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Enhancing the competitiveness and sustainability of social enterprises in Hong Kong: A three-dimensional analysis

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ABSTRACT

Running a social enterprise (SE) is more difficult than running a small or medium-sized enterprise because SEs have to achieve both economic sustainability as business enterprises and their social mission for the benefit of society. After a few years of operation, many SEs fail or struggle for survival. In this study, we examine some of the factors that affect an SE's profitability, financial management, and business planning and management. Based on in-depth interviews with 22 social enterprises in Hong Kong, we find that SEs with the dual investment objectives of social mission and financial return are more sustainable and competitive than SEs with social impact as their sole objective. Furthermore, SEs managed by non-owner managers have better financial planning and performance than those managed by owner managers. In addition, SEs with an oversight/advisory committee are more competitive and have better management practices than those without such a committee. Our findings have policy implications for government, SEs, funding bodies, and non-profit organizations to enhance and promote the development of the social enterprise sector.

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1. Introduction

A “social enterprise” (SE) is usually defined as “an organization that addresses a basic unmet need or solve a social or environmental problem through a market-driven approach” (Social Enterprise Alliance, 2018). SEs

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are characterized as hybrid organizations that mix non-profit and for-profit elements with a social mission, ranging from creating employment for disadvantaged groups in the community to protecting the environment. SEs use entrepreneurial spirit and strategy to achieve their social objectives for the benefit of society and reinvest any surplus towards their social impact objective. The growth of SEs has been a key feature of economic activity in both developed and developing countries. However, SEs are confronted with high levels of complexity in their operations and threats to their long-term sustainability because they have both social and commercial objectives (Moizer and Tracey, 2010). SE practitioners, governments, impact investors, academia, and other stakeholders are increasingly becoming concerned about how SEs should be governed and operated to achieve their desired dual social and financial objectives. However, to the best of our knowledge, there has been little research into what drives the sustainability and competitiveness of SEs.

It has been documented in the literature that corporate governance and ownership control affect corporate decisions and firm performance. For example, a good corporate governance structure can improve firm performance (Leung and Horwitz, 2010), reduce earnings management (Jaggi et al., 2009), and improve corporate disclosure (Gul and Leung, 2004). Studies have also shown that family ownership control and owners holding key management positions are associated with poorer firm performance (e.g., Leung et al., 2014). However, how governance structures and funding sources affect SE performance is unclear given that social enterprises, unlike for-profit enterprises, have to balance the dual objectives of social impact and financial goals. This study is motivated by the need to better understand what contributes to the sustainability and competitiveness of SE operations. We therefore examine how three key dimensions of social entrepreneurship (i.e., investment objectives, funding sources, and governance structure) affect the profitability, business planning, and financial management of SEs in Hong Kong.

There are several reasons for choosing SEs in Hong Kong as the focus of our study. First, Hong Kong has a strong philanthropic tradition.¹ In particular, SEs in Hong Kong have played an important role in helping disadvantaged groups in the community.² Second, the government and social service sector in Hong Kong have been actively promoting the development of SEs with entrepreneurial thinking and innovative approaches in the hope of meeting the needs of various community groups and enabling the socially disadvantaged to become self-reliant through employment. The SE sector in Hong Kong has grown rapidly over the past 10 years, and according to the Social Enterprise Business Centre of the Hong Kong Council of Social Services, the number of SEs has increased significantly from 222 in 2008³ to 654 in 2017.⁴ This relatively high concentration of SEs in Hong Kong makes it easier for us to find a valid sample for our in-depth interviews. Third, managing SEs and achieving their social objectives require resolving culture-specific issues. Because Hong Kong is a society that best blends West and East, not only economically and culturally but also politically, a study of SEs in this setting will have more generalizability.

Based on in-depth interviews with 22 social enterprises in Hong Kong, we find that SEs with dual objectives, compared with those with only a social impact objective, are more likely to have an oversight/advisory committee, better business planning, and managers with business management skills. SEs funded by non-profit organizations (NGOs) are mainly managed by non-owner managers, whereas privately funded SEs are more likely to be managed by owner-managers. SEs with non-owner managers tend to use their budget as a benchmark to measure their business performance. Furthermore, SEs with an oversight/advisory committee tend to be more competitive and have better business planning, particularly for the start-up stage, compared with SEs lacking an oversight/advisory committee.

In summary, our findings suggest that SEs that embrace dual objectives create a better governance structure (e.g., an oversight/advisory committee), and those funded by NGOs tend to be more sustainable and compet-

¹ Donations from both individuals and business corporations have increased significantly from HK\$2.9 billion in 2000/2001 to HK\$11.7 billion in 2014/2015. Over the same period, the ratio of these donations to GDP more than doubled from 0.22% to 0.52%. (<https://www.legco.gov.hk/research-publications/english/1718issh03-donations-to-charities-in-hong-kong-20171117-e.pdf>).

² For instance, the Senior Citizen Home Safety Association (SCHSA), an SE that offers 24-h personal care and emergency assistance to the elderly and others in need, provides care or support through Safe & Well services to over 40,000 senior citizens monthly and has served over 9.8 million people since it was established in 1996. Its contribution has been recognized locally and worldwide.

³ http://www.hkcss.org.hk/uploadfileMgmt/0_2014116151119.pdf.

⁴ <https://socialenterprise.org.hk/zh-hant/content/%E3%80%8A%E7%A4%BE%E4%BC%81%E6%8C%87%E5%8D%972018%E3%80%8B%E7%B6%93%E5%B7%B2%E6%8E%A8%E5%87%BA>.

itive than their counterparts. However, there is a caveat for interpreting our results—this is an exploratory study based on a small sample. In addition, while our objectives are to analyze the differences in profitability, financial management, and business practices among SEs with different investment objectives, governance structure, and funding sources, we do not attempt to identify the causes of these differences.

This study makes several contributions. First, as emphasized by the Chief Executive of the HKSAR Government, Mrs. Carrie Lam, at the opening ceremony of the 2017 Social Enterprise Summit, “the business-for-good culture in social enterprise operation always keeps a close tab on the pulse of the community, and the sustainable growth of the social enterprise sector can help promote social innovation and address the needs of socially disadvantaged groups.”,⁵ given that SEs generate social and economic value that benefits local communities, society, and economic development, leveraging SEs and their social impact is in the interests of social development and society as a whole. Consequently, our findings provide insights and policy implications to policymakers (i.e., relevant government departments and units), funding decision makers, and other stakeholders who wish to enhance the sustainability of SEs and thus further promote and support their development.

Second, Spear et al. (2007) indicate that good governance is essential for SEs to thrive and be sustainable. In this paper, we show that the establishment of an oversight/advisory committee improves the competitiveness of SEs in business planning and financial management. This finding is consistent with the corporate governance literature, which generally shows that board committees are useful in providing monitoring and advisory functions to business corporations. This suggests that although the primary objective of social enterprises is to provide social value, sustainable SEs are no different to for-profit businesses and, therefore, need to adopt the best practices of for-profit enterprises (as suggested in the accounting and business literature).

Third, our findings provide insights for SEs who wish to develop better business plans, budgets, and forecasts in pursuit of sustainability and competitiveness. Fourth, in 2014, the Audit Commission reported a need for an overall governmental strategy and policy to support the development of SEs in Hong Kong (Audit Commission, 2014). The Commission also stressed that “the Hong Kong Government paid less attention to treating SEs as businesses with social objectives. On the contrary, the government has focused more on the aspect of providing jobs for the socially disadvantaged.” Our findings show that SEs which pursue dual objectives are more sustainable and better managed than SEs with social impact as their sole objective, which is consistent with the Audit Commission’s view and echoes the need to treat SEs more as business enterprises.

Finally, the findings of this study may be relevant to the SE sector in China. In the past 10 years, SEs in China have grown rapidly due to the state’s effort to privatize public services, the third sector’s efforts to play a greater role in solving socioeconomic problems, the growth of the private sector’s interest in corporate social responsibility, and the activities of philanthropists to foster social entrepreneurship in China (Yu, 2011, 2013). Consequently, our findings provide insights into how to enhance the sustainability of SEs in China.

The rest of this paper is organized as follows. Section 2 reviews the related literature and describes the research questions. Section 3 presents the research method. Section 4 summarizes the empirical results, and the final section concludes the paper and makes recommendations.

2. Literature review and research questions

SEs have shown rapid growth recently and have become a global social, economic, and cultural phenomenon (Pless, 2012; Terjesen et al., 2011). While there is no unified definition of an SE, it is generally accepted as “an organization that addresses a basic unmet need or solves a social or environmental problem through a market-driven approach” (Social Enterprise Alliance, 2018). In other words, SEs are hybrid organizations established for a social purpose, which use a for-profit business model to generate the financial resources needed to support their social mission (Reis, 1999; Thompson, 2002).

In practice, SEs differ in the extent to which they adhere to their social and economic missions, resulting in a continuum (Stevens et al., 2015). For example, in the United States, SEs are non-profit organizations that prioritize revenue generation and the exploitation of business opportunities (Kerlin, 2006), while European SEs focus on creating social value (Defourny and Nyssens, 2010). Along the spectrum of social enterprises (Dees,

⁵ <https://www.info.gov.hk/gia/general/201711/07/P2017110700644.htm>5Indeed.

1998), SEs are expected to balance their mission to create social value with the achievement of financial sustainability (e.g., Battilana et al., 2015; Dacin et al., 2010). While it is in the interests of any society for SEs to successfully address community needs such as providing employment and serving disadvantaged groups, there is much concern about their risk of financial failure. Past studies indicate that it is difficult for SEs to balance these dual but often competing objectives, which may result in mission drift if an SE over-focuses on its economic objectives to the neglect of its social objectives (Battilana et al., 2012; Mair et al., 2012). Although several studies have addressed how SEs can deal with these challenges by adopting strategies and managerial tools to prevent mission drift and improve competitiveness (e.g., Battilana et al., 2015; Grimes, 2010; Smith et al., 2013; Ramus and Vaccaro, 2017; Matthias et al., 2018), none has examined how the extent of their commitment to social and economic objectives affects their performance and sustainability in Hong Kong. Therefore, this study aims to fill this gap by answering the following research question:

RQ1: *Are there any differences in business and financial management practices and profitability in SEs with mainly social objectives vs. those with dual objectives?*

SEs have tended to depend heavily on government grants and donor funding, particularly in the early start-up stage (Czischke et al., 2012; Luke, 2016). In Hong Kong, there are three major government-funding schemes for SEs, namely the *Enhancing Self-Reliance through District Partnership Programme* funded by the Home Affairs Department, *Enhancing Employment of People with Disabilities through Small Enterprise* funded by the Social Welfare Department, and the *Social Innovation and Entrepreneurship Development Fund* funded by the Efficiency Office, Innovation and Technology Bureau. These government funds aim to support SEs to achieve specific missions, such as enabling self-reliance among the socially disadvantaged through employment. In addition, some Hong Kong-based SEs are funded by non-profit organizations and private funds. NGOs undertake SEs for many different reasons (Dees, 1998). For example, SEs with a specific social mission can help NGOs to achieve their social goals directly. In addition, NGOs may need to generate more sustainable sources of funding through the creation of a business rather than relying solely on charitable donations, which can be negatively affected during an economic downturn (Smith et al., 2012). However, NGOs may not have the skills, capabilities, and resources to develop for-profit SEs (Smith et al., 2012). In addition, the introduction of an SE may negatively affect the likelihood of donation and donor intentions. Smith et al. (2012) found that donors are only likely to continue supporting NGOs that engage in SEs when they perceive the SE to have a consistent mission and be entrepreneurially competent.

SEs with different funding sources are likely to meet different missions with varying monitoring systems and management practices, in turn affecting their performance. Thus, our second research question is as follows:

RQ2: *Are there any differences in business and financial management practices and profitability among SEs with different funding sources?*

Many studies address how corporate governance affects firm performance, earnings quality, and related corporate disclosure in the for-profit sector. For example, a good corporate governance structure has been shown to improve firm performance (e.g., Leung and Horwitz, 2010), reduce earnings management (e.g., Jaggi et al., 2009), and improve corporate disclosure (Gul and Leung, 2004). However, very few studies address governance issues in the SE sector. For example, Low (2006) assesses the appropriateness for SEs of two contrasting models of governance (stewardship vs. democratic) and suggests that despite being located within the non-profit sector, SE may be more likely to exhibit for-profit forms of governance. Based on a case study in the United Kingdom, Mason and Royce (2007) also find that a stewardship governance approach is better able to align board members and managers to deliver on social objectives. Similarly, applying governance theories such as the corporate agency, stakeholder, and stewardship theories, Kuan et al. (2011) compare governance structure and function, board composition, and CEOs in Taiwan and Hong Kong. Supplemented by interviews with four SEs in each region, they find that the boards of directors of SEs in Taiwan play a limited role in supervising the internal financial and administrative matters, while professional-level CEOs and manager experience in business management or in sales and distribution are closely related to SE development. In addition, they find that the governance structure of Hong Kong SEs is diversified and that

most NGOs operating SEs lack a business background. Like CEOs in Taiwan, those in Hong Kong have a strong impact on decision making. In summary, the prevailing governance theories (e.g., corporate and democratic models) fail to fully explain the governance dynamics of SEs (Kuan et al., 2011).

These studies on SE governance focus mainly on building a theoretical framework without linking governance structure to SE performance. For example, Spear et al. (2007) report that good governance is essential for SEs to thrive and be sustainable. Therefore, our third research question relates to the impact of governance structure on SE profitability. Past studies show that family ownership control and an owner holding a key management position are associated with poorer firm performance in business organizations (e.g., Leung et al., 2014). Therefore, we compare owner-managed and non-owner-managed SEs and SEs with and without an oversight committee. Thus, our final research questions are:

RQ3a: *Are there any differences in business and financial management practices and profitability between owner-managed and non-owner-managed SEs?*

RQ3b: *Are there any differences in business and financial management practices and profitability between SEs with and without an oversight committee?*

3. Research method and sample selection

Because no data on the governance structure and management of SEs in Hong Kong are available in the public domain, we used an in-depth interview approach for data collection. We first reviewed the SE literature and held discussions with key players in the SE sector to gain their input on potential key factors for running sustainable and competitive SEs. This formed the core of our list of questions in the interview questionnaire. We then consolidated this input into a questionnaire with 43 questions covering four major sections, namely, (i) ownership, funding and governance structure, and profitability; (ii) financial management practices; (iii) business planning and operations; and (iv) employment. We conducted a pilot interview with an SE to improve the design and wording of the questionnaire. An English-language copy of the interview questionnaire is provided in the Appendix.

For sample selection, we obtained a full list of SEs registered in the Social Enterprise Directory administered by the Social Enterprise Business Centre, which was established by the Hong Kong Council of Social Services in 2007 to advance social entrepreneurship and mobilize social innovation. We consider only SEs registered in the Social Enterprise Directory for not less than 5 years to ensure sufficient data to classify them as high- or low-profit SEs. Accordingly, 445 SEs were included in the initial population. To minimize sampling bias, SEs listed in the categories of home, personal care, and transportation were eliminated as they had fewer than 15 SEs in each category. Thus, 417 SEs were included in the final SE population.

Two rounds of letters were sent out to invite SEs to participate in our interviews. In the first round, 80 SEs were selected from the population by proportional allocation of stratified random sampling. We sent them invitation letters by both post and email in November 2017, followed by telephone calls and/or emails, and received 15 positive replies. To increase the number of participants, a second round of invitations was sent out in February 2018 to another 50 SEs by stratified random sampling, and eight more SE participants were gained. However, as one later declined to be interviewed because the key manager was too busy, the study sample consists of 22 SEs. In-depth interviews based on the questionnaire were conducted with the owner/founder or key manager of each SE between December 2017 and April 2018, each lasting 1–1.5 h.

4. Main results

4.1. Descriptive statistics of the sample SEs

The sample SEs operated mainly in retail (45%), catering (23%), and workshops (14%), and their main sources of funding were private (41%), NGOs (32%), and government (27%). Over half (55%) of the SEs held dual investment objectives (i.e., both social impact and financial return), while the remaining 45% had social impact as their sole objective. In terms of financial goals, less than one third of the SE sample (32%) rated

profitability (i.e., business revenue should exceed expenses) as their financial target. Nearly half of the SEs (45%) held self-sufficiency (i.e., business revenue should cover expenses) as their financial goal, while the remaining 23% accepted losses, and their financial goal was contribution (i.e., business revenue covered part of costs). In terms of profitability, 27% of the SEs had made no profit in any of the past 5 years (no profitability), 41% had generated a profit for 1–3 of the past 5 years (moderate profitability), and one third (32%) recorded a profit for at least 4 of the past 5 years (high profitability). The majority (64%) of SEs were run by a non-owner manager, while the owner served as the key manager in the remaining 36%. An oversight/advisory committee was present in 45% of the SEs and absent in 55%.

These results show that our sample of Hong Kong SEs had not yet embraced the importance of financial sustainability or the notion of social enterprise as a for-profit business (i.e., working primarily to generate profit to be reinvested in nonprofit activities) (see Table 1).

4.2. Financial goals and profitability

We compare the financial goals and profitability of SEs from the three dimensions, as mentioned in our research questions. As shown in Table 2, there is a significant difference in investment objectives between SEs with and without an oversight/advisory committee at the 10% level (Mann–Whitney *U* test). Specifically, SEs with such a committee are more likely to have dual investment objectives. Regarding financial goals, despite no statistically significant difference between the different types of SEs, it is interesting that government-funded SEs did not consider contribution as their financial goal and most considered self-sufficiency as their goal. For profitability over the past 5 years, SEs with dual objectives, NGO funding, and non-owner management were more profitable than their counterparts, although this was not statistically significant. For example, the dual-objective SEs averaged 2.75 profitable years over the past 5, whereas the sole-objective SEs averaged 2.1 profitable years. In terms of funding source, NGO-funded SEs averaged 3.29 profitable years, while privately funded SEs had only 1.67 profitable years.

4.3. Financial and business planning

Table 3 shows the differences in financial and business planning among different SEs. Overall, most SEs had an annual budget including capital and operating expenditure. However, SEs with an oversight/advisory committee prepared more detailed budgets and had a greater tendency to adopt an updated business plan than

Table 1
Descriptive statistics of sample social enterprises.

Industry	Retail	Catering	Workshop	Eco Tour	Health Care
	45%	23%	14%	9%	9%
Funding Source	Private Funding	Non-Governmental Organization		Government Funding	
	41%	32%		27%	
Investment Objectives	Mixture of social impact and financial returns		Social impact only		
	55%		45%		
Financial Goal	Self-sufficiency	Profitability		Contribution	
	45%	32%		23%	
Number of Profitable Years	Low profitability ¹	Moderate profitability ²		High profitability ³	
	27%	41%		32%	
Management	Non-owner manager		Owner manager		
	46%		36%		
Governance	Without oversight/advisory committee		With oversight/advisory committee		
	55%		45%		

¹ Low profitability SE: no profit at all in the past 5 years.

² Moderate profitability SE: 1–3 years of profits in the past 5 years.

³ High profitability SE: at least 4 profitable years in the past 5 years.

Table 2
Differences in financial goals and profitability among social enterprises.

	Investment Objectives Mean (Std. Dev.)			Funding Sources Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
	Total (n = 22)	Social impact only (n = 10)	Dual objectives (n = 12)	NGO (n = 7)	Govt. (n = 6)	Private (n = 9)	Owner managed (n = 8)	Non-owner managed (n = 14)	With (n = 10)	Without (n = 12)
Investment objectives ¹	0.55 (0.510)			0.86 (0.378)	0.33 (0.516)	0.44 (0.527)	0.50 (0.535)	0.57 (0.514)	0.80* (0.422)	0.33* (0.492)
Financial goal is Self-sufficiency ²	0.45 (0.510)	0.50 (0.527)	0.42 (0.515)	0.43 (0.535)	0.67 (0.516)	0.33 (0.500)	0.38 (0.518)	0.50 (0.519)	0.50 (0.527)	0.42 (0.515)
Financial goal is Profitability ²	0.32 (0.477)	0.30 (0.483)	0.33 (0.492)	0.14 (0.378)	0.33 (0.516)	0.44 (0.527)	0.50 (0.535)	0.21 (0.426)	0.30 (0.483)	0.33 (0.492)
Financial goal is Contribution ²	0.23 (0.429)	0.20 (0.422)	0.25 (0.452)	0.43 (0.535)	0.00 (0.000)	0.22 (0.441)	0.13 (0.354)	0.29 (0.469)	0.20 (0.422)	0.25 (0.452)
Number of profitable years in the past 5 years	2.45 (1.993)	2.10 (1.792)	2.75 (2.179)	3.29 (2.360)	2.67 (1.506)	1.67 (1.871)	2.00 (1.690)	2.71 (2.164)	2.30 (1.767)	2.58 (2.234)

Notes:

¹ Dual objectives = 1, sole objective = 0.

² Yes = 1, no = 0.

* Indicates a significant difference in means between SEs with and without an oversight/advisory committee at the 10% level (Mann–Whitney *U* test).

Table 3
Differences in financial and business planning among different social enterprises.

	Total (n = 22)	Investment Objectives Mean (Std. Dev.)		Funding Sources Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
		Social impact only (n = 10)	Dual objectives (n = 12)	NGO (n = 7)	Govt. (n = 6)	Private (n = 9)	Owner manager (n = 8)	Non-owner manager (n = 14)	With (n = 10)	Without (n = 12)
Detailed budget including capital expenditure and operating expenditure of start-up costs ¹	0.95 (0.722)	0.70 (0.483)	1.17 (0.835)	1.00 (0.816)	1.17 (0.408)	0.78 (0.833)	0.75 (0.886)	1.07 (0.616)	1.30* (0.675)	0.67* (0.651)
Supply chain for products and services in business start-up plan ²	0.45 (0.510)	0.30 (0.483)	0.58 (0.515)	0.71 (0.488)	0.33 (0.516)	0.33 (0.500)	0.38 (0.518)	0.50 (0.519)	0.70* (0.483)	0.25* (0.452)
Innovative concept (new business idea/model with market potential) ²	0.59 (0.503)	0.50 (0.527)	0.67 (0.492)	0.71 (0.488)	0.50 (0.548)	0.56 (0.527)	0.63 (0.518)	0.57 (0.514)	0.70 (0.483)	0.50 (0.522)
Competitor profiling in business plan ²	0.50 (0.512)	0.50 (0.527)	0.50 (0.522)	0.71 (0.488)	0.50 (0.548)	0.33 (0.500)	0.25 (0.463)	0.64 (0.497)	0.50 (0.527)	0.50 (0.522)
Current business plan ²	0.64 (0.492)	0.40* (0.516)	0.83* (0.389)	0.86 (0.378)	0.67 (0.516)	0.44 (0.527)	0.50 (0.535)	0.71 (0.469)	0.90* (0.316)	0.42* (0.515)
Profit and loss forecast frequency ¹	1.27 (0.550)	1.30 (0.675)	1.25 (0.452)	1.29 (0.488)	1.00 (0.632)	1.44 (0.527)	1.25 (0.463)	1.29 (0.611)	1.30 (0.483)	1.25 (0.622)
Cash flow forecast frequency ¹	1.00 (0.873)	1.00 (0.816)	1.00 (0.953)	1.00 (1.000)	0.67 (0.816)	1.22 (0.833)	0.75 (0.886)	1.14 (0.864)	1.10 (0.876)	0.92 (0.900)
Budget used to measure business performance ³	1.36 (0.581)	1.30 (0.675)	1.42 (0.515)	1.57 (0.535)	1.33 (0.516)	1.22 (0.667)	1.00* (0.535)	1.57* (0.514)	1.20 (0.422)	1.50 (0.674)

¹ No budget = 0, yearly budget = 1, quarterly/monthly budget = 2.

² Yes = 1, no = 0.

³ No use of budget = 0, use of yearly budget = 1, use of quarterly/monthly budget = 2.

* Indicates a significant difference in means between different social enterprises at the 10% level (Mann–Whitney *U* test).

SEs without such a committee. Similarly, SEs with dual objectives were also more likely to have a current business plan than SEs with only a social impact objective. In addition, SEs with an oversight/advisory committee also developed more comprehensive and thoughtful business start-up plans. For instance, compared to SEs without such a committee, SEs with an oversight/advisory committee were more likely to set up a supply chain for their products/services. Finally, SEs managed by non-owners were more likely than owner-managed SEs to use quarterly or monthly budgets to measure business performance.

4.4. Management and governance structure

We also analyze the differences in the management and corporate governance of SEs categorized by different perspectives. Table 4 shows significant differences in top management among SEs funded by different sources. NGO-funded SEs were all managed by non-owners whereas privately funded SEs were more likely to be owner-managed. Consistent with the findings in Table 2, SEs with dual investment objectives were more likely to have a committee to guide or advise on their business operations. While overall, SEs considered business review and sales performance to be the most important items for discussion in management meetings, privately funded SEs gave significantly less importance to business review but viewed sales performance and profit and loss as more important. In addition, SEs without an oversight/advisory committee were more concerned about employee issues than those with such a committee. When actual performance was lower than planned performance, the most preferred options were to boost sales (mean = 3.23), revise business strategies (mean = 2.82), and cut costs (mean = 2.41). The only significant difference in preferred options between SEs with different investment objectives, funding sources, and governance structures was the cost-cutting option, where SEs with non-owner managers were more likely than owner-managed SEs to cut costs when performance was below expectations.

We further examine the key operating risks perceived by the management of different types of SEs. Table 5 shows that the highest risk rated by SEs was “lack of manpower,” followed by “earnings lower than expected,” “surging productions costs,” “resignation of key managers,” “increase in competitors,” and “changes in regulation.” However, the mean ratings differed between types of SE. Specifically, SEs with only a social impact objective rated “lack of manpower” as less risky than did SEs with dual objectives, and also rated “surging production costs” and “earnings lower than expected” as riskier than “lack of manpower.” Meanwhile, privately funded SEs considered the risk of “earnings lower than expected” (mean = 4.00) significantly lower than did NGO-funded (mean = 5.14) and government-funded SEs (mean = 6.00).

Finally, we evaluate the skill set gaps of key managers by analyzing the skills that they already had (“possession”) and those that they believed to be essential for managing their SE (“desirable”). Table 6, Panel A shows that most key SE managers possessed staff management, business management, and sales and marketing skills. However, those whose SE had a sole objective possessed significantly fewer management skills than did SEs with dual objectives, business management being one of the weakest skills among SEs with a sole objective. Among government-funded SEs, the key managers had less expertise in sales and marketing but more in social impact assessment, while key managers of SEs with an oversight/advisory committee had significantly greater expertise in product/service knowledge than SEs without such a committee.

As shown in Table 6, Panel B, the most desirable skills for key managers were sales and marketing, followed by business management, with financial planning and management, product/service knowledge, and staff management rated equally, and NGO management rated least necessary. While the ratings did not vary significantly among SEs with different investment objectives, there was significant variance among SEs with different funding sources and governance structures. Specifically, among SEs with different funding sources, privately funded SEs rated product/service knowledge as more desirable compared with SEs funded by NGOs or the government. Owner-managed SEs rated sales and marketing and product/service knowledge as the most desirable skills, whereas non-owner-managed SEs rated business management skills most desirable. Interestingly, SEs with an oversight/advisory committee rated financial planning and management skills much more desirable than staff management skills, while SEs without an oversight/advisory committee took the opposite view.

We compare the skills of key managers in Panel A with their ratings of desirable skills in Panel B, and observe gaps in sales and marketing, financial planning and management, and staff management skills. Although sales and marketing was rated the most desirable skill by government-funded and owner-

Table 4
Differences in management and corporate governance among different social enterprises.

	Total (n = 22)	Investment Objectives Mean (Std. Dev.)		Funding Source Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
		Social impact only (n = 10)	Dual objectives (n = 12)	NGO (n = 7)	Govt. (n = 6)	Private (n = 9)	Owner manager (n = 8)	Non-owner manager (n = 14)	With (n = 10)	Without (n = 12)
Major owner is a key manager ¹	0.36 (0.492)	0.40 (0.516)	0.33 (0.492)	0.00** (0.000)	0.33** (0.516)	0.67** (0.500)			0.40 (0.516)	0.33 (0.492)
A committee oversees day-to- day operations ¹	0.45 (0.510)	0.20* (0.422)	0.67* (0.492)	0.57 (0.535)	0.50 (0.548)	0.33 (0.500)	0.50 (0.535)	0.43 (0.514)		
Most important items discussed in management meetings										
Business Review ²	0.73 (0.456)	0.60 (0.516)	0.83 (0.389)	1.00* (0.000)	0.83* (0.408)	0.44* (0.527)	0.63 (0.518)	0.79 (0.426)	0.90 (0.316)	0.58 (0.515)
Sales performance ²	0.55 (0.510)	0.60 (0.516)	0.50 (0.522)	0.43 (0.535)	0.67 (0.516)	0.56 (0.527)	0.63 (0.518)	0.50 (0.519)	0.70 (0.483)	0.42 (0.515)
Employee issues ²	0.41 (0.503)	0.60 (0.516)	0.25 (0.452)	0.43 (0.535)	0.33 (0.516)	0.44 (0.527)	0.38 (0.518)	0.43 (0.514)	0.10** (0.316)	0.67** (0.492)
Profit and loss ²	0.32 (0.477)	0.20 (0.422)	0.42 (0.515)	0.14 (0.378)	0.17 (0.408)	0.56 (0.527)	0.38 (0.518)	0.29 (0.469)	0.30 (0.483)	0.33 (0.492)
Preferred option when performance is lower than planned										
Boost sales ³	3.23 (0.752)	3.20 (0.789)	3.25 (0.754)	3.29 (0.488)	3.00 (0.894)	3.33 (0.866)	3.25 (0.886)	3.21 (0.699)	3.00 (0.816)	3.42 (0.669)
Revise business strategies ³	2.82 (1.140)	2.60 (1.174)	3.00 (1.128)	3.14 (1.215)	2.50 (1.378)	2.78 (0.972)	3.25 (0.707)	2.57 (1.284)	3.20 (1.033)	2.50 (1.168)
Cut costs ³	2.41 (1.098)	2.70 (1.160)	2.17 (1.030)	2.14 (0.900)	2.83 (1.169)	2.33 (1.225)	1.75** (1.035)	2.79** (0.975)	2.10 (1.197)	2.67 (0.985)
Seek more funding ³	1.55 (0.739)	1.50 (0.707)	1.58 (0.793)	1.43 (0.787)	1.67 (0.816)	1.56 (0.726)	1.75 (0.886)	1.43 (0.646)	1.70 (0.823)	1.42 (0.669)

Note:

¹ Yes = 1, no = 0.

² Important = 1, not important = 0.

³ Most preferred = −4, least preferred = 1.

** Indicates significant differences in means between different SEs at the 5% level (Mann–Whitney *U* test/ANOVA).

* Indicates significant differences in means between different SEs at the 10% level (Mann–Whitney *U* test/ANOVA).

Table 5
Key Operating Risks Perceived by Social Enterprises.

Key operating risks	Full sample (n = 22)	Investment Objective Mean (Std. Dev.)		Funding Source Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
		Social impact only (n = 10)	Dual objectives (n = 12)	NGO (n = 7)	Government (n = 6)	Private (n = 9)	Owner manager (n = 8)	Non-owner manager (n = 14)	With committee (n = 10)	Without committee (n = 12)
Lack of manpower ¹	5.14 (1.424)	4.50* (1.354)	5.67* (1.303)	5.57 (1.512)	4.67 (1.033)	5.11 (1.616)	5.13 (1.642)	5.14 (1.351)	5.00 (1.414)	5.25 (1.485)
Earnings lower than expected ¹	4.91 (1.509)	4.90 (1.101)	4.92 (1.832)	5.14* (1.345)	6.00* (1.265)	4.00* (1.323)	4.75 (1.753)	5.00 (1.414)	4.90 (1.729)	4.92 (1.379)
Surging production costs ¹	4.73 (1.751)	5.10 (1.792)	4.42 (1.730)	4.43 (1.618)	4.67 (2.066)	5.00 (1.803)	4.00 (1.773)	5.14 (1.657)	4.50 (1.841)	4.92 (1.730)
Lack of capital ¹	4.05 (1.838)	4.00 (2.261)	4.08 (1.505)	4.14 (1.574)	3.17 (1.835)	4.56 (2.007)	4.50 (2.070)	3.79 (1.718)	4.30 (1.703)	3.83 (1.992)
Resignation of key managers ¹	3.95 (2.554)	4.80 (2.486)	3.25 (2.491)	2.71 (2.928)	5.00 (2.191)	4.22 (2.333)	5.25 (1.581)	3.21 (2.751)	4.20 (2.394)	3.75 (2.768)
Increase in competitors ¹	3.23 (1.541)	3.20 (1.398)	3.25 (1.712)	4.00 (1.732)	3.00 (1.095)	2.78 (1.563)	3.00 (1.414)	3.36 (1.646)	3.10 (1.663)	3.33 (1.497)
Changes in regulation ¹	2.00 (1.447)	1.50 (0.850)	2.42 (1.730)	2.00 (0.816)	1.50 (0.837)	2.33 (2.062)	1.38** (1.061)	2.36** (1.550)	2.00 (1.886)	2.00 (1.044)

Note:

¹ Highest risk = 7, lowest risk = 1.

** Indicates significant differences in means between different SEs at the 5% level (Mann–Whitney *U* test/ANOVA).

* Indicates significant differences in means between different SEs at the 10% level (Mann–Whitney *U* test/ANOVA).

Table 6
Skills key managers possess vs. desirable skills.

Panel A: Skills Key Managers Possess										
Skills Key Managers Possess	Full sample (n = 22)	Investment Objective Mean (Std. Dev.)		Funding Source Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
		Social Impact only (n = 10)	Dual objectives (n = 12)	NGO (n = 7)	Government (n = 6)	Private (n = 9)	Owner manager (n = 8)	Non-owner manager (n = 14)	With committee	Without committee
Staff management	0.82 (0.395)	0.80 (0.422)	0.83 (0.389)	0.86 (0.378)	0.83 (0.408)	0.78 (0.441)	0.75 (0.463)	0.86 (0.363)	0.90 (0.316)	0.75 (0.452)
Business management	0.64 (0.492)	0.40* (0.516)	0.83* (0.389)	0.86 (0.378)	0.50 (0.548)	0.56 (0.527)	0.63 (0.518)	0.64 (0.497)	0.80 (0.422)	0.50 (0.522)
Sales and marketing	0.64 (0.492)	0.50 (0.527)	0.75 (0.452)	0.86 (0.378)	0.33 (0.516)	0.67 (0.500)	0.50 (0.535)	0.71 (0.469)	0.70 (0.483)	0.58 (0.515)
Product/service knowledge	0.59 (0.503)	0.40 (0.516)	0.75 (0.452)	0.71 (0.488)	0.50 (0.548)	0.56 (0.527)	0.75 (0.463)	0.50 (0.519)	0.90** (0.316)	0.33** (0.492)
Financial planning and management	0.59 (0.503)	0.50 (0.527)	0.67 (0.492)	0.57 (0.535)	0.50 (0.548)	0.67 (0.500)	0.75 (0.463)	0.50 (0.519)	0.80 (0.422)	0.42 (0.515)
Social impact Assessment	0.41 (0.503)	0.50 (0.527)	0.33 (0.492)	0.29 (0.488)	0.67 (0.516)	0.33 (0.500)	0.38 (0.518)	0.43 (0.514)	0.40 (0.516)	0.42 (0.515)
NGO management	0.41 (0.503)	0.50 (0.527)	0.33 (0.492)	0.29 (0.488)	0.50 (0.548)	0.44 (0.527)	0.50 (0.535)	0.36 (0.497)	0.40 (0.516)	0.42 (0.515)

Note: 1 = possess, 0 = do not possess.

** and * indicate significant differences in means between different SEs at the 5% and 10% levels, respectively (Mann–Whitney *U* test).

Panel B: Desirable Key Manager Skills

Desirable Skills	Full sample (n=22)	Investment Objective Mean (Std. Dev.)		Funding Source Mean (Std. Dev.)			Top Management Mean (Std. Dev.)		Oversight/Advisory Committee Mean (Std. Dev.)	
		Social impact only (n=10)	Dual objectives (n=12)	NGO (n=7)	Government (n=6)	Private (n=9)	Owner manager (n=8)	Non-owner manager (n=14)	With committee (n=10)	Without committee (n=12)
Sales and marketing	5.36 (1.432)	5.40 (1.350)	5.33 (1.557)	4.86 (1.676)	5.17 (1.329)	5.89 (1.269)	6.13* (1.126)	4.93* (1.439)	5.60 (1.578)	5.17 (1.337)
Business management	4.77 (2.159)	4.40 (2.066)	5.08 (2.275)	5.57 (1.988)	4.50 (2.739)	4.33 (1.936)	3.75* (2.053)	5.36* (2.061)	4.70 (2.452)	4.83 (1.992)
Financial planning and management	4.36 (1.916)	4.50 (1.958)	4.25 (1.960)	5.00 (2.236)	4.00 (1.789)	4.11 (1.833)	3.88 (1.727)	4.64 (2.023)	5.20* (1.619)	3.67* (1.923)

Product/service knowledge	4.36 (1.620)	3.90 (1.969)	4.75 (1.215)	3.57* (1.512)	4.00* (1.789)	5.22* (1.302)	5.50* (1.069)	3.71* (1.541)	4.50 (0.850)	4.25 (2.094)
Staff management	4.36 (1.677)	4.60 (1.897)	4.17 (1.528)	4.00 (1.826)	4.50 (2.074)	4.56 (1.424)	4.75 (0.886)	4.14 (1.994)	3.60** (1.350)	5.00** (1.706)
Social impact assessment	3.14 (1.424)	3.30 (1.252)	3.00 (1.595)	3.29 (1.704)	3.33 (1.633)	2.89 (1.167)	2.88 (1.458)	3.29 (1.437)	3.10 (1.595)	3.17 (1.337)
NGO management	1.64 (1.364)	1.90 (1.912)	1.42 (0.669)	1.71** (0.756)	2.50** (2.345)	1.00** (0.000)	1.13 (0.354)	1.93 (1.639)	1.30 (0.675)	1.92 (1.730)

Note: 7 = highly desirable, 1 = least desirable.

** and * indicates significant differences in mean ratings between different SEs at the 5% and 10% levels, respectively (Mann–Whitney *U* test/ANOVA).

managed SEs, fewer than 50% of their key managers possessed this skill. Similarly, NGO-funded SEs considered financial planning and management the second most desirable skill, but only 57% of their key managers had this skill. Finally, 90% of the key managers of SEs with an oversight/advisory committee possessed staff management skills, yet they considered this skill not very desirable.

5. Recommendations and conclusion

SEs are characterized by the application of commercial strategies to achieve improvements in financial, social, and environmental well-being, which may include maximizing social impact alongside profit generation for external shareholders. Therefore, it is important for SEs to be competitive, sustainable, and profitable. Consequently, SEs need to adopt good practices in their operations, such as good business planning and reviews, accounting and financial management, and operations management. While the sustainability of SEs has been a concern for government, the third sector, and commercial enterprises, there has been little research on what drives SEs to adopt competitive business management practices. Our study fills this gap and provides insights into how to enhance SE competitiveness.

Our study examines the effects of investment objectives, funding sources, and enterprise governance on profitability and business planning and management. We find that SEs that do not seek to balance the objectives of both a social mission and profit generation to finance their mission are less sustainable and competitive. NGO-funded SEs are more profitable and better managed than government-funded and privately funded SEs. We also find that owner-managed SEs underperform in terms of profitability and financial planning and business management than non-owner-managed SEs. In addition, our findings clearly indicate that SEs with an oversight/advisory committee are more competitive and adopt better management practices than SEs without such a committee.

In summary, this study shows that investment objectives, funding sources, and governance structure matter to the competitiveness and sustainability of SEs in Hong Kong. Based on our findings, we are able to make the following recommendations to further support and promote the development of the SE sector in Hong Kong. First, we recommend that SEs establish an oversight/advisory committee with at least three members, one from each expert area: sales and marketing, accounting and finance, and related industries. As it is difficult for SEs themselves to find suitable advisors to serve on the committee, the government should expand its existing efforts to consolidate a pool of experts, particularly in sales and marketing, business management, and financial planning and management, and make them available to all SEs in Hong Kong, including privately funded SEs.

Second, the current SE practice of preparing annual budgets and forecasts is inadequate, and should be replaced with quarterly or monthly cash flow and profit and loss forecasts, against which actual business performance is evaluated and forecasts revised accordingly.

Third, government-funded SEs receive financial support for both their operating budgets and start-up capital expenditure. NGO-funded SEs usually have access to resources from parent NGOs at the start-up stage. Start-up capital expenditure typically requires a large sum of money and can thus be a major hurdle for many privately funded SEs, who often have good social innovations and business models. Therefore, the government should consider a new funding scheme or the expansion of an existing scheme to provide competitive private SEs with one-off funding support for start-up capital expenditure.

Finally, we strongly encourage SEs to embrace realistic and sustainable dual investment objectives with an extended operating horizon beyond 3–5 years, because this will enhance their sustainability and competitiveness and ultimately maximize their social impact.

Our study is limited by the small sample size, which constrained our ability to perform statistical regression analysis. We recommend that future research examines the determinants of starting or scaling up SEs. Another avenue for future research is to examine the determinants and consequences of establishing oversight/advisory committees for SEs.

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Appendix A. Interview questionnaire in english

Survey on Operation of Social Enterprise

A. Ownership and funding structure

Q1a. What is your major funding source?

- ☐ Non-profit organization
 ☐ Government funding
 ☐ Private funding (commercial or individuals)
- ☐ Individual or family philanthropic investors
 ☐ Charity foundation
 ☐ Matching fund (government or others)
- ☐ Other: _____

Q1b. Are there any changes in your major funding source from the beginning (start-up stage) until now?

- ☐ Yes, please specify: _____
- ☐ No

Q2. What are your investment objectives?

- ☐ Only social impact
 ☐ Social impact and financial return

Q3. What expected financial returns are specified by the owners/investors?

- ☐ Not specified
 ☐ Not required
 ☐ Break-even
 ☐ >10%
- ☐ <2%
 ☐ ≥2%–<5%
 ☐ 5%–10%

Q4. How many years were profitable in the past 5 years?

- ☐ 0
 ☐ 1 year
 ☐ 2 years
- ☐ 3 years
 ☐ 4 years
 ☐ 5 years

Q5. Is the key manager a major owner(s)?

- ☐ Yes
 ☐ No

Q6. Is there any committee oversight of the day-to-day operations?

- ☐ Yes
 ☐ No
- ☐ Board
 ☐ Committee

Q7. Is your social enterprise a subsidiary/project of another organization?

- ☐ Yes
 ☐ No
- Parent organization is ☐ commercial entity ☐ NPO entity

Q8. Did you form an NPO to receive public donations to support your social enterprise?

- ☐ Yes
 ☐ No

Q9. Is there still a funding gap since start up?

- ☐ Yes
 ☐ No
- ☐ The funding gap remains the same
- ☐ The funding gap has reduced
- ☐ The funding gap has increased

B. Financial Management

Q10. Did you have a detailed budget including capital expenditure and operating expenditure for start-up costs?

- ☐ Yes
 ☐ No
- ☐ Monthly
- ☐ Quarterly
- ☐ Yearly

Q11. Is there a profit and loss forecast?

- ☐ Yes
 ☐ No
- ☐ Monthly
- ☐ Quarterly
- ☐ Yearly
- ☐ 0.5 year
- ☐ 1 year

- ☐ 2 years
☐ 3 years or above

Q12. Is there a cash flow forecast?

- ☐ Yes ☐ No
- ☐ Monthly
☐ Quarterly
☐ Yearly
☐ 0.5 year
☐ 1 year
☐ 2 years
☐ 3 years or above

Q13a. Do you use a budget to measure business performance?

- ☐ Yes ☐ No
- ☐ Monthly
☐ Quarterly
☐ Yearly
☐ 0.5 year
☐ 1 year
☐ 2 years
☐ 3 years or above

Q13b. What do you do when performance is lower than budgeted/planned? Please rank the following items (4 = most important, 1 = least important).

- ☐ Boost sales ☐ Cut costs
☐ Seek more funding ☐ Revise business strategies

Q14a. What are the two main financial risks of your SE? _____

Q14b. Based on the two financial risks mentioned above, how do you manage these risks? _____

Q15. In what ways does your SE have expert financial advice? _____

- ☐ Outsourcing system ☐ In-house system
☐ Excel
☐ Self-developed system (Including sales and inventory, etc.)

Q16. What is your financial management system?

Q17. What is the background of your staff member responsible for accounting and financial performance? _____

Q18. What key performance indicators do you use to measure the achievement of your SE? _____

Q19. What is your financial goal?

- ☐ Self-sufficiency: business revenues will cover all expenses.
☐ Profitability: business revenues will exceed expenses.
☐ Contribution: business revenues will contribute to costs (e.g. business revenues may cover business expenses, but not the social costs associated with our mission). The remainder is covered by other revenue sources such as a recurring grant.

Q20. What main key indicators do you use to measure financial performance? (Multiple answers allowed, but choose the most important.)

☐ Returns on sales
☐ Gross profits

☐ Returns on assets (ROA)
☐ Net profits

☐ Returns on equity (ROE)
☐ Others: _____

C. Business Planning and Operations

Q21. Does your business plan (start-up) contain the following?

- | | | |
|--|---|-----------------------------|
| A. Established stated objectives or business goals. | <input type="checkbox"/> Yes
What are the two most important goals?
1. _____ 2. _____ | <input type="checkbox"/> No |
| B. Set supply chain for products and services | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| C. Clearly identified revenue targets | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| D. Clearly identified targeted customers | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| E. An innovative concept (a new business idea/model with market potential) | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| F. Statement of what makes the business different | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| G. Established sales and marketing strategies | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| H. Market research done | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| I. Customer profile | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| J. Competitor profile | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| K. Pricing and promotion plan | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| L. Growth plan | <input type="checkbox"/> Yes
What are the two most important plans?
1. _____ 2. _____ | <input type="checkbox"/> No |

Q22a. Do you currently have a business plan?

☐ Yes ☐ No (Skip to Q23)

Q22b. [Only for those who answered "Yes" in Q22a.] How regularly will the business plan be reviewed and updated?

Q23. Which two of the following are the most important items to be discussed in a management meeting?

- | | |
|--|--|
| <input type="checkbox"/> Profit and loss | <input type="checkbox"/> Sales performance |
| <input type="checkbox"/> Business review | <input type="checkbox"/> Employee issues |

Q24. For how long have you been the key manager(s) leading and coordinating the enterprise? (to check commitment and continuity for sustainable involvement over the long term) _____

Q25. How do you manage the partnership/relationship with

1. Funders: _____
2. Supply chain: _____
3. Employees: _____
4. Customers: _____

Q26a. Prior to your appointment as key manager of this SE, did you have expertise in:

- | | | |
|--------------------------------------|------------------------------|-----------------------------|
| A. Business management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| B. Financial planning and management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| C. Sales and marketing | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| D. Product/service knowledge | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| E. Social impact assessment | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| F. NPO management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| G. Staff management | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

Q26b. As key manager of the SE, please rank the importance of these 7 skills to you from 1 to 7 (1 = least important, 7 = most important).

- | | | |
|--|--|--|
| <input type="checkbox"/> Business management | <input type="checkbox"/> Financial planning and management | <input type="checkbox"/> Sales and marketing |
| <input type="checkbox"/> Product/service knowledge | <input type="checkbox"/> Social impact assessment | <input type="checkbox"/> NPO management |
| <input type="checkbox"/> Staff management | | |

Q27. Has your SE scaled up in the past 5 years?

☐ Yes ☐ 1 year ago ☐ 2 years ago ☐ 3 years ago ☐ 4 years ago ☐ 5 years ago

Why?

☐ Sales growth ☐ Increased funding
☐ Other: _____

How?

☐ Established new sales outlets ☐ Expanded product categories
☐ Corporate [Should this be cooperation?] with other ☐ Other: _____

organizations

☐ No

Does your SE have any plans to scale up in the future?

☐ Yes Reason: _____

☐ No

Managers:

☐ <5% ☐ 5%–10% ☐ 11%–20%
☐ 21%–30% ☐ >30%

General employees:

☐ <5% ☐ 5%–10% ☐ 11%–20%
☐ 21%–30% ☐ >30%

Q28. What was the employee turnover rate last year?

Q29a. Please rate your staff morale from 1 to 7 ° (1 = very bad, 4 = neutral, 7 = very good)

7 6 5 4 3 2 1

Q29b. Please explain: _____

Q30a. Please rank anticipated operating risks in managing the business from 1 to 7 (7 = very high risk, 1 = no risk)

☐ Lack of manpower ☐ Lack of capital ☐ Resignation of key manager(s)
☐ Lower earnings than expected ☐ Changes in regulation ☐ Surging production costs
☐ Increase in competitors

Q30b. How do you prevent these operating risks? Please explain using the 2 greatest operating risks identified in (a).

1. _____ 2. _____

D. Employment

Q31. How many part-time and full-time staff work in your organization? Part-time: _____ Full-time: _____

Q32. To what percentage of employees does your SE intentionally provide in-service training and job opportunities to enhance their employment skills? _____

Q33. Do you view employees leaving your organization as a positive or a negative sign? Why?

☐ Positive Reason: _____
☐ Negative Reason: _____
☐ Neutral Reason: _____

Q34. Do the majority of employees leaving your organization remain in the same type of job afterwards?

☐ Yes ☐ No

Q35. In the past two years, how many employees left your SE to take up similar jobs in the job market? _____

Q36. How active is your SE at recruiting staff from marginalized groups? (1 = not active, 4 = neutral, 7 = very active)

7 6 5 4 3 2 1

☐ In-service training ☐ Internal pre-service training ☐ External pre-service training

☐ Mentorship program ☐ Job rotation ☐ Other: _____
 Q37. How do you provide staff training to your staff? (Multiple answers allowed)

Q38. How many partnerships have you developed?

Funding partnerships: _____
 Business partnerships: _____
 Employment partnerships: _____

Q39. How successful is your SE at improving the working skills of your staff? (7 = most successful, 4 = neutral, 1 = least successful)

7 6 5 4 3 2 1

Q40. How successful is your SE in enhancing the future job opportunities of your staff?

7 6 5 4 3 2 1

Q41. How successful is your SE in increasing the social exposure (e.g., making new friends, interaction, and mutual understanding with others) of your staff?

7 6 5 4 3 2 1

Q42a. How many donors have you had until now? _____

Q42b. ☐ One-off donation ☐ Regular donation Other: _____

Mainly [Something is missing here.]

Q43. How many volunteers does your SE have until now? _____

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