Introduction

The aim of this chapter is to set out the methodological approach undertaken to identify success factors based on an individual's personal experience. This chapter presents the aim of the research and the methodological approach adopted. It also presents the sample which was selected and set out the method used for data collection along with the process of data analysis. Finally, it will discuss any ethical issues and limitations associated with this study.

Appropriate for this study was a qualitative research methodology and multiple case study research to uncover the factors of success for social enterprises. Six sources of data were available in the case study research. The author collected data from Social Enterprise Founders and Co-founders, managers', supervisors and expert interviews. The results were useful to the social entrepreneur community including stakeholders such as founders, managers, academicians, and policymakers. The outcome was a deeper understanding of social enterprise's status gained from a qualitative inquiry and case study research.

3.2. Research Method

A qualitative approach was chosen as the research method for this study. The process of research involves seeking to understand how individuals interpret, construct, and attribute meaning to their experiences (Merriam, 2009). For Denzin and Lincoln (2005) qualitative research involves studying "things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them".

Sarma (2015) stated qualitative research methodology is useful for exploring complex issues and gaining a more comprehensive interpretation of the truth. Qualitative research is an inquiry from the perspective of the individuals experiencing their social and economic environment (Veltri, Lim, & Miller, 2014).

Qualitative methods are useful to illuminating emerging categories and themes rather than existing concepts or laws (Veltri et al., 2014). The purpose of the multiple case studies was to explore the factors of success from the experience of founders and managers with a thorough examination of the data found.

Qualitative research involves a process known as induction, whereby data is collected relating to a specific area of study and from this data the researcher constructs different concepts and theories. Inductive approach adjusts knowledge requirements based on the findings and observations (Sutrisna, 2009), in what then becomes an iterative process. This is because the business model (the central ontology in the foregoing) is not based on a right or wrong approach, but rather on a constant discovery process, based on the ongoing experiences of the participants. Therefore the researcher adheres to grounded theory and contributes to the literature by developing theory from cases (Yin, 2014).

3.3. Research Design

Case study research was suitable to explore social enterprises success factors. It is appropriate for exploring a topic from the perspective of participants within their natural context (Yin, 2014). Qualitative case study research methodology helps in the exploration of a phenomenon within some particular context through various data sources, and it undertakes the exploration through variety of lenses in order to reveal multiple facets of the phenomenon (Baxter & Jack, 2008). In qualitative research, case study is one of the frequently used methodologies (Yazan, 2015).

Qualitative case study researchers seek to provide an in-depth view of a particular situation or event. It may begin with a theoretical perspective, or a theory may develop during data collection. Data analysis and data collection may occur simultaneously and may contribute to theory development (Stake, 2010; Yin, 2003). The current study was established in order to provide an overview of the SFs and challenges to SEs in Ethiopia.

The study was an exploratory multiple case study design in order to identify new factors, insights and perspectives in the Ethiopian context. A multiple case study permits researchers to study explorative complex phenomena, such as social entrepreneurship, with use of different research methods (Baxter & Jack, 2008 and Yin, 2013).

Exploratory type of case study was used to explore those situations in which the intervention being evaluated has no clear, single set of outcomes (Yin, 2003). This approach often used when 1) a study is focused on ‘how’ and ‘why’ questions, 2) the behavior of participants cannot be manipulated, 3) the context of the study is taken into account, and 4) when the boundaries between the phenomenon and the context are not clear (Baxter & Jack, 2008).

The purpose of the case study was to collect and examine the perspective of individuals within the context or environment. To ensure validity and reliability, the research process included data collection procedure and previously developed interview guide. The interviews with social enterprises founders, managers and senior staffs were the data source including a record of a clear path from the evidence to the findings. The use of triangulation of the data should increase the reliability and validity of the study through confirmation and rigor of the data (Cronin, 2014). Bekhet and Zauszniewski (2012) stated using methodological triangulation gains completeness and confirmation of data by applying two or more methods to explore a social issue. The use of methodological triangulation should lead to a more extensive analysis of the data.

Furthermore, mapping and recording all steps in data analysis should create a clear path to results and increase the transferability of the study (Cronin, 2014; Yilmaz, 2013). Clear and concise recording of each step in the data collection and analysis process also leads to dependable results.

Case study research is appropriate to explore an issue, build theory, and understand the context of the study (Cronin, 2014). Case study research was not a comparison or sampling of groups related to theory development as done in grounded theory research design.

Additionally, data saturation is an important aspect of qualitative research. Reaching a point of data saturation means the information gather for each question becomes redundant with following interviews (Cleary, Horsfall, & Hater, 2014). Ensuring the data comprise all possible themes and in-depth, perspectives to the point further collection would be useless (Marshall et al., 2013).

3.4. Case Selection

The selection process of interviewees is of major importance for this research design and is discussed in this section. The overarching aim is to identify the best-suited interview partners that can provide relevant interview data to the thesis' (Langmar 2005) – considering also time and resource constraints. A first decision in this regard concerns the unit of analysis, referring to the principal entity this thesis seeks to examine (Yin 2009): Considering the research focus on the Social Enterprise; the unit of analysis is the organization.

The interview process included a purposeful selection of participants who were social enterprise founders, managers or senior officers familiar with the overall operation of social enterprises. Purposefully selected sampling is an ideal source of information to assist in gathering information most pertinent to the research question (Starr, 2014).

Purposeful sampling is useful for qualitative research to gain understanding in a particular case or situation and involves a small selection of participants (Yilmaz, 2013). Using a purposeful sampling technique targeted the study inquiry toward information and participants in a context specific to the research question; a large, randomly selected sample was not necessary. It involves selecting participants who can provide rich, practical knowledge of the phenomenon (Marshall & Rossman, 2006).

Sample size in qualitative studies is not a fixed number; rather, it is the main issue to determine sample size is data or theme sufficiency (Suri, 2011). Guest et al. (2006) performed a study to determine if they could predict the numbers of interviews required for saturation. The researchers interviewed participants and developed a codebook of themes. They recorded how often they had to make changes to the codebook, and, surprisingly, found that 73% of codes were accurate after only six interviews, and 92% of codes were accurate after the first 12 interviews. Then, they concluded that interviews require at least some structure to reach saturation, and that unstructured interviews may never converge.

Data and theme saturation may depend upon the knowledge and experience of the participants (Marshall & Rossman, 2006). For example, if many participants share the same experience, the researcher needs fewer participants to understand the essence of the experience, but complex themes require more data than simpler themes.

Francis et al (2010) proposed, the researcher should determine an initial minimum sample size and specify stopping criteria. In other words, once the minimum number of interviews has occurred, the researcher would continue until a certain number of interviews provide no new ideas. A variety of different stakeholders were included to ensure that the cases were not explored through one lens.

Since the overall population of SEs in Ethiopia is not known the researcher contacted the companies via the consortium of SEs (Social Enterprise Ethiopia (SEE)); a national body for SE which constitutes seven SEs. And it was set up by visionary social entrepreneurs in 2018. On this basis six social enterprises were contacted. From these SEs 14 participants (including founders, co-founders, GMs, supervisors and an expert) were interviewed.

3.5. Data Collection

In qualitative studies, the researcher plays a vital role in data collection and interview protocols and observation logs are supplemental tools (Denzin & Lincoln, 2008). Data collection sources include (a) interviews, (b) focus groups, (c) documents, (d) observations, (e) videos, (f) existing documents, and (g) artifacts (Boblin, Ireland, Kirkpatrick, & Robertson, 2013).

Case study researchers commonly use interviewing for data collection (Hancock & Algozzine, 2011). In-depth interviewing allows participants to provide answers to the research questions in their own words.

The study's purpose determines the type of interview: (a) structured, (b) semi-structured, or (c) unstructured (Qu and Dumay (2011)). The author did not use structured interviews. Some researchers view the interview as a social encounter in which the interviewee reveals innermost thoughts and feelings after establishing rapport with the investigator (Qu & Dumay, 2011; Turner, 2010). The unstructured interview might not have converged within the time constraints of the project. Consequently, the author did not employ unstructured interviews as the data collection tool; rather, a semi-structured interview was used. Here the interviewer used written guides to help them elicit in-depth responses from the participants in their own terms (Turner, 2010; Qu & Dumay, 2011). Using interview guides is a technique that provides flexibility, but requires care and planning regarding the way a researcher asks and interprets the questions (Hancock & Algozzine, 2011).

Most questions in semi-structured interviews are open-ended, and the interviewer uses follow-up questions to probe participants' responses. Rich, thick descriptions reduce researcher biases and provide the investigator with the means for discovering the in-depth experiences (Turner, 2010).

Several examples of how researchers used semi-structured interviews in case studies illustrate the effective use of this technique in studies similar to the study. For example, Cronin-Gilmore (2012) conducted an exploratory case study of 20 small business owners; selecting participants by employing a purposive, snowball technique. Cronin-Gilmore conducted telephone interviews with the participants regarding their background and skills, resulting in participants' rankings and concerns affecting business growth. In another case study, Lai and Chang (2013) used mystery shoppers to evaluate the customer experience and quality of service in Chinese restaurants. Lai and Chang interviewed mystery shoppers and used secondary data sources, including newspaper reports, feature stories in magazines, videos, and news stories about the restaurants.

These case studies illustrated the effective use of qualitative case studies using semi-structured interviews to arrive at meaningful results for small businesses.

Before the interview began the researcher was developed an interview guide and obtained a signed consent form (see Appendix A & B) from each participant. The guide allowed participants to share their experiences freely in their own words (Qu & Dumay, 2011; Turner, 2010). The researcher held 40-60 minutes semi-structured in-depth interviews with 14 respondents, including the 6 social entrepreneurs, 5 senior managers or officers in their organizations, 2 clients or customers and 1 industry experts. The interviews were conducted between October and November 2019 by the authors. The interviews of a key expert helped triangulate data to ensure its validity and reliability (Guion, 2011). A similar approach was taken by Mauksch (2012) in researching social entrepreneurship in Germany.

The interviews was primarily covered the general information about the organization and the entrepreneurs, understanding of success, the related factors of success, the challenges and strategies to sustainability and growth. Interviews were conducted and recorded in both Amharic and English; later the Amharic was translated and transcribed, taking care to capture meaning rather than rendering a literal translation.

The author obtained rich, thick descriptions, asking the same sequence of questions of each interviewee in the same order. The researcher was posed follow-up questions as needed to expand or clarify a participant's response. The interview was recorded using digital recorder and the files later copied onto a computer.

The researcher transcribed the interviews and stored them electronically in word processing format on a secure computer hard drive to analyze the information and discover the themes. The transcriptions were also copied to a removable flash drive for backup, and stored the backup flash drive in locked files.

In addition to collecting data through semi-structured interviews, the researcher also collected archival materials and documents regarding the cases studied, such as articles, newsletters and organizational websites.

3.6. Data Analysis

Once the interview with 14 participants had completed, the next step was transcribed the data, it was then coded, analyzed, interpreted and verified. The process of transcribing the interviews can help the researcher to gain more understanding of the subject from repeatedly listening to and reading the transcribed interviews. Coding the data began once all the data was fully transcribed (see the open coding at the end of the paper). The codes applied are keywords which are used to categorize or organize text and are considered an essential part of qualitative research (Sarantakos, 1998).

After the interview, the researchers transcribed and translated the conversation and share the transcription to each participant for checking to verify transcription accuracy and meaning (Stake, 2010). The researcher did not attempt to develop themes a priori; rather, allowed themes to emerge from the interview data (Stake, 2010). The researcher manually facilitated the coding. The author used an inductive, iterative process on each interview to produce categories for information analysis by partitioning statements into units, grouping the units into subcategories, and analyzing and summarizing the common headings into categories (Hancock & Algozzine, 2011). This procedure helped to identify common themes and differences among the participants (ibid).

The result of this study includes the key success factors, challenges and strategies the social enterprises employing. In addition, the findings included how the different factors contribute for the success of the social enterprise and what key factors to be considered before start up and to maintain their social/environmental impact and financial sustainability.

Documents such as annual reports, audit reports, social impact reports, and business models were systematically analyzed (Bowen, 2009). Within this study, a document analysis begins with the process of categorizing documents, determining their context and addressing their accuracy. This procedure must be conducted before the actual analysis of the documents in order to achieve validity (ibid). Document analysis generated data that are organized into major themes, categories and case examples specifically (Labuschagne, 2003).

Field notes obtained from the cases observation. Like the semi-structured interview and the document analysis, using an inductive approach, the field notes were categorized into groups having similar meaning, derived from the conceptual model. The researcher provided summary of the findings to the participants who expressed an interest in the results.

3.7. Ethical Consideration

The researcher used a well-defined, ethical approach, upholding the rights and confidentiality of the participants at all times. The author sent each participant an informed consent form (see Appendix A) identifying (a) the nature and purpose of the study, (b) researcher's responsibilities, (c) confidentiality procedures, and (d) the participant's role.

The researcher included clear statements on the Interview guide (see Appendix B) for participating, and participants were free to withdraw from the study at any time. The participants' signatures indicated their willingness to participate and consent to recording the conversation. The researcher scheduled the interviews after the completed consent form was backed.

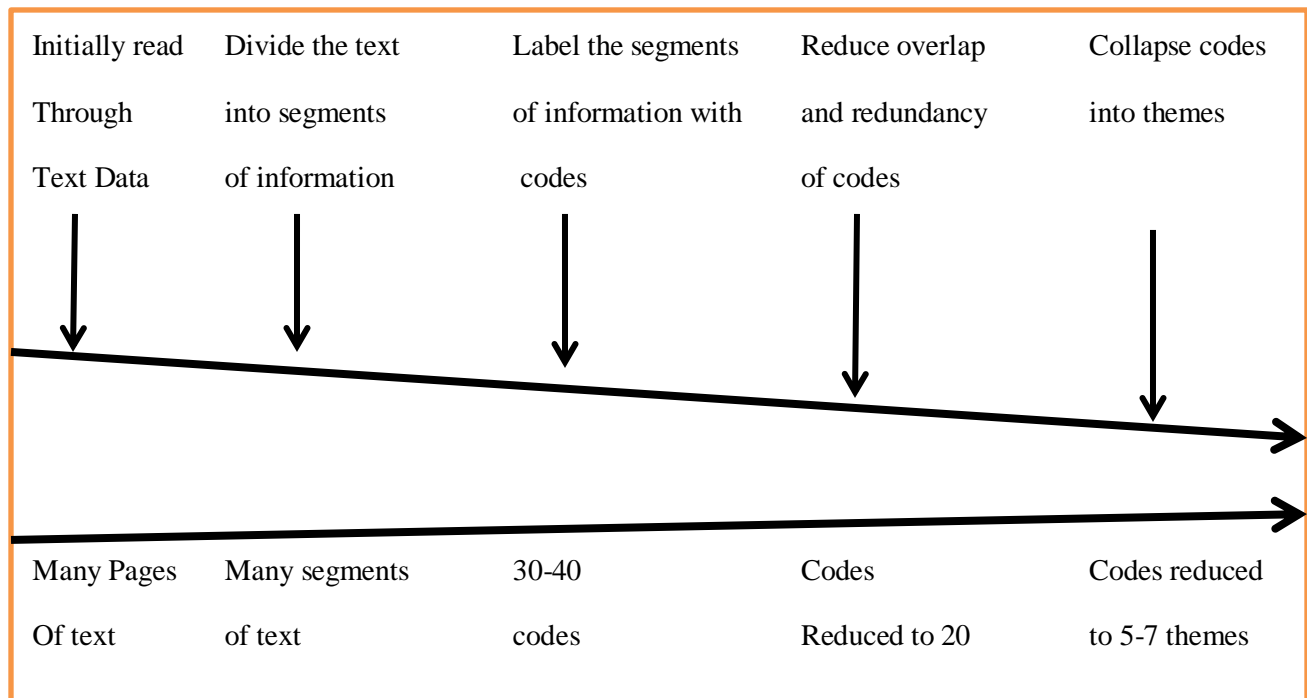
The researcher coded identities to protect privacy, and stored all consent forms, transcripts, artifacts, and field notes in a locked filing cabinet where they will remain for a period of 3 years. After that time, the data will be destroyed by shredding all papers and deleting electronic files.

CHAPTER FOUR

4.1. Data Coding, Analysis and Presentation

As mentioned in the previous section, all the interviews were translated and transcribed. The transcriptions were read a couple of times to process the information and to get an overall picture of general answers in the responses. To organize the data, the interviewees were coded, and specific key words were found, which made it easier to find themes and patterns, and to find similarities and differences in the responses. The responses were coded from the different parts of the analytical framework into small number of themes to answer the research questions.

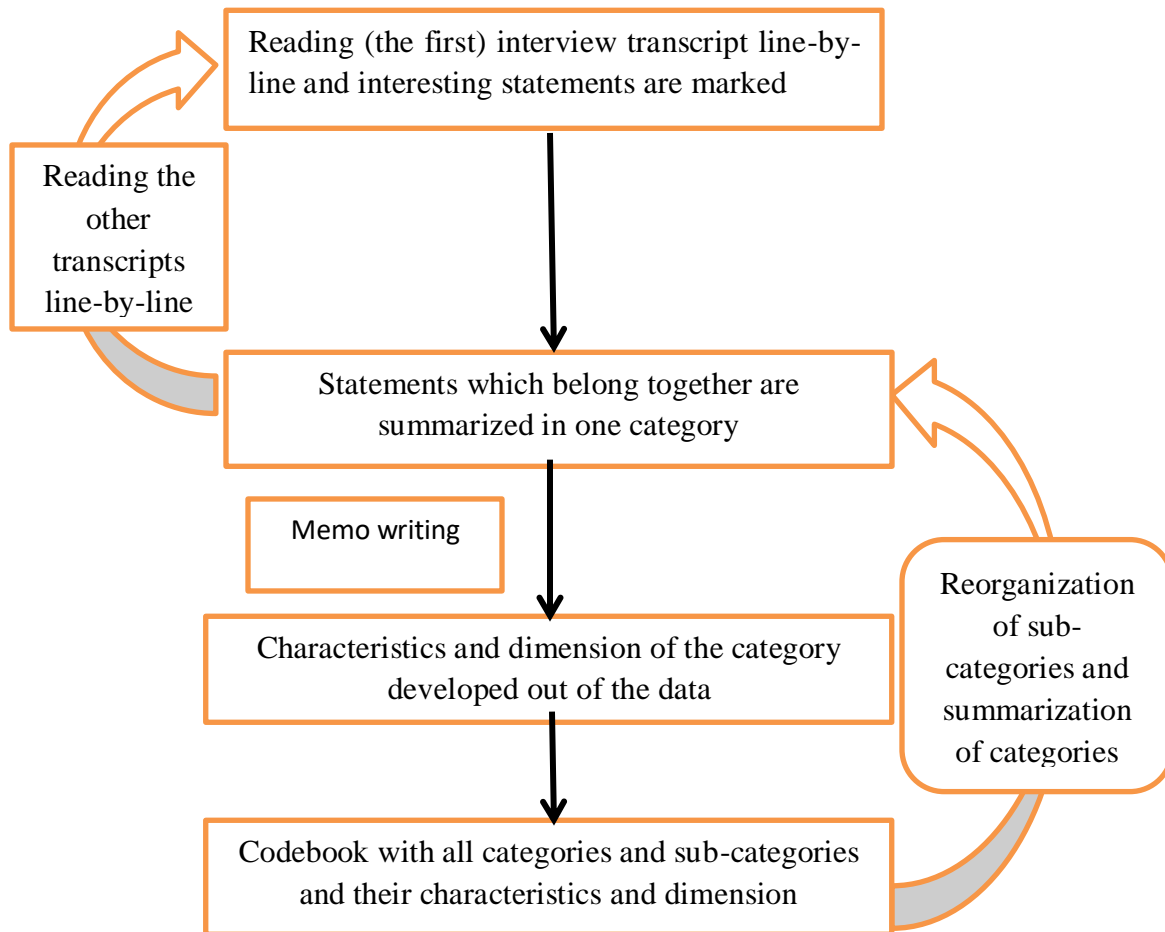
Figure 1: The coding Process of the Study



The analysis started by tracing elements that led the researcher answer the research questions. Data were presented by using the themes that emerged after coding and categorizing the data in patterns with the help of terminology from the literature review. Following [Miles and Huberman \(1994\)](#), the researcher used social entrepreneurship literature and guidelines for coding and analyzing qualitative data. The transcribed interviews were analyzed through an open coding process, iterated to overarching categories and compared between social entrepreneurs.

Strauss and Corbin (1990) characterized open coding as the analytic process by which concepts (codes) to the observed data and phenomenon are attached during qualitative data analysis.

Figure 2: Open Coding



The researcher processed to create several lists and statements from quotations as they emerged, then transferred all similar statements to a set for easy access. The analysis of data was a highly iterative process as the researcher went back and forth between transcripts, data reduction and coding and the final themes of discussion (Strauss, 1987). This allowed the researcher to identify the emergent themes without premature analysis biases, thereby enhancing the interpretations and increasing the confidence of the author in the analytical process (Suddaby, 2006). The findings and analysis consisted of four simultaneous phases: gathering and presenting findings, with in case analysis, comparative analysis across case and existing theory and discussion.

The research approach used was to review what the literature says for each theme, then triangulates these findings with the data to identify: areas of agreements with the literature; areas of dispute or variance with the literature; and new ideas that do not exist in the current literature.

Each proposition concluded with an interpretation of the meaning of data, in light of previous empirical work and theory. While iterating the categories with existing literature in social entrepreneurship, the researcher finalized the analysis by placing categories into a general dimension, which provided clarity on the conceptual framework and insights (Eisenhardt, 1989).

Elements of the framework were retained, revised, removed or added, as field data provided empirical evidence (Yin, 2009). Eliminating data not relevant to the analysis at hand and extracting data that are relevant was the simplest form of data reduction, as explained by Miles and Huberman (1994). As illustrated at the end of Appendices, the within thematic case analysis was executed in keeping with the conceptual framework and the interview topic guide.

The empirical part was generally structured with a description of the cases, followed by the motivating drivers for startup, defining success with their own word, related factors of success, the main challenges, and the strategies that can help companies to be sustainable both with the social mission and the finance. All the cases were described simultaneously to get a clear picture to uncover the key factors of success. At the same time, the empirical results from the expert were presented in support of the cases. Further, the analysis was also supported by data collected from different sources such as enterprise documents, websites, and different literatures.

4.2. Finding and Discussion

Because this study is focused on developing conceptual framework or gathering new insight rather than testing hypotheses, the data analysis and discussion presented are in themes or categories to explore new propositions of the underlying phenomenon. As suggested by Pratt (2009), the researcher presented data from 13 interviewees from six social enterprises and one expert, as observed in Tables 3, to show in a structured manner how the researcher reached the aggregate themes.

The analysis of the empirical findings suggests five main themes/propositions that answer the proposed research questions: motivating drivers of Social Entrepreneurs, understanding Success, identifying the key factors of success, key challenges of Social enterprises and Suggested strategies.

Before describing the key themes derived from the data, the researcher presented the description of all cases (six SEs) and background of the respondents. These may help to clearly understand the status of the different social enterprises; in terms of their purpose of existence, the business model used, the social impact they had creating and the social problem they tried to solve.

4.3. Description of Cases

Before themes or categories were developed from the data, it is important to get a better understanding of the subjects of the study. With a basic exposure to the origins and work of each organization, the reader will find the subsequent analysis of each case, regardless of his or her level of previous exposure to each organization.

According to [Defourny and Nyssens \(2017\)](#), social enterprises can broadly be defined into four categories:

1. Entrepreneurial non-profits, that are charities and non-governmental organizations adopting an entrepreneurial approach towards accomplishing their social mission;
2. Social business, such as commercial businesses applying business models and practices to develop business activities that are social mission(s)-driven;
3. Social cooperatives, such as the Co-op supermarkets, as well as credit unions: both are typically being run by members and stakeholders and can be found across the world; and
4. Public-sector social enterprise, essentially spin-offs intending to serve the needs of the target catchment with increased accuracy and efficiency through commercialization.

Table 1: List of Social Enterprises (Cases) and area of Intervention

No.	Enterprise Name	Year of Foundation	Type of Business	Social mission/area of intervention
1	JeCCDO Opportunity for Change Training Centre (PLC)	2014	Hospitality	Child care and support and Community development
2	TEBITA Ambulance Pre-Hospital Emergency Medical Service (PLC)	2008	Health care	Safety and emergency medical services, health training
3	Temsalet Kitchen (PLC)	2015	Restaurant	Women empowerment, Health food provision
4	Damascene Essential Oil Processing PLC	2014	Agro-processing	Environment protection, women empowerment, health improvement
5	Rohobot Home Based Health Care Service	2017	Health care	Health & well-being, gender equality and Women employment
6	Tibeb Leather Works	2017	Manufacturing	Support talented crafts people & empower local community

(Source: organizational documents, 2019)

Based on the above categorization and the investigation of the cases through interview and document review, only one of the Social enterprises in this study was considered as an entrepreneurial non-profit (JeCCDO), while the other five SEs are social business; business activities with a social mission. Below, the studied cases are briefly presented and described.

This presentation is referred to the projects approached during the interviews. The information was gathered both from the organizations documents, websites and other secondary sources.

Case 1: Jerusalem Children and Community Development Organization (JeCCDO)

JeCCDO was established as Jerusalem Association Children's Home (JACH) in 1985 as an indigenous, non-governmental, humanitarian organization, in response to the needs of children who were left orphaned, displaced or lacked proper care and support as a result of the 1984 famine. Renewing its commitment, JeCCDO has been re-registered as an Ethiopian Residents' Charity Organization under the new Charities and Societies proclamation number 621/2009.

As it is clearly articulated on their website, this organization strongly believes in the principle of "start small and grow gradually" and this has been the secret for its ever widening and deepening intervention both in terms of geographic and programmatic coverage.

Currently, JeCCDO operates in four regional states (Oromia, Amhara, SNNPR and Somali) and in two City Administrations (Addis Ababa and Dire Dawa). To reach these areas, JeCCDO stretches from its five Community Development Program Offices (CDPOs) located in Bahir Dar, Bishoftu, Debre Birhan, Dire Dawa and Hawassa towns. In addition to this, JeCCDO partners with 137 CBOs found in the above regional states and city administrations.

“The central theme of its programmatic framework is promoting integrated community based development programs focusing on children and other vulnerable segments of the community”. (JeCCDO’s 2018 report)

Apart from its outreach offices, JeCCDO owns and administers a well-furnished training facility at Bishoftu town “JeCCDO Opportunity for Change Training Centre”. (<http://www.jeccdoethiopia.org>)

To remain competitive and responsive to community needs local NGOs are recommended to induce innovative solutions that give opportunities to generate income from business activities. Taking this into account, JeCCDO has injected ‘social enterprise’ in to its overall organizational development approaches since 2014.

Now JeCCDO had established a well-furnished training facility namely JeCCDO Opportunity for Change Training Centre in Bishoftu Town. In addition the center had well-equipped contemporary meeting halls, Restaurants serving international and national cuisines, internet access, environmentally friendly bio-gardens and recreational sites.

JeCCDO has created an employment opportunity for 136 permanent staff and 186 volunteers, supporting 137 CBOs and reaching more than 850,000 beneficiaries every year through its CDPOs and project interventions.

As different literatures illustrated that the balance between the employees and the volunteers has a great contribution for success of the SEs. Regarding social impact one of the general manager described: “In terms of the social impact we create, in this year we built 12 low cost homes for 60 members with around 1.7 million birr budget. In addition to the community capacity building activities this enterprise creates more than 60 permanent and temporary job opportunities” (JD 4)

A testimony from the expert explained as follows “JeCCDO for instance built a training facility and started renting them and they generate income. With the income they generate they built schools so the community members are attending their education there. They also built youth centers, and the youth come to the center and spent their spare time doing sports, train wood work and share a lot of ideas and help them to start their own job and started to generate income”(Expert)

According to the 2014 audit report the annual budget of the organization exceeds 80 million ETB.

Case 2: TEBITA Ambulance Pre-Hospital Emergency Medical Service

TEBITA Ambulance is the leading provider of remote medical assistance and pre-hospital care in Ethiopia. It aims “to provide the highest quality emergency ambulance care and pre-hospital services, create awareness on first aid and health safety through formal trainings, and advocate for the development of well-organized emergency medical services management”.

Tebita has the mission to provide the highest quality, most reliable and timely emergency medical service to customers. The core value of Tebita is CARE, which means commitment to save life and provide the highest quality service, always be compassionate, respect and dignity for fellow man and enhance and improve the emergency medical field.

Mr. Kibret Abebe, a professional anesthetist established TEBITA Ambulance after witnessing the poor conditions of victims of traffic accidents and other emergency medical patients in Addis Ababa. Then he recognized the need to improve patient transportation and pre-hospital care.

Since its establishment, TEBITA Ambulance has been dedicated to deliver the most professional, high quality and reliable emergency care services. Remote ambulance services to multi-national and local companies, first aid training to non-health professionals, basic, advanced life support and CPD training for health professionals, first aid kits that provide standard medical equipment for your medical emergency needs and the Peace of Mind package are the major services provided by this company.

Since 2008, TEBITA has transported more than 55,000 patients in Ethiopia and provided specialized services to a variety of diplomatic missions, non-governmental organizations, hospitals, multi-national companies, construction companies, banks and hotels. The company has facilitated more than 500 international evacuation services.

In May 2015, TEBITA Ambulance formed a working partnership with East Africa Emergency Services, LTD (EAES), an Ethiopian and American joint venture. EAES works with providers of emergency medical services and training in East Africa, in order to ensure that international and domestic clients have access to reliable, high-quality emergency care. Together, TEBITA and EAES are working to establish the first trauma center and air ambulance system in Ethiopia.

Since its establishment the enterprise had provided ambulance service for more than 55,000 people; gave training for more than 40,000 trainees, create an employment opportunities to 84 people (56 permanents and 28 temporary) and increased the number of ambulances from 3 to 11.

Case 3: TEMSALET Kitchen

Beyond just serving customers with the finest foods and drinks, the restaurant was established with the aim “to create work opportunities for women who are in need of financial support”.

The name “Temsalet” is an Amharic word, means an “exemplary”. Three ladies, Samira Messner, Founder, Masresha Ayele and Fetih Asrat as the Co-Founders, birthed Temsalet Kitchen to life “with the drive to change the norms and empowering women in need of a hand” to pull them up on a stepping stone to a ground where they could settle. So one day the three ladies brought all they had to the table to build a firm foundation for a greater purpose.

Now the circle was stretched out; more people including volunteers started contributing to the bigger purpose and powered by a group of women with different backgrounds.

One of the three, Samira Messner, was the driving force behind the idea and she invested 500,000 Ethiopian birr (around £14,000) of her own money. With volunteers helping to decorate and fit out the premises, the restaurant opened in 2015. (<https://www.pioneerspost.com/news-views/20190730/serving-the-sisterhood-temsalet-kitchen-ethiopia>)

Temsalet's aim is "to train and employ struggling young women to become the restaurant's cleaners, cooks, waitresses and managers". Currently, apart from providing a mixture of Ethiopian and European food, special events, such as card game nights and book launches are regularly carried out. The business also offers external catering and home meal delivery services.

Currently around 25 women have been trained and involved in the day to day activities of their own business. Temsalet employees not only get on-the-job training, but there's also a scholarship fund for night classes and support extends to women outside the restaurant and donates money to a single mother who arranges meals for more than 100 children. (www.temsaletkitchen.com)

Case 4: Rohobot Home Based Health Care Service

Rohobot Home based health Care service established on January 2017 to "provide home based health care service for chronic ill and aged people with affordable price". In addition to that they are creating a job opportunity for fresh graduate student of private medical colleges.

Currently the company is providing home based health care services; Personal Care Assistance for individuals who are unable to perform independently and do not have a caregiver, Caregiver Support for individuals assessed as requiring 24 hour support/supervision, facility Based Respite Care, home support for individuals assessed as being unable to perform independently and without caregiver or other community support, household maintenance, laundry and Meals.

In addition this company provides health Care Services with unique eligibility criteria: Nursing services (teaching, health promotion, wound care, medication administration), provide medical and non-medical training: offer trainings on standard operation procedures of home based health care, Specific Nursing care, General care and support, and Cooking supported by nutritionist.

This enterprise created job opportunity for 70 healthcare providers, provided quality home based health care service to more than 10,000 people. In terms of gender equality 80% of staff members are women. (<http://www.rohobotnursing.com>)

Case 5: TIBEB Leather Works

Tibeb is the name given for the traditional Ethiopian Textile patterns that are hand woven by skilled men and women and that also translates to mean wisdom.

The company is currently producing handmade leather goods that are influenced by African traditional patterns and textiles. The company sees these products as a taste sample pallet of Africa's beautiful culture and patterns to the world.

Tibeb Leather Works is a fruit of creative friends with the same ideal at heart. The company value employing maximum effort into crafting leather products with exceptional technique and several hours of patient work in order to ensure that customers get the best.

The company is established with the aim "to make every piece of product become an extension to users, and not just an accessory in their life". The company strives to reintroduce the use of leather products to tailor made to the hustle and bustle of life today. Each product the company making is fuelled by the need to challenge the status quo, using business to instigate positive social and environmental change. (www.tibebileather.com)

As part of the social purpose the profit goes to support talented craftspeople in Ethiopia and empower local communities through education and facilitating programs to showcasing their talents and dedication towards keeping the tradition of generations intact.

Initially the business started with about 20,000 Birr Capital, but currently the company's capital exceeds 850,000 Birr. ([The Social entrepreneur](#))

The company has created job opportunities for around 8 talented women and continues to deliver skill training for the disadvantaged segment of the society.

Case 6: Damascene Essential Oil Processing PLC

Damascene engages in high-quality production of pure essential oils and aromatherapy products. The company aims "to build its business by utilizing these resources in a sustainable way".

Rahel Heruy; a pharmacist established this company in 2014. Inspired by the history of use of aromatic plants in the Ethiopian culture, Damascene is currently engaged in the production of essential oils, bath salt and hydro-water. The products are directly delivered to hotels, Resorts, spas, beauty salons as well as individual consumers through the company's retail shops.

Now, Damascene planned to expand its set of products with the manufacturing of beauty care products and spiced sesame oil made from locally grown sesame and herbs. So the company had signed a memorandum of understanding with Cheshire Service Ethiopia (Cheshire) for social cooperative work. In one of the company's rehabilitation center, Damascene have been providing training for farmers' onsite. In exchange Damascene receives exclusive access to the crops grown there. Moreover, on these premises Damascene has a production location for which the company pays a competitive renting price. Cheshire also purchases Damascene's essential oils for medicinal and therapeutic purposes.

Currently Damascene is growing lavender, mint, sage and rosemary in 5 hectares. In addition the farmers and the center have eucalyptus globules which Damascene start buying from them and extract oil. Similarly Damascene rents machinery from the locals living in Wondo Genet having essential oil extractor and sometimes from Wondo-Genet Agricultural Research Centre for 5 months per calendar year to produce oils from the herbs provided by the ABARO Farmers Union. It also has a retail shop located in the CMC shopping center and Bishoftu town.

The business is environmentally viable because "its survival and success depends on the protection of the surrounding environment". Since the quality of the end products highly depends on the quality of raw materials, the company sources 100% of its raw materials from the local market. To ensure a smooth flow of raw materials, Damascene has engaged in an out-grower scheme. So far Damascene has engaged more than 2,000 small-holder farmers, of which majority are women, in its out-grower scheme. (<http://www.damasceneoils.com>)

4.4. The Social Enterprise's Organizational Models (OMs)

In implementing activities that create both financial and social value, SEs must adopt the appropriate organizational design. Alter (2006) conceptualized alternative OMs of how SEs can pursue both mission and money while managing the potential conflicts between the two bottom-lines. (See Table 2)

Table 2: Social Enterprise Organization Models (OMs)

Social Enterprise	Organization Model
1. JeCCDO	Embedded Social enterprise Model
2. Tebita Ambulance	Integrated social enterprise model
3. Tamsalet Kitchen	Integrated social enterprise model
4. Rohobot Nursing Service	External social enterprise model
5. Tibeb leather	External social enterprise model
6. Damascene Essential oil	External social enterprise model

(Source: Researchers observation and document analysis, 2019)

Based on [Alter's \(2006\)](#) typology of social enterprise models and the analysis of organizational documents and field observation the researcher, Tebita Ambulance and Tamsalet kitchen adopted an integrated social enterprise model. Because in both enterprises there is a sharing of assets and costs between enterprise activities and social programs. For instance Tebita Ambulance is employing a cross-subsidy model. In relation to Tamsalet Kitchen, there is an overlap between the money-making activity of the business and its social program; the profit directly goes to support the women in need.

On the other hand Rohobot, Tibeb and Damascene enterprises are utilizing the external social enterprise model; since they fulfill their social mission by providing employment and training to the socially disadvantaged groups. However, Damascene and Tibeb Leather later became more of a conventional business that simply sourced materials from the communities, and outsourced the production to, communities.

Damascene also benefits from its affiliation with JeCCDO through the already established system of cross-sector cooperation, particularly in terms of using the training camp facilities and the CBOs network to address the need of the farmers.

Finally, JeCCDO have been adopting the embedded social enterprise model. In this model, the social programs and the enterprise activities are synonymous; the implementation of activities simultaneously pursues the money-mission relationship. JeCCDO provide services and capacity building trainings to beneficiaries as part of the social mission.

4.5. Background information about participants

Table 3: Background information about participants in the semi-structured interview

NO.	Participants Code	Sex	Age	Job Position	Experience	Education
1	JD 1	M	> 40	Founder & CEO	>30	MA
2	JD 2	F	30-39	Senior officer	1-9	MA
3	JD 3	M	> 40	General Manager	10-19	MA
4	JD 4 Client	M	30-39	General manager	1-9	BA
5	TA 1	M	>40	Founder & CEO	20-29	MA
6	TA 2	M	>40	General Manager	20-29	MA
7	TA 3	F	30-39	Senior officer	1-9	Diploma
8	RO 1	F	30-39	Founder & CEO	1-9	BSC
9	TK 1	F	30-39	Co-founder & CEO	1-9	MA
10	TK 2	F	30-39	Senior officer	1-9	Certificate
11	TK 3 client	F	30-39	Coordinator	10-19	MA
12	DA 1	F	>40	Founder & CEO	20-29	BSC
13	TL	M	20-29	Founder & CEO	1-9	BSC
14	Expert	F	30-39	Program Manager	10-19	MA

(Data source: personal interview, 2019)

According to the data obtained from the interview, 6 participants were men and 8 were females. Regarding their work experience, 7 of them categorized under 1-9 years of experience, 3 of them has between 10-19 experience, while the other 4 have above 20 years work experience in different governmental and non-governmental organizations. In terms of the level of education 8 of them possessed Master's degree, 4 have a bachelor degree, 1 diploma and 1 was certificate holder. With regard to the organizational position 6 are founders and co-founders, 3 are general managers, 3 senior staffs, 1 coordinator and 1 program manager.

4.6. Cross Case Analysis

4.6.1 Motivating drives for the establishment of the social venture

Through this exploratory qualitative study, besides exploring factors of success the researcher seek to understand what drives individuals to engage in social entrepreneurship. Developing such an understanding will provide a foundation for further empirical research of social entrepreneurs and their motivations in developing countries like Ethiopia.

Social entrepreneurial intentions can be deemed as a psychological behavior of human beings that persuades them to gather knowledge, perceive ideas and execute social business plans to become a social entrepreneur (Mair and Marti 2006).

The study revealed that the social entrepreneurs were motivated by different drivers or factors. This Proposition was developed to addresses the research question: What are the driving forces to launch this business? The researcher observed four patterns: addressing social problems, passion, desire for independence and personal experiences.

The presence of social challenges in the Ethiopian community pushed social entrepreneurs to attempt to solve social and environmental problems through their businesses. Two of the social entrepreneurs (TK 1 and DA 1) were driven to respond to problems in their localities and had a desire to change society, leading them to identify opportunities and find innovative solutions.

JD 1 also elaborated that: “In order to remain competitive and responsive to the need of the target community, we inject this social enterprise development approach in our programmatic activities; which can support our humanitarian and development activities”

This was also emphasized by the other entrepreneurs, who were motivated to provide services and skill trainings for disadvantaged women.

“I and my Friends had the desire to do a business that can reduce the burden of un-employed young women in our locality. Still now we didn’t receive any salary or benefit from the business” (TK 1)

Personal inspiration is another motive in the process of SEP in Ethiopia. Findings of empirical data suggest that social entrepreneurs might be exposed to different situations and experiences that inspire them with new ideas by which to address social problems in their communities. Social Entrepreneur (RO 1) said that she was inspired to start her social venture after she had experienced a painful moment in her life. This experience was an inspirational source for transforming the idea in to reality that serves persons who needs home-based health care.

“I have passed through difficulties, pains searching for health care services. Then I decided to establish a small venture to reduce the pain of others” (RO 1)

Another Social Entrepreneur (DA 1) was inspired through her innate passion and observation of the societal problems. Her academic background also pushed her to do something in order to solve social problems. She illustrated that: “Since my childhood I have passion to solve certain social problems experienced my family and the community. In order to achieve what I was dreaming, I worked hard to launch this business. After I had studied Ethiopian essential oils, I recognize it was in deteriorating situation, so I filled interested to improve the situation and to properly change it into benefit”” (DA 1)

Personal experience is another motivational drive that emerged from that data related to experience gained from previous activities and projects in the lives of social entrepreneurs. This activity seems to have driven them to start social projects and has shaped their careers. These experiences incite their ambitions to seek welfare and happiness for others.

One of the founder elaborated that, there were two moments pulled him to launch this social venture: “Once up on a time I saw a terrific car accident; an 8 years old girl was down in front of the car and a traffic police tried to help the girl in unprofessional way. Second, in 2007 I found myself helping a British citizen who came to the hospital with a cardiac and respiratory problem. The patient needed to be medically evacuated to London, and I was called to take care of him during his travel. When I arrived in London the emergency medical services system totally blew my mind. After I returned back, I prefer to start challenging the social norms and focused to figure out how to put my drop to contribute to solve the social problem in the society rather than sit and complain about it.” (TA 1)

Sometimes entrepreneurs need to be independent; have a desire to be their own boss. This drives entrepreneurs to take a business risk and spend large amounts of time for setting up and starting a new business.

“Our motive was to offer different handmade products fuelled by the need to challenge the status quo, using business to instigate positive social and environmental change, at the same time we will be economically independent”(TL 1)

[Schumpeter \(1934\)](#) identifies the motive of personal profit as a central engine that empowers private enterprises and social wealth. According to the above explanations majority of the social entrepreneurs (five out of six) were motivated by pulling factor that included pro-social behaviors based on past or current problems or challenges, personal experience or personal inspiration. Only Tibeb Leather was motivated by pushing factor including the desire for independence ([Hisrich and Brush, 1986](#)), search for meaning.

[Mair and Noboa \(2003\)](#) argue that social entrepreneurs' primary motivation is social value creation. [Santos \(2012\)](#), meanwhile, argues that the motivation to create value for society, rather than gain value, is the central difference between social and commercial entrepreneurs. Alternatively, [Hwee and Shamuganathan \(2010\)](#) suggest that deep personal values allow social entrepreneurs not only to feel sympathy for the disadvantaged in society but also to go further and create novel solutions benefitting these people by capitalizing on their business skills and personal networks.

4.6.2 Understanding Success in Social Enterprises

Drawing on [Diochon and Anderson \(2009\)](#), the definition of effectiveness for SEs adopted in this research comprises being innovative in addressing to social exclusion and marginalization as well as having self-sufficiency and sustainability. Considering the six cases studied it was well noted that each one of the interviewed entrepreneurs consider their social project to be a success, some with more resistance and others with a clear word.

This was an open question, so no biases were introduced. However, some factors influence their opinions are the age of the business, the background of the entrepreneur and the perception of the concept of social entrepreneurship.

The reasons pointed out by the six social entrepreneurs for considering their ventures a success were slightly diverse. However, after contemplating their answers it was possible to identify a common line of thought and reasoning among them. One factor influencing the way success was defined is the perception of the entrepreneur. For three of the enterprises, success is measured in terms of goal achievement. For instance JD 1 explained success as follows:

“The business is successful when it can create the planned social impact and financially sustainable and achieve our predefined goals” (JD 1).

Similar to this, the other co-founder stated that “we can say our company is successful when we achieved our goal” (TK 1). RO 1 also consolidated the idea of the two by saying “Success contains two elements, achieving social goals and financially sustainable.”

On the other side, two of the social entrepreneurs measure their success in terms of process or cycle. “For me success is the journey; my ten years journey, passing through up and downs, struggling to stand by myself instead of giving up or waiting for external donation.” (TA 1).

Supporting this view the other entrepreneur perceive success as “a process; measured across cycle or achieve each goals and progress with time” (DA 1)

The other entrepreneur measure success in terms of the product quality provided to the end user or beneficiaries. The entrepreneur elaborated it as “However the concept is comprehensive, success for us is the quality of the product we produce and the value we add to the users.”(TL 1)

According to the expert’s point of view success can be measured in relation with the mission and vision of the social enterprise. The expert explained the concept as follows:

“We can take a normal business for instance, if it serves its objective and if it is sustainable and able to continue with the mission they may consider it as success.” She added, “Social enterprises also measures their impacts and they have certain level of impact they are established to address, if they measure their impact and communicate it at the same time, if they achieved their predefined goal, scalable and expands to the large segment of the people and continue to solve the social and environmental problems that would be a success”

The views of their enterprise as successful were contingent on two aspects: internal and external. The internal aspect relates to the organization itself (the mission, vision goals, product output, annual revenue, changes in the business's sales rates, changes in the number of employees et.al) and the benefits obtained through the development of the business. The external aspect has to do with the social impact of the project. However, it is still hard to measure social impact.

Based on the result of the study, success is measured subjectively. There is no common definition developed for social enterprise success.

4.6.3 Success Factors of Social Enterprises

One of the key questions that researchers have attempted to answer is the factors contributing for the success of SEs. They may take different forms; they could be NGOs, private businesses, or cooperatives. Social entrepreneurs have clear outcomes that lead to social impact, which define their organization success. It is more difficult to measure performance or success for the SE than for the commercial enterprise simply because the benefits from the operation of the social enterprise are often difficult to quantify, whereas the benefits created by a for-profit enterprise are easily judged using a variety of financial instruments like profit; return on investment.

However, for easy understanding, the researcher classified SFs based on two dimensions: Key success factors and Additional variables of success. These categories were developed based on the data obtained from the semi-structured interview and analysis of various documents.

Each dimension includes a set of pertinent factors. Each of the identified key success factors claimed as they have a significant impact on the social and economic performance of the enterprises.

In addition how the variables important was theoretically and empirically discussed in qualitative way. In order to create a model that closely fits the success factors that ensure the sustainability of the social enterprises; the author identified 14 factors among the answers of the respondents.

The most important success factors of a social business are:

Key Success Factors (KSFs)

- Business plan or strategy;
- Strong cooperation and partnership;
- Public acceptance of the idea or venture;
- Passion and commitment,
- Leadership skill;
- Education and prior experience;
- Social network;
- Management or Board support;
- Management abilities or team composition
- Technology

Additional Variables of Success (AVSs)

- Product or service quality;
- Shared vision or long-term vision,
- Government, donor or family support and
- Risk-taking

Here, since the researcher's intention was not to generalize the finding, the factors will only be applicable to the selected cases.

Based on the finding of the research for instance, business plan, leadership skills, education and prior experience, social network, shared vision, managerial abilities, board and management support, cooperation and partnership, public acceptance of the idea or venture, Information Technology, service quality and donor/government support were mentioned as the key factors of success for JeCCDO.

For Tebita Ambulance, business plan, leadership skills, education and prior experience, social network, shared vision, managerial abilities, board and management support, cooperation and partnership, public acceptance of the idea or venture, Information Technology, risk taking and donor support are the key factor of success.

For Temsalet and Damascene on the other hand, Passion and Commitment, Leadership skills, Education, Business plan, Shared vision, Managerial abilities, cooperation and partnership, Acceptance of the idea or venture and service or product quality were sorted out as the key factors of success. While passion and commitment, Leadership skills, Risk-taking, Education, business plan, Shared vision, Managerial abilities, Advisory Board support and acceptance of the idea or venture were the critical success factors for organizational performance for Rohobot.

For Tibeb Leather on the other hand commitment, leadership skills, education, business plan, shared vision, managerial abilities, acceptance of the idea or venture and Information Technology were mentioned as the significant success factors for the sustainability of the company.

The SEs regardless of their organizational forms and geographical context strive to integrate the poor in to the market system as producers rather than consumers. This is suggestive of leading some strategic business investments by partnering with community and companies with similar missions rather than simply offering money to the social sector.

Taking this in to account JeCCDO had been directly working with the CBOs to address the problem of vulnerable children and internally displaced populations. Similar to this Damascene had been encouraging women farmers to produce aromatic plants and spices and supplied to the company. At the same time JeCCDO and Damascene have been working together to reach the local communities through capacity building training and other need based support packages.

4.6.3.1 Dimensions of Success

In this section for easy understanding, the researcher classified SFs based on two dimensions: key success factors (KSFs) and Additional variables of success (AVSs). Each dimension includes a set of pertinent factors.

In one hand, in relation to the key success factors (KSFs) business plan or strategy; strong cooperation and partnership; public acceptance of the idea or venture; passion and commitment, leadership skill; education and prior experience; social network; Management or Board support; management abilities or team composition and Technology were mentioned.

On the other hand, in terms of additional variables of success (AVSs), Product or service quality; shared vision or long-term vision, government, donor or family support and Risk-taking) were proposed.

1 Key Factors of Success (KFSs)

a) Business Strategy/ plan

The operational definition of business planning is drawn from [Barraket et al. \(2016\)](#), and refers to a set of organizational practices in gathering business information for decision-making and to exploit new opportunities. Business plan helps nascent entrepreneurs to make better decisions in utilizing their resources and develops their goals into practical stages ([Delmar and Shane, 2003](#)).

Research studies that focus on the emergence of business needs and the development of the business environment has emphasized the importance of strategic management and management orientation towards enhancing innovation and creativity in operating a successful business ([Krueger, 2002](#)). In this spectrum, two main strategic orientation namely process orientation and content orientation are identified.

Process orientation is focusing on developing process to gather information and looking at the big map that will drive towards goals, objectives and actions ([Poister & Streib, 2005](#)). For example the enterprise manager suggested:

“For sure the business strategy we developed is the key factor for our success. Before we entered in to this business we have assessed the financial feasibility, the whole business environment and the human resources available. Then the next step we do was, we exert our efforts to internalize the business idea in to our staffs and our partners.” (JD 1)

On the other hand, in content orientation an organization is seen as concentrating to its core business through prioritization of resources ([Greg & Elaine, 1994](#)). This was captured well in the following quote: “Our business model also plays a key role for the success of this company, we developed a cross-subsidy model, in which the income generated from the multinationals are re-invested back to support our 7/24 services. Using this model we can able to make balance between our social mission and the financial sustainability” (TA 2)

The other co-founder also emphasized the role of business plan. In addition to the designing of strategic goals required a deep understanding of the environment, the driving force and the factors that influence customers' purchasing decisions are important. “Based on our priorities we prepared a business plan, which contains short term and long term goals, we use this plan as guidance for our day to day operation. As far as we are working according to this business plan we were able to achieve our short term goals” (RO 1).

It is obvious that the critical issue to be considered in the social entrepreneurship is having dual mission; social mission and making business for profit. So in order to better sustain in the business environment the SEs are expected to balance this dual missions. This also confirmed by one of the founder: “With our business strategy we are ensuring the balance between our purpose of solving social problems and doing the business to generate more income” (DA 1)

When we are talking about business strategy we need to think about the market. [Kumar and Subramanian, \(2000\)](#) asserted that market environment in various countries can affect the type of strategies used by commerce to improve their business performance.

Marketing is defined as a process where the customer needs are met and this is done through an assessment of the needs of customers on an ongoing basis ([Frishammar & Horte, 2007](#)). In explaining this one of the social entrepreneur stated:

“Before we entered in to the business we made assessment of the entire market, and then after we developed our business strategy and plan we had a brainstorming session which enables the team to have a common understanding on the purpose of the business” (TK 1)

The work of [Barraket et al. \(2016\)](#), illustrated that business plan that is commonly implemented in established companies should enable the organizations to be more effective and efficient, generating positive impacts on the financial performance and social performance. In addition, business plan plays an essential role as a communication tool to build trust with beneficial and external stakeholders (*ibid*). Specifically, by practicing formal business plan, SEs are better able to compete to gain essential resources, not only to maintain their operating expenses ([Ruvio and Shoham, 2011](#)), but also to organize more social activities and achieve better social performance ([Sanchis-Palacio et al., 2013](#)).

a) Strategic Partnership and cooperation

Partnership can affect enterprise performance directly by providing entrepreneurs with information about the world, especially about technologies and markets. The information about output markets, how they function and the standards to which they comply, may help enterprises become more competitive and may also have a direct effect on productivity, especially if an enterprise is operating below full capacity.

As the founder observed cooperation and partnership plays a critical role for business success, especially in the social business: “We have a Strong cooperation and partnership with different stakeholder, especially with other social enterprises; we have two kind of partners, one is partnering to build the capacity of our women farmers and the other partner is the supplier who provide land, seed and machineries” (DA 1)

Furthermore, the other co-founder highlighted the importance of partnership and cooperation, since SEs mostly operates in resource constrained environments: “In order to successfully sustained in the market we have been engaged in diversifying products and services, as part of these effort we have catering services and home delivery services to our loyal customers, through these loyal customers we are now extending our services to business men, corporate organizations, Embassies and Non-governmental organizations.”(TK 1)

The expert also underlined the importance of these elements for the sustainability of a SE: “Networking and partnership are most important factor for Social Enterprises to flourish, as you know, with the network and the partnership you can pull resources and market together. Network gives you a sounding board for when you have questions or want advice, which is a huge help, especially in the early stages of a business. As your network grows, so do your resources. ”

b) Acceptance of the venture in the public discourse

Richard Werbe, founder of micro-tutoring service platform StudyPool, explains his strategy for coming up with an innovative business idea, saying, "You have to pay attention to trends. Most people think they have to come up with an entirely original idea, but you can take current popular trends and build from what you're already seeing out there, creating an improved service or product." <https://www.entrepreneur.com/article/305688>

So the idea by itself has a great value for either sustaining the business or downfall. The market will dictate whether your business will succeed. This was captured well in the following quote:

“Increasing acceptance of the venture has a decisive role for our success, people come to our restaurant not only to get food, but they understand the value the business is creating on the customer’s health and in terms of solving the problem of women” (TK 1)

This is also confirmed by one of the client” The idea by itself is also great, the restaurant was not only established to offers healthy food, social events and catering, but also trains vulnerable women to become part of the business as cleaners, cooks, waitresses and managers.” (TK 3)

Despite the financial constraints these social enterprises have created jobs, provided on-job training, support vulnerable group of the society and improved health and social wellbeing. However the acceptance of the venture was important factor. In explaining this co-founder stated: “The world we live now, people are more interested with new things, so the product is easily accepted by the users. As a result within two years our company can able to grow and reach additional market opportunities” (TL 1)

To be successful the business idea matters. Sometimes if it is a basic need or already gain reputation, it can easily accepted by the large segment of the society. However, the business should always be ethical. Another social entrepreneur underline the value of existing reputation for the acceptance of the venture as follow:

“As a charity organization and now as a social enterprise we have a great acceptance among the local communities, government and development partners, so private companies, international and local NGOs, government ministries, and other stakeholders are visiting our facility regularly and undertaking different events (conferences, trainings, symposiums et.al.). (JD 1)

c) Passion and commitment

This social entrepreneurial ingenuity is depicted in a number of case studies of inspiring individuals that highlight their commitment to address a cause and their ability to achieve intended social or environmental outcomes, while they secure financial stability for their organizations (Thompson et al., 2000).

Thorgren and Omorede, (2015) also highlighted how the passion of social entrepreneurs fosters trust among employees which helps in achieving organizational goals. Mort et al (2003) argue passion for solving social issues as one of the key critical factor of success for social enterprises.

There was a widespread view among all organizational levels of informants that passion and commitment are crucial for their success. The co-founder of Rohobot nursing service clarified:

“For me the most important thing was the passion I have in my heart in my mind, which always push me to reach my goals” (Ro 1).

Co-founder of Tamsalet kitchen also confirmed that “The strong commitment towards the business creates a passion for what we do for the success of the goals.” (TK 1)

Passion for and understanding of the organization’s social mission is key to success. If the leaders has a strong passion and commitment to the mission and strong personal values he or she can get followers with passion and dedication; who will not readily compromise the mission and able to financial stability in times of crisis.

One of the founders highlighted the importance of passion and commitment for success: “Whatever books you read or assess business environment in general, to be successful in the business, it requires three interrelated things; such as focus, commitment and network, which makes the entrepreneur to inspire others. To achieve something you want you should have strong passion and commitment. Specific to our company our focus was to improve the entire system of the emergency medical service, I was talking about the purpose, that is why when we are focusing on the purpose we set a clear plan and approach to implement it effectively and efficiently, the second key thing is commitment. Some people has the focus but missed commitment, some others have the commitment but not the focus. These things are always interconnected. Every activity requires commitment, dedication” (TA 1)

One of the supervisor added that “The commitment and the passion we have as individual and as a team enable us to fight for our economic independence and to sustain the business for the sake of improving our livelihood” (TK 2).

The general manager of Tebita ambulance also stated that:

“Since we are working in the life saving industry we have the passion to save lives so, we are committed to work day and night without compromising our social life or personal interest.”(TA 2)

Literatures have strongly supported the notion that the people joining SEs must be having a total dedication to the venture success (Sharir and Lerner, 2006; Christie and Hong, 2006).

d) Leadership skill

Sharir and Lerner (2006), Badaracco (2013) and Alvord et.al (2004) in their research finding agreed that strong leadership of the social entrepreneur is a key factor for the organizational performance of social enterprises. Taking in to account the different authors illustrated, the research finding of this study also found how leadership skill determine the success of the SEs.

Leadership is all about setting direction and creating the right organizational conditions for heading in that direction. This is as true for the team leader as it is for the chief executive or the general manager although the scope and scale of the task varies significantly.

In this study Participatory way of leadership is dominant way of leadership. The respondents believe that the leadership style has its own contribution in the success of the companies.

“As an organization we have adopted participatory type of leadership, in that everyone is involved in the day to day decision making process of the enterprise, this leadership style empowers employees to use their creativity to develop more productive work processes and make the enterprise more efficient. In addition individuals are delegated to certain positions, so it gives them an opportunity to practice leadership” (TK 1)

She also added that: “Truly effective leaders have a clear vision of the future and the capability to communicate that vision to others so that they are inspired to share it and work collaboratively to achieve it.” (TK 1)

Managing SEs is thus typically a dynamic process and necessitates the continuous adoption to the ever-changing environments. So the leadership quality matters the success of the business.

Often they have to take tough decisions in resource constrained environments. One of the senior officers elaborated that:

“Leadership for me is ensuring that the right working conditions and physical resources are available but, more importantly, creating the harmonious relationships and motivation to inspire people to make the most effective use of them. (JD 2)

Without considering the leadership styles a strong leader play a significant role for success as explained by the founder of a social enterprise:

“I believe leadership skills and prior experiences in the business industry and charity have contributed to develop the best business strategy; which balanced the dual mission of the social enterprise and helps to transfer knowledge to the other staffs and bring mind-set shift from charity minded to business minded staff.” (JD 1)

Successful leaders who knows the performance of his employees increases their engagement by nearly 60% (Greene, 2015). Increased engagement leads to improved customer service, better customer service which means more loyal customers.

TK 1 added “Personal leadership skill like persuasion and coordination skills helped us to attain and retain volunteers and employees to contribute for the smooth operation of the business”. The other entrepreneur also added “Especially the coordination and resource mobilization skill have a valuable asset for the sustainable operation of our business, in case of our company the leader plays a significant role in managing issues raised at different levels.” (RO 1)

The effectiveness of social entrepreneurs’ leadership style is reflected in two aspects. On the one hand, it is reflected in their employees’ intrinsic motivation, job satisfaction, commitment to the organization, and their intention to stay with the organization. On the other hand it may be reflected on the total organizational performance of the company.

Social entrepreneurs as leaders of socially driven missions are identified as being far from extraordinary, having a self-belief that they can make a difference (Bornstein, 2007).

e) Education and prior experiences

Sharir and Lerner (2006) and Potter et al. (2002) in their studies listed how education or experience of SEP was a valuable asset for the success of SEs.

For instances, Kristiansen observes that entrepreneurs of Asian ethnic origin have a higher formal education than African entrepreneurs and that the former are more successful than the latter. He concludes that “obviously, a generally higher level of education gives advantages in obtaining resources for entrepreneurial endeavor, through or outside social networks.” Kristiansen (2004)

For Tibeb Leather education and innovative skill of the entrepreneur are the key entrepreneurial factors for success. “The educational background, especially architectural background helped us to produce leathers with unique design. We make leather goods that are influenced by African traditional patterns and textiles” (TL 1)

The other entrepreneur also underlines the importance of knowledge and prior experience. “You can’t build a business around something you don’t know, and you can’t improve services using traditional approach. You should always ready to learn about what to do and how to outperform the competitors around you. As you know the food industry is most common, but we come up with the approach of offering healthy food for our customers,; more focused on how to add values. So we are always strive to upgrade our knowledge on the area we are operating” (TK 1)

As you can observe on the demographic background of the social entrepreneur (see table 3) three of the participants had a master’s degree and three of them had a bachelor degree. In addition, three of the founders and co-founders have more than 20 years of experience while the other three has above three years’ work experience in the area.

Entrepreneurial competencies are defined as the specific set of knowledge, skills, and attitudes that are necessary to perform a job successfully (Bird, 1995). The human capital of an entrepreneur affects the performance of his or her enterprise: the higher the formal educational degree, the more likely it is for an entrepreneur’s company to develop successfully (Bates 1990), and also the longer it survives on the market.

f) Social network

The different literatures available and the analysis of organizational document of the SEs showed that social network is an important factor to gain technical and financial support from different sources. For instance [Aldrich and Zimmer \(1986\)](#) and [Kristiansen \(2004\)](#) sorted out an entrepreneur can gain essential resources for his or her enterprise through social networks. Contacts with persons in an entrepreneur's religious community, friends, co-ethnics, former classmates, and so forth can be helpful in providing resources (e.g., information, financial capital, labor, tools, and machinery).

According to the data obtained from the company, due to the network established by the entrepreneur, In 2013/2014, Tebita had received a grant and technical assistance from USAID and DFID through their joint Health Enterprise Fund. So these support helped Tebita to acquire more ambulances.

“I'm a member of several professional groups and I am constantly networking. Personally, my network has been a huge part of my success, and seeing how beneficial it has been supported me to get additional financial and technical supports from outside” (TA 1)

JeCCDO also has identified 3 business ideas with the support from UK based consultant and is acting up on them and so far succeeded in that established a well-furnished training facility: JeCCDO Opportunity for Change Training Centre.

To conclude these entrepreneurial posture determines the organization's competitiveness in capturing business opportunities and resources, limiting threats from competitors, and developing unique products that are difficult to imitate ([Lumpkin et al., 2013](#); [Smith et al., 2014](#)). Social capital is thus considered valuable to the formation and success of a social enterprise ([Newman & Dale, 2005](#)). Furthermore, social capital is imperative for new businesses in transitional economies ([Manev, Gyoshev, & Manolova, 2005](#)).

Network connections of enterprises have been acknowledged to fetch contexts through which the ventures can gain “additional resources” ([Adler and Kwon, 2002](#)).

Even, networks help in; testing the entrepreneurial ideas, connecting with like-minded people who share interest in the purpose of business (Nohria, 1992) as well as in gaining the consequent support for the business development (Kamm and Nurick, 1993).

As co-founder of social enterprise Profound Gentlemen, Mario Jovan Shaw knows how important good networking skills are to building a successful business. "Networking is obtaining social capital, "There are individuals out there able to help you achieve your dream and fulfill your purpose. Therefore social capital will often lead to financial gain." (Will Webster, 2018).

g) Board/management Support

Despite the fact that the researcher's observation explicitly implies that, in most cases enterprise leaders indicated that the successes of a SE depend on the support and the tough decision of the management or board. The support of key executives and their interests lie in business value and priorities have a positive effect on the success of SEs. Getting board members with appropriate skills and experiences is important for effectiveness.

There is evidence to suggest it is becoming more difficult to recruit suitable board members in SEP where most board members are volunteers. However with the available board members at hand and the strong management team the SEs can able to sustain in the market.

Beyond giving direction and guidance board members serve as a source of fund as it is mentioned as follows: "We have a strong board and management team, with in these there are investors, an investor board; we provide them quarterly report, in turn they inject capital for the business; we call them impact investors, below them there is a management team which direct, coordinates and manages the day to day operations of the company." (TA 1)

It is the board that is formally responsible for the overall control of the organization, it is management that have access to the main levers of power to carry out this responsibility; management have the time, infra-structure, information, skills and access to resources (Demb and Neubauer, 1992).

With what the board and the management have owned they are supporting the proper operation of the SEs as pointed out by the manager as follow:

“Support from the board and the management team ease our day to day operations and the recognition offered based on performance motivates staffs to work for the betterment of the services and personal development.” (JD 3)

The other enterprise staff added that “The management team and board members support have played decisive role for the success of the organization, especially the management is proactive in identifying potential issues and provide possible solutions before the issues are escalated and affect the organizational performance.” (JD 2)

We anticipate that governance approaches will differ based on whether the organization is an integrated hybrid or differentiated hybrid. In the case of Rohobot Nursing service the governance structure is somewhat different. However the support of the governing body is the source of strength for the company. “We don’t have management team, rather we have a team called Key staff and there is also an advisory board, which consists of expertise. The advisory team gives us direction and guidance. It might be too early to say a lot but I can be sure the support of the advisory board and the key staff helped our business to survive almost for the last three years” (RO 1)

On the other hand the skills and knowledge the board and management team possessed is a valuable resource for the success of the SEs. Supporting this, a respondent explained as follows:

“The team members involved in the business have the skills to lead and coordinate the overall operation of the business as well as the human resources, with the academic knowledge they have they deeply assess the business environment and understand the need in the market. Based on that they take measures which actually benefits the company” (TK 3).

h) Managerial abilities (Team composition)

Management abilities, relates to how the managerial team is able to gather resources to fulfill the social missions it addresses (Schiller, 2013). These professional skills and connections are considered as an important enabling element for those organizations.

Another factor identified by the study, allowing stable social enterprise to develop, is the business competencies of employees, including skills related to business management. Our analysis indicates that availability of various skills is the main sources of enterprise success. These skills needed to secure a place in the competitive market. The example below

“The team we have is filled with multidisciplinary skills, so we exploit these skills to produce a quality product. One has the business management skill, the other possesses innovative skill, always we are worried to make products with unique features” (TL 1)

Involvement and a sense of mission can allow an enterprise to strive through the toughest times, but a lack of managerial competence is felt. If there is at least one person with the necessary competency, managerial problems can be avoided, as in the example below: “We have a committed staff and volunteers who are dedicated to contribute for the success of our enterprise, however in the team there is a strong person with great experience. For a long time she had been a chief marketing manager in a company. As far as I know, she is well skilled in business management too. We learn a lot from her. ” (TK 1)

As the finding illustrated that managerial staff is considered the key to enterprise success, which means that good management is the path to success. In order for enterprises to be more successful in their activity, special managerial staffs are of particular importance, which must be qualified and adequate with the position and responsibilities it carries.

i) Infrastructure (information technology; internet)

Many different elements contribute to business growth. These include providing a good level of customer service, minimizing operational costs and maximizing revenues. Technology can help businesses to achieve all of these objectives. In the case of Tibeb leather Internet had a significant role in facilitating the entire operation. “We use the online marketing supported by the internet, we are using the social media platforms carefully to reach our customers” (TL 1)

The other co-founder also confirmed that: “In our business we are exploiting technology very well, especially the information technology and Internet has significance contribution for the success of our company, we are just tracking our Ambulances via GPS system, which improves our service quality” (TA 1)

“Technology especially internet help our customers to make reservation for events including conferences, symposiums and trainings” (JD 3)

1. Additional Variables of Success (AVS)

These additional variables are identified based on the observation of the researcher, the data obtained from organizational documents and informal interview with clients. However the founders or co-founders and senior staffs also agreed the importance of such variables for the success of the social enterprises.

a) Product or service quality

Among others product or service quality plays a vital role for the survival of any business. Specific to social enterprises beside the mission, product or service quality plays a decisive role for the success of the social enterprise. This was captured well in the following statement:

“The key strength of our company emanates from the quality services we offer. We believe that if we can do well in the community and provide quality services to our clients, the money follows the purpose.”(JD 3)

The social enterprise founder also highlighted the importance of product and service quality for the sustainability of SEs “as you know we are in the hospitality industry, which means we are operating within the fierce competition from different competitors working in the area, but with the quality of services we are providing and the price policy ...low price, we follow we can able to survive and do business in sustainable manner.”(JD 1)

Supporting this view the senior supervisor of Tamsalet Kitchen reflected: “As compared to other business competitors our products and services are more chosen, because we are more focused on our value; providing more healthy and fresh foods to our customers and at the same time work hard to empower more women” (TK 2)

Confirming this, the founder of Damascene explained “The product we are producing is high quality and natural essential oil, we comply with the international standard, as a result we have permanent customers, Hotels, Resorts, Spas and individual buyers” (DA 1)

b) Shared Vision

The other key element mentioned was shared vision. According to the data obtained, shared vision means having common goal, passion and commitment among the management team and the employee. This shared vision creates a sense of ownership among staffs and lead to success.

One of the social entrepreneurs agrees shared vision creates a sense of belongingness.

“For us resource is a valuable asset especially financial and human, and we are always ready to learn from the experience of others and to share our idea and as part of the business we can create a cooperation and sisterhood among the staff and the volunteers.”(TK 1)

The other entrepreneur stated “We are always sharing our business idea to our stakeholders, that is why we have a shared vision, and always we are a learning organization.” (JD 1)

Similarly, the other founder explicitly stated in support of the value shared vision for the success of social enterprise,

“Since we are working in the life saving industry we have a shared vision, the passion to save lives so, we are committed to work day and night without compromising our social life, personal interest.” (TA 2)

The other respondent clearly states that “the company’s success is the result of a team work, everyone here is working with the passion to save lives. For the last six years I have been working at this company, In my opinion we are here not because we get better salary or benefit rather to share our common vision and saving lives” (TA 3)

c) Government, Donor or Family Support

According to [Fogel \(1994\)](#), governments can influence market mechanisms, making them function efficiently by removing conditions that create market imperfections or administrative rigidities. Government through the development and implementation of its policies can affect the success of an enterprise. As an external force, its policies when conducive have been seen to provide a favorable and nurturing climate that encourages the growth of social enterprises.

SEs cannot operate in isolation. They depend on different kinds of support actors like entrepreneurs, civil society, academicians, state actors, funders etc. for their establishment and subsequent management. SEs requires different kinds of support depending on their core activities, stage of development as well as their internal capacities.

For instance, in absence of legal framework in Ethiopia, SEs may find it hard to get their dual activities recognized or may be subject to inappropriate legal and regulatory framework. As a result SEs are urged to find out different sources to ensure their sustain abilities. It is obvious that an enabling government can thus play a vital role in providing assistance to different kinds of SEs, operating across different sectors and at different stages of SEs business life. However, in relation to SEs or the private sector, the role of government in Ethiopia is limited JeCCDO was mentioned as the only SEs that got support from government.

“We have good relationship with the local government as a result we get land and they provided us proper guidance and technical support needed.”(JD 1)

On the other hand due to the already established partnership and network SEs build throughout their course of their operation. Tebita, JeCCDO and Damascene had got different kind of support from civil societies and donors.

“Our association is working with Different NGOs and research institutions, so we are getting technical and material support, which helps to our enterprises growth” (DA 1)

Financial collaborations have been as important to the SE as non-financial ones, like USAID and DFID made with Tebita Ambulance and JeCCDO regarding provision of finance which finally allocated to buy Ambulances and construction of the training camp for JeCCDO.

The SE’s mission drew the donor’s attention and their alignment made possible, besides acquiring the financial support the path led the SEs to grow further and improve as an organization.

d) Risk-taking behavior

[Kirzner, \(1973\)](#) proposed the risk-taking behavior of entrepreneurs as a key components for the success of social entrepreneurship.

The respondents of this study also agreed risk-taking behavior has significant contribution for the success of social enterprises. As various entrepreneurship authors illustrated that, the clear understanding of calculated risks helped the entrepreneur to get ready for future constraints.

Based on their personal experience one of the entrepreneurs shared his experience as follow:

“Like what I did in the beginning the entrepreneur should be a risk-taker. I was decided to sold my home even I recognized that, my family will be failing at a higher risk, but whatever it is you have to sacrifice something in order to obtain what you were dreamt. If I were afraid of the risks, I will not be here by now” (TA 1)

The manager of a company observed that “Resource is always limited so sometimes leaders sacrificed what they have at hand, in order to transform their ideas in to ground. In the company I have been working the founder is always ready to take risks” (TA 2)

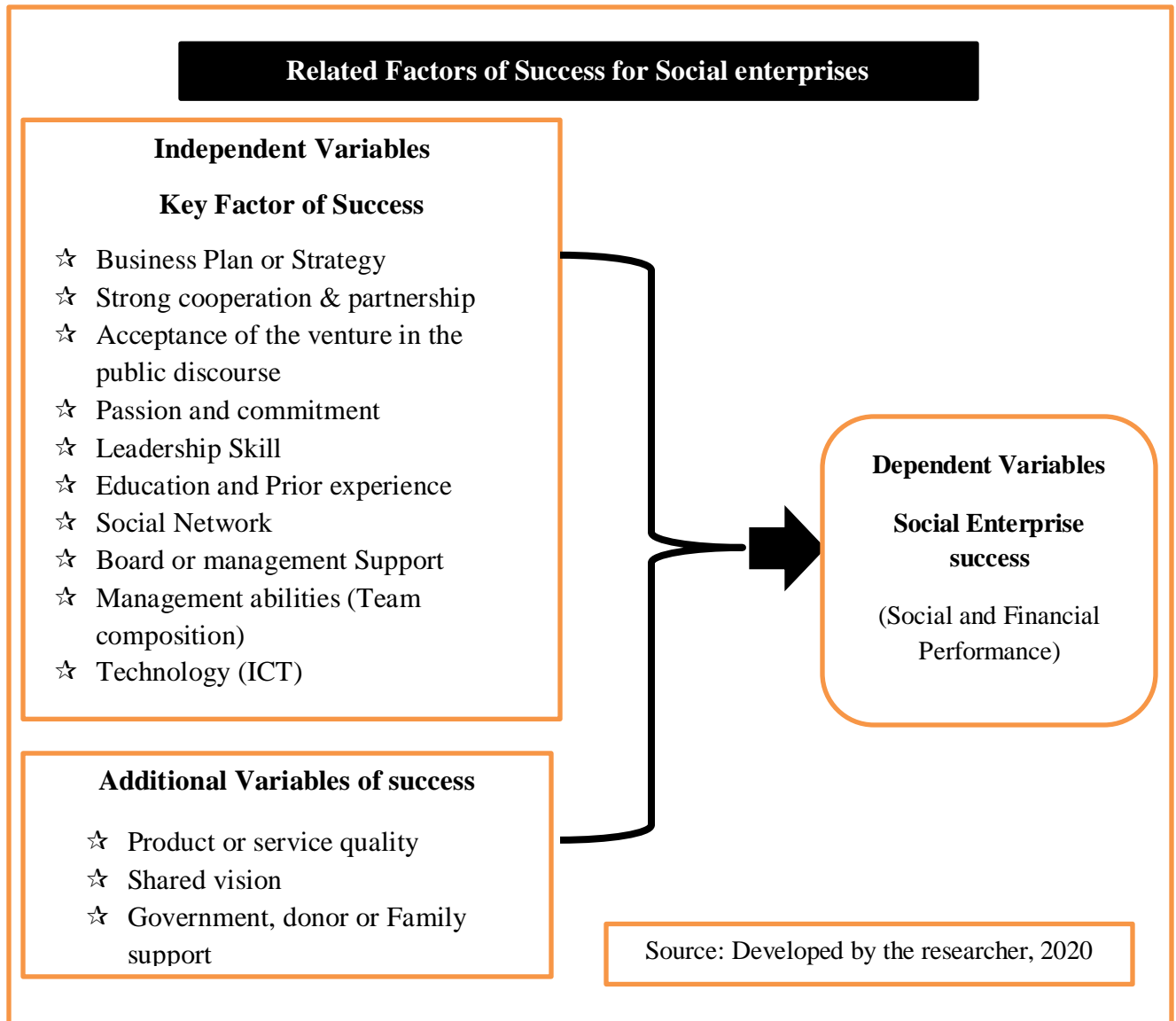
The other entrepreneur also explained her experience “Risk taking is always a key personal characteristic, we were not afraid to take risk, because we had clear outcomes in our mind. I remember some people commented that, all this year you spent in universities is just to sell 'firfir'; a piece of meal. This kind of peer advice made us stronger enough to stay in our stance” (TK 1)

Based on narratives of the social entrepreneurs, the informal conversation with their longtime friends and employees, it is concluded that the social entrepreneurs are high-risk takers. They were so committed and passionate about their social mission that they were ready to take many risks at personal and professional level. However, this finding contradicts with the finding of [Weerawardena and Mort \(2006\)](#), who found that social entrepreneurs' behavior with regard to risk is highly constrained by their primary objectives of building a sustainable organization.

However the above mentioned variables were originated from the data as factor of success for social enterprises further study is required to assure how each factor actually has impact on the performance of the social enterprises in Ethiopia.

Depending on the research finding, the researcher had developed a success factor and organizational performance relationship model.

Figure 3: Related factors of Success for Social Enterprise (Conceptual Framework)



4.6.4 Key Challenges of Social Enterprises

Most business enterprises in developing countries like Ethiopia are small- and medium-sized and face various challenges including lack of access to financial and other resources and absence of consultancy support, lack of processed technological information, and inadequate training capabilities at technical and vocational education training (TVET) centers (FDRE 2010), poor infrastructural base, and unfavorable government policies which weaken their innovation activities (Abdu and Jibir 2017; Choi and Lim 2017).

It is interesting to observe that despite all the difficulties, a large share of firms can still innovate in the African context (Egbetokun et al. 2016; Abdu and Jibir 2017).

All the six enterprises face the typical concerns of any other business, especially those associated with keeping costs and expenses below revenue. It is clear that SEs must deal with the same challenges faced by any businesses. However, the major challenges rose by the respondents and the expert are lack of access to finance (capital).

The responses from the analysis of six empirical data show that due to lack of financial sources for startup and growing firms, many social enterprises are encountered with threats of failure or sustainability concern. Granting financial security is essential for any business including SEs to ensure continuity and amplify their efforts, especially in the beginning.

But due to “lack of access to finance “in the country the SEs are urged to obtain start-up capital from individual: founder and co-founder contribution, family members, friends or other relatives.

The typical challenges with respect to financing of SEs can be summarized as follow:

- Poor start-up finance provision
- Shortage of potential social business investors
- Poor access to the existing financial services (revolving fund, SMEs fund)
- Lack of legal recognition which excludes the SEs from tax and other incentive breaks
- Problem of mission-drifts in for-profit models of SEs in attracting the investors

Supporting the above list the founders of the companies explained as follow:

“Access to finance was likewise scarce.” (TA 1).

The other co-founder added that “there is no access to financial loan and grant, except with mortgage” (RO1)

The researcher had discussion with an expert, who has been working as a programme manager of social enterprise at British council. The program had been working to create a platform for Social Enterprises development since 2015.

Regarding the financial system the expert elaborated as follows:

“As you know the bank could not let you get a loan without collateral in Ethiopia, so you should have your own money or get support from family members or friends”

The study result illustrated that all of the social entrepreneurs included in the study, acquired the start-up fund from their own saving, relatives and friends. Thus, in absence of any solid social investment financial framework in Ethiopia, the SEs encountered with extreme difficulty in accessing financial supports from formal financial systems or social investors.

The other challenge of SEs in Ethiopia is “Absence of government programs for assisting new and growing social enterprises (no working documents, government regulations or implementation guidelines for SEs)”. Since social entrepreneurship as a concept and as a practice is new to Ethiopia, there is no government programs for assisting new and growing firms.

According to our respondents “The idea of Social enterprise by itself is a new concept for anybody. So there is no legal procedure put in to place in which we can operate as a social enterprise, the options we had is to register as a P.L.C. which means we have to pay equal tax like any other commercial business established for profit”. (TA 1)

The other entrepreneur added “due to absence of any regulation regarding to social enterprise nobody needs to invest in this business and no option to get loan from bank or any other financial institutions. This hinders our effort to scale up our business and solve the problem of many people as possible” (JD 1)

On the other hand the social enterprises by themselves understand the concept of SEP differently. Supporting this idea the expert briefly discussed that how it was difficult even to categorize which business is a social enterprise.

“Even when we start the project, the companies did not call themselves as a social enterprise, rather we recommend them after we have assessed what they are doing. Now we are pulling so many social enterprises together, so we have still tried to work with regional government bodies and other partners” (Expert)

The other challenge of SEs is “lack of skilled manpower” in the market. In Ethiopia, even though many universities provide various courses there is no access to specialized education and training which targeted the need of social enterprises. As a result the social entrepreneurs fail to find adequate and skilled manpower. The social entrepreneur mentioned “Human capital proved another bottleneck, especially personnel in the field of paramedics.” (TA 1)

Other challenge for SEs is absence of benchmark. There are no local opportunities to learn from others. Currently the British Council, the Social Enterprise Ethiopia and Reach for Change striving to create a platform where social enterprises share experiences.

“As a British council we tried to create the platform for the social enterprises to come together to learn from each other and to share the experience and knowledge and so on with in Ethiopia and beyond”

The unstable political situation of the country also hinders the mobility of people, raw materials and other resources from the periphery to the center and vice versa. Due to the political situation occurred for the last four years JeCCDO and Tamsalet Kitchen were highly affected. For instance for JeCCDO “Due to the fear of insecurity people are refrain from travelling freely, the mobility of people and logistics become limited, as a result organizations have been urged to cancel reservation.”

Similar to JeCCDO Tamsalet also faces difficulties “The unstable political situation of the country hinders the supply of food items from the periphery to the center” In addition, “The ever economic inflation and fluctuation of food item’s price hinders our price margin” (TK 1)

Specifically the continuous rise up of office and workshop rent and salaries of employees sometimes exceeds the social enterprises revenue. The cumulative effect of these variables has a big impact on the financial performance of the SEs. For most of the Social enterprises (five of them) lack of access to land urge them to invest large amount of money for renting of working space. For instance Tebita Ambulance has been working in the rented compound.” We don’t have enough working space for parking our Ambulances, our compound has only the capacity to serve only 5 ambulances, and the remaining vehicles are parked in private parking areas or road sides, which incurs parking cost” (TA 1).

In addition “The Company is paying 100,000Birr rent per month, this means every year we allocate 1.2 million Birr for rental. (TA 2)

Similar to that of Tebita, Tamsalet, Rohobot and Tibeb leather are paying high amount of money for renting business space. On the other hand for Tamsalet “Sometimes there’s enough money coming in to pay the staff that they have, and they have also begun to pay back the investment from their co-founder, but the founders and partners still can’t take a salary of their own. “

Another challenge faced by social entrepreneurs is the lack of understanding by the public and government officials. One of the social entrepreneurs pointed that:

“A Government attitude towards the private sector is still wrong; especially the politicians’ perception about the private sector is not yet improved” (TA 1). The other social entrepreneur also said “some people expect our food to be cheaper because we’re ‘for the people’,”

(Ro 1) also added such kind of perception is common “among the community members, some people perceive us like an NGO, so they don’t want to pay for the services we offered”

In this concern, the managing team has dealt with problems on how to make the community and the government officials understand its work by promoting talks in public discussions or talking directly to customers and beneficiaries to make them realize the importance of their work and how it is operating.

4.6.5 Suggested Strategies for sustainability of SEs

In SEP, strategy followed is cooperative rather than competitive owing to the social mission of entrepreneurs, poor working capital and market orientation ([Gandhi & Raina 2018](#)).

Using the proposed strategies of [Dees and Anderson \(2003\)](#) as a guide researchers observation and document review, the researcher determined that JeCCDO and Tebita utilizes all eight, Damascene utilizes Tamsalet, and Rohobot utilizes five out of the eight, and Tibeb leather utilizes four (see Table 5).

Table 4: Evidence that SEs Execute Dees and Anderson’s (2003) proposed strategies

Proposed Strategies	Social enterprises					
	JeCCDO	Tebita	Temsalet	Damascene	Rohobot	Tibeb
Avoid strategic vagueness regarding organization’s mission	Yes	Yes	Yes	Yes	Yes	Yes
Craft an integrated and compelling venture model	Yes	Yes	Yes	No	No	No
Measure performance creatively and test assumptions rigorously	Yes	Yes	No	Yes	Yes	No
Maintain control in sympathetic hands	Yes	Yes	Yes	Yes	Yes	Yes
Invest time and energy creating a committed team	Yes	Yes	Yes	Yes	Yes	Yes
Anticipate resistance and develop a strategy for dealing with it	Yes	Yes	No	No	No	No
Develop a brand reputation for quality and performance	Yes	Yes	Yes	Yes	Yes	Yes
Recognize limits of what can be done for-profit & use non-profit partners or affiliates to provide complementary services	Yes	Yes	No	Yes	No	No

In addition to the strategies listed by Dees and Anderson, the six enterprises have also implemented several operational and functional strategies. JeCCDO, for example, has decided to expand its center by constructing additional buildings. Damascene planned to diversify its products and is now looking at other indigenous raw materials for its products. To bring down its production costs, it is using multiple suppliers and outsourcing its production.

Tibeb Leather is looking for expanding its workshop for mass production. In terms of production, the company is now renting a manufacturing facility, which enables it to produce limited number of product. It also engaged in product development efforts directed towards the use of other local craftsmen’s produce. The owners have mentioned their intention of eventually turning over the business to the community.

Temsalet Kitchen, on the other hand, is aggressively seeking additional places to provide healthy foods. In addition the company’s co-founder mentioned they started catering and food delivery services. For JeCCDO, the strategy is to develop more community based organizations through the Community Based development programs and other Projects. This directly feeds into its retail operations, and allows it to influence a wider network of suppliers and customers into adopting practices that are consistent with a sustainable lifestyle.

CHAPTER FIVE

5. Major Findings, Conclusions and Implications

5.1 Major Findings and Conclusions

SEP has, in recent years, become a key focus of research worldwide. However it is in a nascent stage in Africa, especially in Ethiopia, only few studies were conducted. Based on the results of the analysis of six social enterprises, there are five main conclusions to this study.

First, the motives that pushed social entrepreneurs to establish social enterprises were categorized in to two: pulling and pushing factors. The study revealed majority of the social enterprises (JeCCDO, Tebita, Tamsalet, Rohobot and Damascene) were motivated by pulling factor that included pro-social behaviors based on past or current problems or challenges, personal experience or personal inspiration. Only Tibeb Leather was motivated by pushing factor including the desire for independence or search for meaning.

Second, the social entrepreneurs define enterprise's success differently. Some of the factors influence their opinions are the age of the business, the background of the entrepreneur and the perception of the concept of social entrepreneurship. Considering these different factors success was defined in-terms of the achievement of goals/visions, the process cycle or in-terms of the quality of services or products.

Thirdly, However fourteen variables was sorted out as the factors of success for SEs, ten domains factors (business plan or strategy; strong cooperation and partnership; public acceptance of the idea or venture; passion and commitment, leadership skill; education and prior experience; social network; Management or Board support; management abilities or team composition and Technology) were identified as Key success factors (KSFs), while four factors (Product or service quality; shared vision or long-term vision, government, donor or family support and Risk-taking) were proposed as additional variables of success (AVSs), which had also significant contribution for success of SEs.

Similar study was conducted by [Sharir and Lerner \(2006\)](#). Based on their finding eight variables were listed as SFs of the SEs and arranged all of the factors based on its value: (1) social network; (2) total dedication to the venture's success; (3) the capital base at the establishment stage; (4) the acceptance of the venture idea in the public discourse; (5) the composition of the venturing team, including the ratio of volunteers to salaried employees; (6) forming co-operations in the public and non-profit sectors in the long term; (7) the ability of the service to stand the market test; and (8) the entrepreneurs' previous managerial experience.

Specifically, in highly entrepreneurial qualities, favorable environment with more resources and collaboration opportunities, SEs may be more sustainable both socially and financially.

Fourth, however like all organizations, social enterprises face challenges while scaling up. Most of them are related to funding, people, process, and technology. In order to grow, the founders need to acknowledge the issues and work towards addressing the same. It is clear that social enterprises carry the self-imposed burden of addressing the needs of disadvantaged minorities, so they are at the risk of putting a strain on their already limited resources. On the other hand since there is no social enterprise legislation in Ethiopia, and awareness of the concept of social enterprises is still uncommon they are encountered with multifarious challenges.

The major challenges raised by the respondents and the expert are lack of access to finance, absence of government programs for assisting new and growing social enterprises, lack of skilled manpower in the market; no access to education and training for social entrepreneurship, absence of benchmark; local opportunities to learn from others, the unstable political situation and high running cost; specifically for renting office, workshop or other operation spaces.

Finally, using the proposed strategies of [Dees and Anderson \(2006\)](#) the social entrepreneurs suggested eight strategies such as; avoid strategic vagueness regarding organization's mission, craft an integrated and compelling venture model, measure performance creatively and test assumptions rigorously, maintain control in sympathetic hands, invest time and energy creating a committed team, anticipate resistance and develop a strategy for dealing with it, develop a brand reputation for quality and performance, and recognize limits of what can be done for-profit & use non-profit partners or affiliates to provide complementary services.

5.2 Social and Economic implications

Social enterprises play a key role for the development of our country. They help alleviate poverty, reduce an employment, improve health and wellbeing, and provide people access to social services like education, health care, recreation and et al.

The finding of the study was based on the experience of six SEs operating in Ethiopia. With this research the investigator tried to provide in-depth insights on the success factors of SEs. Based on the data obtained and the literatures available the success or sustainability of the SEs depends on the entrepreneur's characteristics, the enterprise factors and the business environment.

The research data indicate that Ethiopia lags behind other developing countries in terms of promoting the growth and sustainability of social Enterprises.

The social implication of this findings illustrate that the SEs contribute to the community in several ways: they provide goods and services (social protection, improving education and literacy, health and wellbeing, etc.) to the local communities and people who cannot afford them; they contribute to the economic development of deprived communities; they create new job opportunities; and they enable addressing social and financial exclusions , still there is no clear demarcation on how to measure the social and environmental impact of the SEs.

The economic implications of these findings also illustrate that the Ethiopian SE sector's current potential to contribute meaningfully to job creation and economic growth.

[Ethiopian National Human Development Index \(2018\)](#) showed that, Economic growth is necessary to achieve significant improvements in living standards and poverty reduction. But for economic growth to be effective in reducing poverty it has to be inclusive, so the poor are not left out of the process. Development policies and strategies should aim at increasing the earnings of low-income households.

There should also be programs that are pro-poor and directly benefit those who have limited capacity to take advantage of the growth process. This is a difficult task for developing countries with various institutional and financial constraints.

With this sense, the researcher conclude that, these social enterprises have been contributing towards poverty reduction by empowering women, local communities and disadvantaged members of the community.

Ethiopia's low levels of entrepreneurial activity are the result of personal as well as environmental factors. Improving the skills base and fostering positive entrepreneurial attitudes through the education system is critical. However, without a more enabling environment that encourages individuals to see entrepreneurship as a financially viable employment option, it is debatable whether Ethiopia will experience a significant increase in entrepreneurial activity.

A major prerequisite for a thriving SEs sector in Ethiopia is the existence of an enabling environment, which includes political and economic stability, market-based incentives and access to resources needed to grow.

There is comparatively limited entrepreneurial activity in Ethiopia and its explanation is made harder as factors such as attitudes and aspirations need also to be included in the equation.

Since entrepreneurial activities vary with the social-economic situation, national policy makers need to adjust their socio-economic programs based on the context of the country.

These conclusions will provide theoretical insights to Government and partner organizations so they can utilize limited resources to support the efforts of SEs towards improving livelihood, reduce social problems and increase economic growth.

An important area that the policy makers should pay attention to is the financing of new start-ups and growing social enterprises. This research demonstrates that due to absence of finance institutions the social entrepreneurs was relayed on their own funds, and financing from their family members or relatives. .

Furthermore, even though it could be argued that there is a lot of potential that social enterprise activities can bring to the socio-economic development in the country; evidence indicates that organizations have limited resources, particularly financial and human resources to develop and expand their operations sufficiently.

On the other hand, however, there is no data available concerning the SE sector in Ethiopia the unrepresentative survey conducted by [British council \(2016\)](#) shows, there are a high number of enterprises operate ‘below the radar’.

Therefore, there is an urgent need for development bodies and the Ethiopian government to review their current policies and strategies. They must pay greater attention to organizations’ needs to access ongoing support in order to build their capacities to develop their human and financial resources.

5.3 Limitations and future research directions

The analysis presented, of course, does have limitations. First, the study touched the issue of measurement of social and environmental impact and found that a majority of the social enterprises did not make any serious attempt to measure social value or the direct and indirect social impact created by them. However, it did not explore this issue in detail. Future research in social enterprise could focus on the measurement of social and environmental impact created by the social enterprises on the beneficiaries (both direct and indirect). Second, the study was conducted on six specific cases from Ethiopia. Therefore, more studies are required to test the generalization of the arguments made by the study.

Third the study did not select cases study of social enterprise in management and organization research has been increasing in the past few decades, but as an emergent research field, there are still substantial research gaps or key issues that have not been answered ([Lee et al., 2014](#); [Yulius et al., 2015](#)). Current social entrepreneurship research is mainly in the nascent phase, employing open-ended exploratory analysis and developing theories ([Lee et al., 2014](#)).

The study of social enterprises’ sustainability has theoretical and practical implications both for specialists in the social and economic fields and for practitioners in social business, involved in the development of such initiatives, especially since their number has grown in recent years.

However, sustainability should be a major criterion in qualifying success of social enterprises. The usefulness of good practice examples is likely to increase once the details on the sustainability of the presented social enterprises are included in best practice guides.

One of the major limitations of this paper was its exclusively theoretical nature, but it lays the foundation of the qualitative research with representatives of organizations who established the SEs, representatives of the established SEs, and an expert; it also formed the basis for the identification of the main research directions.

The qualitative study was integrated the three main elements of sustainability - social, economic, environmental - into the strategies of SEs; however, due to the early stage of their development in Ethiopia, a greater emphasis should be placed on the financial issues which are critical for the other two components. As it was mentioned by all the participants in the interview and the various literature reviewed, the financial issues are one of the most important challenges social enterprises have been encountered, along with the inability to produce on a large scale and to supply goods and services at prices similar to the ones of traditional competitors; therefore, social enterprises need to develop innovative adaptation strategies as the way out from financial challenges.

In the qualitative study, the author tried to identify the best strategies, as well as the factors that influence the success of social enterprises. The research finding specified that the paper did not focus only on the success factors, but it also tried to extract useful information from all the encountered situations.

The authors found that, the SE sector is still untapped, so future researchers can study the role of SEs in solving social problems and their contribution to the economic growth; trends of social enterprises, the practices and experiences of social entrepreneurship, the role of education system towards fostering positive entrepreneurial attitudes and so on.

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APPENDIX A: PARTICIPANT CONSENT FORM

Title of the Research Study: Understanding Success factors of Social Enterprises in Ethiopia”:
An Exploratory case study of six social enterprises.

Please answer the following questions by ticking the response that applies

- | | YES | NO |
|--|--------------------------|--------------------------|
| 1. I have read the interview guide for this study and have had details of the study explained to me. | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. My questions about the study have been answered to my satisfaction and I understand that I may ask further questions at any point. | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. I understand that I am free to withdraw from the study within the time limits outlined in the interview guide, without giving a reason for my withdrawal or to decline to answer any particular questions in the study without any consequences to my future treatment by the researcher. | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. I agree to provide information to the researchers under the conditions of confidentiality set out in the Interview guide. | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. I wish to participate in the study under the conditions set out in the Interview guide. | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. I consent to the information collected for the purposes of this research study, once anonyms (so that I cannot be identified), to be used for any other research purposes. | <input type="checkbox"/> | <input type="checkbox"/> |

Participant's Name:----- Researcher's Name:-----

Participant's Signature:----- Researcher's Signature: -----

Contact: (email or phone no.)

Researcher's contact:

Date: -----

Date:-----

Please keep your copy of the consent form and the information sheet together.

APPENDIX B: INTERVIEW GUIDE

This interview is designed to collect data on Understanding the Success Factors of Social Enterprises in Ethiopia. The data collected shall be used for academic purpose only, and thus shall be treated confidentially. Here you are free to withdraw from the study at any time For the sake of getting accurate /reliable data I would like to use Tape recorder, however it could be used based on your consent. On average each question will take approximately 2 minutes and 30 seconds, so the required time will be 40 minutes.

Your participation in facilitating this study is highly appreciated.

Appendix B: Questionnaire for the Social Entrepreneurs (Co-founder/CEO/GM)

Part A: General Information about your organization?

- ☆ What social challenge do you want to solve and why?
- ☆ What are your driving forces/ motivating factors to launch this business?
- ☆ Is there a core group of consumers/beneficiaries that is targeted by your organization? If so, could you describe the group?

N.B. except the first two questions the other four questions can be obtained from the documents.

Part B: Success in social entrepreneurship

- ☆ How do you measure the success of your organization?
- ☆ Can you briefly describe the work of the organization and the associated goals and impact on the community?

Part C: Key Success Factors

- ☆ What are the key entrepreneurial factors which contribute for the success of your organization?
- ☆ How each factor contributes for the success of the social enterprise? (probing)
- ☆ How acceptance of the venture idea in the public discourse contributed towards growth of this organization?

- ☆ Do you get support from external stakeholders (government/donor/impact investors)? If, Yes, how the support contributes for the success of your organization?
- ☆ What other environmental factors is available which can positively contribute for the success of the social enterprise?

Part D: Challenges and Possible strategies

- ☆ What are the major challenges you have been faced when operating the business?
- ☆ What strategies do you think best for you in order to be sustainable both socially and financially in the business?
- ☆ What else, if anything, would you like to add to our conversation about your business?

Thank you for your cooperation!

Appendix C: Questionnaire for the External Individuals (Clients and Partners)

1. Can you tell me briefly about the contribution of this social enterprise to the community and the whole environment?
2. From your own experience how do social enterprises usually measure the social value/social impact they create?
3. How would you describe that a social enterprise is sustainable both socially and financially?
4. What key factors do you think are most contributed for the success of this social enterprise?
5. Why do you think many social entrepreneurs fail to sustain?
6. What do you suggest the best strategy for social enterprises to be sustainable both socially and financially?

Thank you for your cooperation!

Appendix D: Interview Questions for the Expert

1. How can we define Success in social enterprise?
2. In your opinion what do you think the key factors for the success of any social enterprise?
3. How these different factors contribute for the Success of social enterprises?
4. Do you have support programs for social enterprises? If yes please describe the kind of support?
5. From your experience what challenges social enterprises have been encountered with?
6. What do you suggest the best strategy, How can Social enterprises ensure their financial sustainability and Social Impact?
7. What is the role of your organization towards promoting social enterprises?

Appendix E: Checklist for Observation and Document analysis

- The core values of the organization?
- The vision/mission of the company?
- Approximate revenue per year/ recent trends in revenue?
- Initial and current Capital?
- The target group (Customer and beneficiaries) the company is most serving?
- Number of Beneficiaries the company have served since its establishment?
- The pricing policy of the social enterprises (price difference compared to non-social enterprises operating in the same segment)?
- Employee- customer/ beneficiary relationship?
- Adaptation and Technology Utilization (especially digital service, ICT, POS, GPS, Data base)?

Appendix: Open Coding on Research Interview number 1: Semi Structured interview with the social entrepreneur (JD 1)

Description	Code	Theme/categories
As you can refer from our profile this organization was established in 1985 as an <u>indigenous, non-governmental, humanitarian organization</u> in response to the needs of children who left orphaned, displaced or lacked proper care and support as a result of the 1984 Famine. However for more than 30 years we have been operating as charity with the support of donor's fund. But now a day the traditional ways of supporting poor communities through charities is less favored. Instead the donors and the international trends of development cooperation currently encouraging Local NGOs to mobilize resources from local sources as part of their effort to address the needs of the target population they are serving.	Indigenous non-governmental humanitarian organization	Organizational form
<u>In order to remain competitive and responsive to the need of the target community</u> , we inject the social enterprise development approach in our programmatic activities. That is why we give due emphasis for setting up a <u>separate social enterprise</u> which can support our humanitarian and development activities working in regional states and administrative cities.	To remain competitive and responsive to the need of the target community	Motivating factor/driving force
We started to operate in to this business on the year 2014, in the beginning especially during the first two consecutive years our business was encountered with loss, and then after we made some adjustments on our <u>business strategies and the system</u> , nowadays the profit is improving.	Business strategy and the system	Strategies to cope up problems
Each individual in the company has its own contribution to the growth and success of a company, like any business <u>the entrepreneur's personal leadership skill, knowledge and educational background</u> plays a decisive role for the success of the organization	The entrepreneur's personal leadership skill, knowledge and educational background	Factors of success
In terms of education I am from <u>business management and development studies background</u> with more than 30 years of organizational leadership and strategy development experience. I think my <u>education background and the experience</u> has put its blue print for the success of the organization.	Educational background and experience	Factors of success
I believe <u>leadership skills and prior experiences</u> in the business industry and charity have contributed to develop the best <u>business strategy</u> ; which <u>balanced the purpose and the business</u> together and helps to <u>transfer knowledge</u> to the other staffs and <u>bring mind-set</u> shift from charity minded to business minded staff.	Leadership skills and prior experience	Factors of success

Personally, I already had <u>well-established networks with the world leading donors, consultants and good relationship with the local government and communities</u> at all level. These networks ease our effort to start-up this business.	Networks with donors, consultants and relationship with local government and communities	Factors of success /organizational performance
For sure <u>the business strategy</u> we developed is the key factor for our success. Because before we had entered in to this business we have assessed the <u>financial feasibility of the business</u> , and tried to assess the whole <u>business environment and the human resources</u> available. Then the next step we do was we exert our efforts to <u>internalize the business idea in to our staffs, volunteers, community members and our partners</u> .	Business strategy, financial feasibility, assessment of business environment, knowledge transfer	Factors of success
In the strategy we included the <u>human resource</u> required, <u>the appraisal system, community engagement, transparency and accountability mechanism, marketing strategy</u> and <u>the social impact</u> we should create. Initially we had conducted <u>market assessment</u> ; the target customer and potential stakeholders, and then <u>engage our key stakeholders</u> in the overall process of planning and implementation. As a result we can build trust among our customers.	Market assessment, stakeholder engagement	Factors of success
Above all we always devoted to <u>do ethical business</u> , which means we have <u>adopted environment and user friendly business approach</u> and <u>loyal to the rule and regulation of the country</u> ; simply speaking we are honest tax payer. Our business always based on <u>result or value oriented with high integrity</u> .	Ethical business, loyalty to all stakeholders, environment and user-friendly business approach	Business strategy
as you know we are in the hospitality industry, which means we are operating within the fierce competition from different competitors working in the area, but with <u>the quality of services we are providing</u> and <u>the price policy-low price</u> , we follow we can able to survive and do business in sustainable manner.	Quality of services, Low-price policy	Factors of success Business strategy
We are always <u>sharing our business idea to our stakeholders</u> , that is why we have a <u>shared vision, and always we are a learning organization</u> . We are now serving as ‘a show case; where social enterprises and local NGOs come to learn.	Sharing business idea to stakeholders, learning organization	Factors of success
Since our establishment we have been <u>working in accordance with the government regulations</u> , specifically <u>this enterprise is established based on the business policy and tax regulation as a P.L.C.</u>	Private limited company (P.L.C.)	Organizational form
We have <u>good communication with the national and local government</u> , as a result we get land and they	Guidance and technical	Factors of success

<p>provided us <u>proper guidance and technical support</u> needed.” I think these have great contribution for our success. As a charity organization and now as a social enterprise we have a <u>great acceptance among the local communities, customers and development partners</u>, so the private companies, international and local NGOs, government ministries, and other stakeholders are visiting our facility regularly and undertaking different events like conferences, trainings, symposiums and so on.</p>	<p>support Acceptance among the local communities, customers and development partners</p>	
<p>The <u>political situation</u> in the country especially for the last four years has impact on our business. Due to the <u>fear of insecurity</u> people are refrain from travelling freely, the mobility of people and logistics become limited, as a result organizations have been urged to <u>cancel reservation</u>.</p>	<p>Political situation, fear of insecurity, cancel reservation</p>	<p>Barriers or challenges</p>
<p>The sum of our low price approach and <u>the ever increasing price of raw materials, logistics and goods</u>, the first two years we had faced a great loss</p>	<p>The ever increasing price of raw-materials, logistics and goods</p>	<p>Barriers or challenges</p>
<p>The idea of Social enterprise by itself is a <u>new concept</u> for anybody. So there is no legal system in which we can operate as a social enterprise, the only option we had is to register as a P.L.C. which means we have to <u>pay equal tax like any other business</u>. Due to <u>absence of any regulation regarding to social enterprise</u> nobody needs to invest in this business and <u>no option to get loan from bank or any other financial institutions</u>. This hinders our effort to scale up our business and sole the problem of many people as possible</p>	<p>New concept, absence of regulation, no option to get loan from bank or other financial institutions</p>	<p>Barriers or challenges</p>
<p>For me the business to be successful when first every staff believes in <u>the business idea</u> and has <u>aspiration, commitment to work for the purpose</u>.</p>	<p>Business idea, aspiration and commitment</p>	<p>Suggested solutions</p>
<p>The best strategy for success <u>is taking time to assess the need and develop feasible business strategy</u> which can even resist the negative impact of future constraints</p>	<p>Taking time to assess the need and develop feasible business strategy</p>	<p>Suggested solutions</p>