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Interrelationships amongst critical success factors and rural social enterprises' performance in a developing country context

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ABSTRACT

Rural social enterprises (RSEs) are an emerging actor that applies market-based approaches to implement a social mission: steering social and economic development. They thus contribute to addressing intractable challenges such as poverty and inequality disproportionately faced in rural areas. However, there is limited empirical evidence of their performance particularly regarding critical success factors (CSFs) and their interdependencies in influencing RSE performance in developing countries' rural contexts. Our study aims to contribute to closing this gap by examining the interrelationships between internal (e.g., business planning) and external (e.g., financial and training supports) critical success factors (CSFs), and the performance of RSEs. The study uses survey data from 521 rural Ugandan RSEs, which is analysed using structural equation modelling and importance performance map analysis. Results show business planning and training support as key influencing CSFs for improving RSE performance. These results offer guidance for improving RSE performance to Ugandan RSE practitioners, supporters and policymakers as well as those in related developing country rural context. The study also provides initial findings valuable to researchers interested in advancing RSE performance.

1. Introduction

Intractable challenges such as poverty and inequality are disproportionately faced in rural areas, which are home to about 40% of the World's population. In the developing World, this figure reaches 66% (World Bank, 2021), making rural areas a development priority. "Developing the rural economy is one of the key indicators towards a country's success. Whether it be the need to look after the welfare of the farmers or invest in rural infrastructure, Governments have to ensure that rural development is not compromised" (Institute of Entrepreneurship Development, 2015, para. 1). Constraints on rural development have provided a backdrop for the emergence of rural social enterprises (RSEs[1])—social enterprises (SEs) broadly within the Social Entrepreneurship field, focused on rural development. They are key actors taking a socially innovative approach to addressing such challenges (e.g., see a special issue edited by O'Shaughnessy et al., 2022). They do this by offering services and products in areas in which the private sector finds business unprofitable, and the state finds operations untenable (Musinguzi et al., 2022a; Steiner and Teasdale, 2019; Steinerowski and Steinerowska-Streb, 2012; van Twuijver et al., 2020). In the developing World context with an emphasis on Africa's developing countries particularly in Sub-Saharan Africa (SSA) region, SEs are advocated as 'forces for positive societal change and economic empowerment' (Holt and Littlewood, 2015; Maseno and Wanyoike, 2020) which bridge institutional voids (e.g., Mair et al., 2012 in Holt and Littlewood, 2015). The Covid-19 pandemic has exacerbated such challenges particularly poverty and inequality in SSA (Kerlin & Dowsett, 2021; World Bank, 2021). Recent studies indicate that SEs in the SSA context (Kerlin & Dowsett, 2021; Maseno and Wanyoike, 2020; Richardson et al., 2020) and RSEs in particular (Musinguzi et al., 2023a; Musinguzi et al., 2022a; Musinguzi et al., 2022b) could be a tool for addressing poverty and (income) inequality.

RSEs are involved in various interventions such as agricultural development, rural financial services (particularly village savings and loans associations), local tourism activities such as crafts' making, rural

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[1] Social Entrepreneurship lacks a universal definition (Morris et al., 2020; Saebi et al., 2019) as is the definition of SEs/RSEs. Based onemerging rural social entrepreneurship literature (e.g., Musinguzi et al., 2023a; Musinguzi et al., 2022a; Olmedo et al., 2021; Steiner and Teasdale, 2019; van Twuijver et al., 2020), RSEs in this study are defined as organisations/enterprises applying market-based approaches for the achievement of social mission—rural communities' wellbeing improvement.

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electrification (especially solar energy), provision of education, and health, water and sanitation services (Musinguzi et al., 2022b; Navarrete Moreno and Agapitova, 2017a). These contribute to positive social change in terms of their social impacts (Musinguzi et al., 2023a; Musinguzi et al., 2022a) and improve rural livelihoods. However, the RSEs like other rural businesses (cf. Abebe and Gebremariam, 2021; Clausen, 2020) face several challenges in their operational contexts including: lack of/insufficient government support; insufficient financial and technical (training) support; and lack of a context sensitive policy environment (Steiner and Teasdale 2019; Smith and McColl, 2016; Steinerowski & Steinerowska-Streb, 2012; van Twuijver et al., 2020). These challenges are exacerbated in the developing countries where studies generally note that many rural businesses fail (Gyimah and Lussier, 2021) including SEs, and RSEs in particular. This is one of the reasons why support to SEs is vital for their performance (Diaz Gonzalez and Dentchev, 2021).

Although the importance of SE and RSEs in particular is being recognized, there has been little research into RSEs and some scholars have called for this regional and geographic focus in social entrepreneurship studies (Muñoz, 2010; Steiner et al., 2019; Weerakoon, 2021). The acute scarcity of studies on SEs more broadly, and RSEs in particular, appears starkly in the developing country context and particularly in Africa (Holt and Meldrum, 2019; Littlewood et al., 2022; Littlewood and Holt, 2020).

Studying the performance of SEs in the developing country context, and the factors affecting it, assists SE managers and supporters, and enables appropriate adaptation and calibration of policy (cf. Park et al., 2017; Shicun and Kerlin, 2017). Research evidence from developing countries' RSEs, particularly in Africa, is vital because: i) the African continent is home to the largest number of least developed countries in the World (UN, 2021), and over 400 million Africans live in poverty (Sustainable Development Goals Centre for Africa (SDGCA, 2021)). Projections indicate that eight in 10 poor people in the World will be in Africa by 2030 and two thirds of them will be in rural areas (Ibid); ii) African business enterprises and organisations suffer from management challenges (Barnard, 2020; George et al., 2016; Kolk and Rivera-Santos, 2018; Nkomo, 2017; Zoogah and Peng, 2015) which result in poor performance (Bloom et al., 2012); iii) they experience resource constraints along with greater social problems (Ciambotti and Pedrini, 2019; Reypens et al., 2021); and iv) they experience low capacity due to low education levels of social entrepreneurs and poor access to (professional business and management) training when compared to developed contexts (Bosma et al., 2016; Mirvis and Googins, 2018).

Generally, there is currently limited quantitative research on SEs (Gupta et al., 2020; Sassmannshausen and Volkmann, 2018; Short et al., 2009; Weerakoon, 2021). Calls for such research are part of the broader need for quantitative and theory driven studies of SE performance vital for providing information essential for managers and supporters of RSEs. To improve SE particularly RSE performance, a number of critical success factors (CSFs) have been identified (Musinguzi et al., 2023a; Steiner and Teasdale, 2019). General conceptualization of CSFs draws on Pareto's principle that '80% of the effects are derived from 20% of the causes' (Kannan, 2018). In RSEs, these CSFs are defined as "a limited number of strategic areas or activities, or resources and/or capabilities, required by an RSE to attain success" (Musinguzi et al., 2023a) in terms of social and economic performance. Musinguzi et al. (2023a) find that among many CSFs, external training and financial supports, as well as business planning, were highly rated by RSE stakeholders. In RSEs (e.g., Steiner and Teasdale, 2019), particularly in the developing country context (e.g., Uganda), CSFs can be internal or external in origin[2] (Musinguzi et al., 2023a). Their influences on the performance of RSEs can interact, which Austin et al. (2006) refers to as a "coherent combination of constellations" of CSFs. Thus, the aim of this study is to establish a model for examining how internal (business planning) and external (external financial and training supports) CSFs influence RSE performance in a developing country context.

Our study contributes to filling the above gaps by providing quantitative empirical research that establishes a model and examines internal and external CSFs and their influence on RSE performance. Using structural equation modelling (SEM) and importance-performance map analysis (IPMA), we evaluate these influences and the interrelationship between internal (business planning), and external (external financial and training supports) CSFs and RSE performance. We use survey data from a sample of 521 RSEs in rural Uganda. Uganda exemplifies developing country characteristics especially for sub-Saharan Africa (SSA): 76% of its population lives in rural areas, most of whom are smallholders (Uganda Bureau of Statistics (UBOS, 2018)). Uganda is a particularly important target for policy advice on RSEs, because it lacks an SE policy but nonetheless has an active emerging SE ecosystem (Navarrete Moreno and Agapitova, 2017b; Tamale et al., 2020; Turyakira et al., 2021). To our knowledge, this is the first large scale quantitative study in the developing country rural context to examine the performance of RSEs.

Our results indicate that training support has a direct positive relationship with the RSEs' financial performance, and that when mediated by business planning, training support improves the RSEs' social performance indirectly. The IPMA supports the SEM results by portraying business planning and training support as key factors for prioritising if RSEs' performance is to be improved in Uganda and in similar developing countries' rural contexts. These results contribute to literature and quantitative methods in (rural) social entrepreneurship and provide a model of CSFs that is a precursor for further research. Our findings are also vital for enabling decision making and thus improving RSE performance by practitioners and policymakers.

The paper proceeds as follows: Section 2 reviews the literature on CSFs tracing the theoretical foundation of CSFs, and the nature of organisational performance to develop hypotheses on CSFs. This centres on business planning and external financial and training supports, and their relationships with RSE performance. Section 3 outlines the methods and section 4 presents the results. The subsequent section 5 discusses the results and section 6 presents the study's contribution and conclusion.

2. Literature review

2.1. Critical success factor theory

'Success factors' in management are traced from 1961 when D. Ronald Daniel (Daniel, 1961 cited in Rockart (1979)) observed particular factors that are germane to a firm/company. The original applications (to information systems) later spread to almost all areas of business and management (Kannan, 2018) including recently, to social entrepreneurship (Lucchetti and Font, 2013; Satar and Shibu, 2019; Sharir and Lerner, 2006; Wronka, 2013). The framing of CSF theory follows Pareto's law "that 80% of the effects come from 20% of the causes" (Kannan, 2018, p. 393). The management inference is that a firm/enterprise/organisation should emphasise or attend to this 20% for improved performance.

From mainstream business management research, particularly for small and medium enterprises (SMEs), CSFs 'are the independent or predictor variables that are thought to be necessary for an SME to have, or activities that must be carried out, in order to sustain and improve its performance (Simpson et al., 2012, p.269). In conventional rural businesses in developing countries, CSF research is in its infancy with some inconsistency, and lacking a rural business success framework (Abebe and Gebremariam, 2021; Gyimah and Lussier, 2021).

[2] We conducted a systematic literature review on RSEs and particularly those from the developing country context, explicated CSFs. In addition to providing more context specific CSFs to supplement those identified in the systematic literature review, RSE managers, beneficiaries/clients and leaders rated them in the efforts of understanding what is vital for the RSEs' improved performance (Musinguzi et al., 2023a). A summary of these appears in Appendix 1.

CSFs have been referred to as 'a limited number of areas in which satisfactory results will ensure the competitive performance of the organisation' (Bullen and Rockart, 1981). CSFs are also conceptualised as the organisation/enterprise's strategy components in which excellence is essential for outperforming competitors in a given market (Gerry et al., 2006; Grunert, 1998). Further, CSFs have been identified as an organisation/enterprise's resources, attributes and skills that enable it to attain success or deliver value to customers/beneficiaries in the market (Lynch, 2006). Most definitions of CSFs emphasise conditions, characteristics and variables (independent or predictor) that have a significant effect on the success of an organisation/enterprise (Boyer et al., 1998; Hoffmann and Schlosser, 2001; Rockart, 1979, van Veen-Dirks and Wijn, 2002; Wronka, 2013). An organisation must then perform consistently well in its CSF aspects to achieve its mission (Amberg et al., 2005; Lucchetti and Font, 2013). For the purposes of this study, we define CSFs as areas or activities required for an organisation or project to achieve its objectives and attain success (Lucchetti and Font, 2013; Wronka, 2013).

From the emerging rural social entrepreneurship literature, Steiner and Teasdale (2019) among other scholars conceptualise vital institutional factors including external environmental factors for RSE performance, categorised broadly as internal and external. Internal factors refer to organisational resources and capabilities while external ones refer to external environmental factors that affect the performance of the RSE (Ibid). In this study, the internal CSFs of RSEs are viewed as the RSEs' resources and capabilities that provide it with a competitive advantage[3], while those external to the RSE are viewed as external environmental factors. Hence, the resources and capabilities together with the external environmental factors provide a complete set of CSFs which will enable better performance of the RSEs to serve their clients/beneficiaries and this enables RSEs to achieve their social missions. Interrelationships between and amongst these internal and external CSFs and RSEs' performance are of particular interest as they may address particular aspects of the business and policy context (Austin et al., 2006; Cheah et al., 2019a, 2019b; Lucchetti and Font, 2013).

2.2. Resource dependency theory and CSFs theory linkages

Resource dependency theory (RDT) holds that for organisations to survive, they require resources (Pfeffer and Salancik, 2003; Sheppard, 1995). Thus, resource endowment, and capability in acquiring resources from the external environment, becomes a performance constraint (Ibid). Possession of resources in an organisation facilitates actions that are competitive in nature which in turn brings about improved performance (Cheah et al., 2019b; Ndofor et al., 2011). In this study, we refer to these resources generally as CSFs: others have called them critical resources (Desa and Basu, 2013). We do not embark on traditional resource analyses to understand RSEs' distinct capabilities to leverage valuable, rare, inimitable and organisationally specific resources to generate competitive advantage (Walkenhorst et al., 2021). Rather, we apply an overarching CSF theory and an interaction of internal and external success factors (Austin et al., 2006; Lucchetti and Font, 2013; Sharir and Lerner, 2006; Wronka, 2013) that is broader than a focus on resources only.

2.3. Organisational performance

Social Entrepreneurship lacks an accepted metric for SE performance. It is portrayed in most extant literature as a combination of social and financial performance, and is mainly operationalised with constructs (Cheah et al., 2019a, 2019b; Coombes et al., 2011; Liu et al., 2014, 2015; Meyskens et al., 2010). We similarly employ a construct of RSEs' social (SOCP) and financial (FINP) performance dimensions (cf. Liu et al., 2014; Cheah et al., 2019a, 2019b) which is based on subjective measurements. Existing literature has indicated no difference between subjective and objective measures as estimates of performance (Barrett et al., 2005; Dess and Robinson, 1984), and the use of broad categories of variables to capture growth and business volume subjectively were found to be relevant, internally consistent, reliable and externally valid (Chandler and Hanks, 1993; Simpson et al., 2012).

Quantitative study of SEs is rare, particularly with regard to their organisational performance in both developed and developing countries (Cheah et al., 2019a, 2019b; Short et al., 2009) but more pronounced in the latter. CSFs of RSEs were identified from a previous systematic literature review of RSEs (Musinguzi et al., 2023b) and were then assessed by managers and leaders of RSEs (Appendix 1). Key internal (e.g., business planning) and external (e.g., financial and training supports) CSFs relevant to the developing country context (Uganda in our case) were considered for further analysis. We develop hypotheses by referring to the RDT, given that internal and external CSFs are also referred to as internal and external resources, respectively, in social entrepreneurship studies (e.g., Cheah et al., 2019a, 2019b).

2.4. Hypotheses development

External supports are vital for SEs as they complement their internal competencies/resources (internal CSFs). External CSFs are those not controlled by the SEs, and are defined here as resources both tangible and intangible in nature, and including external agencies' expertise (Cheah et al., 2019b; Spear, 2006). We focus on financial (FINSUP) and training support (TRISUP) (Cheah et al., 2019b). SEs' social and commercial goals implies various support requirements (Battilana and Lee, 2014). The availability of external support — external resources in RDT language (Pfeffer and Salancik, 2003; Sheppard, 1995; Sommerrock, 2010) — influences performance. For instance external support from government and non-profits is linked to SE emergence and development as it creates a conducive environment for them (Organisation for Economic Cooperation and Development/European Union (OECD/EU, 2017)).

SEs generally operate in resource constrained environments (Doherty et al., 2014; Janssen et al., 2018; Tate and Bals, 2018), particularly in developing/emerging country contexts burdened with social and economic problems (Ciambotti and Pedrini, 2019; Manning et al., 2017; Reypens et al., 2021). The rural context is an additional layer that poses further resource constraints to SEs (Steiner and Teasdale, 2019), as for other rural businesses (Clausen, 2020; Gyimah and Lussier, 2021), and in light of the significance of poverty and inequality in the population. Availability of resources in these contexts is not guaranteed and where there is availability, they mostly are of low quality (Ciambotti and Pedrini, 2019; Mol et al., 2017; Rivera-Santos et al., 2015; Zoogah and Peng, 2015) and are expensive (Desa and Basu, 2013). We base our development and testing of hypotheses regarding external support on existing studies of non-RSEs and mostly from developed country contexts, due to the dearth of research on RSEs in developing countries.

Financial support

In mainstream businesses, FINSUP is a commonly-occurring resource that is treated as being able to be converted into other resource types (Aminu and Shariff, 2014 in Nakku et al. (2020)). For RSEs, we conceptualise FINSUP as emanating from grants, subsidies, fundraising, donations or any other external source (Cheah et al., 2019b; Thompson and Williams, 2014), and distinct from sales of the RSEs' products and services. Some literature note that organisations'/enterprises' survival may rely on diversity of funding sources (Bouchard and Rousselière,

[3] The competitive advantage concept in SEs is slightly different from mainstream business' conceptualisation as the former are mainly focused on the social mission achievement (Saebi et al., 2018; Battilana et al., 2015 in Walkenhorst et al. (2021)) rather than profit maximisation in the latter. In line with the radical alternative to the RBV of a firm (Bacq and Eddleston, 2018), competitive advantage in SEsemphasises the achievement of social welfare and wellbeing of stakeholders.

2016), and other studies identify the danger of financial dependence (Choi et al., 2018; Gras and Mendoza-Abarca, 2014). FINSUP is recognized as important in organisations' sustainability (Graikioti et al., 2020) and funding is identified among the most pressing of SEs' challenges (Diaz Gonzalez and Dentchev, 2021), particularly from formal banks (Davies et al., 2019; Pelucha et al., 2017). In SSA, 82% of SEs use solely their own funds for their activities (Bosma et al., 2016; Mirvis and Googins, 2018). Adeleye et al. (2020) report that some SEs in Africa mobilise financial resources 'from the Africa community-based microfinancing tradition of rotating savings and credit associations—a system parallel to formal banking and financial services although the associated loan size is very limited (Burlando et al., 2021).

Sources of FINSUP in most developing/emerging country contexts also include philanthropies, and national and international agencies through project funding (Mbiru et al., 2021; Navarrete Moreno and Agapitova, 2017b). Accordingly, scholars have conceptualised positive social change interventions, of which SEs are one form, as being project-based (Cieslik, 2016; Stephan et al., 2016) and this affects the nature of external funding and its treatment in analysis. Further, non-recognition of SEs as a legal form (Navarrete Moreno and Agapitova, 2017b; Tamale et al., 2020; Turyakira et al., 2021) restricts access to external funding. Thus, Ugandan SEs mainly rely on philanthropies' or non-profits' assistance for FINSUP although government engagement is also known to enable and foster SE generation (Bozhikin et al., 2019; Stephan et al., 2015). FINSUP from philanthropies or non-profits is also limited in amount and coverage, in the Ugandan case being centred on Kampala or surrounding districts e.g.,: Yunus Social business Uganda (2021); Yunus Social Business (2022); Yunus Social Business Uganda (2018) and Capital Solutions Limited described in Tamale et al. (2020). Hence, Ugandan RSEs receive little such FINSUP, particularly those in rural areas.

There are inconclusive results regarding FINSUP's relationship with the performance of organisations. In a developing country context, Nakku et al. (2020) show a positive relationship in mainstream SMEs. Findings for SEs vary: both positive and direct relationships are reported (Thompson and Williams, 2014), yet in some cases found to be statistically insignificant (Cheah et al., 2019b). Other studies suggest that improved financial performance of SEs due to FINSUP occurs in well-established SEs (Kim and Moon, 2017). Based on FINSUP's being seen as vital for SE performance in Uganda (Tamale et al., 2020; Turyakira et al., 2021), and extant RDT literature where FINSUP enables an organisation's financial resource diversification to bring about improved performance (both FIN (Ecer et al., 2016) and SOC (Kim and Moon, 2017), we hypothesise that:

1a. FINSUP has a positive influence on the FINP of RSEs.

1b. FINSUP has a positive influence on the SOCP of RSEs.

2.4.1. Training support

TRISUP, interpreted as non-financial support in some studies in mainstream SMEs (Nakku et al., 2020), entails service provision as business consulting and business development, and tailor-made technical support for capacity building (Ibid). TRISUP also takes the form of structured training to provide abilities, skills and knowledge that enable SEs to achieve competitive advantage and efficiency (Barraket et al., 2016; Chatterji et al., 2019; Cheah et al., 2019b; Lerner and Haber, 2001; Pett et al., 2021; Rahman et al., 2015a). Kiss et al. (2020) observes that TRISUP can also take the form of mentoring and professional support (e.g., business planning, marketing skills) from external support agencies. Integrated support (that included training/capacity building i.e., TRISUP was found to be among the most important factors for the SEs' sustainability (e.g., Expert Group on Social Entrepreneurship (GECES), 2016; Graikioti et al., 2020). As is the case for FINSUP, research literature offers a variety of conclusions about the relationship between TRISUP and SE performance. Positive direct (Thompson and Williams, 2014; Rahman et al., 2015a), and indirect (Cheah et al., 2019b; Rahman et al., 2015b) relationships have been found.

Most SEs lack human resources (Sharir and Lerner, 2006; Diaz Gonzalez and Dentchev, 2021) and professional management (Certo and Miller, 2008; Diaz Gonzalez and Dentchev, 2021), and in developing countries are widely perceived as being poorly managed (Bloom et al., 2012). This suggests that SEs are likely to benefit from TRISUP. In SSA's business environment, lack of capacity has been attributed to generally low education levels (Bosma et al., 2016). It is further noted that African SEs lack access to professional management tools and expertise (Mirvis and Googins, 2018). We thus hypothesise that:

2a. TRISUP has a positive influence on the FINP of RSEs.

2b. TRISUP has a positive influence on the SOCP of RSEs.

2.4.2. Interaction amongst CSFs and SE performance

Presence of some CSFs does not guarantee that such factors are optimally utilized unless an organisation possesses others such as those required for managerial capacity/competence which are mainly business planning practices (BUSP) (Andersén, 2011; Baum et al., 2017; Cheah et al., 2019b; Frese et al., 2007). BUSP are defined as a set of practices in organisations vital for gathering business information to enable both decision making as well as exploitation of new opportunities (Barraket et al., 2016; Cheah et al., 2019a). They mainly include: a strategic plan, budget forecasting, regular income/expenditure reports, impact evaluation or measures relating to the organisation's mission and networking with other organisations/businesses (Ibid). BUSP practices have been shown to enable an organisation's functional efficiency (Barney, 1991; Olofsson et al., 2018; Sheppard, 1995). BUSP indirectly relates to an organisation's resources and performance (FINP and SOCP) (Baum et al., 2017; Frese et al., 2007). Cheah et al. (2019b) found that BUSP mediates the relationship between FINSUP and FINP, and between FINSUP and SOCP. We thus hypothesise that:

3a. BUSP significantly mediates the relationship between FINSUP and the FINP of RSEs.

3b. BUSP significantly mediates the relationship between FINSUP and the SOCP of RSEs.

As already noted, generally SEs lack professional management (e.g., Certo & Miller, 2008; Diaz Gonzalez and Dentchev, 2021) which is exacerbated in SSA (see 3.1 below for a Ugandan case) particularly in the rural context and thus can be positively influenced by offering TRISUP. This influence of TRISUP on FINP is found to be stronger when it is related to improving the SEs' business planning ability (Cheah et al., 2019b). Thus, we hypothesise that:

4a. BUSP significantly mediates the relationship between TRISUP and the FINP of RSEs.

4 b. BUSP significantly mediates the relationship between TRISUP and the SOCP of RSEs.

A summary of the hypothesised relationships is provided in Fig. 1.

3. Methods

3.1. Context

As actors in rural economic development, most SEs in rural Uganda like elsewhere in most of the developing World (Musinguzi et al., 2023a; Musinguzi et al., 2022a; Musinguzi et al., 2022b; Navarrete Moreno and Agapitova, 2017b) are involved in providing basic services in rural areas such as education, energy, health and water and sanitation. These are disproportionately inaccessible in rural areas (Navarrete Moreno and Agapitova, 2017b). This is partly because of rurality challenges faced by RSEs such as "long distance from major city/urban centres, higher costs of transport and communication, small markets as well as long distances to larger markets and a general lack of skilled labour" (Musinguzi et al., 2023a). Most rural areas in Uganda are also characterised by 'subsistence farming, with only the production of surpluses of high value items that can bear transport costs; production of crafts and services for local markets and tourism; and recreation activities" (Ibid).

Besides these rurality-related challenges, Ugandan RSEs are also

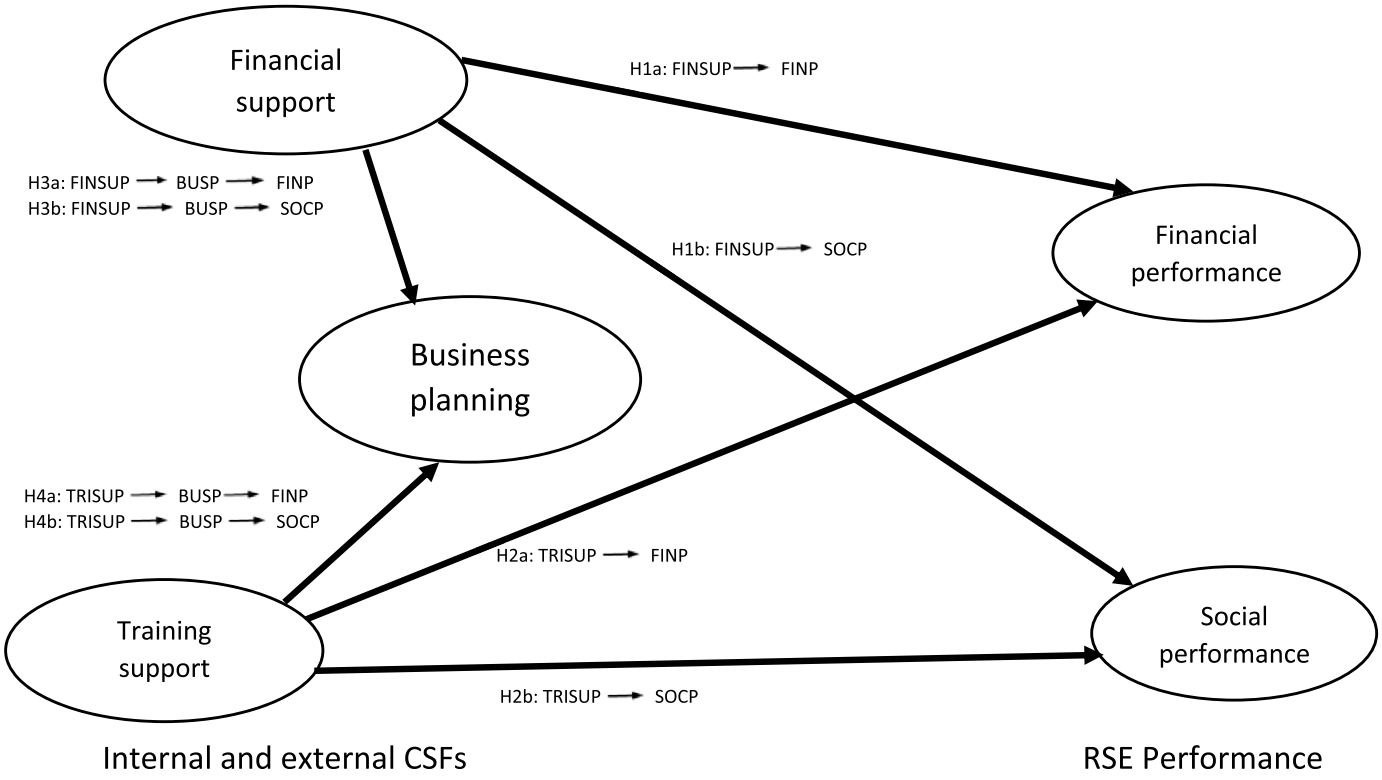

Fig. 1. Proposed Hypotheses' relationships summary.

challenged by their operating environment (e.g., Tamale et al., 2020; Turyakira et al., 2021). For instance, there is no explicit policy on social entrepreneurship generally and RSEs in particular in most developing countries, and more so in SSA (Navarrete Moreno and Agapitova, 2017b) and Uganda in particular (Musinguzi et al., 2023a; Musinguzi et al., 2022a; Navarrete Moreno and Agapitova, 2017b; Tamale et al., 2020).

The Ugandan government generally supports SMEs (Nakku et al., 2020). It has an apex body for private sector advocacy and capacity building of SMEs (Private Sector Foundation Uganda, 2022). Although SEs are part of the broader SMEs' family, their promotion and growth around the World is reckoned to require mainstream government support (OECD/EU, 2017; OECD, 2022; Recommendation of the Council on the Social and Solidarity Economy and Social Innovation, 2022). Such support is lacking in most developing countries, and as noted above for the policy environment, this is pronounced in Uganda (Navarrete Moreno and Agapitova, 2017b). This lack of government regulation/policy and support in Uganda is manifest as lack of explicit training as well as financial supports for SEs (Investment Guide Africa, n.d, Navarrete Moreno and Agapitova, 2017b).

Some leaders of emerging Ugandan SEs such as Capital Solutions in Kampala (Tamale et al., 2020; Turyakira et al., 2021) in collaboration with universities in Uganda (e.g., Makerere University) have started to address these constraints. They are engaging directly with the government for SE recognition, and advocating their support — both financial and training — to improve their performance (Capital Solutions, 2022b; Tamale et al., 2020). The peak body for SMEs in Uganda is also planning to start a social responsibility fund through which it could support SEs (Monitor Uganda, 2021) in collaboration with a supporting SE (Trendsnafrica, 2021). The ecosystem of SEs is therefore an emerging one, still with no overarching or guiding SE body (Investment Guide Africa, n.d; Navarrete Moreno and Agapitova, 2017b). Thus, there is no national footprint of SEs (Ibid) generally and RSEs in particular.

The well-known existing Ugandan SEs, including those studied by researchers, are mainly located within Urban centres or areas surrounding the capital city (e.g., Abaho et al., 2017; Nsereko, 2020; Nsereko et al., 2021; Ntamu et al., 2021; Tamale et al., 2020). The prevailing ecosystem includes various organisations that support SEs, including Yunus Social Business Uganda (Yunus Social Business, 2022), E4Impact Foundation (E4Impact Foundation, 2022), British Council (Richardson et al., 2020), Ashoka (Ashoka, n.d), SolarNow, Finca (Navarrete Moreno and Agapitova, 2017b) and specialised SEs such as Capital Solutions (Capital Solutions, 2022b). Currently, the largest supporter for RSEs in Uganda mainly in the agricultural sector is the Micro-Finance Support Centre Limited (Navarrete Moreno and Agapitova, 2017b). Some of the SE ecosystem organisations act as accelerators for SEs and conduct activities such as training social entrepreneurs e.g., in business planning and some have started to provide financial support e.g., the Micro Finance Support Centre, Acumen, Yunus business Uganda, Grofin, Capital Solutions etc. (e.g., Capital Solutions, 2022a; Yunus Social Business, 2022; Navarrete Moreno and Agapitova, 2017b). As earlier noted, these services are offered in the absence of SE policy and are mainly provided in Urban areas e.g., in districts near/surrounding the Capital city. This has left rural areas and their RSEs largely unserved (Investment Guide Africa, n.d).

3.2. Sampling

The sample frame was drawn from the Tooro/Rwenzori region which is a sub-region of the Western region of Uganda (Uganda National NGO Forum, 2014). It contains eight mostly rural districts: Kabarole, Bunyangabu, Kyenjojo, Kyegegwa, Kamwenge, Kasese, Bundibugyo and Ntoroko. They feature primarily rural populations below the poverty line (UBOS, 2018). Most SEs in this region have transformed institutionally from the non-profit sector (NGO, CBOs or societies/associations) to SEs for the purpose of sustainability through their market–based activities. Tamale et al.'s (2020) recent case study of SEs in two central region districts of Uganda alludes to this.

The unit of analysis is the RSE. As noted above, obtaining representative samples of SEs in Uganda is difficult because of the lack of awareness of the concept of social entrepreneurship and SEs; and the absence of legislation on SEs, so that owners register them under a variety of legal structures (Navarrete Moreno and Agapitova, 2017a; Tamale et al., 2020). Thus, most studies therefore employ purposive sampling (e.g., Cheah et al., 2019a; 2019b) reinforced by an attempt at determining the population of RSEs, from which to arrive at a stratified random sample. For the purpose of this study, we employed two criteria for RSE identification as organisations/enterprises that i) apply market-based approaches in pursuing a mission of improving the well-being of marginalised rural communities through social impacts (Steiner et al.,2019, van Twuijver et al., 2020); and ii) focus on rural development (Musinguzi et al., 2023b).

To establish our population, several sources of information on social entrepreneurial organisations were used, then verified in discussions with relevant local authorities. First, a desk review provided insight into the numbers of social entrepreneurial organisations operating in the region: including NGOs, CBOs, associations, societies, farmer organisations, among others (e.g., Adelphi research gGmbH, 2018; Musoke, 2018; Navarrete Moreno and Agapitova, 2017b; UNDP Equator Initiative, 2018). Second, prominent regional SEs were consulted. These featured managers and leaders who also performed roles as influential community and business leaders, and this connection enabled access to offices for district development, commerce, and agriculture to help complete the population list to use as a sampling frame. From these sources, a population of 1167 (rounded to 1200 for the purposes of estimating the sample size) RSEs was established. A sample size of 291 was then determined based on the sample determination table by Krejcie and Morgan (1970). Our sampling strategy took account of low numbers of RSEs in some districts, and the risk of non-participation, so we doubled the recommended sample size following Sekaran and Bougie (2016). Our quantitative cross-sectional approach is justified based on Creswell and Creswell (2018): i) we study causal relationships amongst variables, and we identify predictors of an outcome; and ii) extant literature identifies this as the most suitable approach for testing our study's theoretical framework and proposed hypotheses (Cheah et al., 2019a, 2019b).

We randomly selected 552 from the target population list (Appendix 2). The criteria for respondent selection included the following: those who were actively involved in the management and decision making of the RSEs, and thus with knowledge of their social missions and aspirations. This included the Chairpersons of Boards, secretaries, coordinators, CEOs, Managing Directors; or members of management committees delegated by RSEs' leadership. Of the targeted 552 RSEs, 521 (94.4%) participated. Data were collected in 2020 using a pretested questionnaire which was administered face to face after appropriate research ethics approvals. Collected data were deployed on an android-enabled application, then saved to a secure server. The sample's descriptive statistics are summarised in Table 1.

The 521 respondents were evenly distributed amongst the eight rural districts, and primarily were rural (in line with national data) (UBOS, 2018). Male respondents were the majority (61.8%). Almost all the adult age groups were evenly represented, apart from the oldest (≥60 years) at just 8.3% of respondents. Some 92.1% of the respondents held the highest position in their respective RSE and were actively involved in its management and decision making (e.g., Chairperson, Coordinator, Managing Director, CEO, Secretary). The majority of respondents (74.1%) had served in their respective RSEs for periods longer than three years. About 80% had similar duration of experience in other SE-related environments.

Some 40.5% of respondents had some primary level education or had completed primary, while 56.3% had O-level or higher. A small number (7.9%) reported professional qualifications or university degrees. Our sample contrasts with those of SE studies conducted in peri-urban/urban settings (for example; within Kampala and surrounding districts in Uganda) where respondents are mostly highly educated (Nsereko et al., 2021; Tamale et al., 2020). Interestingly, just a handful (5) of the reported professional qualifications were related to business and management and accounting disciplines. The reported education levels may reflect disparities in education- rural vs urban; and migration of educated people out of rural areas (e.g., Christmann, 2017; O'Shaughnessy et al., 2022 cited in Steiner et al. (2021)), and in regional/rural Uganda specifically (Tumwesigye et al., 2021). The largest number of RSEs (68.9%) report not employing a professional paid employee: rather, management undertakes day to day activities.

The majority (82%) of RSEs reported annual income in the interval 100,000–12,000,000 Ugandan Shillings, and most RSEs (87.9%) report generating most income (defined as ≥51%) from their business

Table 1
Descriptive statistics of the sample.

RSE characteristics			Respondents' characteristics		
Districts (n = 521)	n	Percent	Respondents' profile	n	Percent
Kasese	84	16.1	Gender (n = 521)		
Kyenjojo	75	14.4	Male	322	61.8
Kabarole	69	13.2	Female	199	38.2
Kamwenge	67	12.9	Age		
Bunyangabu	60	11.5	40–49	140	26.9
Kyegegwa	58	11.1	31–39	132	25.3
Bundibugyo	55	10.6	50–59	107	20.5
Ntoroko	53	10.2	18–30	99	19.0
Employment			≥60	43	8.3
0	359	68.9	**Position in RSE**		
1–4	87	16.7	Chairperson	246	47.3
5–12	75	14.4	Secretary	132	25.3
Total Revenue			Coordinator	59	11.4
100,000–12,000,000	427	82.0	Management committee member	41	7.9
13,000,000–85,000,000	94	18.0	Managing director	39	7.5
Revenue generated from RSEs' activities			CEO	4	0.8
≥51	458	87.9	**Number of years with RSE**		
20–40	41	7.9	1–2	135	25.91
41–50	22	4.2	3–5	209	40.12
Operational level			6–10	126	24.18
Sub county level	168	32.3	≥11	51	9.79
District level	128	24.6	**Experience in RSE environment**		
Village level	128	24.6	1–2	104	19.96
Parish level	84	16.1	3–5	206	39.54
Regional level	6	1.2	6–10	142	27.26
Country level	5	1.0	≥11	69	13.24
County level	2	0.4	**Education level**		
Major Sector			Completed 'O' Level and above	163	31.3
Services	273	52.4	Some 'O' Level	130	25.0
Agriculture	172	33.0	Some Primary	116	22.3
Industry	76	14.6	Completed Primary	95	18.2
Age of RSE			No formal education	17	3.3
1–2	99	19.0			
3–5	211	40.5	**Professional education (n=41)**		
6–10	142	27.3	Bachelors degree	20	48.8
≥11	69	13.2	Diploma	14	34.2
Years since a major change occurred			Certificate	5	12.2
0	207	39.73	Masters degree	1	2.4
1–5	299	57.39			
6–10	15	2.88			
Society/Association	291	55.9			
CBO	165	31.7			
Un-registered	31	6.0			
Sole proprietor	13	2.5			
Private Limited Company	12	2.3			
Company Limited by Guarantee	5	1.0			
NGO	4	0.8			

activities. The level of employment and the RSEs' reported annual income levels observed in our sample indicate that they emulate micro, small and medium sized enterprises based on the Uganda Investment Authority's categorization of business entities (Uganda Investment Authority, 2021), concurring with extant literature that indicate that the majority of SEs are either micro or small enterprises (Ávila et al., 2021). The great majority of RSEs in our study (97.6%) report operating at a relatively small scale, from district to village levels.

Most of the RSEs in our sample offer services related to transport, financial services, and capacity building. A large proportion (33%) operates in the agricultural sector, involved directly in growing crops and keeping animals at organisational and household levels. A small proportion were industry related (14.6%) such as crafts making, community based tourism, tailoring, brick laying and carpentry works. The age of sampled RSEs was commonly 3–10 years (67.8%), which concurs with other SE studies in Uganda (Navarrete Moreno and Agapitova, 2017a; Nsereko et al., 2021; Tamale et al., 2020). However, the majority (57.4%) reported having recently upgraded their business capacities. The responding RSEs have a variety of legal operational statuses: most operate as societies or associations (55.9%) or community based organisations (CBOs) (31.7%).

3.3. Analysis

For SEM, identification of latent variables was based on a meta-synthesis of RSEs' factors essential for their performance: with performance operationalised as social (SOCP) and financial (FINP). The latent variables used were validated scales adapted from relevant extant literature, suited to the Ugandan context, and acceptable from the perspectives of the managers and leaders of the RSEs (See Appendix 2). We selected external supports (financial (FINSUP) and training (TRISUP) supports), and business planning (BUSP) practices given their appeal in literature regarding their importance in the developing country and rural contexts.

SEM was employed to examine the causal relationships in generating path coefficients. Measurement models in SEM evaluate both exogenous measurement errors of variables and their proposed latent variables, while structural models estimate the associations amongst latent variables. Thus, SEM enables an examination of the extent to which a change in a variable is associated with changes in one or many other variables based on coefficients of association (Fornell and Larcker, 1981). AMOS 25.0 and Smart Partial Least Square 3 (SmartPLS 3) were used for conducting the analyses. We used AMOS 25.0 for model development and testing (Bacon, 1998; Thakkar, 2020) while SmartPLS 3 was used for importance-performance map analysis (IPMA) (Abalo et al., 2007; Hair et al., 2017; Ringle and Sarstedt, 2016).

IPMA is an application of importance-performance analysis approach (IPA) (Martilla and James, 1977 in Sever (2015)). In marketing research, IPA's main objective is the diagnosis of the performance of products' and services' attributes while generating practical managerial suggestions (Dwyer et al., 2012 in Sever (2015)). It enables prioritization of managerial actions 'to suggest the optimal allocation of limited resources that should improve and sustain customer satisfaction' (Sever, 2015, p.43). IPA has since been applied in many other fields (Sever, 2015). Its recent application to social entrepreneurship has been the identification of key factors that influence SE performance (Cheah et al., 2019a, 2019b). We also apply it in an assessment of the relative importance and performance of the selected variables i.e. CSFs as predictors of RSE performance (Hair et al., 2017; Cheah et al., 2019a, 2019b) by identifying the factors that require enhancement within the IPMA grid (Cheah et al., 2019a, 2019b).

3.4. Constructs, dimensions and items used for measurement

For clarity regarding observed measurements among key variables of interest (i.e., SE performance) in our model (Cheah et al., 2010, 2019a, 2019b), we controlled for key variables identified in the literature as having influence on organisational (SE) performance viz: age of the organisation (e.g., Battilana et al., 2015; Gras and Mendoza-Abarca, 2014) and organisation size (Gras and Mendoza-Abarca, 2014; Liu et al., 2015). These control variables are also employed in the study of SEs' internal and external factors that influence SE performance (see Cheah et al., 2019a, 2019b).

3.5. Model constructs

We employ CSF as overarching theory, with RDT to establish a model for examining financial and training supports' (as external CSFs/resources) influence on RSEs' performance (financial and social), mediated by the use of formal business planning (an internal CSF/resource). External support is operationalised using the type of support (financial, or training) as distinct from support from different stakeholders (government, non-profit or private sector organisations). This is because, congruent with RDT, the aim of the analysis was identification and examination of the contribution of external CSFs/resources to RSEs' performance rather than stakeholder type. The complexities of the impact of each of the aforementioned stakeholders is beyond the scope of our study.

The financial support construct (FINSUP) was measured based on three measurement items following Thompson and Williams (2014) and Cheah et al. (2019a, 2019b). This construct was found to be comprehensive, and it demonstrated a suitable fitted probability distribution when assessed by a construct assessment tool (Ibid). The training

Table 2
Model constructs and items.

Latent variable	Items	Labels
1) Financial support (FINSUP) (Cheah et al., 2019b; Rahman et al., 2015a)		
	FINSUP1	Donation from external body *(included government, family member, private company or charity organisation)*
	FINSUP2	Grant/funding from the external body (*Such as start-up fund, monetary award or prize*)
	FINSUP3	Other financial supports from the external body (*Such as subsidy, discount rate, contract funding, etc*)
2) Training support (TRISUP) (Cheah et al., 2019a;Thompson and Williams, 2014)		
	TRISUP1	Training support on the interpersonal abilities (*such as effective communication, team work*).
	TRISUP2	Training support on understanding our business *(such as business model canvas, market trend)*
	TRISUP3	Training support on enhancing our personal productivity *(such as time management, emotional quotient)*
	TRISUP4	Training support on the technical job abilities (*for example mechanical, IT or skill*)
3) Business planning (BUSP) (Cheah et al.,2019a; Barraket et al.,2016)		
	BUSP1	Has possessed and used a formal strategic plan
	BUSP2	Has used budget forecasting
	BUSP3	Has used regular income/expenditure reports
	BUSP4	Has conducted impact evaluation or measures relating to the organisation's mission
	BUSP5	Has had formal networking with other organisations/ businesses (included other businesses/organisations with a social mission)
4) Organisational performance (Cheah et al., 2019a; Liu et al., 2014)		
4a) Financial performance (FINP)		
	FINP1	Has been experiencing an increase in revenue.
	FINP2	Has been engaging in more commercial (involve sales and purchase) activities.
	FINP3	Competitiveness is well above average compared with peer organisations.
	FINP4	Overall financial condition is at net surplus level.
4b) Social performance (SOCP)		
	SOCP1	Has been providing more social or environmentally friendly services in the community.
	SOCP2	Has been serving more beneficiaries (disadvantaged people) or solving environmental issues in the community.
	SOCP3	Has been obtaining higher reputation and trust.

support construct (TRISUP) was based on a model established by Rahman et al. (2015a) and applied by Cheah et al. (2019b) which attained, in those studies, composite reliability values of 0.90 and 0.886, AVE scores of 0.646 and 0.661, and Cronbach's alpha values of 0.889 and 0.835, respectively. These indicate satisfactory construct measurement with regard to both convergent and discriminant validity.

We use Barraket et al.'s (2016) five significant management tools for measuring the business planning construct (BUSP). This construct attained a composite reliability value of 0.863, an AVE score of 0.657 and discriminant value of 0.811 (Table 4). These values indicate that the construct is satisfactory with regard to both convergent and discriminant validity. Organisational performance (RSE performance) taking the financial performance construct (FINP) and social performance construct (SOCP) in the model, was measured subjectively based on seven items adapted from Cheah et al. (2019a, 2019b). Four of these items form the FIN construct, and three form the SOC construct. Both the FIN and SOC constructs achieved both convergent and discriminant validity as shown in Table 4. Operationalisation of all the measured constructs is shown in Table 2.

3.5.1. Model's goodness of fit

We employ both *ex ante* and *ex post* approaches to common method bias (CMB). Expeditious questionnaire and survey design (Fuller et al., 2016; Podsakoff et al., 2003) was applied *ex ante*. Harman's single factor test (as an *ex post* tool) revealed that the highest variance explained by a single factor was 37.4% in this model, which suggests that our data does not exhibit CMB. As for the Model's validity and reliability, all the selected goodness of fit indices show that the Model had an adequate fit for the data (Table 3).

We checked the validity and reliability of the Model based on Anderson and Gerbing (1988) and Nunnally (1975). As Table 4 shows, items' loadings are within the recommended range with no loading less than 0.70 (Hair et al., 2017). The AVE values range from 0.657 to 0.865 and thus surpass the 0.5 threshold, achieving convergent validity (Anderson and Gerbing, 1988; Nunnally, 1975). Further, all composite reliability (CR) values range from 0.860 to 0.943 and thus are above the convergent validity threshold of 0.7 (Ibid).

We also tested discriminant validity using the discriminant value (Square root of AVE), in comparison with the correlation between the latent variables (Table 5). The discriminant values of the constructs are greater than the correlation between the latent variables, which indicates that the Model attains discriminant validity (Fornell and Larcker, 1981).

4. Results

4.1. Testing model direct and indirect/mediating relationships

4.1.1. Direct relationships

All the coefficients in the Model were tested using a two-tailed test. As Table 6 shows, the direct path coefficients of financial support (FINSUP) and financial performance (FINP); financial support (FINSUP) and social performance (SOCP); and training support (TRISUP) and (SOCP) are insignificant. Besides this statistical insignificance, the path coefficient of FINSUP and FINP is, surprisingly, negative. The significant coefficients are: that of TRISUP and FINP ($\beta = 0.124$, p-value <0.01); business planning (BUSP) and FINP ($\beta = 0.516$, p-value <0.001); and BUSP and SOCP ($\beta = 0.052$, p-value <0.01). The results thus indicate that hypotheses H1a, H1b and H2b were not supported, while H2a, 3a and 3b were supported. This suggests considerable importance of BUSP in improving the performance of RSEs.

Table 3
Model's selected goodness of fit indices.

$\chi^2 = 333.584$, degrees of freedom (df) = 141, $\chi^2/df = 2.366$		
Fit index	Criteria	Model 2
CFI	>0.90	0.977
TLI	>0.90	0.972
NFI	>0.90	0.961
RMSEA	<0.08	0.051

χ^2 = Chi-square.
CFI = Comparison fit index, TLI = Tucker-Lewis fit index, NFI= Normed-fit index, RMSEA = Root mean square error of approximation.

Table 4
Validity and reliability measures of the model.

		Convergent validity		Internal consistency reliability
Construct	Indicators	Loading (>0.7)	AVE (>0.5)	Composite reliability (>0.6)
FINSUP	FINSUP1	0.875	0.865	0.943
	FINSUP2	0.939		
	FINSUP3	0.974		
BUSP	BUSP1	0.913	0.657	0.863
	BUSP2	0.864		
	BUSP3	0.728		
	BUSP4	0.816		
	BUSP5	0.715		
TRISUP	TRISUP1	0.821	0.691	0.860
	TRISUP2	0.704		
	TRISUP3	0.916		
	TRISUP4	0.868		
FINP	FINP1	0.981	0.730	0.887
	FINP2	0.799		
	FINP3	0.741		
	FINP4	0.877		
SOCP	SOCP1	0.923	0.775	0.889
	SOCP2	0.858		
	SOCP3	0.858		

Table 5
Model discriminant values and correlations between constructs—Discriminant Validity.

	TRISUP	FINSUP	BUSP	FINP	SOCP
TRISUP	***0.831***				
FINSUP	0.284	***0.930***			
BUSP	0.370	0.175	***0.811***		
FINP	0.325	0.105	0.544	***0.854***	
SOCP	0.234	0.116	0.440	0.419	***0.880***

Diagonal values in bold represent the discriminant values that is Average Variance extracted (AVE) square root of each construct. The other values are correlations between constructs.

Table 6
Direct Hypothesis paths testing in the Model.

Hypothesis	Relationship	*Std. Beta*	*Std. Error*	*p*-value	Decision
H1a	FINSUP→FINP	−0.007	0.033	0.832 (ns)	Not supported
H1b	FINSUP→SOCP	0.022	0.045	0.679 (ns)	Not supported
H2a	TRISUP→FINP	0.124	0.046	0.007**	Supported
H2b	TRISUP→SOCP	0.067	0.052	0.192 (ns)	Not supported

Std. Beta = Standard beta value; *Std. Error* = Standard Error; ns-non-significant *p*-value.
Note: 2-tailed boot strapped path coefficients and p-values; *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$, ****$p < 0.001$.

Table 7
Indirect/Mediating hypothesis testing paths in the Model.

Hypothesis	Relationship	*Std. Beta*	*Std.Error*	*p*-value	Type of mediation	Decision
H3a	FINSUP→BUSP→FINP	0.043	0.021	0.026**	Indirect[a]	Supported
H3b	FINSUP→BUSP→SOCP	0.036	0.018	0.023**	Indirect	Supported
H4a	TRISUP→BUSP→FINP	0.184	0.030	0.000***	Indirect	Supported
H4b	TRISUP→BUSP→SOCP	0.154	0.029	0.000***	Indirect	Supported

Std. Beta = Standard beta value; *Std. Error* = Standard Error.
Note: 2-tailed path coefficients and p-values; $^{**}p < 0.05$, $^{***}p < 0.001$; Std. Error is bootstrapped.
Indirect[a] = Indirect-only mediation.

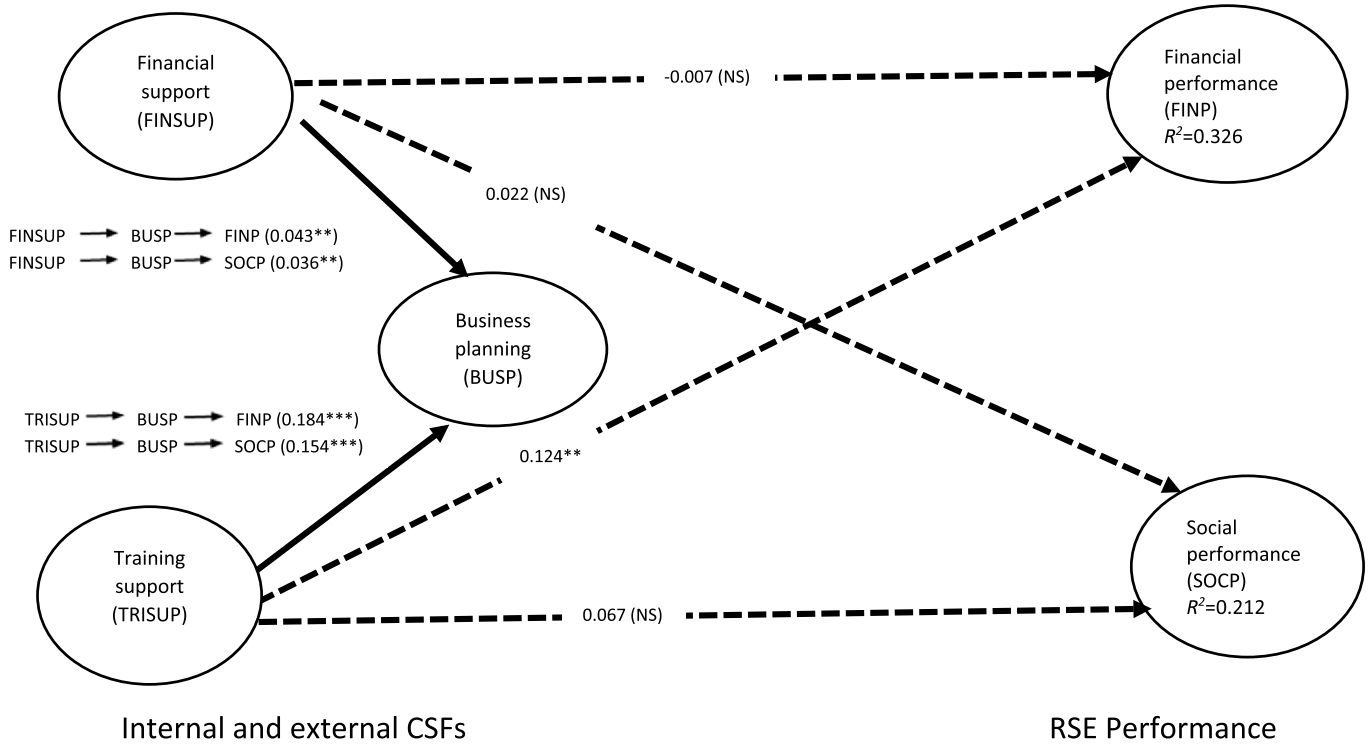

Fig. 2. A summary of findings for the Model's coefficient of determination (R^2) and standardised path coefficients. NS = non-significant *p*-value, $^{**}p < 0.01$; $^{***}p < 0.001$.

4.1.2. Indirect/mediating relationships

Table 7 shows that all the indirect relationships between the constructs, as mediated by BUSP, were statistically significant: FINSUP to FINP (β = 0.043, *p*-value <0.05); FINSUP to SOCP (β = 0.036, *p*-value <0.05); TRISUP to FINP (β = 0.184, *p*-value <0.01); and TRISUP to SOCP (β = 0.154, *p*-value <0.01). However as noted above, the direct path coefficients for FINSUP to FINP, FINSUP to SOCP and TRISUP to SOCP were insignificant, enabled only by mediation (Hair et al., 2017; Zhao et al., 2010). Mediation type in TRISUP and FINP is complementary mediation, as the direct relationship is significant. These results indicate that hypotheses H3a, H3b, H4a and H4b are all supported, further portraying the importance of business planning for RSEs' performance.

The predictive capability of the constructs towards the dependent variables was analysed through R^2. The models of FINP and SOCP and were found to have R^2 of 0.326 (32.6%) and 0.212 (21.2%) respectively. These values indicate the predictive capability of the constructs towards the dependent variables was satisfactory (Cohen, 1988; Falk and Miller, 1992). See Fig. 2 for a summary of the path coefficients and the R^2 findings of the model.

4.2. Importance-performance map analysis findings

IPMA provides further analysis of CSFs by identifying both importance and performance (Cheah et al., 2019a, 2019b; Hair et al., 2017) (see Fig. 3a and b). With regard to our model, although all the three constructs fall under the 'concentrate here' partition of the IPMA (Fig. 3a) and thus could be considered for improving the financial performance of the RSEs, surprisingly and unexpectedly, financial support has very low importance and performance (0.090 and 2.6% respectively) towards financial performance. This is supported by the negative and insignificant direct path coefficient from financial support to financial performance. Thus, financial support appears to be a low priority in the improvement of financial performance of RSEs and it almost falls into the 'low priority' partition of the IPMA grid. On the other hand, training support and business planning have both high importance and performance towards financial performance i.e. 0.590 and 0.450 and 16.9 and 47.5% respectively, making them the most important

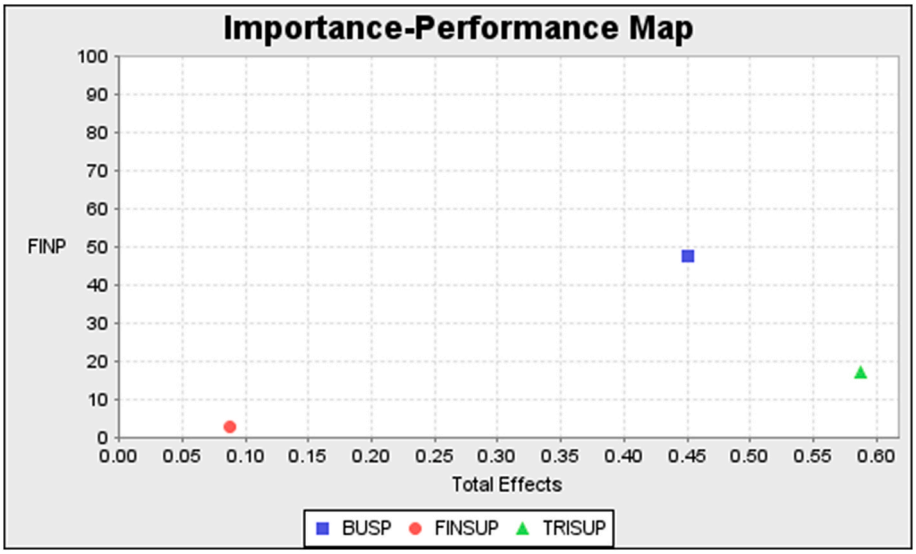

Fig. 3a. The Importance-performance map analysis for financial performance (FINP).

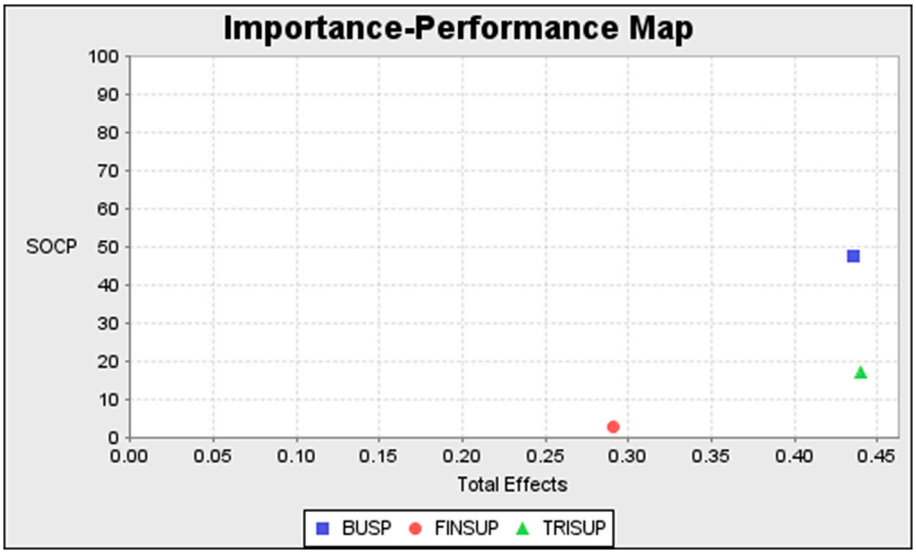

Fig. 3b. The Importance-performance map analysis for social performance (SOCP).

constructs for improving the financial performance of RSEs. This finding is supported by both the positive and significant direct paths of training support and business planning towards financial performance and the positive and significant indirect path of training support towards financial performance.

Regarding social performance improvement, a similar trend is found as for financial performance improvement. Financial support, business planning and training support constructs all fall within the 'concentrate here' partition of the IPMA (Fig. 3b). Thus, all these three constructs are relevant for improving the social performance of RSEs. However, financial support has both the lowest importance (0.290) and lowest performance (2.6%). This result is supported by its insignificant path coefficient towards social performance although its indirect path coefficient to social performance is positive and significant. Both training support and business planning constructs have the same importance (0.440) but different performances towards social performance of RSEs with the former performing much less (16.9%) as compared to the latter (47.5%). However, as the direct path coefficient for training support to social performance is insignificant and yet the indirect/mediated path by business planning is significant, it is thus advisable to concentrate on business planning for improving the social performance of RSEs.

5. Discussion

SEs generally operate in resource constrained environments, particularly in developing countries and even more so in rural areas. Thus, almost all SEs in these contexts— RSEs—might not achieve competitive advantage nor reach organisational sustainability without external support.

The direct relationships/paths regarding the external supports—both financial and training — were insignificant, with the exception of training support and financial performance of RSEs. It is notable that in our study, on average, a large percentage of RSEs indicated that they had not received any external training (44.3%) nor external financial support (92.2%) in the last 12 months (Appendix 3). This implies that, apart from training support (its path was also strengthened by business planning implying that training support materialises or becomes even more effective after business planning has been implemented (e.g.,

Baum et al., 2017; Frese et al., 2007)), external support would not influence the RSEs' performance unless it reinforces their business planning practices. This shows that to improve both the financial and social performance of an RSE, business planning is essential, concurring with Cheah et al.'s (2019b) findings. Indeed, the importance of business planning is noted among the most important and effective ways for enabling SEs' performance (OECD/EU, 2017).

Our finding that training support has a direct influence on financial performance of the RSEs concurs with existing studies that conclude its key role in SEs' performance (Ecer et al., 2016; Rahman et al., 2015a, 2015b). This finding is partly contrary to Cheah et al.'s (2019b) study where training support exhibited low priority (and had no direct significant relationship with the financial performance of the SEs), and only noted the importance of business planning in mediating the relationship between training support and financial performance of the SEs. This may be because: i) our RSEs are quite mature (cf; Kim and Moon, 2017), and already possess a management structure so are likely to implement strategic planning processes - compared to the mostly young SEs in Cheah et al.'s (2019b) study; and ii) perceptions of poor management (Bloom et al., 2012) suggest an absence of professional management (e.g., Certo and Miller, 2008; Diaz Gonzalez and Dentchev, 2021)). Our context (both rural and SSA generally) is also characterised by low levels of education. Thus, training support can directly enhance managerial capacity and even more so with the application of business planning practices. Our results point to the importance of training support that is relevant to business planning. This improves financial performance by way of improved business activities and more adept applications for grants. Our results on the importance of training support concur with extant literature (GECES, 2016; Graikioti et al., 2020) where training support is considered as the key factor in the performance of SEs.

The upgrading of skills improves the quality of human resources which in turn is translated into the provision of high quality services by SEs to the community (Borzaga and Defourny, 2001; Graikioti et al., 2020). However, over-reliance on external supports (especially financial donations) might negatively influence the financial performance of the RSEs as evidenced in some SEs' studies (Gras and Mendoza-Abarca, 2014). These results on the importance of external support (both financial and training) resonate with Stephan et al.'s (2016) review, in that for organisations involved in positive social change interventions, transformation of their skill levels and financial resources is required to stimulate their performance and thus deliver social impact.

6. Contribution and conclusion

6.1. Literature

We integrate the RDT with the CSF theory in understanding the important factors in the performance of RSEs. This responds to the persistent lack of conceptual theorization and practical direction, about why some SEs perform better than others. Our quantitative approach also responds to the lack of an evidence base on factors affecting SE performance. Our study offers initial steps toward addressing this gap, by identifying CSFs that affect performance of SEs.

The RDT portrays SEs working in resource constrained environments and in need of both internal and external critical resources for improving the SEs' performance (Cheah et al., 2019b). We introduce the CSF theory, rarely applied in social entrepreneurship studies, by identifying the internal and external CSFs factors/elements which are vital to the performance of RSEs. The CSF theory has the flexibility to categorise the factors both theoretically and practically.

From a theoretical point of view as intimated by Whetten (1989), our study contributes to organisational performance literature by improving understanding of hybrid organisations' performance through the CSF theory. External supports as CSFs (i.e. financial and training supports) were applied as predictors of the RSEs' performance mediated by an internal CSF—business planning measured as a construct. We also contribute to social entrepreneurship literature by introducing data and insights about improving the performance of SEs in the sparsely studied developing country context.

6.2. Method

We contribute to methods by introducing data from the developing country context, for use in the establishment of context sensitive (e.g., the African/SSA rural context) management theory (Barnard, 2020; George et al., 2016). We also adapt SE findings from intensely studied contexts, for application to those less studied (cf.Park et al., 2017; Shicun and Kerlin, 2017). We employ multi-dimensional measures as constructs for measuring the performance of organisations (in our case RSEs) within the social entrepreneurship context. This contributes to both psychometric properties' measurement (Summers, 2001 in Cheah et al. (2019b)) as well as generally to the concepts of measurement scales within social entrepreneurship that are currently being called for to improve measurement in social entrepreneurial organisations (Lortie et al., 2021; Tan et al., 2019). Our analysis applying SEM in AMOS together with the IPMA technique offers insights into analytical methods that can be applied in the measurement of the performance of SEs.

6.3. Practice

Our results regarding external supports, particularly training, show that to make use effectively of external supports (both financial and training) in RSEs, they need to be related/correlated with the practices of business planning. This valuable information is vital for decision making for current and future social entrepreneurs, SE investors and policymakers within developing countries or with specific developing country destinations in mind, particularly in rural areas for improving the performance of SEs.

A further contribution includes recommendations: first that there is need for a SE policy, within which SE-oriented training and financial support could be enshrined for proper support of SEs (OECD/EU, 2017). According to Borzaga and Defourny (2001) their legal recognition and regulation is the first important step for the development of SEs. SE supporters need to equip trainers/business support advisors/agencies with SE knowledge to offer appropriate services. As OECD/EU (2017) notes, this involves the creation of support structures such as incubators and support networks. Second, to make such SEs' business support effective, there is need for proper coordination and a holistic approach rather than *ad hoc* support (Mazzei and Steiner, 2021). Indeed, Hothi and Hostick-Boakye (2011, p. 35) note that SEs 'need specialist, tailored advice and guidance to be able to respond to opportunities and to navigate threats'. This applies even more so to RSEs where there is need to design RSE context-relevant training programs given their unique nature. RSEs and RSE supporters could learn from mainstream rural businesses research that is beginning to respond to the unique training needs of rural businesses (e.g., Pett et al., 2021). Third, we join GECES (2016) to call for increased resource provision to training programmes, incubators and intermediaries which offer capacity building support so as to help RSEs build their managerial/business management skills that will translate into improved performance.

6.4. Future research

Future studies need to identify, test and adapt different CSFs that affect RSEs' performance to fit developing world contexts and contribute to extending our understanding of the notion of "a coherent combination of factors" that affect the performance of SEs (Austin et al., 2006). This would particularly enable identification, analysis and understanding of interdependencies amongst a selected set of CSFs and the RSEs' performance. Further, most current studies of CSFs do not test hypotheses about their relative importance e.g., among the diversity of SEs, their sectors, legal forms, locations, etc. Results of such analyses would enable

SE actors to appropriately understand and apply CSFs. In this regard our study is a precursor for future studies which could modify our quantitative model to extend the analysis and understanding of the factors that contribute to the performance of SEs. In this regard, future studies could consider the influence of external supports on each of the dimensions of entrepreneurial orientation and on RSEs' performance. Studies conducted in mainstream for-profit businesses indicate that the entrepreneurial orientation dimensions might have different performance relationships: as Nakku et al.'s (2020) empirical work on mainstream businesses and Gauthier et al.'s (2021) conceptual paper on SEs suggest. If applied to a variety of avenues of support, future studies could analyse how each stakeholder type influences the performance of the RSEs.

7. Conclusion

Our study begins a conversion on the efficacy of SE support programs, and their influence on RSE performance in a less studied context. In developing countries' rural contexts as exemplified in our study, external supports would enhance the RSEs' performance (both financial and social) if they are mediated by business planning practices. Thus, business planning as an internal CSF mediates external CSFs. This result questions conventional wisdom in that mainstream for-profit business planning practices might not be vital for SEs — RSEs in our case. Our results show that training support directly improves RSEs' financial performance and when mediated by business planning, it also improves the social performance of RSEs in resource constrained rural developing country contexts characterised by low education levels among the leaders/managers of RSEs as commonly observed in SSA. The IPMA results confirm the path coefficient relationships, showing that business planning and training support are key priorities to focus on for improving the performance of RSEs.

Author statement

Peter Musinguzi: Conceptualization, Methodology, Formal analysis, Investigation, Data curation, Writing - original draft, Writing - review and editing, Visualization. Derek Baker: Conceptualization, Writing - review and editing, Supervision. Renato A. Villano- Writing - review and editing, Supervision.

Data availability

The data that has been used is confidential.

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Appendix A. Supplementary data

Supplementary data to this article can be found online at https://doi.org/10.1016/j.jrurstud.2023.03.003.

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