CHALLENGES AFFECTING THE GROWTH OF SOCIAL ENTERPRISES IN NAIROBI COUNTY, KENYA

BY

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D53/CTY/PT/23880/2011

A Research Project submitted to the school of Business in Partial Fulfillment for the Requirements of Awards of Degree of Masters of Business Administration of Kenyatta University

NOVEMBER 2013
Declaration

Declaration by the student

This project is my original work and has not been presented for a degree in any other university or any other examination body. No part of this project should be reproduced without the permission of the author or and Kenyatta University

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Lily Chepkemoi Ronoh: D53/CTY/PT/23880/2011

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The Chairman, Department of Business Administration,

School of Business, Kenyatta University
Dedication

This study is dedicated to my husband Remmy, children Marianne & Michael, My parents and my siblings for their support in all aspects of life
Acknowledgement

I wish to thank Kenyatta University fraternity for giving me the opportunity to pursue my Masters of Business Administration in the institution. And more so my supervisor Dr. Muathe for the invaluable guidance, and advice, patience has seen me through Project Proposal. I further wish to thank my husband Remmy and children Marianne and Michael for their support and encouragement while I was undertaking this project proposal.
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<td>Organizations that employ commercial strategies and other business concepts to maximize improvements in human and environmental well-being, rather than maximizing profits for external shareholders.</td>
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<td>Capital Financing</td>
<td>Is the amount of money a company has tied up for funding its day to day activities. Working capital is what remains on the balance sheet after the current liabilities are subtracted from the current assets.</td>
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<td>Enterpreneurial Skills</td>
<td>A pool of human capital under the firm's control in a direct employment relations.</td>
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<tr>
<td>Operational Strategy</td>
<td>Operational Strategy is the direction and scope of an organization over the long-term: This achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations.</td>
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<tr>
<td>Enterprise Governance</td>
<td>Governance is the manner in which power is exercised in the management of a country’s social and economic resources for development. Governance means the way those with power use that power.</td>
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<td>Government Regulation</td>
<td>Government regulation is when the legislative and executive branches set and enact laws that determine how a specific task, business or industry is supposed to run.</td>
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### Acronyms and Abbreviations

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<td>SE</td>
<td>Social Enterprise</td>
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<td>ICT</td>
<td>Information Communication Technology Board Africa</td>
</tr>
<tr>
<td>EASEN</td>
<td>East Africa social Enterprise Network</td>
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<td>SME</td>
<td>Small Business Enterprises</td>
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Abstract
The growth of social enterprises in Kenya has been constrained hence they have had limited impact on both the business sectors and the society. Thus the purpose of the study was to investigate challenges affecting the growth of social enterprises in Kenya with reference to Nairobi County. Specific objects of the study included examining the influence of financing, governance, strategy, entrepreneurial skills and regulation on the growth of social enterprises in Kenya. The study used survey research design while the target population was thirty six (36) respondents drawn from social enterprises in Nairobi County. The study used census sampling technique which involved taking the entire thirty six (36) respondents as a sample. The primary data for the study was collected using the questionnaires. Quantitative data was analyzed using correlation and regression statistics with the aid of Statistical Package for Social Sciences (SPSS 21.0), while qualitative data was analyzed through content analysis. The study established that capital affect the growth of social enterprises, operation strategy affect the growth of social enterprise; entrepreneurial skill affect the growth of social enterprises; governance affects the growth of social enterprise and that government regulations affect the growth of social enterprises. The study recommends that social enterprises need to develop and implement business growth strategies so as to be able to effectively cope with business changes as they are easily affected even by smallest changes in the marketplace; to establish governance structure that fits social enterprises and tailored to enterprise needs; for management of social enterprises to leverage on social partners assistance, opportunities for training of staff in requisite specialized competencies and for the government to ensure a healthy trade-off between costs and benefits of regulation that promote enterprise growth.
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study
Social entrepreneurship is founded upon a societal problem in which the purpose for social entrepreneurship is to solve it, rather than create an economic profit. According to Brooks (2008) social entrepreneurship addresses social problems or needs that are unmet by private markets or governments and is motivated primarily by social benefit. Further, the social entrepreneur identifies a problem in the society and afterwards creates an organization that tries to solve the problem. The success is defined on how well the organization treats the societal problem (Chell, 2007).

The social entrepreneur, however, neither anticipates nor organizes to create substantial financial profit, instead, the social entrepreneur aims for value in the form of large-scale, transformational benefit that accrues either to a significant segment of society or to society at large. Unlike the entrepreneurial value proposition that assumes a market that can pay for the innovation, and may even provide substantial upside for investors, the social entrepreneur’s value proposition targets an underserved, neglected, or highly disadvantaged population that lacks the financial means or political clout to achieve the transformative benefit on its own. Thus social enterprises seek to serve primarily the social objectives over any other objective (Ridley-Duff 2007). These organizations (social enterprises) have been argued to sit at the crossroad between social and corporate worlds due to their social objectives and the concept of employing entrepreneurial skills, mostly identified with the private sector (Spear, 2006).

The central driver for Social Enterprises (SE) is the social problem being addressed (Marti, 2006) and the particular organizational form a social enterprise takes should be a decision based on whichever format would most effectively mobilize the resources needed to address that problem to produce a social impact in the current social institutions (Peredo and McLean 2006). Thus, SE is not defined by any legal form, as it can be pursued through various vehicles. Indeed, examples of SE can be found within the non-profit, business, or governmental sectors,(Mair and Marti 2009, Peredo and McLean 2006, Sharir and Lerner 2006). However, it is important to stress that social enterprises are distinctive from many non-profit organizations in their entrepreneurial approach to
strategy, their innovation in the pursuit of social goals and their engagement in training (Townsend 2008)

The emergence of social entrepreneurial activities around has been due to the slowdown of the public offering of products and social services, which has contributed to an increase in unmet needs (Light, 2008). This is especially true for social welfare, with regards to which public sector involvement is rather limited (Sharir & Lerner, 2006). Second, the existing disequilibrium in the distribution of income level in both developing and developed countries has increased the need for a new paradigm and new business strategies (Bornstein, 2004). Over the past two decades, social entrepreneurs have also increasingly employed business strategies to address problems and generate revenues. Finally, the increased competition within the non-profit sector to achieve donations and grants has led to the need to professionalize the activities undertaken with the objective of reducing financial dependence, and thus ensure their economic stability for the development of their social mission (Boschee, 2006).

Social entrepreneurship is growing in East Africa boosted by the presence of groups like Acumen Fund and Ashoka as well as the recent launch of the East Africa Social Enterprise Network (EASEN). East Africa Social Enterprise Network (EASEN) is a membership organization committed to the development of the social enterprise sector and social entrepreneurship in East Africa (Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan). Whereas there are many social enterprises in the region, there is no single entity that brings them together. Other notable networks globally are the Social Enterprise Coalition (SEC) of UK and the Social Enterprise Alliance (SEA) of USA. The Social Enterprise World Forum (SEWF) brings together all social enterprise networks in the world. EASEN is modelled around the aspirations of the East Africa Community (EAC). EASEN functions and responsibilities include advocacy, financial resource mobilization, business development services, and advisory services. From these organization initiatives there has been a markedly increase in social enterprises being formed, and or with other social sector organisation transforming to adopt the social enterprise model, (Ridley-Duff, 2008).
The increase in number of social enterprises arises from the realised importance of the social entrepreneurship sector as it has the propensity to create social and economic values: provide employment opportunities and job training to segments of society at an employment disadvantage; developing and applying innovation important to social and economic development and developing new goods and services. Address societal problems such as HIV, mental ill-health, illiteracy, crime and drug abuses which, importantly, are confronted in innovative ways; creates the resources linked to possession of a durable network of relationships of mutual acquaintance and recognition. In fact social entrepreneurship fosters a more equitable society by addressing social issues and trying to achieve ongoing sustainable impact through their social mission rather than purely profit-maximization (Christie & Honig, 2006, Dees 1998; Haugh 2007).

The importance of social entrepreneurship has been highlighted by a number of literary works (Haugh 2007); however like their counterparts in the mainstream business social enterprises face a myriad of challenges such as lack of accessibility to finance, poor management practices and lack of support. Governance is seen as a potential challenge for emerging social enterprises; mostly due to conflict of interests arising between board members and the objectives of the entity, failure or lack of strategy is another major challenge (Boschee 2006) which range from failure to identify significant changes in the operational and financial climate. Indeed social enterprise also experience lack of funding (Kingston & Bolton 2004), as most of them fail to secure start up capital and even for operations and end up being underfunded and unable to take advantage of market opportunities. This constricts their growth momentum. (Dees & Joan 2008)

The social enterprise sector in Kenya is still at its infancy; however a lot is being done especially the sector association that champions its interest. An example of this is Komaza social enterprise that plants trees with small holder farmers and uses economies of scale to enable them to access high value markets for processed trees. Another example of this is RISE Kenya that runs projects to mitigate climate change in the semi arid Eastern Province of Kenya. They also run weaving projects whereby women who would traditionally engage in weaving make products that are marketed in the capital city.
Nairobi and in overseas markets of Europe and America. KickStart a non-profit organization based in Kenya that develops, adapts and markets technologies in Africa.

Low-cost technologies are bought by local entrepreneurs (often farming families) and used to establish small businesses. They create new jobs and income for poor people. Examples of products include a brick press, oil press, treadle pump and hip pump (a manual water pump).

Other development oriented social enterprises in Kenya include the One Acre Fund, Nuru International and Alive & Kicking, which has produced over 200,000 sports balls from its stitching centre in Nairobi. Social enterprise in Kenya has grown to include spaces with IT infrastructure such as internet connectivity and computer hardware. Two of these, the iHub and NaiLab, are centers for technological enterprise, with ventures such as Tandaa in cooperation with the ICT Board of Kenya. The Fairtrade (Kenya) endeavours to change and transform the trading structures in favor for the poor and those that consider today’s trading structures or traditions as a disadvantage. Having the Fairtrade mark on a company product certifies that the company makes sure that producers of that certain goods will work and live under social acceptable conditions.

1.2 Statement of the Problem
The growth of social enterprises in Kenya has been constrained hence they have had limited impact on both the business sectors and the society. Consequently they are not yet seen as a positive force or as change agents providing leading-edge solutions to unmet social needs as is the case in other countries such as United States and Germany (Salamon 1994). This has had a great negative impact on the less endowed populace in the urban centres and the majority of the people in the rural areas in terms of poverty, disease and literacy levels which would have been at least reduced if social enterprises sector would have been growing.

The role of social entrepreneurs in the market and society is seldom heard about in Kenya, this is compounded by the fact that there is little said about social entrepreneurship and entrepreneurs in the written literature. Earlier studies (Dees, 1998; Loyd, 1993) annexed social enterprises to either the mainstream charities (non profit
organisations) or to private sector corporate social responsibility (Cornelius & Woods, 2008). While the current studies (Haugh 2007; Boschee 2006) are limited studies dealing with the issue of challenges facing social entrepreneurship do so in a rather fragmented way putting limiting the understanding of social entrepreneurship activities thus the challenges that social enterprises face has had very limited coverage especially in the developing world and in particular Kenya. This research sought to fill this research gap by examining the challenges affecting the growth of social enterprises in Kenya.

1.3 Research Objectives

1.3.1 Main Objective
The general objective of this study was to examine the challenges affecting the growth of social enterprises in Kenya. A case of Social Enterprises within Nairobi County, Kenya

1.3.2 Specific Objectives
The Specific objectives of the study included:

a) An examination of the effect of capital financing on the growth of social entrepreneurship in Nairobi County, Kenya

b) An investigation of the effects of governance on the growth of social entrepreneurship in Nairobi County, Kenya

c) An establishment of the effects of operational strategy on the growth of social entrepreneurship in Nairobi County, Kenya

d) An assessment of the effects of entrepreneurial skills on the growth of social entrepreneurship in Nairobi County, Kenya

e) An establishment of the effect of Government regulation on the growth of social entrepreneurship in Nairobi County, Kenya

1.4 Research Questions
a) How does capital financing affect the growth of social entrepreneurship in Nairobi County, Kenya?
b) To what extend does enterprise governance affect the growth of social entrepreneurship in Nairobi County, Kenya?

c) What is the effect of operation strategy on the growth of social entrepreneurship in Nairobi County, Kenya?

d) How do entrepreneurial skills affect the growth of social entrepreneurship in Nairobi County, Kenya?

e) What is the effect of Government regulations on the growth of social entrepreneurship in Nairobi County, Kenya?

1.5 Significance of the study

The study will be significant to social enterprise organization within Nairobi County and even those in other counties in the country, as it will be able to understand and appreciate factors that affect the growth of social enterprises and seek measures to strengthening the positive factors that enhance their growth while minimizing those that decrease their competitiveness.

The study findings will be significant to the government as it will provide a basis of understanding the challenges that affect the growth of social enterprises in the country and seek ways to enhance the positive factors through provision of an enabling climate (through regulation and policies).

The study findings will be significant to social entrepreneurs in the country as they will be able to understand and appreciate the challenges facing social enterprises in the country and be able to take appropriate action to solve some of the challenges that face them. Despite the practical experience, acquired by most social entrepreneurs they still lack theoretical knowledge about this phenomenon. Hence, through this study they will be facilitated to get theoretical knowledge/input that could help them to get a deeper understanding of experiences from social entrepreneurship, and thereby increase their total stock of knowledge.
The study findings will be significant to academicians and researchers as it will be able to add to the existing knowledge on social enterprise sector and it will also provide background information to research organizations and scholars who may want to carry out further research in this area. The study will also facilitate individual Researchers to identify gaps in the current research and carry out research in those areas.

1.6 Scope of the Study
This research was limited to investigating the challenges affecting the growth of social entrepreneurship in Kenya with particular reference to social enterprises located within the Nairobi County. The geographical scope of the study was limited to Nairobi County because the county hosts majority of the social enterprises. The Research study covered issues relating to capital financing, governance, operational strategy, entrepreneurial skills and government regulation on the growth of social enterprises in Kenya. The research study will cover the period between 2010 and 2012

1.7 Limitations of the Study
The main limitation of study was its inability to include more social enterprises spread around the country, as the study was a case study focusing on the social enterprises located within Nairobi county. Moreover, some respondents were not able to provide full information for fear of being reprimanded by their managers for giving out information that they consider confidential. However the researcher comprehensively studied the social enterprises located within Nairobi county, while assuring the respondents of the confidentiality of the information that they provide and at the same time seeking authority from the management to undertake research.

The study used questionnaires that rely on self report responses. The problem with using such questionnaires is that they are based on the assumption that participants will respond to the questions in an honest and accurate manner. Nevertheless, it is not always the case that participants answer in an honest manner. This is because participants will often give answers that they believe to be desirable.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction
In this chapter, literature, which is related to and consistent with the objectives of this study, is reviewed. Important theoretical and practical problems are brought out; relevant literature on the aspects pertaining to the challenges affecting the growth of social entrepreneurship in Kenya is discussed and some of the contributions that have been focused on by other researcher and authors established.

2.2 Theoretical Review

2.2.1 Social Entrepreneurship Theory
Rollins (2009) developed a social entrepreneurship model for the organization. She established a social enterprise known as Boaz & Ruth through which she used as a vehicle to revitalize the area of Highland Park and serve its citizens. The area of Richmond Highland Park was characterized by high rate of unemployment, crimes and is suffering from drug problems as well as poverty. It was due to this situation that Rollins (2009) saw an opportunity to change the state for this vulnerable population. Rollins (2009) recognized the high unemployment level to be the primary problem in this area. The available jobs were few because of the few local employers and many people could not get an available job because of the criminal system in their backgrounds. Nevertheless, Rollins (2009) saw great potential in these individuals as she perceived them as excess labor supply that could revitalize the human capital for Highland Park.

The social entrepreneurship model of Boaz & Ruth consisted of six parts: vulnerable population, Job/life training, commercial enterprises, client rehabilitation, community development and Partnership network (Rollins, 2009). Boaz & Ruth started to arrange apprenticeships for the unemployed people in order for them to enter the labor market. The organization used these people as in retail establishments and in the skilled crafts necessary to revitalize properties in the neighborhood. The unemployed people are also offered entrepreneurship training and assistance in establishing commercial enterprises.

According to Rollins (2009) the vulnerable population can be regarded as clients that are going through a rehabilitation process, by letting them take part of job and life training
programs and to create commercial enterprises. In this way they are given an opportunity to empower themselves by actively taking part of the society and community development. The high crime and unemployment levels can for instance be reduced as a result of involving more people in the labor market as well as creating new job opportunities by the establishment of new commercial enterprises. Thus, these efforts can in the long run solve many of the social problems and thereby works as a catalyst for the community development. The Boaz & Ruth organization consisted of a network of partners from different sectors of the society representing the business world, public- and voluntary sector. The partnership network involves local foundations, residents, local businesses and government officials. This network serves as a platform that produces benefits for its clients – who are rehabilitated, its community – which is developed and those providing support – who are enriched.

Rollins (2009) indicates that the three major missions of the social enterprise are to: to provide job and life training, life skills, emotional competencies and entrepreneurship opportunities for individuals seeking to move beyond poverty. Thus it is an opportunity for individuals to start commercial enterprises as shown in the model. To serve as an economic catalyst to the citizens as this will work as an opportunity for development for the community, as well as for the client rehabilitation and to provide an opportunity for all inhabitants. Rollins (2009) sums up the business model for Boaz and Ruth’s as helping vulnerable people through job/life training which is done by expertise and energy from the leadership and professional network, government and from the residents and businesses in the area.

Brooks (2008) notes that the purpose for a social enterprise lies in its missions and that the first thing an emerging social enterprise would do is to communicate its concept, to gain legitimacy and certify that the potential target group can get the idea behind the concept. First a clear mission will make the social entrepreneur focus on what the Enterprise intend to bring into reality; otherwise it is shown that a lack of focus in the early stages could be very critical for the success of the mission. Second, the marketing tool is very important to the mission statement, because of the fact that it will bring other
interested to the mission, or at least intend to do. For instance, a social enterprise that are working with something that are going to solve the problems behind terrorism cannot have a inadequately expressed objective or mission, then again it will bring us back to the legitimacy issue. However, when the mission is set, the next step is to bring the business model up to the surface. Brooks (2008) argues that after the social mission clearly have been defined, expressed and refined it is time to put together a business model for the social enterprise. The business model is a model of Boaz & Ruth’s, which is a social enterprise that has a mission to “rebuild lives and communities through relationships, training, transnational jobs, and economic revitalization

According to North (2005), organizations such as firms set up by entrepreneurs will adapt their activities and strategic model to fit the opportunities and limitations provided through the formal and informal institutional framework. Social entrepreneurs are most effective when they create entrepreneurial organizations which interact with their environment in an innovative way. Then, as it noted by Aidis (2005) the relation between (social) entrepreneur, the organization and their environment is vital.

2.2.2 Theory of the Growth of the Firm

This was propounded by Penrose in his classic writing on the Theory of the Growth of the Firm in 1956 which has become the basis for resource based approach to the firm. According to Penrose (1959) and Barney (1991) enterprise growth is the result of exploring opportunities. Enterprises are a collection of a certain number of resources that provide the means to successfully take advantage of those opportunities and grow (Penrose, 1959). For Penrose, dynamic constraints or restraints limits to growth included temporary scarcity of managerial resources. Once sufficient resources have been mobilized and deployed to allow a production cycle to take place, the firm can build on experience. The effort of mobilizing resources anew entails transactions which are themselves costly of resources.

Successful firms achieve resource mobilization rapidly and succeed in generating revenue early, often aided internally by incubation or externally by growth markets. For these firms, impetus may be built up which leads from early resource generation on to growth
Firms must access, mobilize and deploy resources before they can generate resources for growth; it is in the nature of these processes that they must take place sequentially. Once a firm has demonstrated its viability, it can shift from raising early risk capital to seeking further development capital. Even for firms that do not achieve rapid early growth, once prior planning and initial productive activity have been accomplished, resources are released which may be used to promote growth.

Penrose, (1959) argues that success’ is not simply a question of making an accounting profit; to be deemed successful a new activity must turn out to have been a better use of resources of the firm than any alternative use; and it remains successful only so long as it continues to be the most profitable use, not only of whatever new funds are required to maintain the competitive position of the new business, but also of the managerial and other services absorbed by it. Firms must continually reappraise the profitability of their different activities as changes occur in external conditions and in the quality and quantity of the productive services. Penrose (1959) maintains that in entering any new field, a firm must consider not only the rate of return it might expect on its new investment but also whether or not its resources are likely to be sufficient for the maintenance of the rate of investment that will be required to keep up with competitors’ innovations and expansion in its existing fields as well as in the new one.

Penrose (1995) points out that there is a close relation between the various kinds of resources with which a firm works and the development of the ideas, experience, and knowledge of its managers and entrepreneurs, and changing experience and knowledge affect not only the productive services available from resources, but also demand. They facilitate the introduction of new combinations of resources, innovation within the firm (Penrose, 1959). Penrose (1959) stresses the importance of continuous maintenance of firms’ existing capabilities and knowledge bases in protecting competitive advantage. Indeed, Penrose’s (1959) emphasis on the time dimension and protection of a current advantage with continued efforts to innovate to renew economic value parallels core arguments of the dynamic capabilities view of the firm.
In Penrose’s (1959) theory of efficient management of firms’ resources, a key proactive role is assigned to managers in perceiving and pursuing productive opportunities. In a dynamic environment, managers can change both the productive services resources render and the demand conditions that affect its productive opportunities (Penrose, 1959). Penrose, (1959) asserts that management team is something more than a collection of individuals; it is a collection of individuals who have had experience in working together, for only in this way can ‘teamwork’ be developed. Existing managerial personnel provide services that cannot be provided by personnel newly hired from outside the firm, not only because they make up the administrative organization which cannot be expanded except by their own actions, but also because the experience they gain from working within the firm and with each other enables them to provide services that are uniquely valuable for the operations of the particular group with which they are associated. Some firms achieve growth because they developed the appropriate corporate culture, human resource practices, and reward systems to nurture the entrepreneurial faculties in their employees. It is the latter form of entrepreneurship that Penrose (1959) gives closer attention. Those firms with an entrepreneurial culture are likely to sustain superior returns – an idea that is revisited in Barney (1986).

2.2.3 Entrepreneurship Innovation Theory
This theory is propounded by Schumpeter (1939) who viewed entrepreneurship as the fourth factor of production, as the catalyst of economic growth and revitalization. He also indicated that an entrepreneur is the one who is innovative, creative and has a foresight. Innovation and enterprise are concerned mainly with producing new combinations. It is the entrepreneur who breaks the cycle of routine activity, swimming against the stream to produce new products and techniques of production, discover new markets, explore new sources of raw material and rearrange markets (Davidsson, Delmar & Wiklund, 2006) and leading to an increasing rate of the survival of small and medium scale business in the social enterprise sector (Deakins & Freel, 2009).

Technological innovations are the most visible form of innovation. Innovations are not continuously distributed in time, but proceeds by leaps which upset the existing
equilibrium and generate (irregular) economic growth. He saw the innovative transformation of routine behavior as a relatively slow and conflict-ridden process and distinguished innovation as the function of entrepreneur that is separate from the administrative function of manager. This reinterpretation helped him outline his theory of economic business cycles as reflecting the wave-form process of economic evolution under capitalism. Schumpeter regards technological uncertainty as neither a sufficient nor a necessary determinant of fluctuations but postulates that fluctuations are caused by supply shifts based on uneven technological changes. In Schumpeter’s (1939) economic system, business cycles, especially Kondratieff, waves are the major catalyst of economic growth. Schumpeter proposed a three-cycle model of economic fluctuations or waves: Kitchin inventory cycle (3-5 years), Kuznets infrastructural investment cycle (15-25 years), and Kondratieff long cycle (45-60 years).

Schumpeter (1939) argued that entrepreneurs create radical innovations in the face of competition. Looking at Schumpeter writings (1934, 1939, and 1942) as a whole it is possible to distinguished two different types of processes underlying innovation by firms: Creative destruction creates economic discontinuities, and in doing so, an entrepreneurial environment for the introduction of innovation, and earning monopoly profits (Lintunen, 2000). Competition is a self-destructive mechanism that normalizes the profit level when the innovation effects, value added, have been utilized. An entrepreneurial discovery occurs when an entrepreneur makes the conjecture that a set of resources is not being optionally utilized. In order to introduce innovations and to earn monopoly profits, an entrepreneur needs to identify market opportunities early enough. Creative destruction is associated with innovation of entrepreneurs (or small firms) entering unexplored market where there are low entry barriers for new entrants utilizing the common pool of knowledge stock. Creative destruction is a microeconomic process by its nature but has considerable macroeconomic implication for economic growth (Aghion and Howitt, 1992, 1998).

Innovations are materialized in new innovative firms and jobs are highly personalized. Creative accumulation is associated with institutionalized innovation by large firms.
When entrepreneurs under creative destruction draw from the public domain only to place their own innovations within the reach of imitators, large firms under creative accumulation appropriate and protect a major part of their intellectual property, and build on their proprietary knowledge stock through R&D departments. Multinationals (1) use monopoly power in large extent, and build on proprietary knowledge stocks through big in-house R&D departments and networks of partners, including universities. Multinationals are useful partners for entrepreneurs since they can provide for their partners world-class technologies (Markusen and Venables, 1997; Lööf, 2009) and the most efficient global marketing channels and logistics. Multinationals operate in all continents, and in all markets (goods, services, financing, IPRs etc). By utilising the scale economies and monopoly power large firms create high barriers to entry of new entrants (Scherer & Ross, 1990), and impact on industry life cycles (Klepper, 1996) and market structure (Agarwal, Sarkar and Echambadi, 2002).

Some writers have continued to deal with dynamic transformation process in economies driven by the introduction of innovations, for instance Freeman (1982) and Dosi (Dosi, 1982). Aghion and Howitt (1992) developed a process model of quality-improvements in sequential and stochastic R&D race. Cheng and Dinopoulos (1991) divided the quality-improvement process into technological breakthroughs in terms of creative destruction, and improvements that follow breakthroughs in terms of creative accumulation.

This study seeks to determine what factors either constrain or enhance the growth of social enterprises hence the theory of the firm growth hence the theory of the firm growth will be able to provide a theoretical basis for the study, while social entrepreneurship theory, and entrepreneurship innovation theory are relevant to the study as it seeks to examine social enterprises which are supposed to provide innovative solutions to firm growth
2.3 Empirical Review

2.3.1 Growth of Social Enterprises
Firm growth in general refers to increase in size and is a process characterized by competencies, markets, and organisation, staffing and management techniques. A firm’s growth is needed to ensure an adequate production volume for profitable business. Growth can serve as an instrument for increasing profitability by enlargement the firm’s market-share, securing the continuity of business in the conditions of growing demand or achieving economies of scale. Growth may bring the firm new business opportunities (Timmons 1999), and a larger size enhances its credibility in the market, besides achieving a higher net value.

The enterprise growth is used to describe a development process of enterprise from small to big and from weak to strong. Enterprise growth is the development process that enterprise keeps the tendencies of balanced and stable growth of total performance level (including output, sales volume, profit and asset gross) or keeps realizing the large enhancement of total performance and the stage spanning of development quality and level (Sun, 2004). Thus in the growth process, enterprise always transits from balance to unbalance, and the result is to transit from unbalance to balance and from lower balance to higher balancer through unbalance. The enterprise growth is the unification of quantity and quality. The increase of quantity is embodied in the extension of enterprise scale such as the increases of sales volume, market share, production value, profit and employee. And the growth of quality is embodied in the enhancement of enterprise quality, which includes the technological innovation ability from immature to mature production technology, the optimal efficiency of investment and output, the organizational innovation and reform.

Growth is often closely associated with firm overall success and survival (Johannisson, 1993). Growth has been used as a simple measure of success in business (Storey, 1994). Also, as Brush and Vanderwerf (1992) suggest, growth is the most appropriate indicator of the performance for surviving small firms. Moreover, growth is an important precondition for the achievement of other financial goals of business (de Geus, 1997).
From the point of view of an SME, growth is usually a critical precondition for its longevity and further young firms that grow have twice the probability of survival as young non-growing firms Storey (1994). It has been also found that strong growth may reduce the firm’s profitability temporarily, but increase it in the long run (Reynolds, 1993).

Firm growth has been operationalized in many ways and different measures have been used (Davidsson & Wiklund, 2000). The most frequently used measure for growth has been change in the firm’s turnover (Hubbard & Bromiley, 1995). Another typical measure for growth has been change in the number of employees. However, it has been found that these measures, which are frequently used in the SME context, are strongly intercorrelated (North & Smallbone, 1993). Such an inter-correlation may not exist among capital-intensive large companies. In fact, previous research reveals that firm growth is a multidimensional phenomenon and that there is substantial heterogeneity in a number of factors associated with firm growth. It further shows that firm growth patterns are related to the demographic characteristics of firms such as firms age. Delmar et al. (2003)

Among the factors expected to hinder the growth potential of SE is their limited access to business services (BSs) (viz., marketing information, networking, short-term training, counseling and consultancy services) (Ishengoma and Kappel 2007). Access to marketing information is expected to increase SEs’ market knowledge about the behavior of their customers, price, and the best sources of inputs. Through counseling and consultancy services, SEs can solve some of the technical problems they face. Their participation in networking activities may enable them to obtain more technical and marketing information about the behavior of their customers, in terms of honoring their debts; new customers; and business partners. All of the above are expected to decrease SEs’ transaction costs, increase their internal sources of finance for upgrading their assets, and raise their sales levels and productivity hence leading to growth.

Growth of small organisations is influenced by three major factors – the background/resource of the entrepreneur, the nature of the firm, and the strategic
decisions taken by the owner/manager (Storey, 1994). The entrepreneur needs to develop both strategic and tactical skills and abilities (Kuratko et al, 2001). Entrepreneurial ventures being goal directed also need to plan to face the uncertainties (Carland et al, 1984). Entrepreneurial strategy is the means through which small organisations establish and re-establish the fundamental set of relationships with the environment and the uncertainties (Murray, 1984).

An empirical research done in Sweden by Wiklund et al, 2003) concludes that contrary to the belief financial gain was not the major determinant of growth and that important determinants of growth are control, degree of independence in relation to other stakeholders, and ability to survive crises. They influence in different combinations under varied conditions. Employee well-being is the single most important attitude towards growth reported in most of the studies. Employee well-being leads to improving in working conditions for the employees for productive purposes and creates a positive climate towards growth (Wiklund et al, 2003; Ghoshal et al, 2000)

2.3.2 Capital and the Growth of Social Entrepreneurship

Financial constraints have been suggested to be one of the most important barriers to growth (Storey, 1994). It has also been suggested, that small firms face difficulties in obtaining outside funding. Becchetti and Trovato (2002) find that firms’ which have been credit rationed by their financial institutions are likely to have slower growth rates. Although funding is cited by most literature as a major challenge for social enterprises (Salamon 1994; Dees 1998; Kingston and Bolton 2004), there seems to be a shift in funding policy. Literature identified that most social enterprises failed to secure start up capital. Most organisations that participated professed minimum hindrance in the initial funding of their projects by capital providers, although the capital seems to be restricted to immovable structures (not for buying buses).

Availability of credit facilities lead to an increase in capital for expansion of the SE as well as provide capital to potential small scale business entrepreneurs. Conversely, unavailability of capital in the economy through financing banks is detrimental to the growth of these small enterprises operating in Kenya (Thiru, 2000). Finance is a very
expensive and risky yet essential resource in business growth. Conditions such as collateral, repayment terms, interest on loan, repayment periods etc. can hardly be met by small scale businesses. Technology itself is a very expensive component of business which requires enormous financial resources. Furthermore, the returns from investment in technology are usually long term which conflicts with the objectives of small scale businesses which are mainly short term. Nearly all credit policies for enterprises favor working capital rather than investing in assets. These issues tend to inhibit the introduction of new machines and equipment hence stagnating technological growth (Kingston & Bolton 2004). There is absence of the involvement of the mainstream financial institutions (Banks and Finance Houses) in financing these social programs. This highlights continued reluctance of these institutions in lending finance to organisations that trade for a social purpose, confirming a phenomenon identified by Boschee (2006).

Lack of capital is often the most critical challenge that affects growth of SE faces and without very diligent cash flow management and raising of more capital, including debt, the business often is constrained by capital as it grows (Ishengoma, 2005). Often the profit in one operating cycle is insufficient to fund the extra working capital required for the next operating cycle. This is especially the case where a business is either inventory or receivables intensive and/or the operating cycle is a long one (Davidsson, Delmar, Wiklund, 2006). This can be made even worse where capital goods are required to process the goods and the company cannot finance the acquisition of these capital assets.

Lack of access to credit is almost universally indicated as a key problem for SEs. This affects SEs choice by limiting the number of alternatives that can be considered (McMahon, 2001). Many SEs may use an inappropriate technology because it is the only one they can afford and in some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan (Johnsen, & McMahon, 2005). Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing
from friends or relatives and lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance (Thiru, 2000).

There are various other financial challenges that face small enterprises which include the high cost of credit, high bank charges and fees (Bager & Schott, 2002). The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the ‘little investors, that they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits (Wanjohi & Mugure, 2008).

2.3.3 Operation Strategy and the Growth of Social Entrepreneurship

The term strategy means a well planned, deliberate and overall course of action to achieve specific objectives. It can also be defined as a pattern of major objectives, purposes or goals and essential policies or plans for achieving those goals. According to chandler, “strategy is the determination of the basic long term goals and objectives of an enterprise and the adoption of courses of action and the allocation of resources necessary to carry out these objectives (Hamel & Prahalad, 2002).

As applied to business, strategy is a firm’s planned course of action to fight competition and to increase its market share (Chell 2007). Growth Strategy’ refers to a strategic plan formulated and implemented for expanding firm’s business. For smaller businesses, growth plans are especially important because these businesses get easily affected even by smallest changes in the marketplace. Changes in customers, new moves by competitors, or fluctuations in the overall business environment can negatively impact their cash flow in a very short time frame. Negative impact on cash flow, if not projected and adjusted for, can force them to shut down. That is why they need to plan for their future. Small entrepreneurs generally feel that strategic planning is for large business houses; but it is very necessary for small and medium enterprises. Strategic Planning
gives a formal direction to the business. Strategic planning is necessary to take care of the additional efforts and resources required for faster growth (Boschee 2006).

Firm growth and performance are much affected by strategy, which involves choices along a number of dimensions and can be represented by a firm’s overall collection of individual business-related decisions and actions (Dees & Joan 2008). Though there is a variety of definitions of the term of strategy, it can accurately be conceptualized as a pattern of strategic variables, because the elements of strategy – the individual business-related decisions and actions are interdependent and interactive (Dees 1998). It is argued that the identification of strategy patterns permits a more complete and accurate depiction of overall strategic behavior (Robinson & Pearce, 1988).

Enterprise growth is deeply influenced by management vision which is of fundamental importance in defining the basis of the enterprise. It is a projection, an image of projected into the future of the place the entrepreneur wants his/her product to occupy eventually on the market. This also deals with the kind of enterprise needed to reach such position. It provides a guiding framework to reach there. The framework attracts, stimulates and motivates the people working with the entrepreneur. In this way the team feels motivated and eager to work hard to realise the vision.

Vision offers a point of reference to the entrepreneur around which the entrepreneur assimilates information. Entrepreneurial intention is communicated and displayed by vision. This is also reinforcing the core set of values. Hence clarity of vision is important to venture success. Small business entrepreneurs can focus largely on visionary management which provides the reflection framework for effectiveness of all tasks to enable concrete action to take place. Emerging visions are formed around the ideas and concepts of the products or services imagined by the entrepreneur. The single emerging vision which the entrepreneur wants to pursue becomes the central vision. This also aims at providing the big picture for strategy planning. (Filion, 2002; Bird and Jelinek, 2002)

The entrepreneurs try to realise their vision by a continuous search. Their central vision is supported by many secondary visions with both internal and external components
which involves specific management plans and actions (Filion, 2002). The entrepreneurs need to be long term thinkers. At the same time they are necessarily required to be short term players. But as the frame of reference changes the entrepreneurs need to redefine their functions and roles. Growth of the organisation demands building up teams and developing network outside the organisation. (Bird and Jelinek, 2002)

The failure or lack of strategy is a major challenge to social enterprises and ranges from failure to identify significant changes in the operational and financial climate to failure to strategize in securing funding to start an entrepreneurial project (Chell 2007). The poor strategy argument can potential be a precipitant to the challenge of fund raising, hinting on that the organisations that are documented by literature as facing financial challenges might actually be facing a strategy deficiency and not a financial deficiency (Boschee 2006).

Too many small business entrepreneurs neglect the process of strategic management because they think that it is something that only benefits large companies. They fail to plan on a long term basis and usually results in failure to survive in terms of growth. Without a clearly defined strategy, a business has no sustainable basis for creating and maintaining a competitive edge in the market place (Norman, Thomas, 2003).

In an entrepreneurial organisation strategic intent provides emotional and intellectual energy. Strategic intent is an anti-thesis of strategy focus which needs to search for a fit between existing resources and emerging opportunities, where as strategic intent searches for misfit between resources and aspirations. It provides a sense of direction. It is a process in which every one pushes self to perform at higher level. Growth is also associated with new challenges and development opportunities which affect the employees. (Hamel and Prahalad, 2002)

The environment in which the organisation operates poses challenges depending of the industry life cycle and industry structure; but market growth does not necessarily lead to growth of small organisations (Morris, 2001). Gibbons and O’Connor (2005) conducted a study on Irish small enterprises and concluded that the entrepreneurs did not have
adequate understanding of strategic management terms and were less equipped with strategic management tools. The possible reasons were centralised decision making by the entrepreneur or difficulty in prioritizing the development of their managerial skills. Under turbulent and uncertain environment the small business entrepreneurs use their intuitive skills rather than systematic approach or tools.

In the conceptual model by Keats and Bracker (1988) proposed that entrepreneurs tend to use sophisticated strategic planning due to high task motivation and the belief about their ability to influence the environment and thus lowering the uncertainties. The study of Eisenhardt and Schoonhoven (2002) also reported that innovative technical strategies at founding stage had no lasting impact. The initial advantage on this account was not found to be a growth predictor as later stage, neither the advantage for growth is reported to be sustainable. The authors concluded that a fit between strategy, structure and processes is more favourable to performance rather than strategy per se. The strategies of innovation and niche markets exploit the strength in providing the unique competencies and customised products with proximity to the customers (Nooteboom, 2002).

based on interviews of founders of 100 major companies in United States Bhide (1999) explained that the entrepreneurs of high performing companies adopt faster and cheaper method of strategy planning without expecting high degree of precision. This is more economical and timely as compared to typical corporate practices. These entrepreneurs integrate action and analysis. Need for strategic orientation in management of small business in terms of knowledge about market, customers and competitors is emphasised in many studies, this need is emphasised more because of ever increasing competition and shortening product and service life-cycles (Callahan and Cassar, 1995).

In a study (in United Kingdom.) on agri-product based export growth strategy Crick et al (2000) reported that majority of the firms adopted a planned approach while using market information. Those who employed market concentration strategy used this approach to meet the business performance objectives where as those who adopted market spreading strategy used this to arrive at a decision to spread their export sales to a larger market. In entrepreneurial organisations the strategic intent provides emotional and intellectual
energy. This is an anti-thesis of strategy focus which needs to search for a fit between existing resources and emerging opportunities, where as strategic intent searches for misfit between resources and aspirations. It provides a sense of direction (Hamel and Prahalad, 2002).

2.3.4 Entrepreneurial Skills and the Growth of Social Entrepreneurship

Leadbeater (1997) pointed out that social entrepreneurs have abundance of entrepreneurial skills, thus making it possible for other following individuals to feel a strong commitment to the social enterprise and its mission. Leadbeater (1997) uphold that the mission of the social enterprise is crucial because it will bring the ones active in the organization a sense of purpose. This could be looked at as the same reason as companies gives their owners dividends or commercial measures. It is not just to create a mission, it also means that the social entrepreneur have to create different steps. The importance of the mission being connected to the unmet need is highly relevant, it cannot be too abstract. Further Leadbeater (1997) says that social entrepreneurs have to be good at mission statement and mission management. Nevertheless the importance of entrepreneurial skills is crucial to the social entrepreneurs to be able to meet the unmet needs that exist in the society.

Leadbeater (1997) addresses different entrepreneurial skills that characterize social entrepreneurs in general. Leadbeater claim that these skills are the sources that drive the actions of the social entrepreneur and are important for the existence of the organization. The common entrepreneurial skills that characterize the social entrepreneur are the abilities of being: Entrepreneurial, Innovative, transformatory. The first skill deals with the ability of being entrepreneurial in general, it refers to the way individuals undertake under-utilized, discarded resources and how they identify ways of using them to satisfy unmet needs. The second entrepreneurial skill is about being innovative, referring to the ability to create something new. It could be a matter of creating new services and products, new approaches of dealing with problems, which is often done by bringing together approaches that traditionally have been kept separate. The third skill, transformatory, has to do with the way social entrepreneurs tend to transform the
organizations they are involved in as well as the neighborhoods and communities they serve by creating opportunities for self-development.

Entrepreneurial skills comprises individual’s attributes as formal education, previous labour experience, the presence of partners who might provide additional expertise, and a family tradition of business ownership (Honig, 2001, Peña, 2004). Human Resources are an important resource, since they can develop dynamic capabilities that might create new resources within the firm. Thus, human resources constitute a unique resource embedded in their human capital (Álvarez & Busenitz, 2001; Bowman & Swart, 2007).

Armstrong (1992) sees employees as a valued asset whose value should be increased by a systematic and coherent approach to investing in their training development. To him human resource development is about enhancing and widening skills by helping people grow within the business and by enabling them to make better use of their skills and ability. This empowers them to increase their contribution to the success of the business. He acknowledges that training and development are essential ingredients in management of change because employees are equipped with the confidence to cope with change and skills they need to implement it.

Cole’s (1996) argument concurs with those of Armstrong. He agrees that human resources are the most important and most dynamic of all organization’s resource. In that they need considerable attention in terms of acquisition of skills and motivation so as to realize their full potential in their work. He identifies the following benefits of training and development, that is: Improvement of skills, knowledge and experience of employees; improvement of job performance with resulting improvement in productivity; improved services to customers; and greater commitments of staff.

Deakins and Freel (1998) suggest that entrepreneur’s learning capacity is a determinant factor explaining firm growth. Finally, Chandler and Hanks (1998) indicate that there exists a substitutability effect between human and financial capital. Firms managed by entrepreneurs who have higher levels of human capital will be able to attain superior performance, even when these firms lack financial capital.
It is widely recognized that formal education positively impacts entrepreneur's decision making process increasing firm's growth opportunities (Peña, 1994). These results could indicate that more educated employees have the necessary skills, discipline, motivation, information and self-confidence to attain higher growth rates in their businesses; hence, they are more likely to perceive and exploit business opportunities (Ucbasaran et al., 2007). In addition, education provides knowledge that may help in overcoming financial constraints (Evans and Leighton, 1989) and foster business growth (Honjo, 2004).

Saleemi (1997) states that the purpose of human resource training is to enable the employees to get the necessary skills and acquaint themselves with their present or their prospective jobs and also increase their knowledge and skills Training makes new employees more productive and efficient. It makes the old employees familiar with machines and techniques by refreshing their knowledge.

Training is an ongoing or continuous process and is effective only when it is properly planned and effectively executed. It offers several advantages to workers also to the enterprise like job satisfaction is achieved after the improvement of methods and skills. Use of resources in proper ways can apply its physical financial and human resources in a better way (Ishengoma, 2005). Training and development of employees is a major focus of many organizations in today's changing technology. An organizations success will be determined by how its employees will respond to their changing environment. Through training and development, the employees are not only equipped with the skills and knowledge that help them to improve productivity in their current jobs but also equip them for more demanding roles Charney & Libecap, 2000).

However many SEs owners, managers and employees lack the necessary and relevant skills and experience. The typical owner or managers of small businesses develop their own approach to management, through a process of trial and error (Ishengoma, 2005). As a result, their management style is likely to be more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept (Liedholm, 2002).). Although this attitude is the key strength at the start-up stage of the enterprise because it provides the creativity needed, it may
present problems when complex decisions have to be made (Huggins, 2000). A consequence of poor managerial ability is that SE owners are ill prepared to face changes in the business environment and to plan appropriate for these changes (Deakins & Freel, 2009). Majority of those who run SEs are ordinary lot whose educational background is lacking. Hence they may not be well equipped to carry out managerial routines for their enterprises (King & McGrath 2002).

Lack of management skills is a problem that is very difficult to deal with in most SEs as the size of the senior management team is necessarily limited. These areas of weakness could be in finance, human resources, marketing and any area where the current management does not have the expertise, or the time to deal with the issues (Charney & Libecap, 2000). The knowledge and capabilities of the managers and entrepreneurs is especially important, particularly relating to technologies, marketing, and management, among others (Brown, Earle & Lup, 2005). According to Klein (2003), to succeed and survive organizations need to re-invent themselves regularly and that learning underpins the efforts of a management team that does not shy away from the challenges of change and proactively seeks to find better ways of doing things. The challenge is to strike the right balance between learning and control, change and stability, thought and action (Sinha, 2001).

2.3.5 Enterprise Governance and the Growth of Social Entrepreneurship

Governance is formally defined as systems and processes that ensure the overall direction, effectiveness, supervision and accountability of an organization (Cornforth, 2003). Governance mechanisms can include governing boards, monitoring systems and signalling mechanisms like reporting or codes of conduct. The focus of this document will be on creating and managing boards, while acknowledging that the governance of social enterprises covers a broader field than governing boards. Governance might have featured as a potential challenge for emerging social enterprises, mostly due to conflict of interests arising between board members and the objectives of the entity (Hudson, 2011). Research has identified that either model of governance (stewardship and stakeholder models) is suitable for the SEs.
As social entrepreneurship has spread and has been in development for more than a decade, most differences have been ironed out over the years as most boards leaned over to accept and acknowledge the importance of social entrepreneurship (Chell, 2007). Dart (2004) and Roper and Cheney (2005) argue that the choice of a governance structure should be determined by the needs of the organisation, however, this argument is in contrast to two schools of thought, one advocating for an inclusive democratic, stakeholder model and the other school that prefers appointees based on expertise, the stewardship model (Wise 2001).

Social enterprises address the most pressing problems societies face through employing scalable, self-sustainable and innovative business models (Mort, Weerawardena et al. 2003). They balance financial responsibilities and social impact and coordinate among multiple stakeholder groups, including investors, employees, regulators, clients and beneficiaries. As a result, social enterprise leaders manage complex trade-offs (Chell, 2007).

A carefully selected, well-designed and well-managed board will help the social enterprise to reach its goals. Yet many social enterprise leaders are reluctant to set up a board. They express concern that a board will limit their management team’s effectiveness (Low 2006). While this is a valid concern, it demonstrates the lack of understanding of how boards can facilitate an enterprise’s success and make the management team’s work easier. Furthermore, of those social enterprises that have a board, many fail to engage their board actively in the strategic guidance and oversight of their organization (Thompson and Doherty 2006).

For social enterprises, governance is key to both overseeing compliance with policies and regulations and to safeguarding the organizational mission while meeting the demands of various stakeholders (Cornforth, 2003). Social enterprises limit their potential and undermine their mission when they do not invest appropriate effort and thought into creating a well-functioning board. Hence if applied correctly, a board strengthens, not weakens, the leadership and helps to ensure the success of the social enterprise (Thompson and Doherty 2006).
According to Kreutzer and Jacobs (2011) boards can help management teams reach their enterprise’s goals and mission in several ways: Organizations can compensate for a lack of in-house competencies or expertise through board members; board members’ open doors to valuable external networks (fundraising, advocacy and the recruitment of high talent). Boards include and empower carefully selected individuals to guide the enterprise. This ensures the organization’s vision succeeds beyond the efforts of the founder or management team. Investors, contractors and customers may trust the organization more if it has well-regarded board members (Hudson, 2011).

No single governance structure fits all social enterprises or even fits the same enterprise over time. Rather, governing boards should be tailored to the organization and be dynamic to the changing needs of the organization over its lifespan (Siciliano, 1996). Social enterprises should evaluate and modify their governance structures regularly and in particular during the following circumstances: when the enterprise reaches the next lifecycle stage, the legal structure of the enterprise changes, the financial structure of the enterprise changes, most commonly related to the shareholder base, the external environment changes e.g. new government regulations and the founder steps down (Hudson, 2011).

There are two types of voluntary boards: informal boards without any regulations and boards formally organized by documents like bylaws or rules of procedures which it must comply with (Kreutzer, & Jacobs, 2011). Boards serve two primary responsibilities: support and oversight. While many view these as mutually exclusive, they are complementary in a high-performing organization. Boards constitute sparring partners that provide strategic guidance and challenge management. This also includes helping to develop innovative and effective business models. Board members provide access to their networks, which can help raise awareness of the social enterprise as well as foster fundraising and business development. Finally, boards serve as ambassadors for the mission of a social enterprise and thus provide advocacy and legitimization. The fourth area includes aspects of oversight: ensuring cash flows to increase the sustainability of the business (Spear, Cornforth & Aiken, 2007).
Boards monitor the performance of management against benchmarks that reflect the double bottom line. Thus, monitoring concerns social as well as financial performance. While financial indicators are easy to measure and compare, social performance is often hard to seize (Mair & Sharma, 2011). To avoid an inordinate focus on financial performance, social enterprises should pay attention to defining performance indicators for the social mission. Furthermore, boards should emphasize the need for external audits as well as accountability measures to increase transparency towards external stakeholders. In addition, oversight also refers to compliance. It is the duty of the board to ensure that management complies with its own governing document as well as with legal requirements. Furthermore, the board is responsible for appropriate risk management (Kreutzer, & Jacobs, 2011).

2.3.6 Government Regulation and the Growth of Social Entrepreneurship
The regulatory framework in which enterprises operate is crucial to their performance. Regulation can be broadly defined as any government measure or intervention that seeks to change the behavior of individuals or groups. It can both give people rights i.e equal opportunities, and restrict their behavior e.g. compulsory use of seat belts (Better Regulation Task Forc,e2003). These encompass all measures or interventions undertaken by central and local Government bodies which affect business activity. These include: taxation and financial reporting, employment and health and safety, trading standards and consumer rights, environmental protection, intellectual property, premises and planning rules, data protection and transport

Government policies and procedures may determine the market instrument and make them function expeditiously. The government support policies are one of the key elements for hastening the emergence of entrepreneurs. government policy shapes the institutional environment in which entrepreneurial decisions are made and hence, can influence the allocation of entrepreneurial activities (Bowen & De Clercq, 2008; Minniti; 2008) and there is empirical evidence from a wide range of settings that established legal systems can increase the overall likelihood of entrepreneurial success of particular
importance is the establishment of enforceable property rights for the exploitation of entrepreneurial opportunities (Anderson & Leal, 2001; De Soto, 2000).

Chittenden, Kauser and Poutzouris (2002) described the entrepreneurship policy as a collection of measures taken to stimulate more entrepreneurial behavior in a geographic area. These policy options include provision of venture capital funds, tax-based incentives, and government procurement programs; protection of proprietary ideas and innovations; investment in education and research; explicit recognition of, and support for, entrepreneurship by government agencies; fostering of entrepreneurship by educational institutions; and minimization of entry barriers (Hart, 2003).

In addition, tax and other start-up incentives have a greater impact when people have greater motivation to go into business and conversely, the restrictive regulations, crippling tariffs and taxes can disable any entrepreneurial effort. Many commentators have noted how regulation and taxation present a number of challenges and, in some cases, barriers to the development of SEs (Chittenden, Poutziouris, & Michaelas, 2003).

The government policies influence new venture creation throughout legislation and regulation, licenses, taxation, etc. According to Steel (1994), the objective of entrepreneurship policy is aimed at increasing the supply of new entrepreneurs and new businesses as well as their early stage survival and growth. According to Ngahu (2000), government policy should aim to develop entrepreneurial capabilities in SEs through supportive institutions. Policy can encourage the development of assistance programs to facilitate SEs' access to resources, information, training, and technology. Further, policy should promote the development of technologies appropriate for SEs. Although it is possible to develop policies designed to improve the circumstances of SEs, it may be more feasible to support the development of technologies compatible with the SEs' circumstances.

An effective government policy to decrease unemployment is to stimulate the number of new businesses and therefore, both practical experience and academic research point to the importance of public policy in creating the conditions under which entrepreneurial
companies can flourish (Hart, 2003). Since government policies are often designed to offer innovative incentives and challenge the dominant paradigm of separating environmental and business concerns (Gladwin & Kennelly, 1995), it is understandable that such policies would be more effective in regions where there is a low value of conforming (Reynolds, 2000).

Public institutions provided by the state also directly influence the direction of industrial sectors through providing incentives, such as tax breaks, to encourage the creation of entrepreneurial ventures. Taxation is clearly significant in affecting the 'upside' of the risk reward calculus for potential entrepreneurs (Thurik, 2007)

Regulations which enable business owners to act, or contribute to changed conditions which encourage owners to act in particular ways, are likely to be taken for granted; in contrast, the problems of regulation are often perceived by business owners as specific and pressing. Ram et al. (2001) and Edwards et al. (2003) note how the introduction of employment regulations can 'shock' small employers into implementing practices which enhance efficiency and business performance. For instance, the National Minimum Wage introduced 1999 by limiting employers' capacity to compete on the basis of low-paid labour, may stimulate them to implement product and process innovations to increase labour efficiency. Edwards et al. (2003) found that the introduction of employment legislation could lead employers to introduce better formal procedures for dealing with matters such as discipline and dismissal; although others criticize this increasing formalization as a disadvantage for small employers (Walsh 2004).

2.4 Summary and Research Gaps
In the enterprise growth model Penrose (1959) makes little reference to the profitability consequences of resource deployments and growth and at the same time his view on the profit goals of the firm is not a strict profit maximization approach, whereas modern resource-based research emphasizes profit maximization. In Penrose’s (1959) theory of efficient management of firms’ resources, a key proactive role is assigned to managers in perceiving and pursuing productive opportunities. However, in a dynamic environment,
managers can change both the productive services resources render and the demand
conditions that affect its productive opportunities

In terms of a perfectly competitive market, the primary objective of individual firms is to
maximise profits. Each firm is considered unable to influence the market price and
produces up to the point where the price (the reflection of the consumer valuation of the
benefits of the good or service) equals marginal cost (the cost of resources used to
produce the last good or service). A firm that produces beyond this point would be
wasting resources because marginal costs are assumed to rise. This outcome is deemed
socially optimal because just enough resources are being devoted to the product as
society demands.

In the growth theory, the achievement of efficiency is dependent on the fulfillment of a
number of basic assumptions. First, entry and exit of firms chasing profits is costless and
when there are economic losses encountered due to flawed entrepreneurial decisions or
unforeseen product demand changes, unprofitable firms are forced out of the industry.
Second, products must be homogeneous or perfect substitutes. Third, producers and
consumers must have perfect information about market conditions such as the level of
demand, the price and quality of goods. Fourth, there must be an absence of externalities
meaning that all costs and benefits associated with the activity are reflected in the price
(Penrose, 1959). However, most of these assumptions are difficult to sustain in social
enterprises.

According to Penrose, (1959) the index of performance is the maximisation of profit via
efficient production methods. However, in the case of social enterprises efficient
delivery has to contain a social element – that is, it is wider than the maximisation of
profits. For example, an efficient entrepreneurial system has to include social justice
considerations, which a private market cannot value. Without a correct valuation then an
efficient price cannot be established and the market fails.

The growth models tend to assume all enterprises pass inexorably through each stage, or
fail in attempting to do so. It is usually unclear whether passage through all stages is
necessary; or whether, in some circumstances, one or more stages may be omitted, and if variations in sequencing can occur. The model should be able to account for the rarity of growth; and for phenomena such as life-style and capped growth businesses in which owner-manager skills, vision and personal wishes may override strict business considerations.

Brooks (2008) indicated that the marketing tool is very important to the mission statement, because of the fact that it will bring other interested parties to the mission of the social enterprises. However, Markets do not work as well for social entrepreneurs. In particular, markets do not do a good job of valuing social improvements, and benefits for people who cannot afford to pay. These elements are often essential to social entrepreneurs. As a result, it is much harder to determine whether a social entrepreneur is creating sufficient social value to justify the resources used in creating that value. The growth of a social enterprise is not proof of its efficiency or effectiveness in improving social conditions. It is only a weak indicator, at best. There is no market discipline that can guide resource allocation and correctly value the contributions and costs of the social entrepreneurial activity. The market fails outright and is thus not a legitimate benchmark to justify the changes social benefits

Firm growth and performance are much affected by business strategy and human resources skills which are important in making business choices along a number of dimensions and is reflected by a firm’s overall collection of business-related decisions and actions. This results in improvement of job performance, productivity; services to customers; and greater commitments of staff (Chell 2007; Álvarez & Busenitz, 2001; Bowman & Swart, 2007) However these aspects involve expenditure in terms of money and time which social enterprise do not

Research has identified that governance is critically important for the profitability and growth of small enterprises (Hudson, 2011). However, Governance is a potential challenge for emerging social enterprises; mostly due to conflict of interests arising
between board members and the objectives of the entity and the regulatory framework in which enterprises operate is crucial to their performance.

Earlier studies (Dees, 1998; Loyd, 1993) annexed social enterprises to either the mainstream charities (non profit organisations) or to private sector corporate social responsibility (Haugh 2007; Cornelius & Woods, 2008). The importance of social entrepreneurship (Salamon 1994; Dees 1998;), focus on renowned social entrepreneurs’ experiences, personal characteristics and leadership (Toledano, & Soriano, 2010). While the limited studies dealing with the challenges facing social entrepreneurship do so in a rather fragmented way putting limits on the understanding of social entrepreneurial activities (Townsend & Hart, 2008; Haugh 2007; Boschee 2006). Moreover there is limited research on social enterprises in the developing world especially in Kenya. This research seeks to fill this research gap by examining the challenges affecting the growth of social entrepreneurship in Kenya.
2.5 Conceptual Framework

The conceptual framework above (figure 2.1 above) explains the relationship between the capital, governance, strategy and entrepreneurial skills (independent variables or factors) and the growth of social enterprises in Kenya (dependent variables or outcomes).
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction
This chapter explains the methodology that has been used in the entire study. The chapter looks at study area, study design, target and study populations, sampling techniques, research instruments, ethical considerations, data collection, data quality control and data analysis.

3.2 Research design
The study used survey research design which has been helpful in indicating trends in attitudes and behaviors and enable generalization of the findings of the research study to be done (Mugenda & Mugenda 2003). This design was considered appropriate for this study because it saves time, expenses and the amount of quality information yielded is valid, while interviewer bias is reduced because participants complete identically worded self-reported measures (Adér, Mellenbergh, & Hand, 2008).

3.3 Target Population
The target population was social enterprise located within Nairobi County as indicated by the population frame provided by the East Africa Social Enterprises Network (2013) consisting of thirty six (36) social enterprises operating within Nairobi County as indicated in Appendix 1.

3.4 Sampling Design and Procedure
The study used census technique to obtain a sample size. Census is the total enumeration of all the subjects in the population (Mugenda & Mugenda 2003;). Thus the total target population of 36 enterprises consisting of owner/managers was taken as a sample. Census method of sampling is attractive for small populations (less than 200) as it eliminates sampling error and provides data on all the individuals in the population
3.5 Data Collection Instruments
The researcher used primary sources to collect data. Primary data was collected from social enterprises in Nairobi County using Questionnaires. Kothari (2003) argues that questionnaires generate data in a very systematic and ordered fashion.

3.5.1 Data collection Procedure
The researcher used drop and pick method in administering the questionnaire to all the respondents as it was found to be flexible and promoted respondent cooperation. It is also highly convenient for the respondents as they could fill them during free times or when workloads are manageable (Patton, 2002). The questionnaires contained mainly closed and open ended questions as this allows for intensity and richness of individual perceptions in respondent responses (Polit & Beck, 2003). Each respondent received the same set of questions in exactly the same way. The questionnaires were attached with a personalized cover letter to the extent possible; stressing why the study was important and why the particular respondent was required to fill in the questionnaire.

3.5.2 Validity and Reliability
Reliability of the questionnaire was evaluated through Cronbach’s Alpha which measures the internal consistency. The Alpha measures internal consistency by establishing if certain item measures the same construct. Nunnaly (1978) established the Alpha value threshold at 0.6 which the study was benchmarked against. Cronbach Alpha was established for every objective in order to determine if each scale (Objective) would produce consistent results should the research be done later on. Tables 3.1 below shows that all the scales were significant having Alpha above the prescribed threshold of 0.6.
Table 3.1: Reliability analysis

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach Alpha</th>
<th>Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Financing,</td>
<td>0.715</td>
<td>5</td>
</tr>
<tr>
<td>Operational Strategy</td>
<td>0.711</td>
<td>5</td>
</tr>
<tr>
<td>Entrepreneurial Skills</td>
<td>0.706</td>
<td>5</td>
</tr>
<tr>
<td>Government Regulation</td>
<td>0.708</td>
<td>5</td>
</tr>
<tr>
<td><strong>Average (All scales)</strong></td>
<td><strong>0.710</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Pilot test date 2013

3.6 Data Analysis and Presentation
The study used descriptive statistics and correlation and regression statistics to determine if there was a relationship between dependent and independent variables with the aid of SPSS 21. The study categorized the challenges that influence the growth of social enterprises into dependent and independent variables. The dependent variable of the study is growth of social enterprises measured by number of employees, profitability and return on social. Independent variables include: capital financing, operation strategy, entrepreneurial skills, enterprise governance and government regulation.

From Qualitative data which was mainly gathered from open ended questions; qualitative data checklist was then developed. The checklist was clustered along main themes of the research to ease consolidation of information and interpretation and then analysed through content analysis. The data or results has been presented in the form of figures and tables so that it is easy to observe general trends only where it provides successful interpretation of the findings. Descriptive data was provided in form of explanatory notes.
CHAPTER FOUR: FINDINGS AND DISCUSSIONS

4.1 Introduction

The analysis of data was based on the main research objective which involved examining the challenges affecting the growth of social enterprise within Nairobi County and the specific objectives which pertains to the influence of capital financing, operational strategy, entrepreneurial skills and Government regulation on the growth of social enterprises were analyzed using statistical tools like descriptive statistics and inferential statistics such as correlation and regression and presented using frequency distribution tables.

4.2 Finding Analysis and Interpretation

4.2.1 Response Rate

The study above shows the total number of the respondents who responded and those who did not responded. The total questionnaires that were distributed to the field were 36, and out of these questionnaires, 33 questionnaires were returned fully answered which represent 91.7% of the total questionnaires that were administered to the field, while 3 questionnaires which represent 8.3% were not returned

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Response Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>33</td>
<td>91.7</td>
</tr>
<tr>
<td>Did not respond</td>
<td>3</td>
<td>8.3</td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey data 2013

From Table 4.1 above it can be concluded that the response rate was good.
4.2.2 Response on the basis of Gender

Results of the analysis indicated that the total number of males who responded were 21 representing 63.6% of total respondents while females were 36.3%.

Table 4.2 Gender of Respondents

<table>
<thead>
<tr>
<th>Gender Category</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>21</td>
<td>63.6</td>
<td>63.6</td>
</tr>
<tr>
<td>Female</td>
<td>12</td>
<td>36.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2013)

From Table 4.2 it can be concluded that the majority of respondents were male.

4.2.3 Response on the basis of Age of Respondents

The respondent's age was as follows, 30.3% were 18-30 years; 39.3% of respondents were 31-40 years, 41-50 years and 51 and above years represented 21.2% and 9.2% of the respondents respectively.
Table 4.3 Age Category

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 18-30</td>
<td>10</td>
<td>30.3</td>
<td>30.3</td>
</tr>
<tr>
<td>Between 31-40</td>
<td>13</td>
<td>39.3</td>
<td>69.6</td>
</tr>
<tr>
<td>Between 41-40</td>
<td>7</td>
<td>21.2</td>
<td>90.8</td>
</tr>
<tr>
<td>Between 51 and above</td>
<td>3</td>
<td>9.2</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td><strong>33</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

Based on Table 4.3 above it can be inferred that all the population categories were fairly represented in the study.

4.2.4 Highest Level of Education of Respondents

Findings of the study shown on table 4.4 above indicate 9.1% of the total respondents were primary school graduates; 15.2% were secondary graduates; Diploma, degree and others (post graduate degree) had a percentage of 33.3%, 30.3%, and 12.1% respectively.
Table 4.4 Level of education

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>3</td>
<td>9.1</td>
<td>9.1</td>
</tr>
<tr>
<td>Secondary</td>
<td>5</td>
<td>15.2</td>
<td>24.3</td>
</tr>
<tr>
<td>Diploma</td>
<td>11</td>
<td>33.3</td>
<td>57.6</td>
</tr>
<tr>
<td>Degree</td>
<td>10</td>
<td>30.3</td>
<td>87.9</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
<td>12.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

From the study it can be deduced that the majority of the respondents were diploma holders.

4.2.5 Growth of Social Enterprises

4.2.5.1 Measures of Social Enterprise Growth

Table 4.5 below shows that majority (35.7%), (55.6%), (40.1%) and (40.3%) of the respondents strongly agreed and agreed respectively that growth of social enterprises is evidenced by increased sales turnover, number of employees, enterprise profitability and increased return on social investment.
Table 4.5: Measures of Social Enterprise Growth

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased Sales Turnover</td>
<td>35.7</td>
<td>20.0</td>
<td>10.9</td>
<td>19.8</td>
<td>13.6</td>
</tr>
<tr>
<td>Increased Number of Employees</td>
<td>55.6</td>
<td>28.9</td>
<td>0.5</td>
<td>5.6</td>
<td>9.4</td>
</tr>
<tr>
<td>Increased Enterprise Profitability</td>
<td>34.7</td>
<td>40.1</td>
<td>11.7</td>
<td>9.1</td>
<td>4.4</td>
</tr>
<tr>
<td>Increased Return on Social investment</td>
<td>40.3</td>
<td>32.9</td>
<td>3.8</td>
<td>12.2</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

From the analysis it can be concluded that growth of social enterprises is reflected by increased sales turnover, number of employees, enterprise profitability and increased return on social investment. The findings confirm the observations of Davidsson and Wiklund, (2000) and Hubbard & Bromiley, (1995) that the most frequently used measure for growth has been change in the firm’s turnover and change in the number of employees.

4.2.5.2 Performance Measures and Enterprise Growth

The result on tables below is based on the correlation coefficient (r) value at between plus and minus one (-1.00 and +1.0), Alpha = .05. (95%), (df) =6, and on two-tailed test.

Based on the study, correlation coefficient (r) is .793 and the coefficient of determination ($r^2$) is .629 indicating that 62% of the growth of social enterprises is evidenced by increase in: sales turnover, number of employees, profitability and return on social investment. Since the correlation of .618 is positive it can be concluded that the correlation is statistically significant, hence there is a positive relationship between
growth of social enterprises and increase in: sales turnover, number of employees, profitability and return on social investment

The computed t-value (t=2.389) is smaller than the critical t-value (t=2.447) and the p-value of 0.149 is larger than the significance level of 0.05. This then indicates that there is a significant relationship between sales turnover, number of employees, profitability and return on social investment and growth of social enterprises

Table 4.6: Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Df</th>
<th>P-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.793</td>
<td>.629</td>
<td>6</td>
<td>.129</td>
<td>.002</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Growth of Social Enterprises

Source: Survey Data, 2013

Table 4.7. Coefficient Model

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.101</td>
<td>.193</td>
<td></td>
<td>5.710</td>
<td>.000</td>
</tr>
<tr>
<td>Sales Turnover</td>
<td>.020</td>
<td>.062</td>
<td>.075</td>
<td>.322</td>
<td>.026</td>
</tr>
<tr>
<td>Number of Employees</td>
<td>.040</td>
<td>.169</td>
<td>.137</td>
<td>.236</td>
<td>.045</td>
</tr>
<tr>
<td>Enterprise Profitability</td>
<td>.093</td>
<td>.139</td>
<td>.306</td>
<td>.669</td>
<td>.038</td>
</tr>
<tr>
<td>Return on Social investment</td>
<td>.143</td>
<td>.123</td>
<td>.479</td>
<td>1.162</td>
<td>.040</td>
</tr>
</tbody>
</table>

a Dependent Variable: Growth of Social Enterprises

Source: Survey Data, 2013
These findings confirms the views of Sun (2004) that growth is evidenced by increase of quantity embodied in enterprise scale such as the increases of sales volume, market share, production value, profit and employees.

4.2.6 Capital

4.2.6.1 Capital Financing

Results shown on table 4.8 below indicate that majority (41.1%), (44.4%), (36.1%) and (52.8%) of the respondents agreed that: social enterprises face difficulties in obtaining funding due to the fact that social enterprises are not able to meet collateral, repayment terms & period of repayment, there is reluctance among financial institutions to finance social enterprises because of the associated risks and social enterprises lack access to long-term credit hence affecting their growth.

Table: 4.8. Capital Financing

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>SD</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Face difficulties in obtaining outside funding</td>
<td>36.1</td>
<td>41.7</td>
<td>11.1</td>
<td>3.0</td>
<td>8.0</td>
</tr>
<tr>
<td>collateral, repayment terms &amp; period hardly met</td>
<td>38.9</td>
<td>44.4</td>
<td>3.0</td>
<td>6.0</td>
<td>8.0</td>
</tr>
<tr>
<td>Reluctance to Finance Social Enterprises</td>
<td>30.6</td>
<td>36.1</td>
<td>13.9</td>
<td>8.0</td>
<td>11.1</td>
</tr>
<tr>
<td>Social Enterprises lack access to long-term credit</td>
<td>33.3</td>
<td>52.8</td>
<td>6.0</td>
<td>3.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2013)
The results of the study support the findings of Ishengoma, (2005) who established that lack of capital is often the most critical challenge that affects growth of SE faces and without very diligent cash flow management and raising of more capital, including debt, the business growth often is constrained

### 4.2.6.2 Effect of Capital on Growth

Table 4.9 below indicates that 84.8% of the total respondents acknowledged that capital affect the growth of social enterprises, while 15.2% pointed out that capital does not affect the growth of social enterprises

**Table 4.9: Effect of Financing Affect the Growth of Social Enterprises**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>28</td>
<td>84.8</td>
<td>84.8</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>15.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Survey Data, 2013*

From the study it can be inferred that capital affects the growth of social enterprises. These results confirms the findings of Becchetti and Trovato (2002) who found that social firms' which have been credit rationed by their financial institutions are likely to have slower growth rates.
4.6.3 Level of effect of Capital on Growth of Social Enterprise

Study findings on Table 4.10 was based on correlation coefficient (r) value at between plus and minus one (-1.00 and +1.0); significance level of .05. (95%), Degrees of freedom (df) of 5, and on two-tailed test. Results of the study indicated, correlation coefficient (r) = (0.677), (0.673), (0.675) and (0.619) respectively and the coefficient of determination (r2) = (0.458), (0.453), (0.456) and (0.383) respectively indicating that (45.8%), 45.3%, 45.6%, and 38.3% of growth of social enterprises is influence by obtaining outside funding, meeting of collateral, repayment terms & period reluctance to finance social enterprises and access to long-term credit capital respectively. Since the correlation of coefficient is positive it can be concluded that there is a positive relationship between growth of social enterprises and obtaining outside funding, meeting of collateral, repayment terms & period reluctance to finance social enterprises and access to long-term credit capital as shown on table 4.9 above.

Table 4.10 Correlation Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>r</th>
<th>r²</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of Social Enterprises</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Obtaining outside funding</td>
<td>.677ᵃ</td>
<td>.458</td>
<td>5</td>
<td>.032</td>
</tr>
<tr>
<td>Meeting of collateral, repayment terms &amp; period</td>
<td>.673ᵃ</td>
<td>.453</td>
<td>5</td>
<td>.017</td>
</tr>
<tr>
<td>Financing Social Enterprises</td>
<td>.675ᵃ</td>
<td>.456</td>
<td>5</td>
<td>.021</td>
</tr>
<tr>
<td>Access to long-term credit</td>
<td>.619ᵃ</td>
<td>.383</td>
<td>5</td>
<td>.009</td>
</tr>
</tbody>
</table>

**significance level of : 0.005 * 2 tailed Test**

Source: Survey Data, 2013
These findings concurs with the views of Storey (1994) that financial constraint is one of the most important barriers to growth.

Qualitatively, most respondents pointed out that social enterprises are afflicted by inadequate capital to expand their business due to lack of access to long-term credit because of high cost of credit, collateral requirement, relatively high bank charges and fees forcing social enterprises to rely on high cost of short term finance hindering the growth of social enterprises. The little finances that the social enterprises have are not enough to allow them to diversify their products thus confining them to limited services and products. The government taxation and fees also consume a lot of funds from the social enterprises which they could have been used to expand their businesses.

4.2.7 Governance

4.2.7.1 Social Enterprise and Governance
Results on table 4.11 below shows majority (51.9%), (54.3), (51.9%) and (49.6%) of the respondents agreed and strongly agreed respectively that boards should emphasize the need for external audits as well as accountability measures to increase transparency, governance is key to overseeing compliance with organization policies and regulations, Governance is critical to safeguarding the organizational mission while meeting the demands of various stakeholders; Social enterprises limit their potential and undermine their mission when they do not invest appropriate effort into creating a well-functioning board.
Table 4.11: Social Enterprise Governance

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>External audits and accountability measures</td>
<td>27.1</td>
<td>51.9</td>
<td>5.4</td>
<td>10.9</td>
<td>4.7</td>
</tr>
<tr>
<td>Compliance with policies and regulations</td>
<td>27.1</td>
<td>54.3</td>
<td>2.3</td>
<td>9.3</td>
<td>7.0</td>
</tr>
<tr>
<td>Governance safeguards organizational mission</td>
<td>51.9</td>
<td>25.6</td>
<td>6.2</td>
<td>8.5</td>
<td>7.8</td>
</tr>
<tr>
<td>Well-functioning board are essential</td>
<td>24.0</td>
<td>49.6</td>
<td>3.9</td>
<td>10.9</td>
<td>11.6</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

The results of the study confirm and add to the existing findings of Kreutzer and Jacobs (2011) that it is the duty of the board to ensure that management complies with its own governing document as well as with legal requirements and it is responsible for appropriate risk management.

4.2.7.2 Effect of Governance on Social Enterprise Growth

Results of the analysis shown on table 4.12 above found that 72.7% of the total respondents acknowledged that governance affects the growth of social enterprise, while 27.3% indicated that governance does not affect the growth of social enterprises disagreed that capital affects the growth of social enterprises. From the study it can be inferred that governance affects the growth of social enterprises.
Table 4.12: Whether Governance Affects the Growth of Social Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>24</td>
<td>72.7</td>
<td>72.7</td>
</tr>
<tr>
<td>No</td>
<td>9</td>
<td>27.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

These study findings support the views of Low (2006) that a carefully selected, well-designed and well-managed board help social enterprises to achieve their growth, however many social enterprises are reluctant to set up a board.

4.2.7.3 Level of Effect of Governance on Enterprise Growth

Table 4.13 below shows the correlations between growth of social enterprises and enterprise governance based on the correlation coefficient (r) value of between plus and minus one (-1.00 and +1.0); alpha = .05 (95%), df= 6, and two-tailed test.

The results of the study indicate: (r) = (.745), (.664), (.578) and (.673) respectively and the coefficient of determination (r2) = (.555), (.441), (.334) and (.453) respectively indicating that (55.5%), (44.1%), (33.4%), and (45.3%) of the growth of social enterprises is influenced by governance accountability measures, compliance with organization and statutory policies and regulations, safeguard of organizational mission and well-functioning board. Since the correlation coefficient is positive it can be concluded that the correlation is significant, hence there is a positive relationship between growth of social enterprises and governance accountability measures, compliance with organization and statutory policies and regulations, safeguard of organizational mission and well-functioning board.
Table 4.13 Correlation Model

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Growth of Social Enterprises</th>
<th>R</th>
<th>r²</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of Social Enterprises</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Governance accountability</td>
<td></td>
<td>.745&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.555</td>
<td>5</td>
<td>.002</td>
</tr>
<tr>
<td>Compliance with organization &amp; statutory policies &amp; regulations</td>
<td></td>
<td>.664&lt;sup&gt;b&lt;/sup&gt;</td>
<td>.441</td>
<td>5</td>
<td>.019</td>
</tr>
<tr>
<td>Safeguard of organizational mission</td>
<td></td>
<td>.578&lt;sup&gt;c&lt;/sup&gt;</td>
<td>.334</td>
<td>5</td>
<td>.023</td>
</tr>
<tr>
<td>Well-functioning board</td>
<td></td>
<td>.673&lt;sup&gt;d&lt;/sup&gt;</td>
<td>.453</td>
<td>5</td>
<td>.008</td>
</tr>
</tbody>
</table>

**significance level was 0.005. * 2 tailed Test

Source: Survey Data, 2013

The finding confirms the observations of Thompson and Doherty (2006) that enterprise boards facilitate employees and management team’s work to be efficient and effective enabling social enterprises to achieve growth. The findings of the study also confirms the findings of Low (2006) and Kreutzer and Jacobs (2011) that established that boards can help management teams to achieve enterprise’s goals and mission and compensate for a lack of in-house competencies or expertise through board members; hence ensuring growth.

Qualitatively most respondents acknowledged that many social enterprise leaders are reluctant to set up a board arising from the fear that a board will limit their management team’s effectiveness, while social enterprises that have boards, more often fail to engage their board actively in the strategic guidance and oversight of their organizations hence constraining the growth of their enterprises. In fact a carefully selected, well-designed and well-managed board will help the social enterprises to reach their goals.
4.2.8 Operation Strategy

4.2.8.1 Operation Strategy and Growth of Social Enterprises
Findings of the study indicated that majority (43.2%), (45.9%), (40.3%) and (40.5%) strongly agreed, and agreed respectively that failure to identify opportunities and threats and to acknowledge changes to the operational environment affect growth of social enterprises; Social entrepreneurs neglect the process of strategic management because of negative attitude; fail to plan on a long term basis and usually results in failure to survive in terms of growth; have no sustainable basis for creating and maintaining a competitive edge in the marketplace without a clearly defined strategy as shown on the table 4.14 below.

Table 4.14 Operation Strategy

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>threats and changes to environment</td>
<td>43.2</td>
<td>29.7</td>
<td>13.5</td>
<td>8.2</td>
<td>5.3</td>
</tr>
<tr>
<td>Neglecting strategic management</td>
<td>45.9</td>
<td>24.3</td>
<td>5.9</td>
<td>13.1</td>
<td>11.2</td>
</tr>
<tr>
<td>Failure to plan on a long term basis</td>
<td>35.1</td>
<td>40.3</td>
<td>5.4</td>
<td>10.8</td>
<td>8.3</td>
</tr>
<tr>
<td>Lack of clearly defined strategy</td>
<td>40.5</td>
<td>35.1</td>
<td>6.8</td>
<td>8.4</td>
<td>9.1</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

The Findings of the study are in concurrence with the views expressed by Chell (2007) that lack of strategy is a major challenge to social enterprises and range from failure to identify significant changes in the marketplace to failure to strategize in resource mobilization.
4.2.8.2 Effect of Operational Strategy on Social Enterprise Growth

Based on the study 66.7% of the total respondents indicated that operation strategy affect the growth of social entrepreneurship, while 33.3% indicated that operation strategy does not affect the growth of social enterprises. From table 4.15 below it can be deduced that operation strategy affects the growth of social enterprises.

Table 4.15 Whether operation strategy affects the Growth of Social Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>22</td>
<td>66.7</td>
<td>66.7</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>33.3</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

The study findings supports the findings of Dees and Joan (2008) that social enterprise growth is much affected by strategy, which involves choices along a number of dimensions and can be represented by a firm’s overall collection of individual business-related decisions and actions

4.2.8.3 Level of effect of Operational Strategy on Growth of Social Enterprises

Study findings on table 4.16 below shows the analysis of correlations between operation strategy and the growth of social enterprises based on the correlation coefficient (r) value at between plus and minus one (-1.00 and +1.0), alpha = .05 or 95%, df = 5, and two-tailed test.

Results of the analysis show the correlation coefficient (r) was (.497), (.389), (.419) and (.673) respectively and the coefficient of determination (r2) was (.555), (.441), (.334) and
respectively indicating that (49.7%), (38.9%), (41.9%), and (34.9%) of the growth of social enterprises is influenced by threats and changes to environment, neglecting strategic management, failure to plan on a long term basis and lack of clearly defined strategy. Since the correlation coefficient is positive it can be concluded that the correlation is statistically significant, hence there is a positive relationship between the growth of social enterprises and threats and changes to environment, neglecting strategic management, failure to plan on a long term basis and lack of clearly defined strategy. The results of the study confirms the observations of Bird and Jelinek, (2002) that Strategy enhance social enterprise growth by facilitating building up of effective teams and developing network outside the organization.

Table 4.16 Correlation Model

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Growth of Social Enterprises</th>
<th>R</th>
<th>r²</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of Social Enterprises</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>Threats and changes to environment</td>
<td>0.705 *</td>
<td>0.497</td>
<td>5</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>Neglecting strategic management</td>
<td>0.624 *</td>
<td>0.389</td>
<td>5</td>
<td>0.043</td>
<td></td>
</tr>
<tr>
<td>Failure to plan on a long term basis</td>
<td>0.647 *</td>
<td>0.419</td>
<td>5</td>
<td>0.027</td>
<td></td>
</tr>
<tr>
<td>Lack of clearly defined strategy</td>
<td>0.591 *</td>
<td>0.349</td>
<td>5</td>
<td>0.048</td>
<td></td>
</tr>
</tbody>
</table>

**significance level was 0.005. * 2 tailed Test Source: Survey Data, 2013**

The study confirms the findings of Dees and Joan (2008) and Chell (2007) who established that firm growth and performance are much affected by strategy, which affects business-related decisions and actions and that lack of strategy is a major challenge to social enterprises.

Qualitatively majority of the respondents indicated that lack of operation strategy among social enterprises range from: failure to identify changes in the internal and external
operational environment to failure to strategize in resource mobilization, partnership linkages, resource utilization and in meeting the organizations’ objectives. This state of affair results in poor resource mobilization, resource and responsibility allocation and the subsequent accountabilities. This also deny social enterprise a strong sustainable basis for creating and maintaining a competitive edge in the market place

4.2.9 Entrepreneurial Skills

4.2.9.1 Entrepreneurial Skills and Growth of Social Enterprises

Results of the study analysis on Table 4.17 below shows that majority, (56.8%, 43.2% 45.9 %,and 51.5%) of respondents strongly agreed and agreed that social enterprises that are managed by entrepreneurs who have higher levels of human skills are able to attain high growth, skilled entrepreneurs have the necessary, discipline, motivation, information and self-confidence to attain higher growth rates, many SEs owners, managers and employees lack the necessary and relevant skills and that lack of management skills is a rampant problem among most SEs

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher levels of skills lead to high growth</td>
<td>28.1</td>
<td>56.8</td>
<td>4.6</td>
<td>6.2</td>
<td>4.3</td>
</tr>
<tr>
<td>Skilled entrepreneurs attain higher growth</td>
<td>33.0</td>
<td>43.2</td>
<td>7.5</td>
<td>10.1</td>
<td>6.1</td>
</tr>
<tr>
<td>Staff lack the necessary skills</td>
<td>45.9</td>
<td>31.2</td>
<td>4.1</td>
<td>11.3</td>
<td>7.4</td>
</tr>
<tr>
<td>Managers lack of management skills</td>
<td>27.3</td>
<td>51.5</td>
<td>5.8</td>
<td>9.3</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013
These study findings confirm and enrich the findings of Peña, (1994) who established that formal education and acquired skills positively impact entrepreneur's decision making process and thereby increasing firm's growth opportunities.

4.2.9.2 Effect of Entrepreneurial Skills on the Growth of Social Enterprises

Results of the analysis on Table 4.18 below shows that 87.9% of the respondents indicated that entrepreneurial skills affect the growth of social enterprises, while 12.1% pointed out that entrepreneurial skill do not affect the growth of social enterprises.

Table: 4.18. Whether Entrepreneurial Skills Affects Growth of Social Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>29</td>
<td>87.9</td>
<td>87.9</td>
</tr>
<tr>
<td>No</td>
<td>4</td>
<td>12.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, 2013

The study results confirm the observation of Leadbeater (1997) that entrepreneurial skills are the main sources that drive the actions of the social entrepreneur and are important for the existence and competitiveness of social enterprises.

4.2.9.3 Relationship between Entrepreneurial Skills and Growth of Social Enterprises

Results of the study on Table 4.19 below were based on correlation coefficient (r) value of between plus and minus one (-1.00 and +1.0); significance level = .05 (95%), Degrees of freedom (df) of 6, and two-tailed test.
The results of the study indicated that the correlation coefficient was (.756), (.649), (.585) and (.629) respectively and the coefficient of determination (r²) was (.572), (.421), (.342) and (.396) respectively indicating that (57.2%), (42.1%), (34.2%), and (39.6%) of the growth of social enterprises is affected by: the importance of entrepreneurial skills to social enterprise growth, skilled social entrepreneurs ability to harness business opportunities, Skilled social enterprise staff motivation and commitment and social managers lack of essential management skills.

Table 4.19: Correlation Model

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Growth of Social Enterprises</th>
<th>R</th>
<th>r^2</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth of Social Enterprises</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>Importance of entrepreneurial skills to social enterprise growth</td>
<td></td>
<td>.756^a</td>
<td>.572</td>
<td>5</td>
<td>.003</td>
</tr>
<tr>
<td>Skilled social entrepreneurs ability to harness business opportunities</td>
<td></td>
<td>.649^a</td>
<td>.421</td>
<td>5</td>
<td>.011</td>
</tr>
<tr>
<td>Skilled social enterprise staff motivation and commitment</td>
<td></td>
<td>.585^a</td>
<td>.342</td>
<td>5</td>
<td>.014</td>
</tr>
<tr>
<td>Social Managers lack of essential management skills</td>
<td></td>
<td>.629^a</td>
<td>.396</td>
<td>5</td>
<td>.027</td>
</tr>
</tbody>
</table>

**significance level was 0.005. * 2 tailed Test**

Source: (Survey Data, 2013)

Since the correlation of coefficient is positive it can be concluded that there is a positive relationship between the entrepreneurial skills and the growth of social enterprises supporting the views of Deakins and Freel (1998) that entrepreneur's education and skill capacity is a determining factor of social enterprise growth. The findings also confirms the observations of Leadbeater (1997) and King and McGrath (2002) that entrepreneurial skills are the main sources that drive the actions of the social
entrepreneur and are important for the existence and competitiveness of social enterprises however majority of those who run SEs are ordinary lot whose educational background is lacking hence are not be well equipped to carry out managerial routines for their enterprises

Qualitatively, majority of the respondents observed that many social enterprises managers and staff are not well equipped in terms of education and skills they suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability. They pointed out that entrepreneurial skills can facilitate social enterprise staff and management to enhance planning and control over the business activities, enable them to undertake business expansion, acquire and retain customers and take advantage of business opportunities.

4.2.10 Government Regulation
Based on table 4.20 above shows majority (54.1%, 43.8%, 50.4% and 47.7.8%) of the respondents agreed and strongly agreed that government policies influence social enterprises through legislation and regulation, licenses, taxation among others, policy can encourage the development of assistance programs to facilitate SEs' access to resources, information, training, and technology, government policy develops entrepreneurial capabilities in SEs through supportive institutions and established legal systems can increase the overall likelihood of entrepreneurial success.
4.2.10.1 Government Regulation and Growth of Social Enterprises

Table 4.20 Government Regulation

<table>
<thead>
<tr>
<th>Statement</th>
<th>SA</th>
<th>A</th>
<th>N</th>
<th>D</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Govt policies influence social enterprises</td>
<td>30.6</td>
<td>54.1</td>
<td>3.5</td>
<td>7.1</td>
<td>6.8</td>
</tr>
<tr>
<td>Govt Policy encourage development of SEs</td>
<td>41.6</td>
<td>43.8</td>
<td>4.3</td>
<td>6.0</td>
<td>4.2</td>
</tr>
<tr>
<td>Govt policy develops entrepreneurial skills</td>
<td>50.4</td>
<td>35.3</td>
<td>3.3</td>
<td>5.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Increase the Entrepreneurial Success</td>
<td>47.7</td>
<td>37.8</td>
<td>5.4</td>
<td>6.1</td>
<td>3.0</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2013)

The finding of the study concurs with the views expressed by Bowen and De Clercq, (2008) and Minniti (2008) that Government policies and procedures determine market instrument and make them function efficiently, shapes the institutional environment in which entrepreneurial decisions are made and hence influence the growth of firms.

4.2.10.2 Effect of Government Regulation on Growth of Social Enterprises

Findings of the study on table 4.21 above indicate that 81.8% of the total respondents acknowledged that government regulations affect the growth of social enterprises, while 18.1% of the respondents refuted that government regulations affect the growth of social enterprises.
Table: 4.21. Whether Government Regulations Affects Growth of Social Enterprise

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>27</td>
<td>81.8</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>18.1</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: (Survey Data, 2013)

From the study it can be deduced that government regulations affect the growth of social entrepreneurship. The findings are in line with the observations of Chittenden, Kauser and Poutzouris (2002) that regulatory framework in which enterprises operate is crucial to their growth. The findings of the study also enriches the studies by Bowen and De Clercq, (2008); Minniti (2008);Anderson and Leal (2001) and De Soto, 2000) who established that government regulations shapes the business environment in which entrepreneurial decisions are made and hence influence entrepreneurial activities and further note that regulatory systems increase the overall likelihood of entrepreneurial success or failure depending on their capacity for compliance in a way that enhances the exploitation of entrepreneurial opportunities.

4.2.10.3 Level of Effect of Government Regulation on Growth of Social Enterprises

The findings of the study on table 4.22 was based on correlation coefficient (r) value of (-1.00 and +1.0), alpha = .05) (df) = 6 and two-tailed test. The study results indicated: (.716), (.594), (.525) and (.651) respectively and the coefficient of determination (r2) was (.513), (.353), (.276) and (.424) respectively indicating that (51.3%), (35.3%), (27.6%), and (42.4%) of the growth of social enterprises can be related to government policies and regulations creation of conducive environment for enterprises to take advantage of
business opportunities; facilitate SEs to acquire skills, to access finance and relevant technology.

### Table 4.22 Correlation Model

<table>
<thead>
<tr>
<th>Pearson Correlation</th>
<th>Growth of Social Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
</tr>
<tr>
<td>Growth of Social Enterprises</td>
<td>0.000</td>
</tr>
<tr>
<td>Conducive environment for enterprises to take advantage of business opportunities</td>
<td>.716&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Govt Policy influence SEs to acquire skills</td>
<td>.594&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Government policies affect the capability of SEs to access finance</td>
<td>.525&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Enhance the ability of managers and staff to access relevant technology</td>
<td>.651&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**significance level was 0.005. * 2 tailed Test Source: Survey Data, 2013**

Since the correlation coefficient is positive it can be concluded that the relationship is significant, hence there is a positive relationship between government policies and regulations creation of conducive environment for enterprises to take advantage of business opportunities; facilitate SEs to acquire skills, to access finance and relevant technology and growth of social enterprises; hence supporting the findings of Anderson and Leal (2001) and De Soto (2000) who established that government regulations can increase the overall likelihood of entrepreneurial success in the exploitation of entrepreneurial opportunities hence growth of firms.
Qualitatively, most of the respondents indicated that government regulation necessitates social enterprises to divert scarce resources away from productive, profit-generating activities towards understanding of and compliance with regulations. They pointed out that compliance costs include not only the management and employee time taken to understand and keep records on regulations but also any professional fees spent on taking advice or undertaking legal action as a result of alleged non-compliance by regulatory authorities and others.

4.2.11. Relationship between the Challenges and the Growth of Social Enterprises

Results of the study on table 4.23 and 4.24 showing the degree of the relationship between challenges and the growth of social enterprises was based on the regression model \( Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + \epsilon \). The study alpha = 0.05; df= 6; and two-tailed test was used. The findings established a positive correlation coefficient \( r = 0.845 \), \( r^2 = 0.714 \) (indicating that 71.4% probability of growth of social enterprises is influenced by capital, governance, operational strategy, human resource skills and government regulation. In addition, the computed t-value \( t=2.002 \) is smaller than the critical t-value \( t= 2.447 \), while the p-value of 0.134 is larger than the significance level of 0.05 or 1.96. This then indicate that there is a significant relationship between capital, governance, operational strategy, human resource skills and government regulation and the growth of social enterprises.

Table: 4.23. Regression Model

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>df</th>
<th>P-Value</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.845a</td>
<td>.714a</td>
<td>6</td>
<td>.128a</td>
<td>.007a</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Growth of Social Enterprises

Source: Survey Data, 2013
The study findings supports the findings of Becchetti and Trovato (2002), Dees and Joan (2008) and Chell (2007), Kreutzer and Jacobs (2011), Leadbeater (1997); King and McGrath (2002) and Anderson and Leal (2001) who established that firms' which have been credit rationed by their financial institutions are likely to have slower growth rates; firm growth and performance are much affected by strategy, boards help management teams to achieve enterprise growth; entrepreneurial skills are the main sources that drive competitiveness of social enterprises and that government regulations shapes the business environment in which entrepreneurial decisions are made and hence influence enterprise growth.

4.2.12 Relative influence of Independent Variable on Dependent Variable

Regression coefficient, b, shown on table 4.25 below indicate the amount the dependent variable change by if the independent variable changes by one unit. The study findings shows the b coefficient for capital (.484), operation strategy (.234) governance (.419), human resource skills (.310) and government regulations (.326) meaning that on average...
a percentage increase in the scale in respect to capital results in growth of social enterprises by 0.484%; operation strategy by 0.234%; while a percentage increase in the scale in respect to governance, entrepreneurial skills and government regulations results into the growth of social enterprises by 0.419%; 0.310% and 0.326% respectively. From the study it can be concluded that capital, operation strategy, governance, human resource skills and government regulations results into positive change or influence on the growth of social enterprises.

**Table 4.25 Relative Comparison of the influence of Variables on each other**

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Beta</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.001</td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>0.484</td>
<td>0.424</td>
</tr>
<tr>
<td>Operation Strategy</td>
<td>0.234</td>
<td>0.226</td>
</tr>
<tr>
<td>Governance</td>
<td>0.419</td>
<td>0.552</td>
</tr>
<tr>
<td>Entrepreneurial Skills</td>
<td>0.310</td>
<td>0.285</td>
</tr>
<tr>
<td>Government Regulations</td>
<td>0.326</td>
<td>0.409</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Growth of Social Enterprises  **Source: Survey Data, 2013**

Table 4.25 above also shows Beta values indicating the effect of independent variables (measured on different scales) on dependent variable relative to each other. Results of the analysis shows that governance is the strongest predictors of growth of social enterprises with Beta of .5520; capital and government regulation have a moderate effect with Beta of .424 and .409 respectively, while entrepreneurial skills and operational strategy with Beta of 0.285 and 0.226 are both week predictors of the growth of social enterprises. From the study it can be concluded that governance, capital, government regulation, entrepreneurial skills and operational strategy have varying effect on the growth of social enterprises.
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The purpose of this chapter was to discuss and draw conclusions and recommendations on the findings of the main objective of the study which was to examine the challenges affecting the growth of social enterprises within Nairobi County and the specific objectives which pertains to capital financing, operational strategy, entrepreneurial skills and government regulation influence on the growth of social enterprises.

5.2 Summary
The growth of social enterprises in Kenya has been constrained hence they have had limited impact on both the business sectors and the society. Hence the purpose of the study was to investigate challenges affecting the growth of social enterprises in Kenya with reference to Nairobi County. The specific objects of the study included examining the influence of financing, governance, Operational strategy, entrepreneurial skills and government regulations on the growth of social enterprises in Kenya.

The research study established that growth of social enterprises requires capital for acquisition of skilled human resources, equipment/facilities and materials in the right quantities to facilitate enterprise operations, among other activities. However Social enterprises are afflicted by inadequate capital to expand their business due to lack of access to long-term credit because of high cost of credit, collateral requirement, relatively high bank charges and fees forcing social enterprises to rely on high cost of short term finance hindering the growth of social enterprises. The little finances that the social enterprises have are not enough to allow them to diversify their products thus confining them to limited services and products. The government taxation and fees also consume a lot of funds from the social enterprises which they could have been used to expand their businesses.

The study found out that many social entrepreneurs neglect the process of strategy formulation and implementation out of thought that it is something that only benefits large companies hence they fail to plan their operational activities on a long term basis. Lack of operation strategy among social enterprises range from: failure to identify
changes in the internal and external operational environment to failure to strategize in resource mobilization, partnership linkages, resource utilization and in meeting the organizations’ objectives. This state of affair results in poor resource mobilization, resource and responsibility allocation and the subsequent accountabilities. This also denies social enterprise a strong sustainable basis for creating and maintaining a competitive edge in the market place.

The study established that governance is essential to effective operation, compliance with policies and regulations and to progress towards achieving organizational mission and objectives, while meeting the demands of its stakeholders. However many social enterprise owners or managers lack managerial skills and experience hence develops their own approach to management through a process of trial and error without the help of a well functioning management board. As a result, their management style is more intuitive than analytical, more concerned with day-to-day operations than long-term issues, and more opportunistic than strategic in its concept hence they are ill equipped to confront challenges posed by the changing business environment. In fact a carefully selected, well-designed and well-managed board will help the social enterprises to reach their goals. Yet many social enterprise leaders are reluctant to set up a board arising from the fear that a board will limit their management team’s effectiveness, while social enterprises that have boards, more often fail to engage their board actively in the strategic guidance and oversight of their organizations hence constraining the growth of their enterprises.

The study found out that entrepreneurial skills facilitate social enterprise staff and management to enhance planning and control over the business activities, enable them to undertake business expansion, acquire and retain customers and take advantage of business opportunities. Skills such as entrepreneurial, innovative, transformational drive business initiatives of employees and managers of social enterprises and contribute to growth. However many social enterprises managers and staff are not well equipped in terms of education and professional skills due to lack of access to training opportunities and mentoring services that would allow them to upgrade their managerial and technical
skills that can facilitate them to effectively handle their responsibilities and tasks so as to enhance enterprise growth.

The study established that government regulation restricts social enterprises, impedes successful performance and growth and contributes to enterprise failure. Government regulation necessitates social enterprises to divert scarce resources away from productive, profit-generating activities towards understanding of and compliance with regulations. Compliance costs include not only the management and employee time taken to understand and keep records on regulations but also any professional fees spent on taking advice or undertaking legal action as a result of alleged non-compliance by regulatory authorities and others. Social enterprises lack internal resources (time, money, specialist expertise) to cope with regulation and are unable to spread the costs of compliance across large-scale operations.

5.3 Conclusions
Social enterprises do not have enough capital to expand their business and lack collateral security to secure loans from financial institutions hindering the growth of social enterprises. The little finances that the social enterprises have is not enough to allow them to diversify they products thus confine them to limited services and products. The government policy of taxation and daily payment of fees also consume a lot of funds from the social enterprises which they could have been used to expand their businesses.

Operation strategy is a challenge to social enterprises and ranges from failure to identify significant changes in the operational environment to failure to strategize in meeting organization goals. Many social enterprises neglect the process of strategic management because they think that it is something that only benefits large companies. They fail to plan on a long term basis and usually results in failure to survive in terms of growth.

Governance is critical to both overseeing compliance with policies and regulations and in facilitating the achievement of enterprise mission and objectives, while meeting the needs of its stakeholders. However many social enterprise owners or managers lack managerial skills and experience hence develops their own approach to management through a process of trial and error without the help of a well functioning management board. Many
social enterprise leaders are reluctant to set up a board. They express concern that a board will limit their management team’s effectiveness. Furthermore, of those social enterprises that have a board, many fail to engage their board actively in the strategic guidance and oversight of their organization.

Entrepreneurial skills facilitate social enterprise staff and management to enhance planning and control over the business activities, enable them to undertake business expansion, acquire and retain customers and take advantage of business opportunities. Skills such as entrepreneurial, innovative, transformational drive the actions of the managers of social enterprises and contribute to growth. However many social enterprises managers and staff are not well equipped in terms of education and skills they suffer from a lack of training and advisory services that would allow them to upgrade their managerial and technical skills and solve immediate production problems, thus improving productivity and increasing profitability.

Regulation restricts social enterprises, impedes successful performance and growth and contributes to enterprise failure. Government regulation necessitates social enterprises to divert scarce resources away from productive, profit-generating activities towards understanding of and compliance with regulations. Compliance costs include not only the management and employee time taken to understand and keep records on regulations but also any professional fees spent on taking advice or undertaking legal action as a result of alleged non-compliance by regulatory authorities and others. Social enterprises lack internal resources (time, money, specialist expertise) to cope with regulation and are unable to spread the costs of compliance across large-scale operations.

5. 4 Recommendations
There is need for management to effectively mobilize and control utilization of financial resources by monitoring and reviewing enterprise financial needs on a regular and timely basis in order to identify financial resource variances and inefficiencies so that corrective action can be taken before the situation negatively affects enterprise growth.

There is need for social enterprises to develop and implement business growth strategies so as to be able to effectively cope with business changes as they are easily affected even
by smallest changes in the marketplace such as changes in customers, new moves by competitors, or fluctuations in the overall business environment can negatively impact their cash flow in a very short time frame and result in negative business growth.

There is need for social enterprise to establish governance structure that fits social enterprises and tailored to enterprise needs and other structure and be dynamic to the changing needs of the organization over its lifespan. Moreover social enterprises should evaluate and modify their governance structures regularly to adopt to the changing needs and business dynamics.

There is need for management of social enterprises to leverage on social partners assistance, opportunities for training of staff in requisite specialized competencies such as leadership, change management, communication, negotiating, team building, decision making, and problem solving with the aim of maintaining the right skill mix and enhancing enterprise growth.

Government regulations have positive and negative effects on social enterprise, therefore while recognizing the potential costs and problems which regulation might impose on small business owners, there is a need for the government to balance these with the envisaged and actual benefits of regulation to social enterprises owners. In other words, effort must be taken to ensure a health trade-off between costs and benefits of regulation among social enterprises that promote enterprise growth.

5.5 Suggestion for further research
Due to the limiting factors mentioned earlier in this study, it was not possible to carry out a comprehensive research on all the challenges facing social enterprises in Kenya hence there is need to widen the study by including more social enterprises that are spread all over the country and to include more study variables that have not been covered in this study.
REFERENCES


and Poverty Managerial and Econometric Approach, Münster.


Kobonyo, P; Mitullah, W.V; Ikiara, G; Ongile, G; Abuodha, C; and McCormick, D


APPENDICES

APPENDIX 1: LISTED SOCIAL ENTERPRISES IN NAIROBI COUNTY

1. Fairtrade
2. Stawi Food and Fruits
3. Young Rocket Empowerment
4. Development Frontiers
5. Rise Kenya
6. Tandaa
7. Plansteel
8. One Acre Fund
9. Ashoka
10. Nuru International
11. LGT Venture Philathropy
12. Alive & Kicking
13. SISDO
14. Back Pack Farm
15. The Depot
16. Ihub
17. Paradigm Technologies
18. Kartech Agencies
19. Global Action Plan (GAP)
20. Sombe Trust
21. Living Positively Ltd
22. Asante Africa Foundation
23. Naturecom Group
24. Economic Project Trust Fund
25. ClearlySo
26. Grassroot Link International
27. Action Africa International Help
28. Creative Enterprise Centre
29. Tusheka Textiles
30. Beacon Humanitarian International
31. Gramonra Gardens
32. Nailab
33. Beacon Humanitarian International
34. Amalgameted Chama Limited
35. Gramonra Gardens
36. Technoserve
APPENDIX: II: LETTER OF INTRODUCTION

Dear Respondent,

RE: CHALLENGES AFFECTING THE GROWTH OF SOCIAL ENTREPRENEURSHIP IN KENYA

I'm a student at Kenyatta University and currently pursuing a Masters of Business Administration Degree. As a requirement for partial fulfillment for the award of Masters of Business Administration, a research project must be done.

Kindly assist in filling the attached questionnaire that will facilitate me to prepare and complete the research project.

All the information provided herein shall be treated in strict confidence.

Thank you in advance

Yours sincerely,

Lily Ronoh
Thank you for taking your time to fill this questionnaire. Your response to the questions herein will be treated confidentially.

Please answer all the questions as best as you can. Please Tick as appropriate

PART 1: DEMOGRAPHIC FACTORS

1. Name: _____________________________________________Optional

2. What is your gender a) Male [ ] b) Female [ ]

3. Age bracket of the respondent (a)20 – 30 [ ] (b)31-40 [ ] (c) 41-50 [ ] (d) 51 and above [ ]

4. Respondents level of Education
   a) Primary level [ ]
   b) Secondary level [ ]
   c) Diploma level [ ]
   d) Degree level [ ]
   e) Others (specify)

5 Respondent Categories
   a) Owner/Managers [ ] b) Staff [ ]

6. Years of service in the organization
   a) ( ) 0-4 yrs [ ]
   b) ( ) 5-9 yrs [ ]
   c) ( ) 10-19 yrs [ ]
   d) ( ) 20 +yrs [ ]
PART 1: Growth of Social Enterprises

1.1. Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>An increase in the social enterprise sales turnover indicate growth</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>An increase in the number of employees imply the growth of social enterprise</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Profitability is an indicator of the social enterprise growth</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>An increase in return on social investment indicate growth of the social enterprises</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

PART 2: Capital Financing

2.1. Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Enterprise firms face difficulties in obtaining outside funding</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>collateral, repayment terms, interest on loan, repayment periods are hardly met by social entrepreneurs</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>There is reluctance among financial institutions to finance organisations that trade for a social purpose</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
lack of access to long-term credit for social enterprises force them to rely on high cost short term finance

2.2 In your view does capital affect the growth of social entrepreneurship?
   Yes [ ] No [ ]

2.3. Explain the extent to which capital affect the growth of social entrepreneurship?

2.4. Based on your experience; indicate your recommendation on the effects of capital on the growth of social entrepreneurship

PART 3: Enterprise Governance

3.1 Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>No single governance structure fits all social enterprises</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>boards should emphasize the need for external audits as well as accountability measures to increase transparency towards external stakeholders</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>governance is key to overseeing compliance with organization policies and regulations</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Governance is critical to safeguarding the organizational mission while meeting the demands of various stakeholders</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
Social enterprises limit their potential and undermine their mission when they do not invest appropriate effort into creating a well-functioning board

3.1. In your organization, does governance affect the growth of social entrepreneurship?

Yes [ ] No [ ]

3.2. Explain to what extent does governance affect the affect the growth of social entrepreneurship?

3.3. Indicate your recommendation on the effects of governance on the growth of social entrepreneurship.

PART 4: Operation Strategy

3.1 Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Failure to identify threats and changes to the operational environment are a major cause of failure of social organisations</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Social entrepreneurs neglect the process of strategic management because of negative attitude</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Social enterprises fail to plan on a long term basis and usually results in failure to survive in terms of growth</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
Social enterprises have no sustainable basis for creating and maintaining a competitive edge in the market place without a clearly defined strategy

4.1. In your considered opinion does strategy affect the growth of social entrepreneurship?

Yes [ ] No [ ]

4.2. Explain to what extent strategy affects the growth of social entrepreneurship employees

4.3. Based on your experience; indicate your recommendation on the effects of strategy on the growth of social entrepreneurship

PART 5: Entrepreneurial Skills

3.1 Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>Social enterprises managed by entrepreneurs who have higher levels of human skills are able to attain high growth</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Educated employees have the necessary skills, discipline, motivation, information and self-confidence to attain higher growth rates</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

85
Many SEs owners, managers and employees lack the necessary and relevant skills and experience

Lack of management skills is a rampant problem among most SEs

5.1. In your considered opinion do human resource skills affect the growth of social entrepreneurship?

Yes [ ] No [ ]

5.2. Explain to what extent human resource skills affects the growth of social entrepreneurship employees

5.3. Based on your experience; indicate your recommendation on the effects of human resource skills on the growth of social entrepreneurship

PART 6: Government Regulation

3.1 Please tick the numeric value corresponding to your personal opinion for each statement

<table>
<thead>
<tr>
<th>government policies influence social enterprises through legislation and regulation, licenses, taxation among other</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

86
Policy can encourage the development of assistance programs to facilitate SEs' access to resources, information, training, and technology

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<td></td>
<td>5</td>
<td>4</td>
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</tr>
</tbody>
</table>

government policy develops entrepreneurial capabilities in SEs through supportive institutions

<p>| | | | | | |</p>
<table>
<thead>
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<tbody>
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<td>5</td>
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<td>1</td>
</tr>
</tbody>
</table>

established legal systems can increase the overall likelihood of entrepreneurial success

<p>| | | | | | |</p>
<table>
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<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

6.1. In your considered opinion do government regulations affect the growth of social entrepreneurship?

Yes [ ] No [ ]

6.2. Explain to what extent government regulation affects the growth of social entrepreneurship employees

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

6.3. Based on your experience; indicate your recommendation on the effects of government regulation on the growth of social entrepreneurship

........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

THANK YOU FOR YOUR CO-OPERATION