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## Article

# Entrepreneurial orientation among social enterprises in Uganda

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## ENTREPRENEURIAL ORIENTATION AMONG SOCIAL ENTERPRISES IN UGANDA

*Ernest Abaho<sup>1</sup>, Desi Barungi Begumisa<sup>2</sup>, Fiona Aikiriza<sup>3</sup>, & Ivaney Turyasingura<sup>4</sup>*

### ABSTRACT

*This study examines the relationship between entrepreneurial orientation (EO) and social enterprise growth. A sample of 144 was selected from 548 registered social enterprises in Kampala city of Uganda using simple random sampling. The paper uses cross-sectional data. It has established that there is a significant positive correlation between the level of Innovativeness and Social Enterprise Growth, implying that that, as social entrepreneurs invest more in both radical and incremental innovations, they are likely to realise growth in competitiveness. Moreover, the study has found that risk orientation and proactiveness have a significant correlation with social enterprises growth. In other words, when social enterprises prepare good business plans, practice effective business controls while constantly seeking opportunities, they are likely to experience growth. In fact, EO, as a global construct, explains up to 37.3 percent of the variance in social enterprise growth. As such, the social enterprise sector needs to develop EO mechanisms for utilisation in creating and exploring opportunities for growth. Although the social enterprise sector has experienced phenomenal growth, there is need to develop an entrepreneurial capacity-building framework to support growth, sustainability and competitiveness of these enterprises. Indeed, the study recommends encouraging social entrepreneurs to make financial investments in research and development in addition to carrying out market environmental scanning to identify market changes, constant social product and service improvements and new social product development so as to access differentiated markets and realise requisite growth. On the whole, this paper presents and extends the debate on the relevance of EO and contextual evidence of social enterprises and their nature of entrepreneurial orientation in a developing economy where the level and practice of philanthropy has unique challenges for supporting social entrepreneurship.*

**Key words:** Social entrepreneurship, entrepreneurial orientation, Uganda

### BACKGROUND

The world over, policy-makers use the language of local capacity-building as a strategy for assisting impoverished communities to become self-reliant (Peredo & Chrisman, 2006). In fact, the perseverance of poverty, lack of employment and the absence of basic welfare characterise the larger part of Africa (GEM, 2009; Sserwanga, Kiconco, Nystrand and Mindra, 2014). In their search for effective engines of development, aid organisations such as the World Bank, UN agencies and bilateral donors increasingly treat the private sector development as key to solving many of the continent's social problems through social entrepreneurship (Tvedten *et al.*, 2012).

This growing focus on private-sector-driven development has also witnessed the emergence of a wide range of business model hybrids in recent years, which in one way or another seek to combine the efficiency and innovativeness of a commercial enterprise with the provision of developmental goods such as jobs, welfare, opportunities and education. One such hybrid is a social enterprise through which people commit their efforts to

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addressing community challenges so as to reduce inefficiencies in communities and societies towards development (Omorede, 2014). Moreover, the increasing convergence between the for-profit and not-for-profit spheres has brought together the two in a relationship between social interests and market efficiency. As a result, social entrepreneurship has recently attracted attention in most parts of the world (Urban, 2008; Jiao, 2011; Omorede, 2014; Sserwanga *et al.*, 2014).

Social entrepreneurship seems to be more relevant in developing countries where social needs are persistently underserved and employment opportunities are often scarce. East Africa is one of these developing regions. Uganda, for example, has an unemployment rate among the population of those aged above 15 of 84 percent, with the informal sector accounting for 43 percent of the total economy (World Bank, 2013). In other words, formal employment opportunities remain few. According to the World Bank (2013), Uganda was ranked 164 in the world on the Human Development Index (HDI), an indication of a low level of development in terms of life expectancy, education, and income levels. This implies that social development remains poor in Uganda. After all, the Global Entrepreneurship Monitor (GEM, 2009) reports that most of the business enterprises in Uganda do not live to see their first birthday and social enterprises are no exception.

Omorede (2014) argues that individual's intentional mindset contributes to the making of decision to start a social enterprise because it drives the passion for a cause that is facilitated by the support provided in their social network to force the spirit of persistence in the oftentimes challenging situation of being a social entrepreneur. Individual mindset is compelled by the perception of social enterprise desirability and feasibility (Jiao, 2011) since it is from this that people commit to developing their social enterprises. Therefore, while some people start and fail in the social enterprise sector, others grow and expand mainly due to differences in entrepreneurial orientation. Schillo (2011) presents an entrepreneurial orientation of a business as ability and willingness for risk taking, proactiveness, innovativeness, competitive aggressiveness and autonomy. Dess and Lumpkin (2005), Stam and Elfring (2008) seem to agree and further argue that entrepreneurial orientation as a mode of strategy making is vital in exploiting new business ideas. Wiklund and Shepherd (2003) state that entrepreneurial orientation gives a firm strategic direction, especially in spotting and taking up of various business opportunities and influencing internal resource allocation which determines both the internal and external growth.

According to the theory of social innovation (Schumpeter, 1934), a social entrepreneur is a social innovator who reforms and revolutionises the pattern of producing social value and shifts resources into areas of high yield for the society. The concept of social entrepreneurship has been recognised world over as a means of impacting lives (Yunus *et al.*, 2010). Although aid organisations and policy-makers have made concerted efforts to encourage the growth of social enterprises as capacity building strategies for assisting impoverished communities (Sserwanga *et al.*, 2014), only a small portion of the population has continued to appreciate the concept of social entrepreneurship (Kirby & Nagwa, 2011). On the other hand, Chandra (2016) argues that social entrepreneurship is distinct from business entrepreneurs, yet the two concepts operate on similar entrepreneurship principles in terms of resources, constraints and opportunities.

Smith, Bell, and Watts (2014) in their study on the difference between personality trait of social and traditional entrepreneurs found that social entrepreneurs exhibit statistically and significantly higher levels of creativity, risk-taking and need for autonomy than traditional entrepreneurs. Although Smith *et al.* (2014) argue that social entrepreneurs rank high in entrepreneurial orientation, their sample size and attribution was the main limitation because it was fairly culturally homogeneous and small, something that limits generalisation of the findings. As such, there is more research needed to understand the role of entrepreneurial orientation among social entrepreneurs and how this impacts on their performance. This study, therefore, examines the relationship between entrepreneurial orientation and social enterprise growth. Specifically, the paper examines the relationship between innovativeness and social enterprise growth, the relationship between risk orientation and social enterprise growth and the relationship between proactiveness and social enterprise growth.

### *Evolution of social entrepreneurship*

Though research in entrepreneurship has paid less attention to the evolution process of social entrepreneurship, the concept has nevertheless evolved overtime. The idea of social entrepreneurship was initially developed in the United Kingdom in the eighteenth century by entrepreneur Robert Owen, a business owner, in a bid to give back to the community, including improving employees' welfare. Since then, the growth of businesses with social orientation has taken place at a high rate, especially in the United States (Welsh & Krueger, 2013). Although some people have treated social entrepreneurship as corporate social responsibility, social enterprises directly confront social needs through their products and services rather than indirectly through socially responsible business practices (DuRand, 1990).

This accelerated rate in social enterprise growth has been attributed to structural and managerial problems associated with government resources (Shaw, 2007). Consequently,, global social enterprises such as Grameen Bank with origins in Bangladesh (Yunus, Moingeon, & Lehmann-Ortega 2010), Ashoka Arab World ([www.ashoka.org/egypt](http://www.ashoka.org/egypt)) among many others, have emerged. In fact, social entrepreneurship has gained attention in most parts of the world today. This concept was recognised in South Africa at the World Economic Forum's (2006) Conference on Africa in Cape town as an alternative and innovative way of delivering public services such as community support, housing, health, education among others (Urban, 2008).

### *Theory and Models of social entrepreneurship*

Several theories attempt to define the concept of social entrepreneurship, one of which is social innovation, which emphasises the usefulness of innovation in producing value for the society. Under social innovation, the focus is on the development of new social services and methods of solving social problems more effectively and efficiently in a sustainable manner (Klievink & Janssen, 2014). This theory has also been influenced by Schumpeter (1934) who sees a social entrepreneur as a social innovator involved in reforming and revolutionising the patterns of producing value and shifting of resources into areas of high yield for the society.

Fowler (2000) argues that organisations can have activities that do not necessarily produce social value but which allow surpluses to cross-subsidise other entities' social activities, which he calls complementary social entrepreneurship. According to Fowler (2000), the three models of social entrepreneurship are Civic Innovation, Integrated Social Entrepreneurism and Complementary Social Entrepreneurism. Fowler's conceptual models have become popular with a number of other scholars referring to his work (Peredo & McLean, 2006; Rashid, 2010). These social entrepreneurship models are further discussed in Table: 1

**Table 1: Comparisons between Social Entrepreneurship Models**

Model / Option	Characteristics
Social Entrepreneurship	Adopting commercial approaches and creating enterprises that generate social benefits as well as surpluses, or financial solidity, hence the existing social development programmes.
Civic Innovation	Creating new solutions to old and new social problems that are located in and draw on civic action and support from the citizens' base.
Complementary Social Entrepreneurism	For cross subsidy and organisational viability: Without the activity generating social benefits.
Integrated Social Entrepreneurism	Establishing enterprises to create financial surplus.

Source: *Fowler (2000)*.

### *Social entrepreneurship in literature*

Social entrepreneurship is gaining ground as modern entrepreneurs and charitable organisations keep devising new ways of solving community problems that stem from market failures and government inadequacies. These problems include poor housing, poverty, inadequate educational services, lack of energy, and lack of health care facilities (Griffiths *et al.*, 2013). A small portion of the population is likely to understand how social entrepreneurship operates and how it is much needed to address community problems (Kirby & Nagwa, 2011; Sserwanga *et al.*, 2014).

Spear (2006) argues that these kinds of enterprises depend on social capital and external support in financing their projects. In this case, the social environment facilitates moral support in the form of social capital in the efforts by stakeholders/community members aimed to support and fund entrepreneurial community activities. In other words, networking is important in this sector as it provides players with a lot of ideas in addition to widening their information and knowledge base that help them to identify opportunities locally (Shaw & Carter, 2007).

As a new concept, social entrepreneurship has faced a lot of challenges primarily because there had been few institutional mechanisms in place to support it in addition to lacking enough support coupled with the low level of capacity-building and training in the area (Urban, 2008). Though the term is now common in both literature and practice, there is no universally-accepted definition of a social enterprise. In common with the small business sector, social enterprises are best characterised by their diversity and heterogeneity. Indeed, this sector comprises a variety of organisational types, including social enterprises, which though sharing a commitment to addressing and tackling their unmet social needs vary in terms of the forms and structures they assume, the activities which they engage in and the client groups they serve (Social Enterprise London, 2001a, 2001b).

Generally, social entrepreneurship serves as a catalyst for social change and addresses important social needs that are not dominated by financial benefits for entrepreneurship. Social entrepreneurship differs from other forms of entrepreneurship as it accords higher priority to social value and development that captures economic value (Mair & Marti, 2006). Hence, a social entrepreneur neither anticipates nor organises to create substantial financial profit for their investors, for common government institutions, or for themselves. Instead, he or she strives to create value in the form of large-scale transformational benefit that accrues to a significant segment of the society and, hence, initiate innovative market solutions for social problems.

A social enterprise combines the social objectives and orientation of NGOs with market-driven practices of the business (Dees & Anderson, 2006). However, it does not do some social good as an image improving part of its business or regarded as a means to increase sales because it pursues social objectives and uses business approaches to do so (Gradl & Knoblock, 2010). Thus, it intertwines social and economic mission in its operations, thereby, exceeding the scope of corporate social responsibility (Hartigan, 2013). This conception and elaboration can further be explained using the following table drawing on arguments made by Peredo and McLean (2006):

**Table 2: Prominence of social goals and commercial exchange among social enterprises**

Place of social goals	Role of commercial exchange	Example
Enterprise goals are exclusively social.	No commercial exchange.	NGOs
Enterprise goals are exclusively social.	Some commercial exchange, any profits directly to social benefit ('Integrated') or in	Grameen Bank ('Integrated'); Bangladesh Rural Advancement

	support of the enterprise ('Complementary').	Committee Printing Press, Cold storage, Garment factory ('Complementary').
Enterprise goals are chiefly social, but not exclusively.	Commercial exchange; profits in part to benefit entrepreneur and/or supporters.	Missouri Home Care, Texas.
Social goals are prominent among other goals of the enterprise.	Commercial exchange; profit making to entrepreneur & others is a strong objective.	Ben & Jerry's
Social goals are among the goals of the enterprise, but subordinate to others.	Commercial exchange; profit making to entrepreneur & others is prominent or prime objective.	'Cause branding'; Social objectives undertaken by corporations such as banks.

Source: *Peredo and McLean (2006)*

Fowler (2000) and Belinda *et al.* (2013) argue that social entrepreneurship should distinguish itself from commercial entrepreneurship as its primary aim is to generate social value without necessarily relying on access to tax-derived subsidy. Fowler suggests that these organisations aim to create a surplus rather than a profit to tackle a social problem. Fowler's distinction of a social enterprise from other commercial enterprises is closer to what constitutes a social enterprise. The operational definition of a social enterprise in this study follows Dees and Anderson's (2006) perspective of combining social objectives and orientation of NGOs in an enterprise following market-driven business practices.

#### *Entrepreneurial Orientation*

Research on the notion of entrepreneurial orientation is on the upswing as scholars recognise that firms adopting entrepreneurially-oriented behaviours often outperform their less entrepreneurially-oriented counterparts (Wiklund, 1999; Wiklund & Shepherd, 2005; Ngoma, Abaho, Nangoli & Kusemererwa, 2017). The conceptualisation of entrepreneurial orientation is dynamic and has changed over time (Landstro'm 2009). Some scholars refer to it as individual opportunistic activity that creates value and bears the kind of risk strongly associated with innovation (Sexton & Kasarda, 1992). Others refer to it as a firm level construct that relates to organizational performance (Covin & Slevin, 1991; Lumpkin & Dess, 1996; Madsen, 2007).

Covin *et al.* (2006) refers to entrepreneurial orientation as a strategic construct whose conceptual domain includes certain firm level outcomes and management related preferences, beliefs, and behaviours evident in or expressed by a firm's top level managers. Furthermore entrepreneurial orientation constitutes the decision-making styles, recurrent processes based on learning generated capabilities (Covin & Slevin, 1991; Winter, 2003), and methods that inform a firm's entrepreneurial activities (Lumpkin & Dess, 1996). Runyan *et al.* (2008) argue that entrepreneurial orientation is manifested in attitudes towards innovativeness, proactiveness, and risk-taking. These entrepreneurship dimensions are central to entrepreneurial orientation (Miller, 1983; Miller, 2011; Covin and Slevin, 1989). Thus in the social entrepreneurship context, entrepreneurial orientation facilitates opportunity recognition among individuals sensitive to changes in the business environment (Sserwanga *et al.*, 2014).

Besides the three most commonly used dimensions of entrepreneurial orientation, Lumpkin and Dess (1996) argue that two additional dimensions—competitive aggressiveness and autonomy—are also salient components of entrepreneurial orientation. According to Lumpkin and Dess (2001), competitive aggressiveness refers to the intensity of a firm's effort to outperform industry rivals, characterized by strong offensive attitude and forceful response to competitors' actions. On the other hand, autonomy has to do with independent actions of an individual or team aimed at creating a business concept or vision and carrying it through to completion.

Much of entrepreneurial orientation research examines three dimensions instead of all these five dimensions, which implies that the scale developed by Covin and Slevin is the most common in the entrepreneurial orientation literature (Andersen, 2010; Vora, Vora and Polley, 2012). For instance, Rauch *et al.* (2009) in their meta-analysis show that all these five dimensions have been used in only one study (George *et al.*, 2001). On the other hand, some 29 studies have used only three dimensions—innovativeness, risk-taking and proactiveness (Wiklund & Shepherd, 2005). As a

result, this study used these three deemed major dimensions (Innovativeness, Risk-taking and Proactiveness) that have been deployed by several researchers primarily because of their influence on social enterprise growth. From the social entrepreneurship perspective, Nwankwo and Gbadamosi (2013) posit that entrepreneurial orientation helps communities to access learning opportunities and generate social capital. Luu (2017) presents a good linkage between entrepreneurial orientation and social entrepreneurship, arguing that EO helps to cultivate entrepreneurial leadership by managing employee engagement in the decision-making process. Luu (2017) singles out ambidextrous leadership (managing employee engagement levels to either explore or exploit opportunities) as an entrepreneurial approach to organizational performance.

#### *Innovativeness and growth of social enterprises*

According to Detre *et al.* (2011), innovativeness is observable if all areas of a social enterprise create new ideas and build on them to produce output that is more appealing to the public to produce better output. Moreover, these ideas can be imported from outside the social enterprise and introduced into the systems of work for that same social enterprise. However, Mazzarol (2002) affirms that innovation must be born from within the social enterprise and can never at one time be purchased from external sources. Although innovativeness has many dimensions, the most common ones are radical-versus-incremental, product-versus-process, and administrative-versus-technological (Zhao, Li & Liu, 2006). Incremental innovation is routine with cumulative series whereby minor changes result (West & Farr, 1990). On the other hand, radical innovation causes abrupt major changes or doing of something markedly different from what a social enterprise had done before. Thus, the degree of newness (radical/incremental) involves changes in different aspects of a social business (Otero-Neira *et al.*, 2009).

Innovation also occurs when the social enterprise modifies significantly the productive process in a operational year (Thompson, 2012). According to Catozella and Vivarelli (2007), policies aimed at greater growth and productivity of a social enterprise may have to take into account the different mechanisms resulting in innovations from technological and cost-competitiveness strategies as well as different relevancies in industry groups. Furthermore, innovativeness reflects a tendency to engage in and support new social ideas, novelty, experimentation, and creative processes that may result in new social products, social services or social technological processes (Lumpkin & Dess, 1996). For sustainability, social enterprises ought to invest in deep beneficiary knowledge (Christensen & Bower, 1996). However, when beneficiaries are impoverished, their needs and preferences often go unrecognised, which limits the social entrepreneurs' innovative abilities (London *et al.*, 2010; Viswanathan *et al.*, 2005, 2010; Weidner *et al.*, 2010; Luu, 2017).

From the developmental social entrepreneurship perspective, social enterprises seeking to take innovation to the poor in developing countries need to open up the exchange relationship with their beneficiaries to co-create value with end-users on their own terms (Vargo & Lusch, 2004). Social innovations face steep barriers particularly in impoverished rural communities where the average individual is likely to deviate from the norm by which the rest of the community abides (Viswanathan, 2007). Hence, innovations introduced to those living in poverty in developing countries must reach and connect not only with the individual beneficiaries but also their local communities (Khavul *et al.*, 2009).

#### *Risk orientation and growth of social enterprises*

Risk is the possibility that the outcome from a process will not meet expectations (Knechel, 2002). Kleim and Ludin (2000) define risk as the occurrence of an event that has consequences for and impacts on a particular product, a definition that alludes to a fundamental characteristic of a risk—uncertainty. In fact, risks are inherent in every human and business endeavour (Wider & Davis, 1998; Rao, 2007). More particularly, risk orientation refers to individuals' or organisations' willingness to take risks (Ngoma, Abaho, Nangoli, & Kusemererwa, 2017). From the African perspective, Mona (2015) argues that foreign-owned social enterprises take little risk relative to other social enterprises in East Africa as foreign ownership cushions the financial fragility and makes social enterprises less prone to financial crises.

Risk orientation can have significant impact on both the short and long-term performance of a social enterprise business and these social enterprises are likely to suffer loss if they do not actively manage those risks (Tang, 2006; Tuan *et al.*, 2013; Kuranchie-Pong *et al.*, 2016). After all, with high levels of risk orientation, any enterprise can develop new service and product lines even when the outcomes remain uncertain and the technology untested (Chang, Lin, Chang, & Chen, 2007). Organisational support among supervisors and employees relates to the development of employees' risk-taking trusting that the social enterprise will respond benevolently to failure. In fact, employees who believe that a social enterprise values their well-being are also willing to take risks on behalf of the said enterprise in the belief that the organisation will recognise their own benevolent intent and dedication to the social enterprise (Pedro & Eisenberger, 2014). Increased monitoring of social enterprise managerial decisions also affects corporate risk-taking as managers consume fewer firm resources for personal benefit and, instead, use firm resources for investment in value for enterprise growth (Hoelscher & Seavy, 2014; Pedro & Eisenberger, 2014; Ranjit & Amalesh, 2011). This study defines risk orientation as the willingness of a given social enterprise to commit resources and time to generating new products and services in addition to entering into new social markets amidst uncertainty of the outcomes but with a prospect of positive outcomes.

#### *Proactiveness and growth of social enterprises*

Proactive social entrepreneurs are more extraverted, open and conscientious (Bolton & Lane, 2012). Proactiveness is vital in influencing social enterprise start-up because it enhances the probability of undertaking the requisite tasks likely to lead to the establishment of new social enterprises (Kropp *et al.*, 2008; Kraus, 2013). Social enterprises are likely to expand and grow when there is a high level of entrepreneurial proactiveness. In this case, a firm that can anticipate future problems, needs and changes, takes pertinent and strategic initiatives, anticipates and creates new opportunities and creates/participates in emerging markets a competitive advantage which is important in steering social enterprise growth (Eggers *et al.*, 2013).

Proactive intentions enable social entrepreneurs to come up with new competitive ideas in addition to creative innovations because this continuous anticipation creates dynamism within a social enterprise, which is essential for competing in emerging social enterprise markets (Sandberg, 2007). In fact, when a social enterprise is proactive, it anticipates future needs and takes dynamic initiatives to energise the needs of the beneficiaries which is essential for growth (Fontela *et al.*, 2006). Proactiveness also helps in the process of seizing opportunities through searching, monitoring, anticipating, and exploiting current and future needs (Vora *et al.*, 2012; Santos *et al.*, 2012). Therefore, proactiveness influences the growth of social enterprises by anticipating future needs and taking dynamic strategic initiatives. In this study, proactiveness refers to planning, controlling and opportunity-seeking activities by social enterprises (Santos *et al.* 2012).

## **METHODOLOGY**

The study deployed a cross-sectional research design with quantitative approach which involved the use of descriptive and inferential statistics. The target population was 548 social enterprises which operate in Makindye Division, Kampala, Uganda (Uganda Business Register 2013/2014; RSB, 2014). A sample size of 226 social enterprises was used as guided by Krejcie and Morgan (1970), who encourage the use of simple random sampling. Data was obtained using a self-administered questionnaire. In the measurement of the variables, we adopted the Kraus, Niemand, Halberstadt, Shaw and Syrjä (2017) Delphi measurement scales of social entrepreneurial orientation, namely Social innovativeness, social risk-taking and social proactiveness.

Social enterprises were the unit of analysis whereas the units of enquiry were managers of these enterprises because they have better information and are involved in the day-to-day management and running of these enterprises. The validity of the research instrument was measured by seeking views from experts both academicians and practitioners in the area of social entrepreneurship who assisted in determining the relevance of the scales in the instrument.



Reliability of the items, on the other hand, was determined using the Cronbach Alpha Coefficient as indicated in Table 3:

**Table 3: Reliability analysis**

Variable	Number of Items	Cronbach Alpha Value	Comment
Social Innovativeness	12	.700	Acceptable
Social Risk Orientation	16	.870	Acceptable
Social Proactiveness	19	.866	Acceptable
Social Enterprise Growth	27	.741	Acceptable

**Table 4: Organisational characteristics**

Variables		Frequency	Percent
Nature of the Social business	Self-sustaining	62	52.5
	Dependent on other projects	56	47.5
How long has your social enterprise been operating?	Less than a year	4	3.4
	1 – 2 Years	23	19.5
	3 – 5 Years	42	35.6
	6 – 10 Years	39	33.1
	Over 10 Years	10	8.5
Number of employees	Less than 5	24	20.3
	6 – 10 People	50	42.4
	Over 10 People	44	37.3
Does the project Plan for Innovative activities?	Yes	101	85.6
	No	16	13.6
Does the project support risk taking behaviours?	Yes	78	66.1
	No	39	33.1
Are all staff involved in planning	Yes	82	69.5
	No	36	30.5
Does your project Support market research	Yes	74	62.7
	No	44	37.3
Does your project Support new technologies	Yes	102	86.4
	No	16	13.6

The results in Table 4 indicate that the majority of the social businesses (52.5%) were self-sustaining, whereas a slight minority (47.5%) depended on other projects for survival. Moreover, social enterprises that have been in existence for less than a year, 1 – 2 years, 3 – 5 years, 6 – 10 years and over 10 years were: 3.4%, 19.5%, 35.6%, 33.1% and 8.5%, respectively, meaning that the majority of the social enterprises in the survey had been in existence for 3 – 5 years (35.6%) and it was observed that most of them had 6 – 10 employees (42.4%). The majority (85.6%) of the respondents agreed that their social enterprises do plan for innovation activities whereas only 13.6 percent said their enterprises do not undertake such planning. Also, a majority (66%) of the respondents agreed that their social enterprises tolerate risk-taking behaviours, whereas a minority (33.1%) responded that they do not entertain such risk-taking behaviours in their social enterprises. Most of the social enterprises in the sample study (69.5%) involve all their staff in planning activities compared to only 30.5 percent who do not do so. A big number (62.7%) of the social enterprises support market research in relation to a small percentage (37.3%) that does not. Furthermore, a big number (86.4%) of the social enterprises in the sample survey agreed that their firms support new technologies even when other competitors have not adopted them compared to only 13.6 percent who seem technology shy.

**Table 5: Correlation results**

	Minimum	Maximum	Mean	1	2	3
Social Innovativeness (1)	2.08	5.00	3.9230	1		
Social Risk Orientation (2)	1.44	5.00	3.3925	.406**	1	
Social Proactiveness (3)	2.89	5.00	4.2645	.299**	.306**	1
Social Enterprise Growth (4)	2.81	5.00	4.1412	.318**	.361**	.588**
**. Correlation is significant at the 0.01 level (2-tailed).						

Results indicated a significant positive correlation between innovativeness and social enterprise growth ( $r = .318$ ,  $p < .01$ ). This means that as social entrepreneurs invest more in both radical and incremental innovations there was a realisation of growth in beneficiary numbers, competitiveness in quality, positive response to customer needs and survival.

Results also indicate a significant correlation between risk orientation and the growth of social enterprises ( $r = .361$ ,  $p < .01$ ). This implies that when there is an improvement in risk orientation levels, there is a high likelihood of social Enterprise Growth. Related observations were made between proactiveness and social enterprise growth ( $r = .588$ ,  $p < .01$ ). This means that when social entrepreneurs are good at business planning, business control, opportunity seeking among many other business orientations, the rate of their enterprise growth is likely to increase. The totality of these proactive behaviours can breed quality competitiveness, high productivity, bolstering the survival and growth of the social enterprise as a more likely outcome.

**Table 6: Regression analysis**

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.319	.360		3.660	.000		
Innovativeness	.089	.074	.099	1.205	.231	.802	1.248
Risk Orientation	.088	.044	.166	2.023	.045	.798	1.254
Proactiveness	.510	.079	.507	6.465	.000	.870	1.150
R=.624, R <sup>2</sup> =.389, Adjusted R <sup>2</sup> =.373, F=24.232, Sig=.000, e=.35402							
Dependent Variable: <i>Social Enterprise Growth</i>							

From the sample, it is observed that innovativeness, risk orientation and proactiveness are predicted up to 37.3% (Adjusted R<sup>2</sup> = .373) of the variance in social enterprise growth. None-the-less, it was only Risk orientation (Beta = .166,  $P < .05$ ) and Proactiveness (Beta = .507,  $P < .01$ ) that were found significant predictors of social enterprise growth.

## DISCUSSION

The existence of a significant positive relationship between innovation and social enterprises implies that the introduction of new technologies, new products, services, sources of supply and new improved approaches to provide services to social enterprise markets distinguishes social entrepreneurs from other players in the industry in terms of its competitiveness. Therefore, there is a need for social enterprises to improve the mixing of business

products, the choice of their development improvements in internal operations and capacities. Consequently, innovation orientation enables social enterprises to provide superior benefits through radical and incremental innovation over the existing social products, processes, markets and supplies, which naturally gives them an edge over their competitors.

These findings find support in Pena (2002) who argues that innovative products and services, new market development present new opportunities for a social enterprise to expand in new areas, and meet changing market needs, increase sales and employment in addition to boosting competitiveness (Zhao *et al.*, 2006). Findings are further supported by Pratali (2003), who asserts that, incremental and technological innovations help improve social enterprises' competitiveness.

For risk orientation and growth of social enterprises, the findings have revealed a positive and significant relationship. Thus, it is imperative to acknowledge that risk-taking in a social enterprise differs from what transpires in traditional businesses in numerous ways, for example, the cost of risk, antecedents of risk and the attendant rewards of risk. From an African point view, social enterprises rely largely on external funding and are usually service-oriented, with the risks not always amounting to financial loss in terms of return on investment. In fact, the financial implications are associated with the failure to attract funding with modest nascent investments. For many of the African social enterprises, the value proposition is service which does not require top-notch innovation but complimentary value addition. Thus the risk orientation of complete loss on innovation breakthroughs may not be as intense and high value.

The findings in this study help to illuminate on what constitutes a favourable environment for generating good management structures that support innovation in the social enterprise since innovation is associated with risk. Ranjit and Amalesh (2011) argue that social entrepreneurs with a positive perception of risk-taking and have appropriate managerial risk control measures in place can take on risky ventures and opportunities. These findings are also in line with Tuan *et al.* (2013) who believe that a social enterprise engaging in expansion activities to attain growth may involve embracing risky financial commitments but with assurance of high returns in form of revolving benefits and financial sustainability of social enterprises.

Furthermore, the study has established that there is a significant positive relationship between entrepreneur proactiveness and social enterprise growth. In other words, proactive and motivated entrepreneurs tend to be active in planning, control and opportunity seeking. They are also action-oriented and persistent, which creates necessary conditions for enhancing entrepreneurial survival, competitiveness and growth. Indeed, the interaction between proactiveness and social enterprise growth could be attributed to the inner motivation, which makes them good at seeking opportunities, taking full control of their enterprises and planning effectively for them. Subsequently, they should take time to seek social business opportunities. These findings are in concurrence with Zhi Tang (2007) and Ishengoma and Kappel (2008) who underscore the fact that, social entrepreneurs with high need for opportunity seeking, achievement, business control and commitment to business planning, have higher growth ambition and perform better than those devoid of such acumen regardless of the challenges prevailing in the business environment. These business traits enable them to persist and overcome the challenges of social enterprise growth by creating better performance (Hamilton & Lawrence, 2001; Eggers *et al.*, 2013).

Contextually, social enterprises which anticipate future problems, needs and changes, can take appropriate initiatives, anticipate and create new opportunities amidst risk with new competitive ideas likely to grow faster than those that do not.

## **POLICY AND MANAGERIAL IMPLICATIONS**

On the whole, policies targeting social entrepreneurs should focus on building social entrepreneurs' financial investment in research and development, market environmental scanning to identify market changes, encourage generation and commercialisation of new and improved social to help develop requisite competencies in

entrepreneurial tendencies thereby promoting innovativeness, proactiveness and risk orientation. For managers and potential social entrepreneurs, there is also a need to generate motivation to benchmark with other social enterprises in the East African region. Furthermore, benchmarking should be carried out on social enterprises that demonstrate high levels of entrepreneurial orientation coupled with a record of managed growth.

#### Further research

As the study adopted a cross-sectional design to examine the state of affairs in selected social enterprises at a point in time, there is a need to carry out a longitudinal study. Such A study would facilitate the grasping of the true nature and interactivity between entrepreneurial orientation and social enterprise business processes.

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