Regulating Social Enterprises in Zambia: A Comparative Analysis of the Societies Act of Zambia and the Public Benefits Organisation Act of Kenya

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Abstract
The study addresses the absence of a clear and enabling legal framework for social enterprises in Zambia, particularly under the Societies Act, which does not recognise social enterprises as a distinct legal category and therefore limits their legal status, governance structures, and operational effectiveness. It examines the adequacy of the Societies Act (Government of Zambia, 1957) in regulating social enterprises and compares it with Kenya's Public Benefits Organisations Act (Government of Kenya, 2013), which provides a more structured and facilitative legal framework for organisations operating for public benefit. This study employs a qualitative doctrinal legal research methodology, involving an analytical review of primary legal sources, including the Societies Act of Zambia (Government of Zambia, 1957) and the Kenyan Public Benefits Organisations Act (Government of Kenya, 2013), as well as secondary sources such as journal articles, policy papers, and scholarly works. The findings reveal that Zambia's legal framework is largely compliance-oriented, does not confer separate legal personality on social enterprises, lacks provisions on profit reinvestment, governance standards, and social impact reporting, and provides no dedicated regulatory institution, thereby constraining the growth and sustainability of social enterprises. In contrast, Kenya's framework provides clearer legal recognition, structured governance requirements, and accountability mechanisms that support operational autonomy and public benefit objectives. The study further finds that these differences reflect divergent policy approaches, with Zambia favouring administrative control while Kenya adopts an enabling and facilitative model. It is therefore recommended that Zambia introduces a dedicated legal framework for social enterprises, confers separate legal personality upon registration, establishes mandatory profit reinvestment and governance standards, introduces social impact reporting obligations, creates an independent regulatory authority, and develops a national social enterprise policy to foster a more enabling environment for social entrepreneurship and socio-economic development.

Keywords
Comparative Legal Analysis; Kenya Public Benefits Organisations Act; Legal Reform; Social Enterprise Regulation; Zambia Societies Act.

1. Introduction

In recent years, social enterprises have become increasingly significant in advancing sustainable development, fostering innovation, and promoting inclusive economic participation. These organisations are distinct in that they blend income-generating activities with a core commitment to addressing social or environmental challenges (Organisation for Economic Co-operation and

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Development, 2019). Because of this dual character, social enterprises do not fit neatly within traditional legal classifications of either profit-driven companies or non-profit organisations, thereby creating regulatory complexities, particularly in jurisdictions where legal systems have not adapted to accommodate such hybrid models.

Within Zambia, there is no specific legal regime dedicated to the recognition and regulation of social enterprises. As a result, many of these entities are registered under the Societies Act (Government of Zambia, 1957), which primarily governs associations established for non-commercial purposes. The Act (Government of Zambia, 1957), having been enacted in an earlier legal and economic context, is largely focused on registration and state control rather than on facilitating organisational growth or innovation. Consequently, it does not adequately cater to the operational needs of social enterprises, especially those that engage in revenue-generating activities to sustain their social missions. This regulatory mismatch gives rise to uncertainties in areas such as governance, financial management, and compliance obligations, which may ultimately hinder the development of the sector.

A comparative perspective reveals that other jurisdictions have made more deliberate efforts to modernise their legal frameworks to better accommodate organisations pursuing public benefit objectives. In Kenya, the Public Benefits Organisations Act (Government of Kenya, 2013) establishes a more comprehensive and structured system for the registration and regulation of public benefit organisations. The legislation adopts a broad definition of such organisations and introduces provisions aimed at enhancing accountability, transparency, and institutional sustainability. Furthermore, it underscores the importance of these entities in national development and promotes collaboration between the government and the non-profit sector (International Centre for Not-for-Profit Law, 2014).

Although Kenya's framework is not exclusively designed for social enterprises, it reflects a more progressive and supportive regulatory approach compared to that of Zambia. Rather than focusing solely on control, the Kenyan model incorporates elements that encourage sector growth and institutional strengthening. This contrast highlights the limitations of Zambia's current legal framework and raises critical issues regarding its capacity to effectively regulate and support emerging hybrid organisations.

2. Background

The legal and regulatory framework governing organisations play a critical role in shaping their establishment, operation, and contribution to national development. In Zambia, the regulation of non-profit and membership-based organisations is primarily governed by the Societies Act Chapter 119 of the Laws of Zambia (Government of Zambia, 1957). The Act (Government of Zambia, 1957) provides for the registration and regulation of societies and outlines the procedures, rights, and obligations applicable to such entities. However, the framework is largely compliance-oriented and was developed in a different socio-economic context, with limited consideration for modern organisational models that combine commercial and social objectives.

In the global context, social enterprises have emerged as important vehicles for addressing persistent socio-economic challenges, including poverty, unemployment, and inequality. These organisations adopt business-oriented strategies while prioritising social or environmental goals and profit maximisation (Organisation for Economic Co-operation and Development, 2019). As noted by the Organisation for Economic Co-operation and Development, social enterprises play a significant role in advancing inclusive growth and sustainable development by generating employment opportunities and delivering innovative solutions to complex societal issues Their hybrid structure distinguishes them from both traditional for-profit entities and conventional non-profit organisations (Battilan and Lee, 2014)

Notwithstanding their growing relevance, social enterprises in Zambia operate without a clearly defined legal identity. In practice, many are registered under the Societies Act, which was not designed to regulate entities engaged in profit-generating activities. This misalignment between the legal framework and the operational realities of social enterprises creates uncertainty in areas such as governance, funding, and compliance. According to the British Council, this lack of legal clarity often constrains the ability of social enterprises in Zambia to access finance, scale their operations, and achieve long-term sustainability (British Council, 2018).

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A comparative examination of other jurisdictions demonstrates that some countries have taken proactive steps to modernise their legal systems in order to better accommodate organisations with public benefit objectives. In Kenya, the Public Benefits Organisations Act (Government of Kenya, 2013) establishes a detailed legal framework governing the registration, regulation, and facilitation of public benefit organisations. The Act (Government of Kenya, 2019) provides for defined governance structures, accountability mechanisms, and measures aimed at fostering an enabling operational environment. Furthermore, it recognises the contribution of such organisations to national development and encourages collaboration between government and civil society actors (International Centre for Not-for-Profit Law, 2025). It has sort to advocate for policies that improve the regulatory framework, ensuring that these unique companies operate transparently, fostering an enabling environment for businesses committed to both social impact and economic growth (USAID, 2021).

Despite the growing prevalence and significance of social enterprises in Zambia, the existing legal framework, particularly the Societies Act (Government of Zambia, 1957), provides a gap in the adequate provisions to accommodate or recognise the unique nature and operations of these entities. This deficiency poses substantial challenges for the establishment, operations, and sustainability of these organisations in Zambia (Edgar, 2023).

The idea of social enterprises has developed over time, originating from the cooperative movements of the 19th century. Early instances were seen in worker cooperatives and mutual aid groups, especially in Europe, where people came together to share resources for addressing shared concerns. Social enterprises began to gain wider attention in the 1970s and 1980s, as non-profit organisations increasingly sought ways to generate revenue to support their goals (Defourny and Nyssens, 2012). In Zambia, they have been active for several decades, particularly from the 1990s onward. They grew as a response to economic challenges brought about by structural adjustment programs and the privatisation of state-owned industries (Iftikhar, 2020).

Social enterprises, characterised by their dual focus on social impact and financial sustainability, occupy a distinct space in the business environment (Iftikhar, 2020). However, the current Societies Act in Zambia predominantly caters to club, company (with a proviso and established by the Companies Act [Government of Zambia, 2017]), partnerships (regulated by the Partnerships Act [British Government, 1890]) or other association of ten or more persons entities (Government of Zambia, 1957) which further details shall be explained in the chapters to come. The absence of tailored legal provisions constrains the growth, funding opportunities, governance structures, and accountability frameworks crucial for the effective functioning of social enterprises.

The specific analysis of how the Societies Act interacts with social enterprises within the Zambian landscape remains a critical gap in research. As Zambia moves towards fostering entrepreneurship, encouraging innovation, and addressing socio-economic challenges, the role of socially impactful businesses becomes increasingly significant (Shamboko, 2022). Hence, a comprehensive analysis of the Societies Act vis-à-vis social enterprises in Zambia is imperative to identify potential hurdles, areas of alignment, and prospects for enhancing the legal ecosystem supporting this sector.

This research seeks to bridge this gap by providing an in-depth analysis of the Societies Act within the specific context of social enterprises operating in Zambia. Through a critical examination of the Act's provisions and their implications for social enterprises, this study aims to offer insights and recommendations that facilitate an enabling legal environment for the growth and sustainability of socially oriented businesses within Zambia.

3. Objectives

The general objective of the study was to undertake a comparative analysis of the legal regime regulating social enterprises in Zambia and Kenya by examining the Societies Act of Zambia (Government of Zambia, 1957) and the Public Benefits Organisations Act of Kenya (Government of Kenya, 2013).

3.1 Specific Objectives

The specific objectives of the study were to:

1. To analyse regulatory framework pertaining to social enterprises in Zambia.
2. To examine the adequacy of the Societies Act in regulating social enterprises in Zambia.
3. To compare social enterprises legal frameworks of Zambia and Kenya.

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4. To offer actionable legislative reforms aimed at fostering an enabling environment for social entrepreneurship in Zambia.

4. Legal Research Methodology

This study employed a systematic methodology and focused on qualitative data. It also utilized doctrinal or theoretical legal research, which examined and addressed what the law entailed in a specific domain (McConvile and Chui, 2007). This approach was chosen because it enabled the researcher to address the study's objectives by determining the scope and implications of the law under investigation. Therefore, the research involved an analytical examination of relevant laws, such as the Societies Act (Government of Zambia, 1957) the Public Benefits Organisation (PBO) Act of Kenya (Government of Kenya, 2013), along with relevant authoritative materials. Additionally, secondary data in the form of journals, articles, and works by scholars and jurists on the subject were reviewed.

5. Discussion

5.1 Historical Development of Social Enterprises

The notion of social enterprise first appeared in Italy in the 1980s, but it really began to be used at the European level in the mid-1990s, especially through Environmental Monitoring and Evaluation Systems (EMES) European Research Network. J Defourny stated that the concept was introduced during a time which designated the pioneering initiatives for which the Italian Parliament created the legal form of "social cooperative" one year later. As will be shown in the next chapters, various other European countries have since passed new laws to promote social enterprises. Along with such approaches, the EMES Network has stressed the positioning of European social enterprises "at the crossroads of market, public policies and civil society", especially to underline the "hybrid" of their resources (Defourny, 2001). Social enterprises indeed combine income from sales or fees from users with public subsidies linked to their social mission and private donations and/or volunteering. Defourny (2001) further argued that the increasing acknowledgement of this sector, together with the broader interest in non-conventional entrepreneurial dynamics addressing current challenges, led to the emergence of the new concept of ‘social enterprise’.

In the context of developing countries, scholars such as M. Yunus have contributed significantly to the evolution of social enterprise through models like microfinance. While Yunus’ work demonstrates the practical impact of social enterprises, it has been criticised for overemphasising financial sustainability without sufficiently addressing regulatory frameworks.

In Zambia, the emergence of social enterprises has been linked to economic reforms in the 1990s, particularly structural adjustment programmes (Iftikhar, 2020). However, the literature on Zambia remains sparse and largely descriptive, lacking critical legal analysis.

Existing historical literature provides valuable global insights but is limited in contextualising the development of social enterprises within Zambia’s legal and economic framework. This creates a gap that this study seeks to address.

5.2 Conceptual Definitions of Social Enterprises

The concept of social enterprise has attracted considerable scholarly attention, yet it remains inherently contested. Scholars such as Choi and Majumdar (2014) argue that social entrepreneurship is an “essentially contested concept,” lacking a universally accepted definition. This lack of definitional consensus presents a challenge for legal regulation, as ambiguity in concept often translates into ambiguity in legal recognition.

What social entrepreneurship is, the characteristics of a social enterprises, and who is a social entrepreneur remain subject to debate in both academia (Choi and Majumdar, 2014) and among practitioners. In relation to the first of these questions, Seelos and Mair (2005) asserted that although definitions of social entrepreneurship remain relatively the same, “social entrepreneurship creates new models for the provision of products and services that cater directly to basic human needs that remain unsatisfied by current economic or social institutions.” This definition resonates with discussions in this paper in that, poverty alleviation and the fulfilment of “basic human needs” are the focus of activities by the development-oriented social enterprises we study. What social enterprises are, in this paper, are expressed in the sense that they are organisations that trade for a social purpose (Peattie and A. Morley, 2018).

Seelos and Mair (2005) also defined social enterprises as organisations that create innovative models to meet unmet social needs. While this definition is useful in emphasising innovation and social impact, it has been criticised for being overly broad and failing to distinguish social enterprises from traditional non-governmental organisations (NGOs) that also address social needs. In contrast, Bacq and Janssen (2011) frame social enterprises as entities that merge commercial activities with the pursuit of social objectives. This perspective is particularly valuable for legal analysis because it underscores the dual economic and social character of such organisations. Nonetheless, it remains limited in that it does not sufficiently clarify crucial legal aspects, including how profits may be allocated or the nature of ownership arrangements within these entities.

Pomerant (2013) also defined social entrepreneurship as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, in association with making profits. They are typically involved in producing goods or providing services to a market whilst aiming at projects such as job creation, training or the provision of local services. They possess strong social values and a sense of mission, often including a commitment to local capacity building and are accountable to their members and the wider community for their social, environmental and economic impact (Peattie and Morley, 2002). They are said to be the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial market-based activities and the use of a wide range of capital and resources (Bacq and Janssen, 2011).

It is also important to note that these organisations rely on their business activities to generate revenue, which is then reinvested in their social mission as will be discussed in the paper. The income generated is crucial for their sustainability and ability to scale their business as well as impact and to award those that serve the business (Bacq and Janssen, 2011). These resources are typically utilized to fund and enhance initiatives and projects that create a more significant impact on society.

Overall, the literature provides a strong conceptual understanding of social enterprises but falls short in offering a clear, operational definition suitable for legislative drafting, particularly in developing countries like Zambia. This gap reinforces the need for jurisdiction-specific legal frameworks.

5.3 The Societies Act and Regulation of Social Enterprises in Zambia

The Societies Act (Government of Zambia, 1957) serves as the primary legal framework governing the registration and regulation of societies, including non-governmental and membership-based organisations in Zambia. It provides for the formation, registration, and oversight of societies, with a strong emphasis on accountability, public order, and regulatory compliance. The Act (Government of Zambia, 1957) establishes requirements for registration, mandates the submission of constitutions, and grants the Registrar powers to supervise and, where necessary, cancel or suspend societies that fail to comply with the law. While the Act (Government of Zambia, 1957) plays an important role in promoting transparency and ensuring that associations operate within lawful parameters, its structure is largely designed for non-profit and welfare-oriented entities rather than hybrid organisations with both social and commercial objectives (Chisala, 2018).

This paper focuses on the extent to which the Act (Government of Zambia, 1957) accommodates social enterprises in Zambia. Notably, the Societies Act (Government of Zambia, 1957) does not explicitly recognise social enterprises as a distinct legal category. Tshuma (2020) observed that, although the Act facilitates the formation of organisations pursuing social objectives, it restricts their operational scope by prohibiting profit distribution and limiting engagement in commercial activities. This creates a regulatory constraint for social enterprises that seek to balance social impact with financial sustainability. Tshuma (2020) further argues that while donor agencies and development partners continue to support civil society organisations, the absence of a clear legal identity for social enterprises under the Act (Government of Zambia, 1957) creates uncertainty, particularly in areas of financing, investment, and scaling operations (Tsuma, 2020). Consequently, many impact-driven entities are compelled to adopt alternative legal forms that do not fully reflect their dual mission. Social enterprises may either be registered under the Societies Act (Government of Zambia, 1957), if they are not profit-making business. However, for ventures that seek to make profits that may later be distributed as dividends, they are registered under the Companies Act (Government of Zambia, 2017).

Therefore, this strongly highlights that there is not one specific statute that caters to this unique entity. The introduction of targeted legal reforms—potentially drawing from models such as Benefit Corporations or Social Purpose Companies in other jurisdictions—could address these limitations and create a more supportive legal environment for social enterprises to contribute meaningfully to Zambia's socio-economic development (Reiser and Dean, 2018).

Scholars such as Christie and Honig (2006) stated that governments, media, and non-governmental organisations increasingly recognise the importance of social entrepreneurial approaches to problems the world is facing currently. Social entrepreneurship is growing rapidly and attracting increased attention from numerous sectors as well (Martin and Osberg, 2007). The environment within which these organisations operate is rapidly changing due to increasing globalization, increasing needs in their target communities, and a generally tight funding environment with growing competition for donors and grants hence the need for law makers as well as policymakers and all relevant stakeholders to propose legislative reforms for this new venture (Mort, 2002).

5.4 The Public Benefit Organisations Act No. 18 of 2023 of the Laws of Kenya.

The Public Benefit Organisations Act (Government of Kenya, 2013) represents a significant attempt to provide a structured and enabling legal framework for organisations operating for public benefit. The Act (Government of Kenya, 2013) establishes a comprehensive system governing the registration, regulation, and facilitation of Public Benefit Organisations (PBOs), while simultaneously promoting transparency, accountability, and good governance within the non-profit sector. As reflected in the Act (Government of Kenya, 2013), the legislation adopts a broad and inclusive definition of such organisations and introduces mechanisms aimed at strengthening institutional sustainability and public trust.

A key starting point is the statutory definition of a Public Benefit Organisation. The Act (Government of Kenya, 2013) provides that:

"Public benefit organisation' means a voluntary membership or non-membership grouping of individuals or organisations, which is autonomous, non-partisan, non-profit making… and is organized and operated locally, nationally or internationally for public benefit."

This definition is important because it establishes the non-profit nature of PBOs while recognising their role in advancing public benefit objectives. It is also valuable because it clearly identifies the essential features of these organisations, especially their independence and their focus on serving the public. The Act (Government of Kenya, 2013) also adopts a wide interpretation of public benefit activities, including areas such as education, health, environmental protection, and social welfare. This broad approach is a strength, as it enables many different types of organisations to fall within the legal framework without being unnecessarily limited.

Another important strength of the Act (Government of Kenya, 2013) is its recognition of the role of collaboration between the state and civil society. It expressly provides that the government should create an enabling environment for PBOs and support their operations. This approach is forward-looking, as it acknowledges that development objectives are best achieved through partnerships rather than state action alone. By encouraging cooperation with government agencies and other stakeholders, the Act (Government of Kenya, 2013) enhances the potential for coordinated and impactful development initiatives.

Despite these strengths, some limitations remain. For instance, while the Act (Government of Kenya, 2013) provides a strong foundation for regulating non-profit organisations, it does not explicitly recognise social enterprises as a distinct category. However, this can also be viewed positively to some extent, as the broad definition of PBOs may still allow certain socially oriented organisations to operate within its framework. This flexibility can be advantageous, particularly in contexts where rigid classifications might exclude emerging organisational models.

Furthermore, the Act's (Government of Kenya, 2013) structured regulatory framework offers a useful model for other jurisdictions, particularly in Africa, that are seeking to reform their legal systems to better accommodate civil society organisations. Its combination of clear legal definitions, governance standards, and facilitative provisions demonstrates a balanced approach to regulation that prioritises both accountability and growth.

The Kenyan Public Benefit Organisations Act (Government of Kenya, 2013) represents a commendable effort to create a supportive and transparent legal environment for organisations

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working for the public good. While it does not fully address the unique needs of social enterprises, its inclusive and facilitative approach provides valuable lessons for jurisdictions such as Zambia. Importantly, its strengths—particularly in promoting governance, accountability, and collaboration—highlight key principles that can inform future legal reforms aimed at strengthening the social enterprise sector.

5.5 Regulatory Gaps and Challenges in Zambia

The absence of a clear legal framework for social enterprises in Zambia has increasingly drawn attention from policymakers, researchers, and development organisations. This gap has led to calls for new laws and policies that can better support the growth and sustainability of these enterprises. A policy brief by CUTS International (2011) explains that without formal legal recognition, social enterprises face serious challenges. In particular, they struggle to access important resources such as funding, tax incentives, and suitable governance systems that are necessary for their success within Zambia's economic and social environment (CUTS International, 2011).

Although the CUTS International report (2011) is helpful in highlighting these challenges, it has some limitations. The report (CUTS International ,2011) mainly focuses on advocacy and does not provide a detailed legal analysis of existing laws, especially the Societies Act (Government of Zambia, 1957). As a result, while it clearly identifies the problems, it does not fully explain how specific provisions of the law create these challenges or how they can be effectively reformed. This reflects a wider issue in the literature, where many policy studies point out problems but do not provide detailed legal solutions.

Similarly, the British Council, in its report on the state of social enterprise in Zambia, observes that the absence of a supportive regulatory environment undermines the sector's ability to scale and attract investment. The report further notes that social enterprises frequently struggle to balance compliance requirements under existing legal forms—such as non-profit registration under the Societies Act or incorporation under company law—with their hybrid operational models. This duality often results in inefficiencies, including regulatory uncertainty and administrative burdens, which ultimately limit organisational effectiveness.

However, like the CUTS International brief (2011), the British Council report is primarily empirical and descriptive in nature. While it provides valuable insights into the practical challenges experienced by social enterprises, it does not engage deeply with legal theory or comparative jurisprudence. Consequently, it falls short of offering a comprehensive framework for legislative reform. This reinforces the need for more rigorous academic inquiry that bridges the gap between empirical observations and doctrinal legal analysis.

From an academic point of view, Tsuma (2020) argues that Zambia's current legal system does not properly support social enterprises because it strictly separates organisations into either profit-making or non-profit categories. This approach does not reflect how social enterprises actually operate, since they combine business activities with social goals. Tshuma's (2020) work is useful in pointing out this problem, but it does not go far enough in suggesting detailed legal reforms or drawing lessons from other countries.

In contrast, comparative scholarship provides more nuanced insights into how legal frameworks can be adapted to support social enterprises. For instance, Reiser and Dean (2017) examine the emergence of hybrid legal forms such as benefit corporations and social purpose companies in jurisdictions like the United States. These models are designed to accommodate both profit generation and social impact, thereby addressing many of the challenges faced by social enterprises operating within traditional legal structures. While such frameworks offer valuable lessons, their applicability to the Zambian context must be approached with caution, given differences in legal systems, economic conditions, and institutional capacity.

A more relevant comparison can be found in Kenya's Public Benefit Organisations Act (Government of Kenya, 2013). This law provides a clearer and more supportive framework for organisations that work for the public good. It sets out governance rules, accountability measures, and encourages cooperation between the government and civil society.

Despite these advantages, the Kenyan law (Government of Kenya, 2013) is not perfect. It does not clearly recognise social enterprises as a separate type of organisation, which limits its ability to fully address their needs. In addition, the International Centre for Not-for-Profit Law (2025) has pointed

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out challenges in how the law is implemented, such as delays and administrative inefficiencies. This shows that even well-designed laws can face practical challenges, and reforms must consider local conditions.

Overall, it is clear that Zambia urgently needs legal reforms to support social enterprises. The current system does not recognise their unique nature and creates barriers to their growth and impact. Any reforms should aim to introduce a clear legal category for social enterprises, along with rules on governance, profit use, and accountability. This would help create a more supportive environment and improve access to funding and investment.

This research will offer practical recommendations and strategies for policymakers and stakeholders to help implement changes in the Societies Act (Government of Zambia, 1957), creating a more supportive environment for social entrepreneurship in Zambia. By identifying and addressing gaps in the current legal framework, this study will look at successful examples from other countries, such as the Public Benefit Organisations Act in Kenya (Government of Kenya, 2013). The goal is to improve the operational effectiveness of social enterprises in Zambia.

6. Analysis

6.1 Introduction

This segment presents the conclusions and recommendations arising from the analysis conducted in the preceding chapters. It consolidates the insights gained throughout the study and provides policy-oriented, practical, and legal reform proposals aimed at improving the regulation of social enterprises in Zambia. The segment restates the research problem and objectives and summarises the major findings informed by the comparative analysis of the Societies Act (Government of Zambia, 1957) of Zambia and the Public Benefits Organisation Act of Kenya (Government of Kenya, 2013).

6.2 Regulatory Framework Governing Social Enterprises in Zambia

The first objective of the study was to identify and analyse the regulatory framework pertaining to social enterprises in Zambia. In that regard, the research found that the regulatory framework governing social enterprises in Zambia is primarily anchored in the Societies Act (Government of Zambia, 1957), Chapter 119 of the Laws of Zambia. The Act (Government of Zambia, 1957) provides for the registration and regulation of societies, which are broadly defined to include any club, company, partnership, or association of ten or more persons formed for a common purpose. However, it does not explicitly recognise social enterprises as a distinct legal category. Instead, such entities are generally registered as societies, a form designed primarily for non-profit and voluntary associations. Where social enterprises seek to engage in profit-generating activities or require the attributes of a corporate entity, they may alternatively be incorporated under the Companies Act (Government of Zambia, 2013). This creates a fragmented regulatory environment in which no single statute adequately captures the hybrid nature of social enterprises.

The study established that the existing framework lacks specific provisions tailored to the hybrid nature of social enterprises, particularly in relation to income-generating activities, governance structures, accountability mechanisms, and the reinvestment of commercial surpluses into social objectives. This creates legal uncertainty and limits the ability of social enterprises to clearly distinguish themselves, access appropriate financing, and operate with the institutional clarity necessary for long-term sustainability. The absence of a dedicated regulatory framework therefore constitutes a foundational gap that constrains the development of social entrepreneurship in Zambia.

6.3 Adequacy of the Societies Act in Regulating Social Enterprises

The second objective was to examine the adequacy of the Societies Act (Government of Zambia, 1957) in regulating social enterprises in Zambia. The study revealed that the Societies Act (Government of Zambia, 1957) is only partially adequate in addressing the needs of social enterprises. While it provides a basic framework for the registration and operation of societies, it does not offer a distinct legal identity or enabling provisions that reflect the dual social and economic objectives of social enterprises. In particular, the Act (Government of Zambia, 1957) does not confer separate legal personality upon registered societies, thereby limiting their capacity to own property, enter into contracts, or litigate in their own name. This absence of legal personality creates practical difficulties for social enterprises that seek to operate autonomously and attract investment.

In addition to the above, the Act (Government of Zambia, 1957) does not regulate commercial activities by societies, provide for profit reinvestment obligations, or establish asset protection mechanisms such as asset locks. The absence of provisions relating to governance safeguards, social impact reporting, and accountability mechanisms further limits its effectiveness. These gaps collectively affect the legitimacy, sustainability, and operational flexibility of social enterprises registered under the Act (Government of Zambia, 1957). The study therefore concluded that the Societies Act (Government of Zambia) is inadequate in addressing the legal and structural requirements of social enterprises and that its compliance-oriented framework imposes unnecessary burdens without providing the enabling conditions that social enterprises require to thrive.

6.4 Comparative Analysis of the Legal Frameworks of Zambia and Kenya

The third objective was to compare the social enterprise legal frameworks of Zambia and Kenya. The comparative analysis demonstrated that Kenya has developed a more comprehensive and enabling legal framework through its Public Benefits Organisation Act (Government of Kenya, 2013). Unlike Zambia's Societies Act (Government of Zambia, 1957), which is rooted in administrative control, Kenya's legislation adopts a rights-based and developmental approach that recognises public benefit organisations as important partners in national governance and socio-economic development. The Act (Government of Kenya, 2013) expressly confers legal personality upon registration, enabling organisations to act as distinct legal entities independent of their members and founders. This significantly enhances institutional autonomy, operational efficiency, and legal certainty in transactions involving third parties.

The Kenyan framework also establishes a specialised independent regulatory authority with structured registration timelines, written reasons for refusals, and an independent tribunal for dispute resolution. These procedural safeguards stand in contrast to the broad ministerial discretion afforded under Zambia's Societies Act (Government of Zambia, 1957). Additionally, Kenya's Act (Government of Kenya, 2013) provides clear financial governance provisions, mandatory accountability mechanisms, and asset distribution rules upon dissolution, ensuring that organisational resources continue to serve public benefit purposes. Overall, the comparative analysis revealed that whereas Zambia's framework prioritises administrative control, Kenya's model is facilitative and growth-oriented, offering valuable lessons for legal reform in Zambia.

6.5 Legislative Reforms to Foster Social Entrepreneurship in Zambia

The fourth and final objective was to offer actionable legislative reforms aimed at fostering an enabling environment for social entrepreneurship in Zambia. The study identified the need for a suite of targeted legislative and policy reforms. These include the enactment of a dedicated Social Enterprises Act or an amendment to the Societies Act (Government of Zambia, 1957) to formally recognise social enterprises as a distinct legal category, the express conferral of separate legal personality upon registration, and the introduction of mandatory profit reinvestment and asset protection provisions. The study further recommended the establishment of an independent regulatory authority with clear powers, structured timelines, and an independent appeals mechanism, as well as the introduction of minimum governance standards and social impact reporting obligations. Finally, the study proposed the development of a national social enterprise policy to coordinate support across government ministries and provide enabling conditions, including tax incentives and access to financing, that would allow the sector to grow and contribute more effectively to Zambia's socio-economic development.

7. Summary of Findings

The Societies Act of Zambia (Government of Zambia, 1957), while comprehensive in its governance of traditional voluntary associations, falls short in acknowledging and supporting the unique model of social enterprises. It does not adequately accommodate the hybrid nature of such organisations, particularly in relation to their social mission and income-generating activities. Without legislative reform, social enterprises in Zambia will continue to face challenges relating to legal recognition, operational clarity, and sustainability. The comparative insights drawn from Kenya's Public Benefits Organisation Act (Government of Kenya, 2013) further highlights the necessity for Zambia to undertake targeted legal reforms to establish an enabling environment for social enterprises.

Overall, the study addressed all four objectives thereby laying a strong foundation for the recommendations and areas for future research set out in the subsequent sections of this paper.

8. Implications of Law, Policy and Development

This research holds paramount significance in the realm of legal and entrepreneurial studies within Zambia's socio-economic ecosystem. As social enterprises increasingly emerge as pivotal agents for sustainable development and poverty alleviation, the absence of a conducive legal framework, as observed in the Societies Act (Government of Zambia, 1957), presents a critical barrier to their growth and impact. By shedding light on the regulatory gap, this study seeks to underscore the urgency and necessity of addressing legislative deficiencies to foster a more inclusive and supportive environment for social entrepreneurship in Zambia.

The significance of this research lies particularly in its potential to drive fundamental reforms in policy and legislation. Through an examination of the inadequacies within the Societies Act (Government of Zambia, 1957) concerning social enterprises, this study aims to provide empirical evidence and scholarly insights that can inform and guide our policymakers, the legal fraternity, and relevant stakeholders. By highlighting the practical implications of existing regulatory gaps on the capacity and social impact initiatives of social enterprises, this research serves as a catalyst for initiating crucial conversations around legal reforms centred around the Societies Act (Government of Zambia, 1957).

In addition, the outcomes of this study are meant to contribute not only to academic discourse but also to practical implications for business development within the Zambian context. By proposing specific amendments or additions to the Societies Act (Government of Zambia, 1957), informed by comparative analyses and best practices from the Public Benefits Organisation (PBO) Act (Government of Kenya (2013), this paper also aims to provide actionable recommendations. These recommendations could potentially empower social enterprises by offering a more enabling legal framework that not only recognises, but supports their dual objectives of sustainable profitability and social impact.

Furthermore, the findings of this study are anticipated to offer practical guidance and insights to aspiring and existing social entrepreneurs, investors, and civil society organisations operating within Zambia. By advocating for legal reforms tailored to the unique needs of social enterprises, this research seeks to inspire a wave of innovation, investment, and collaboration in the pursuit of sustainable development and social change in the Zambian context.

9. Conclusion

This study has demonstrated that the Societies Act of Zambia (Government of Zambia, 1957) does not adequately provide for the effective regulation and support of social enterprises. While it remains a foundational legal framework for the registration and governance of societies, it does not reflect the evolving nature of organisations that pursue both social impact and limited commercial activity. The absence of clear legal recognition, tailored governance structures, and accountability mechanisms has created significant constraints for social enterprises operating within Zambia.

The comparative analysis with Kenya's Public Benefits Organisation Act (Government of Kenya, 2013) has shown that a more structured and enabling legal framework is both possible and necessary. The Kenyan model (Government of Kenya, 2013) provides useful guidance on how legal recognition, regulatory oversight, and accountability mechanisms can be designed to support organisations operating for public benefit while maintaining transparency and public trust.

Accordingly, the study concludes that legislative reform of the Societies Act (Government of Zambia, 1957) is necessary to create a more enabling environment for social enterprises in Zambia. Such reform would not only enhance legal certainty and operational efficiency but would also contribute to broader national development objectives by strengthening the role of social enterprises in addressing social and economic challenges.

10. Recommendations

Following the findings of this study, it is recommended that the Zambian legal framework—specifically the Societies Act (Government of Zambia, 1957)—be reviewed and reformed to recognise

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and adequately support social enterprises. Drawing lessons from Kenya's Public Benefits Organisation Act (Government of Kenya, 2013), the following legal and policy reforms are proposed:

10.1 Enact a Dedicated Legal Framework for Social Enterprises

The most significant reform required in Zambia is the introduction of legislation that formally recognises social enterprises as a distinct legal entity. As demonstrated in this study, neither the Societies Act (Government of Zambia, 1957) nor any other existing legislation expressly defines or regulates social enterprises in its true form, creating uncertainty regarding their legal status, governance, and operational framework. Kenya's Public Benefits Organisations Act (Government of Kenya, 2013) on the other hand, provides a clear legal framework that recognises organisations pursuing public benefit objectives.

To address this gap, Zambia should enact a Social Enterprises Act or amend the Societies Act (Government of Zambia, 1957) to include provisions specifically regulating social enterprises. Such legislation should define social enterprises as organisations that pursue social, environmental, or community objectives while generating income through commercial activities. It should further establish eligibility requirements, legal characteristics, and regulatory obligations, thereby providing greater legal certainty and supporting the sustainable growth of the sector.

10.2 Confer Separate Legal Personality upon Registered Social Enterprises

A key reform for Zambia's social enterprise sector is the express conferral of separate legal personality upon registration. As established in this study, the Societies Act (Government of Zambia, 1957) does not grant registered societies independent legal status, limiting their ability to own property, enter, or litigate in their own name. Drawing from the Kenyan model (Government of Kenya, 2013), which grants registered public benefit organisations corporate status, Zambia should ensure that registered social enterprises become distinct legal entities. This would enhance their operational capacity, improve access to funding and investment, provide clarity on liability, and promote organisational continuity and long-term sustainability.

10.3 Introduce Mandatory Profit Reinvestment and Asset Protection Provisions

Another essential reform is the introduction of mandatory profit reinvestment and asset protection provisions for social enterprises. As identified in this study, the Societies Act (Government of Zambia, 1957) does not regulate the use of commercial surpluses or protect organisational assets from private distribution. Drawing from the United Kingdom's Community Interest Company model and Kenya's approach to asset preservation upon dissolution, Zambia should require social enterprises to reinvest a defined portion of their profits into their social mission and adopt asset lock mechanisms to safeguard resources for public benefit purposes. The legislation should also require that any remaining assets upon dissolution be transferred to major shareholders, to also be reinvested in similar public benefit businesses, strengthening accountability, and enhancing public confidence in the sector.

10.4 Establish a Dedicated and Independent Regulatory Authority

The current framework under the Societies Act (Government of Zambia, 1957) concentrates extensive discretionary authority in the Registrar of Societies and the Minister responsible for Home Affairs, without sufficient institutional independence or procedural safeguards against arbitrary decision-making. As shown in this study, this creates governance concerns, particularly when compared to Kenya's Public Benefits Organisation Act (Government of Kenya, 2013), which establishes an independent regulatory authority responsible for registration, compliance, and enforcement, supported by structured timelines, written reasons for decisions, and oversight mechanisms. To address these shortcomings, Zambia should establish an independent Social Enterprises Regulatory Authority or assign oversight to an autonomous statutory body with a clear legislative mandate, insulated from ministerial control, and guided by transparent and objective criteria. The body should be required to process applications within defined statutory timeframes, provide reasons for refusals, allow applicants an opportunity to remedy deficiencies, and be complemented by an independent appeals mechanism such as a tribunal, in order to enhance accountability, reduce arbitrariness, and strengthen confidence in the regulatory framework.

10.5 Mandatory Governance Standards and Social Impact Reporting

The lack of governance standards and social impact reporting under the Societies Act (Government of Zambia, 1957) was identified as a major regulatory gap, as the Act (Government of Zambia, 1957) does not require social enterprises to meet minimum governance requirements or report on their social outcomes, thereby limiting accountability and making it difficult to assess whether public benefit objectives are being achieved. In contrast, Kenya's framework (Government of Kenya, 2013) imposes obligations such as audited financial statements, annual reporting, and proper record-keeping. To address this, Zambia's proposed framework should introduce minimum governance standards and require annual social impact reporting alongside financial statements, enhancing transparency, strengthening accountability to stakeholders, improving donor confidence, and enabling effective regulatory oversight.

10.6 Develop a National Social Enterprise Policy and Support Framework

The study identifies that beyond legal gaps, Zambia lacks a coordinated policy framework to support social enterprises, despite their contributions to poverty reduction, employment, and community development in sectors such as energy, health, and education. To address this, the Government should develop a National Social Enterprise Policy to guide recognition and support across relevant ministries, introduce incentives such as tax relief, procurement preferences, and grants, and promote multi-sector collaboration. Such a policy would complement legislative reforms and demonstrate a clear commitment to strengthening social entrepreneurship as a tool for national development.

11. Limitations of the Study

This research identified several limitations that may have affected the scope and depth of its findings. One key limitation was the limited availability of specific legal provisions within the Zambian Societies Act (Government of Zambia, 1957) directly addressing social enterprises. As a result, the study largely relied on interpreting general provisions applicable to societies, which may not fully capture the practical realities of social enterprises operating within Zambia.

Another limitation was that social entrepreneurship in Zambia remains a relatively emerging area. Consequently, there is a scarcity of specialised local literature, case law, and academic commentary by Zambian legal scholars on the subject. This limited the depth of locally grounded analysis and made it necessary to rely more heavily on general legal interpretation and comparative sources.

The study also relied primarily on doctrinal and document-based analysis. While this approach provided a strong legal foundation, it did not fully capture lived experiences of social enterprises. A more comprehensive understanding would have benefited from empirical methods such as interviews or case studies involving practitioners within the social enterprise sector.

In addition, the comparative component of the study, particularly with Kenya's Public Benefits Organisation Act (Government of Kenya, 2013), may be limited by contextual differences between the two jurisdictions. Differences in legal systems, policy environments, and socio-economic conditions may affect the direct transferability of certain findings or recommendations.

Lastly, the recommendations proposed in this study are largely informed by comparative legal models and best practices. While these provide useful guidance, they may require further adaptation to fully align with Zambia's unique legal, institutional, and socio-economic context.

12. Areas of Future Research

This study establishes a foundation for understanding the regulatory challenges facing social enterprises in Zambia but also reveals several areas requiring further academic inquiry. Future research should therefore expand on these findings to deepen both the doctrinal and practical understanding of how social enterprise law operates within the Zambian context.

First, there is a need for empirical research to examine how the legal gaps identified in this study affect the day-to-day operations of social enterprises. Since this study relied primarily on doctrinal analysis, future work should incorporate interviews, surveys, and case studies involving practitioners, NGOs, and legal professionals to capture lived experiences and provide evidence-based insights that can strengthen the case for reform.

Second, further comparative research should move beyond Kenya to include jurisdictions such as the United Kingdom, United States, South Africa, and Rwanda. Examining models like Community

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Interest Companies, Benefit Corporations, and other social enterprise frameworks would provide a broader range of regulatory approaches and assist in identifying the most suitable model for Zambia's legal and socio-economic context.

Third, future research should explore the relationship between social enterprise regulation, taxation, and investment frameworks in Zambia. In particular, it should assess how fiscal incentives such as tax reliefs, procurement preferences, and investment supports can be integrated into existing legal structures to promote sector growth and inform the development of a National Social Enterprise Policy.

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Conflict of Interest

The authors declare no conflict of interest.

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