Learning and capabilities development: Case studies of East African social enterprises

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Research paper

January 2022

Commissioned by IKEA Social Entrepreneurship B.V

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Abstract

Firm capabilities, both tangible and intangible, help businesses to survive and thrive in developing countries. What is less well understood is how these capabilities are developed in either solely for-profit firms or social enterprises, which form a key part of the enterprise landscape in developing countries. To answer this question, this study explored learning and capabilities development in five East African social enterprises participating in an accelerator programme. The paper finds that the coaching element, experimentation and learning from peers element of the accelerator were extremely important in complementing and allowing the absorption of learning from the taught modules. Participation in the accelerator led to improvements in capabilities in both 'hard' business-oriented skills, which allowed social entrepreneurs to understand the gaps in their business, and 'soft' skills, including improved vision and improved resilience of the enterprises. The findings have implications for the design of accelerator programmes and also broader interventions aimed at improving the capabilities of African entrepreneurs.

[1] The authors would like to thank all the social enterprises that gave their valuable time for the research, in addition to informants at Acumen and IKEA. We would also like to thank Vincent Mugo for able research assistance. All errors remain our own.

1. Introduction

The positive role of successful businesses and entrepreneurship in economic development is well established (African Development Bank 2012; UNECA 2016), in particular the role of manufacturing firms in creating employment (UNIDO 2013). The developmental role of African entrepreneurs has also been recognised (Liedholm and Mead 2013). However, African industrial sectors are characterised as having a 'missing middle', with a small proportion of small and medium-sized enterprises (SMEs) squeezed between a large informal sector and few large multinational and state-owned enterprises (Hallberg 2000; Esuha and Fletcher, 2002). Viable, robust enterprises should be the backbone of African private sector development (Hansen et. al 2018), yet research rarely focuses on a firm-level perspective when it comes to African enterprises (Tvedten et al. 2014; Mellahi and Mol, 2015). We would argue that this theme is even pervasive in the research on social entrepreneurship.

The important role of external factors such as a fragile business environment or an incomplete ecosystem with burdensome regulation in explaining why enterprises in sub-Saharan Africa (SSA) are small and prone to failure in the early stages of establishment has received a lot of attention (Biggs and Srivastava 1996; Biggs and Shah 2006; World Bank 2014). While still embryonic, a recent literature has shown that internal factors, such as firms' capabilities, resources, strategies, management practices and managerial capabilities, have a significant impact on firm performance in SSA (Bloom et al. 2016; McKenzie and Woodruff 2017; Hansen et al. 2018; Wamalwa et al. 2019; Upadhyaya and McCormick 2020).

Literature has also shown that there is a growing number of social enterprises (SEs) in SSA that attempt to resolve some of the development challenges faced in the region while also generating profits (Dees and Anderson 2006; Thisted and Hansen 2014). In fact, social enterprises in SSA have been lauded for playing a special role in helping countries achieve the Sustainable Development Goals (SDGs) by filling a gap in social service delivery to the poorest in the economy, creating employment and generating income. They do this by applying innovative technical, organisational and financial approaches (Moreno and Agapitova 2017). A landscaping study estimated that there could have been up to 44,000 SEs in Kenya in 2016 (British Council 2017). These enterprises face some of the same challenges faced by 'normal firms', but also different challenges as they combine the dual goals, or 'double bottom line', of profit making and social impact (Thisted and Hansen 2014, Battilana and Lee 2014; Moreno and Agapitova 2017). It has been shown that complete ecosystems are essential to allow SEs to scale (Stam 2015; de Bell and Drupsteen 2019). Like normal firms, SEs rely on resources and capabilities to overcome the challenges posed by fragile business environments and incomplete ecosystems, but they need a unique combination of capabilities to offer their blended value proposition successfully (Thisted and Hansen 2014).

As the literature review below shows, while there is a growing focus on the positive influence of capabilities on firms' and SEs' performance in SSA, there is still a very limited understanding of *how* these capabilities are built. This paper uses a case study of an accelerator programme of SEs within East Africa to develop an understanding of how learning occurs and capabilities are developed in the context of the COVID-19 crisis. There is still considerable debate over how to improve the capabilities of enterprises, with some studies showing that basic training programmes have limited impact on performance. We therefore discuss accelerator programmes in this context. What is the evidence for learning taking place? And what is the impact of the accelerator programme on firm performance and capabilities built?

This study contributes to the literature in four main ways. First, it adds to the growing literature aiming to fill the gap in research on accelerator programmes in SSA. Second, it contributes to the literature on learning and capabilities development within social enterprises, where the focus has previously been on providing the rationale and mapping the landscape for SE. Third, we contribute to general debates on entrepreneurship and development and innovation and development within SSA by developing an understanding of how capabilities are developed. Finally, we contribute to the literature on how social enterprises can be supported during crises and can build resilience.

The rest of the paper is structured as follows. In section 2, we provide a literature review covering theoretical and empirical literature on accelerators and capabilities. Section 3 discusses the research design and methodology, and section 4 discusses the findings. Section 5 concludes.

2. Literature review

2.1. Background

This study is based on interviews and observation of learning and capabilities development taking place through a programme co-created by Acumen and IKEA Social Entrepreneurship (IKEA SE). Acumen is a non-profit company that invests in sustainable businesses to help alleviate poverty.[2] IKEA SE is an initiative set up by Inter IKEA Group that aims to accelerate social impact by supporting social entrepreneurs and social businesses.[3] The convergence of goals in terms of the belief in supporting social entrepreneurship as a key route to poverty reduction led Acumen and IKEA SE to work together on the programme.[4]

Together, Acumen and IKEA SE provided a programme for training and coaching mentorship for 20 social entrepreneurs in East Africa (in Kenya, Ethiopia, Rwanda and Uganda). The programme began with a call for participants in December 2019. Over 700 SEs applied and 20 were selected that met the following eligibility requirements: 1) they were all post-revenue; 2) they had demonstrated traction in their business model in terms of units sold and consumers served; 3) they had a team of three or more people; 4) they focused on social impact in the areas of livelihood improvement, equality and inclusion; and 5) they were at the stage of trying to scale their business

[2] https://acumen.org/

[3] https://www.ikeasocialentrepreneurship.org/en

[4] The theory of change for the accelerator programme is provided in Appendix 1.

model. The accelerator programme was designed to support this scaling and consisted of a 19-week programme which ran from April to September 2020.

The accelerator consisted of a curriculum of seven modules co-developed by Acumen Academy and IKEA SE and bi-weekly ‘learning labs’ supported by Acumen facilitators to support SEs to work through the assignments. Studies have identified the many challenges faced by SEs to scale, including ability to conduct market research, business development and strategic planning and leadership development (Monitor Deloitte 2015). The modules and learning labs were designed to respond to these challenges. As part of the accelerator programme, the entrepreneurs were also partnered with coaches from IKEA who accompanied them as they went through the modules and shared their knowledge, skills and experience. The coaches had discussions with the entrepreneurs every two weeks to discuss any challenges the entrepreneurs raised.

The COVID-19 crisis affected the design of, and participation in, the accelerator programme. Initially, it was planned that the participants would meet in one of the participating countries. Due to COVID-19 restrictions, however, this was changed to a virtual programme throughout. The COVID-19 crises also led to the provision of emergency financial support for accelerator participants for business continuity.

The Acumen-IKEA SE accelerator programme specifically targeted social enterprises, which are hybrid organisations that pursue a social mission using business methods (Monitor Deloitte 2015). As they aim to generate revenue while resolving a pressing social issue, they can be said to have both a charity and business form (Battilana and Lee 2014; Thisted and Hansen 2014). For a social enterprise to be impactful, it needs to be scalable and intentionally contribute to systemic change (Thisted and Hansen 2014; Monitor Deloitte 2015). Scaling up entails several actions, including expanding reach and securing and absorbing the required capital (Monitor Deloitte 2015). However, the hybrid nature of SEs creates external and internal tensions which pose challenges for sustainability and their ability to scale (Battilana and Lee 2014; Thisted and Hansen 2014). Participation in the accelerator programme was seen as a key pathway to scale for the SEs.

2.2. Theoretical literature

Theoretically, this paper rests on a model of enterprise development laid out in Tvedten et al. (2014) in which African business performance is viewed as a dynamic interaction between three factors: context-specific market structures and institutions, political and social institutions, and firm resources and capabilities. While the first two, which can be broadly referred to as ecosystem factors, have received significant attention in the literature, the third has received little attention.

Our focus on firm-specific factors is based on the resource-based view of the firm. This theory views the firm as a ‘bundle of resources’ (Penrose 1959). Early literature emphasised the role of physical and financial resources as well as technological assets, but over time it has been acknowledged that the knowledge and capabilities, including human resources, managerial capabilities and networks, are equally important for performance (Wernerfelt 1984; Lall 1992; Teece et al. 1997; Eisenhardt and Martin 2000; Peteraf and Barney 2003). More recently, ‘softer’ capabilities, including vision and leadership, have been shown to be important factors in determining the performance of African firms (Wamalwa et al. 2019; Upadhyaya and McCormick 2020). Accelerators can thus be viewed as tools for building the capabilities of SEs.

It has been argued that SEs are often innovators and first-movers in the markets they work in as they attempt to provide innovative market solutions for social problems. This involves a high level of risk taking (Thisted and Hansen 2014), and accelerator programmes can also be viewed as tools for de-risking entrepreneurship to build markets and overcome some of the challenges faced by entrepreneurs due to fragile business environments and incomplete ecosystem factors. While we focus in this paper on firm-specific factors and how capabilities are built, we do appreciate that accelerators do not operate in a bubble and not all the institutional challenges faced by African business can be resolved through improved capabilities.

2.3. Empirical literature

In this section we discuss the empirical literature on capabilities and accelerators.

2.3.1. Capabilities in African firms and African SEs

For too long, literature on firm performance in SSA focused on the weak institutional environment. Recently, however, there has been a move towards understanding the role of firm-specific factors. It has been shown that in SSA, management practices matter in explaining firm performance across countries and over time (Bloom et al. 2016; McKenzie and Woodruff 2017; Wamalwa et. al. 2019; Upadhyaya and McCormick 2020). It has been shown that 'soft' capabilities like vision and leadership and resilience are as important as 'hard' capabilities like technological capabilities in explaining performance (Upadhyaya and McCormick 2020).

With reference to SEs, most of the studies in SSA have been landscaping studies that map the sector (e.g., Moreno and Agapitova 2017; British Council 2017). These studies emphasise the high number of SEs and their diverse nature. It has been argued that there are opportunities for SEs particularly in the niche they can fill to resolve both state and market failures (Smith and Darko 2014; Moreno and Agapitova 2017).

A study of six successful SEs in Kenya confirms that they each have very different business models, ranging from very commercially oriented to very socially oriented (Thisted and Hansen 2014).[5] More in-depth comparative studies have shown that SEs in Kenya face similar challenges to those in other developing countries, such as Vietnam (Smith and Darko 2014). These challenges include access to finance as well as human resources issues such as lack of special skills and management challenges, particularly when SEs are trying to move from a non-governmental organisation (NGO) model to a hybrid enterprise model. Thisted and Hansen (2014)

[5] The authors use several criteria for choosing the case studies which include social orientation of goals, a minimum of ten employees and a minimum of two years in existence.

recognise that the success of the SEs in their case studies is based on a variety of capabilities, including the ability to balance profit and social goals.

However, for both 'normal' firms and SEs, there has been very little discussion of how capabilities are built and the question of how to improve management practices is still debated. Several randomised experiments delivering management training programmes to entrepreneurs have shown very small effects on business performance (Atkin et al. 2019). We discuss accelerator programmes in this context. What is the evidence for learning taking place? And what is the role of the accelerator programme in firm performance and capabilities built?

2.3.2. Literature on accelerator programmes

There is a higher failure rate among younger firms in SSA, and SMEs make up a high proportion of total firm exits in any given year (Kweka and Ugarte 2013; Biggs 2002). In Kenya, around 2.2 million enterprises closed between 2011 and 2016, and the average age of a business when it closes is 3.8 years (KNBS 2016). SEs similarly struggle to reach scale and grow beyond initial establishment and funding. This is commonly attributed to unconducive regulation and policy, lack of financing solutions, weak infrastructure and human capital, and poor information and networks (Monitor Deloitte 2015; Moreno and Agapitova 2017). Accelerator programmes were established out of recognition of the need to help younger firms and SEs overcome these structural barriers, which lead to high levels of firm failure. The programmes have been defined as 'time-limited programmes, typically 3-6 months long, that work with cohorts or "classes" of ventures to provide mentorship and training, with a special emphasis on connecting early-stage ventures with investment' (GALI 2017). Accelerators have been compared to 'bootcamps' where intensive networking and mentoring opportunities are offered to competitively selected firms, often over short time periods (Madaleno et al. 2018).

Despite the fact that a large number of accelerator programmes have been established across the world in recent years, there is still limited academic research on the topic.[6] In this section, we categorise the existing literature on accelerator programmes into two themes: 1) studies on the impact of accelerator programmes; and 2) studies on the mechanisms through which accelerators have an impact. For each of these, we look at general accelerator studies, studies based on accelerators of SEs and studies based on accelerators in SSA.

Impact studies

Accelerator programmes use various metrics to measure the performance of firms they support, including survival rates, employee and wage growth, funds raised (debt, equity and grants), sales growth and profitability (OECD and European Commission 2019). The majority of the impact studies use a mixed-methods methodology where systematic literature reviews are combined with case study evidence and semi-structured interviews on accelerator programmes in several

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[6] In 2016, it was estimated that there were 240 organisations running accelerator programmes, with half of these in emerging economies (GALI 2017).

countries. These ‘meta’ studies have found that accelerator programmes have a positive impact on firm performance (GALI 2017; Madaleno et al. 2018; OECD and Eurpean Commission 2019). Interestingly, it has been argued that accelerator programmes may benefit female- and ethnic minority-headed firms even in cases where they do not benefit the average firm (Madaleno et al. 2018), raising the hope that accelerator programmes can be a way of encouraging inclusive development. A comparison of accelerator programmes in developed and emerging countries shows that while the ecosystems are different in emerging economies, the quality of accelerator programmes in emerging economies is no lower (GALI 2017). While accelerator participants experience positive change across all metrics, comparing firms that participated in accelerator programmes and firms that were rejected from programmes in high-income countries and emerging economies reveals that relative changes in revenues and employees are smaller in emerging markets, while the relative changes in debt and equity are larger (GALI 2017). This implies that participation in accelerators is key for firms to be able to unlock access to finance in emerging economies. A comparison of high performing and poorly performing accelerators shows that quality of mentoring is a key differentiating factor in performance (Roberts et al. 2016).

There are also studies that focus on accelerator programmes in individual countries. In a study of programmes in the UK, 64% of participants agreed that participation in the accelerator was significant or vital to their success (Bone et al. 2017).[7] Furthermore, participants benefited even when there was no monetary benefit (debt or equity) from participation. This was also the case with ventures in Colombia that received no cash but instead were offered standardised business training, customised business advice and visibility, and went on to register large positive impacts (González-Uribe and Reyes 2021).

There are few studies that focus on accelerators in relation to SEs. Those that do exist indicate that the impact of participation in accelerators is more mixed than the studies discussed above. One study of over 4,000 SEs that participated in accelerators found that the level of human capital of the SE was a key determinant of which part of the programme was valued. SE founders with generic human capital valued the mentorship benefits offered by social accelerator programmes, while SE founders with task-specific human capital valued the funding benefits of participation more highly (Pandey et al. 2017). Overall, the authors found that the complex and time-consuming nature of social change means that the time-constrained nature of accelerators may make them less beneficial to SEs than to other firms (Pandey et al. 2017).[8] A study of 13 SEs from North America, Asia and Africa that participated in an accelerator programme organised by the Global Social Benefit Institute (GSBI) at the Miller Center for Social Entrepreneurship showed that the social impact of the SEs, measured in terms of lives impacted, increased for the majority of the ICT-enabled SEs in the study, but for only one non-ICT-enabled enterprise (Harada 2018). This

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[7] The study looked on incubators and accelerators in the UK, but we only discuss the results for accelerators here.

[8] The study looked on incubators and accelerators, but we only discuss the results for accelerators here.

shows the complexity of achieving impact for a SE despite participation in an accelerator programme.[9]

There are a growing number of accelerators targeting African firms and SMEs. The project appraisal document for a World Bank project that provides funding for entrepreneurship development in Kenya states that there are over 38 accelerators and incubators in Kenya alone (World Bank 2018). A study on an accelerator aimed at mobile-based startups found that participating in the accelerator raised the survival rate to 84 percent and increased the number of jobs created by these enterprises (InfoDev 2017). Meanwhile, the web page of the GrowthAfrica accelerator[10] states they have supported 336 firms, which have raised a total of US$60 million in investments and grants and created over 30,000 formal jobs (although the methodology used to assess these metrics is not clear). A key challenge that has been identified is that accelerator programmes themselves rely on grants to run their programmes, which comes at the expense of sustainability (World Bank 2018).

Mechanisms of impact

Meta studies of accelerator programmes are supportive of the positive impact of the programmes, but there is much less clarity about *how* they achieve results (Madaleno et al. 2018). It has been argued that more than the formal learning that takes place in accelerator programmes, it is informal learning and knowledge spillovers that benefit entrepreneurs (OECD and European Commission 2019). The same study also showed that accelerator programmes emphasise soft skills including presentation and communication skills, which have a bigger impact, and that learning from networks is important, suggesting the need for programmes to facilitate networking among participants.

While access to finance is a key challenge for emerging economy and developing country entrepreneurs, studies have shown that these entrepreneurs value the business skills development aspect of accelerator programmes more than the pure fundraising component. However, network development to help close funding gaps is seen as a key aspect of business skills development (GALI 2017). This shows that several of the concepts in our conceptual framework in relation to capabilities are intertwined.

Single-country case studies reveal more about the mechanisms for change, but they also highlight the complexity of pathways. Bone et al. (2017) attempt to link different support functions of accelerators (e.g., direct funding, testing business models and help with team formation) to short-term outcomes (e.g., raising finance, strategic planning and cash flow management) and then to longer-term outcomes (e.g., investment raised, innovation and employment growth). They find that the key intermediate outcomes after participation in an accelerator were at the strategic level, with marketing, product development and external relationships viewed as key areas of change.

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[9] We do not go into the debates on measures of social impact for this paper, suffice to say that gross measures such as numbers of lives impacted do not capture the quality of impact and depth of impact.

[10] https://growthafrica.com/

While pathways are hard to differentiate clearly, there was evidence that direct funding and help with team formation had an impact on several of the intermediate and final outcomes. Hallen et al. (2018), in a study based on eight US accelerators, establish that the key pathway to scale occurred through participants refining their business model and strategy, and learning new knowledge about how to do things.

Within accelerator programmes, coaches and mentoring have been highlighted as a key mechanism through which learning occurs. Kutzhanova et al. (2009) identify coaching as a very effective learning approach as it helps transform entrepreneurial capabilities into solving actual needs. The authors argues that by providing a sounding board for ideas and feedback, coaches facilitate learning and expand the knowledge of entrepreneurs. They also identify personal coaching as beneficial especially in terms of reflection and discovering critical areas that need development. A study in Sweden by Politis et al. (2019) identified two drivers of learning in an accelerator programme: affective motivation and constructive feedback. The authors define affective motivation as motivation from mentors that energises participants, while constructive feedback leads to learning for participating firms through challenging perspectives, reflective dialoguing and encouraging appraisal.

Studies have also identified networking with peers and other entrepreneurs as a key mechanism through which accelerators improve the performance of participating enterprises. Some authors refer to this interaction as a form of coaching, as peers provide feedback and emotional support (Kutzhanova et al. 2009). Affective motivation from mentors was seen to be mirrored by motivation from peers (Politis et al. 2019). There is evidence that accelerators that encouraged broad, and intensive consultation with a variety of stakeholders, including customers, mentors, programme directors, guest speakers, alumni and experienced entrepreneurs, led to better performance by their participants (Hallen et al. 2018).

There have been few studies of SEs participating in accelerator programmes. However, the mechanisms through which accelerators help SEs to scale are similar to those discussed above. A study of six SEs in Sweden found that a key mechanism was education (Nchang and Rudnik, 2019). In particular, participating in an accelerator helped SEs develop and understand their business model, which was essential to allow them to scale. The authors found that coaching was also an essential part of the learning. Different SEs are usually at different stages of development, and individual coaching helps resolve specific issues that they are facing. Another key mechanism through which accelerators benefit SEs is 'bolstering', which includes mentoring, opportunities for additional fundraising and adding to the credibility of early ventures (Pandey et al. 2017). The importance of accelerators in helping participants develop networks and make connections has also been highlighted as an important for achieving scale in SEs (Nchang and Rudnik 2019).

Overall, this literature review has shown that the pathways to learning among firms participating in accelerator programmes are complex, but that coaching and interaction with peers are a key complement to formal teaching of entrepreneurship tools. We try to include this complexity in our conceptual framework.

2.3.3. Literature on capability building

As discussed above, the literature on accelerator programmes has focused on the mechanisms through which participating firms achieve some level of success, whether this be increased size, funding or sustainability. Here, we discuss the limited literature showing what capabilities are developed through accelerator programmes. We focus on four capabilities: understanding gaps in business competency, vision and leadership, resilience, and entrepreneur confidence.

Literature on understanding gaps in business competency

As accelerators usually focus on nascent entrepreneurs, it has been recognised that a key benefit for participants is an immersive learning experience, including space for reflection. This process allows entrepreneurs to recognise competency gaps and also provides support to overcome these gaps (Miles et al. 2017). As mentioned above, it has been recognised that a key constraint faced by SEs in developing countries is lack of business skills (Smith and Darko 2014). We conjecture that this capability of understanding gaps in business competency is even more important for SEs when the social objective may be the main driving force for founders.

Literature on improvements in vision and leadership

Literature has highlighted that a key benefit from participating in accelerators is firms having a chance to clarify their vision. As these firms are usually young and do not have much experience to fall back on, their interactions with programme directors, coaches, customers and peers gives them a chance to share their vision and model and to receive feedback. The feedback from experienced coaches, mentors and programme directors is particularly useful in this regard (Cohen et al. 2019). Entrepreneurs in one study emphasised how the advice they received helped them define their business model and strategy when previously they had used trial and error (Hallen et al. 2018). They emerged with an improved understanding of the entrepreneurial landscape. The same study noted that simply being accepted onto an accelerator programme can signal confidence in a business idea. This builds confidence in the enterprise owners significantly, which in turn builds confidence in their leadership capabilities. Indeed, leadership development is a recurrent theme in many accelerator programmes (Moreno and Agapitova 2017).

Literature on improving resilience and flexibility

Littlewood and Holt (2018), in their study of social enterprises drawn from SSA, characterise resilience as the organisational responses to threats (internal and, more often, external) faced by social enterprises. They draw on several themes of the literature, such as how, in an unpredictable environment, organisations can adjust, adapt and reinvent their business models and strategies to cope or pre-empt any need to do so. Based on their review of literature and own findings, the authors outline three characteristics that define resilient people and organisations. The first is the ability to face down reality instead of turning to denial in the face of hardships. The second is the ability to find meaning in difficult situations, drawing on strongly held values and beliefs. Finally, resilient people and organisations have the ability to continually improve and be inventive in the face of disaster, and are ready to put their resources to use in unfamiliar and unconventional ways.

Ahsan et al. (2021), in a study of Ghanian ventures, note that ventures in most developing countries have to contend with a difficult working environment, with limited supporting agencies leading to limited business- and industry-related information. In such an environment, enterprises must be persistent if they are to stay in business. Here, entrepreneurial persistence relates to the desire to overcome adversity and personal as well as environmental constraints. Distinguishing between necessity-motivated and opportunity-motivated enterprises, the authors note that entrepreneurial persistence becomes the agency that opportunity-motivated enterprises put to use as they navigate the challenges in their business environment in their quest to position their ventures for success. However, for entrepreneurial persistence to lead to better outcomes for ventures, it needs to go hand in hand with perceived institutional support in an environment where ventures have access to social as well as business networks. These are the kind of environments that accelerator programmes provide to firms.

Literature on entrepreneur confidence building

While literature has emphasised the importance of tangible hard skills provided by accelerator programmes, the role of soft skills – in particular confidence building – is highlighted by a study looking at impact of accelerator programmes on startups in the UK (Bone et al. 2019). Another study shows that ventures reported adjusting their effort and aspirational levels by virtue of their participation in an accelerator programme. After witnessing what their peers were achieving in the programme, they felt challenged to reassess what was possible for themselves (Hallen et al. 2018).

3. Research design and methodology

3.1. Research questions

The main objective of this study is to use case studies of five East African SEs to understand how the they develop thanks to the combined effects of an accelerator programme and emergency financial support. The following questions were developed to achieve this objective:

1. What is the contribution of the modules, coaching and peer support to learning among the SEs participating in the accelerator programme?
2. What is the contribution of emergency financial support to the SEs?
3. What is the impact of participating in the accelerator programme on the performance and social impact of the SEs?
4. How have the capabilities of the SEs improved through participation in the accelerator programme?

5. What is the role of coaching in improving the capabilities of the SEs?

3.2. Conceptual framework

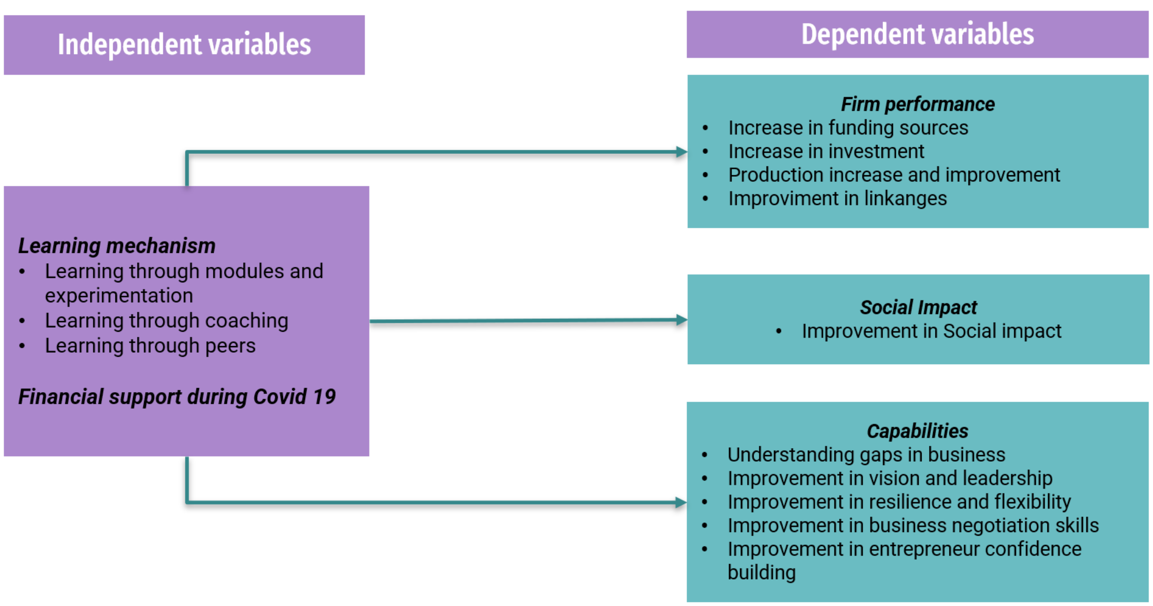
We developed our conceptual framework based on the literature review and key informant (KI) interviews (Figure 1). All our variables are discussed in the literature review except business negotiation skills. Although this concept was identified in our KIs as a key capability that should be developed in an accelerator programme, we did not come across it in our literature review.

Most entrepreneurship and development literature focuses on assessing the interaction between the business environment (the ecosystem and institutional factors) and firm-specific capabilities and performance. Therefore, the dependent variable in most studies that we build on is firm performance, measured in a variety of ways

As our study focuses on learning, however, improvement in capabilities is seen as an equally important dependent variable. Furthermore, as social impact is a goal of social enterprises, we include it as a separate dependent variable in our conceptual framework.

As discussed above, the business environment and ecosystem have been shown to be important in various studies, but we do not take these into account in this study.

Figure 1: Conceptual framework



Source: Authors' conceptualisation.

Due to the linkages between different concepts as shown in the literature review, it is difficult to isolate quantitatively the effects of the accelerator programme. Furthermore, the very nature of the accelerator programme, for which high-performing enterprises are selected, leads to selection bias in the sample. Therefore, we use case study methodology to qualitatively bring out the learning mechanisms and capability development. Case study methodology has some key challenges, as the results are not empirically generalisable. However, our study provides thick descriptions that are vivid and nested in the real context – a general strength of qualitative data (Miles and Huberman, 1994). Furthermore, while case studies do not allow *empirical* generalisation, we agree with the proponents of case study methodology that it allows *analytical* generalisation (Yin 2003) and argue that the categories of how learning takes place that we discuss below have broader implications for the literature on entrepreneurship and development. Another key limitation of this study is that it was conducted at a single point in time and so does not follow the development of capabilities over time.

3.3. Firm selection, data collection and data analysis

The five enterprises were selected from a list of 20 enterprises that had been part of the Acumen/ IKEA SE programme. Working with the team from Acumen/IKEA SE, we identified the firms to approach for the case study bearing in mind several criteria, including: the SE was involved in manufacturing, the SE had benefited from COVID-19 emergency financial support, and there is a good balance between the gender of the owners. Based on this, in September 2020 we identified a list of seven potential firms that, with the help of Acumen, we approached to be included in the study. Five of these willingly accepted and they are the ones we interviewed. The interviews with the SEs were conducted in November and December 2020.

As can be seen in Table 1, for four of the five firms, we had two interview rounds. The exception was Firm E, for which we had four sessions because the respondents (i.e., the firms' participants in the accelerator) were located in Kenya and the United States, so it was difficult to arrange the sessions at the same time. Among the five case study SEs, four were managed by their founders and one (Firm E) was managed by an employee. With reference to our conceptual framework, the first round of interviews focused on our independent variable (i.e., the learning mechanisms) and the second round on the dependent variables (i.e., the impact of the accelerator).

In addition to firm interviews, we also had three KI interviews with staff from IKEA SE and Acumen. Two of these interviews were at the beginning of the research, before we embarked on the firm interviews. These early KI interviews helped shape our conceptual framework and interview instruments. The third KI interview was in the midst of the firm interviews and was used to triangulate some of the findings. In addition to the interviews, we also observed two events: 1) a recording of a webinar held at the end of the Acumen/IKEA SE accelerator programme; and 2) an IKEA SE webinar in November 2020. Both events provided useful insights into the context in which the firms had operated during the programme.

Table 1: List of respondent interviews

SE	Country	Entrepreneurship goal	Social goal	Interview date
Firm A	Ethiopia	Food processing (granola-based healthy snacks)	Improving nutrition of customers Improving skills of employees Sustainable sourcing of inputs	1 Dec 2020 11 Dec 2020
Firm B	Ethiopia	Food processing (organic honey)	Income-generating opportunities for rural youth Improving skills of rural youth Sustainable sourcing of inputs	17 Nov 2020 30 Nov 2020
Firm C	Rwanda	Manufacturing (footwear manufacturing – shoes with recycled tyre soles with an African aesthetic)	Reduction in rubber waste Training of employees Training of youth and women in business skills	16 Nov 2020 1 Dec 2020
Firm D	Ethiopia	Manufacturing (paper and leather manufacturing – notebooks in traditional artisanal design)	Creating employment opportunities Improving literacy through donation of exercise books.	9 Nov 2020 8 Dec 020
Firm E	Kenya	Textile manufacturing (design and production of hand-dyed textile products)	Income opportunities for refugee women Providing tailoring and entrepreneurship skills to employees to encourage economic independence	Kenya-based manager 10 Nov 2020 1 Dec 2020 ------ US-based manager 18 Nov 2020 3 Dec 2020

As the fieldwork for this study took place during the COVID-19 pandemic, all of the interviews were undertaken virtually (on the Google Meet platform) in line with World Health Organization guidelines, which discouraged physical meetings. With permission from the respondents, each interview was recorded and later transcribed. In line with the Government of Kenya and University of Nairobi research guidelines, we secured a research permit from the National Commission for Science and Technology (NACOSTI) before embarking on the data collection.

The development of our conceptual framework and interview instrument followed a partly inductive approach, as we used both the literature and KI interviews to develop the key concepts. The data analysis followed a deductive approach, as we analysed the transcripts based on themes and codes that had already been identified in the conceptual framework.

4. Findings

4.1. Learning

4.1.1. Learning from modules and experimentation

The SEs were taken through seven modules over the 19 weeks of the accelerator programme: 1) visions of scale for social enterprise business model; 2) customer insights; 3) aligning a pricing, sales and marketing strategy to a value proposition; 4) financial model; 5) operational model, touching on team building and partnerships; 6) financial forecasting and growth capital; and 7) pitching the strategic story of your business. On average, each module took two weeks to complete and involved written content, case studies, readings, videos, assignments, a two-hour virtual call with the entire group and a meeting with an IKEA SE coach. The assignments were practical in nature and pushed the enterprises to apply what had been learned in their businesses; experiences arising from that application would be discussed in the large group.

In general, the SEs found all the modules to be useful. While other studies have suggested that 'softer' skills are the most important ones imparted during accelerators, our interviews showed that 'hard' business skills, including financial modelling, were a crucial part of the learning process.

> "… financial modelling helped us because it helped us to see how the input that would go into the different products that we have. So let's say we have five unique products we produce, it helps us kind of picture how much time would go into it, how much resources, how much money it would take us to produce this and how much we are selling it for and whether that was actually profitable or not. The most beautiful part is that it allows you to focus you know, by changing the numbers" (Firm D).

The enterprises also spent four weeks engaging in a business experiment touching on various aspects of their business. For some, this entailed talking to existing or potential customers. Even though some enterprises struggled to implement this due to COVID-19 restrictions limiting physical contact, this module was found to be useful in leading to strategic insights for the enterprises.

> "So, based on that on our business experiment we try to make a survey to understand the feelings of our customers that exist in the local market, in

> supermarkets in different areas. And based on that we try to develop our own marketing strategy" (Firm B).

> "… what I heard from teams is that being pushed to think in a way that was experimental and really test their model was one of the most helpful part of the programme because it just pushed them to step out of their day to day and kind of zoom upper level and think about some of the assumptions they are operating around for their business" (KI Acumen).

The practical implementation, through experimentation, of the skills learnt in the modules was a key tool to consolidate knowledge from the modules and allowed the firms to envision scaling their SEs. For one of the SEs, the experimentation allowed them to build on the customer insights module. Firm D found some of the results of the experiment very surprising, as assumptions they had made about their consumers which they believed to be 'facts' turned out to be incorrect. The experiments can thus be seen as a low-cost way to learn and to avoid making expensive mistakes, including investments based on false assumptions.

Furthermore, the experimentation enabled the SEs to move from 'the dance floor to the balcony' – a phrase used in business literature to represent the transformation from business founders purely carrying out day-to-day operational tasks to having the ability to view the business from a strategic perspective. Our literature review did not highlight the value of conducting experiments as part of accelerator programmes, and we would like to highlight this as a key learning mechanism in this Acumen/IKEA SE accelerator programme.

4.1.2. Learning from coaches

As said above, SEs were partnered with coaches from IKEA. The coaches were not meant to provide answers, but rather help the entrepreneurs come up with answers by themselves.

Our interviews showed that coaches served various functions. First, they helped entrepreneurs absorb the material from the modules and in particular help with designing the experiments.

> "Coaches gave input in designing the interview questionnaires used in the business experiment to explore the local market" (Firm B).

Second, while the coaches were, in theory, there to address any knowledge gaps arising from the modules, in reality they helped the SEs deal with the daily challenges they were going through because of the COVID-19 pandemic and also provided emotional support.

> "What we heard in the learning circles that the coaches communicated to us was that not only that they were going through the modules but life was happening at the same time. So they were running their businesses and they were encountering several other issues especially when COVID-19 hit and the coaches ended up playing a much bigger role in helping them address any immediate issues they had other than the ones they were learning and focusing on in the modules" (KI2 1).

Firm E could also identify with this emotional support and how it was helped build their resilience in the face of the pandemic challenges.

> "That was one amazing thing I think I picked up from the Acumen coaching and resilience, being able to encourage the team to still be able to come to work and work within the provided guidelines and overcome the challenges that we were experiencing with the market. You know quite often you talk to people within the same sphere you are in and most of them closed shop and some of them are yet to open and so I think for us as a team, we were able to go through a very difficult season and come out strong" (Firm E).

For others, coaching helped in developing stronger visions for social enterprises.

> "Coaches pushed our thinking – due to different cultural and physical context, helped us to see beyond our limitations" (Firm A).

A key way that coaches helped the SEs was by asking difficult questions which led to reflection, and often helped SEs realise what they did not understand.

> "Coach gave lots of feedback along the way – in form of challenging questions" (Firm C).

> "I mean they definitely helped us to realize that we didn't understand our target segments and … what they really want because that of course affects everything that we do from the products we make, to the way we market them to the platforms that we are on" (Firm E).

The study also sought to understand how the relationship between the entrepreneurs and the coaches developed during the programme. As expected, there were variations but overall the coaches were viewed as having respect and being non-judgemental.

> "So it wasn't judgemental nudging and telling us what to do. It was like questioning us how is it going to work with this? And have we thought about this what are the possibilities of maybe looking at it this way? So it was really like don't feel like you are being judged or…they create the space to let you actually work through your problems and process them" (Firm D).

Similarly, some entrepreneurs pointed out that coaching helped them to develop resilience by providing a sounding board for challenges.

> "Normally, what I really learn from the coaches, this means in addition to solving...helping me to solve my challenge. Because for me the big take away of, or the big advantage or opportunities is that I share my challenge with them, they provide me with different recommendation, different explanation, different discussions, even they link me to [redacted] buyers in Denmark you know. So this is

> one big benefit for me but in addition to that what I learn is that coaching is very very nice for us because when you have a coach that means you think like there is someone who is going to help you. So I appreciate that coaching is very helpful for like a startup company like me because we share every challenge, we share every problem so they come up with work, give you some recommendations" (Firm B)

Our study provides evidence that the coaching in this accelerator provided similar benefits to those identified in the literature, including reflection, discovering critical areas, motivation, constructive feedback and emotional support.

4.1.3. Learning from peers

All the participating SEs met as a cohort every two weeks, after they had completed a module of training. These biweekly 'learning labs' and were facilitated by Acumen and gave the entrepreneurs the opportunity to raise issues on which they needed feedback. They provided a very rich environment for the entrepreneurs to share experiences and challenges and to learn from each other. In this section, we discuss three main areas where peers benefitted from each other: business-related knowledge, handling COVID-19 related challenges and improving social impact.

The SEs gained specific business-related knowledge. For example, Firm A indicated that they learnt how to build a distribution chain and Firm D gained insights on developing new products. Firms B and C noted that they were able to pick skills such as developing a website, coming up with a value proposition, and types of product packaging, with Firm B learning how to package its products for the local market. This was very helpful because the firm's primary export market had been disrupted by COVID-19, and they had no prior experience of the local market. Overall, the sharing experience was beneficial to the participants.

> "Because all of us even if they are startup of different companies, they are from different country, from different business types, mine is agribusiness, they are different business they have different experience, different challenge, different opportunity so every time in our group we have a discussion to explain about our companies and to share our challenge, our problems and get some feedback from them….So that creates sharing experience so that is one way of learning tools. That helped me a lot. For example, from my side I shared how to develop the story behind the product for the participants. But from them we learnt how to develop value propositions. There are companies who already have a nice value proposition" (Firm B).

It was also recognised that a lot of thought went into which entrepreneurs interacted with each other during the breakout sessions, and this intentional encouragement of peer networking enhanced the quality of learning.

> “I have the sense that the Acumen team were quite purposeful in how they arranged the breakout sessions so that people in similar industries for instance or related industries would be on the call with each other and I thought that was very interesting so that, you know, instead of just being you know, by geographical region or being completely random you would be in breakout rooms with these people we could relate to and whose businesses we could understand from some point of view” (Firm A).

Another theme that emerged from the peer sharing sessions was the fact that the cohort was able to build a common understanding in approaching the challenges they were all facing because of the COVID-19 pandemic. The entrepreneurs were comforted that they were not alone and could rely on each other for inspiration. Through this sharing, firms would get ideas of how to face and address their own challenges.

> “And we would have these small breakout sessions with a group of like three owners and we would have like detailed discussion of like what’s going on with you, how are you dealing with this, how has that impacted business. So for me I think those intimate small group sessions really helped like share your issues also, get support and get help from the other companies that are also involved” (Firm D).

A concrete example of this was when Firm E realised that another firm in the cohort was having similar challenges with their supply chain and learnt how to overcome them based on the other firm’s experience. The firm was also able to pick up contacts that were useful in taking their business forward:

> “I think that some of the key learnings for us was, it’s going to sound so basic but, the fact that we are not alone in having some of these issues. So simple but it is incredibly relieving when you recognize that. And also realizing that there is such a wide network community, can connect with to potentially solve these issues. So when it came out to the supply chain stuff and we were looking out for, you know, our model, production and all that, we started looking at what are some of the alternatives, how can we source more locally to minimize cost and again to bring that cost a bit low for our product and we had some of great conversations with other leaders in the programme who were like let me connect you with this, you know this potential supplier or like let’s talk further and kind of move forward with investigating some of those ideas. I think that the knowledge sharing as a whole is just so important within the community” (Firm E).

Firms also benefited from peers in relation to improving their social impact, by ensuring a balance between the social impact story and selling products that people want (Firm E). Some firms expanded the scope of their social impact. For example, Firm C noted that while they were already carrying out training for women, interaction with peers encouraged them to develop a training programme focused on soft skills.

Overall, we find that peer support enhanced both the business management skills of participants and social impact skills, but it particularly helped with social support and resilience during the COVID-19 pandemic as the SEs realised that they were not facing these challenges alone.

4.2. Impact of emergency COVID-19 support

A key challenge faced by the SEs participating in this accelerator programme was that it came right at the start of the COVID-19 pandemic. In SSA, the effects of the pandemic including lockdowns can be dated to mid-March 2020 and the accelerator programme began at the end of April 2020.

All the firms in our sample were significantly affected by drops in demand or the need to close manufacturing facilities because they were unable to ensure workers' safety.

> "And with the pandemic, the cases rising, our girls live in the community and when I say communities they live mostly in the slum areas. And the slum areas is the places where incidences of COVID-19 were really spiking up. So we had to make a management decision to close also the workshop to avoid the spread of COVID within our campus so we had to manage that" (Firm E).

> "So most of our sales come from that [conferences] and when COVID-19 hit everything was shut down and there were no...orders were cancelled we were almost about to shut down and let go of our staff" (Firm D)

There is a lot of evidence of innovation in the face of COVID-19 among our sample of SEs. For example, Firm B, which had previously focused on exports, began focusing on the local market and changed its product to suit this market. Firm E began outsourcing its production to other women in the community where the refugee girls to whom they were providing employment lived. In some cases, the firms had to do a complete pivot to cope. For example, Firm D switched from making artisanal notebooks, demand for which fell off completely as conferences were no longer taking place, to producing masks.

While participating in the accelerator helped firms make strategic decisions to survive, all the firms in our sample also received financial support from IKEA SE after going through a qualification process. This support helped ensure their survival. In particular, the support was used to pay staff salaries, as will be discussed in the section on firm size.

4.3. Impact on firm performance, social impact and capabilities

In this section, we discuss the impact of participation on the performance of SEs, their social impact and capabilities developed (the dependent variables in our conceptual framework). Due to the interviews taking place shortly after completion of the accelerator (in October to December 2020), we cannot draw very firm conclusions about firms' performance or social impact. However, we offer a short discussion of these before turning to the focus of this paper, namely, capabilities developed.

4.3.1 Evidence for impact on firm performance

As discussed in the literature review, one key indicator of the impact of accelerators on SEs is growth, whether in terms of turnover, revenue, employees or investment. As noted above, the timing of the accelerator during the time of a pandemic makes it very difficult to draw any conclusions on firm size; all participating SEs were affected by the pandemic, particularly in terms of reduction in turnover due to drop in demand and especially during the initial period of the accelerator. However, the emergency financial support the firms received during the accelerator programme helped them to retain employees.

> "…one of the emergency grants we got, as part of the accelerator that we had applied for, probably has allowed us to keep on our employees or not lose any employees in the last few months of COVID-19" (Firm A).

There is evidence that participation in the accelerator, combined with taking innovative steps such changing product lines, helped some firms increase turnover and maintain employees.

> "So it is hard to say, because we have shifted so much like some of our activities and services have changed. Also, the environment what we produce now is we are not sure it's because of, you know, the PPEs and the current situation. But I would say, comparing these last few months, over last year, like we, we are doing better, I would say" (Firm D).

While overall we cannot say whether or not the accelerator had an impact on firm size, there is evidence that it helped firms maintain their numbers of employees during a very difficult time, mainly due to the emergency support.

4.3.2 Evidence for impact on social impact

As part of the programme, every SEs was required to think critically about their social mission, how they reached out to different populations and which social problem they were trying to resolve. To measure social impact, the enterprises were taken through the Acumen process of measuring impact called Lean Data (since renamed 60 Decibels), which helped them to reflect on three dimensions of social impact. The first dimension, *breadth*, relates to how many people are benefiting from your product or service. The second, *depth*, relates to how people's lives have changed as a result of your product or service. Finally, *focus* relates to how many people in your target population (e.g., those earning less than USD1.50 a day) you are reaching. As noted above, SEs can have a variety of social impacts, which are often hard to measure (Battilana and Lee 2014; Thisted and Hansen 2014).

As can be seen from Table 1, the SEs in our sample aimed to have a social impact on their employees, their customers and other populations, including their suppliers or other vulnerable populations such as refugees or women in youth. We find evidence of different pathways of improving social impact in our sample of SEs.

Participating in the accelerator helped SEs have a bigger vision of their impact, and not just for the scale of their product.

> “I would say that it has been interesting because …when I joined the accelerator my whole point in the beginning was to learn how do we instill a social impact in our business in a way that is concrete and I just had no idea how and at the end of the programme I just understood that there is no Firm C without a social impact and we are able to learn different elements that are going to help us create more impact and including a big vision of reaching out to 10,000 youth and women in, of course the majority being women, in the next five years across ten countries of Africa” (Firm C).

Participating in the accelerator helped firms take clear steps to measure impact rather than seeing it as simply a by-product of entrepreneurship. Key changes included starting to keep track of data on social impact (Firm E) and attempts to gather baseline data on consumers and suppliers, including tracking standard of living (e.g., type of house, number of children) in the communities in which they were trying to have an impact (Firm B). It was recognised that keeping a record of progress contributes to social impact (Firm B).

There is also evidence that the innovation of business models due to COVID-19 challenges led to increased social impact.

> “Outsourcing production is going to have bigger social impact …outsourcing piece that we have looked at, outsourcing has a negative connotation… but... like the partnership capability for us to work with, you know, additional groups and additional artisans” (Firm E, US manager)

A focus on social impact also pushed some organisations to develop ways for their suppliers to exchange ideas with other people in the community.

> “Organizing like experience sharing programme for the communities so that one [youth farmer supplier] [redacted] share experience to other [redacted] so that other [redacted] can follow the other [redacted] so that they can engage in production” (Firm B).

Overall, while our data cannot confirm whether the accelerator helped the SEs improve the breadth or depth of their social impact, there is evidence that they became more ambitious in terms of social impact and more deliberate in measuring their impact.

4.3.3 Evidence for impact on capabilities

The study explored whether there were any improvements in a range of capabilities of social entrepreneurs as a result of their participation in the accelerator programme.

Improvement in understanding of gaps

As discussed above, the literature shows that a key capability developed by accelerators is understanding gaps in their business. We found evidence for this in our sample SEs. Some enterprises shared that the accelerator programme enabled them to reflect on their business model and have a clearer understanding of the gaps the enterprise was facing. For instance, Firm B was able to see how different pillars of its model, such as finance, marketing, the supply chain and human resources, fit together. At the end of the process, the firm identified gaps in their human resource capacity and decided to hire a consultant to plug these.

> “So after this training you know, I try to link everything together: the finance, the supply chain, the marketing side you know, or the human resource side you know. We tried to link that gap together in our business model. The other thing is that there is a shortage of human resources for example because of this we hire a consultant regarding marketing” (Firm B).

Similarly, Firm E indicated that the Acumen modules, together with numerous discussions with the IKEA coaches, helped them to reflect on the structure of their operations and compare the types of human resources needed with those present. Through this process, they were able to identify gaps in their operations in general and plan how to plug them as part of their growth strategy.

> “And then we also recognized, you know, some deficiencies that we have, just from a program standpoint, where we are really relying on function areas from the larger organization” (Firm E).

Firm D shared similar experiences, noting that the accelerator programme helped them to identify gaps in their human resource base.

> “So we didn’t have the business very structured background in business so we just moved forward and never realizing things continue to grow and we went with it. But I think this would prove important because we figured out like which part of our business was lacking enough resources. So for instance there was…we didn’t have a business development person… For the moment we hired the marketing person in business development and it was like magic” (Firm D).

Finally, Firm A noted that they needed to test products in the market and get customer feedback as part of the product development process.

> “One gap that came to our attention was that we need to test our products in the market and get consumer feedback as part of our product development process and that is not something we had done very much of or been very aware of with our new products” (Firm A).

The evidence suggests that the modules and coaching/mentoring sessions were critical in helping the SEs better define their growth trajectory, by helping them identify gaps and how to plug them and by helping them align their capabilities with the kind of growth trajectory their enterprise has now and, in more cases, in the future.

With specific reference to human resource gaps and based on an interview with a KI from IKEA, two dimensions are worth noting. The first is the ability to identify a human gap in your enterprise. The second is the ability to hire a person with the right skills to fill the gap and retain that person in the organisation. This is a challenge because many social enterprises struggle with access to capital. Participation in the accelerator programme was very useful in helping with the first dimension.

> “I think a big challenge for social enterprises is also…talent protection and that was a topic of focus in the accelerator as well since they have limited access to capital they also have limited access to talent and that has obviously an effect on their organisation” (KI IKEA SE).

Overall, we find evidence that participating in the accelerator helped SEs develop their capability to understand gaps in their business. We conjecture that this was particularly helpful as most of the SEs were owner-managed, and without learning from the accelerator they would have continued to manage the business as they had previously done.

Improvement in the understanding of the SE in a holistic way

Closely related to the identification of gaps was the ability of the enterprise to have a better holistic understanding of the entire business. As the accelerator programme took place at a time when the businesses were struggling with the negative effects of the COVID-19 pandemic, many were preoccupied with the struggle to survive. It was therefore very difficult to step back and think strategically beyond the moment and plan for the future. Based on the sharing from Firm B below, we can see evidence that the accelerator programme helped the enterprises see their business in a holistic way.

> “So, sometimes when you're on the dance floor, you don't have the space or the time to reflect back to look at the company as a whole and to project what the future looks like. So I think that, I appreciate that because it really allows us to look at our business and also to look at what does scale up look like? Like no... So so I think allows us to give us that that perspective that we would have not had before and that was helpful” (Firm D).

> “We were able to develop a business model on one page, which means you don’t forget” (Firm B).

A KI from IKEA who was part of the programme reflected on this, noting that learning labs helped the SEs to step back and reflect on their business model, and to strike a balance between their social and profit motives in cases where there were imbalances.

> "...if there is something that stands out is that in cases where the social entrepreneurs had lost their social mission, the IKEA coworkers support them to also find it again. To go back to what was purpose from the beginning and the other way round as well, when they were too much into the social purpose, they also supported them to explore more like the organizational part of it so they also could…the company part of it more than….so I think that balance was one important thing" (KI1).

It is therefore evident that the accelerator experience was crucial in helping the SEs improve their holistic understanding of their businesses, which was particularly useful during the COVID-19 pandemic. We did not have this concept in our conceptual framework, but as the term 'holistic understanding' was referred to by many of our participants, we decided to code it inductively.

Improvement in vision and leadership

As shown in the literature review, the vision and leadership of an entrepreneur are key capabilities linked to firm performance. From our interviews, there was evidence of improvements in vision, particularly in being able to see beyond the COVID-19 pandemic and take a long-term perspective.

> "... we were really focused on here and now.. how do we move on, how do we survive... our coaches push us to think about other products and how to scale up and what else we can do in future if COVID-19 would end soon" (Firm D).

> "So we definitely, I think our growth strategy is a lot more ambitious, and, you know, much, much bigger than we have ever dreamed before. So that was a really, really cool experience to be a part of" (Firm E).

Similarly, participation in the accelerator helped firms strengthen and integrate the social aspect into their overall business model.

> "... it helped me to understand my business model better and how I can subsidize on it. I had no idea how to merge a for profit business with a social one" (Firm C).

Overall, the programme gave the participants time to reflect and think deeply about their vision. It may not have led to an immediate change but rather to the vision being clarified, as noted by an IKEA SE KI who was part of the programme.

> "I am not so sure it helped, maybe you can say helped develop them but I think it helped them to create awareness around their own thinking. The coaching supported them to talk about it and say it and…the programme itself forced them to do that because that was part of the curriculum but the coaching part gave them the time to reflect on that a bit more … So for the vision part for example that could have been the case that they had to talk a bit more in deep maybe. But I think they create awareness and reflection on how they are doing. I think that is the most important" (KI1).

Improvement in resilience and flexibility

We found evidence that some of the firms in our sample already displayed the capability of flexibility. For example, as noted above, to cope with challenges posed by COVID-19, Firm D made a complete change in their product line, while Firm B shifted their focus from the export market to the local market.

We also found evidence of an increase in resilience through participating in the accelerator. It was noted that the sense of community within the accelerator helped with resilience, because the SEs felt inspired by how other entrepreneurs in the programme were coping with challenges.

> "...in a larger sense just being part of this community, that was all going through very similar issues at the same time. That was I think the strength of this was, you know, knowing that, you know, we are not the only ones that are that are dealing with, you know, crazy issues...It was kind of an unspoken strength of the program to have that solidarity" (Firm E).

The SEs were going through significant challenges at the time of participating in the accelerator programme, and the fact that they were part of a cohort all facing similar challenges gave them a chance to lean on each other for support and encouragement. That sense of solidarity in the face of a turmoil was very comforting to the SEs and gave them energy to go on. We argue therefore that the accelerator programme helped the SEs to enhance their resilience and flexibility capabilities.

Improvement in business negotiation skills

Evidence from the findings suggests that one of the capabilities built was business negotiation skills. The activities within the accelerator programme helped the SEs to reflect on their business model, examine their strategy and experiment with potential customers and markets, among others. The resulting deeper understanding of their business environment enabled them to enhance their business negotiation skills in relation to their interactions with various stakeholders, such as customers, investors and partners.

Firms indicated that they are now better at negotiating with buyers and customers.

> "Yes of course, because you know some confidence comes from example as I told you we have lot of story to speak to the customers but we are not good at explaining our story to the buyers, to communicate to the buyers. But now when we learn from the Acumen programme we are really developed in how we can convince our buyers, we can convince everyone…" (Firm B).

> "in terms of like the timeline we didn't know how to negotiate because we thought like you know, we couldn't afford to lose specific clients, so you know, working with the coaches we had to figure out like how do you communicate you know, timelines to clients, or potential clients in a way where they feel it's actually for their best interest and they coached us through that and it was very helpful" (Firm D).

Some of the soft skills acquired, such as presentation skills, helped SEs improve negotiation skills in other areas.

Improvement in entrepreneur confidence

We established from the literature that participation in accelerator programmes enhances entrepreneurs' confidence. By subjecting their enterprises to scrutiny and intensive feedback, the entrepreneurs built their confidence in themselves and their businesses.

Firms noted that key areas of improvement in confidence were in making new grant applications and in negotiations with potential investors.

> "Because a lot of our requests for grants and for investments are connected to these new products and without having been able to test the products the way I did in this program, I mean, now that I have tested the product and got back feedback, it allowed me to work confidently, pitch this vision and to understand some of the potential challenges. So I think, yeah, that definitely improves my confidence" (Firm A).

> "I would say, I would go back to coaching because it's one of my highlights in the accelerator being able to have someone that you are going to negotiate with different answers that I had to give at least on every two hours a week and I would say, and that really helped me continue the negotiations that I am having right now with different types of investors" (Firm C).

Clarity on where they stand as a business also led to more confidence in sharing information with potential partners and being selective and strategic about which partners the SEs would like on board.

> "You know, in partnerships I think that we are, we have recognized the importance of really setting expectations upfront and just managing them once we are in the partnership. So you know, any new partnerships that come to us this year we are clear with them about where we stand and what the timelines look like from our end, and you know, whether that is going to work for them or not" (Firm E).

Coaching helped firms to question and analyse potential scaling ideas. Participation in the accelerator, including coaching and experimentation, gave them more confidence in particular strategies.

> "... okay I really want to do this and on all of the examples that I gave at least five of them she asked me a lot of questions that really made me question each one of the elements and after…and the biggest one was franchising and I just didn't think we could do it being able to present this to different investors and convincing them that we can do it was a huge confidence booster that we are going to be able to do it so I would say that is a typical example of what happened" (Firm C).

It has been established in the literature that just being accepted on an accelerator programme is a significant confidence booster for SEs. This confidence is boosted further even if the SEs manage to win the confidence of stakeholders in the programme, such as the coaches. Firm D noted that the fact that the IKEA coaches believed in their ideas gave them immense confidence.

> "… know like having two coaches with IKEA and years of experience and having them in your team builds your confidence, you know, like if they believe in it and they are behind you, then you can approach any partner, anyone with confidence. So that was helpful" (Firm D).

The examples above suggest that SE participants found the accelerator programme pivotal in enhancing their business negotiation skills as well as improving their entrepreneurial confidence. Coaching comes out as key in this process, as it helped the SEs reflect on all the aspects of their business model, respond to challenging questions and experiment with new ideas.

4.4. Evidence on mitigating factors

While participating in the accelerator programme had a positive impact on participants overall, there were some mitigating factors that reduced the impact on learning. These were prior knowledge of business concepts and the grey line between mentoring and coaching.

It was noted that there were differences in participants' prior knowledge and that this led to difficulties in assimilating certain knowledge, in particular because of the time-bound nature of the accelerator programme.

> "For example for me I am from the business from the agriculture, so for me I understand. But there are people from no business background, so they have to read everything to understand what is a business model, you know. My experience from this training is if I train about business model I have to do business model myself… So it is better if they allocate sometimes that was very short from some people not from the business background" (Firm B)

Studies have shown a positive relationship between entrepreneurs' experience and their performance in accelerator programmes (Roberts et al. 2016) or posited an inverted U-shaped relationship between participants' ability to learn and entrepreneurial exposure (Politis et al. 2019). It has been argued that too much or too little exposure can limit cognitive preparedness to learn from participating in an accelerator (Politis et al. 2019). While we do not have strong evidence to support this argument, there is some evidence to suggest that very limited prior entrepreneurial exposure may have limited the learning experience of some participants.

Another factor that limited learning was the grey line between coaching and mentoring. Coaching is defined as guiding participants to think of solutions themselves, while mentoring is defined as offering potential suggestions and solutions. Some participants felt that the coaches should have taken on more of a mentoring approach than a coaching approach when giving feedback.

> “...actually the coaching-mentoring dichotomy is something that we hashed out a lot in our programme and it is some of the feedback that I think I actually shared with Acumen. But one other thing that we struggled with to begin with was working with the coaches. I think their role as coaches was a little bit predefined as not answering questions so much as you know guiding us to answer questions on our own and acting as a coach versus a mentor there is a lot of differences there” (Firm E).

We believe there is evidence that some of the IKEA coaches played more of a mentoring role. For example, the coach to Firm D helped the entrepreneur link up to markets in other countries, and the coach to Firm C helped the entrepreneur develop a pitch deck for the final pitching competition. Other coaches stuck to the prescribed code, which was to provide a coaching role.

We would suggest that participants would benefit more from a mentoring relationship, but if coaching is seen as the preferred mode of support, the expectations of the participants should be managed.

5. Conclusions

Despite an increased practical interest in social enterprises, the topic remains less explored academically. This paper shows that within SSA, there is a gap in the literature on the level of capabilities of social enterprises and that for both ‘normal’ firms and SEs, there is also a gap in the literature on how capabilities are developed.

Therefore, in this paper we developed a conceptual framework that aimed to assess the capabilities developed, the improvement in SEs’ performance and the improvement in their impact after going through an accelerator programme. We carried out qualitative case studies of SEs in East Africa participating in an accelerator programme. In what follows, we discuss our key findings.

5.1 Key findings on learning mechanisms, firm performance, social impact and capabilities development

In terms of learning mechanisms, we found evidence that all three channels we had hypothesised – learning though modules and experiments, learning through coaching and learning through peers – had an impact. Interestingly, while other studies have shown that participants in an accelerator benefited from soft skills more than hard skills (OECD and European Commission 2019), our study shows that participants appreciated both the hard skills and soft skills they learned from the modules. We also find that the coaching in the programme echoed the finding in the literature that learning happened through affective motivation and constructive feedback.

For firm/SE performance, the evidence is less strong as the accelerator programme was held during the COVID-19 pandemic – a time when many enterprises were closing. We find evidence that participation in the accelerator helped the SEs survive despite a lack of growth. Even though the research was carried out just a few months after the accelerator programme, we find positive evidence of improvement in terms of product diversification and production process innovations.

The literature highlights that SEs have a variety of impacts, many of which are hard to measure. Our findings reveal evidence of improvement in social impact, though this followed a different pathway for each SE. Participating SEs are now better able to monitor their impact by using Acumen's Lean Data methodology and putting in place systems to collect data. While it is too early for an assessment of the level of social impact, there is evidence that the SEs are now more ambitious in terms of impact and more deliberate in measuring it.

We echo the finding in the literature on other accelerator programmes that participation has a positive impact on firms, but we extend this beyond firm performance and social impact. The paper provides evidence of development of six key capabilities among participating SEs: identification of gaps in business; vision and leadership; resilience and flexibility; business negotiation skills; entrepreneur confidence; and ability of the entrepreneur to see the SE in a holistic way. This contrasts with studies that have shown that generic management training does not benefit enterprises in SSA (Atkin et al. 2019). We conjecture that this is due to the specialised nature of the modules in the accelerator programme, which were specifically created for SEs, combined with learning through experimentation and coaching. The intensive nature of accelerator programmes leads to the development of capabilities.

5.2 Implications for the design of accelerator programmes

The experiments provided a key hands-on learning environment. We found evidence that the experiments enabled SEs to become more holistic and strategic in their thinking. In our literature review, we did not find evidence that other accelerator programmes had this experimentation component. We therefore suggest this is a feature of the Acumen/IKEA accelerator that should be imitated by others. In reference to coaching, our study shows that participants really valued the coaches for the emotional support they provided, which helped the SEs build resilience. We also find evidence that the participants appreciated the coaching system being based on mutual respect and the non-judgemental attitude of the coaches. This is something that should be built into other accelerator programmes.

5.3 Implications for theory

Our paper highlights the importance of working with an interpretative epistemology when developing conceptual frameworks for firm-level research. For example, our literature review did not highlight the importance of business negotiation skills as a key capability, but we added it to our conceptual framework after hearing about it from key informant interviews. Furthermore, 'viewing the business in a holistic way' was not one of the capabilities in our conceptual framework but, as it was discussed in several of the case studies, we coded it inductively and identified it as a key capability developed through participation in an accelerator programme.

5.4 Limitations and implications for future research and policy

As mentioned above, a key limitation of this study is that it covered only a small sample of firms at a very specific point it time. The findings would benefit greatly from a study that follows SEs over a longer period of time to see the longer-term effect on capabilities development.

While there is clear evidence that participation in accelerators leads to improvement in capabilities for entrepreneurs, accelerator programmes are not a silver bullet for policy makers, for two reasons. First, while we have not come across any cost-benefit studies of such programmes, they are inherently costly both in terms of financial resources to develop targeted teaching programmes and time resources of the coaches. Policy makers should thus aim to develop cost-effective, targeted accelerator programmes and coaching for specific sectors that have been shown to create more employment and inclusive development. We suggest that one way to do this is for policy makers to encourage financial institutions to complement lending to SMEs and SEs with participation in an accelerator programme. Second, accelerator programmes themselves do not enable entrepreneurs to fully resolve the challenges of a volatile business environment or gaps in the ecosystem. Therefore, policy makers should continue to put in place policies to improve the ecosystem as well as programmes to improve the internal capabilities of both firms and SEs.

Acknowledgements

The paper benefited from funding from IKEA Social Entrepreneurship B.V. The paper does not represent the views of IKEA in any way.

An earlier version of this paper was presented at a research seminar at the Institute for Development Studies, University of Nairobi, on 23rd September 2021. The authors thank the seminar audience and the paper's assigned reviewers. All errors remain our own.

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7. Appendices

Appendix 1

Theory of change for the accelerator programme