



**ST.MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**ASSESSING THE STATE OF SOCIAL ENTERPRISE: A CASE STUDY ON
SELECTED NON-GOVERNMENTAL ORGANIZATION IN ADDIS ABABA**

BY

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ADDIS ABABA ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
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DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Muluadam Alemu (Dr). All sources of materials used for the thesis have been fully acknowledged. I further confirm that the thesis has not been submitted either in part or full to any other higher learning institution for the purpose of earning any degree.

Name

Signature

St. Mary's University, Addis Ababa

June, 2019

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

Advisor

Signature

St. Mary's University, Addis Ababa

June, 2017

TABLE OF CONTENT

Chapter one Page

| | |
|--|---|
| 1. Introduction..... | 1 |
| 1.1. Background of the statement | 1 |
| 1.2. Problem of the statement..... | 3 |
| 1.3. Research question..... | 5 |
| 1.4. Objective of the study..... | 5 |
| 1.4.1 General objective..... | 5 |
| 1.4.2 Specific objective..... | 5 |
| 1.5. Definition of terms..... | 5 |
| 1.6 Significance of the study..... | 6 |
| 1.7 Scope of the study..... | 6 |

Chapter tow

| | |
|----------------------------|---|
| 2. Review literature | 7 |
|----------------------------|---|

Chapter three

| | |
|--|----|
| 3. Research Methodology..... | 22 |
| 3.1 Research design | 22 |
| 3.2. Population and sampling techniques | 22 |
| 3.3. Type of data and tools/instrument of data collection..... | 23 |
| 3.4. Procedure of data collection method of data analysis..... | 24 |
| 3.5 Methods of Data Analysis..... | 24 |

| | |
|---|------|
| 3.6 Validity and Reliability Check..... | 24 |
| 3.7 Ethical Issues..... | 25 |
| Chapter Four | |
| 4.1 Result and Discussions..... | 26 |
| Chapter Five | |
| 5.1 Summery of Findings..... | 46 |
| 5.2 Conclusion..... | 47 |
| 5.3 Recommendation..... | 49 |
| Reference..... | XII |
| Appendix | |
| Questionnaires | XIII |

List of Tables

| | |
|--|----|
| Table 3.1 Population sample size | 23 |
| Table 3.2 Questioners designed | 25 |
| Table 4.1 Demography characteristic of respondent..... | 27 |
| Table 4.2 legal status of Social Enterprise | 29 |
| Table 4.3 The Essence of Social Enterprise..... | 30 |
| Table 4.4 Distribution of Employment | 36 |
| Table 4.5 Annual Turnover of the Enterprises | 37 |
| Table 4.6 Uses of Profits..... | 37 |
| Table 4.7 The Characteristics of the Enterprises..... | 38 |
| Table 4.8 Impact of Business Model on Daily Business operations..... | 39 |
| Table 4.9 Major Barriers to the Growth Plan of the Enterprise..... | 41 |
| Table 4.10 Major source of funding..... | 42 |
| Table 4.11 Total Income Generation of the Enterprises in 2018..... | 42 |
| Table 4.12 Assessment of Customer Opinion about the Service..... | 44 |
| Table 4.13 Challenges of Enterprises..... | 45 |

List of figures

figures2.1Business Model Spectrum.....7

Figures 2.2impact vs. production and operating cost12

Figures 4.1 cost structure versus social mission34

Figures 4.2 objective of social enterprises.....34

Figures 4.3 Distribution of Employment35

Figures 4.4 growth plan35

Figures 4.5 major financial constraints.....39

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Abstract

A social enterprise is an organization that aims to achieve both financial and social objectives. The financial objective is to generate profit and the social objective is to utilize income from their commercial activities to improve the well-being of people in wider society. The surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners. Having this in mind, this study has been conducted to assess the state of social enterprise on selected NGOs. Both primary and secondary data collection instruments were used to collect data. The primary data was collected through open and closed ended questionnaire. Regarding the size of sample population , 284 of the respondents was carried out by using census (manger) and convenient sampling (customer). The findings show that there are absence of legal frame work and gap of policy towards social enterprise. The enterprises incur additional costs due to their social mission requirements, Well-structured business model have positive impact on their operations. Limited supply of capital, lack of competent employees in the sector, social missions and lack of right business model are the major factors that affect the performance of the sector. Finally, the researcher suggests that revising the existing legal framework, formulating the right business model and creating multiple source of finance are critical factors for the success of the sector.

Key words: Social enterprises, Social mission, NGO's, Business model

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The concept of social enterprise has developed as a new wave worldwide concept beyond the goals of monetary, social or environmental goal (Aluisius & Dileep, 2013). A social enterprise can be defined as an organization that aims to achieve both financial and social objectives (Doherty, Haugh& Lyon, 2014). In particular, the financial objective of social enterprises is to generate income and profit from a variety of commercial activities such as selling products and services to customers (Yonuse, 2010). This objective is characterized by a business orientation and innovative approach focused on the delivery of social benefits through trading to ensure the financial sustainability of the organizations concerned (Budd, 2003). The social objective of social enterprises is to utilize income from their commercial activities to improve the well-being of people in wider society (Doherty, et al., 2014). Similarly, Daniela (2018) explained, a social enterprise as an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders.

Social enterprises has their own advantages to the traditional business and the charitable organization. the One strong advantage that social enterprises have over charitable organizations is that their beneficiaries are often their primary clients .Where as the traditional charity organizations, which do not have an underlying business model, but mainly rely on voluntary donations or government support (Bugg-Levine & Emerson, 2011).

The nature of social enterprises is the main challenge of their business operations. To achieve both objectives simultaneously, social enterprises need to generate sufficient income to invest in their social projects (Moizer & Tracey, 2010) in order to create social value (Mair & Mart, 2006) and produce social change (Alvord, Brown, and Letts, 2004; Steyaert & Katz, 2004). In some cases, Social enterprise strategies to generate revenue from commercial activity, and contracting for services, share some overlap with

organizations in the private and public sectors (Wallace, 1999). In other words, Social enterprises might rely on a combination of unearned income and commercial revenue or rely completely on trading income to meet their social objectives (Doherty , et al., 2014).

Social enterprises practice in Ethiopia is not clearly distinguished from other type of bussiness but some of the organization are practice it. Regarding to this issue ,there was few studies that focused on social enterprise in Ethiopia (see British council,2018). Thus, this study will seek to assess the potential role of social enterprises in non- governmental organizations and identify specific markets, activities or circumstances where the hybrid model may have validity. It have been try to identify the drivers of social enterprise in and the specific constraints faced by this sector in Addis ababa. In some cases, the validity of the social enterprise model will be compared with more fully commercial ‘inclusive business’ models. Social enterprises have typically used their relationships with other stakeholders to access financial resources in the external environment and this, in turn, helps social enterprises create opportunities for social actions (Doherty ,et al, 2014). Recognizing the gap in the literature, this study provides a much needed account of current thinking about the level of social enterprises.

1.2. Statement of the problem

The study has important implications as there is a need to assessing social enterprises in an emerging market context as they offer the promise of empowering marginalized segments of the population in these economies. There have been an increasing number of social enterprises formed globally focused on providing solutions to societal problems (Santos, 2012). Due to the nature of social enterprises, understanding their success factors can be complex. Social enterprise is indeed a growing sector in Ethiopia but it does not have currently existed as a separate legal category. The enterprise would either start as non-profit company or a profit company. This is somewhat limiting given the extraordinary need for social enterprise in Ethiopia. However, certain aspects of the commercial and charity code in Ethiopia categorized social enterprises either micro and small enterprise or charity organization, even though that no explicit and distinct structure is provided for the social enterprise (British council, 2016). The Ethiopia legal framework governing non-profit organizations by proclamation no 621/2009, does not have distinct formal legal form or recognized means for companies to register themselves as social enterprises.

Social enterprises face similar challenges to other businesses but may access different business development services and types of funding currently available to the sector (Porter & Kramer, 2011). Social enterprises suffer the same problems as Non-profit organization (Doherty, Haugh & Lyon 2014). Some social enterprises cannot operate stably because they lack financial resources, or offer goods and services. The most sources of funding of the social enterprises in Ethiopia are donations, grants and concessional loans (British council, 2016). The other factor influencing the social enterprising business is source of finance which is received form of external funding or financing either from non-repayable or repayable capital (Yonus, 2009).

The impacts of Social enterprises are different from non-profit organizations, because earned income is directly tied to their social mission (Mair, & Marti, 2006). NGOs are

seen as development agents' their key roles are not only to provide social services but also to assist in the democratization process and civil society building (Edwards & Hulme, 1995). NGOs' dependence on donor funding and support makes them vulnerable to compromising their values and agendas and prioritizing those of the donors and development partners (Islam & Carolyn A, 2016). While ,social enterprises mitigate either social problems or market failure, and also simply generate social value (Doherty et al, 2014). The idea of creating social value provides great force to developing social enterprises. Shared value describes the creation of both economic and social value when attempting to solve social problems, which is equivalent to increasing total economic and social value (Porter & Kramer, 2011).

The area of focus determines social enterprise business models. The models are designed in accordance with the social enterprises financial and social objectives, mission, marketplace dynamics, client needs or capabilities and legal environment (Bugg-Levine *et al*, 2011). According to Trexler (2008), whether an organization actually engages in commerce is beside the point; the key value is devising solutions to social problems that stretch beyond the limits of traditional philanthropy.

Though a few research (Kline, Shah, & Rubright, 2014; Mody & Day, 2014; Sloan, Legrand, & Simons-Kaufmann, 2014) had been under taken in the area, while the researcher has been unable to find any significant academic literature detailing its application to the current status of social enterprise in Ethiopia. All these issues have great influence on growth of business, archiving the mission, profitability and efficiency, business model and socio economic activity are highly influence by such cases that has gap to growth and expand that needs to examines the social enterprises in Ethiopia. Thus, this study is designed to assess the state of social enterprise in selected non-governmental organizations in Addis Ababa.

1.3. Research question

This research aimed at answering the following specific questions.

1. How does the policy frame work of the business that affect the growth of social enterprises?
2. How does the business model affect growth of the social enterprises?
3. What are the factors that affect social missions on the cost of service/product?
4. What are the challenges that affect the state and performance of social enterprises?

1.4. Objective of the study

1.4.1 General objective

The main objective of the study is to assess the state of social enterprise in selected non-governmental organizations in Addis Ababa.

1.4.2 Specific objectives

The specific objectives of the study are:

- ✚ To analyze the of the policy framework that affect the social enterprise;
- ✚ To assess the role of the business model for the growth of the social enterprise business;
- ✚ To identify the factors of social mission on the cost of the service /product; and
- ✚ To assess the challenges that affect the state and performance of social enterprises

1.5. Definition of terms

Social enterprise - Is an organization that applies profitable activity to achieve the financial and social missions (Yonus, 2009). In the context of this study social enterprise refers to a revenue generating business with primarily social objectives whose surpluses are reinvested for that purpose in the business or in the community, rather than being driven by the need to deliver profit to shareholders and owners.

Social capital -the network of relationship among people who live and work particular society (Oxford Dictionary, 2019) in the context of this study social capital refers to the value of social relations and networks that complement the economic capital for economic growth of organization.

Social entrepreneur-a person establishes an enterprise with aim is solving social problems (Oxford Dictionary, 2019).In the context of this study social entrepreneur refers to a person who pursues novel application that have the potential to solve community based problems. These individuals are willing to take on the risk and effort positive changes in society through their initiatives.

NGO- nongovernmental organization. In the context of this study NGO refers to non-profit organization and independent of government.

Venture-a new business activity that involves taking a risk. In the context of this study ventures refers to an organization that involves new social enterprise business activity that taking risk for the advantage of the community.

1.6. Significance of the study

The research will be expected to benefit policy makers in the study area by considering the benefits associated with business and social enterprise. It also paves the way for other researchers to further study the relationship between traditional business and social enterprise from varied perspectives. In addition, it is also believed that this study will be a plus to the existing literatures in the area of social enterprise.

1.7. The scope of the study

The researcher believes that it will be necessary to conduct a research in all aspects of the perspective of social enterprise in detail. The scope of this study will be delimited only to the current practice of the social enterprise business model, source of funding and effect of social enterprise the livelihood of the beneficiary.

Geographically, the study will be delimited to assess non-governmental organization in Addis Ababa that is implementing social enterprise in their program

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical literature

Martin and Osberg (2007) emphasized that before defining social enterprise, it is necessary to set up clear boundaries for social enterprise otherwise overbroad definition will be flawed assumption and a precarious stance. Social enterprises are commonly missed up with non-profit organizations. The biggest difference between social enterprise and traditional enterprise is in their motivation. Regular enterprise owners are driven by financial profits; social enterprise owners hold altruism as their core value which surpasses the important profits and becomes a strong motivation of dominance and incentive. Creating social value is the most important mission. Economic value creation represents a necessary but not sufficient condition (Mair and Martí, 2006). In fact, the establishment of social enterprise's business management aims at solving a common challenge those non-profit organizations. Weerawardena and Mort (2006) indicated that social enterprises should strive to fully play the enterprises' sustainability, and to echo and realize the creation of social value. To differentiate the business enterprise from social enterprise this also recognizes the importance of managing themselves as running business for better sustainability. Though social enterprises as enterprises driven by social needs, through business strategies and innovative business operating mechanism they reach the mission of social value creation with market efficient systems (Yang ,et al , 2010).

The relevance of a social enterprise

Social enterprises are private organizations dedicated to solving social problems, serving the disadvantaged and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. These organizations have pursued goals that could not measure simply by profit generation, market penetration or voter support (Dees, 1994). The above definition is perhaps written from the perspective that a social enterprise is based on purely altruistic motive while a business enterprise is not. This dichotomous viewpoint is disputed by many who say that

“business plus entrepreneurs enhance social wealth by creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity” (Venkataraman, 1997). A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners (Venkataraman, 1997). Based on this definition and our own comprehension, we understand that social enterprises deliver goods and services in order to address social needs while operating in the markets, which do not always recognize the social value that they create.

Policy and Legal Frame Work

Social enterprises can be important partners for governments, helping them meet major policy objectives (OECD & European Union, 2017). However, they often face a number of barriers (e.g. a lack of legal recognition, and difficult access to markets and finance) that can limit their impact and prevent them from reaching their full potential (Yonus, 2009). European Commission (European Union, 2016) stresses that favorable policy ecosystems are essential to helping social enterprises overcome these barriers. To build tailored policy ecosystems, policy makers first need to develop a sound understanding of the features, mission and needs of social enterprises before translating into policy actions supporting their development (OECD & European Union, 2017). Inaccurate, unclear or excessively narrow legal frameworks can harm social enterprises, by causing confusion or failing to capture the array of entities that may qualify as social enterprises in a given context (Hough, 2005). Legislators can create a dedicated and appropriate legal framework by adapting existing legislation on specific legal forms for instance co-operatives or passing new laws. However, less rigid normative tools should also be considered, as they may be easier to adapt to new developments in the field (Lee, 2011). Legal frameworks bring clarity by defining the nature, mission and activities of social enterprises. By granting them recognition and visibility, they help policy makers support social enterprises through different levers (including fiscal measures), and they help funders and investors understand the benefits of providing funds to social enterprises (Youns, 2009).

Social enterprises might take on a variety of legal forms (OECD, 2014). Globally, provide separate recognition for the social enterprise as a distinct legal entity. The social enterprise policy is not intended to give legal status to organizations such as social cooperative schemes in Italy and the Act confers the right to use the social enterprise brand only on organizations that qualify as social enterprises (Lee, 2011). The reasons why the Act has chosen a certification structure are to confer credibility on social enterprises, to promote them fast with intensive public support, and to prevent the emergence of inappropriate social enterprises (H.W. Kim, 2011). Besides its concept and certification system, the Act has several provisions to create legal grounds for social enterprise (Lee, 2011).

In defining social enterprises in the Britain a particular regulatory form is not decisive (Lyon and Sepulveda, 2009), and they can have various legal structures, such as charity, trust, industrial and provident society, community benefit society, company limited by guarantee, company limited by shares, and Community interest company (Peattie and Morley, 2007; Smith and Teasdale, 2012; Spear, 2001). According to Nicholls (2010), the UK government intended to offer greater flexibility and more options to the social enterprise area through the new legal form of Community interest company. It's must pass the Community Interest Test¹, deliver an annual Community interest company report to the Registrar of Companies, and follow both 'asset lock'² and 'dividend cap'³ regulations (Department for Business Innovation and Skills,2013). The USA does not have a prominent support policy focused on social enterprise. Kerlin (2006) comments that, the USA has not created any policy to accommodate the commercial activities that have grown in the non-profit sector. Instead, the development of non-profits involved in social enterprises in the country has been led by private sector organizations such as foundations and membership associations (Kerlin, 2006; Lee, 2009). According to Salamon (1997), in the American setting, the non-profit sector is not guaranteed or defined by a single law. Instead, organizations in the sector are governed by diverse state and federal laws about incorporation and taxation. In terms of incorporation, as mentioned above, non-profits can take one of several legal forms: unincorporated association, corporation or trust (Salamon, 1997; Sherlock and Gravelle, 2009). Regarding taxation, all non-profit organizations which intend to be exempted from

federal income tax must meet the legal requirements and apply to the IRS (Sherlock and Gravelle, 2009).

Social value

Social value is “when resources, inputs, processes or policies are combined to generate improvements in the lives of individuals or society as a whole” (Richmond, 2008; Acharya, 2010). Based on definitions provided in literature, it can be assumed that social enterprises broadly operate on this principle. Yet, social enterprises also depend on a whole range of resources human and financial just like any other business. Among financial and physical resources, they depend on a variety of sources such as individual contributions, philanthropic grants and debt or equity finance depending on the maturity of the organization (Barraket & Anderson, 2010). Social enterprises display a hybrid quality of responding to unmet social needs through business-like means. Hence, the nature of their accountability differs from traditional non-profit organizations. First, they obtain human and financial resources which largely operate according to the rules of the market; secondly, they are held responsible for delivering the social value which is embodied in their mission and operates on the principles of ethics and morality of ‘doing good’ (Wang, 2009). Therefore, Social enterprises are accountable upward to their funders, downwards to their clients and internally to themselves and their mission. Since Social enterprises are expected to be accountable to various actors for multiple purposes, they generally need to be aware of how to maintain accountability. Accountability can be maintained by means of tools and/or processes. Tools can be applied, repeated and documented periodically such as financial statements and performance evaluation reports. Process mechanisms are more a course of action which may in turn utilize a set of tools themselves (Ebrahim, 2010). Social enterprises should use these mechanisms to understand and assess their performance to improve their own operational efficiencies, to meet their patrons’ requirements for transparency and to design and deliver goods and services which create greater social impact.

Sustainability of Social Enterprises

Burkett (2010) noted that social enterprises have two sides of sustainability. First aspect is a financial sustainability that shows endurance over time. Second side is related to the impact social enterprise generates with regards to its social mission. Maintenance and deepening of social enterprise's impact is an important factor to be considered.

According to Burkett, social ventures have to cover production and operating cost via commercial methods for self-support. However, grants and subsidies may be used to offset impact costs. Since most social enterprises operate at a low-scale with limited resources they will hardly be able to achieve all kinds of sustainability without grant donations. Although, as she once again notes these funds should not be used for covering operating costs. Such separation will make it realistic to create more sustainable social enterprises. Finally, Burkett warns that we should not be expecting of social enterprises to become sustainable in short periods of time.

Alter & Dawans (2006) believed that sustainability of social enterprises requires existence of such factors as 'organizational and leadership capacity, business-oriented culture and financial viability.' Therefore, they advocate for the integrated approach for achieving a sustained social value. Integration, according to them, should happen at the level of culture, operations and finance. That will allow organizations to reach proper scale and impact. On the way to sustainability social enterprises have to deal with some of the serious challenges. As Hartigan (2004) found out the main obstacle is related to government, businesses and philanthropists. Social ventures have to be positioned in a proper way to get support from such institutions.

Customer Relationship

Within an organization, customer relationships are generally formed as a means to either acquire or retain customers or to increase sales (Osterwalder & Pigneur, 2010). Specifically, the creation of customer loyalty is a critical theory to consider because it helps to ensure a reliable consumer base (Ou, Vries, Wiesel, & Verhoef, 2013; Sigala, 2016). While social enterprises do participate in developing customer relationships, they are sometimes limited in the relationship they are able to create because a social

enterprises end customer is not necessarily the individual or body purchasing the good or service as mentioned before (Yunus, 2010).

Revenue Allocation

For the traditional BM, the main objective is to create revenue (Cyert & March, 1963). The exact structure of revenue distribution varies drastically based on the organizations needs and goals (Dunkelberg, Moore, Scott, & Stull, 2013). Nonetheless, a traditional bussiness model would ensure that most of the profits will be allocated to owners or investors, rather than being reinvested in the business (Yunus, 2010). A social enterprise is required to reinvest at least half of all profits back into the business (Social Enterprise UK, 2011). Similarly, a Type social enterprise is required to allocate revenue towards the repayment of investors, and company reinvestment for expansion and improvement (Yunus, 2010).

Cost Structure

Cost structures describe the costs incurred during business operations such as value creation and delivery, customer relationship maintenance, and revenue generation (Michelini, 2012; Osterwalder & Pigneur, 2010). Regardless of its social mission, social enterprises must still ensure that costs are recognized and accounted for properly (Young & Kim, 2015; Yunus, 2010).

However, while social enterprises encounter very similar types of costs, the total sum of particular costs may be higher than those of a profit maximizing business (Doherty, Haugh, & Lyon, 2014). Often times this discrepancy is related to additional costs inflicted by performing the social mission. For instance, some Social enterprises aim to train and employ disabled and disadvantaged individuals. Although this employment helps the Social enterprises achieve their social goal, it can also lead to increased training costs (Doherty, 2009). Thus, it is even more critical for Social enterprises to find alternative methods of reducing costs without damaging the social mission (Doherty *et al.*, 2014; Yunus, 2010).

Challenges of Social Enterprises

Many of the challenges faced by social enterprises are common to all businesses (Darko and Koranteng, 2015). Moreover, Smith and Darko (2014) argue that running a social

enterprise is harder than running a mainstream business due to their hybrid nature. However, Wronka (2016) argue that the environment in which social enterprises find themselves involves specific challenges, opportunities, risks, and constraints managers of social enterprises have to handle.

Financial

Social enterprise strategies to generate revenue from commercial activity, e.g. trading goods and services and contracting for services, share some overlap with organizations in the private and public sectors (Wallace, 1999), yet are distinct from traditional non-profit organizations that rely on grants, donations and gifts. Social enterprises might rely on a combination of unearned income and commercial revenue or rely completely on trading income to meet their social objectives (Doherty et al., 2014). Social enterprises are good at managing resource dependence and use their community embeddings and relational ties with stakeholders to secure external resources that, in turn, create opportunities for social action (Dacin et al., 2010). Business failure among social enterprises has been attributed to various difficulties related to size, a lack of resources, and finance and funding issues. Other prominent issues reported include a lack of qualified staff, inadequate premises, and cash flow difficulties (Coburn and Rijdsdijk , 2010). As social enterprising emerges in the interface between traditional sectors and explore this hybridism, financing must nevertheless match this demand. It implies that common forces from multiple actor's government and other public bodies, banks, corporations, investment funds as well as individuals all over the world join to make this kind of business surge in spite of its complexity (Alamaa and Le Coq, 2017). Depending on their development stage, social enterprises derive financing from a combination of resources, ranging from subsidies and debt instruments to equity, patient capital and impact investments (OECD/European Union, 2016). Regarding the lack of funds for starting a business or running it Borzaga and Solari, (2003), argue that the capital requirements for social enterprises is low, they find it difficult to raise funds because it's a new form of organization. Private donations are another (although less common) source of funding. Simultaneously, new actors such as financial intermediaries, whose role is essential in assisting social enterprises to become more investment-ready, and connecting them with potential funders, are emerging (OECD, 2016) . Policy makers need to encourage

capacity building, along with efforts to unlock and attract funds that are better suited to social enterprises (Borzaga and Solari, 2003) . Moreover, while they rightfully advocate mobilizing private funds, they should keep in mind that public support remains an important element of the financial landscape that can help leverage and guarantee private resources for social enterprises(Dacin , Dacin & P , 2011) . In fact, public support may remain the principal (if not the only) source of funding for some social enterprises facing particularly intractable challenges (Lee, 2015) .

Human resource

According to Smith and Darko (2014), hybrid institutions, such as social enterprises require human resource with hybrid skills, which are difficult to find. Moreover, Habaradas and Aure (2016) suggest, social enterprises in acknowledge the importance of a professional management to run the business. According to Hynes (2009), not being able to recruit and retain staff was because they were not able to compete with the pay packages on the market, they were also were not regarded as serious commercial businesses. Smith and Darko (2014) agreed with this view, arguing that it may be difficult for social enterprises to pay competitive salary and they may have to depend on the commitment of staff, aligning this to the objective that wants to be achieved. Furthermore, all organizations strive to attract competent and skilful human resource in their early years. Social enterprise is a fairly new form of organization and will have challenges recruiting professionals and experts in various fields (Borzaga & Solari, 2003). This highlights that this problem has been a persistent issue since the early days of social enterprises. Helmsing (2015) in contrast, argues that, social enterprises draw employees who are intrinsically motivated and who often agree to take lower pay. According to Thompson and Doherty (2006) a social enterprises pays its employees basic wage and allowances based on work patterns and hours. According to Hynes (2009) and Smith and Darko (2014) above, it can be argued that this situation stated by Thompson and Doherty (2006) is unusual for employees of social enterprises.

Governance

Cornforth (2014) stated that the governing body of a social enterprise has the key responsibility for making sure that the organization achieves its mission and remains financially sustainable. Spear, Cornforth & Aiken (2009) conducted an empirical study in

the U.K, which found the following challenges; social enterprises was considered to be small and in disadvantaged areas have a limited supply of qualified and willing people to serve on their boards. Furthermore, even if these social enterprises find qualified board members, they still face the problem of the board's ability to control management, knowing how to manage the balance between social and financial goals and dealing with external stakeholder interests. Furthermore, according to Ebrahim *et al.* (2014) is difficult to know which interests to prioritize in terms of conflict of interest, and finally choosing a suitable legal and governance structure due to the hybrid nature of some social enterprises. Moreover, the legislative guidelines about the boards and governing bodies are not always clear (Travaglini, Bandini & Mancinone, 2009).

Mission Drift

Ebrahim, Battilana & Mair (2014) and Cornforth (2014) agree that a major challenge of social enterprises is a mission drift, thus social enterprises will inevitably have to face trade-offs between meeting the demands of their paying customers who are seen as important stakeholders for businesses, and addressing the needs of the recipients of their social mission who are seen as the main stakeholders in charitable organizations. Moreover, according to Spear, Cornforth & Aiken (2009) social enterprises face the risk of focusing their attention and resources on one set of objectives or goals (usually financial) to the disadvantage of others (social objectives). According to Dees (1998), there is pressure on social enterprises from markets and investors to compromise on social value creation. He argues that many economists are of the view that when there is conflict between profit and social value, either the profit motive will come first or the entrepreneur will be out of business, furthermore investors usually want a good return, which is based on profit levels, risk, and growth. Furthermore, even foundations that have an unambiguous social mission invest most of their assets with the aim of getting back high financial returns that can then be used to fund grants. However, Spear, Cornforth and Aiken (2009) argue that excursive emphasis on social goals may lead to the neglect of important financial aspects that might threaten the survival of the enterprise.

Strategies

From the review of literature on social enterprises, it can be said that there has not been much research carried out on strategies to reduce or solve the problems social enterprises

face. Although strategies are not always implemented in their entirety, they nevertheless help an organization know where it is in relation to where it would like to go (Social Enterprise Knowledge Network, 2006). Some research has been done to come up with various strategies to deal with some of the challenges social enterprises face. In the case of the challenge of mission drift faced by social enterprises, Cornforth (2014) suggests that governance mechanisms and compartmentalizing are the main strategies for dealing with the challenges of mission drift in social enterprises. Cornforth further goes on to mention other strategies in the form of micro-level, organizational and macro-level to integrate the main strategies. Mswaka and Louws (2016), also argue that the difficulty of the economic environment and the on-going need to address social needs has made some social enterprises in South Yorkshire to incorporating for-profit business strategies to achieve long-term financial sustainability. However, Ramus & Vaccaro (2014) argue that, the main strategy to address mission drift is stakeholder engagement. According to them, this can be done by the following steps, stakeholder identification, dialog, and project development. Furthermore, they continue to argue that this mechanism will help bring back equilibrium between the social and the commercial aspect of a social enterprise. According to Habaradas & Aure (2016), investing time and energy into a committed team and developing a reputable brand for quality and performance. It can be argued that a committed team might not be focused on remuneration and hence addressing the challenge of human resource to an extent. Moreover, according to Lyon & Fernandez (2012), one strategy to scale up a social enterprise is through training. They argue that social enterprises can intensify their impact through training and increasing the quality of services. Thus, social enterprises can train their employees to obtain the right skills to run the organization. Moreover, Defourny & Nyssens, (2008), some social organizations organize training programs for employees and managers of social enterprises which focus on accounting, taxes and personnel management among others.

2.3. Empirical literature of the study

Kevin (2014) was conducted a study to capture the existing landscape of the social enterprise in Hong Kong. As for legal form, just over 60% of the SEs reported themselves as a department/ project under a registered charity, and 37.6% of the Social enterprises was in the form of registered company. There were only four SEs registered

as unincorporated society or cooperative society (1.2% or only two each). The findings suggest that charitable organizations play a pivotal role in incubating and supporting social enterprises. The governance arrangements of Social enterprise are more complicated. In contrast to this, the survey of social enterprises conducted for the UK government in 2005 (IFF, 2005), although this was limited to those enterprises registered as companies limited by guarantee or industrial and provident societies and therefore omits socially entrepreneurial activity in other organizations, such as development trusts. The study estimated that there were 15,000 social enterprises in the UK registered as (88%) companies limited by guarantee or industrial and provident societies (12%), constituting around 1.2% of the overall business population.

A study for the Scottish Social Enterprise Coalition (Triodos, 2007) sought to assess the environmental practices of diverse social enterprises across Scotland, also comparing them with the wider business sector (CBI Scotland, 2007). It is based on a relatively small sample, the majority (67%) of respondents operated in a rural setting. Findings include that nearly half of respondents (48.7%) reported environmental sustainability as a core business purpose; 88% participated in schemes to recycle their used materials (compared to only 38% of the wider business sector); 79% used local suppliers to source products; and 51.4% reported environmentally friendly procurement practices (compared to 28% of Scottish businesses). Regarding barriers, the report draws attention to the small size of many community led organizations which means they have a limited financial resources to invest in some forms of improvement (building insulation to improve carbon efficiency is mentioned) and are less likely to have written/formalized policies in place compared to larger organizations. Another significant limiting factor identified was that of poor local recycling facilities, particularly in rural settings; a key recommendation is therefore the need for greater engagement between businesses and local authorities in the planning and delivery of corporate recycling services.

Christine (2015) had conducted a study to understand key factors in social enterprise development in Philippines. The objective of the research is to enhance our understanding of crucial factors in social enterprise development through the application of general systems. The researcher's key finding indicated that the social enterprise development process can be modeled from a systems perspective. The

resulting model provides valuable information to business practitioners, social enterprise leaders, government policy-makers and others who wish to play facilitating roles in social enterprise development. The model reinforces our understanding that its key success factors are the entrepreneurial spirit of the initiator coupled with a motivation to improve one's life and that of one's group (family and/or cooperative) through participation in the economic marketplace. Initiators have a clear understanding of their customers' needs and requirements as reflected in their innovative product, promotion, pricing, and distribution strategies.

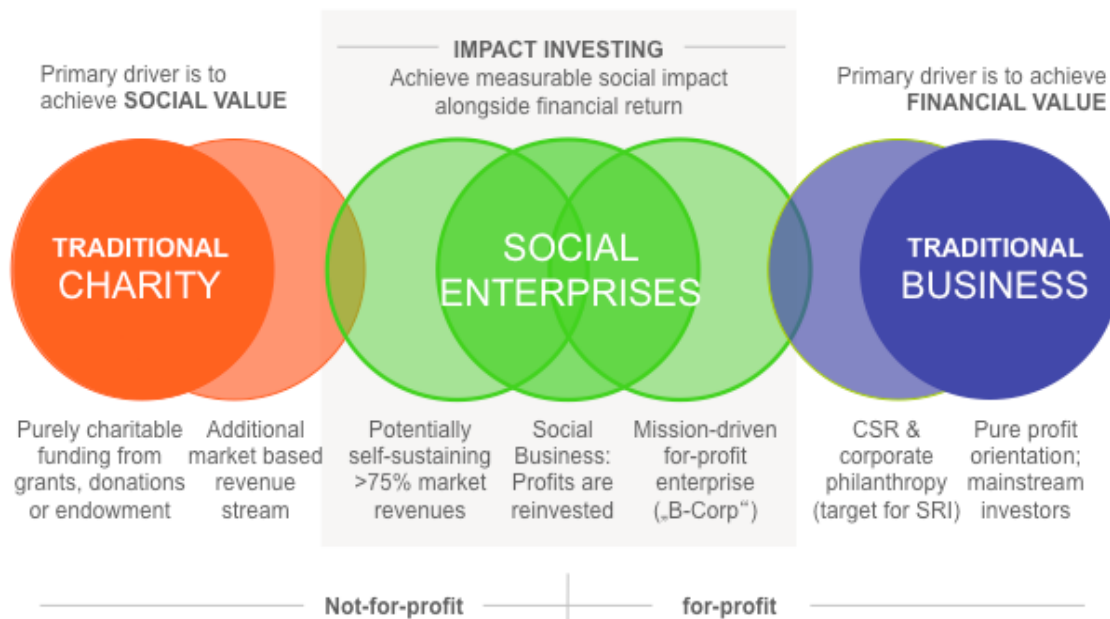
Furthermore, according to a research carried out in Ireland by Hynes (2009), participants relied mainly on their own personal resources to start, fund and keep the businesses running in its first year and subsequently depended on loans and overdrafts from Bank and credit union. However, according to study conducted by Shaw and Carter (2007) on social enterprises in the north-east of England and central Scotland, only 2% of the respondents used their own funds as financial sources, 49% used charitable trust, and 39% used European Union funding. This might be because there is a better understanding of social enterprises in the United Kingdom (U.K). Spear, Cornforth and Aiken (2009) argue that, social enterprises in the U.K are seen by the government as important in delivering public services. They further went on to say that the government developed a Social Enterprise Action Plan to boost and support the development of social enterprises across the economy. Moreover, according to Smith & Darko (2014) social enterprises in Kenya and Vietnam deemed access to finance as one major challenge. They further continue to argue that in Kenya, this was because of the social orientation of the business; social enterprises therefore depend on internal resources and grants. However, in Vietnam, this challenge was due to the small size of social enterprises and the lack of intermediaries between social enterprises and social investors.

Furthermore, in the case of Ghana, Darko & Koranteng (2015), it was recognized that social enterprises in Ghana also view finance as a major challenge. Furthermore, the main concern for social enterprises in Ghana is acquiring capital at the early stage of the organizations life cycle. Moreover, they argued that, the reason most social enterprises in Ghana do not get funding is investors finding their funding request unrealistic since they over value their businesses and projects.

2.4. Conceptual frame work of the study

Social enterprises are enterprises that apply business concepts in their effort to attain social goals (Zahra 2009; Seelos & Mair 2005). One of those goals is to generate a profit at least have a sustainable business model; another is to create value for society (Austin, Stevenson & Wei-Skillern 2006; Santos 2012). This is in contrast to traditional charity organizations, which do not have an underlying business model. One strong advantage that social enterprises have over charitable organizations is that their beneficiaries are often their primary clients (Bugg-Levine & Emerson, 2011). In this respect, the social enterprise concept does not seek to replace concepts of the non-profit sector or social economy.

Figure 2.1 The business model spectrum



(Source: Kingeston (2015))

According to Kingeston (2015), the positions social enterprise somewhere between the traditional charity and the traditional business and it suggests that a social enterprise is positioned between philanthropy and commercial undertaking (Dees, Emerson, & Economy, 2001).

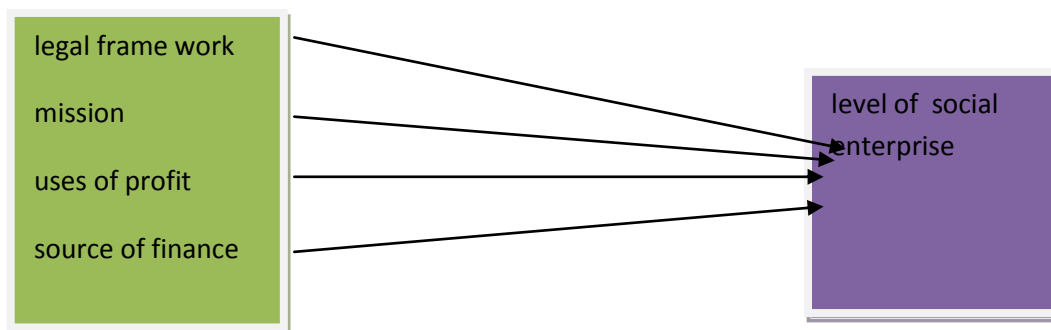
2.5. Knowledge Gap

Many academic researchers were conducted in the area of social enterprises in Africa and the rest of the world. They have assessed the effect and the impact of social enterprises as a whole. Regarding to Ethiopia, the researcher did not get any published or unpublished academic research work. British council conducted a survey in 2016 on this issue. However, the survey has some limitations for the components of basic social enterprises. According to the study small and micro industries, unions and private institutions were included as social enterprises. Hence, the researcher is motivated to fill the gap that was existent as indicated above and assess a varieties of issues and the current conditions of the social enterprises at all and encouraged to contribute his own at least a little in the study issues of social enterprises.

2.6. Analytical frame work

Independent variable

Dependent variable



The analytical frame work represents the model for the study which shows the link or relationship between the independent variables (legal status, Mission, uses of profit and source of finance) and the dependent variable the level of social enterprise. The frame work explains how independent variable has effects on of the components of social enterprise.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter covers methods of the study. The chapter also details the research approach, research design the research tools and the methods of data analysis used by the researcher to collect the primary and secondary data.

3.1. Research design

A descriptive research design is applied in the study. According to Welman & Kruger (2001) descriptive research examines a situation as it is and enables for a better understanding of the way things are. Therefore, descriptive research survey has been employed to conduct the study and to assess the state of the social enterprise in nongovernmental organization.

3.2. Population and sampling techniques

According to Kelelaoul (2016) cited Negechu (2006), a study population is a well-defined or specified set of people, group of things, household, firms, services, elements or events which are being investigated. The target population of this study is the managers and the customers (beneficiaries) of the nongovernmental social enterprise in Addis Ababa. These are chosen up on because they are the ones who implement and getting the services. To select the enterprise, the study has applied stratified sampling technique. Currently, there are 15 non-governmental organizations which are implementing social enterprise in Addis Ababa. These organizations were categorized into three strata as manufacturing, service and trading. Then, random sampling method is employed to draw one sample from each stratum. Three sample enterprises were selected from each enterprise. Then the all managers and selected customers were included in the study as samples. While sampling was applied to select 15 managers, random sampling was used to select beneficiaries. As of December 31, 2018 data of the marketing department of the enterprises shows that there were about a total of 870 customers (beneficiaries) purchased using their services. The study has used Cochran (1997) formula to determine sample size for beneficiaries.

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

n_0 = Cochran's sample size recommendation (385)

N = the population size (893)

n = new adjusted sample size (270)

Table 3.1 population sample size

| No | Name of the enterprises | Number of customers in the last year | Number of sample |
|----|------------------------------------|--------------------------------------|------------------|
| 1 | YMCA | 275 | 83 |
| 2 | Timeret Lehiwet Ethiopia (Tmertet) | 228 | 69 |
| 3 | Selam children village (selam) | 390 | 118 |
| | Total | 893 | 270 |

source : calculation by the researcher.

$$n = \frac{385}{1 + \frac{(385 - 1)}{893}}$$

$$n = 270$$

Thus, sample size of this study was 270 consumers and 15 managers of the three enterprises. Further, the number of samples from the three enterprises was determined using proportional sampling technique.

3.3. Type of data and tools/instrument of data collection.

The researcher has used both primary and secondary data for the purpose of this study. In this research Managers and Customers (beneficiaries) were used as the primary data sources and secondary data were collected from document review of reports, pervious research, financial statement, audit report and unpublished material and documents were more appropriate for descriptive type.

3.4. Procedures of Data Collection

The primary data was obtained from responses of the selected representative samples using structured questionnaire and through conducting informant interviews with managers'. Structured questioners are distributed to the respective representative samples and were personally collected . More than 3-hour telephone interview was used to collect relevant information with the selected organization. The questioner is designed to have both Likert scale model and other open-ended questions to get a reliable quantitative and qualitative data. The secondary data was collected from relevant document as well as from selected enterprise and concerned government offices.

3.5 Method of Data Analysis

In order to meet research objective, the data was analyzed based on the nature of the objectives and research questions. Accordingly since the study used survey method which was by nature quantitative and qualitative descriptive type of analysis, presentation of data with tables, graphs, charts and figures are used and some of statistical analyzing packages available such as SPSS have been used. The researcher used SPSS 20 software as a tool for analyzing the collected available data and finally for the presentation of the data that have lead the researcher for conclusion and recommendation stage that can be seen at the end chapters of this research work.

3.6 Validity and reliability checks

Alpha (Cronbach's) reliability scale was used for this research study. Griffin(2009), described that the items of the instrument should represent a significant aspect of the purpose of the investigation. The questionnaire is considered to be reliable and no further action with item deletion was needed. The reliability scale result 0.929 and 0.852 for the questionnaire designed for managers and customers respectively. this indicted that there is a very high internal consistency. The result of the Cronbach's is shown below.

Table 3.2 (A) Questioners designed for managers .

| | | N | % |
|-------|----------|----|-------|
| Cases | Valid | 24 | 96 |
| | Excluded | 1 | 4 |
| | Total | 25 | 100.0 |

| Reliability Statistics | |
|------------------------|------------|
| Cronbach's Alpha | N of Items |
| .852 | 72 |

Table 3.2(B)questioners designed for customers

| | | N | % |
|-------|----------|----|-------|
| Cases | Valid | 21 | 84 |
| | Excluded | 4 | 16 |
| | Total | 25 | 100.0 |

| Reliability Statistics | |
|------------------------|------------|
| Cronbach's Alpha | N of Items |
| .852 | 24 |

3.7 Ethical issues of research

The ethical issues considered in this study include worthiness, consent and confidentiality. To ensure informed consent respondents and all those who participated in this study were provided with all relevant information about this study in ordered to insure that they understood the nature of the study, objectives of this research and benefit to the research .This process further ensured that the study is in line with the behavioral norms established by the enterprises being studied .Also ,findings were reported in a complete and honesty fashion, without misrepresenting any responses given or intentionally misleading reader researchers interested in this study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRIATION

Introduction

This chapter of the thesis deals with presentation, analysis and interpretations of the data. In the study, different group of people were included to obtain the necessary information.

The quantitative data was analyzed using descriptive statistics and presented with the help of tables. Similarly, the qualitative data were organized according to the themes, analyzed and used to strength or elaborate the quantitative one. Because the research design is descriptive research design, the qualitative data is used to support data obtained from the interpretation of the quantitative data. Before analyzing the data some background information was discussed as mention above followed by analysis and finding. Totally, 270 questioners were distributed to customers and all of them were filled and returned. From the distribution of 15 questioners for the management staff, one questioner was not returned while the remaining other 14 of them were filled and returned.

4.1.Demographic Characteristics of Respondents

Important demographic profiles of the respondents who took part in the study, comprising of age, gender, marital status, and educational background are shown in

Table 4.1 Demographics characteristics of respondents

| | | selam children village | | timeret le Hiwet | | YMCA | | Total | |
|-----|--------|------------------------|-------|-------------------|------|-----------|------|---------------|------|
| | | Frequ ency | % | Freq uenc y | % | Cou nt | % | Freque ncy | % |
| sex | Male | 76 | 26.7 | 10 | 3.5 | 64 | 22.5 | 150 | 52.8 |
| | Female | 47 | 16.54 | 63 | 22.1 | 24 | 8.4 | 134 | 48.1 |

| | | | | | | | | | |
|---------------------|-----------------------|----|------|----|------|----|------|-----|------|
| Marital status | Single | 20 | 7.4 | 25 | 9.3 | 29 | 10.4 | 73 | 27 |
| | Married | 99 | 34.8 | 32 | 10.4 | 57 | 19.6 | 175 | 64 |
| | Divorced | 2 | 0.7 | 11 | 4.1 | 0 | 0 | 13 | 4.8 |
| | Widowed | 1 | 0.4 | 5 | 1.9 | 2 | .7 | 8 | 3.0 |
| | Separated | 1 | 0.4 | 0 | 0 | 0 | 0 | 1 | 0.0 |
| Age | below 18 | 0 | | 0 | | 0 | 0 | 0 | 0 |
| | 19-35 | 53 | 19.6 | 51 | 18.9 | 33 | 11.9 | 136 | 50.4 |
| | 36-65 | 70 | 24.1 | 22 | 6.7 | 54 | 18.5 | 133 | 49.3 |
| | above 66 | 0 | | 0 | | 1 | 0.4 | 1 | 0.4 |
| Education al status | Below grade 12 | 89 | 31.3 | 63 | 22.1 | 38 | 13.4 | 181 | 63.7 |
| | TVET/Diplo ma | 17 | 5.9 | 3 | 1.0 | 23 | 8.0 | 43 | 15.1 |
| | Bachelor degree | 17 | 5.9 | 6 | 2.1 | 23 | 8.0 | 39 | 13.7 |
| | Above Bachelor degree | 2 | 0.7 | 1 | .03 | 4 | 1.4 | 7 | 2.5 |
| Monthly income | Below 2000 | 19 | 7.0 | 28 | 10.4 | 12 | 7.0 | 59 | 21.8 |
| | 2001-3500 | 66 | 24.4 | 29 | 10.7 | 17 | 6.3 | 102 | 37.7 |
| | 3501-5000 | 30 | 11.1 | 15 | 5.6 | 19 | 7.0 | 64 | 23.7 |
| | 5001-10000 | 19 | 7.0 | 0 | 0.0 | 17 | 6.3 | 36 | 13.3 |
| | Above 10000 | 3 | 1.1 | 0 | 0.0 | 12 | 7.0 | 9 | 3.3 |

Source own survey, June 2019

The sample for data gathering has been taken from three business enterprises namely YMCA, Timeret Lehiwot and Selam Children Village. Basically, from the total respondents as shown in Table 4.1, 43.3 percent of the respondents were selected from Selam Children’s Village and 30.9 percent of the respondents belong to YMCA and finally, 25.7 percent of the respondents were selected from Timeret Lehiwot. Out of 284 respondents’ 52.8 percent of them were males and the rest 47.2 percent were females. As the data depict among the respondents, 50.4 % were found in the age gap between 19 up to 35 years old, while 49.3 % of the respondents were within the age group of 35 up to 65 years old.

Coming to the education level of respondent customers, 63.7 % of the respondents were below grade 12 while, 15.1 % of the respondents were TVET /Diploma completed and 13.7 % of the respondents were bachelor degree holders and the rest 2.5 % of the respondents were second degree holders and above. In terms of monthly income, 59.5% of the sample population earned Br. 5,000.00 and below.

4.2. Legal Status of social enterprise

Table 4.2 legal status of social enterprises.

| | Frequency | Percent % |
|---|-----------|-----------|
| In what legal form is, your organization registered | | |
| Sole proprietorship | 9 | 64.3 |
| NGO for profit | 5 | 35.7 |
| A problem faced in regarding to legality issues | | |
| The concerned office did not have knowledge towards the business | 3 | 21.4 |
| There was no access to registration as a business firm | 4 | 28.6 |
| There was no legal frame work and gap of policy towards social enterprise | 7 | 50 |

Source own survey June 2019.

Sample managers were asked to offer information regarding the legal aspect of the social enterprise, accordingly the data in table 4.2 show that 64.3% of the enterprise are registered as a sole proprietorship and the remaining 35.7 % of the enterprise are registered as NGO for profit. According to Hough (2005), Inaccurate, unclear or excessively narrow legal frameworks can harm social enterprises, by causing confusion or failing to capture the array of entities that may qualify as social enterprises in a given context .This leads to a conclusion that different enterprises register as entities that they believe best suits their purpose. On the top of that, table 4.2 details regarding the main problem faced by legality issues where 50 % of the respondents have identified "the absence of legal frame work and gap of policy towards social enterprise", 28.8 % of the respondents have identified " lack of access to registration as a business entity" and the remaining 21.2 % of the respondents have identified lack of information by the concerned office towards the business". European Union (2016) stated that favorable policy ecosystems are essential to helping social enterprises overcome their barriers. furthermore, Legal frameworks bring clarity by defining the nature, mission and activities of social enterprises (Youns, 2009). OECD & European Union,(2017) stated that to build tailored policy ecosystems, policy makers first need to develop a sound understanding of the features, mission and needs of social enterprises before translating into policy actions supporting their development. This leads to an understanding that there is a need to seek mechanisms to revisit the existing legal system and framework.

4.3. Social mission of the enterprises.

In this section the researcher analyzed and interpreted the data under the impact of the mission that are the essence of social enterprise, cost structure, social objective, target beneficiary, distribution employees, source and uses of revenue.

Table 4.3 the essence of social enterprise

| Questions | Frequency (%) | | | Total |
|---|---------------|---------------|--------------|----------------|
| | Selam | Timeret | YMCA | Frequency (%) |
| Social mission | | | | |
| Having a clear social mission | 70 (56.9)* | 57 (78.1) | 76 (86.4) | 203 (71.47) |
| Understanding of the social mission by customers/beneficiaries. | 67 (56.8) | 57 (78.1) | 71 (80.7) | 195 (68.7) |
| Social contribution | | | | |
| Achieving the economic goals of a social enterprise | 109 (92.4) | 63 (86.3) | 81 (92.0) | 253 (89.1) |
| Creating positive community benefits | 114 (96.6) | 66 (90.41) | 75 (85.2) | 255 (89.8) |
| Improving social products. | 81 (68.2) | 49 (67.1) | 62 (70.5) | 192 (67.6) |
| Social out come | | | | |
| Creative value or innovative value | 113 (91.9) | 59 (80.8) | 67 (76.3) | 239 (84.1) |
| Resources used to achieve economic scale | 102 (82.9) | 43 (58.9) | 30 (34.1) | 175 (61.6) |

Source own survey June 2019 * Figures in () represent percentages.

As shown in Table 4.3 above, 71.5% of the respondents having a clear social mission and 68.7 % of the respondents understand the social mission of the enterprises. Comparing the social mission of the three enterprises, YMCA have been found having the highest frequency of the respondents while Selam children village has been found having the least one. Clarity and precision of objectives will add to the organizations' ability to achieve their social missions (Declan, 2006). This led to the social enterprises have a clear and understanding of mission. Whereas, Figure 4.2 shows that, 64.3% of the enterprises stated their mission was to pursue social /environmental mission while 35.4 percent of the enterprises focus on creating profit and social and environmental impact.

This finding contradicts the literature notion, which suggests that social enterprises have to balance both objectives and pay equal attention to both building and maintaining their competitive advantage and engaging with their key stake holder groups (Dacin, Dacin & Matear , 2010). In addition , the cost structure of the enterprises, as have been seen in the figure 4.1, 78.2 % of the respondents agreed that additional costs were incurred as a result of the social mission requirements. Selam Children Village argued that additional costs were mostly encountered due to highly expensive raw material and local produce/products that the company requires in order to fulfill the social mission.

Timeret le hiwet believed that they incurred additional costs as a result of employee training. One of the social mission for timeret le hiwet enterprise is employment and training of minority ethnic women which many of them have no work experience and possess culturally inflicted social barriers. In addition, Selam Children Village employs individuals of a homeless background as a requirement of the social mission. Similarly, many of these employees have limited work experience, and required a great deal of training. This prove that social enterprises in many operational institutions may incur additional costs due to their social mission requirements. (Doherty *et al.*,2014).

Regarding the social contribution of the social enterprises, table 4.3 shows that 89.8% of respondents noted that the enterprise is creating positive community benefits and 89.1% responded that the enterprises are achieving the economic goal and the remaining 67.6% of the respondents indicated that the social enterprise is creating or improving social products. So that this result indicates that social enterprise can create an invisible social contribution through creating visible out comes.

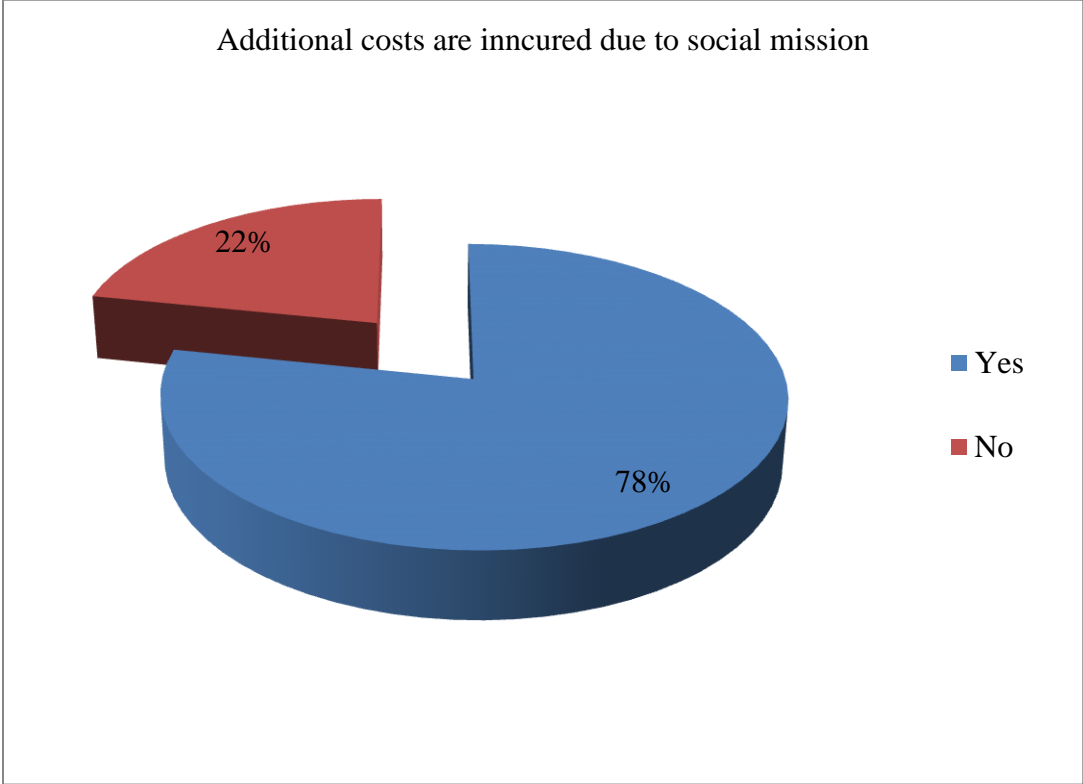
Regarding to the social outcomes, Table 4.3 shows that 84.3 % of the respondents indicates that social enterprises have created value or innovative value and 61.6% of the remaining respondents expressed that social enterprise uses a resource to achieve the economic scale. These findings resonate with the underlying drive for social enterprises, which is to create social value, rather than personal and shareholder wealth, and that the activity is characterized by innovation or the creation of something new rather than simply the replication of existing practices. Creating new products or services, or new ways of delivery are required by social enterprises to satisfy the needs embedded in the social market (Mair and Marti, 2006), specifically in the process bringing about social change (Urban, 2013). Through innovation, social enterprises unlock value by creating a platform for sustainable solutions through a synergistic combination of capabilities, products, processes and technology to create a social and strategic fit into underdeveloped, uncharted markets (Nga and Shamuganathan, 2010).

The data collected via interview with the managers of the enterprises indicated that as a social enterprise, YMCA was established in 2003. Mainly, it gives physical fitness training (gym) to the youths and the community at large. The social mission of the enterprise is to promote physically fit and spiritually developed youths. Youth friendly gymnasiums are rare in the city. Therefore, YMCA chooses physical fitness training to the youths and the community at large. Coming to the other targeted study site, Selam children village was established 1998. Its target core products were producing wood works and metal products to the private user, other different institution and the community at large. The social mission of the enterprise is to offer homeless and marginalized children the opportunity to earn legitimized income and help themselves.

The social enterprise timeret Lehiwet established in 2017 with its core service of fair trade of craft product which is produced by the beneficiaries in the program. The social mission of the enterprise is to inspire women and promote craft and other products to the public. The enterprise sees fair trade of craft product as an opportunity to attract attention faced by the women with many social and economic problems. The major sales channel of the enterprise, Timeret Lehiwet, is online shop. The main mission of Timeret Lehiwet is involving in a craft production and fair trade promotion for the communities at large.

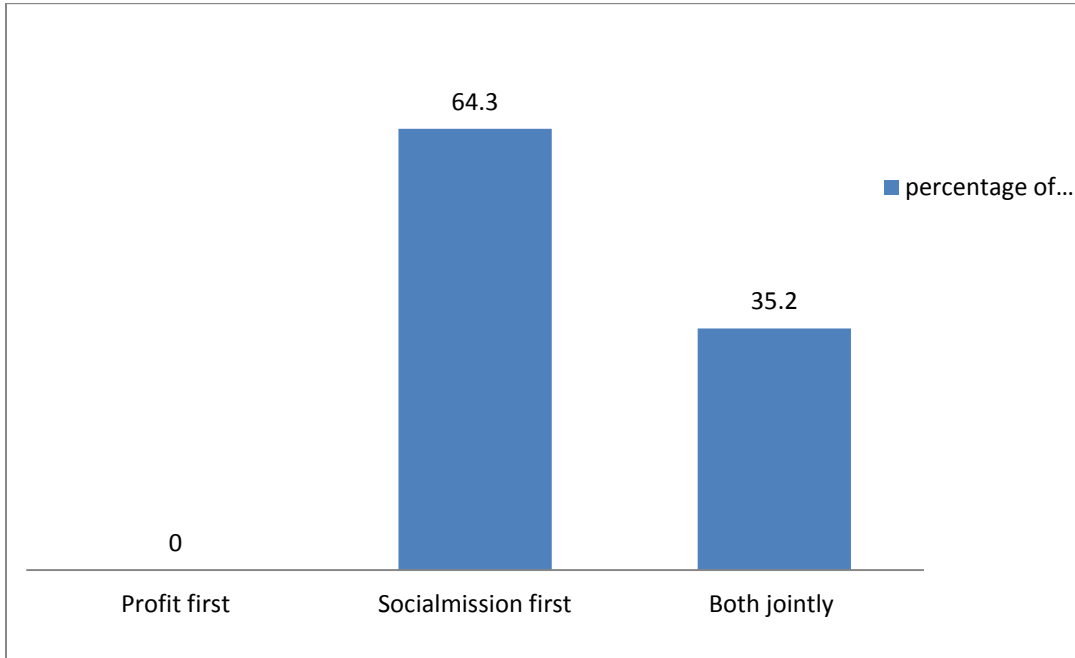
This result once again implies that solving social problems and creating social value is the main goal of the social enterprise in question.

Figure 4.1 cost structure versus social mission



Source own survey June 2019.

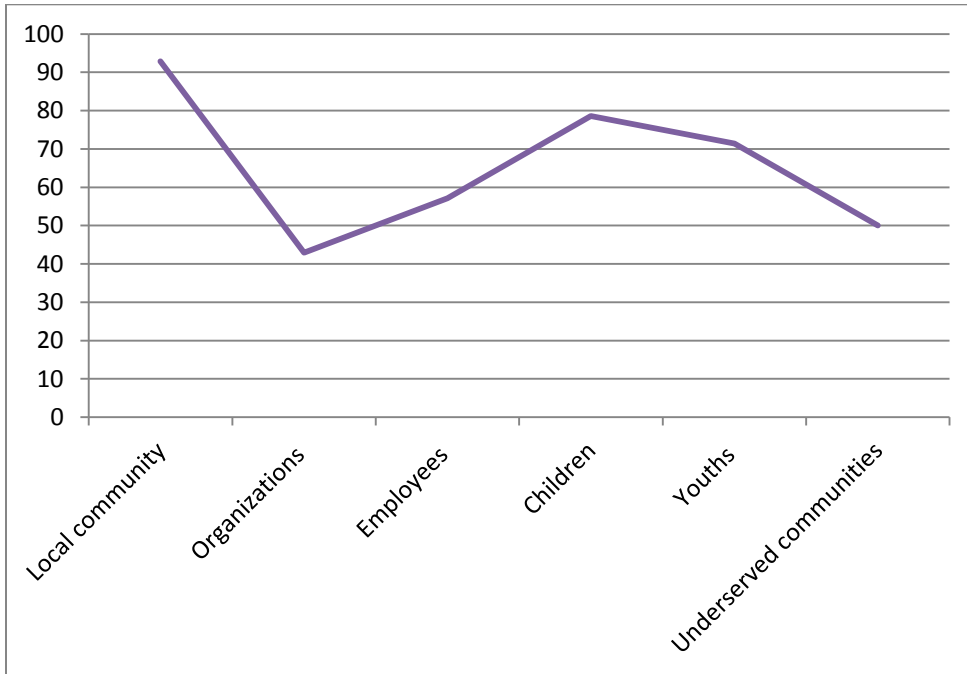
Figure 4.2 Social enterprises objectives.



Source own survey June 2019.

Target Beneficiaries

Figure : 4:3 Distribution of beneficiary of the enterprises.



Source own survey June 2019

Figure 4.3 presents the summary data about the groups which benefit directly from the enterprises core business activities and results are distributed quite evenly between the categories. However, 92.2 % of respondents conform that social enterprises support their local community and the other, 78.6% of the respondents conform that social enterprises support children under 16 years old and thee organizations are the least benefited from the social enterprise. The enterprises supported a total of 1,748 people over the past year. Amongst them, an average of 830 beneficiaries are supported by selam children village and 918 beneficiaries are supported by YMCA and Timert lehiwot together. This figure implies that the enterprises serve all group of the community.

Table 4.4 distribution of employment

| | Number of permanent employee | | | Number of part time employee | | | Number of Total employee |
|---------|------------------------------|--------------|---------------|------------------------------|------------|------------|--------------------------|
| | Male | Women | Total | Male | Women | Total | |
| Selam | 94 (57.7)* | 26 (16.0) | 120 (73.6) | 6 (3.6) | 0 (0.0) | 6 (3.6) | 126 (77.3) |
| Timeret | 3(1.8) | 7(4.3) | 10 (6.1) | 0 (0.0) | 1(0.6) | 1 (0.6) | 12(7.4) |
| YMCA | 9 (5.5) | 11 (6.7) | 20 (12.3) | 1 (0.6) | 4 (2.5) | 5 (3.1) | 25 (15.3) |
| total | 106 (65.) | 44 (27.0) | 150 (92.0) | 7 (4.3) | 6 (3.6) | 13 (8) | 163 (100) |

Source own survey June2019.* Figures in () represent percentages

Table 4.4 shows that social enterprises have a total of 163 employees among those 13 employees are part time worker and 150 of them are permanent workers. About 77.3% of the total full-time employees of the social enterprises are male, and 27.0% of them are women workers. The number of women employees are higher than male employees in YMCA and vice versa in selam children village. The finding argue that Evans, & *et al.* (2000), social enterprises put people first and, through their economic activities, seek to deliver employment opportunities and other social, environmental, or community

benefits. This implies that the enterprises are created for providing job opportunities in favor of the beneficiaries.

Profit and turnover

In regard to the profitability of the enterprises, table 4.5 shows that, all enterprises are profitable but the amount of income vary from one enterprise to the other. Selam Children Village is more profitable with 95.7% compared to YMCA with a profit of 3.0% and finally Timeret lehiwot with 1.25% profit. In addition to this, the amount of revenue generated by enterprises vary by their operation and capacity of the enterprises. As an enterprise Selam Children Village is earning more than 24 million Birr annually from their productive social enterprise. On the other hand, YMCA and TIMERT lehiwet enterprises are reported earning less than 1 million Birr annually. In addition to this, those enterprises earning total revenue in 2018 exceeded 5.8 million birr from the previous year. The result argued that ,In order to reach a social goal , Social enterprise maintains operations by generating monetary revenue (Social Enterprise UK, 2016).

Table 4.5 Annual turnovers of the enterprises in (birr).

| | 2018 | | 2017 | |
|---------|------------------------|----------------|-----------------------|----------------|
| | Total amount (birr) | Percentage (%) | Total amount(birr) | Percentage (%) |
| YMCA | 761105.6 | 3.0 | 594236.2 | 3.1 |
| SELAM | 24003070 | 95.7 | 18307022 | 95.4 |
| Timeret | 314519.6 | 1.3 | 287609 | 1.5 |
| Total | 25078695 | 100 | 19188867 | 100 |

Source: secondary data

Uses of profit and expectation of revenue

Table 4.6 uses of profit

| Question | Responses | Frequency | Percent (%) |
|--------------------------|--|-----------|-------------|
| How is your profit used? | Growth and development activities | 5 | 35.7 |
| | Salary and incentive to staff | 7 | 50.0 |
| | Reserves | 6 | 42.8 |
| | Funding third party social/ environmental activities | 10 | 71.4 |

Source: own survey June 2019

Regarding to the profit uses of the social enterprises, table 4.6 indicates that, 71.4 percent of the reported that the net profit were used for funding social and environmental activities, 50.0 percent of respondents reported that the profit is used for salary increase and incentive for the employee, and 42.8 percent of respondents reported that it was reserved in the bank and finally, 35.7 percent of respondents indicated that it was used for growth and development activity of the firms. This result is directly related with the objective of social enterprises. One of the main objectives of social enterprises is to distribute their profit for social and environmental mission, the expansion of the firm and the salary and incentive of the employed staffs (Youns, 2009).

Business model.

In this section the researcher analyzed and interpreted the data that have been obtained in the issue of the general characteristics of the enterprise, the impact of the presence and absence of business model and business operation.

Table 4.7 the characteristics of the enterprise

| Is your organization a subsidiary of another organization? | Frequency | Percent |
|--|-----------|---------|
| YES | 14 | 100.0 |
| No | 0 | |

Source own survey June 2019

Regarding to the business model of the enterprises table 4.7, shows that all enterprises are subsidiary of the other organization. This means that the income-generation is an integral part of the organizations and a source of their provisions and even descriptive of their role of being social entrepreneurs. Selam children village and Timeret lehewet, are basically social entrepreneurs precisely because they are able to use business principles in order to meet social goals and objectives in order to generate profit to help the benefices and producers get out of poverty and manages their economic and social problems. Hence, the ultimate role of business model is income generation for the benefit of the communities and the sustainability of the organizations themselves (Doherty, 2009). This implies that the social enterprises are a hybrid model and they are involved in income generation and sustainability of the project in question.

Table 4.8 impact of business model on daily business operation

| Questions | Selam | | Timeret | | YMCA | | Total | |
|---|--------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | Frequency(%) | | Frequency | | Frequency | | Frequency | |
| | Yes | No | Yes | No | Yes | No | Yes | No |
| Do you have a well-structured business model that you follow? | 4 (28.5) | 0 | 5 (35.7) | 0 | 1 (7.1) | 4 (28.5) | 10 (71.3) | 4 (28.5) |
| Does this positively impact your business? | 4 (28.5) | 0 | 5 (35.7) | 0 | 1 (7.1) | 4 (28.5) | 10 (71.3) | 4 (28.5) |
| Does this negatively impact your business? | 0.0 | 4 (28.5) | 0.0 | 5 (35.7) | 5 (35.7) | 0 | 5 (35.7) | 10 (71.3) |
| Has your business model required revision over time? | 4 (28.5) | 0 | 5 (35.5) | 0 | 0 | 5 (35.7) | 10 (71.3) | 5 (35.7) |

Source own survey June 2019.

Concerning the structured business model of social enterprises, table 4.8 indicates that 73.1 % of social enterprise have well-structured business model. It is emphasized that both Timeret lehiwet and Selam Children Village enterprises follow such a business model as indicated above, while YMCA did not have involve as structured business model. This implies that the majority of Social enterprises rely on the use of business models. As shown in Table 4.8, 71.3% of respondents witnessed about the positive impacts of the business model and that both Selam Children Village and Timert Lehiwet has reported a business model positively impact their operations. While YMCA reported that lack of business model has negative impact and it has created chaos to the organization. This implies that business model is vital to operating a business systematically and effectively. The table above shows that,73.1% of the respondents reported that their business model required revision over time. BothTimert lehiwet and Selam Children Village changed their business models as necessary over time.

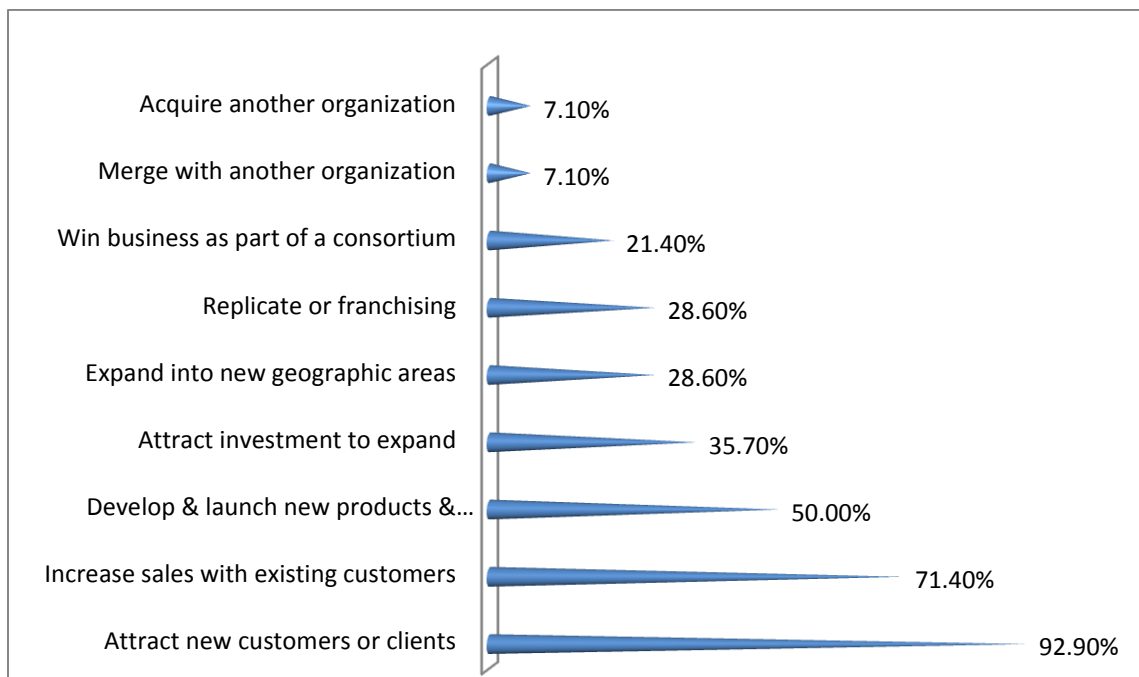
According to the interview result the importance of business model in Selam Children Village has adjusted the business model in order to incorporate new aspects of the business. In the beginning, the business model at Selam Children Village only dictated that profits will be donated to the homeless. However, as the business evolved from time to time Selam Children Village now provides social benefits for homeless as employment opportunity and suspended donations. Thus, in order to reflect these new adoptions, the business model was altered accordingly. This implies that business model should be constantly assessed and changed depending on internal and external factors and changing circumstances (Michelini, 2012).

Challenges and Opportunity

In this section the researcher analyzed and interpreted the data that have been obtained in the issue of main challenges and opportunity of the enterprises.

Growth plan and barriers

Figure 4.4 growth plan



Source: own survey June 2019.

Regarding the growth plan of the enterprises, figure 4.4 above shows that, over 90 percent of the enterprises plan to attract new customer with the existing product and services, and 71.4 percent of the enterprises similarly plan to increase sales with the

existing customers while 50 percent of the enterprises also plan to develop and launch new product and services. The enterprises are giving less attention to expand their business to reach a new geographic area.

On the other hand, the growth plan has its own challenges to achieve its plan. As indicated in the Table 4.9 below, 85.7 percent of the respondent reported that lack of capital for the growth of the enterprises in the form of debt /equity and taxation (VAT), and 64.3 percent of the respondent reported that a shortage of managerial skill is the other barriers for the business, and the other 35.7 percent of the respondent reported that the way to understanding/awareness of social enterprise by financial sector and support organization and finally, 14.2 percent of the respondents indicated that there are lack of demand for products or services. This implies that the lack of capital and process of taxations has a high influence on the growth plan .

Table 4.9 major barriers to growth plan of the enterprises

| Major barriers for growth plan | frequency | Percentage (%) |
|--|-----------|----------------|
| Capital | 12 | 85.7 |
| Taxation and VAT | 12 | 85.7 |
| Shortage of managerial skills | 9 | 64.3 |
| Understanding/awareness of social enterprise among banks and support organizations | 5 | 35.7 |
| Obtaining grant funding | 4 | 28.6 |
| Understanding/awareness of social enterprise among general public/customers | 4 | 28.6 |
| Cash flow | 3 | 21.4 |
| Lack of demand for product or service | 3 | 14.2 |

Source: own survey June 2010

Financial Source and constraint

Table 4.10 major source of funding

| what are the major source of funding | Responses | |
|---|-----------|-------------|
| | Frequency | Percent (%) |
| Donations- cash, in kind (e.g. equipment, volunteer time, friends and family support) | 14 | 100.0 |

Source: own survey June 2019.

Regarding the financing source of the Enterprises, as table 4.10 above shows that 100% indicated that the most commonly sources of financing are generated in cash and material through external financing in the form of donation. Although there are different sources of financing, in the assessment of this study it is indicated that the financial sources of the enterprises are mainly generated from donation (cash& in material). Beside to this, as per table 4.11 below illustrated that, the enterprises are generated revenue from trading activity and donation. 83.3 percent of their revenue is generated from the trading activity and 16.7 percent of revenue streams from voluntary and in-kind contributions. These indicate that social enterprises are emerging with the deliberate aim of achieving a social mission through the supply of services or product at a market price.

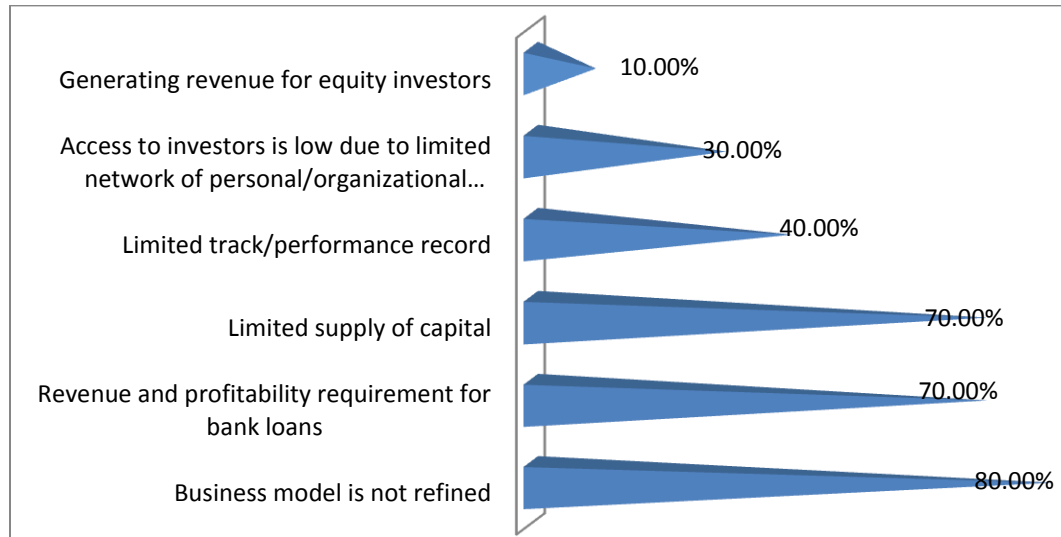
Table 4.11 Total income generation of the enterprises in 2018

| | Selam | YMCA | Timeret | Total |
|----------|----------------|----------------|----------------|----------------|
| | Percentage (%) | Percentage (%) | Percentage (%) | Percentage (%) |
| Trading | 92.4 | 73.1 | 84.3 | 83.3 |
| Donation | 7.6 | 26.9 | 15.7 | 16.7 |

Source own survey June 2010.

Financial constraints

Figure 4.5 Major financial constraints



Source: own survey June 2019

Concerning to the financial constraints of the enterprises, figure 4.5 above shows, 90 percent of the respondent identified that the business model is not refined, and 70 percent of the respondent reported that both limited supply capital and revenue and profitability requirement for the bank loans are the second main challenge for the sector. Finally, 40 percent of the respondent reported that limited track /performance record in the enterprises are the third financial constraints in the enterprises. This indicates that the business model is one of the main challenges for social enterprises for the financial sector. The ultimate goal of business model is income generation so that it has its negative impact for the profitability of the enterprises.

Customer satisfaction

Table 4.12 Assessment of customer opinion about the service

| Questions | Below satisfactory | | Satisfactory | | Good | | very good | |
|---|--------------------|------|-------------------|------|---------------|------|-------------------|------|
| | Freq uenc y | % | freq uen cy | % | freque ncy | % | freq uenc y | % |
| How would you describe the service in general? | 29 | 10.8 | 109 | 40.4 | 71 | 26.3 | 61 | 22.6 |
| How would you describe the Variety of service on offer? | 16 | 6.0 | 94 | 34.8 | 103 | 38.1 | 57 | 21.1 |

Source own survey June 2010.

In regard to the service quality of the enterprise, table 4.12 above shows that 40.4 percent of respondent reported that the quality of service are satisfactory, 26.3 percent of the respondent reported that the quality of the service are in a good score and the other 22.6 percent of the respondents identified that it in a very good score level. This implies that the social enterprises gave quality of service for their customer and as it is related it means one of their mission are providing quality of goods and service for their beneficiaries too. In addition to this, more than 59.1 percent of the respondents reported that the enterprises offer a good variety of service for the customers, and 34.8 percent of the respondents reported that the enterprises offer a satisfactory service for the beneficiaries, customers and the community at large. Finally, 16.0 percent of the respondents claim over the type of service. This implies that the social enterprises are offering a variety of service which is good for the customer to satisfy their need.

Challenges

Table 4.13 challenges of the enterprises

| An enterprises challenges of | Selam | Timeret | YMCA |
|---|----------------|----------------|----------------|
| | Percentage (%) | Percentage (%) | Percentage (%) |
| Balancing profit generation and social mission | 28.5 | 35.71 | 35.7 |
| Competent employees (social mission related or not) | 28.5 | 35.71 | 35.7 |
| Managing customer expectations | 28.5 | 28.5 | 7.1 |
| Gaining customer loyalty | 28.5 | 7.1 | 7.1 |
| Target only one segment | 7.1 | 7.1 | 35.7 |
| Funding staff | 21.4 | 14.2 | 35.7 |
| Generating profit | 28.5 | 0 | 35.7 |
| Providing quality customer service | 28.5 | 14.2 | 7.1 |

Source own survey June 2019.

Table 4.13 above shows, all the three social enterprises expressed having difficulty balancing profit generation with the social mission, and finding competent employees. As the analysis of the data shows, Selam Children Village scoring (28.5%) and timeret lehiwet scoring (28.5) with enterprises both shared the challenge of managing customer expectations consecutively. However, selam children village (28.5%) was the only enterprises to express struggle gaining customer loyalty and providing quality customer service, coming to YMCA, it is the only enterprises to have trouble targeting one segment. Lastly, both YMCA and Selam Children Village had trouble funding their staff

and generating profit. This implies that, some of the challenges are unique to the individual enterprises and there are many shared challenges such as balancing profit and social mission and finding competent employees.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, RECOMMENDATIONS & IMPLICATIONS FOR FUTURE RESEARCH

After presenting the results and discussion of the research in the previous chapter, the summaries of findings are now discussed in the light of the previous chapter. Summary of the findings, conclusions and recommendations are presented. Implication for future is also discussed in this chapter.

5.1 Summary of finding

Various finding of discussion data analysis emerge, which tends and satisfy the objective of the study. The findings have been categorized in to four subsection to deal with the specific objectives of the entire study and other result which also followed from the analysis of the data

Finding from legality

The study brought to bear that, 64.3% of the enterprise registered as a sole proprietorship and 35.7 % of the enterprise registered as NGO for profit because there was no access to registration as separate business entity as the result the enterprises register as entities that they believe best suits their purpose. In addition to the above, the majority of the respondent argues that the concerned offices (Trade and industry, CSO and custom & revenue) also don't have knowledge about the business because of the absence of legal frame work and gap of policy towards social enterprise.

Finding on the impact of mission

The study reveals that, 64.3% of the social enterprises have perused both profit and social /environmental mission jointly. And also, all enterprises argue that their activity is not differing from their competitors. Whereas, 78.2 % of the respondent reported that additional costs were incurred as a result of the social mission requirements. On the other hand, the customer satisfaction is on the service quality perspective tending to have a positive impact on the operation of the enterprises. This implies that social enterprises, due to their social mission requirements, may incur additional costs.

Finding on Business model

The study findings shows that, most of the enterprises is a subsidiary to other organization this means income-generation is an integral part of the organizations, a source of their sustenance, and even descriptive of their role of being social entrepreneurs. This implies that the social enterprises have hybrid model. 73.1 % of them have well-structured business model and it have positive impact on their operations. For instance, YMCA reported that a lack of business model has negative impact and they explained lack of business model structure caused chaos to the organization. This implies that business model is vital to operating a business systematically and effectively .in addition to that, 73.1% the respondents argue that business model need revision over a time. Those enterprise has adjusted their business model in order to incorporate new aspects of the business .This implies that business model should be constantly assessed and changed depending on internal and external change .

Finding on Challenge

Based on the finding of the study, the social enterprises have difficult balancing profit generation with the social mission, and finding competent employees to achieve their operation. About 57% respondents argue that managing customer expectations are the challenge of the enterprises. Regarding to the growth plan, 85.7 percent of the respondent reported that a lack of capital in the form of debt /equity and taxation (VAT), 64.3 percent of the respondent reported that a shortage of managerial skill is other barriers for the business. On the other hand, 90 percent of the respondent reported that the business model is not refined, 70 percent of the respondent reported that both limited supply capital and revenue and profitability requirement for the bank loans are the main financial problem of the sector. This implies that limited supply of capital, lack of competent employees in the sector, social enterprises mission ,business model is not refined and bank requirement are the major challenge for the effectiveness of the business.

5.2 Conclusion

Based on the results and findings presented in chapter four, it is evident that the research objectives and questions have been achieved completely. In regard to the first objective of this study it can be concluded there were the absence of legal frame work and gap of policy towards social enterprise. The related research question was: "To what extent does the policy frame work encourage the social enterprise?" The evidence presents due to registration of enterprises has no access as separate business entity as the result the enterprises registered as entities that they believe best suits of their purpose.

In regard to the second objective of this study it can be concluded that business model is vital to operating a business systematically and effectively. The related research question was: " How does the business model affect growth of the social enterprises?" The evidence of analysis shows well structured business model have positive impact on the operations of the social enterprises.

In regard to the third objective it can be concluded that social enterprises, due to their social mission requirements, may incur additional costs. The related research question was:" What are the impacts of social missions on the cost of service/product?" The evidence of analysis shows additional costs were incurred as a result of the social mission requirements.

In regard to the forth objective it can be concluded that limited supply of capital ,lack of competent employees in the sector, social enterprises mission ,business model is not refined and bank requirement are the major challenge for the effectiveness of the business. The related research question was:" What are the challenges that affect the state and performance of social enterprises? Evidence of analysis shows the social enterprises have difficult balancing profit generation with the social mission, and finding competent employees to achieve their operation. . Regarding to the growth plan a lack of capital in the form of debt /equity and taxation (VAT), shortage of managerial skill is other barriers for the business and limited supply capital and revenue and pre- requirement for the bank loans are the main financial problem. Based on the above description it is clear that the research objectives of this study have been achieved and research questions have been answered. The evidence is mostly in line with the theoretical framework underpinning

this study. However, it should be noted that these findings might only be applicable to the contest where in the research was conducted.

5.3. RECOMMENDATIONS

Having analyzed, discussed and interpreted the data collected in this study, the researcher forwarded the following recommendations. The social enterprises more productive, effective and competitive if the following recommendations are employed.

- The policy maker and the government officials should give attention for the social enterprise business because the sector has its own part on the development of the economy . In addition to this the existing policy framework should be revised and inclusive of social enterprises business .
- The social enterprise should a clear understanding of which aspect of the mission is the main priority for the business and management should be predetermine the most reasonable methods for minimizing social mission costs.
- Due to the competitive nature of the market the social enterprises should develop and formulate strategic planning and future scenario methodologies and follow the strategic business model to ensure all areas of the social enterprises are functioning as efficiently as possible.
- The social enterprises should be creating a financial budget that is specifically designed for times of high financial stress. Second, it is recommended that the social enterprises aim to secure long-term financial support from outside entities that does not terminate
- Finally on the academic front, it is recommended that, the impact, and effect of social enterprise should have be assess. Since social enterprise alone forms a major part of the entire business in Ethiopia.

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Appendix I

St. Mary University School of Graduate Studies

Dear Respondents

I would like to extend my deep gratitude in advance for volunteering to devote your valuable time to fill this questionnaire. The purpose of this questionnaire is to gather data from employees of YMCA, selam village and Timeret lehiwet. The main objective of the study is to Assess the state of social enterprise in selected non-governmental organization in Addis Ababa, for the partial fulfillment of Masters of Business Administration (MBA) General. In this regard I kindly request your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

Contact Address -Ashenafi Mengistu, E-mail- Ashbech@yahoo.com mobile - 0911945710

INSTRUCTIONS: The questionnaires contain statements about the organizational activities. Please read each statement carefully and decide the answer that you give. Please aware that there is no right or wrong answers. You have to give your own opinion about each item.

1. What is the name of your organization?

2. How long has your organization been involved as a social enterprise (business activity)?

1. Less than Two years 2. Two to Five years 3. More than five years

3. What is the nature/form of your social enterprise?

1. Registered Trust 2. Society 3. Private limited company 4. Producer Company 5. sole proprietor ship Other (Please specify) _____

4. Is your organization a subsidiary of another organization?

1 yes 2.no

5. Do you have a well-structured business model that you follow?

1 yes 2.no

6. Does the business model positively impact your business?

1 yes 2.no

7. Does the business model negatively impact your business?

1 yes 2.no

if yes please describe it _____

9. Has your business model required revision over time?

1 yes 2.no

10. In what legal form is, your organization registered?

- 1.Sole proprietorship
- 2.Share Company
- 3.Private Limited Company (PLC)
- 4. Charity or Society
- 5.NGO For profit
- 6.Non-for-profit NGO

11.would you explain if there is any problem you face in regarding to legality issues?

12. What are your organization's overall objectives?

13. Does your organization place emphasis on?

- 1. Profit first
- 2. Social/ environmental mission first
- 3. Both jointly

14. What proportion of your total income brought from grants?

1 in the last fiscal year (2018) _____

2 before the last fiscal year (2017) _____

15. What do you expect to happen to your organization's revenue in the next financial year?

1. Decrease substantially 2. Decrease a little 3. Stay the same 4. Increase a little 5. Increase substantially

16. Do you currently make a profit?

1. Yes 2. No

17. How is your profit used (select as many answers as relevant)? *

1. Growth and development activities
 2. Rewards to staff and beneficiaries
 3. Profit sharing with owners and shareholders
 4. Cross subsidizing
 5. Reserves
 6. Funding third party social/environmental activities
- Other (please specify): _____

18. How many paid staff do you currently employ (add numerical number)?

Full-time employees

- Number of current full time employees: _____
- Number of current full-time female employees: _____
- Part-time employees: _____
- Number of current female part-time employees: _____

19. How do you expect the number of people that were served in changed by this time next year?

1. Increase substantially 2. Increase a little 3. Stay the same 4. Decrease a little 5. Decrease substantially

20. Do you consider any of the following groups to benefit directly from your organization's core business activities (select as many answers as relevant)?

1. Local community
 2. Organizations (NGOs, micro and small businesses, social enterprises, etc.)
 3. Employees of your organization
 4. Children under 16 years old
 5. Youth people (16-29 years old)
 6. People from underserved regions or communities
- Other (please specify) _____

21. Who are the company's major target groups?

Please specify _____

22. How many people do you estimate that you have supported in the last 12 months?

23. What are the key activities that your business performs in order to successfully operate?

24. Do you feel these differ at all from the activities of your profit maximizing business competitors?

1.Yes 2.No

25. Cost structure is the same as any other business (including PMB) 1.Yes 2.No

26. Additional costs are incurred due to social mission 1. Yes2. No

27. How does your organization plan on achieving growth over the next year? (Choose as many options as applicable)

1.Increase sales with existing customers

2.Expand into new geographic areas

3.Develop & launch new products & services

4.Attract new customers or clients

5.Replicate or franchising

6.Attract investment to expand

7.Merge with another organization

8.Acquire another organization

9.Win business as part of a consortium

Other (please specify): _____

28. What are the major barriers which your organization faces? (Choose as many options as applicable)

1.Capital (debt/equity)

2.Obtaining grant funding

3.Cash flow

4.Shortage of managerial skills

5.. Shortage of technical skills

6.Lack of access to support and advisory services

7.Understanding/awareness of social enterprise among banks and support organizations

8.Understanding/awareness of social enterprise among general public/customers

9.Lack of demand for product or service

10.Taxation, VAT, business rates

29. What are your organization's top 3 constraints to financing (rank them based on their priority)?

1.Generating revenue for equity investors _____

2.Business model is not refined _____

3.Access to investors is low due to limited network of personal/organizational contacts__

4.Limited track/performance record_____

5. Revenue and profitability requirement for bank loans _____

6.Limited supply of capital _____

7.Regulatory constraints when securing capital from international sources_____

8.Securing capital and financing is not one of our major constraints _____

30. What forms of finance and funding have you received (in the last year or since you started operating)? (Choose as many options as applicable)

1.Grants from governments

2.Grants from foundations

3.Donations- cash, in kind (e.g. equipment, volunteer time, friends and family support)

4.Concessional loans (loans with below-market interest rates,)

5.Commercial loans (market interest rate loans)

6.Equity or equity-like investments

Part II. Please describe your personal views of the following statements as objectively as you can, by entering in the Table by putting a tick “√” that best reflects your views.

| | Statement of challenge | Yes | No |
|--|------------------------|-----|----|
|--|------------------------|-----|----|

| | | | |
|----|--|--|--|
| 1 | Does the enterprise balanced profit generating and social mission? | | |
| 2 | Do you believe the employees of enterprise are competent? (social mission related or not) | | |
| 3 | Is the enterprise managing customer expectations? | | |
| 4 | Is the enterprise gaining customer loyalty? | | |
| 5 | Is the enterprise Target only one social group? | | |
| | | | |
| 6 | Is the enterprise providing quality customer service? | | |
| 7 | Is the enterprise independent/free from any political affiliation? | | |
| 8 | The enterprise self-generates most of its funds. | | |
| 9 | The enterprise generates most of its founds outside. | | |
| 10 | The enterprise has several partnerships with other businesses firms . | | |
| 11 | | | |

32. If you have further comments please indicate in the space provided below.

Thank you.

Appendix

St. Mary University School of Graduate Studies

Dear Respondents

I would like to extend my deep gratitude in advance for volunteering to devote your valuable time to fill this questionnaire. The purpose of this questionnaire is to gather data from Customer of YMCA ,Selam village and Timeret lehiwet. The main objective of the study is to Assess the state of social enterprise in selected non-governmental organization in Addis Ababa, for the partial fulfillment of Masters of Business Administration (MBA) General. In this regard I kindly request your assistance in responding to the questions listed below. Any information you present will be kept utterly confidential and will be used only for academic purpose. Your cooperation and prompt response will be highly appreciated.

Contact Address -Ashenafi Mengistu, E-mail- Ashbech@yahoo.com mobile - 0911945710

INSTRUCTIONS: The questionnaires contain statements about the organizational activities. Please read each statement carefully and decide the answer that you give. Please aware that there is no right or wrong answers. You have to give your own opinion about each item.

1. Sex?

A. Male B. Female

2. Age? _____

3. Educational qualification. _____

4. Marital status

1. single 2. married 3. divorced 4. widowed

5. Number of members of the family? _____

6. Occupational status?

1. employed 2. unemployed 3.

7. The monthly income of the households? _____

8. Are you the clients of this organization? 1. Yes 2. No

9. How did you get the information about the activities rendered in this organization?

10. What kind of service rendered in this organization? Please explain.

11. What kind of service you use in this organization?

12. Do you feel these services are differing from all the other similar business institution nearby you?

1. YES

2. NO

13. If yes, please explain _____

14. How long have you been in using the service rendered by this organization?

15. Do you know the organization's overall objectives? If yes, please explain?

16. This organization place emphasis on

1. Profit first 2. Social/ environmental mission first 3. Both jointly

17. Does the enterprise introduced new approaches/new solutions to problems?

1. Yes 2. No

18. Does the enterprise discovered new services/service delivery methods

1. Yes 2. No

19. How many times do you usually visit this organization?

1. Every day 2. three times a week 3. Every two weeks. 4. Once in a month

20. Thinking about the value of money, how would you describe the service in general?

1. Good 2. Reasonable 3. Bad

21. How would you describe the Variety of service on offer?

1. Excellent 2. Good 3 fair 4. Poor

22. How do you evaluate the service charge requested by the organization?

1. very cheap 2. Cheap 3. Fair 4. expensive 5. very expensive

Part. II. Please describe your personal views of the following statements as objectively as you can, by entering in the table by putting a tick “√” that best reflects your views.

| | Statements | Yes | No |
|---|--|-----|----|
| 1 | Is the enterprise managing customer expectations ? | | |
| 2 | Is the enterprise gaining customer loyalty? | | |
| 3 | Is the enterprise Target only one social group? | | |
| 4 | Is the enterprise providing quality customer service? | | |
| 5 | Is the enterprise independent of/free of any political affiliation? | | |
| 8 | The enterprise has several partnerships with other businesses? | | |
| 9 | Have you ever heard of a name for" social enterprise "or" society company "? | | |

.

-----Thank you-----

Appendix II

በመጀመሪያ ይህን መጠይቅ በፍቃደኝነት ለመጣት ስለተባበሩን ከልብ አመሰግናለሁ፡፡ ይህ

መጠይቅ የተዘጋጀው በንግድ አመራር የሚከተሉት ደብዳቤ መሠረት ቁጥር ፀሀፍ ለማዘጋጀት ነው፡፡ የጥናቱ ስም To

Assess the state of social enterprise in selected non-governmental organization in Addis

Ababa የሚለው ነው፡፡ ይህ መጠይቅ የሚከተሉት ወጪዎች፣ ከጥምረት ለህይወት እና ከሰላም ለህጻናት

መንደር ደንበኞችን ነው፡፡ እርሶ

የሚከተሉት ከክለሮም ሸለጥናቱ ከፍተኛ አስተዋፅኦ አለው ማረጋገጥን ቃይደሞላት ዘንድ ይህ ቅጽ ስለሚሰጥ

ቃለሁ፡፡

አድራሻ፡ -ashbech@yahoo.com phone 0911945710

መሠሪያ፡ ይህ መጠይቅ ስለ ድርጅቶቹ እንቅስቃሴዎች አካሄድ ፤ ጥያቄዎችን በጥሞና ካነ በቡ በዋላ

የራስዎን ምላሽ ያስቀምጡ፤ እባክዎን የሚከተሉት ምላሽ ሁሉ ትክክል የሆነ ህና ያልሆነ የሚል ምላሽ

የለም፡፡ በመሆኑም የራስዎን አመለካከት በመልስ መስጫው ላይ ያስቀምጡ፡፡

1. ጾታ 1. ወንድ 2. ሴት

2. እድሜ -----

3. የትምህርት ደረጃዎን ይጥቀሱ -----

4. የጋብቻ ሁኔታ .

1. ያላገባ 2. ያገባ 3. የተፋታ 4. የተለያየ 5. የሞተበት

5. የበተሰበ ብዛት ምን ያህል ነው? -----

6. የስራ ሁኔታ? 1. ስራ ያለው 2. ስራ አጥ

7. ወራዊ የቤተሰቡ ገቢ ምን ያህል ነው? -----

8. የዚህ ድርጅት ደንበኛ ናዎት? 1. አዎ 2. አይደለም

9. በዚህ ድርጅት የሚከተሉት አገልግሎቶች በተመለከተ መረጃዎን ከየት አገኙ

10. በዚህ ድርጅት ከሚከተሉት አገልግሎቶች ይጥቀሱ?

11. በዚህ ድርጅት ከሚከተሉት አገልግሎቶች የሚጠቀሙትን ይግለጹ?

12. በዚህ ድርጅት ከሚከተሉት አገልግሎቶች ወስጥ ሌላ በአቅራቢያዎ ከሚገኙ ፍተሚያዎች አገልግሎት ከሚከተሉት የንግድ ድርጅቶች ጋር ልዩነት አላቸው?

1. አዎ 2. አይደለም

13. አዎ፣ ከወን ለጥያቄ 11 ምላሽ እባኩትን ያብራሩ

14. ለምን ያህል ጊዜ ይህን አገልግሎት ተጠቅሙ-----

15. የድርጅቱን አጠቃላይ አላማዎች ያቃሉ ?አዎን ከሆነ ይግለጹ ?

16. ይህ ድርጅት ዋና ተከረቱ ምን ይመስሉታል ?

- 1. ትርፍ
- 2. ማህበራዊ አላፊነት
- 3. ሀላቱንም

17. ድርጅቱ ለማህበረሰቡ አዳዲስ ችግር ፈቺ የሆኑ አገልግሎቶችን አስተዋወቆል ?

- 1.አዎ
- 2.የለም

18. ድርጅቱ በየጊዜውአዳዲስ አገልግሎቶችን የመጣል ?

- 1.አዎ
- 2.የለም

19.በምን ያህል ጊዜ ወደ ድርጅቱ የመጡ ?

- 1.በየቀኑ
- 2. በሳምንት ሶስት ቀን
- 3. በየሁለት ሳምንት
- 4. በወር አድጊ ጊዜ

20. ድርጅቱ የሚሰጠውአገልግሎት ከዋጋ አንፃር እንዴት ያየታል ?

- 1. ጥሩ ነው
- 2. መካከለኛ ነው
- 3. ጥሩ አይደለም

21. ድርጅቱ የሚቀርባቸውየተለያዩ አገልግሎት አንፃር እንዴት ያየታል?

- 1. በጣም ጥሩ ነው
- 2. ጥሩ ነው
- 2. መካከለኛ ነው
- 3. ጥሩ አይደለም

22. በድርጅቱ የሚሰጠው የአገልግሎት ክፍያ እንዴት ይመዘኑታል ?

- 1. በጣም ወድ
- 2. ወድ
- 3. መካከለኛ
- 4. በጣም ርካሽ
- 5. ርካሽ

ክፍል 2 እባኮዎን ከዘህ በታች ለተዘረዘሩት መጠይቆች የራሱን አመለካከት ይገልፅልኛል የሚሉትን ✓ ምልክት ያስቀምጡ

| | አመለካከት | አዎ | አይደለም |
|---|-------------------------------------|----|-------|
| 1 | ድርጅቱ የደንበኞችን ፍላጎቶች ያስተናግዳል | | |
| 2 | ድርጅቱ የደንበኞቹን ታማኝነት አግንቷል | | |
| 3 | ድርጅቱ ግብ ለአንድ የህብረተሰብ ክፍል ብቻ ነው | | |
| 4 | ድርጅቱ የሚሰጠው ጥቅም ያለው የደንበኞች አገልግሎት ነው | | |
| 5 | ድርጅቱ ከየትኛውም የመንግስት አካል ነፃ ነው | | |
| 6 | ድርጅቱ የተለያዩ አጋር የቢዝነስ አካላት አሉት | | |
| 7 | ሰለ ሶሻል ኢንተረፕራይዝ ስምተው ያወቃሉ | | |

እና መሳግናለን