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External Factors Influencing the Sustainability of Social Entrepreneurial Ventures in South Africa

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation

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Date 20th July 2020

ABSTRACT

Social entrepreneurship is increasingly seen as a solution in addressing some of the social ills in the world. However, in order for the social enterprises to be more effective there is a need for them to be sustainable, particularly in terms of financial sustainability. Social enterprises that are financially sustainable are usually better able to create social value. The study sought to investigate the contributing factors towards social enterprise (SE) venture sustainability in South Africa using Cape Town as a case study. In doing so, quantitative research was conducted, with data being collected from the sampled social enterprises using an online survey. In this research it was found that, while government assistance was important, it was not significant in determining a social enterprise's performance. The research also found that high social innovation improves a social enterprise's access to philanthropic venture capital. In this regard, high social innovation was also seen to have a positive effect on social enterprise performance. The research thus concludes that social innovation is an important contributor to the sustainability of a social enterprise. The study offers updated information and adds to the theory on social enterprises in South Africa which is useful to prospective social entrepreneurs seeking to structure such organizations. In addition to this, the new knowledge and new insights will help government and civil society policy makers to formulate policies that can encourage social entrepreneurship in the country, especially with regards to funding. The study also offers useful insights on social innovation and emphasises its importance within the social enterprise context.

Key words: social innovation; hybrid social enterprise; competitiveness; social value; philanthropic venture capital

DECLARATION

I, Ramona Govender, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the Field of Entrepreneurship at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Ramona Govender



Signed at ……

On the 20th day of July 2020.

DEDICATION

I dedicate this research report to my family. I have achieved many things in my life, but this process was one of my hardest challenges but most rewarding.

To the women that I build an empire for everyday under Mimi Women, I dedicate this to you. I was an average student during high school who didn't think I would make it pass a degree, look at me now I am done with a Masters.

My dearest Kasavan, you are my greatest inspiration and blessing in this lifetime, I am always grateful we share a soul, I love you.

To my parents you both are the strongest entrepreneurs I have ever met, I am always grateful for your love and support for my dreams, I love you both very much.

And finally, to our unsung heroes, I dedicate this to you, the world is a better place with people like you creating hope so selflessly and serving humanity -Thank you

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To Wits Business School, it has been a privilege to belong to such a prestigious institution in the midst of finding myself during this sabbatical.

To Kuda, Dineo, Joey, Hloni, Hlengiwe and Brett for being my study buddies during this process and keeping me sane during this year, thank you.

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CHAPTER ONE

1.1 INTRODUCTION

Scholars such as Phillips, Lee, Ghobadian, O'Regan, and James (2014) have defined social enterprises as those that are in simultaneous pursuit of economic, social, and environmental goals, placing an equal emphasis on the three aspects. In addition to this, there are other external factors such as social innovation, networking, commercial growth, managerial expertise and human resource which influence the sustainability of social enterprises (Javed, Yasir, & Majid, 2019). Social entrepreneurship is a fairly new phenomenon in most developing countries; however, the sector has gained more traction in developed countries like the United States and Europe (Ashoka, 2019; Doherty, Thompson, & Spear, 2006; Urban, 2008). There has been growing academic interest in social entrepreneurship in South Africa (Littlewood & Holt, 2018), but present research only contributes towards the reduction of social *inefficiencies* using case studies of other countries (Dacin, Tracey, & Dacin, 2011; Haugh, 2005). Along with the emergence of social enterprises seeking to address some social concerns in the pursuit to better society (Austin, Stevenson, & Wei-Skillern, 2006; Doherty et al., 2006; Manyaka-Boshielo, 2017), the need for such enterprises to achieve financial sustainability becomes important, as these organisations need to operate independently (Doherty et al., 2006; Javed et al., 2019). In order to achieve financial sustainability, social enterprises need to move from a "cost recovery" approach to a "more than cost recovery" approach (Javed et al., 2019). Social enterprises that are financially sustainable are usually able to aim at both the creation of social value as well as the achievement of financial sustainability (Defourny & Nyssens, 2006). Financially sustainable social enterprises are able to address social needs in an economically viable way (Nga & Shamuganathan, 2010). Taking this into consideration, there is a need to investigate and test the hypothesis of external factors and influencers that contribute to sustainable enterprise development in South Africa.

1.2 Context of the Study

South Africa suffers from high unemployment rates, reaching rates as high as 29% in 2019 (Statistics South Africa (Stats SA), 2019), low national skills and educational levels

(Bhorat, Hirsch, & Kanbur, 2014); high HIV/AIDS prevalence, with as much as 19,1% of the population living with HIV (Statistics South Africa (Stats SA), 2018); high crime rates; and poor provision of basic services (African Check, 2013). South Africa is still suffering from the after effects of the apartheid system, which is the cause of many of these social injustices experienced (reference). In addition to this, the country has also been characterised by incidences of gender-based violence and drug abuse (Mpani & Nsibande, 2015). In a bid to address some of these challenges, the government has developed and implemented unique policies such as Broad-Based Black Economic Empowerment (B-BBEE) in an effort to address the challenges and imbalances of the previous apartheid system (Pike, Puchert, & Chinyamurindi, 2018). Unfortunately, these efforts have not fully achieved the anticipated results. Business opportunities purposed to addressing these needs, such as the provision of basic services, usually do not pose the adequate profit-making potential to attract traditional entrepreneurs, which has led to the emergence of social entrepreneurs (Littlewood & Holt, 2018) which means, therefore, that social enterprises are playing a more significant role in addressing these concerns (Javed et al., 2019).

1.3 Theory Section

According to Javed, Yasir and Majid (2019) there is a relationship between social entrepreneurship and sustainable enterprise development. From this, four key dimensions of social entrepreneurship could be identified which are social mission, social innovation, social networking, and financial returns. Social enterprise sustainability can be categorised into three main dimensions of sustainability: social, environmental, and economic. With specific regards to the key dimension of financial returns, in support with Javed et al. (2019), it can be hypothesised that in order to be sustainable, social enterprises should involve the identification, evaluation and exploitation of opportunities which has some social value through a commercial or market-based activity. Javed et al. (2019) argue that financial returns can be considered as one of the most important factors in the sustainability of social enterprises. In contrast, Decker, Haltiwanger, Jarmin, and Miranda (2014) chose to focus on the transformative and value addition capabilities of social enterprises by outlining that social entrepreneurship seeks to engage in transformative and value-creating activities and therefore are not restricted to the addition of ‘social’ value – this means that social entrepreneurs can be regarded as being in pursuit of value

creation rather than value appropriation, sustainable solutions rather than sustainable advantage, and empowerment rather than control (Santos, 2009). For this reason, social enterprises are still required to apply entrepreneurship theories. Three of these theories: which are Economic Theories, Social Enterprise Theories and Resource Based Theories, are discussed in the table below.

Table 1. 1: **Economic, Social Enterprise and Resource Based Theories**

Theory	**Factor relative to the theory and applicability**	**Impact on South African SE Ventures**
Economic Theories		
1. Classic Theory (Ricardo, 1817; A. Smith, 1776).	The theory is based on the three means of production which are land, capital and labour	The access to the means of production such as capital has an influence on the establishment of South African SE Ventures (Urban, 2008).
2. Neo Classic Theory (J. Murphy, P, Liao, & Welsch, 2006)	The theory focuses on the exchange of value with diminishing marginal utility	Relevant to the South African SE Ventures as most of them seek to create value (Littlewood & Holt, 2018).
3. Austrian Market Process (AMP) (Schumpeter, 1934)	The theory describes entrepreneurship as a driver of market-based systems with the main aim being the creation of something new	Relevant to the South African SE Ventures as most of the South African SE seeks to create a new product or service (Urban, 2008).

Social Entrepreneurship Theories		
Focuses on the social context such as social networks (Reynolds, 1991).	The theory is based on four social contexts that relates to entrepreneurial opportunity: social networks (which promotes trust), life course stage (which focuses on building relationships and the finding of meaning), ethnic identification (which considers the sociological background as the main driver for entrepreneurship), and population ecology (which is based on the idea that environmental factors such as the political system and government legislature plays an important role in the survival of businesses).	Relevant to the entrepreneurial environment in South Africa as it can be noted that it is strongly influenced by social factors such as social network (GEM, 2018).
Resource Based Entrepreneurship Theories		
1. Financial Capital/Liquidity Theory (Blanchflower, Oswald, & Stutzer, 2001; Clausen, 2006;	The theory suggests that there was a link between access to capital and entrepreneurship, which implies that those	This is relevant in the context of South Africa as there is indication of access to capital playing an important

Holtz-Eakin, Joulfaian, & Rosen, 1994).	with more access to capital were more likely to exploit entrepreneurial opportunities.	role to entrepreneurial development and sustainability (TIPS, 2017).
2. Social Capital or Social Network Theory (Aldrich & Cliff, 2003; Clausen, 2006).	This theory argues that entrepreneurs are embedded in a larger social network structure which is relative to their proportion of opportunities.	Social capital has been observed to having a positive effect on the establishment of businesses in South Africa (Urban, 2011).
3. Human Capital Entrepreneurship Theory (Anderson & Miller, 2003; Becker, 1975; Gartner, Shaver, Carter, & Reynolds, 2004).	This theory argues that entrepreneurship is mainly influenced by the level of education as well as personal experiences. In this regard, the emergence, performance and sustainability of a social enterprise may be influenced by the level of education.	Human Capital plays an important role in entrepreneurial establishment and development in South Africa (Small Enterprise Development Agency, 2017).

1.4 Motivation for the Study

This study is motivated by the observation that there is a high rate of social entrepreneurship failure in South Africa (Visser, 2011). This study aims to contribute in the identification of possible causes for this. The study is also motivated by the observation that social enterprises globally are making a significant contribution towards the environmental, social and economically sustainable goals, which implies that there is the potential for social enterprises to make a similar contribution to South Africa. This study contributes towards a better understanding of the factors that influence the social enterprise development outcomes, allowing for a better understanding of social enterprises as a whole.

1.5 Problem Statement

South African social enterprises operate in an environment characterized by limited state resources and support, and a lack of access to government funding (Littlewood & Holt, 2018). In addition to its limited availability and quantity, government funding is often tied up to specific projects and is mainly offered to fund operational activities rather than product and service development (Visser, 2011). Due to the lack of adequate funding, support, and other related factors these social enterprises discontinue after a short period of operational existence (Visser, 2011). There is a need to develop an understanding and investigate whether social enterprises can have an impact and create value in South Africa whilst remaining financially sustainable. The need is further exacerbated by South Africa's inability to create sustainable jobs and provide basic services. In the social enterprise sector particularly, there is a serious lack of long-term organizational development independent of pure grants and donations, which all have limited lifespans.

1.6 Research Purpose, Research Question and Aims of the Study

Coupled with a lack of understanding of the functioning of a social enterprise and the associated costs to set up an organization within a mainstream operation, the sustainability of a social enterprise may have been impacted, and if so, the extent of this impact must

be examined. There is a need to find ways in which the social entrepreneurial landscape of South Africa can be improved.

The aim of the study is to investigate the contributing factors towards social enterprise (SE) venture sustainability in South Africa. The study aims to identify solutions to avoiding pitfalls in creating a bespoke South African model for SE, resulting in sustainable social enterprises founded on sound economic reasons.

1.7 Conceptual Definition of Terms

1.7.1 The Definition of an Entrepreneur and Social Entrepreneur

According to Manyaka-Boshielo (2017) an entrepreneur is one who has the ability to identify an opportunity and, using innovation, takes action in order to add value to the prevailing economic conditions and into the society. In strong agreement with these thoughts, Decker et al. (2014) defined the entrepreneur as an agent who is engaged in transformative and value creating activities without putting the creation of personal wealth or stakeholder wealth as the main focus – arguing that the entrepreneur is mainly driven by the desire to create value. However, in their discussions they acknowledge that the drive for personal profit would still be present.

On the other hand, the social entrepreneur is that "entrepreneur" who is focused on addressing a social concern (Manyaka-Boshielo, 2017). Manyaka-Boshielo (2017) refers to Dees (2004) who defined the social entrepreneur as one that recognises and is in relentless pursuit of new opportunities to further the mission of creating social value. This individual would also be in a continuous process of innovation and would be willing to take bold and decisive actions in order to achieve the desired goal. In line with the characteristics identified by Manyaka-Boshielo (2017), Austin et al. (2006) have highlighted that the social entrepreneur is mainly driven by the desire to bring the betterment of society and make an effort to transform their present conditions. This translates to an externally centric personality who understands that communities contribute to overall growth rather than the individual person.

1.7.2 Social Entrepreneurship (SE)

SE is a process guided by social mission to serve the community through the use of innovative ideas and the combination of resources to create social value and economic value (Mahfuz, Razzaque, Liaw, Ray, & Hasan, 2018).

1.7.3 Social Mission

Social mission defines the purpose and the objective of establishing a social enterprise (Zeyen, Beckmann, & Akhavan, 2014). Social mission is akin to a corporate mission and vision statement. Social enterprises operate between the boundaries of for profit and not for profit organizations, the distinctive separator is the end goal and the motives and mission.

1.7.4 Social Innovation

Social innovation is defined as any innovation in process, product, or technology that is essentially focused on meeting social need (Mulgan, 2006). Social innovation is a novel and useful solution for social problems that results in the creation of social value (Gawell, 2013). Mulgan (2006) outline that social innovation activities are predominantly developed and diffused through organisations whose primary purposes are social in nature. Differing from business innovations which is aimed at profit maximisation, social innovation focuses on social value creation.

1.8 Contribution of the Study

This study informs the sector of new and updated information and also makes an expansion on the theory on social entrepreneurship for the South African context, which may be useful to prospective social entrepreneurs seeking to structure such organizations in South Africa. With this goal in mind, this study may help in the creation of new knowledge which may help narrow the knowledge gap within this discipline, as this is an area which is not yet well researched within the South African context. There are many aspects in the South African social enterprise sector which require probing in order to gain a better understanding. This new knowledge may also help government and civil

society policy makers to formulate policies that can encourage social entrepreneurship in the country. The government in particular may find the information relevant in the formulation of social and economic policies. In addition to this, the study may help in the creation of a bespoke model framework that supports knowledge, policy making and identifies pitfalls to SE start-ups in South Africa.

1.9 Format of the Dissertation

The dissertation will be presented in five chapters. The purpose of these chapters will be discussed briefly in this section.

- Chapter One: Introduction

This chapter has given an introduction to the topic under study, a brief background to the problem as well as the research purpose, research questions and the aims and the objectives of the study.

- Chapter Two: Literature Review

In this chapter an in-depth literature review with regards to the subject of study is done. The literature review aims at making an exploration of the knowledge base of prior studies and then develops a theoretical framework for the study. In addition to this, Chapter 2 also assists in the identification of knowledge gaps which exists within the body of knowledge.

- Chapter Three: Research design and methodology

The research methodology applied in this dissertation is discussed in the third chapter. The chapter discusses the various research philosophies, design and data collection methods and how they were applied in this study.

- Chapter Four: Results, discussions and interpretation of findings

In this chapter, findings based on the data analysis will be discussed and results are given. Tables and graphics are used to present the data and discussions on the results in an understandable manner.

- Chapter Five: Conclusions and Recommendations

A discussion of the conclusions are done, and recommendations are given based on these conclusions.

1.10 Conclusion

This chapter present the background to and motivation for this study, with specific reference to definitions of social entrepreneurship, the need for social entrepreneurship and the possible roles for social entrepreneurs in South Africa. In this chapter a discussion of the problem statement, research objectives, as well as the conceptual definition of key concepts in provided. The following chapter involves a detailed review of available literature on emotional intelligence, leadership and how emotional intelligence training correlates to effective leadership, as these elements are vital to sustainable social entrepreneurship.

CHAPTER 2

SOCIAL ENTREPRENEURSHIP IN SOUTH AFRICA

2.1 Introduction

This literature review investigates the social environment of South Africa for social entrepreneurship, the definition of an entrepreneur and social entrepreneur, Social Value Creation theory and the sustainability of social enterprises in the South African context. Social entrepreneurship is a relatively new field of research within academia; however, it has become a regular topic of discussion in business schools, government and the private sector. The increase in inquiry is likely due to the growing perception that social entrepreneurship is a possible and viable solution in addressing the socio-economic conditions faced by society today (Littlewood & Holt, 2018). Social entrepreneurship has been gaining exposure due to the acknowledgment and attention that this field has gathered from the media, government and other civic organisations as a potential solution for socio-economic challenges such as primary healthcare, education and poverty alleviation (Javed et al., 2019; Urban, 2008). In a country such as South Africa, social entrepreneurship could therefore play an important role in the economy of the nation and the society at large.

2.2 The Social Environment Of South Africa

The social environment of South Africa is unique from other countries as it has been characterised by extreme social inequalities (Littlewood & Holt, 2018). One of the main reasons for this high level of inequality is that the country was under an Apartheid rule, which segregated the nation based on their race until 1994, when the system was abolished (Bhorat et al., 2014). While there has been a lot of legislative change aimed at addressing the inequality inherited from the past, these changes have not fully translated to the desired results and often having mixed results (Littlewood & Holt, 2018). The country is therefore characterised by a minority living in high affluence while a significant portion (31%) of the population is living in poverty (Statistics South Africa (Stats SA), 2018). The country has also been facing high levels of unemployment, with a lack of

adequate skilled personnel and high levels of skills mismatch (Bhorat et al., 2014) . Unemployment rates have been recorded to be as high as 27%, with a large portion being youths (Statistics South Africa (Stats SA), 2018). This has led to a particularly volatile and potentially explosive social environment. In light of the above described background of the South African scenario, the challenges facing the country remain considerable for the general population. Along with these social deficits many of the governmental and philanthropic efforts have failed to adequately address these inequalities and challenges (Bhorat et al., 2014). Unfortunately, the social sector institutions are generally regarded as inefficient, ineffective, and unresponsive (Littlewood & Holt, 2018).

2.3 Defining Social Entrepreneurship

With the current social environment in South Africa, social entrepreneurs can play an important role in addressing many of these social issues through initiatives such as assisting vulnerable groups, poverty alleviation, rehabilitation and environmental protection (Littlewood & Holt, 2018). There have been various definitions used to describe social entrepreneurship and social entrepreneurs (Dees, 2001). Many of these definitions are based on the characteristics and the operational process of social entrepreneurship. Dees (2001) describes social entrepreneurs as change agents in the social sector who adopt a mission of creating and sustaining social value as the main driver for their businesses. In order to do so, Dees (2001) outlines that these social entrepreneurs relentlessly pursue new opportunities that will help them in achieving the set mission. In order to achieve this, the social entrepreneur will need to engage in a process of continuous innovation, adaption as well as a constant learning process.

The above definition shows the multi-dimensionality of social entrepreneurship, which is reiterated by scholars such as Mort, Weerawardena, and Carnegie (2003) who describe social entrepreneurship as a “process of continued innovation which is multi-dimensional in nature”. Social entrepreneurship is thus characterized by entrepreneurially virtuous behavior in order to achieve a social mission which is usually associated with a coherent unity of purpose in order to recognise value-creating opportunities. Taking this into consideration, the social entrepreneur can be defined as one who uses social innovation

to address a social need (Mulgan, 2006). Further, social innovation can be defined as a novel and useful solution for social problems that results in the creation of social value (Gawell, 2013).

Dacin et al. (2011) define social entrepreneurship as individual-level characteristics, processes and activities whose primary aim is the provision of solutions to social problems. Mair and Marti (2006) argue that the mission statement of social enterprises is the most important aspect of their business and it is the main thing that defines them and separates them from other forms of businesses. A social enterprise is an independent organisation with social and economic objectives that aims to fulfill a social purpose as well as achieving financial sustainability through trading. Lebech (2015) defines social entrepreneurship as an activity of economic significance which creates social value through the use of innovation, and usually engaging high participant orientation and the participation of the civil society. This brings another aspect of social enterprise to the forefront, which is financial stability. Sabeti (2011) has stated that social enterprises should not be regarded solely for their social impact; however, they must also be regarded as tools for creating both commercial and social value. From this perspective, the social enterprise can be seen as an activity that creates "Total Wealth" Zahra, Gedajlovic, Neubaum, and Shulman (2009), which represents both social value and economic wealth.

From the above definitions it can be deducted that there are four main factors that assist in defining social enterprises: social mission, social innovation, social networks and financial return. These factors will be discussed in more detail below.

2.3.1 Social Mission

A social mission can be defined as the purpose and the objective of establishing a social enterprise (Beckmann, Zeyen, & Krzeminska, 2014). Social enterprises operate between the boundaries of for-profit and not-for-profit organizations. Murphy and Coombes (2009) outline motive and mission as the main difference between social enterprises and profit-oriented ventures. The social mission is a unique characteristic of SE and therefore there is a need for the concept to be clearly defined (Chell, Spence, Perrini, & Harris, 2016). Dacin et al. (2011) argue that social value creation is the primary mission of social enterprises and this sets clear boundaries for them within which to operate. Social mission

is what makes social enterprises agents of change (Barendsen & Gardner, 2004). Doherty et al. (2006) emphasise the importance of social mission to the social enterprise by stating that it is difficult for social entrepreneurs to divert from their social mission as this is usually the main driver of their business. Most social entrepreneurs aim at providing some form of socio-economic value to their communities and therefore are willing to work persistently in achieving that and the provision of long-term solutions. Social mission acts as a roadmap for social enterprises as it keeps the organization focused and on a path that leads to the creation of social impact along with enterprise sustainability (Austin et al., 2006). Therefore, social innovation can be regarded as playing a very crucial part in the sustainable development of social enterprises.

2.3.2 Social Innovation

Mulgan (2006) defines social innovation as any innovation in process, product, or technology that is essentially focused on meeting a social need. Social entrepreneurs play an important role on solving social problems that are overlooked by governments or business sectors (Brenneke & Elkington, 2007). These social enterprises are able to do so by developing a synergistic combination of products, capabilities, processes, and technology to obtain sustainable solutions (Jay, 2018). The underlying drive for social entrepreneurship is the creation of social value as opposed to personal or shareholder wealth (Mulgan, 2006). In order for social entrepreneurs to create value, they need to constantly offer new products and combine their available resources in unique ways (Phills, Deiglmeier, & Miller, 2008). Thus, the process of unique resource combination and innovation helps in creating social value and social innovation that could work as a catalyst for bringing social change. Innovation is also useful in the application of new ideas which can be used to solve social problems as well as playing a role in making a social impact. In addition to this, social innovation helps in the creation of a return for social entrepreneurships (Phills et al., 2008), therefore social innovation helps entrepreneurs to develop sustainable enterprises.

2.3.3 Social Networks

Social networks are defined as a group of individuals and organizations which are interconnected and who share ideas and resources (Greve & Salaff, 2003). In order for enterprises to survive and to grow they need to interact with their external environment. Enterprises are no longer self-sustained units and they cannot survive on their own. They need resources and information to survive and grow. Moreover, due to the rapidly changing operational environment, social networks play an increasingly important role for most forms of entrepreneurship (Javed et al., 2019). This has encouraged the development of partnerships among businesses in order to remain competitive (Anand & Khanna, 2000). Social networks provide entrepreneurs with many benefits, such as increased ease of finding opportunities to access needed resources and information (Omorede, 2014), assistance in establishing important linkages with people and society (Birley, 1985), knowledge sharing (R. Decker, J. Haltiwanger, R. Jarmin, & J. Miranda, 2014), filling the asymmetrical knowledge gap between different stake holders (Shane & Cable, 2002), mitigating risk (Shaw & Carter, 2007), and the development and strengthening of trust between parties involved (De Carolis & Saparito, 2006).

Weber and Kratzer (2013) argue that social networks are especially important for social enterprises due to the nature of their business as well as their set values. They outline that most social enterprises are focused on the creation of social value rather than financial returns. In the achievement of social goals, social networks usually play a more prominent role than other forms of capital (Weber & Kratzer, 2013). Social networks enable access to as well as the transfer and creation of relevant resources such as financial or human capital, knowledge, equipment and advice between the social enterprise and its stakeholders. When regarding the social enterprise, social networking and reputation creates a non-substitutable social resource (Schaper, Volery, Weber, & Lewis, 2007). Social networks work as a catalyst for the sustainable development of social enterprises. Entrepreneurs need to use networks to gain access to information, resources, help, identifying opportunity and advice. Additionally, social networks also create an environment where network partners can learn from each other and therefore contributing to sustainable development of the organization.

2.3.4 Financial Returns

There has been an increase in research on the financial viability of social enterprises (Florin & Schmidt). Most of this research focuses on the ability of social enterprises to create both the social value and the financial returns which can ensure the financial viability of the businesses. Financially viable social ventures are independent organizations with the social aim of creating superior social value and the financial aim to achieve sustainability through trading (Defourny & Nyssens, 2006). Putting emphasis on the importance of the economic viability of social enterprises, Mair and Marti (2006) describes the social enterprise's activities as those that are aimed at addressing social issues and catalyzing social change, however in the process making a recognition of the 'economic' aspects. Thus, it is important for social enterprises to be able to create financial returns in order for them to be able to effectively address social needs in a sustainable manner (Nga & Shamuganathan, 2010).

Social Entrepreneurship can be viewed as a promising tool for creating both commercial and social value (Sabeti, 2011). In order for social enterprises to remain sustainable there is need for them to generate revenue which can sustain their operations, meaning that they are usually required to engage in some form of commercial activity. However, social enterprises need to ensure that these commercial activities are not conflicting with their social mission. When social enterprises move away from their social mission, they fail to deliver social value to society (Javed et al., 2019). This brings to rise a trade-off between the social activities and commercial activities of a social enterprise. Hence, as concluded by Eikenberry and Kluver (2004) social entrepreneurs have to satisfy investors by producing a return on investment (ROI) whilst maximizing social ROI.

2.4 Social Value Creation Theory

In other forms of entrepreneurship their impact and successfulness are usually measured in terms of the maximisation of their shareholders' interests, but for the social entrepreneur the focus shifts to that of satisfying and fulfilling a social need (Certo & Miller, 2008). These social entrepreneurs look for the most effective ways to fulfil their social mission. Social enterprises go beyond the corporate social responsibility most

organisations adhere to by creating value for society through the promotion of social inclusion and sustainability (Szabó & Krátki, 2018). The improvement of the business attitude of social entrepreneurs is a key factor in order to maximise the social enterprises' social value generation capabilities (Szabó & Krátki, 2018). The general consensus has been that social value creation objectives for social entrepreneurs includes aspects such as poverty alleviation, the provision of access to education or health care, the provision of employment to the disabled as well as the promotion of equal access to education among the various groups within a population (Szabó & Krátki, 2018). However, despite this there is still a need for the measurement of the successfulness of the social entrepreneur and a measure of the "value" that the social entrepreneur has been able to bring.

According to Dumond (2000) value can be defined as the perception that a customer has about a product or service, and that for there to be a measurement of value there must first be an "expected value" which the customer can measure the actual value against. This expected value would therefore translate to the amount that the customer is willing to pay or commit for the service. Therefore, where the customer is willing to pay a higher amount than the amount involved in the creation of the product or service, that product or service has created value (Lepak, Smith, & Taylor, 2007). This can be regarded as the economic value of the product or service (Lepak et al., 2007).

On the other hand, social value has more to do with the fulfilment of the basic and long-standing needs of society (Certo & Miller, 2008). McLean and Peredo (2006) define social value as the creation of social wealth, such as education, through the reduction of social problems. Whilst Santos (2009) defines social value creation as the sum of the value added in every form, minus the value of all resources used, placing less emphasis on the theory of marginal utility, as a market based utility would not be a good measure of social value. These scholars argue that economic measures such as the theory of marginal utility do not take into consideration increases in social value such as increased political freedom or a reduction in gender inequalities. However, studies done by previous scholars such as Mair and Marti (2006) indicate that for many social enterprises it is difficult to balance social value creation as well as the achievement of economic

objectives in order for them to be sustainable. There seems to be a trade-off between these two elements, as an increase in one is likely to have an adverse effect on the other.

Amartya Sen, an Indian Philosopher and Nobel Memorial Prize recipient for his contribution to the welfare economics field defines value as an increase in the capacities and willingness to live, arguing that the mere increase in wealth does not in itself translate to social value (Renouard, 2011). Due to the lack of a clearly defined and quantifiable measure of social value it has been difficult to effectively measure and report it. There have been several suggestions in an effort to measure the value that the social entrepreneur brings, such as the cost-effectiveness approach (CEA). The CEA focuses on the cost involved in achieving a desired benefit, for example, how much it costs to reduce crime and improve education. In this way the cost can be compared to the non-monetized benefit and an effectiveness rate, cost per unit of benefit, is the outcome.

However, the measurement of the benefit would be highly subjective. Therefore, most of the social entrepreneurs that get some form of funding from philanthropic support as benefits from the SE activities might not be regarded as viable by commercial funders (Urban, 2008). Venture philanthropy offers grants to businesses, however, unlike the commercial funders these usually focus on enterprises that seek to address a social problem (Greater Capital, 2011). Since social entrepreneurship is a relatively young and still maturing, the philanthropic venture capitalists have a pronounced effect in this space (Urban, 2008). Philanthropic venture capitalists place their emphasis on the development of self-sustaining SEs to ensure their long-term organizational survival, growth and ultimately their impact on the society (Urban, 2011). Most philanthropic organisations give pre-eminence to the social innovativeness of the social enterprise when granting funding to them (Urban, 2011). From this, the following hypothesis can be formed:

H1: There is a significant positive relationship between SE high social innovation as a dimension of entrepreneurial alertness and access to philanthropic venture capital in South Africa.

2.5 Sustainability of Social Enterprises

Sustainability can be defined as the ability of an organisation to continue to support the operations of the organisation to ensure that it has a continued positive social impact in the present and in the future (Doherty et al., 2006). Hockerts (1999) (as cited in Mokhothu, 2014) states that a sustainable organisation is an entity that satisfies the needs of stakeholders without compromising its ability to satisfy such needs in the future. The long-term existence of an organisation is dependent on the organisation's ability to generate income as well as its ability to generate revenue (Moore & Manring, 2009). Social enterprises are faced with the challenge of balancing the need to create social value whilst creating economic value with scarce resources (Mokhothu, 2014). In order for social enterprises to remain sustainable there is a need for them to address all the relevant interactions between the sociocultural, environmental, and economic dimensions within the social enterprise's social mission, social innovation, social networking and financial returns.

Taking the issues discussed above into consideration, sustainable enterprise development is not only the economic sustainability or long-term profitability as it compasses social, environmental, and economic sustainability. These three must be able to co-exist and work together. A sustainable social enterprise must be able to achieve its set economic targets without forgoing its social mission. Emphasising the importance of social mission, Leung, Mo, Ling, and Chandra (2019) argue that in order for a social enterprise to be sustainable it must have a mission statement that can be sustained. While most social enterprises have a mission statement which is focused on creating social and economic value, it is crucial for these organisations to have it clearly structured and to ensure that it provides a clear direction on how organisational sustainability can be achieved. The social mission is thus meant to be a guideline for the interaction of the organisation with its external environment, and at the same time it is a motivational tool for those within the organisation.

According to Fahy (2002), social enterprises that have sustained enterprise development usually have a competitive advantage against those that do not have. In addition to this occurrence, they experience a significant reduction in uncertainty which, in turn, improves their viability (Fahy, 2002). These social enterprises utilise this competitive advantage and usually experience superior performance compared to their competitors as well as being more effective at value creation (Teece, 2007). This research shows that the sustainability of a social enterprise is important in order to ensure its continued existence. There are many factors that may influence sustainability such as innovation, effective supply chain, the business's competitive strategy as well as its dynamic capabilities. According to Dwyer (2005) and Gallo and Christensen (2011) there are three main factors that influence social enterprise sustainability: social sustainability, environmental sustainability, and economic sustainability. These three factors are discussed in more detail in the following section.

2.5.1 Social Sustainability

Social sustainability is defined as the ability of an organisation and, or community to meet the needs of the present without compromising the ability of the future (Vallance, Perkins, & Dixon). This can also be defined as the enterprise's wider responsibility towards its various stakeholders (Morrison, 2003). This is concerning business related social issues such as stakeholders' demands, environment, health and safety (Morrison, 2003). Additionally, social sustainability evaluates the welfare of the community where the business is operating as well as how the business can contribute positively towards the development of that community (Young & Tilley, 2006). Desa and Kotha (2006) outline that social sustainability also takes into consideration the operational activities within the business such as its working hours, minimum wages and the working environment. There has been an increase in the quantity of companies paying more attention to these aspects as stakeholders are becoming increasingly conscious of these issues. As the needs of communities are rapidly changing, there is an emerging need for the business to pay closer attention to these changing needs in order for them to remain viable and continue adding value. Therefore, social sustainability is an important component of the long-term success of a social enterprise.

2.5.2 Environmental Sustainability

Sharma and Ruud (2003) define environmental sustainability as the protection of the natural environment from where an organisation obtains its inputs and delivers its output. Morelli (2011) refers to environmental stability as the maintenance of 'natural capital', which is closely linked to social sustainability and economic sustainability. Therefore, environmental sustainability can be defined as meeting the resource and services needs of the current and future generations without compromising the health of the ecosystems that provide them (Morelli, 2011). This is done through achieving a state of balance, resilience, and interconnectedness which allows the human society to satisfy its needs without exceeding the capacity of its supporting ecosystems. Organizations are not separate from the natural environment (Sharma & Ruud, 2003). However, business activities are having negative effects on the natural environment in the form of pollution and the exploitation of natural resources (Sharma & Ruud, 2003). With the simultaneous exponential increase in the world population, the natural environment is deteriorating in an irreversible manner which raises the importance of environmental sustainability. This has led to all businesses, including social enterprises, placing more focus on the environment.

2.5.3 Economic Sustainability

Economic sustainability is defined as the ability of an enterprise to make a profit to ensure its long-term survival (Roberts & Tribe, 2008). This has been defined by Landrum and Edwards (2009) as internal financial stability and enterprise profitability. For organisations to continue to exist there is a need for them to maintain their economic health and viability. Therefore, the inward flow of economic resources is vital for an enterprise (Doherty et al., 2006). Economic sustainability therefore plays a very crucial role in determining the future existence of a business. As most social enterprises are not operating for a profit, in order for them to attain economic sustainability they usually adopt a 'more than cost recovery mechanism' (Neck, Brush, & Allen, 2009). The main mission for most social enterprises is to benefit a specific group of people through initiatives that can permanently affect their lives, and most of these benefits cannot be clearly quantified in monetary terms (Neck et al., 2009). Many scholars outline that while most social enterprises aim to meet a social need, it is increasingly becoming important

for them to attain and maintain economic sustainability (Neck et al., 2009). In cases where the social enterprise receives subsidies there is no guarantee that these subsidies will continue, therefore continuing the need for the social enterprise to be financially sustainable (Osbert & Martin, 2015). However, too much stress on achieving economic sustainability can lead to a drift from the actual mission of social value creation (Doherty et al., 2014). Therefore, social organizations constantly need to refer back to their social mission.

Factors that can influence the sustainability of social enterprises are discussed in the section below.

2.6 Factors influencing sustainability of social enterprises

Sustainability within the organisational context usually focuses on financial aspects, while in the social enterprise arena sustainability is not limited to financial sustainability (Doherty et al., 2006). In the case of social enterprises, sustainability usually involves the achievement of the social objective of the organisation. There are a number of factors that can influence the sustainability of a social enterprise, and these have been categorised into 3 main categories: the funding mechanisms available to social enterprises; the pursuit of dual missions in the form of a hybrid organisation; and the competitiveness of social enterprises in light of scarce resources available in a competitive environment. These are discussed below:

2.6.1 Funding Mechanisms

The funding of social enterprises plays an important role in the sustainability of social enterprises. Historically, social enterprises have been dependent on government grants as well as donor funding (Czischke, Gruis, & Mullins, 2012), however this heavy reliance on philanthropic sources for funding exposes these social enterprises to the risk of negative cash flow in times of economic downturn (Bugg-Levine, Kogut, & Kulatilaka, 2012). In order to reduce and mitigate this risk, most social enterprises are now looking for alternative ways of funding their businesses (Bugg-Levine et al., 2012). Unfortunately, most start-ups face challenges in accessing adequate funding due to their failure to meet certain requirements (Luger & Koo, 2005). This has been termed “the

liability of newness" (Kaiser, Lauterbach, & Verweyen, 2007). In a report done by Millson (2008) 80% of social enterprises in South Africa have an income of less than R500,000 a year. Many of these start-ups are unable to access bank loan financing due to constraints such as the lack of adequate collateral security. Some social enterprises then resort to the seeking of venture capital (Kaiser et al., 2007). Sunley and Pinch (2012) argue that the hybrid nature of social enterprise entities allows them to source funding from various avenues. However, Sunley and Pinch (2012) found that the majority of social enterprises struggle to embrace commercial forms of funding due to their modest strategy and growth ambitions; this is in spite of a change in funding approaches from unrestricted grants to offering business contracts to social enterprises.

2.6.2 Dual Focus and the Resulting Challenges

Most social enterprises are operating in a hybrid manner in that they are engaging in both the social and commercial objectives as a means to sustain themselves (Doherty et al., 2006). This poses a challenge however, as there is a risk of these objectives conflicting with each other, leading to most social enterprises having to sacrifice one of these two objectives (Doherty et al., 2006). Yin and Chen (2018) discuss that social enterprises can become commercialised non-profit organizations, a financially profitable organisation transitioning into a non-profit, or a joint venture between non-profit and for-profit organisation, implying that the social enterprise will usually combine multiple organisational forms and often blur the boundaries between the public and private ownership due to the blending of business and social objectives (Yin & Chen, 2018). The conflict between the social and the commercial objective is usually coupled with the lack of access to sufficient funding as most of funders will either fund the social objectives or the commercial objectives (Doherty et al., 2006). This creates a conflict of interest as most funders are willing to fund the commercial activities, while social enterprises are focused on the social objectives (Di Domenico, Haugh, & Tracey, 2010). In most social enterprises the priority is making a social impact rather than the generation of income (Di Domenico et al., 2010). This is a critical finding in an effort to dispel the scepticism of social enterprises that emanates from the double objective mission (Dees, 2004). The majority of social enterprise founders are calling for more regulation to constrain the drift from a social mission (Dees, 2004).

2.6.3 Competitiveness

Social enterprises are not immune to the competitive forces within the environment that they are operating in, making them susceptible to these competitive forces (Fury, 2010). Social enterprises often offer closely related products and services which exposes them to competition in the mainstream economy (Fury, 2010). In some cases, these products may be highly innovative in nature with large differences from those that are in the main stream market, but this also increases competition for social enterprises (Fury, 2010). In order to compete in the market social enterprises, have to engage in marketing activities (Shaw, 2004). In the field of strategy a competitive advantage is said to be key to the survival of any corporation (Prahalad & Hamel, 1990), and multi-billion dollar companies with arguably high competitive advantages are moving to centre their corporations to offer products and services that create social value as a means to maximise profits (Porter & Kramer, 2011). Social value creation refers to the impact a market offering has on the standards of living of an individual or community (Porter & Kramer, 2011). In this regard, social enterprises are increasingly facing competition from organisations that are not primarily social enterprises.

2.7 Financing of Social Enterprises

Sufficient access to funding plays a very important role in the sustainability and growth of a business (Sunley & Pinch, 2012). These sources of funding can be internal or external. Austin et al. (2006) outline that during the early stages of a social enterprise, the source of funding is the charging of a fee to clients, however many of them require additional funding in the form of grants and donations from the public sector and philanthropists. These are usually a non-repayable form of funding. Social enterprises usually struggle to obtain funding through traditional forms such as bank loans as these businesses usually have no substantial cash flows during the initial stages of the business (Austin et al., 2006). However, an overreliance on donor funding may result in sustainability issues (Austin et al., 2006). Additionally, there is a potential risk of the social enterprise having to shift from its initial social mission to a social mission that the funder demands in order for them to continue to receive the funding (Martin, 2011). Furthermore, grant funding, irrespective of the source, government or private, is often tied to specific projects and limited in amount, which discourages investment

in overheads or product and service development (Glänzel & Scheuerle, 2013). In this section a discussion of the main financing methods available for social enterprises are discussed.

2.7.1 Government Financial Support

Governments usually play a very significant role in the funding of social enterprises. In developed nations such as the United Kingdom, the government has been playing an active role in the promotion of social enterprises, thus contributing to their sustainability (Jiao, 2011). Likewise, in Belgium, 40% of the revenue generated by social enterprises come from their activities which are government funded through grants (Seforis, 2014). However, in most developing countries such as South Africa, government funding has not been readily accessible (Littlewood & Holt, 2018). Contrastingly, in China government grants are not the most popular funding for social enterprises (Seforis, 2014).

In South Africa, legislation such as the Broad-Based Black Economic Empowerment (B-BBEE) initiative requires that organisations in need of funding are to meet certain requirements, as a designated proportion of the business' owners must be black (Martin, 2011). These initiatives are aimed at reducing the income inequalities in South Africa. These initiatives also encourage businesses to engage with emerging enterprises by incentivising these activities. In instances where the social enterprise achieves initial success, grants tend to become insufficient in providing the capital required for the enterprise to scale (Martin, 2011). In a study done by Myers, Mamabolo, Mugadza, and Jankelowitz (2018) it was found that 80% of the revenue for most of the social enterprises in South Africa came from grants and donations funded activities. Of this, 31% came from government entities, 31% from the general public, 23% from Corporate Social Investment and 15% from others. The same report outlined that 40% of their revenue came from sale of goods and services and 24% came from membership fees. This indicates the significant role that government grants play in the funding of social enterprises. These results show that there is a relationship between the source of funding and the revenue generated by the social enterprise. Therefore, this study hypothesises that:

H2: There is a significant positive relationship between access to government financial assistance and SE venture performance.

2.7.2 Venture Philanthropic Support

Venture philanthropy (VP), also known as philanthro-capitalism (Greater Capital, 2011), offers grants to businesses, however they use a business-based approach which often includes a rigorous evaluation process and sustainability analysis (Greater Capital, 2011). In the social enterprise field emphasis is usually placed on impact reporting as these businesses' social mission is their main business aim. Venture philanthropic support is often in the form of long-term grants and technical assistance provided to promising early stage non-profits and social enterprises. From this perspective, many of these funders will focus on the sustainability of the business. Additionally, venture philanthropists often have a desire to form "a close relationship with the social entrepreneur" (Pepin, 2005), meaning that venture capitalists do not only invest money but also invest their time, skills, expertise, talent and business experience (Pepin, 2005). Consequently, VPs are only able to establish long-term support and relationships with fewer social enterprises.

According to Grenier (2006), VPs make an effort to follow five principles which are usually applied in the financial sector. Grenier (2006) explains that the first principle is to provide expertise along with financial support. VPs usually provide several resources as a means to build the capacity of the beneficiary, including advice on managing functions such as human management, accountability, and so on. The second principle is the promotion of organisational development within the organisation before providing philanthropic support. This differs significantly from the 'traditional charities' which focus on specific projects rather than institutional building. As stated above, Grenier (2006) outlines that VPs focus on performance and impact assessment by applying metrics to measure social impact and calculate the cost-benefits of their actions. Finally, the third principle is the VP's "exit strategy". In the VP framework, a supported organisation must at the end become self-reliable. Venture philanthropy is therefore transitional, the goal being to achieve financial self-sufficiency.

One of the ways that Venture Capitalists use to measure a social enterprise's social impact and cost-benefits is the cost-effectiveness approach (CEA). The CEA focuses on the cost involved in achieving a desired benefit, for example: the cost of reducing crime and improving education. In this way the cost can be compared to the non-monetized benefit and an effectiveness rate, cost per unit of benefit, as the outcome. However, the measurement of the benefit is highly subjective. For this reason, most social entrepreneurs that obtain some form of funding from philanthropic support due to their SE activities might not be regarded as viable by commercial funders (Urban, 2008). Most philanthropic organisations give pre-eminence to the social innovativeness of the social enterprise when granting funding to them (Urban, 2011). From this, the following hypothesis can be formed:

H3: There is a significant positive relationship between SE high social innovation and access to philanthropic venture capital.

2.7.3 Loans and Credit from Banks

In situations where an enterprise can demonstrate, through its financial projections and business plans, that it will be able to generate cash flows it may be able to attract additional funding from commercial investors and the private sector through risk capital, primarily debt and equity, just like a commercial enterprise (Smith, et al., 2014). This is often in the form of a loan from a bank or lending institution. The prioritisation of mission over wealth creation results in a misalignment between return expectations and the income-generation ability of the social enterprise, with social enterprises at this stage preferring concessional loans while investors are likely to only consider funding an already profitable enterprise (Smith, et al., 2014). This gives rise to a financial-social return gap, which is not being able to access traditional financial markets, as the cost of private funding outweighs financial returns. Further exacerbating this gap, most banks use the standard credit scoring techniques which usually favour established trading businesses with collateral, rather than higher risk intangible asset based enterprises like social enterprises (Smith, et al., 2014).

Despite the challenges in accessing loans and credit from banks, loans are still regarded as important for the establishment and sustainability of social enterprises (Myers, Mamabolo, Mugadza, & Jankelowitz, 2018). In light of this, funding institutions such as the Bill & Melinda Gates Foundation have started issuing guarantees to support loans to social enterprises in South Africa and other African countries. These structures increase the ability to attract discounted commercial funding while reducing the debt burden. These funding structures are well-suited to social enterprises as they enable them to fund their profit-generating operations and, in turn, the returns generated support the social programmes and loan repayments. However, research by (Sunley & Pinch, 2012) found that social enterprises with 'asset locking restricting individual benefit' continued to rely on public sector grants and were cautious about taking on debt. From a social enterprise's perspective, there is a lack of clarity with regard to loans and credit from banks.

2.7.4 Equity

Equity involves selling a portion of the ownership of an enterprise to outside investors, which, depending on the valuation of the company, can generate substantial cash (Myers et al., 2018). One of the potential benefits of equity finance is the release from the obligations of debt which often has to be repaid through additional borrowing or by making and retaining profits to replace debts. The use of loans for capital result in high capital repayment costs and thus resulting in an additional strain on the business's cash flows, and so, the cost of repeated borrowing can be higher than the cost of raising and servicing permanent equity finance. Investors are often willing to accept dividend rates no higher than prevailing interest rates, especially if the social enterprise is pursuing social objectives that are supported by the investor.

Brown (2006) found that many enterprises are operating in markets where the pursuit of profits is in conflict with their stated social objectives. A good example of this would be a social enterprise that provides high-quality, affordable housing to low-income groups. Affordability means low rent levels, which in turn means lower profit margins. But housing associations with high levels of debt have to be highly profitable to service the interest on debt and repay borrowed capital. Although the use of equity will reduce borrowing cost it usually does not result in an obligation to repay shareholders: the capital

is permanent not temporary. Myers et al. (2018) discus that for more established firms, equity increasingly becomes a viable option as most of these firms usually have some income generating projects along with their social mission. Through the employment of complex hybrid business models, social enterprise firms set out with the goal of being financially self-sustainable and these firms become attractive to potential investors.

2.8 SE Performance of Social Enterprises in South Africa

The Global Entrepreneurship Monitor (GEM) has been one of the most referenced reports in this field of study, which gives a global overview of the entrepreneurship levels in different countries and shows the relationships between the entrepreneurship levels of the country and its national development. In compiling the GEM report, a survey was used in which they used to measure the GEM Entrepreneurial Spirit Index (GESI) from a selected sample of participants taken from the 54 target population countries. The GESI report therefore captures the various components of the GEM conceptual framework in a single index. This index is used to measure the population's awareness of entrepreneurship, opportunity perception and the individual participants' entrepreneurial self-efficacy. This index was also used as a measure of a country's social entrepreneurship levels and other factors that may have contributed to the success and sustainability of this sector.

The average social entrepreneurship activity across the participating countries was 1.8%, with the lowest country, Guatemala having a score of 0.2%, and the highest country being Saudi Arabia at 4.3% (GEM, 2018). GEM (2018) also showed that there was a relationship between the rate of social entrepreneurship and the level of economic development, as it can be assumed that the higher the level of economic activity, the more likely the presence of higher social entrepreneurial activity. Additionally, the cost of social entrepreneurship was seen to be higher in countries with lower economic activity (GEM, 2018). From this review of the literature it becomes clear that social entrepreneurship does not manifest itself in one single industry or form of business; however, it manifests itself in the unified activities done by various ventures and

organisations across a broad spectrum. The prevalence of the social entrepreneurship and their various categories have been illustrated in Figure 2.1 below.

Figure 2. 1: **The Prevalence of Social Entrepreneurships in South Africa**

Group	Type					
	Traditional NGOs	Not-for-profit SEs	Hybrid SEs	For-profit SEs	Socially committed enterprises	Other
FDEs	8%	27%	25%	11%	18%	14%
EDEs	9%	20%	20%	14%	28%	8%
South Africa	*0%*	*15%*	*26%*	*22%*	*13%*	*24%*
IDEs	7%	28%	28%	12%	19%	6%
Average for all groups	8%	24%	23%	12%	22%	9%

Key: FDEs: Factor-driven economies; EDEs: Efficiency-driven economies; IDEs: Innovation-driven economies.

Adopted from Visser (2011:238)

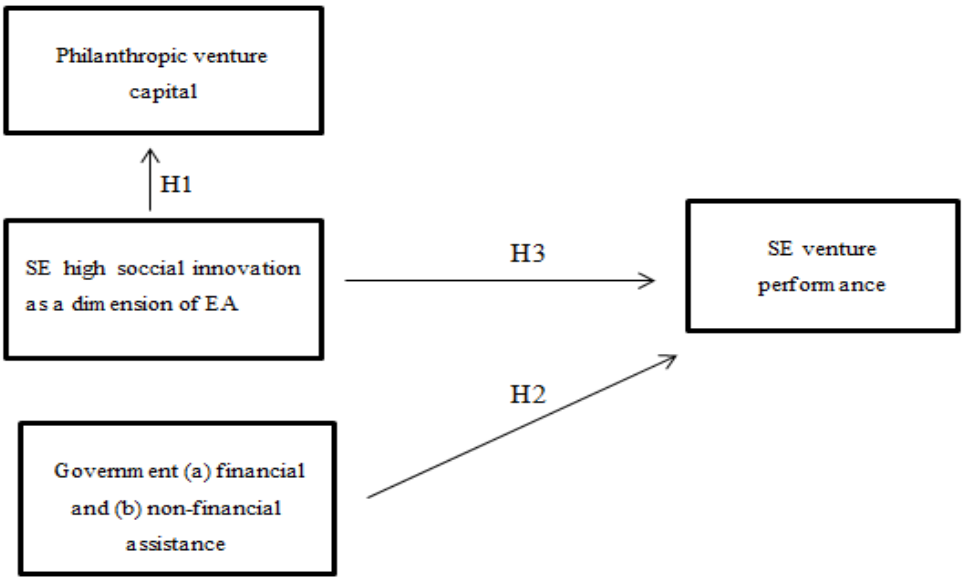
Figure 2.1 shows the prevalence of social entrepreneurship in South Africa across the spectrum. Its presence in traditional NGOs across all three economic sectors compares favourably with the international average of 8%. Similar trends exist for each of the other three economic groups, relative to the international averages for not-for-profit social enterprises (24%), hybrid social enterprises (23%) and for-profit social enterprises (12%), respectively. The results also showed that within the traditional NGOs in South Africa none of them have been actively engaged in social entrepreneurship. According to Visser (2011) this could have emanated from the lack of leadership, inadequate financial support and a lack of good strategy. Visser (2011) also argues that the shortfall in numbers of not-for-profit social enterprises in South Africa (15%) and EDEs (20%) is most likely as a result of the delayed influence of post-democracy positive external influences. The economic and political situation in South Africa still bears the legacy of the Apartheid system. The hybrid social enterprises for South Africa were reported to be significantly higher with a level of 26%, which is 6% higher than the average. In this regard, the following hypothesis has been formulated:

H3: There is a significant positive relationship between SE social innovation and Social Entrepreneurial venture performance.

2.9 Conceptual Framework

Based on the various hypotheses developed, a conceptual framework was developed as illustrated on the diagram below.

Figure 2. 2: **Conceptual Framework of hypotheses developed**



2.10 Conclusion

In this chapter, the social entrepreneurship environment in South Africa as well as factors which may contribute towards the sustainability of a social enterprise were discussed. The literature revealed that there is a rising concern regarding the sustainability of SE ventures, which is influenced by SE venture performance. The literature also shows that there has been a lack of access to funding, especially from government. Therefore, this may have contributed to the SE venture performance. From the literature, three hypotheses were formed:

H1: There is a significant positive relationship between SE high social innovation as a dimension of entrepreneurial alertness and access to philanthropic venture capital in South Africa.

H2: There is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.

H3: There is a significant positive relationship between SE social innovation and SE venture performance.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

In the previous chapter, a discussion was done on the external factors which have influenced the sustainability of Social Enterprises in South Africa. From this discussion, it was concluded that Social enterprises are increasingly being seen as a means of addressing social problems in our society today. In order for social enterprises to be effective, there is a need for them to operate independently, which is done through the achievement of financial sustainability. Keeping this in mind, this study aims to investigate the contributing factors towards SE venture sustainability in South Africa. To achieve this goal, a survey was done to collect primary data. This chapter presents the research design and methodology as well as a narration of the approaches, processes and procedures used in the data collection and analysis process.

3.2 Research Methodology/ Paradigm

Research is defined by Saunders, Lewis, and Thornhill (2016) as a systematic investigation into material or information in order to gather new findings or conclusions based on the data collected. According to Saunders et al. (2016), there are two main approaches to research methodologies: qualitative and quantitative research methodology. Qualitative research methodology is defined as the use of in-depth and deep-probing data gathering approaches which employs inductive analysis on the data from the phenomenon being under study (Saunders, Lewis, & Thornhill, 2016). The qualitative research is based on the notion that not all phenomenon can be expressed in numeric terms. Quantitative research evaluates the relationship that exists between variables through the use of statistical procedures (Van Zyl, 2014), and obtaining results that can be generalized, as the sample sizes are usually larger to accommodate adequate

statistical analysis (Bell, 2005). In addition, the data collected is often more precise due to its precise and quantifiable nature (Van Zyl, 2014). Quantitative research uses a deductive approach along with statistical analysis to explain relationships between variables. In this research, a quantitative research methodology will be used.

In conducting the research, the positivism paradigm research philosophy was used. A research philosophy is defined by Saunders et al. (2016) as the belief that is held regarding the way in which data about a phenomenon will be gathered, analysed and used. There are two main research philosophical approaches, positivism and interpretivism (Saunders et al., 2016). Interpretivism is sometimes referred to as the anti-positivist approach and is often utilized when conducting qualitative research, as this approach describes reality as an individual's perception of reality and is therefore subject to each individual's experiences and opinions. On the other hand, the positivism research paradigm is mostly used in scientific research and it is based on a "rule of thumb" approach. The positivism philosophical approach views reality as being stable as well as it being able to be described from an objective viewpoint (Saunders et al., 2016). From a positivistic perspective, all reality can be interpreted through measurable numeric inferences.

In order to remain objective, positivism reduces the interference of the researcher in the research (Neuman, 2006). The positivist approach usually involves the manipulation of reality through variations in some of the variables and an observation as to how this influences other variables (Saunders et al., 2016). Due to the emphasis on objectivity, positivistic research is usually easier to replicate compared to other philosophical approaches. The positivist paradigm was chosen for this study as it allows for a more objective assessment of the data, as it reduces bias and allows for data to be collected objectively. In addition to this, the personal judgements of the researcher are minimised as the researcher is usually restricted to the objective collection of data.

3.3 Research Design

Saunders et al. (2016) define a research design as the strategy or general plan that the researcher will use in order to answer the research questions. Swanson (2005) defines a survey design as one in which data is gathered from a sample of individuals using a data

collection method such as a questionnaire or an interview schedule (Check & Schutt, 2012). The survey design is unique in that it allows various techniques to be used when the researcher is recruiting participants, collecting the data to be used in the research, and the analysis of the data. With the survey research design the researcher can use both qualitative research strategies and quantitative research strategies. In this research the survey was used as it allowed for data to be collected from a larger population. The survey allowed for the generalisation of findings, as well as allowing for future replicability of the study (Neuman, 2006)., In addition to this, the survey technique was very useful for the testing of hypotheses about the exploration of the nature of relationships that exists in the context of the chosen population.

3.4 Population and Sample

According to Sekaran and Bougie (2013), the process of selecting the right individuals, objects, or events to act as representatives of an entire population, is known as sampling. This section discusses the population and the sampling strategy utilised in this study.

3.4.1 Population and Sampling Frame

Wellman, Kruger, and Mitchell (2005) describe a target population as a set of elements in the population that have similar characteristics or attributes, which the researcher will focus on in order to make generalizations to the overall population. The target population in this study are people who own SEs in Cape Town. The population consists of five hundred participants comprised of individuals in different sectors. According to Statistics South Africa, based on the 2011 census, the Cape Metropolitan area had 3.7 million people. According to Myers et al. (2018) about 2% of the population in South Africa is involved in social entrepreneurship, implying that approximately 74,000 individuals are involved in social entrepreneurship either directly or indirectly. The information about registered SE can be obtained from the Department of Trade and Industry.

3.4.2 Sampling

In this study, the snowball sampling method was used. According to Saunders et al. (2016) snowball sampling is a convenience sampling method. The snowball sampling is

applied when it is difficult to access subjects with the target characteristics. Using this method, the existing study subjects help in the recruitment of future subjects among their acquaintances. The selection of the participants in the sample continues until there is data saturation. The initial participants were chosen using a convenience sampling approach by approaching organisations that were identified as being engaged in social entrepreneurship. The initial participants will then procced to give contact information of organisations who are involved in social entrepreneurship. The snowball sampling was chosen as it is efficient and cost-effective and allowed access to people who would otherwise be very difficult to find.

Table 3. 1 Summary of the Survey

Variable	**Description**
Target population	SEs in Cape Town
Population size	74, 000
Geographic survey	Western Cape Province
Target sample size	138
Sampling unit	Enterprise
Respondents	Founders of Social Enterprise

3.5 The Research Instrument

In this study a questionnaire schedule was used as a data collection tool. The questionnaire schedule was broken down according to the research questions derived from the research objectives of the study. Section A constitutes the demographic aspects/information for the study, while Section B comprises of four blocks, which are SE Performance, SE Social Innovation, Access to Government Support (Financial and Non-Financial) and Access to Philanthropic Venture Capital. These questions were probing questions per objective with the hope of obtaining clarity and data to solve the research problem and provide answers to the research questions. The questionnaire (Appendix A) was distributed using the Wits University Qualtrics platform.

3.6 Procedure for Data Collection

The collection of data was done through the distribution of an online survey link. The initial participants were selected using a snowball sampling technique Employing the snowball approach, those who participated were asked to recommend others within their network. The main tool for gaining primary information in practical research is questionnaires, due to the fact that the researcher can decide on the sample and the types of questions to be asked.

In this research, each respondent was requested to reply to an identical list of questions mixed so that biasness was prevented. Initially the questionnaire design was coded and mixed up from specific topic based on uniform structures. Consequently, the questionnaire produced valuable data which was required to achieve the dissertation objectives.

The questionnaires developed were based on a five-item Likert scale. Responses were given to each statement using a seven-point Likert-type scale, for which 1 = “strongly disagree” to 7 = “strongly agree.” The responses were summed up to produce a score for the measures.

3.7 Data Analysis and Interpretation

The data analysis process can be described as the steps that are followed in the research process in order to evaluate the data (Saunders et al., 2016). This usually involves the use of various analytical or logical tools as well as the evaluation of different facets of a variety of data from data pools. For this specific study, the Statistical Program for Social Science (SPSS) version 24 was used to analyze the data. SPSS offers benefits such as enabling deductive statistical inferences to be done on the collected data. The data was tested for external and internal validity. These tests will be discussed in more detail in the following section. Descriptive statistics such as standard deviation, means and percentages, frequency distributions, measures of central tendency and measures of dispersion are used to analyse and describe the data (Selvamuthu & Das, 2018).

In this study, statistical analyses such as ANOVA tests and linear regression are used. ANOVA tests test the influence of demographic characteristics on the responses given. The linear regression is also used to test the statistical relations hypothesized in the study. In addition to this, inferential statistics are used to show the relationships between the various variables and draw conclusions about the entire population. Tables, figures and charts are be used to present the data. After the analysis and interpretation of data, a final report will be written to provide a summary of the findings.

3.8 Validity and Reliability of Research

Validity is defined as the measure to determine whether the instrument is measuring that which it is intended to measure (Saunders et al., 2016). Reliability is concerned with establishing the extent to which a measurement of a phenomenon provides stable and consistent results. In this section a discussion of the external validity, internal validity and reliability is done.

3.8.1 External Validity

External validity determines whether the sample is well representative of the population and refers to the extent to which results from a study can be applied (generalized) to other situations, groups or events (Khorsan & Crawford, 2014). In this study, this is achieved

with the simple random sampling technique, which ensured that all elements of the population were given an equal opportunity for selection.

In addition to this content validity was also done as a measure of validity. Content validity refers to the appropriateness of the content of an instrument (Saunders et al., 2016). The main aim of content validity is to answer the question, "does the question posed accurately answer what the researcher wants to find out". In this research to ensure that this was achieved, representative questions from each of the research objectives were formed and these were evaluated against the desired outcomes.

3.8.2 Internal Validity

Internal validity refers to the degree of confidence that the causal relationship being tested is trustworthy and not influenced by other factors or variables. Internal validity can be tested using statistical procedures such as Factor Analysis (Hauroyi, 2012). In this manner, a valid research instrument should establish a cordial linkage between the research questions and the instrument. In this study, Factor Analysis and Correlation analysis is done to ensure internal validity. This was done through the aid of SPSS (version 25). The correlation tests done were both the Spearman and the Pearson tests.

The criterion validity test is also an internal validity test in which a measure is done on the extent to which items on a questionnaire are actually measuring the real-world states or events that they are intended to measure. In doing so, comparisons between the responses given and objective measures of the items or events to which they refer was done. In this study, questions such as the availability of government assistance and philanthropic assistance which were posed in the questionnaire were compared with statistical data which were available. This helped in assessing the external validity of the response given.

3.8.3 Reliability

Reliability measures the extent to which results collected by an instrument can be replicated (Saunders et al., 2016). In this study several techniques are used to measure

reliability, including Cronbach's Alpha and the test retest method. Cronbach's Alpha measures the internal consistency in a construct being measured by running a Cronbach's Test, which generates an alpha value, with the acceptable alpha being above 0,6 (Saunders et al., 2016). The test re-test method estimates reliability by correlating data collected with those from the same questionnaire collected under as near equivalent conditions as possible (Saunders et al., 2016). The similarity of this data indicates the reliability of the data.

3.9 Limitations and Delimitations of the Study

This section discusses on the limitations and delimitations of the study.

3.9.1 Limitations of the Study

Limitations can be defined as influences that are beyond the control of the researcher, placing restrictions on the researcher's methodology and conclusions (Gerhard, 2008). One of the main limitations for this study is time, as the researcher did not have adequate time to do several data collection exercises. The main data collection was done using the one tool, which was an online-distributed questionnaire, and this may have posed as a limitation as the respondents had to have the electronic tools and devices to take part in the research. This resulted in only those who have access to these electronic tools taking part in the research.

3.9.2 Delimitations of the Study

Delimitations can be defined as choices made by the researcher which should be acknowledged (Gerhard, 2008). These choices usually describe the boundaries set by the researcher. The study was focused on SE in Cape Town. The respondents were comprised of SE employees and owners, with the sample obtained using simple random sampling and snowball sampling.

3.10 Elimination of Bias

Bias can be defined as any tendency that results in a prejudiced consideration of a question in a research. According to Gerhard (2008), a systematic bias occurs when the sampling strategy employed, or the tests conducted encourage one outcome or answer over others. Bias can take place at any phase of the research and this includes the study design, data collection process and the process of data analysis and publication. Saunders et al. (2016), outlines that bias can be introduced in a study in a variety of ways. This occurs in studies where there is a voluntary participation, known as "volunteer bias", in which those who feel they are more equipped to participate in the study will take part in the study. However, these people may not be representative of the target population. In this study, there was the use of the simple random sampling and snowball sampling was done.

Smith and Noble (2014) acknowledged that one of the forms of data bias is the data collection bias, which occurs when the personal beliefs of the researcher influences the way data is collected. The researcher might have a preconceived idea which may influence the data collection methods. In this study, this was eliminated using a 'second opinion' from an expert who assessed the questions. Smith and Noble (2014) also describe the measurement bias which occurs when the data collection tool has not been adequately assessed for validity and reliability. In this research, time was taken to adequately assess the instrument's validity and reliability in order to minimise this bias.

3.11 Ethical Considerations

Van Zyl (2014) describes ethics as a set of codes and principles within research which gives guidance on the moral behaviour in guiding of the research process. This section elaborates on some of the ethical guidelines.

3.11.1 Ensuring Respondents have given Informed Consent

In research, importance is given in ensuring that the participant gives an informed consent prior to participating in a study (Van Zyl, 2014). In order to ensure that there is an informed consent, the participants were asked for their formal consent. This involved the

inclusion of the relevant information in the email with the survey link. Respondents were prompted if they fully understood what the research involved. In the description of the research, simple and concise English was used in order to allow the respondents to have full understanding of what the research was about. In addition to this, respondents were notified that they were free to skip any question that they did not feel comfortable to answer, or even to withdraw altogether from the research at any point during the process.

3.11.2 Ensuring no Harm comes to the Respondents

It is very important to ensure that the respondents are not exposed to harm or to potential harm of any kind, which may include physical distress, psychological distress or general work-related stress (Van Zyl, 2014). It is the responsibility of the researcher to ensure that participants are not threatened by the study. The research did not include any potential for physical or mental harm to any participant; however, contingency measures were put in place by the researcher to ensure that no form of harm would come upon the respondents as a result of them taking part in the study.

3.11.3 Ensuring Confidentiality and Anonymity

It is essential to ensure that there is no invasion of the respondents' privacy when conducting research (Van Zyl, 2014). This is usually done through the maintenance of participants' anonymity. It is important to ensure that everyone in participation is kept in strict confidence. In this study, the introductory statement on the questionnaire clearly states that no personal information that could be usable to trace back to the respondent would be collected. While the emails of all targeted employees were known, the completion of the questionnaire itself did not include submission of the email address, meaning that no individual response could be specifically linked to any participant. To help ensure confidentiality and anonymity as well as data protection the researcher would store data for 5 years for further analysis and destroy it after this time.

3.12 Conclusion

Using a survey research method, a sample of 138 participants participated in this study. An online questionnaire was constructed and disseminated using e-survey, which was

used to collect data. After the collection of data, the data was analysed using an SPSS (version 25) Statistical Software. The data analysis used both descriptive and inferential data analysis methods. In conducting this research, ethical issues were taken into consideration such as the protection of respondents, anonymity and obtaining appropriate consent. In the following chapter, all the research findings will be analysed, presented and interpreted using the approaches discussed in this chapter.

CHAPTER 4

DISCUSSION OF THE RESULTS

4.1 Introduction

The aim of this study is to investigate the factors contributing towards SE venture sustainability in South Africa. From an in-depth review of the available literature on the subject, three hypotheses were formed:

- H1: There is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.
- H2: There is a significant positive relationship between SE high social innovation and access to philanthropic venture capital.
- H3: There is a significant positive relationship between SE social innovation and SE venture performance.

In this chapter the findings, analysis and discussions of the results of the primary data are presented. Firstly, the results of the reliability tests of the instruments are presented and discussed, followed by the response rate and the sample's demographic information. The results gathered through the distributed questionnaire are graphically shown and analysed. The discussion of the data includes descriptive and inferential statistics.

4.2 Demographic Profile of Respondents

In this section, a discussion of the demographic characteristics of the respondents is graphically presented and discussed.

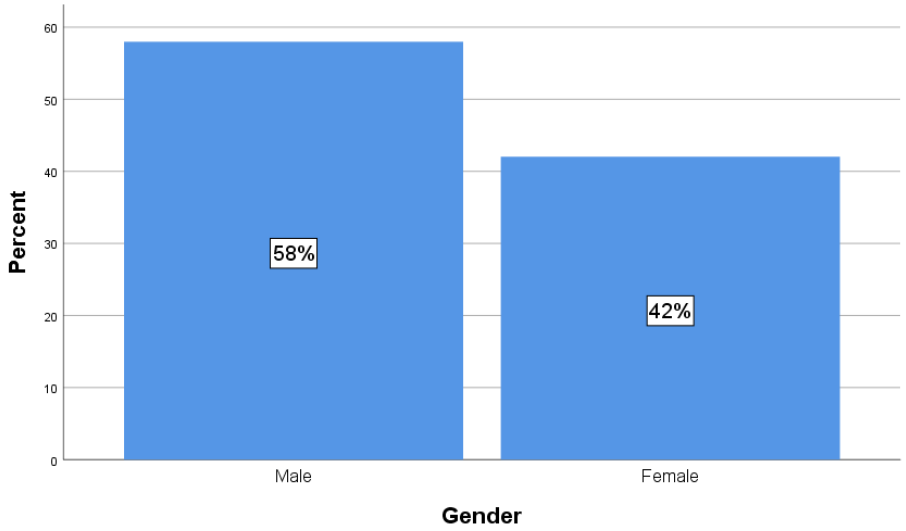
4.2.1 Gender Composition of Respondents

The respondents were asked to indicate their gender and the results gathered from the respondents is illustrated on Table 4.2 and Figure 4.1 below.

Table 4. 1: Gender Composition Statistics

	Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	80	80.0	80.0	80.0
	Female	58	58.0	58.0	100.0
	Total	**138**	**100.0**	**100.0**	

Figure 4. 1: Gender Composition of Respondents



The results showed that of the 100 respondents, 58% of them were male while 42% were female, meaning that the majority of the sample is male. According to Kothari (2012), the ratio of at least 1:2 in either gender representation is representative enough of the entire population.

4.2.2 Age Grouping of Respondents

The respondents were asked to indicate within which age bracket they fall. The frequency table below presents the responses gathered through the questionnaire. The age groups of the respondents is presented in Table 4.3 and Figure 4.2 below.

Table 4. 2: Age Grouping Statistics

	Age Grouping	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20 – 29 years	31	22.5	22.5	22.5
	30 – 39 years	58	42.0	42.0	64.5
	40 – 49 years	28	20.3	20.3	84.8
	50 years plus	21	15.2	15.2	100.0
	Total	**138**	**100.0**	**100.0**	

Figure 4. 2: Age Grouping of Respondents

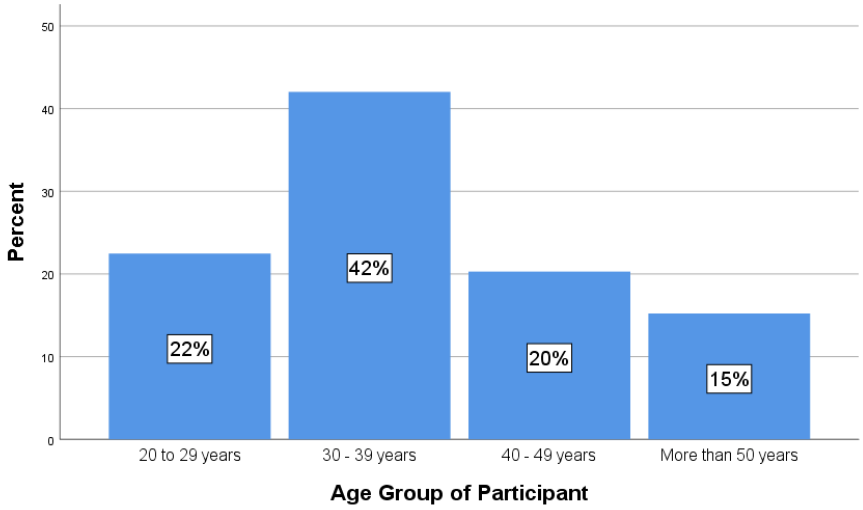


Table 4.4 and Figure 4.2 above indicate that of the total respondents, 22% fall within the 20 to 29 years age group, 42% fall within the 30 to 39 years age group, 20% fall within the 40 to 49 years age group and 15% are above 50 years of age. The histogram depicted in Figure 4.2 demonstrates a normal distribution.

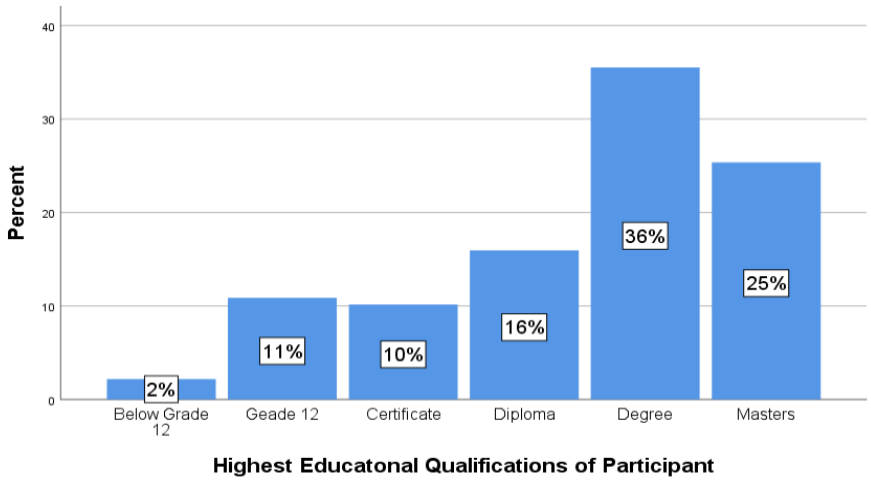
4.2.3 Highest Educational Qualification of Respondents

The respondents were asked to indicate their highest level of educational qualifications. The results are illustrated in Table 4.4 and Figure 4.3 below.

Table 4. 3: Highest Educational Qualification Statistics

	Educational Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Grade 12	3.0	2.2	2.2	2.2
	Grade 12	15.0	10.9	10.9	13.0
	Certificate	14.0	10.1	10.1	23.2
	Diploma	22.0	15.9	15.9	39.1
	Degree	49.0	35.5	35.5	74.6
	Master's Degree	35.0	25.4	25.4	100.0
	Total	**138**	**100**	**100**	

Figure 4. 3: Highest Educational Qualification of Respondents



As shown in Table 4.5 and Figure 4.3 above, of the total respondents, 2% holds a qualification below Matric, 11% have matriculated only, 10% of the respondents' highest qualification is a certificate, 16% have a diploma as their highest qualifications, 26% have obtained a degree and 25% have completed a master's degree as their highest qualification. These results show that the majority of social enterprise owners are well educated.

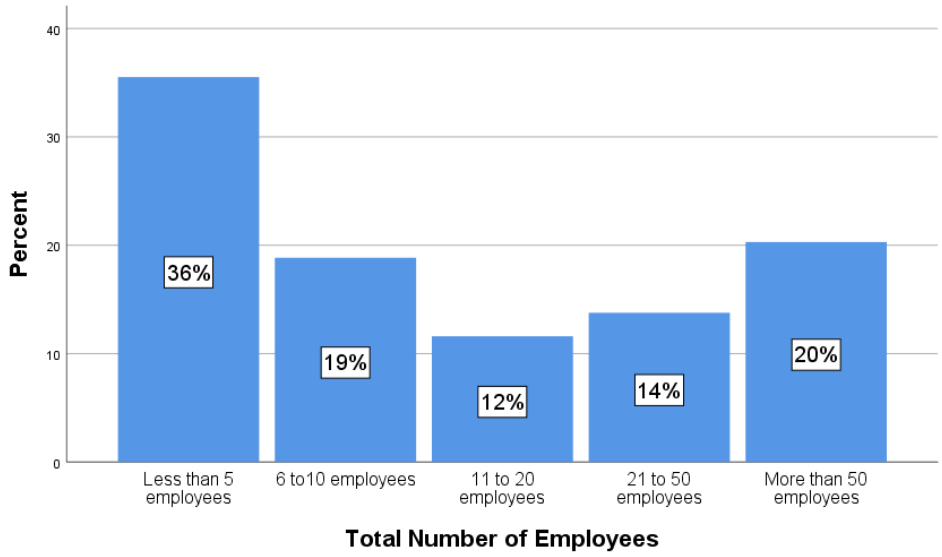
4.2.4 Number of employees in the organisation

The respondents were asked to indicate the total number of employees within their organisation and the responses are illustrated on Table 4.5 and Figure 4.4 below.

Table 4. 4: Total Number of Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 employees	49	35.5	35.5	35.5
	6 to10 employees	26	18.8	18.8	54.3
	11 to 20 employees	16	11.6	11.6	65.9
	21 to 50 employees	19	13.8	13.8	79.7
	More than 50 employees	28	20.3	20.3	100.0
	Total	**138**	**100**	**100**	

Figure 4. 4: Total Number of Employees



The results show that of the participants, 36% of them had worked in organisations with less than 5 employees, 19% were in organisations with 6 to 10 employees, 12% were in organisations with 11 to 20 employees, 14% were in organisations with 21 to 50 employees and 20% were in organisations with more than 50 employees.

4.3 Descriptive Data Presentation

This section presents the descriptive data analysis of the results, including a table depicting the actual responses gathered and descriptive measures such as mean, standard deviation, skewness and kurtosis of the data. It is also necessary to conduct validity tests as well as dimension reduction using Exploratory Factor Analysis.

4.3.1 The Kaiser-Meyer-Olkin Measure and Bartlett Test

In order to measure the validity of the data collected the Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity was done on all three instruments. The Kaiser-Meyer-Olkin (KMO) test is a measure of how suited a data set is for Factor Analysis. This test is useful in determining the proportion of variance in the variables that may be caused by other underlying factors (Selvamuthu & Das, 2018). The KMO test measures sampling adequacy for each variable in a model and for the complete model, the proportion of variance among variables that might be common is measured. From the results of the test, values which are close to 1.0 will give an indication that factor analysis is suited for the data set, values of 0.6 and above are considered sufficient, less than 0.5 is questionable. In this regard, the lower the proportion of variance the more suited the data is to Factor Analysis (Selvamuthu & Das, 2018). Bartlett's test of sphericity measures the overall significance of all the correlations in a correlation matrix, values of <0.05 of the significance level show that factor analysis is suitable.

4.3.2 Communalities

In addition to the KMO and Bartlett's test, communalities and item loadings were done. Communalities are useful in demonstrating the extent to which an item is correlated with all other items (Khorsan & Crawford, 2014). Communalities can also be used as estimates of the variance in each variable which is accounted for by all factors (Khorsan & Crawford, 2014). Where communalities of a variable are between 0.0 to 0.3, the variable may struggle to load on any factor, and low values signify candidates for removal. Factor loadings from 0.3 and above are deemed acceptable. For principal components extraction the value is equal to 1.0 for correlation analysis.

4.3.3 Reliability of the Research Instrument

The Cronbach Alpha is used to measure the internal consistency of the instrument according to the guidelines proposed by Manerikar and Manerikar (2015). For each of the four sections, Cronbach's Alpha was calculated. According to Manerikar and Manerikar (2015), an alpha value ranges between 0 and 1, with 1 representing the highest reliability level and 0 indicating the lowest reliability level. Tonidandel, King, and Cortina (2016) states that a Cronbach's Alpha below 0.6 is unacceptable, a value between 0.6 and 0.65 undesirable, a value between 0.65 and 0.7 minimally acceptable, a value between 0.7 and 0.8 is respectable, and a value between 0.80 and 0.90 proves very good reliability. If an alpha value is above 0.9, the researcher should consider shortening the scale. The reliability of the data according to this analysis is presented in Table 4.5.

Table 4. 5: Reliability Results using Cronbach Alpha

Item	Number of Items	Cronbach Alpha	Comment
SE Performance	5	0.707	Accepted
SE Social Innovation	5	0.703	Accepted
Government Financial Assistance	5	0.712	Accepted
Private Venture Philanthropic Support	5	0.857	Accepted

Table 4.1 above indicates the Cronbach Alpha result on SE Performance showing a coefficient of 0.707; SE Social Innovation showing a coefficient of 0.675; Government Financial Assistance showing a coefficient of 0.712; and Private Venture Philanthropic Support showing a coefficient of 0.857. This means that each construct obtained a Cronbach Alpha above the minimum acceptable reliability coefficient of 0.7, and as a result, all variables are considered and accepted for investigative purposes.

4.3.4 SE Performance

In this section, the descriptive statistics for SE Performance is presented.

4.3.4.1 Frequency Distribution: SE Performance

Table 4. 6: **SE Performance Responses**

Statement	Strongly Disagree	Disagree	More or less disagree	Undecided	More or less agree	Agree	Strongly Agree
1. Our business has been experiencing growth	1%	4%	11%	6%	26%	33%	19%
2. Our business has been progressively making greater impact	4%	1%	4%	8%	18%	43%	22%
3. Our business is able to financially sustain itself	3%	11%	9%	14%	26%	28%	10%
4. Our business has been able to meet most of its set goals	1%	3%	14%	8%	31%	33%	9%
5. Our business has been able to increase in market value	1%	8%	8%	12%	23%	36%	11%

Table 4.6 above shows the responses to items related to SE performance in the questionnaire. The results indicate that most participants agreed with the statements posed.

4.3.4.2 Correlation: SE Performance

In this section the correlation matrix or SE Performance is presented and discussed.
The correlation matrix of the items measuring SE Performance is reported in Table 4.7

Table 4. 7: Correlation Matrix: SE Performance

Correlation Matrix

		Our business has been experiencing growth	Our business has been progressively making greater impact	Our business is able to financially sustain itself	Our business has been able to meet most of its set goals	Our business has been able to increase in market value
Correlation	Our business has been experiencing growth	1.000	.481	.414	.612	.519
	Our business has been progressively making greater impact	.481	1.000	.270	.375	.425
	Our business is able to financially sustain itself	.414	.270	1.000	.464	.422
	Our business has been able to meet most of its set goals	.612	.375	.464	1.000	.644
	Our business has been able to increase in market value	.519	.425	.422	.644	1.000

The correlation Matrix in Table 4.8 indicates positive correlations, and all items have a correlation greater than 0.25, with most of them being greater than 0.3. Negative values (-1) indicate negative relationships. Positive values (+1) indicate positive relationships. The significance of r=0.25 correlation (small effect) , r=0.30 (medium effect) and r=0.50 (large effect) (Hauroyi, 2012). This shows that the data was suitable for dimension reduction.

4.3.4.3 Kaiser-Meyer-Olkin and Bartlett's test of Sphericity: Manager credibility

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of Sphericity results for SE Performance are shown in Table 4.8.

Table 4. 8: KMO and Bartlett's Test: SE Performance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.807
Bartlett's Test of Sphericity	Approx. Chi-Square	224.503
	Df	10
	Sig.	.000

Table 4.8 indicates that the Kaiser-Meyer-Olkin test of sampling adequacy for SE Performance was 0.885, which is above the recommended 0.6. The Bartlett's test of sphericity was significant at <0.05 (Hair, Black, Babin, & Anderson, 2013) The correlation results together with the KMO and Bartlett's test show that sufficient correlations exist among the variables and factor analysis can be performed (Tabachnick & Fidell, 2007).

4.3.4.4 Communalities: SE Performance

The communalities results, for SE Performance are shown in Table 4.9

Table 4. 9: Communalities: SE Performance

Communalities

	Initial	Extraction
Our business has been experiencing growth	1.000	.657
Our business has been progressively making greater impact	1.000	.427
Our business is able to financially sustain itself	1.000	.438
Our business has been able to meet most of its set goals	1.000	.700
Our business has been able to increase in market value	1.000	.654

Extraction Method: Principal Component Analysis.

Table 4.9 indicates that the communalities for SE Performance were above 0.3 and explains the variance in manager credibility adequately.

4.3.4.5 Kaiser's criterion and Total Explained Variance: SE Performance

To determine the number of factors that would be used for manager credibility, Kaiser's criterion and scree plot are reported (Tabachnick & Fidell, 2007). The Kaiser's criterion and Total Explained Variance for manager credibility are presented in Table 4.10.

Table 4. 10: Kaiser's Criterion and Total Explained Variance: SE Performance

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.876	57.514	57.514	2.876	57.514	57.514
2	.748	14.960	72.475			
3	.591	11.812	84.287			
4	.470	9.408	93.695			
5	.315	6.305	100.000			

Extraction Method: Principal Component Analysis.

Table 4.10 shows one initial Eigenvalue above 1, signifying a single factor with a Total Explained Variance of 57.52 SE Performance, which is acceptable. According to Pallant (2010) a proportion explained variance of 50% is considered acceptable.

4.3.4.6. Scree Plot: SE Performance

The Scree test allows the determination of the maximum number of factors to retain in factor analysis (Pallant, 2010). The point where the curve begins to straighten out indicates the maximum number of factors to extract. The scree plot for manager credibility is presented in Figure 4.5.

Figure 4. 5 Scree-plot on Manager Credibility

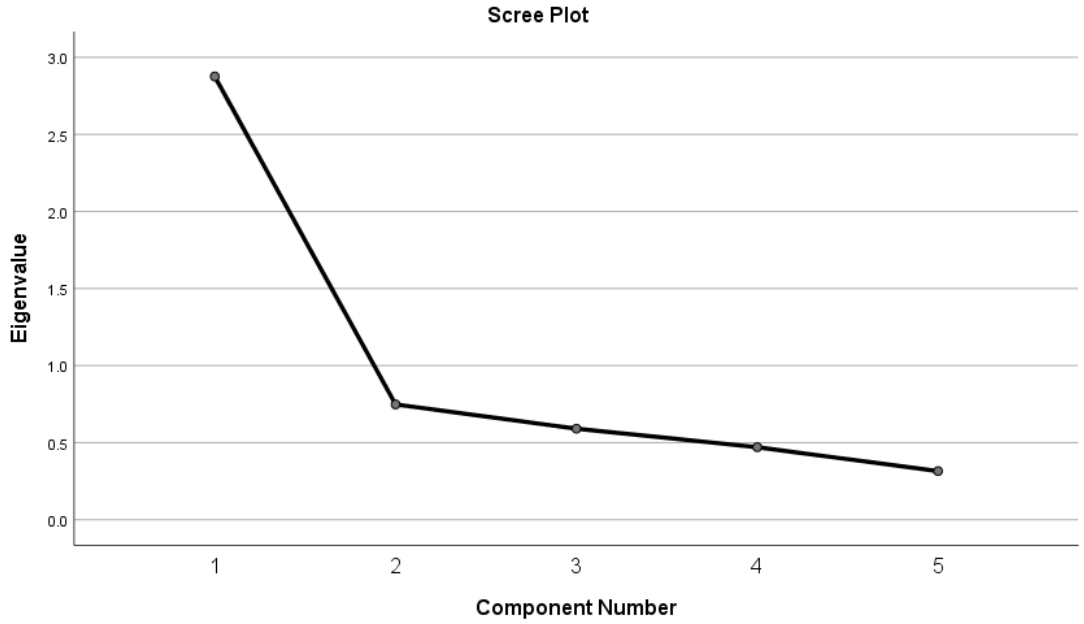


Figure 4.5 indicates the levelling of variables after the first factor which confirms the decision for a one factor solution for SE Performance.

4.3.5 SE Innovation

In the following section, the descriptive statistics for SE Innovation is presented.

4.3.5.1 Frequency Distribution: SE Innovation

Table 4. 11: SE Social Innovation Responses

Statement	Strongly Disagree	Disagree	More or less disagree	Undecided	More or less agree	Agree	Strongly Agree
1. Our business focuses its attention on ideas and solutions that create social value	7%	4%	2%	9%	12%	36%	37%
2. Our vision and aims as a business is the main driver of our business	1%	1%	4%	5%	16%	35%	38%
3. Our business is mainly focused on social progress	1%	7%	9%	12%	25%	29%	17%
4. Our business have measures in place for environment issues	5%	15%	5%	12%	21%	27%	14%
5. Our business aims at collaborative solutions to meet social needs	5%	7%	4%	7%	28%	26%	25%

Table 4.11 above shows the responses gathered with regard to statements on SE Innovation. The results indicate that the majority of participants agreed with the statements posed to them, with the exception of the vision and aims of the business being the main driver of the business, to which most of the participants strongly agreed.

4.3.5.2 Correlation: SE Innovation

In this section the correlation matrix or SE Innovation is presented and discussed.
The correlation matrix of the items measuring SE Innovation is reported in Table 4.12.

Table 4. 12: Correlation Matrix: SE Innovation

Correlation Matrix

		Our business focuses its attention on ideas and solutions that create social value	Our vision and aims as a business is the main driver of our business	Our business is mainly focused on social progress	Our business have measures in place for environment issues	Our business aims at collaborative solutions to meet social needs
Correlation	Our business focuses its attention on ideas and solutions that create social value	1.000	.397	.553	.090	.463
	Our vision and aims as a business is the main driver of our business	.397	1.000	.339	.177	.430
	Our business is mainly focused on social progress	.553	.339	1.000	.287	.567
	Our business have measures in place for environment issues	.090	.177	.287	1.000	.525
	Our business aims at collaborative solutions to meet social needs	.463	.430	.567	.525	1.000

The correlation matrix in Table 4.12 indicates positive correlations, with most of them being greater than 0.3, which shows that there is a medium positive correlation between the elements. This shows that the data was suitable for dimension reduction.

4.3.5.3 Kaiser-Meyer-Olkin and Bartlett's test of Sphericity: SE Innovation

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of Sphericity results for SE Innovation are shown in Table 4.13.

Table 4. 13: KMO and Bartlett's Test: SE Innovation

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.714
Bartlett's Test of Sphericity	Approx. Chi-Square	193.795
	Df	10
	Sig.	.000

Table 4.13 indicates that the Kaiser-Meyer-Olkin of sampling adequacy for SE Innovation was 0.714, which is above the recommended 0.6. The Bartlett's test of Sphericity was significant at <0.05 (Hair et al., 2013) The correlation results together with the KMO and Bartlett's test show that sufficient correlations exist among the variables and thus factor analysis can be performed.

4.3.5.4 Communalities: SE Innovation

The communalities results for SE Innovation is shown in Table 4.14.

Table 4. 14: Communalities: SE Innovation

Communalities

	Initial	Extraction
Our business focuses its attention on ideas and solutions that create social value	1.000	.519
Our vision and aims as a business is the main driver of our business	1.000	.414
Our business is mainly focused on social progress	1.000	.631
Our business have measures in place for environment issues	1.000	.292
Our business aims at collaborative solutions to meet social needs	1.000	.724

Extraction Method: Principal Component Analysis.

Table 4.14 indicates the communities for SE Innovation were above 0.3 and explain the variance in SE Innovation adequately.

4.3.5.5 Kaiser's criterion and Total Explained Variance: SE Innovation

To determine the number of factors that would be used for SE Innovation, Kaiser's criterion and scree plot are reported (Tabachnick & Fidell, 2007). The Kaiser's criterion and Total Explained Variance for SE Innovation are presented in Table 4.15.

Table 4. 15: Kaiser's Criterion and Total Explained Variance: SE Innovation

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.580	51.591	51.591	2.580	51.591	51.591
2	.995	19.890	71.482			
3	.692	13.846	85.328			
4	.402	8.046	93.373			
5	.331	6.627	100.000			

Extraction Method: Principal Component Analysis.

Table 4.15 shows one initial Eigenvalue above 1, signifying a single factor with a Total Explained Variance of 51.60 SE Performance, which is acceptable (Pallant, 2010).

4.3.5.6 Scree Plot: SE Innovation

The Scree test allows the determination of the maximum number of factors to retain in factor analysis (Pallant, 2010).The scree plot for SE Innovation is presented in figure 4.6.

Figure 4. 6: Scree-plot on SE Innovation

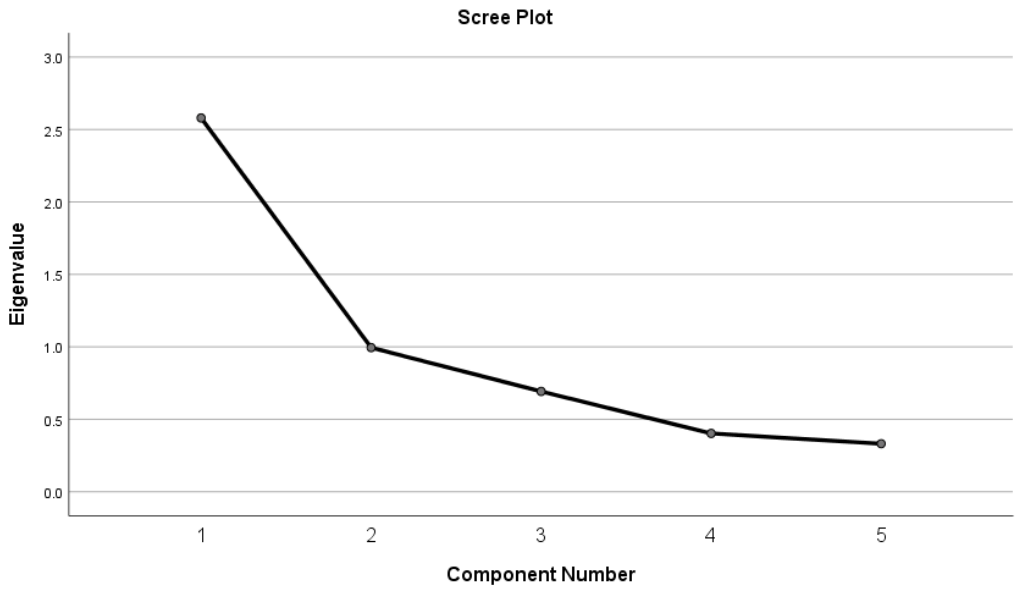


Figure 4.6 indicates the levelling of variables after the first factor which confirms the decision for a one factor solution for SE Performance.

4.3.6 Government Financial Assistance

In this section, the descriptive statistics for Government Financial Assistance is presented.

4.3.6.1 Frequency Distribution: Government Financial Assistance

Table 4. 16: SE Government Financial Assistance

Statement	Strongly Disagree	Disagree	More or less disagree	Undecided	More or less agree	Agree	Strongly Agree
1. There are a lot of government financial assistance programmes available	15%	20%	14%	11%	20%	12%	8%
2. It is not difficult to get government funding	35%	30%	9%	9%	5%	6%	6%
3. Financial assistance from the government has been one of the main ways the government is supporting our business	51%	17%	9%	4%	5%	10%	3%
4. Government financial assistance has helped me set up my business	62%	17%	3%	6%	6%	3%	4%
5. Government financial assistance has helped me expand my business	57%	14%	6%	9%	5%	7%	2%

Table 4.16 above shows the responses gathered with regard to statements on Government Financial Assistance. The results indicate that the majority of participants agreed with the statements posed to them, with the exception of the vision and aims of the business being the main driver of the business, to which most of the participants strongly agreed.

4.3.6.2 Correlation: Government Financial Assistance

In this section the correlation matrix for Government Financial Assistance is presented and discussed.

The correlation matrix of the items measuring Government Financial Assistance is reported in Table 4.17.

Table 4. 17: Correlation Matrix: Government Financial Assistance

Correlation Matrix

		There are a lot of government financial assistance programmes available	It is not difficult to get government funding	Financial assistance from the government has been one of the main ways the government is supporting our business	Government financial assistance has helped me set up my business	Government financial assistance has helped me expand my business
Correlation	There are a lot of government financial assistance programmes available	1.000	.368	.420	.367	.424
	It is not difficult to get government funding	.368	1.000	.352	.224	.248
	Financial assistance from the government has been one of the main ways the government is supporting our business	.420	.352	1.000	.732	.675
	Government financial assistance has helped me set up my business	.367	.224	.732	1.000	.781
	Government financial assistance has helped me expand my business	.424	.248	.675	.781	1.000

The correlation Matrix in Table 4.17 indicates positive correlations, with most of them being greater than 0.3, which shows that there is a medium positive correlation between the variables. This shows that the data was suitable for dimension reduction.

4.3.6.3 Kaiser-Meyer-Olkin and Bartlett's test of Sphericity: Government Financial Assistance

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of sphericity results regarding Government Financial Assistance are shown in Table 4.18.

Table 4. 18: KMO and Bartlett's Test: Government Financial Assistance

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.773
Bartlett's Test of Sphericity	Approx. Chi-Square	298.254
	Df	10
	Sig.	.000

Table 4.18 indicates that the Kaiser-Meyer-Olkin test of sampling adequacy for Government Financial Assistance was 0.773, which is above the recommended 0.6. The correlation results together with the KMO and Bartlett's test show that sufficient correlations exist among the variables and thus factor analysis can be performed.

4.3.6.4 Communalities: Government Financial Assistance

The communalities results, for manager credibility are shown in Table 4.19

Table 4. 19: Communalities: Government Financial Assistance

Communalities

	Initial	Extraction
There are a lot of government financial assistance programmes available	1.000	.414
It is not difficult to get government funding	1.000	.247

Financial assistance from the government has been one of the main ways the government is supporting our business	1.000	.754
Government financial assistance has helped me set up my business	1.000	.750
Government financial assistance has helped me expand my business	1.000	.750

Extraction Method: Principal Component Analysis.

Table 4.19 indicates that the communalities for Government Financial Assistance were above 0.3 and explain the variance in Government Financial Assistance adequately.

4.3.6.5 Kaiser's criterion and Total Explained Variance: Government Financial Assistance

To determine the number of factors that would be used for Government Financial Assistance, Kaiser's criterion and scree plot were reported. The Kaiser's criterion and Total Explained Variance for Government Financial Assistance are presented in Table 4.20.

Table 4. 20: Kaiser's Criterion and Total Explained Variance: Government Financial Assistance

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.916	58.310	58.310	2.916	58.310	58.310
2	.954	19.082	77.392			
3	.612	12.233	89.625			
4	.317	6.333	95.958			
5	.202	4.042	100.000			

Extraction Method: Principal Component Analysis.

Table 4.20 shows one initial Eigenvalue above 1, signifying a single factor with a Total Explained Variance of 58.31 for Government Financial Assistance, which is considered as acceptable.

4.3.6.6 Scree Plot: Government Financial Assistance

The Scree test allows the determination of the maximum number of factors to retain in factor analysis (Pallant, 2010).The scree plot for Government Financial Assistance is presented in Figure 4.7.

Figure 4. 7: Scree-plot on Manager Credibility

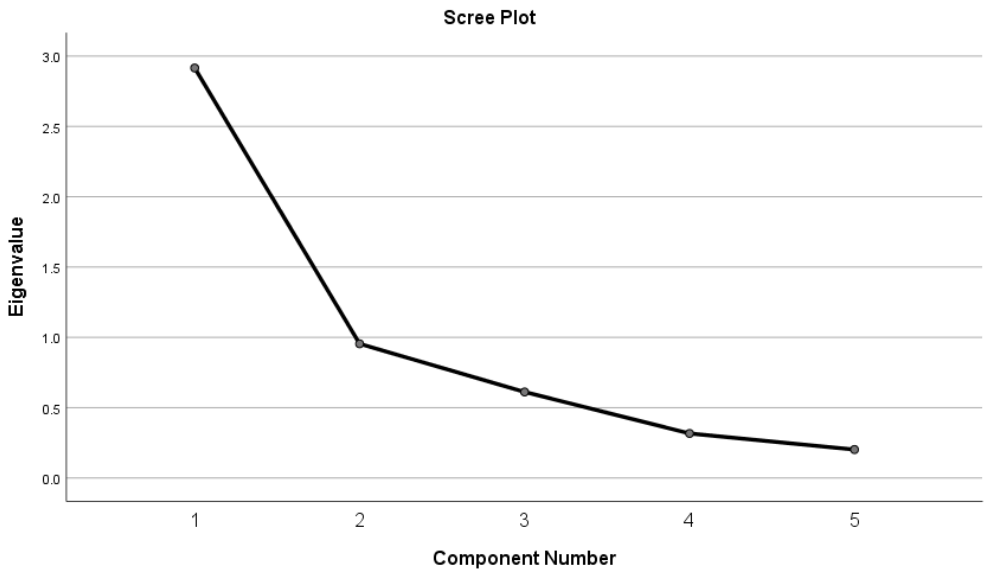


Figure 4.7 indicates the levelling of variables after the first factor, which confirms the decision for a one factor solution for Government Financial Assistance.

4.3.7 Private Venture Philanthropic Support

In this section, the descriptive statistics for Private Venture Philanthropic Support is presented.

4.3.7.1 Frequency Distribution: Private Venture Philanthropic Support

Table 4. 21: Private Venture Philanthropic Support

Statement	Strongly Disagree	Disagree	More or less disagree	Undecided	More or less agree	Agree	Strongly Agree
1. There are a lot of philanthropic organisations who support our business.	17%	21%	10%	4%	23%	12%	2%
2. It is not difficult to get assistance from philanthropic organisations	13%	27%	15%	21%	17%	6%	1%
3. Philanthropic support is very important in running a social enterprise	5%	10%	5%	14%	22%	24%	20%
4. Philanthropic assistance has helped me set up my business	31%	22%	6%	17%	11%	7%	5%
5. Philanthropic assistance has helped me in growing my business	29%	17%	7%	13%	3%	17%	4%

Table 4.21 above shows the responses gathered from participants when posed with statements regarding Private Venture Philanthropic Support. The results indicate that the majority of participants either strongly disagreed or disagreed with the statements.

4.3.7.2 Correlation: Private Venture Philanthropic Support

In this section the correlation matrix for Private Venture Philanthropic Support is presented and discussed.

The correlation matrix of the items measuring Private Venture Philanthropic Support is reported in Table 4.22

Table 4. 22: Correlation Matrix: Private Venture Philanthropic Support

Correlation Matrix

		There are a lot of philanthropic organisations who support our business.	It is not difficult to get assistance from philanthropic organisations	Philanthropic support is very important in running a social enterprise	Philanthropic assistance has helped me set up my business	Philanthropic assistance has helped me in growing my business
Correlation	There are a lot of philanthropic organisations who support our business.	1.000	.516	.311	.558	.640
	It is not difficult to get assistance from philanthropic organisations	.516	1.000	.272	.427	.377
	Philanthropic support is very important in running a social enterprise	.311	.272	1.000	.392	.420
	Philanthropic assistance has helped me set up my business	.558	.427	.392	1.000	.797
	Philanthropic assistance has helped me in growing my business	.640	.377	.420	.797	1.000

The correlation Matrix in Table 4.22 indicates positive correlations, with all of them being greater than 0.3 which shows that there is a medium positive correlation between the variables. This shows that the data was suitable for dimension reduction.

4.3.7.3 Kaiser-Meyer-Olkin and Bartlett's test of Sphericity: Private Venture Philanthropic Support

The Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett's test of Sphericity results for Private Venture Philanthropic Support are shown in Table 4.23

Table 4. 23: KMO and Bartlett's test: Private Venture Philanthropic Support

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.748
Bartlett's Test of Sphericity	Approx. Chi-Square	285.388
	Df	10
	Sig.	.000

Table 4.23 indicates that the Kaiser-Meyer-Olkin test of sampling adequacy for Private Venture Philanthropic Support was 0.748, which is above the accepted 0.6. The correlation results, together with the KMO and Bartlett's test, show that sufficient correlations exist among the variables and therefore factor analysis can be performed.

4.3.7.4 Communalities: Private Venture Philanthropic Support

The communalities results, for Private Venture Philanthropic Support in Table 4.24

Table 4. 24: Communalities: Private Venture Philanthropic Support

Communalities

	Initial	Extraction
There are a lot of philanthropic organisations who support our business.	1.000	.652
It is not difficult to get assistance from philanthropic organisations	1.000	.433
Philanthropic support is very important in running a social enterprise	1.000	.344
Philanthropic assistance has helped me set up my business	1.000	.737
Philanthropic assistance has helped me in growing my business	1.000	.768

Extraction Method: Principal Component Analysis.

Table 4.24 indicates the communalities for Private Venture Philanthropic Support were above 0.3 and explain the variance in Private Venture Philanthropic Support adequately.

4.3.7.5 Kaiser's criterion and Total Explained Variance: Private Venture Philanthropic Support

To determine the number of factors that would be used for Private Venture Philanthropic Support, Kaiser's criterion and scree plot were reported. The Kaiser's criterion and Total Explained Variance for Private Venture Philanthropic Support are presented in Table 4.25.

Table 4. 25: Kaiser's Criterion and Total Explained Variance: Private Venture Philanthropic Support

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.934	58.675	58.675	2.934	58.675	58.675
2	.779	15.575	74.251			
3	.687	13.733	87.984			
4	.418	8.364	96.348			
5	.183	3.652	100.000			

Extraction Method: Principal Component Analysis.

Table 4.25 shows one initial Eigenvalue above 1, signifying a single factor with a Total Explained Variance of 58.31 for Private Venture Philanthropic Support, which is considered as acceptable.

4.3.7.6 Scree Plot: Private Venture Philanthropic Support

The Scree test allows the determination of the maximum number of factors to retain in factor analysis (Pallant, 2010). The scree plot for Private Venture Philanthropic Support is presented in figure 4.6.

Figure 4. 8: Scree-plot on Private Venture Philanthropic Support

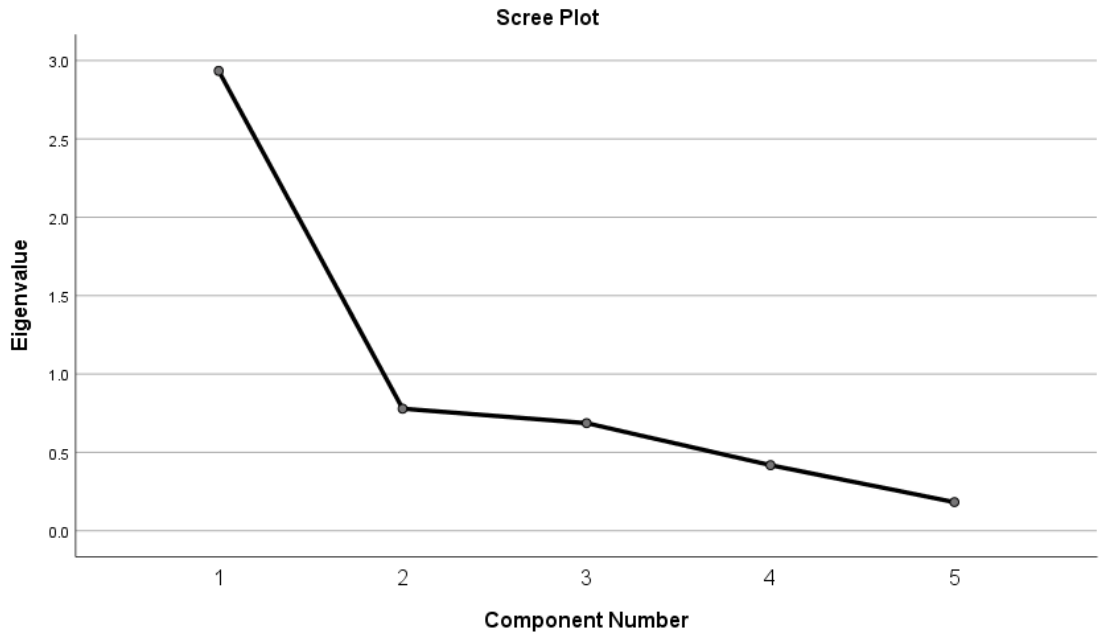


Figure 4.8 indicates the levelling of variables after the first factor which confirms the decision for a one factor solution for Government Financial Assistance.

4.4 Results pertaining to Hypothesis 1 OR Proposition 1 OR Research Question 1

In this section the results pertaining to H1: There is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.

4.4.1 Spearhman rho Correlation between government (a) financial and (b) non-financial assistance and SE venture performance.

In order to determine the relationship between government (a) financial and (b) non-financial assistance a Spearman rho Correlation is done.

Table 4. 26 : Correlation between SE Venture Performance and Access to Government Support Government Financial Assistance

		There are a lot of government financial assistance programmes available	It is not difficult to get government funding	Financial assistance from the government has been one of the main ways the government is supporting our business	Government financial assistance has helped me set up my business	Government financial assistance has helped me expand my business
Our business has been experiencing growth	Correlation Coefficient	0.146	.298**	0.085	0.082	0.129
	Sig. (2-tailed)	0.087	0.000	0.324	0.339	0.131
Our business has been progressively making greater impact	Correlation Coefficient	0.080	0.126	-0.026	-0.068	-0.006
	Sig. (2-tailed)	0.354	0.140	0.766	0.427	0.940
Our business is able to financially sustain itself	Correlation Coefficient	-0.027	.240**	-0.041	-0.087	-0.067
	Sig. (2-tailed)	0.756	0.005	0.633	0.312	0.437
Our business has been able to meet most of its set goals	Correlation Coefficient	0.144	.186*	-0.061	0.034	0.107
	Sig. (2-tailed)	0.093	0.029	0.476	0.696	0.213
Our business has been able to increase in market value	Correlation Coefficient	0.141	.225**	0.065	0.093	0.162
	Sig. (2-tailed)	0.098	0.008	0.448	0.278	0.058

Table 4.26 above shows the correlations between SE Venture Performance and Access to Government Support Government Financial Assistance. The results showed that there was mostly no significant positive relationship between elements indicating Access to government support and SE Performance. However, there was a positive correlation between some of the variables. One of the most significant correlations is between two statements:

- Our business has been experiencing business growth; and
- It is not difficult to get government funding (r=0,298, p < .000)

This result shows that there is a strong relationship between the business experiencing business growth and the SE not finding it difficult to get government funding.

4.4.2 Regression Analysis

To determine the relationship between government (a) financial and (b) non-financial assistance a Multiple Regression Analysis was done. The results are displayed on Table 4.27 below.

Table 4. 27: Regression Analysis: Government financial assistance has helped me set up my business and SE Performance.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.056[a]	.003	-.004	1.673

a. Predictors: (Constant), Our business has been able to increase in market value

b. Dependent Variable: Government financial assistance has helped me set up my business

This indicates the number of the model being reported. R – R is the square root of R-Squared and is the correlation between the observed and predicted values of the dependent variable. R-Square is the proportion of variance in the dependent variable aggregated academic average for the degree which can be predicted from the independent variables (SE Performance). This value indicates that 4% of the variance in government financial assistance has been helpful in the setting up of the business and thus supporting their business scores can be predicted from the variable SE Performance.

The one-way analysis of variance (ANOVA) test was done to determine the association between "Government financial assistance has helped me set up my business" and SE Performance. The results are shown in Table 4.28 below.

Table 4. 28: Linear Regression: Anova

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.195	1	1.195	.427	.515[b]
	Residual	380.805	136	2.800		
	Total	382.000	137			

a. Dependent Variable: Government financial assistance has helped me set up my business

b. Predictors: (Constant), Our business has been able to increase in market value

The F-value is the Mean Square Regression (1.19532) divided by the Mean Square Residual (380.805.840), yielding F=0.427.091, the p-value associated with this F value is large (0.368). These values are used to answer the question "Do the independent variables reliably predict the dependent variable?" The p-value is compared to the alpha value (typically 0.05) and, if smaller, the conclusion can be drawn: "Yes, the independent variables reliably predict the dependent variable". This is in line with Verhagen, Ostelo, and Rademaker (2004) who states that the p-value is used to test whether the null value should be rejected. The p-value is used as a dichotomous measure of evidence which shows whether the finding is significant or not. It can be concluded that the variable "Government assistance being helpful in setting up the business" cannot be used to predict the SE Performance, since the p-value is greater than 0.05.

4.5 Results pertaining to Hypothesis 2

This section analyses the results pertaining to H2: There is a significant positive relationship between SE high social innovation and access to philanthropic venture capital.

4.5.1 Spearhman rho Correlation between SE high social innovation and access to philanthropic venture capital.

In order to determine the relationship between SE high social innovation and access to philanthropic venture capital a Spearman rho Correlation was done.

Table 4. 29: Correlation between SE high social innovation and access to philanthropic venture capital.

Correlations

		There are a lot of philanthropic organisations who support our business.	It is not difficult to get assistance from philanthropic organisations	Philanthropic support is very important in running a social enterprise	Philanthropic assistance has helped me set up my business	Philanthropic assistance has helped me in growing my business
Our business focuses its attention on ideas and solutions that create social value	Correlation Coefficient	.178*	0.153	0.094	0.159	.180*
	Sig. (2-tailed)	0.037	0.074	0.274	0.062	0.035
Our vision and aims as a business is the main driver of our business	Correlation Coefficient	0.156	0.002	.207*	0.083	0.084
	Sig. (2-tailed)	0.068	0.980	0.015	0.333	0.327
Our business is mainly focused on social progress	Correlation Coefficient	.269**	0.147	.195*	.184*	.292**
	Sig. (2-tailed)	0.001	0.085	0.022	0.031	0.001
Our business have measures in place for environment issues	Correlation Coefficient	0.109	0.084	0.033	-0.022	-0.022
	Sig. (2-tailed)	0.201	0.327	0.704	0.795	0.795
Our business aims at collaborative solutions to meet social needs	Correlation Coefficient	.343**	.198*	0.108	.202*	.178*
	Sig. (2-tailed)	0.000	0.020	0.209	0.017	0.036

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.29 above shows the correlations between SE high social innovation and access to philanthropic venture capital. The results show that there is a positive correlation between the two variables. One of the most significant correlations is between:

- Philanthropic assistance has helped me in growing my business; and
- Our business is mainly focused on social progress ($r=0.292$, $p < .001$)

These results show that there is a strong relationship between the business experiencing business growth and an SE not finding it difficult to get government funding.

4.5.2 Regression Analysis

To determine the relationship between SE high social innovation and access to philanthropic venture capital, a regression analysis was done. The results are displayed on Table 4.30 below.

Table 4. 30: Regression Analysis: SE high social innovation and access to philanthropic venture capital.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.188[a]	.035	.028	1.862

a. Predictors: (Constant), Our business focuses its attention on ideas and solutions that create social value

b. Dependent Variable: Philanthropic assistance has helped me set up my business

This indicates the number of the model being reported. R – R is the square root of R-Squared and is the correlation between the observed and predicted values of the dependent variable. R-Square is the proportion of variance in the dependent variable aggregated academic average for the degree which can be predicted from the independent variables (Philanthropic assistance). This value indicates that 3.5% of the variance in "Philanthropic assistance has helped me set up my business scores" can be predicted from the variable SE Social Innovation.

The one-way analysis of variance (ANOVA) test was done to determine the association between SE high social innovation and access to philanthropic venture capital is shown on Table 4.31 below.

Table 4. 31: Linear Regression: Anova

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.192	1	17.192	4.957	.028[b]
	Residual	471.627	136	3.468		
	Total	488.819	137			

a. Dependent Variable: Philanthropic assistance has helped me set up my business

b. Predictors: (Constant), Our business focuses its attention on ideas and solutions that create social value

The F-value is the Mean Square Regression (17.192) divided by the Mean Square Residual (17.192), yielding F=4.957 the p-value associated with this F-value is small (0.028). Taking this into consideration, it can be concluded that the variable SE Social Innovation can be used to predict the Private Venture Philanthropic Support, since the p-value is less than 0.05.

4.6 Results pertaining to Hypothesis 3

In this section the results pertaining to H3 are analysed: There is a significant positive relationship between SE social innovation and Social Entrepreneurial venture performance.

4.6.1 Spearhman rho Correlation between SE social innovation and Social Entrepreneurial venture performance.

In order to determine the relationship between SE social innovation and Social Entrepreneurial venture performance, a Spearman rho Correlation was done.

Table 4. 32: Correlation between SE high social innovation and access to philanthropic venture capital.

		Our business has been experiencing growth	Our business has been progressively making greater impact	Our business is able to financially sustain itself	Our business has been able to meet most of its set goals	Our business has been able to increase in market value
Our business focuses its attention on ideas and solutions that create social value	Correlation Coefficient	.179*	.251**	-0.026	0.115	0.068
	Sig. (2-tailed)	0.036	0.003	0.765	0.179	0.425
Our vision and aims as a business is the main driver of our business	Correlation Coefficient	.281**	.287**	0.000	.261**	.253**
	Sig. (2-tailed)	0.001	0.001	0.997	0.002	0.003
Our business is mainly focused on social progress	Correlation Coefficient	0.089	.314**	-0.117	0.120	0.044
	Sig. (2-tailed)	0.301	0.000	0.172	0.160	0.605
Our business have measures in place for environment issues	Correlation Coefficient	.201*	.260**	0.125	0.147	0.157
	Sig. (2-tailed)	0.018	0.002	0.143	0.086	0.066
Our business aims at collaborative solutions to meet social needs	Correlation Coefficient	0.089	.293**	-0.029	0.109	0.122
	Sig. (2-tailed)	0.298	0.000	0.734	0.202	0.155

Table 4.32 above shows the correlations between SE high social innovation and access to philanthropic venture capital. The results show that there is a positive correlation between the two variables. One of the most significant correlations is between:

- Our business is mainly focused on social progress; and
- Our business has been progressively making greater impact (r=0,314, p < .000)

These results show that there is a strong relationship between the business focusing on social progress and the business progressively making an impact.

4.7 Summary of the results

The results showed that there is no significant relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance. However, the results showed that there is a significant positive relationship between SE high social innovation and access to philanthropic venture capital. In addition to this, a significant positive relationship between Social Entrepreneurial social innovation and Social Entrepreneurial venture performance is also observed.

CHAPTER 5

DISCUSSION OF THE RESULTS

5.1 Introduction

In this chapter a discussion of the results as presented in chapter 4 are done. The discussion is explained against theoretical statements that were discussed in Chapter 2. Demographics of the study are briefly discussed, followed by the scrutiny of results of the hypotheses that were proposed and certain conclusions that can be drawn from this chapter.

5.2 Demographic Profile of Respondents

The data for the study was collected using an online survey. This was done through the use of the Wits Qualtrics platform. A survey link was sent to the sampled participants through the use of various communication tools such as emails and WhatsApp to allow the participants to answer at their convenience. This approach assisted in getting enough numbers to run statistical analyses. From a total of 198 responses, 138 responses remained after data cleaning as some of the responses were not completed.

In order to test for data reliability, the Cronbach Alpha was used as a reliability test. The results showed that the results were reliable with SE Performance having an alpha of 0.707; SE Innovation 0.703; Government Financial Assistance 0.712; and Private Venture Philanthropic Support 0.857. These results show that there was a relatively high level of reliability as outlined by Manerikar and Manerikar (2015) and Tonidandel et al. (2016).

Most of the participants who took part in the survey were male (58%) and 42% were females. These results are in agreement with reports by GEM (2018), which indicate that females get less opportunities for social entrepreneurship with a Female / Male opportunity ratio of 0.80. This could be attributed to several factors, for example, the

society and culture of the country, as males who engage into entrepreneurship often receive more social and financial support (GEM, 2018). Participants were also asked to indicate their age group, and most of them were in the 30 to 49 years age group and the results demonstrated a normal distribution. This age bracket can be defined as the most enterprising age group in South Africa (Visser, 2011).

The respondents were asked to indicate their highest educational qualifications. The results show that most of the respondents were degree holders with 36% of them being in this category. The distribution shows that generally most of the social entrepreneurs who took part in the survey were relatively educated with most of them having at least a diploma. This is indicative of the high level of expertise that is required in setting up a social enterprise (Visser, 2011), as well as the high level of administration requirements needed in setting up a business in South Africa, especially a social enterprise (GEM, 2018). The respondents were asked to indicate the total number of employees within their organisations. On this, most of them indicated that they were less than 5 employees within their organisation.

5.3 Discussion pertaining to Hypothesis 1

The study sought to investigate the factors contributing towards SE venture sustainability in South Africa.

Firstly, we look at the relationship between access to government assistance (financial and non-financial) to SE venture performance.

The hypothesis is

- H1: There is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.

In order to find out if a positive relationship exists between access to government (a) financial and (b) non-financial assistance and SE venture performance, a Spearman rho analysis as well as a regression analysis was done. The Spearman rho showed that government (a) financial and (b) non-financial assistance was not significantly related to SE Performance. The results from the linear regression analysis show that government assistance was not playing a significant role in SE venture performance. This was shown

by a non-significant regression between the two variables (F (366.840) = 1.09, p<.368). These results are in agreement with scholars such Czischke et al. (2012) who argue that governments are no longer the most significant contributors towards the performance and success of SE ventures as there is now a heavier reliance for funding on philanthropic sources. In agreement, Littlewood and Holt (2018) outline that, in South Africa, government funding has not been readily accessible. In this regard, both the literature review and the primary findings show that government funding is no longer the main form of funding for SE ventures.

However, there was a positive correlation between some of the variables, for example the business experiencing government growth and the business not finding it difficult to get government funding (r=0,298, p < .000). These results are in agreement with scholars such as Jiao (2011) who outlined that the involvement of government in the promotion of social enterprises had a positive impact on the performance and sustainability of these enterprises. This is more evident in developed countries such as the United Kingdom (Jiao, 2011), and Belgium (Seforis, 2014). Taking these findings into consideration, it can be noted that while government assistance (financial and non-financial) is not significant in their contribution towards SE venture performance there are activities such as the improved accessibility to government funding which have some positive effect on SE venture growth.

5.4 Discussion pertaining to Hypothesis 2

Secondly, we look at the relationship between SE high innovation and access to philanthropic venture capital.

The hypothesis is

- H2: There is a significant positive relationship between SE high social innovation and access to philanthropic venture capital.

In order to find out if a positive relationship exists between SE high social innovation and access to philanthropic venture capital, a Spearman rho analysis as well as a regression analysis was done. The Spearman rho showed that there was a positive relationship between SE high social innovation and access to philanthropic venture capital. The significant and positive relationship could be proved by p-values that were higher than

the acceptable one (p>0.05). The highest correlation was observed between philanthropic assistance being helpful in growing the business and the business being focused on social progress (r=0,292, p < .001). In addition to the Spearman rho Correlation Analysis, a linear regression analysis was done. The results show that government assistance was not playing a significant role in SE venture performance. This was shown by a significant regression between the two variables (F (8.084) = 2.380, p<.042).

The results from the data analysis are in agreement with Grenier (2006), who states that most philanthropic organisations focus on the assessment and measurement of social impact as a basis for philanthropic venture capital provision. In agreement to this, Urban (2011) argues that most philanthropic organisations give pre-eminence to the social innovativeness of the social enterprise when granting funding to them. These results show that there is a close and positive relationship between SE high social innovation and access to philanthropic venture capital. In this regard, SE ventures who had high social innovation were more likely to get philanthropic venture capital, thus allowing them an improved chance for better SE performance and sustainability.

5.5 Discussion pertaining to Hypothesis 3

Thirdly, we look at the relationship between SE innovation and SE venture performance.
The hypothesis is

- H3: There is a significant positive relationship between SE social innovation and SE venture performance.

In order to find out if a positive relationship exists between SE social innovation and SE venture performance, a Spearman rho analysis as well as a regression analysis was done. The Spearman rho showed that there was a positive relationship between SE social innovation and SE venture performance. The significant and positive relationship could be demonstrated by p-values that were higher than the acceptable one (p > 0.05). The highest correlation was observed between SE high social innovation and access to philanthropic venture capital (r = 0.314, p < .000). These results show that there is a strong relationship between the business focusing on social progress and the business progressively making an impact. This finding is in agreement with Prahalad and Hamel

(1990) who argue that businesses who are making a greater social impact through high social innovation are increasingly becoming more competitive as they usually have more sustained high performance than other businesses within the same industry.

In agreement with the findings regarding the positive relationship between social innovation and SE venture performance, Visser (2011) outlines that social enterprises that have high social innovation have been performing better than their counterparts that do not have high social innovation. In making this argument, Visser (2011) states that most of these SEs with high social innovation were usually hybrid in nature, implying that they usually engage in some commercial activities in order to sustain their vision and mission. This finding is in agreement with Phills et al. (2008), who argue that the high social innovation helps social enterprises to be creative in their approach to solving social problems, leading to better performance than peer social enterprises, as well as other enterprises.

5.6 Conclusion

In this study a discussion of the results were done. The results from the primary research showed that government assistance did not necessarily lead to an improvement in the SE venture performance. This finding was in close agreement with most of the literature from previous studies. There was seen to be a positive relationship between SE high social innovation and access to philanthropic venture capital. This was in agreement with most of the literature as social innovation was regarded as important during the assessment by philanthropic organisations for the provision of venture capital. The results also indicated that SE social innovation led to improved Social Entrepreneurial venture performance.

CHAPTER 6

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This study aimed at investigating the factors contributing towards SE venture sustainability in South Africa. In doing so, the study looked at the relationship between government assistance and SE venture performance. In addition to this, the study also looked at the relationship between SE high social innovation and access to philanthropic venture capital. A consideration of whether SE innovation resulted in an improved SE venture performance was done. Three hypotheses were formed in line with these which were tested using evidence from primary data. The primary data was collected from social entrepreneurs in Cape Town through an online survey. This data was analysed and results were obtained. This chapter will discuss the conclusions, implications and recommendations of the study.

6.2 Conclusions of the Study

Findings from the study indicate that there are a lot of factors that influence the sustainability of SE ventures' sustainability in South Africa. These factors include the funding mechanism and social innovation (Bugg-Levine et al., 2012; Czischke et al., 2012). The findings reveal that funding remains one of the main contributing factors in the sustainability for social enterprises with many social enterprises, including those in South Africa, finding it difficult to get funding through traditional means such as bank loans (Sunley & Pinch, 2012). The results also showed that there is a relationship between the source of funding and the revenue generated by the social enterprise. There have been other funding mechanisms such as government grants, loans and philanthropic venture capital funding which have taken a leading role in the financing of social enterprises (Kaiser et al., 2007).

The government of South Africa has been making efforts to address social and economic inequalities through their support to black businesses. One of the ways that the government has done so is through the use of legislation such as the Broad-Based Black Economic Empowerment (B-BBEE) initiative requires that organisations in need of funding are to meet certain requirements, as a designated proportion of the business' owners must be black (Martin, 2011). This indicates the significant role that government grants play in the funding of social enterprises. However, this funding is usually not accessible to SE as they usually fail to meet other criteria such as economic viability (Martin, 2011). In this regard, most of the funding for SEs still originates from non-governmental grants and donations. Therefore, this study hypothesises that; despite government assistance playing a role in SE venture sustainability, the results from the primary research showed that this role was not significant in the SE venture sustainability in South Africa.

The findings also revealed that there was a close relationship between social innovation and philanthropic venture capital access, with many philanthropic venture capitalists choosing to fund SEs with high social innovation (Urban, 2011). There are many possible reasons for this, one of them is that SEs with a high social innovation usually have more creativity in terms of engaging in more sustainable business activities (Urban, 2011). In addition to this, these SEs would usually become hybrid in nature, in that they will engage in commercial activities in order to sustain their activities leading to the achievement of their social mission (Visser, 2011).

Venture capitalists usually pay particular interest on measuring a social enterprise's social impact and cost-benefits is the cost-effectiveness approach (CEA). This is done in an attempt to quantify the non-monetized benefit that will be obtained. This was supported by the findings in this research as social innovation played a huge influence on the accessibility of venture capital. The findings from the study show that social innovation usually lead to an improvement in SE venture performance. Social enterprises that have high levels of social innovation as well as more access to funding, were seen to be more innovative in carrying out their activities. The results also indicated that SE social innovation leads to improved Social Entrepreneurial venture performance.

6.3 Implications and Recommendations

This study has offered and updated information, and also makes an expansion on the theory on social entrepreneurship in the South African context which will be useful to prospective social entrepreneurs seeking to structure such organizations. This is particularly important in the South African context as the social enterprises, characteristic of most developing countries, are relatively low. The entrepreneurial landscape has not been very supportive of social enterprises, with constraints such as heavy administration procedures in the registration of social enterprises. In addition to this, obtaining funding for social enterprises has been a challenge for many SE start-ups. Comparatively, the South African landscape is still being dominated by charity and donor organisations.

The study has also helped in the creation of new knowledge which may help narrow the knowledge gap within this discipline as this is an area which is not yet well researched, especially within the South African context. Most previous studies have focused on the impact of social enterprises in addressing social needs, however this study is unique in that it addressed the sustainability, specifically the economic sustainability, of social enterprises. It has become increasingly important for social enterprises to be economically sustainable as the operation environment is increasingly more hostile. In addition to this, there has been a reduction in donor agencies and other forms of funding, therefore there is a need for social enterprises to be able to recover, at least in part, some of their operational expenses.

The new knowledge and new insights will help government and civil society policy makers to formulate policies that can help encourage social entrepreneurship in the country. More specifically, there is need for government to be actively involved in the funding of SE ventures. One of the ways that the government might achieve this is to set up separate funding for social enterprises, as there is a tendency of social enterprises being overshadowed by other enterprises in accessing the available funding. The government in particular will find the information relevant in the formulation of social and economic policies. In addition to this, the study may help in the creation of a bespoke model

framework that supports knowledge, policy making and identifies pitfalls to SE start-ups in South Africa.

6.4 Limitations of the study

There are a number of limitations that can be noted in this study. One of the main limitations for this study was time, as the researcher did not have adequate time to do several data collection exercises. The data collection was done using the one main tool, which was an online distributed questionnaire which may have posed a limitation, as the participants had to have the electronic tools and devices to take part in the research. This resulted in only those who have access to these electronic tools taking part in the research. In addition to this, the study focused on a specific location, which was Cape Town. This may pose a limitation to the generalisation of the findings to other areas and regions in the country whose environment might be substantially different from Cape Town.

6.5 Suggestions for further research

Firstly, based on the limitation of the current study, ample opportunities were presented for future research while using the same design and framework. Future researches should look into ways in which the predictors of social innovation may be considered instead of focusing solely on its effect on performance. This may add more insight on the personality of the social enterprise themselves, as well as the cultures which exist in social enterprises. In addition to this, the study focused on a single point in time, therefore a longitudinal study coupled with empirical evidence from business financial reports will add more light on the sustainability of the businesses, in particular the economic sustainability. Further research should consider both quantitative and qualitative techniques in order to understand the phenomena in more detail. By considering a qualitative type of research such as field interviews, there will be a deeper understanding of the phenomenon.

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APPENDICES

APPENDIX A

Survey Questionnaire

Questionnaire Instructions:

- Answer the questions as they relate to you. Check the box with the answer that is most applicable to you and mark with an X.
- The researcher will protect the respondent's privacy, confidentiality and anonymity.
- For Sections B and C please make use of the 5 Point Likert Scale as shown below and only mark one box:

1 = Strongly Disagree	2 = Disagree	3 = More or less Disagree	4 = Undecided	5 More or less Agree	6 - Agree	5 = Strongly Agree

SECTION A: DEMOGRAPHIC INFORMATION

A1. Gender Composition of Participant

Male		Female	

A2. Age Grouping of Participant

< 20 years	
20-29 years	
30-39 years	
40-49 years	
> 50 years	

A3. Highest Educational Qualification of Participant

Below grade 12	
Grade 12	
Certificate	
Diploma	
Degree	
Masters	

SECTION B: ORGANISATIONAL INFORMATION

B1: Total number of employees within the organisation

Less than 5 employees	
5 < = 10 employees	
10 < = 20 employees	
20 < = 50 employees	
More than 50 employees	

B2. Number of years of existence of organisation

Less than 1 year	
1 < = 3 years	
3 < = 5 years	
5 < = 10 years	
More than 10 years	

SECTION C: MAIN SURVEY

Please indicate how you much agree or disagree with the following statements: Use an X to select <u>one response for each question.</u>	Strongly disagree	Disagree	More or less agree	Undecided	More or less agree	Agree	Strongly Agree
SE Performance							
1. Our business has been experiencing growth	1	2	3	4	5	6	7
2. Our business has been progressively making greater impact	1	2	3	4	5	6	7
3. Our business is able to financially sustain itself	1	2	3	4	5	6	7
4. Our business has been able to meet most of its set goals	1	2	3	4	5	6	7
5. Our business has been able to increase in market value	1	2	3	4	5	6	7
SE Social Innovation	1	2	3	4	5	6	7
1. Our business is focuses its attention on ideas and solutions that create social value	1	2	3	4	5	6	7
2. Our vision and aims as a business is the main driver of our business	1	2	3	4	5	6	7
3. Our business is mainly focused on social progress	1	2	3	4	5	6	7
4. Our business have measures in place for environment issues	1	2	3	4	5	6	7
5. Our business aims at collaborative solutions to meet social needs	1	2	3	4	5	6	7
Government Financial Assistance	1	2	3	4	5	6	7
1. There are a lot of government financial assistance programmes available	1	2	3	4	5	6	7
2. It is not difficult to get government funding	1	2	3	4	5	6	7
3. Financial assistance from the government has been one of the main ways the government is supporting our business	1	2	3	4	5	6	7
4. Government financial assistance has helped me set up my business	1	2	3	4	5	6	7
5. Government financial assistance has helped me expand my business	1	2	3	4	5	6	7
Private Venture Philanthropic Support	1	2	3	4	5	6	7
6. There are a lot of philanthropic organisations who support our business.	1	2	3	4	5	6	7
7. It is not difficult to get assistance from philanthropic organisations	1	2	3	4	5	6	7
8. Philanthropic support is very important in running a social enterprise	1	2	3	4	5	6	7
9. Philanthropic assistance has helped me set up my business	1	2	3	4	5	6	7
10. Philanthropic assistance has helped me in growing my business	1	2	3	4	5	6	7

APPENDIX B

Consistency **M**atrix

To investigate the contributing factors towards SE venture sustainability in South Africa.						
Sub-problem/Aims	Literature Review	Hypotheses	Research questions	Variables (Independent & Dependent)	Source of data	Type of data
To find out if there is a significant positive relationship between SE high social innovation as a dimension of entrepreneurial alertness and access to philanthropic venture capital.	Renouard, (2011); Urban (2008)	There is a significant positive relationship between SE high social innovation and access to philanthropic venture capital.	How does philanthropic support contribute towards SE venture performance	IV2= Philanthropic support; DV2= SE Venture Performance	Questionnaire	Quantitative in nature
To find out if there is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.	Bhorati et al, (2014); Littlewood & Holt (2015)	There is a significant positive relationship between access to government (a) financial and (b) non-financial assistance and SE venture performance.	How is government's financial assistance contributing to SE venture performance	IV1= Government financial assistance; DV1 SE venture performance	Questionnaire	Quantitative in nature

To find out if there is a significant positive relationship between SE social innovation and Social Entrepreneurial venture performance.	Visser (2011)	There is a significant positive relationship between SE social innovation and Social Entrepreneurial venture performance.	How does social innovation contribute towards SE venture performance	IV2= Social innovation; DV2 = SE venture performance	Questionnaire	Quantitative in nature