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Social financing and the sustainability of social enterprises in Zimbabwe

Thabani Dundu[1], Dingilizwe Nkomo[2] and Velmah Letani Sakala[3]

[1] Technopreneurship Development Centre, Harare Institute of Technology, Harare, Zimbabwe
[2]Financial Engineering Department, Harare Institute of Technology, Harare, Zimbabwe
[3]Strategy and Innovation Department, Harare Institute of Technology, Harare, Zimbabwe

Email: thabanidundu@gmail.com;tdundu@hit.ac.zw;

Abstract. Social enterprises are important contributors in boosting economic growth, creating jobs, and improving the quality of life for both entrepreneurs and the communities where they operate. The challenge facing most social entrepreneurs is the access to finance. This research aimed at developing an innovative financing model that best suit social enterprises in Zimbabwe. This was achieved by looking at the factors affecting sustainability of social enterprises and the challenges and opportunities for sustainable social financing in Zimbabwe. Using quantitative methodology, data was collected through close ended questionnaires that were distributed to social entrepreneurship stakeholders in Harare, Zimbabwe. Analysis of the quantitative data used the SPPSS 22 statistical software package. The key study findings identified the following six factors that directly impact the sustainability of social enterprises, that is, social finance access, government support, community attitude and involvement, governance, strategy and management skills and ability of entrepreneurs to solve complex problems. The main conclusions were that the lack of financial resources had most significant impact on the demand and supply of social entrepreneurship funds. The study recommends that, a revolving social innovation fund should be established to provide funding for social enterprises. This acts as suitable product on the supply side which social enterprises require. As a result, policymakers and stakeholders can come together to ease the process for social enterprises to acquire financing.
Keywords: *Social financing, Social enterprise, Social entrepreneurship, Sustainability, Funding*

1. Introduction

Social enterprises play an important role in tackling the complex problems facing societies today (Frank & Muranda, 2016; Gumbe & Towera, 2016; Rawal, 2018). Countries like Zimbabwe face increasing poverty and unemployment levels, the emergence of multi-faceted social problems, government spending restrictions and the challenges of climate change all which require innovative approaches to addressing them (Ndiweni & Verhoeven, 2013). The development of social enterprises in Zimbabwe may provide or contribute towards a viable solution to address the scourge of the social problems faced (Frank & Muranda, 2016). Social enterprises, however, do face challenges and difficulties with some of these challenges being contextual while others are more common in nature and cut across different settings (Gumbe & Towera, 2016). However, the main factors affecting the growth of social enterprises in Zimbabwe include risks and costs associated with their establishment and sustaining them, and the dearth in business skills required for setting up and managing viable enterprises. There is a lack of access to capital and credit markets (Gumbe & Towera, 2016).

Although it is an integral part of financial development the impact of financial innovation on the economic growth of developing countries has not been fully studied (Rizzi, et al., 2018). The lack of financial resources due to absence of willing funders is one of the obstacles in impacting the development of social entrepreneurship (OECD, 2013; Castellas, et al., 2018; Fergus & Robyn, 2019). The development of dynamic social enterprises is important because they generate social and economic value (Wanyoike & Maseno, 2021). To be able to deliver social value sustainably, the enterprises must gain access to reliable and predictable financing (Doherty et al., 2014; Frank & Muranda, 2016). This calls for attention to the need for financial innovation that can help develop these entities (Chibba, 2009). According to Chibba, financial innovation research in developing countries has mostly focused on welfare issues, particularly the implications for financial inclusion, but has not addressed social finance models (Akbulaev, et al., 2019). The economic climate in Zimbabwe has not been conducive to investment since 2000. This research investigates the significance of innovative finance towards the development of social enterprise in Zimbabwe. This study examines the factors affecting sustainability of social enterprises and the challenges and opportunities for sustainable social financing in Zimbabwe.

2. Literature review

2.1 Social Enterprise Concept: Definitions

The OECD (2017) defines entrepreneurship as: "The dynamic process of creating incremental wealth. This wealth is created by individuals who assume major risks in terms of equity, time, and/or career commitment of providing value for a product or service. The product or service itself may or may not be new or unique but the entrepreneur must somehow infuse value by securing and allocating the necessary skills and resources." There is no consensus on the definition of social entrepreneurship (Santos, 2012). Despite the lack of both the definition and inconsistent usage of the term social enterprise in the international literature (Dart, 2004) a few perspectives in the literature are considered below. Firstly, social enterprise is thought to be something new and something distinct from classical business and traditional non-profit activity, combining at different extents elements of the social purpose, the market orientation, and financial-performance standards of business (Young, 2008). Social entrepreneurship has received little research attention in developing countries yet its impact in society cannot be ignored (Bote, et al., 2014; Chibba, 2009; Lourenço, 2013).

2.1.1 Funding Social Entrepreneurship

Social enterprises need financing at the various stages of their life cycle (Serrano, et al., 2019). Funds are needed to conduct research, start new ventures, purchase inventory and assets to grow and maintain the business (Gundry, Kickul, Griffiths & Bacq, 2011; Martin, 2013; Wanyoike & Maseno 2021). Most social enterprises have failed to raise initial capital (European Commission Communication, 2011; Serrano, et al., 2019) as most social entrepreneurs are individuals who find it difficult to raise enough funds at an early stage. However, governments, financial institutions and the general public in developed countries have embraced social entrepreneurship as evidenced by their willingness to fund social enterprise ventures (Frank & Muranda, 2016; Wanyoike & Maseno 2021). Lourenço, (2013) pointed out that countries that support sustainable development achieve social, economic and environmental positive impacts. While Roodman and Morduch, (2011) argue that: "Access to credit and deposit services potentially provide the poor with opportunities to take an active role in their respective economies through entrepreneurship, building income, bargaining power and social empowerment among poor women and men."

Identifying the actors in the social enterprise finance ecosystem is important as it will be useful to come up with a suitable finance model. Bitektine and Haack (2015) state that: "Aside from supply and demand actors and intermediaries, the investment environment (atmosphere), which is distinctly shaped by governments, policymakers, and regulatory authorities, can make or break public legitimization and thus contribute to society's validity judgement regarding impact investments.”

2.2 Funding Challenges Faced by Social Enterprises

Lyons & Kickul, (2013, p. 157) highlight that there is limited research evidence on social enterprise financing despite sentiments that the area is becoming "an exciting new frontier in a field that is already setting new standards". Cassar (2004) points out that while the necessity of money is undeniable and a critical driver of a business' ability to survive and grow, it is also a significant barrier for social entrepreneurs (Lehner, 2013). One of the major disadvantages of social enterprises in comparison to commercial enterprises is the lack of funding (Bugg-Levine et al., 2012). Lack of funding impedes the creation and growth of social enterprises which is reported as one of the most pressing issues facing social enterprises in the world (Calic & Mosakowski, 2016; Clarkin & Cangioni, 2016).

The primary goal of a social enterprise is not profit maximization (Martin, 2015). However social enterprises are not profitable enough to entice investors to invest in them (Bugg-Levine et al. 2012). While social enterprises can be successful in generating significant social and environmental impact, they continue to encounter difficulties in covering the costs associated with obtaining funding (Bugg-Levine et al., 2012). The risk associated with the start-up phase is particularly high due to their focus on social impact rather than wealth creation. As a result, meeting the requirements of investors for risk-adjusted returns can be difficult, especially given the high risk associated with the start-up phase (Lyons & Kickul, 2013). The reference to the so-called ‘valley of death’ which for social enterprises is typically defined as the period between initial grant funding and investment capital represents a significant barrier (Martin, 2015). Harding (2004) cited the importance of access to funding in the creation of jobs and economic growth.

Difficulties in monetizing social impact, that is, the ability to generate economic income from the creation of social value is one of the main reasons why some social enterprises are unable to generate sufficient income (Lyons & Kickul, 2013). Further stating that because value is created for the entire society rather than just a specific group of customers social enterprises face challenges in attracting individuals who will render free services (Lyons & Kickul, 2013). These difficulties present unique challenges for both investors and social entrepreneurs themselves, as well as for the general public (Lyons & Kickul, 2013). Occasionally, social enterprises are compelled to compromise their social mission in order to achieve profitability goals or to attract necessary funding sources (Dacin, Dacin & Matear, 2010). This may result in a trade-off between social mission and profits which may jeopardize the mission's ability to make a positive social impact (Lyons & Kickul, 2013).

Another issue related to financial problems is the difficulty in determining the social impact of a project (Kickul & Lyons, 2015). In other words, investors are not provided with an appropriate assessment of the social return on investment (Dacin et al., 2010). There is a need therefore for social impact assessments that are acceptable to investors (Kickul & Lyons, 2015). Lyons and Kickul (2013) noted that investors should recognize that social and financial value are inextricably linked and cannot be separated. The nature of this link was expressed by Jed Emerson, CEO of Blended Value who stated that:“There is a common misconception that values are divided between the financial and the societal, but this is a fundamentally incorrect way of thinking about how we create value. “Value is complete” (World Economic Forum, 2005).

Funding difficulties for social enterprises can be attributed to differences in time perspective as these enterprises are typically concerned with maximizing long-term value and establishing long-term effects, whereas investors are typically concerned with maximizing short-term value and establishing immediate effects (Lyons & Kickul, 2013).

2.3 Social Entrepreneurship and Long-Term Sustainability

Social enterprises primarily focus on improving social well-being and addressing social and environmental challenges. Griffiths and Tan (2007) highlighted that those traditional efforts to fight poverty, through charity programs have become unproductive hence the need to create a system in which economic and social values are intertwined and developed simultaneously. This argument is supported by Porter and Kramer (2011) who stated that:"Businesses acting as businesses, not as charitable donors, are the most powerful force for addressing the pressing issues we face." (Porter & Kramer, 2011).

Charitable organizations alone cannot deal with the social and environmental concerns encountered today and fail to innovate and respond effectively (Brandstetter & Lehner, 2015). Furthermore, focus falls too much on the act of charitable giving rather than on achieving social effects (Brandstetter & Lehner, 2015). Lack of effectiveness in optimizing the social results is one of the major reasons behind the inefficiency of aid programs (Griffiths & Tan, 2007). Thus, the need for a new approach that balances commercial and social objectives towards solving contemporary problems. Prieto (2011,) argues that underprivileged areas require social entrepreneurs with new solutions. Warwick and Polak (2013) pointed out the distinctive characteristics of social companies which makes them more adapted to generate innovative solutions which include pursuing a meaningful social mission. In turn, Porter and Kramer (2011) cited the dedication by these companies towards creating positive social effects which sets them apart from the typical corporate thinking thus enhancing their capacity to handle challenges in the social world (Porter & Kramer, 2011). Griffiths and Tan (2007) point out that social enterprises deploy their talents and resources towards tackling the social challenges.

The long-term viability of social enterprises is influenced by factors that include management, financial resources, project design, and community attitudes. The difficulty of re-securing management knowledge and assistance, as well as quality assurance, all limit their flexibility (Borzaga & Defourny, 2001). According to the Plunkett Foundation (2010) the variables that influence a social enterprise's long-term viability include lack of shared commitment, people-centeredness, unclear objectives, bad governance, weak leadership, a lack of flexibility and reactivity, a lack of continuity of purpose, credibility issues, membership attrition and limited entrepreneurial innovativeness.

2.4 Social Enterprises in Developing Countries

Social entrepreneurship has received little research attention in developing countries yet its impact in society cannot be ignored (Bote, et al., 2014; Chibba, 2009; Lourenço, 2013). There is limited financial support and general ignorance of social ventures by communities (Seda & Ismail, 2019). Limited resources and reluctance by banks and financial institutions to provide financial support to small and medium enterprises SMEs is high in developing countries, thus governments are expected to play an even greater role in providing funding for SME development (Wonglimpiyarat, 2015). Furthermore Assuncao, (2013) argues that financial access is a catalytic metric for socio-economic development. Thus, innovative financial services that take into account the rural conditions of developing countries and offer appropriate provision have the ability to overcome financial constraints thereby improving people's living and socio-economic conditions (Bote, et al., 2014).

THE UNICEF June 2020 Budget Brief examines how the Ministry of Public Service, Labour and Social Welfare budget for 2020 addressed the social protection requirements of Zimbabwe's vulnerable and marginalized households. Figure 1.1 below shows that the total funding for the Zimbabwe Social Protection sector in 2020 is US$117 million, with ninety- three percent (93%) coming from local sources and seven percent (7%) from development partners (UNICEF, 2020).

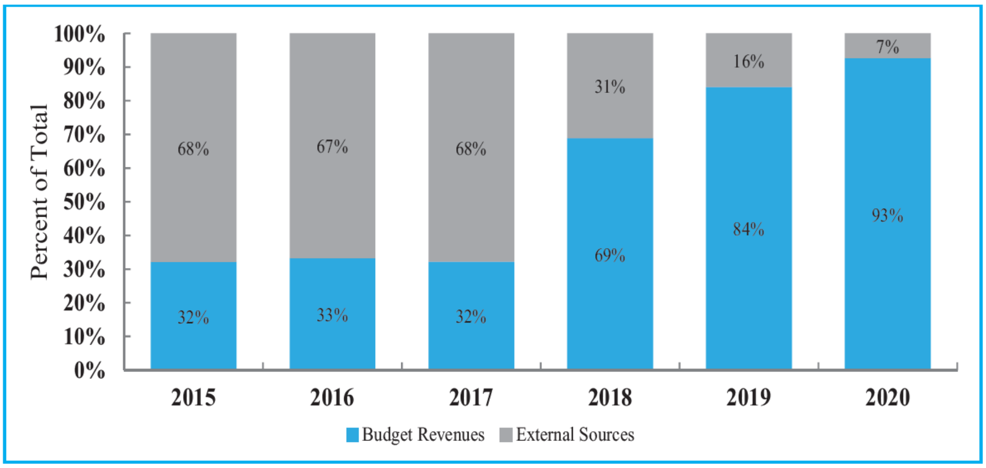

Figure1.1: Trend in Domestic and External Social Protection Sector Financing. **Source:** Various Budget Statements and UNICEF calculation (UNICEF, 2020).

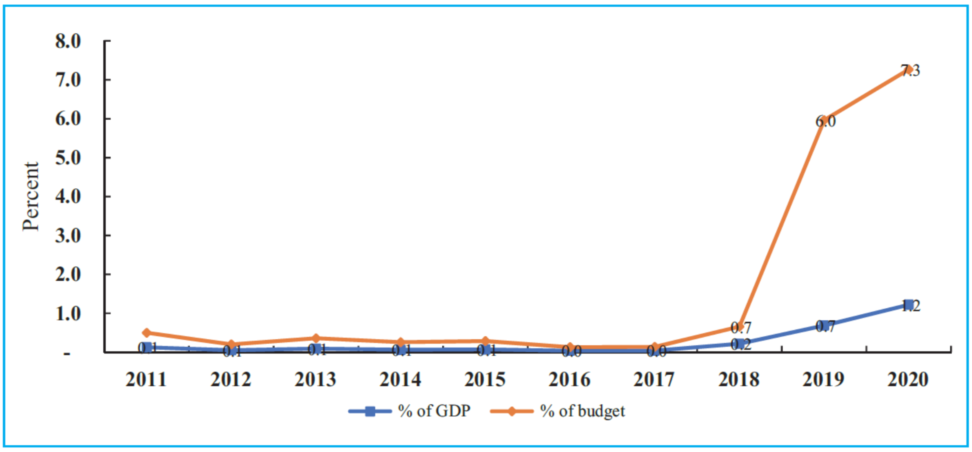

Figure1.2: Non-Contributory Social Spending: Percent of Total Budget and GDP. **Source**: Ministry of Finance and Economic Development and Author Calculations and UNICEF calculation (UNICEF, 2020).

Figure 1.2 above shows that Zimbabwe spends less than two percent (1.2%) of GDP on social assistance programs equivalent to 7.3% of the overall national budget which is insufficient in comparison to existing and future social protection needs (UNICEF, 2020). Zimbabwe should strive to catch up with its regional neighbours in terms of social spending (UNICEF, 2020). While the increase in public sector finance is encouraging, more domestic resource mobilization is needed to fill the gap created by declining donor support (UNICEF, 2020).

3. Methodology and Instruments

The study adopted a quantitative methodology in determining the factors affecting sustainability of social enterprises in Zimbabwe. The factors were discovered through literature and then evaluated among Harare's social enterprise stakeholders. A self-administered closed ended questionnaire survey was used to collect data. A sample of 125 respondents was drawn from employees as well as management personnel of social businesses, lenders, and financial regulators, as detailed in Table 3.1 below. Convenience sampling was utilized to gather data from social entrepreneurship stakeholders who were chosen for the study because they have worked for the company for more than a year and could aid in the objectives of the study. It is possible to fully comprehend the underlying phenomena of interest using this non-random selection strategy, which targets individuals with specificity. Data was analysed using the Statistical Package for Social Sciences (SPSS) Version 22 software. The researcher summarised details about the participants for this study using descriptive statistics in the form of tables. To facilitate distribution and the ease of answering via electronic devices like computers and smartphones, the instrument was set up as an online form with a Google survey format. The employed data gathering techniques were entirely in accordance with Covid 19 standards. To obtain consent, remind the responders, and express gratitude, telephonic calls and social media messages were used.

Table 3.1. Social Entrepreneurship stakeholders in Harare, Zimbabwe

Company	**Managerial/Owners**	**Employees**	**Total**
Microfinance	8	12	20
Banking	12	27	39
Private Equity Fund	10	19	29
Social Enterprises[1]	25	12	37
Grant total			**125**

Source: Research survey 2021

4. Results and Findings

Quantitative data analysis findings are presented in order to answer the study's research questions. These are addressed by looking at the factors that are affecting sustainability of social enterprises.

4.1 Questionnaire response rate and demographics

Out of the 125 Questionnaires distributed to social entrepreneurship stakeholders, 87 of them were returned with enough data for analysis. This shows that a response rate of 0.696 was attained. Looking at the demographics of the respondent's majority which is 72.4% were male whilst only 27.6% were females. This shows that the sector is dominated by male and therefore the quantitative part of this study was biased more towards to what male respondents are likely to say.

Table 4.1 Response Rate and Demographics

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	63	72.4	72.4	72.4
	Female	24	27.6	27.6	100.0
	Total	87	100.0	100.0	

As shown on the descriptive table below again the level of education for the respondents on average is a university degree since it's at 2.75. and as shown on Figure 4.1 below. This means that few respondents do have postgraduate degrees and at the same time those with college diplomas are also few. The mean Age of respondents is 3.30 meaning that most respondents are aged 35-44 years. This is necessary to ensure the solutions that are come out of the study through the respondents be of something to rely on as age also determines the level of innovativeness. Most people have stayed in the industry on average for about 6-7 years as shown on the descriptive table were the mean of years in the sector is 2.89.

Table 4.2 Response Rate and Demographics

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
gender	87	1	2	1.28	.450
level_education	87	1	4	2.75	1.034

[1] These are organizations that are social enterprises but not microfinance institutions

age	87	1	6	3.30	1.069
years_in_the_sector	87	1	5	2.98	1.494
Valid N (listwise)	87				

The Figure 4.1 below shows the distribution of age of the respondents which has a mean of 2.75 and standard deviation of 0.6333. The distribution is skewed to the centre with many respondents holding an undergraduate degree.

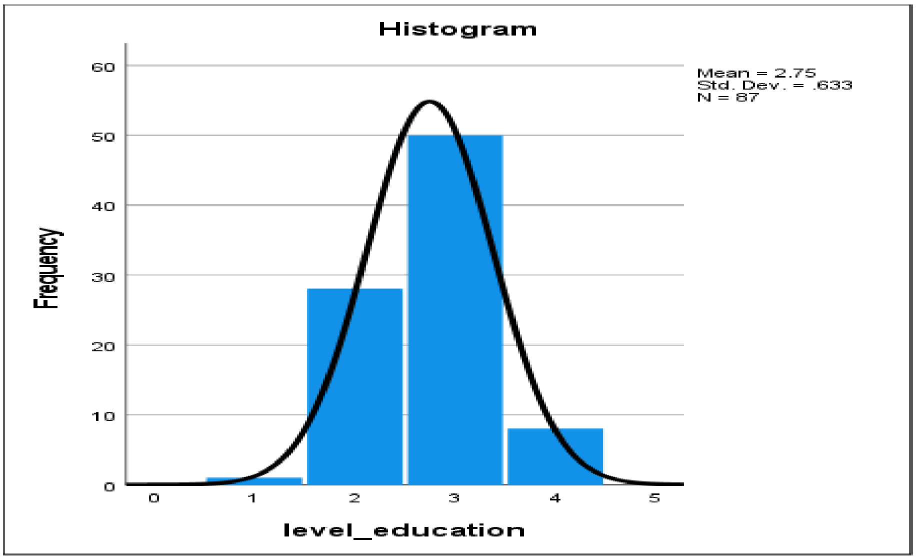

Figure 4.1 Histogram showing the distribution of level of education

4.2 Reliability statistics

Cronbach's alpha was used to determine the issue of reliability statistics underpinning the study. According to Fergus & Robyn (2019) the ability of a research instrument to replicate results under similar conditions is referred to as reliability. The Cronbach alpha coefficient value for all four construct variables of the study exceeded 0.7, as shown in Table above, which Fergus & Robyn (2019) considers to be the most acceptable threshold and confirmation of reliability. Given their Cronbach Alpha value, the study accepted all of the constructs.

4.3 Factors affecting sustainability of social enterprises in Zimbabwe

Respondents were asked what variables they believe are harming the sustainability of social enterprises in Zimbabwe in order to answer the study's first research question. A total of ten factors were considered. The mean and standard deviation of each of the factors are shown in the table below.

Table 4.3 Descriptive Statistics factors affecting sustainability of social enterprises

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Q1a	87	1	5	2.99	1.351
Q1b	87	1	5	1.98	1.418
Q1d	87	1	5	3.08	1.399
Q1c	87	1	5	2.84	1.328
Q1e	87	1	5	2.99	1.377

Q1f	87	1	5	3.20	1.437
Q1g	87	1	5	2.86	1.472
Q1h	87	1	5	3.26	1.426
Q1i	87	1	5	2.86	1.472
Q1j	87	1	5	3.00	1.494
Valid N (listwise)	87				

4.3.1 Access to social funding

There was a statistically significant agreement (n=87, Mean=2.99, SD=1.351) to support that to access to social funding is a major factor that determine whether a social enterprise can be sustainable from the beginning. Majority of the respondents, 31% agreed that this was a factor and therefore it means when social enterprise access social funding there are bound to sustain and make impact in the society.

Table 4.4 Access to social funding

Q1a

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	20.7	20.7	20.7
	Disagree	14	16.1	16.1	36.8
	Neutral	17	19.5	19.5	56.3
	Agree	27	31.0	31.0	87.4
	Strongly Agree	11	12.6	12.6	100.0
	Total	87	100.0	100.0	

4.3.2 Pursuit of dual missions

There was a statistically insignificant agreement (n=87, Mean=1.98, SD=1.418) to support that pursuit of dual missions is a major factor that determine whether a social enterprise can be successful or not. Majority of the respondents, 22% disagreed and also 21% strongly disagreed, whilst 21.8% agreed as shown on Table 4.5 below. There is no enough evidence from this study that no matter how many missions the social enterprise embarks on it does not affect its sustainability.

Table 4.5 Pursuit of dual missions

Q1b

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	24.1	24.1	24.1
	Disagree	22	25.3	25.3	49.4
	Neutral	12	13.8	13.8	63.2
	Agree	19	21.8	21.8	85.1
	Strongly Agree	13	14.9	14.9	100.0
	Total	87	100.0	100.0	

4.3.3 Competitiveness.

Competitiveness can be defined in the context of businesses as the ability of companies to offer goods or services in a favourable quality-price relationship which ensures high profits at the same time increasing or maintaining its market share gaining customer favour over other competitors. There was a statistically insignificant agreement (n=87, Mean=2.84 SD=1.328) to support that competitiveness is a major factor that determine whether a social enterprise can be sustainable in Zimbabwe. Majority of the respondents, 24.1% disagreed as shown on Table 4.6 below, that this was a factor and therefore it means trying to have a competitive edge is not what can make a social enterprise in Zimbabwe succeed.

Table 4.6 Competitiveness.

Q1c

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	19.5	19.5	19.5
	Disagree	21	24.1	24.1	43.7
	Neutral	20	23.0	23.0	66.7
	Agree	17	19.5	19.5	86.2
	Strongly Agree	12	13.8	13.8	100.0
	Total	87	100.0	100.0	

4.3.4 Community attitude and involvement

People in a community can be involved in projects to solve their own problems, which can be regarded as community engagement and this is especially vital in emergency sanitation programs, when individuals may be unfamiliar with their surroundings and unfamiliar with the new sanitation facilities. From the research findings, there was a statistically significant agreement (n=87, Mean=2.84 SD=1.328) to support this factor. Majority of the respondents, 26.4% agreed and also 19.5% were neutral and strongly disagreed, whilst 18.4% agreed as shown on Table 4.7 below. There is enough evidence from this study that community engagement is a factor that influence their sustainability.

Table 4.7 Community attitude and involvement

Q1d

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	17	19.5	19.5	19.5
	Disagree	14	16.1	16.1	35.6
	Neutral	17	19.5	19.5	55.2
	Agree	23	26.4	26.4	81.6
	Strongly Agree	16	18.4	18.4	100.0
	Total	87	100.0	100.0	

4.3.5 Strategy and Management skills

There was a statistically significant agreement (n=87, Mean=2.99 SD=1.377) to support that Strategy and Management skills of a social enterprise play a role in determining direction of success of the organisation. There is enough evidence to support that it is a major factor that determine whether a social enterprise can be successful or not.

Majority of the respondents, 41% agreed and also 20% were neutral as shown on Table 4.8 below.

Table 4.8 Strategy and Management skills

Q1e

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	13.8	13.8	13.8
	Disagree	8	9.2	9.2	23
	Neutral	17	20	20	43
	Agree	36	41	41	84
	Strongly Agree	14	16	16	100.0
	Total	87	100.0	100.0	

Strongly Disagree	12	16.1	0.138
Disagree	8	26.4	0.092
Neutral	17	19.5	0.195
Agree	36	18.4	0.414
Strongly Agree	14	19.5	0.161
Total	87	100	

4.3.6 Innovativeness of business ideas

The social enterprises operate not as profit making businesses but at the same time there are not non-profit organisations. This means their business idea and innovativeness would certainly be a major factor. There was a statistically significant agreement (n=87, Mean=3.20 SD=1.437) to support this hypothesis that a social enterprise can be successful depending on how innovative their business idea is. Majority of the respondents, 25.3% strongly agreed and also 20.7% agreed, whilst 19.5% were neutral as shown on Table 4.9 below. There is therefore enough evidence from this study that business idea and innovativeness of the social enterprise does affect its sustainability.

Table 4.9 Innovativeness of business ideas

Q1f

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	17.2	17.2	17.2
	Disagree	15	17.2	17.2	34.5
	Neutral	17	19.5	19.5	54.0
	Agree	18	20.7	20.7	74.7
	Strongly Agree	22	25.3	25.3	100.0
	Total	87	100.0	100.0	

4.3.7 Government support

There was a statistically significant agreement (n=87, Mean=2.86 SD=1.472) to support that government support is also a major factor that determine whether a social enterprise can be successful or not. Majority of the respondents, 22% disagreed and also 21% strongly disagreed, whilst 31.8% agreed as shown on Table 4.10 below. There is enough evidence from this study that government support in terms of finance, subsidies or tax exemptions can affect its sustainability as discussed by Fergus & Robyn (2019).

Table 4.10 Government support

Q1g

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	24.1	24.1	24.1
	Disagree	18	20.7	20.7	44.8
	Neutral	9	11.8	11.8	66.7
	Agree	10	11.5	11.5	78.2
	Strongly Agree	29	31.8	31.8	100.0
	Total	87	100.0	100.0	

4.3.8 Governance

Governance is a factor that is usually associated with large corporates, however even SMEs and even smaller businesses like family-owned entities are affected by the way their internal controls are done Respondents were asked to validate that this can affect viability of social enterprises. There was a statistically significant agreement (n=87, Mean=3.26 SD=1.426) to support that governance is also a factor that determines whether a social enterprise can be successful or not. Majority of the respondents, 27.6% strongly agreed and also 23% were neutral as shown on Table 4.11 below. Therefore, there is enough evidence from this study that governance is a factor that affect its sustainability.

Table 4.11 Governance

Q1h

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	16.1	16.1	16.1
	Disagree	13	14.9	14.9	31.0
	Neutral	20	23.0	23.0	54.0
	Agree	16	18.4	18.4	72.4
	Strongly Agree	24	27.6	27.6	100.0
	Total	87	100.0	100.0	

4.3.9 Entrepreneurial knowledge, experiences and capabilities

There was no statistically significant agreement (n=87, Mean=2.86 SD=1.472) to support that entrepreneurial knowledge, experiences and capabilities determines whether a social enterprise can be successful or not. Majority of the respondents, 25.3% strongly disagreed and also 20.7% disagreed as shown on Table 4.12 below. There is no enough evidence from this study that no entrepreneurial knowledge, experiences and capabilities affect its sustainability of a social enterprise.

Table 4.12 Entrepreneurial knowledge, experiences and capabilities

Q1i

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	22	25.3	25.3	25.3
	Disagree	18	20.7	20.7	46.0
	Neutral	13	14.9	14.9	60.9
	Agree	18	20.7	20.7	81.6
	Strongly Agree	16	18.4	18.4	100.0
	Total	87	100.0	100.0	

4.3.10 Complex problem solving

There was a statistically significant agreement (n=87, Mean=3.00 SD=1.494) to support that complex problem-solving characteristics of the entrepreneur is a major factor that determine whether a social enterprise can be successful or not. Majority of the respondents, 23% strongly agreed and also 19.5% agreed, as shown on Table 4.13 below. There is therefore enough evidence from this study that complex problem-solving characteristics of the entrepreneur affects its sustainability.

Table 4.13 Complex problem solving

Q1j

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	19	21.8	21.8	21.8
	Disagree	19	21.8	21.8	43.7
	Neutral	12	13.8	13.8	57.5
	Agree	17	19.5	19.5	77.0
	Strongly Agree	20	23.0	23.0	100.0
	Total	87	100.0	100.0	

4.4 One-tailed t test of Challenges and Opportunities of social entrepreneurship

In order to assess the validity of each challenge a one-tailed t test was done on the hypothesis of these challenges and below is the presentation of the results.

Table 4.14 One-tailed t test of Challenges and Opportunities of social entrepreneurship

	Challenges and opportunities	Mean	SD	p-value	Result
1	The challenges are associated with Credibility of social enterprises	1.92	.735	0.41	Statistically insignificant
2	The challenges are associated with Lack of flexibility and responsiveness	2.07	.832	0.042	Statistically significant
3	The challenges are associated with Lack of shared commitment	2.80	1.119	0.83	Statistically insignificant
4	The challenges are associated with Government policy inconsistency	2.86	1.296	0.0012	Statistically significant
5	The challenges are associated with Lack of access to social capital	2.87	1.379	0.0013	Statistically significant
6	The challenges are associated with Inconsistency of purpose	3.02	1.463	1.87	Statistically insignificant
7	The challenges are associated with Resistance within Communities	2.95	1.405	2.02	Statistically insignificant
8	There are vast opportunities in social entrepreneurship in Zimbabwe?	3.24	1.381	0.02	Statistically significant

9	The right match between social enterprise needs to a suitable financing model is key to solve existing funding gaps to achieve self-sustainability of these enterprises?	3.15	1.368	0.0034	Statistically significant
10	Hybrid finance offers opportunities for tailor-made financing solutions for social enterprises?	2.72	1.436	0.001	Statistically significant

From the results of p-values of the hypothesis challenges are associated with credibility of social enterprises, lack of shared commitment, resistance within communities and inconsistency of purpose were failed to be supported by the responses by the participants in the study. Government policy inconsistency, lack of access to social capital, lack of flexibility and responsiveness are the major challenges that social enterprises in Zimbabwe face.

5.0 Discussion

5.1 What are the factors affecting sustainability of social enterprises in Zimbabwe?

According to the findings, only six of the ten hypothesized factors were shown to be meaningful in affecting social enterprises in Zimbabwe. There was no enough evidence to support Pursuit of dual missions, Competitiveness, Innovativeness of business ideas and also entrepreneurial knowledge, experiences and capabilities. This means that whether a social entrepreneur is skilled and has knowledge with innovativeness it does not guarantee success. However, these findings contradict those of Akbulaev, et al., (2019), who stress the value of social entrepreneurship training. The main factors that were raised are social finance access and government support. These findings corroborated previous research, as discussed by Maseko, N. et al., (2011), Fergus & Robyn (2019), Serrano, et al., (2019) and Wanyoike & Maseno (2021). Other supporting factors as shown below are governance, management skills and ability of entrepreneur to solve complex problems.

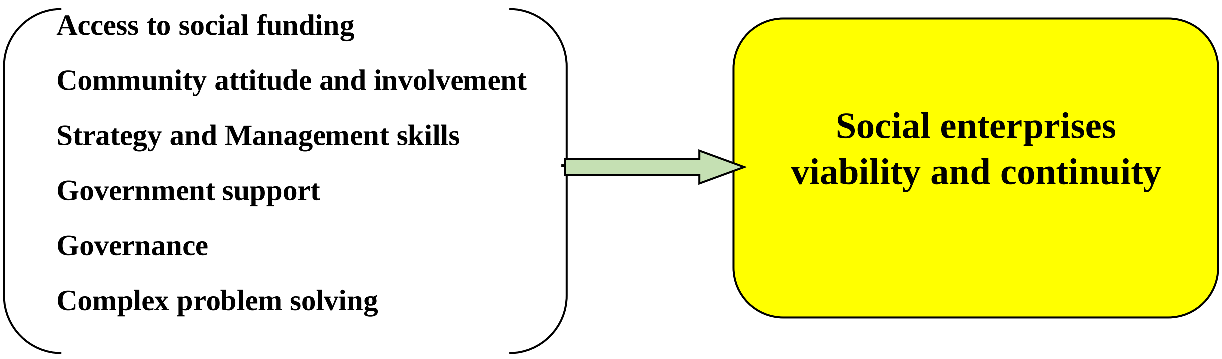

Figure 5.1 Factors that affect sustainability of social enterprises **Source:** Research data (2022)

These factors are interconnected in such a way that one factor boosts the other and ultimately viability of social enterprises as shown of Figure 5.2 below;

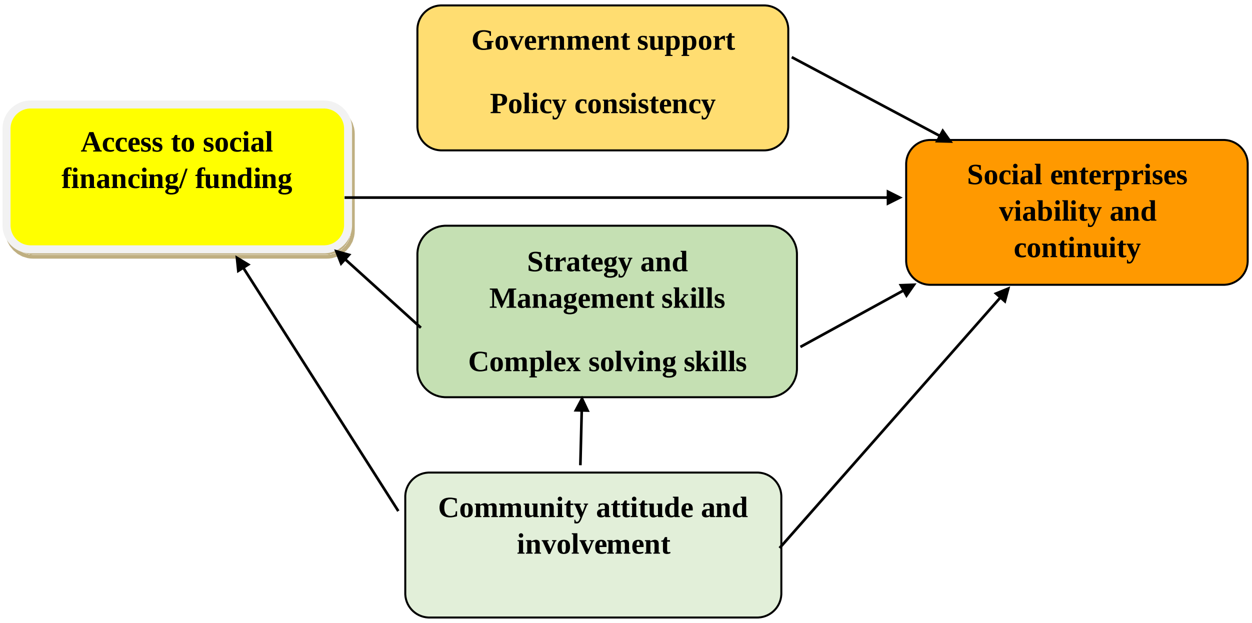

Figure 5.2 Factors that are connected and support the viability and continuity of social enterprises **Source:** Research data (2022)

These findings supported literature as discussed by Frank and Muranda (2016) who discussed that, social enterprise organizations confront significant difficulties in mobilizing resources for the purpose of financing their enterprises. The cost of borrowing money in Zimbabwe is excessively high (Allen, H., 2006 and Nyarota, S., et al.,2015) to the point where it endangers the viability of businesses that borrow money in order to expand their operations and invest in new projects. Further, given the current Zimbabwean economic context, microfinance institutions that provide affordable or low-interest loans consider social enterprises as risk entities. Despite these constraints, the complexity of societal problems and the limited financial resources available for social service delivery can encourage social entrepreneurs to take additional risks by participating in social organizations. In the same way key factors like the management skills of the social entrepreneur were found to be also key determinants of success of these entities.

5.2What are the challenges and opportunities for sustainable social financing models in Zimbabwe?

From the quantitative results, challenges with credibility of social enterprises, lack of shared commitment, resistance within communities and inconsistency of purpose were failed to be supported by the responses by the participants in the study. Seda and Ismail (2019) highlight the challenge of communities' general ignorance of social ventures. Therefore, it can conclude that challenges associate with these are negligible in the social entrepreneurship sector in Zimbabwe. The key obstacles that social businesses in Zimbabwe encounter include inconsistency in government policy as discussed by Fergus & Robyn (2019), a lack of access to social capital, and a lack of flexibility and responsiveness (Plunkett Foundation, 2010). Social enterprises are not self-contained firms in the traditional sense. They are a component of a value chain and compete with firms and they're part of a larger business ecosystem (Serrano, et al., 2019), that contains a large number of small and large enterprises that compete and collaborate with one another (vertical linkages). As a result of this procedure, they need further government protection.
These challenges are correlated as you have one source of challenge likely to cause the other for instance lack of government support may be through exemptions and also through encouraging the private sector it may result in lack of access to social capital. As discussed by the Plunkett Foundation

(2010), Brandstetter and Lehner, (2015) and Frank and Muranda (2016), social enterprises also need to be responsive to changes in the economy such that their business part that generates financial returns does that to support their social call.

6.0 Conclusions and Recommendations

The study findings indicate that, only six of the ten hypothesized elements were found to be important in effecting social enterprises in Zimbabwe, resulting in a total of six relevant factors. Neither the pursuit of dual objectives nor the competitiveness or innovativeness of company concepts, nor the entrepreneurial knowledge, experiences, and competencies were sufficiently supported by the available evidence. There are challenges associated in trying to start and operate a social enterprise in Zimbabwe. These are challenges inked to government policy inconsistency, lack of access to social capital, lack of flexibility and responsiveness are the most significant obstacles that social enterprises in Zimbabwe face. To address financing challenges faced by the social enterprises in Zimbabwe it is recommended that a tailored national revolving fund be set up by the government. This revolving fund is proposed to be contained at the national centre of social innovation that can be accessed by all stakeholders. This centre will allow for Social Innovation and social financing by furnishing a comprehensive offering of key service areas that assist in development of social enterprises that help solve social issues.

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