

# SOCIAL ENTERPRISE AND SUSTAINABILITY: LESSONS FOR VIETNAMESE SOCIAL ENTERPRISES

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**ABSTRACT** — Social enterprise is a term of a hybrid organization which aim to solve the market failure in a business mechanism. It encounters many problems however there has been limited empirical studies related to social enterprises. This paper aims to figure out factors that affect social enterprise to achieve sustainability. In this paper, author found out that resource management including human resources and financial resources influence the opportunities of achieving sustainability in term of growth. The study also suggests some solutions to help social enterprise could accomplish the sustainability in term of human resources and financial resources.

**Keywords** — social enterprise, sustainability, human resources management, financial resources.

## I. LITERATURE REVIEW

Các đoạn văn bản trong bài báo phải đảm bảo Style Body Text được chọn.

### A. DEFINITION OF SOCIAL ENTERPRISE

In recent years, the concept of social business has become popular and been widely used in business community. Beckmann et al (2014) defined it as a profit-maximizing model to reach sustainability and empowerment [1]. According to Akter et al (2019), Social business has categorized into two types and each type has different priority [2]. One type aims to fight against poverty while the other focus on provision of social benefit. The former type help those living in poverty by offer them small loans to start their business [3]. This form often called Micro-finance institutions where Grameen bank is an appropriate example. The latter, also the concept that we will focus in this paper, refers to social enterprises. This form is defined as an entity that aims to solve social problems by applying trading activities [4]. Social enterprise is introduced as an entity that provides goods or services to its customer, which could be in public or private sector, in order to achieve its social, economical or environmental objectives at the same time [5][6]. It is known as a relevant solution for Non-profit organisations to generate a new source of income to accomplish sustainability in both finance and social impact activities [7].

		← Purely philanthropic	Social enterprises	Purely commercial →
<b>Motives</b>		Appeal to good-will	Mixed motives	Appeal to self-interest
<b>Methods</b>		Mission-driven	Mission- and market-driven	Market-driven
<b>Goals</b>		Social value	Social and economic value	Economic value
<b>Key stakeholders</b>	<b>Beneficiaries</b>	Pay nothing	Subsidized rates, or mix of full payers and those who pay nothing	Market-rate prices
	<b>Capital</b>	Donations and grants	Below-market capital, or mix of donations and market-rate capital	Market-rate capital
	<b>Workforces</b>	Volunteers	Below-market wages, or mix of volunteers and fully paid staff	Market-rate compensation
	<b>Suppliers</b>	Make in-kind donations	Special discounts, or mix of in-kind and full-price donations	Market-rate prices

Figure 1: Social enterprise motives, methods and goals (Adapted from Dees, 1998)

### B. SOCIAL ENTERPRISE IN VIETNAM

According to World Bank (2020), Vietnam is considered as a developing country with income per capita at the lower middle level of \$2,785 [8]. From 1945 to 1986, Vietnam implemented a centrally planned economic system nationwide. “Doi Moi” policy (Reform policy) which was established in 1986 has shifted Vietnamese economy to a market-oriented economy however social security was still distributed by Government. At that moment, poverty, unemployment, illiteracy, and pollution were listed as critical social issues that need to mitigate to improve social-economic conditions [9]. Before the Social enterprise concept was established, many organizations used their business income to help reduce the social problems in Vietnam such as job creation for disabilities. One of the popular illustrations was humanitarian cooperatives which were created by Hanoi

Disabled People Association. Another example that could be counted is Wounded Soldier Cooperatives - founded after Unification in 1975 – which aim to help wounded soldiers have jobs [10]. In this paper, the definition of social enterprise will be based on the current enterprise law of Vietnam which means that social enterprise is an organization that operates as a normal enterprise with a mission to solve social problems. According to the Vietnamese National Assembly (2014), it will commit to reinvesting at least 51% of annual profit in fulfilling the social target [11]. Ebrahim, Battilana and Mair (2014) have classified social enterprises into two main groups: integrated hybrids and differentiated hybrids [12]. In terms of integrated hybrids, business activities fulfill the social mission by considering their beneficiaries as the customer. Microfinance is a prime example of this form. Its social mission is to help the poorest of the poor access the financial system by providing small-loan to them and earning interest as revenue. In this case, their beneficiaries are also their customers. This method allows microfinance institutions to reach their social mission which alleviates poverty and can still generate income to maintain their operation. In Northern Vietnam, TYM is known as the first licensed Microfinance institution which offered financial services to 300,000 women and reached 24,500 billion VND of outstanding loans. Similarly, CEP is considered as the largest active Microfinance institution that operates in the southern area of Vietnam. Unlike integrated hybrids which social activities and business activities are integrated, differentiated hybrids are defined as social enterprises where social activities are separate from business activities. As a result, customers and beneficiaries do not belong to the same group. Revenue generated from business activities will be used to fund social activities such as helping beneficiaries who are not their customer. “TòHe” is a social enterprise that belongs to a differentiated hybrid model [13]. This brand is named similar to a folk toy in Vietnam which is made from rice flour and natural colourant. Children can still eat it after play. Its mission is to “preserve” and “encourage” innocent of children, especially disadvantaged children through weekly creative art playgrounds. Drawing of children after these art activities will be scanned, digitized, redesigned and used as decorative motifs that are printed on fashion and lifestyle products including bags, wallets, home decorations, etc. Profit from selling “Tòhe” products will be used to fund creative art playground, coaching, and vocational training. (Tohe.vn)

Classification of social enterprise	
Model	Feature
Integrated Hybrids	Social activities can also generate revenue. Integrated hybrids accomplish their target by integrating customer as beneficiaries.
Differentiated Hybrids	Activities that fulfill the social missions are distinct from activities that generate income. Customers and beneficiaries are not the same.

Figure 2: *Classification of social enterprises ( Ebrahim, Battilana and Mair ,2014)*

### Sustainability

Wiersum (1995) has pointed out that the concept of sustainability has been raised in forestry [14]. It means that the forest can yield in the future. This concept has been expanded not just in forestry but to many other areas that exploit resources to generate income. This has become an important topic in economics named resource scarcity [15]. Sustainability, according to WCED (1987), is described as “development that meet the need of the present without compromising the ability of future generations to meet their own needs”. As a result, a debate has emerged related to how economic sectors achieve this goal [16]. Ratiu & Anderson (2015) described sustainability as a stage when an enterprise successfully adapts to change in environmental conditions. Specifically, an enterprise should be able to serve the customer needs over time [17].

Social enterprise is well-known for creating a positive social-economic impact on society [18][19]. This is also known as the primary goal of social enterprise [20]. However, that is not the whole story. This term is made up from two parts “social” and “enterprise”. We have just understood one side related to the “social perspective”. Under the enterprise’s viewpoint, social enterprise has the same business model or structure as traditional enterprises. Although creating positive externalities for society is the top priority, the financial dimension also needs to be concerned [21]. Lian (2020) stress that a sustainable financial system will help social enterprise to survive and achieve the social mission in the long run [22].

In recent decades, social enterprise has become a growing phenomenon in different countries such as USA, UK and other European and Asian countries [23][24]. Instead of choosing a social mission or financial mission, Truong (2018) pointed out that the only goal that social enterprises need to achieve is balancing both missions [13]. Therefore, they must be sustainable [25].

## Human resource management

Human resources have been well-known for their essential role in building and expanding organizations [26] [27]. There are two types of labor in social enterprise: volunteers and official staff who get paid [28] [29]. Both types require skill, attitude, knowledge, contacts, goals, and values to help social enterprise succeed [26]. Social enterprises' hybrid nature [30][31] points out that recruitment and labor retention are processes that meet lots of challenges [32] [33]. According to Ohana and Meyer (2010), the growth of social enterprise might be affected due to these two factors [34].

Compare to For-profit enterprises, rather than use financial incentives to attract the workforce, social enterprises have a propensity to pay lower-than-average salary [32] and offer non-financial benefits to their office staff [26] because of their insufficient resources [35]. Sometimes, that would lead to a lack of a skillful workforce in social enterprises [35] [36].

Volunteers are also a key workforce of social enterprises [27] [37]. Like official staff, volunteers could join social enterprises in many positions such as fundraising supporters, board members or service providers [26][38]. Since volunteers do not require financial benefits [39], the social enterprises could lower their labor cost under the market rate [40]. However, as for the combination of volunteers and official staff, different backgrounds and values could lead to a difficulty in management [26][35]. Unlike official staff, Certo and Miller (2008) found that volunteers will feel comfortable contributing their time, effort, and skill in tasks that creates social impact rather than financial value [37][40][41]. In addition, the volunteer might decide to leave the organisation at anytime if their vision mismatch with social entrepreneurs [42][43]. This cause social enterprises to lose their opportunities to develop their capability in term of business activities[40]. As a result, Doherty, Haugh, and Lyon (2014) suggested that the cost and advantages of volunteers need to be considered carefully before hiring them[35].

Studies point out that there are only a few workers who have experience and skills are oriented to work in a mixed environment between social and commercial areas [44][45]. The reason is that almost the workforce is trained in the logic of either Non-profit or For-profit. Therefore, it could lead to mission drift where members of organization have to make a choice between commercial value or social value creation [46]. On the other hand, the study also advises that official staff may leave the enterprise if they believe that their leader has a different goal to pursue. Battilana and Dorado (2010), in their research related to a Bolivian Microfinance institution, mentioned about a study that a social-oriented vision staff leave company when a CEO who has a commercial mindset joined the enterprise. Employee turnover may cause a bad effect on social enterprise in terms of improving operation [47][48]. Let's move to the next sub-section to review solutions to overcome these challenges.

### **C. FINANCIAL MANAGEMENT**

Ball (2016), Battilana, and Lee (2014) advised that social enterprises operate with financial insufficiency due to their hybrid nature [46][49]. For-profit investors always consider social enterprise as a risky investment (Weber, 2012) since social enterprise could sacrifice all the financial value to support a social mission [50]. By spending majority of financial gain to fund social activities, social enterprises might generate less profit than commercial enterprises that only care about profit. Therefore, it can lead to a low chance of accessing main financial providers such as banks or For-profit investors [51][52]. On the other hand, As containing Non-profit organisation characteristics, Social enterprise has opportunities to access another type of fund which is grant [53]. This financial source may come from donors (Foundations, charity organisations) or from the government. Unlike debt financing or equity financing, social entrepreneurs do not have pressure to pay back the loans as well as concern about the conflict between shareholders and the objectives of social enterprise [21]. Donors and social enterprises view the values under the same perspective. In other words, donors believe strongly in the social mission of the social enterprise. Thus, the grant is considered as a truly relevant source for social enterprises at the beginning stage due to its flexible requirement to social enterprises [32].

On the other hand, the form of grantor is depended on the region where the social enterprise is located. In Europe and US, grants mainly come from foundations and public authorities rather than Government and religious entities (For example: Buddhist, Muslim, or Catholic organisations) in Asia [21][54]. Although it has been said that Social enterprises could receive grants easily due to the strong understanding of donors about their social mission, the problem that may concern here is that some types of grantors also have their own requirements to filter the grantee. For example, Social entrepreneur is required to show their entrepreneurial capabilities and how they consist with their mission so that donors can decide to offer a grant or not [55]. In addition, although social enterprise receives benefits from grants at the early stage, however, in the middle or long term, social enterprise will involve in such a situation so-called "grant dependency" [32]. In short term, grants would help the social enterprise in financial insufficiency, however, it also reduces the motivation of working as well as entrepreneurial competency in the market [21]. Moreover, Meadows and Pike (2009) have

shown a disadvantage of this funding type is donors cannot offer grants forever, which means that social enterprises, whose only have grants as their only revenue stream, will always have pressure of looking for grants to cover all the operation cost unless they can generate income from other activities [56].

### Research Methodology

As mentioned, the goal of this study is to explore how Vietnamese social enterprise figure out the method to reach financial sustainability. Therefore, a qualitative analysis would be applied and I will employ the method of Creswell (2014) to collect, analyze and interpret what I found [57].

### Data collection

In-depth interviews were chosen because it provides “opportunities for mutual discovery, understanding, reflection, and explanation”. In this research, semi-structured interviews were applied since it allows interviewees to understand the more complex viewpoint of respondents [58]. In this research, selected social enterprises are needed to help maximize understanding of the ways in which Vietnamese social enterprises manage their resources to reach financial goals. The content of the interview has been split into three main parts. First, the interviewee will be asked questions regards to general questions in order to understand the background as well as the nature of the firms. This theme could break the silence between the interviewer and interviewee. Second, the theme focuses on human resource management in social enterprise. Lastly, the theme will concern financial resource management. Each interview will be lasting at least forty-five to sixty minutes. (see appendix for more detail)

### Sample description

There were ten interviewees participating in the interview. All of them are working in an enterprise that is registered as a social enterprise or enterprise that has function as a social enterprise. All of them are founders, co-founders, or CEOs of the enterprise that set up the enterprise or join the enterprise from the beginning. As a result, they would have a deep understanding of the mission and issues of social enterprises. All of them graduated from a variety of universities in ranging from top universities to low-quality universities in Vietnam. Seven of them have a business background while the others have a social study and tourism and pedagogy background.

### Interview question description

The interview questionnaire is divided into three main parts. The research question is “how social enterprise reaches financial sustainability in Vietnam”. Questions were designed to get the answer to this question.

The first part includes seven questions. The purpose of these questions is not only to create a comfortable feeling for the interviewee but also to get to understand more about social enterprises. The second part includes questions that focus on human resources management. In this part, by answering these questions, interviewees will share information about how they manage human resources including attract, retain and communicate with their staff. Last part, questions will be designed to focus on financial resources management. Interviewees will share their views about the financial mission. How to manage their capital and mobilise funds.

### Data analysis and Data interpretation procedures

Both data analysis and interpretation procedures were conducted based on the steps below to make sure the collected information is valid and accurate.

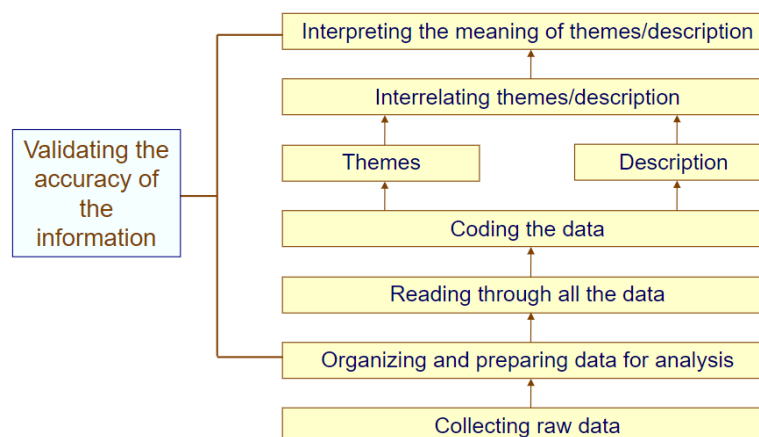


Figure 3: Data analysis and Data interpretation procedures (Creswell, 2014)

Raw data was collected through audio recorded and transcripts of interviews. Then, data was processed for analysis using excel files with tables. Next, data will be coded by putting data into different themes and descriptions. The last two steps were interrelating themes / descriptions and interpreting themes/ descriptions from which findings were presented with necessary implications.

The general process of data analysis based on procedure recommended by Creswell & Poth (2018), including three steps: preparing and organizing data, coding process to transfer data into themes, and illustrate data via figures, tables, discussion. In preparation and organisation data, it took 87 pages of transcript for 10 interview recording. Then transcripts will be read many times to ensure that developer understand the sense of data (Agar, 1980). According to Strauss & Cobin (1990), the coding process in this study have three main steps which are coding, axial coding and selective coding [59].

## II. FINDINGS

### A. HUMAN RESOURCE MANAGEMENT

#### 1. LABOUR USAGE

Almost all Social enterprises use volunteers. According to table 4.1 (See appendix 4.1), the largest social enterprise has 50 employees, and the smallest has 2 employees. All of these social enterprises were classified as Small to Medium Enterprises (SMEs). There are two Social enterprises (DH1, DH5) report that they did not need volunteers due to their company policy:

- "...We sign a contract with disability center, we train them IT skill and offer them workspace. Disabled people who pass the entrance test will be hired. Therefore, we don't need volunteers..." [DH1]
- "...We apply KPI for employees therefore we don't need volunteers. Our employees need to do their best to meet the requirement..."[DH5]

Volunteers are employed for paper jobs and assistants, not decision-maker/key positions.

The rest report that they use volunteers, however, volunteers are not assigned to key positions such as a manager. Volunteers were mainly employed for assisting jobs in training, paper job, and unimportant tasks.

- "...We have engineers, business development and accountant to take care all the core function of a company. However, it's hard for us to communicate with and manage farmers. They locate in many areas and it's hard for us to monitor all of them. That's why we need volunteers to cover some tasks that we don't have time to take care regards to farm. They can work with the farm and report to us." [IH1]
- "...We don't have time to run around the city to take care the rubbish. That's why we need volunteers who are young and want to contribute their time, effort in creating the value ..." [DH4]
- "...there are many groups of students that want to get an internship for graduation purposes. Or some individuals need to add experience to improve their CV for scholarship...They just need to learn so we let them join as volunteers...."[IH5]
- "...I only have 3 paid staff to manage all the important jobs. The rest is for volunteers. Most of our business activity is to guide students to help them communicate with foreign tourists. So, the volunteer is very helpful for me...."[IH4]

There is some exceptional that hired disabled people to work in the key department and use disabled volunteer in the key functional department.

For example, VA employed disabled people as a content marketing manager and volunteers as product testers:

- "...Our company produce robotics arm for disabled people in order to help them join back to the labor force. There is no excuse for not hiring them. With our robotics arm, our staff or volunteers are the same as normal people in terms of intelligence and effectiveness. Moreover, they are disabled so they are the best reviewer for our product. No one can give us more critical review than them." [IH2]
- "...we have no discrimination against disabled people. Helping them is our mission. 30% staff are disabled....we want them to live a helpful life as normal people..."[DH1]

Or DH2 employs psychologists who have well-education as volunteers. In this case, volunteers as a passion and they want to create social value.

- "...We have administrators who are paid to take care all the paper tasks and administration. What we truly need is Psychologist. We don't have enough capital to hire them. So, it's lucky that they want to help as a volunteer." [DH2]

The policy of using paid staff as a core workforce and volunteers as supporter help social enterprise to build a stable professional workforce while they still use the volunteer effectively. IH2 offers disabled people a chance to return to the workforce, for example, their disabled staff. What IH2 receive in return is that they have a strong

marketing team and pr team that help them to viral the product. Their beneficiaries or their customer will listen to the review from disabled staff.

- “..We don’t need any sales officer. Our product tester volunteer is a good example. Other disabled people talk to them and then we have new customers. Since the day he used the arm, he worked harder and harder to introduce our product...” [IH2]

## **2. PAYMENT POLICY**

As regards employee salary, findings show that employee incomes are equal or lower than the market rate.

- “..Since we have to invest in infrastructures, and R&D. We cannot pay more than the market rate. Luckily that we have products that are sold overseas. Therefore, we can pay them at the market rate to retain them. ” [IH1]
- “..Although we have an event planning business to cover the cost, it’s not enough since we also have to pay the salary to the worker of event planner and other costs. Therefore, what we can do is manage everything at a lower level. ” [DH5]
- “..R&D cost us a lot. We told our employees before they join the company about the salary. They may work free in a few months and then receive a salary at a low rate. Luckily, they like the product so they agree”. [IH2]

A few cases would give them incentives or bonuses for hard-working or outperforming jobs.

With regards to employee recruitment, social enterprises reported that they used processes of ascertaining organisational needs, developing job positions, advertising, interviewing, and contracting like other organisations. For example, one interviewee described this process:

- “... employees are found in online advertisement, disability center...employees need to finish a test. If they passed, they get hired....”[DH1]
- “...I found nothing different to normal enterprises...”[DH5]

Within the research sample, with regard employee income, the findings show that the employee incomes of the case study social enterprises were at average or lower levels than the market. For example, Social enterprise DH1’s CEO reported that average income per month of employees working for a normal IT company is VND 10-15 million dong, while at DH1 that number was at around VND 6-7 million dong.

- “...we pay the salary at an average rate that is enough for them to live in a city like Ho Chi Minh City...” [IH3]

## **3. STAFF TURNOVER**

Other characteristics that were found relating to the staff turnover. The findings show that, although all the integrated hybrid social enterprises pay relatively lower than the average rate, employee turnover in their social enterprise was not high. On the other hand, differentiated hybrid social enterprises have higher staff turnover.

- “.... They totally can move if they can find better opportunities for them including higher salary...” [DH5]
- “...Since my staff work as a normal worker in commercial enterprise. They are qualified to find other similar jobs at a higher salary...”[IH2]

## **B. FINANCIAL MANAGEMENT**

### **1. MULTIPLE RESOURCES**

Social enterprises often rely on multiple sources of finance (Doherty et al, 2014). Findings show that interviewees’ financial resources were a combination of different sources. It ranges from founders’ resources to charitable and philanthropic sources and trading revenue.

In the beginning, most of the social enterprises reported that their initial sources of finance came from the founder’s personal capital. There are two interviews that receive grants from Non-government Organisations and external trading activities to support the social enterprises.

- “...I have another company to generate income. I take half of the profit to support this social enterprise...”[DH5].
- Two cases that borrow money from family.
- “...I ask my mother to lend me some money...”[DH4]
- When it comes to growth phase, most of the interviewees reported that they can generate some revenue from trading activities while three social enterprises still connect with NGO to receive grants.
- “...I still can teach English as an activity to generate income. However, it’s not enough. We still need a grant from NGO to cover other extra costs...”[DH3]

There are only two social enterprises that looking for other sources of a fund such as participating in startup contests to receive a sponsor or win the prize.

- “...winning this prize not only offer us an amount of money, but it’s a chance for us to market our brand name...”[DH1]
- “...although I didn’t win the prize, there are some social investors who contact me for further investment...I think it’s a good end...”[IH3]

## 2. SELF-GENERATED INCOME

Hirschmann and Moritz (2019) have mentioned that social enterprise also needs finance to cover their operational expenses. However, in Vietnam, most social enterprises still face difficulties in using commercial activities to cover its expense.

- “...we generated 125 million dongs this year, but so far we are suffering a loss of 700 million dongs.... I need to have another business to cover all the expenses” [DH4]
- “...the salary of engineers is relatively low, ... most of the engineers work on the spirit of passion ...” [IH2]
- “...the revenue cannot cover our expense..” [DH2]

## 3. RASING CAPITAL

Since the social enterprise is quite new in Vietnam, therefore it’s hard for them to get a loan from commercial banks due to a lack of creditworthiness as well as expected return (Nicholls, 2010). Consequently, they choose an alternative but relevant to them which is a grant. “... register as a social enterprise to have a legal structure that accepts donations from other individuals/organizations for a community support fee.” [IH3]

- “...90% of social enterprise cannot survive without grant” [DH2]
- Vietnamese social enterprise is suffering a situation which is so-called “grant dependency” where the grant is the main source of their revenue and they cannot cover all of their expenses without a grant (Meadows & Pike, 2010).

## 4. LACK OF SUPPORT

Since Social enterprise has entered into Vietnam for about 2 decades, the number of people that understand its concept is not quite large. It has become a trend for a few years (Nguyen et al, 2020). Consequently, Social enterprises cannot receive as much support as it needs from the government as well as other parties.

- “...they always offer discount price for renting venue to start-up company, not socialenterprise.” [DH2]
- “...no one willing to work as a garbage collector...although they can earn 700,000 to 900,000 dong per day...” [DH4]
- “...you cannot create any impact for society if you don’t show them the benefits.... No one believe that raise cricket will have more benefit than cattles, chicken....” [IH1]

# III. DISCUSSION

## A. HUMAN RESOURCE MANAGEMENT

In term of hiring, Embrahim, battilana and Mair (2014) suggested that social enterprise should have a flexible hiring policy in order to attract candidates who has not being well-trained in either social sector background or commercial sector background [12]. Furthermore, social enterprise may look for candidate who have experiences for-profit sector or entrepreneurial mindset in Non-profit organization [40]. One example is Los Andes, a Bolivian Micro-finance institution, it set up a policy that hiring fresh graduates who have no working experience but they show a strong support to social activities. As a result, these employees whose have no experience in either commercial or social area would easily adapt the hybrid mission [44]. In addition, many researches agree that hiring and provided vocational education for unskilled or disadvantage people is a way to help social enterprise in pursuing financial sustainability and reduce the gap between disadvantage people and labor market [4][60]. Vickers and Lyon (2012) suggest that social enterprise could hire employee who have experience in social enterprise, entrepreneur mindset employees and people who have experience in operation and form them together [61]. With this team, each member could accomplish tasks that relevant to their strength, however, as mentioned before, conflict may occur due to different mindset of each member in team [12]. In order to eliminate this conflict, Doherty, Haugh and Lyon (2014) advices that social enterprise need to balance the number of staff from both areas and develop a manager that could support both type [35][62].

In regards to management, there are two hybridisation approaches to supervisethe workforce which are apprenticeship and integration. Apprenticeship is a position for candidate who have no experience and willing to learn new culture in order to achieve organizational goal [47]. With this approach, social enterprises need to spend time for training relevant skill so that they can accomplish the tasks. Further more, this approach applies individual performance-based incentives and promotion to encourage staff. Second approach is integration

which is hiring candidate who have experience in either social social sector or commercial sector. This approach builds an environment where people in different mindset work together and help them clear the gap of expertise between each other. Apprenticeship employes individual performance-based while integration embrace a system of incentives based on team performance. In summary, Battilana and Dorado (2010) explored that apprenticeship contribute high chance for social enterprise to achieve financial sustainability [47].

### **B. FINANCIAL RESOURCE MANAGEMENT**

By overcoming financial challenges in order to reach the financial sustainability, social enterprise often looking for various financial sources including trading activities [23][35]. As regards to non-revenue sources, Social enterprises may depend on saving of social entrepreneur or subsidies from any donors or grant from government. According to CSIP and Spark Centre (2011), 33% of social enterprise may take on equity rather than debt financing because they don't have to suffer stress from financial cost [10][32]. Some social enterprises may look for partners to form a joint-venture social business models which could exploit the financial advantage and expertise of partners [63]. So far, the term social enterprise has become popular in Vietnam but it still needs more time to prove its sustainability and profitability to investor. Due to its uncertainty to serve either social mission or financial mission, conservative investors such as bank, for-profit financier are not interesting in social enterprise. However, social enterprises could find new external financial resources which is social investor, startup contest. Moreover, together with looking for a new funding method, social enterprise may ask for support from government. According to vietnamese business law, social enterprises still have to pay tax as a normal enterprise while they still have to commit to reinvest 51% of their earning back to serve the social purpose. Another solution that CEO or manager must have a strictly financial management skill which is so that they could go global and raise fund as a commercial enterprise.

## **IV. CONCLUSION**

Over time, social enterprise has become increasingly important to Vietnam's society due to the provision of social benefits. This paper identifies the challenges that social enterprise has to deal with and also recommend solutions to overcome the barrier to sustainability. There are some limitations that we need to be aware of: (1) due to the covid-19, the social enterprise in particular and other enterprises, in general, were being affected. This study has not paid much attention to the variable of the global pandemic, (2) due to the constraint of time and resources, there are only ten social enterprises join the interview. (3) Only the founder or CEO attend the interview, and all of them are from southern Vietnam. This study will be more precise if include social enterprises in Central and northern Vietnam.

Regards to future research, it may benefit if the question includes the backup plan of social enterprise when the world suffers a serious problem (For example Covid-19) on the global scale. On the other hand, we could expand the interviewee participant such as staff, workers, suppliers, and donors of social enterprise. In summary, there are many chances for future research to improve the findings of the study in other countries, and other cultures.

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