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**Social Enterprise Attributes Influencing Access to
Impact Funding in South Africa**

by

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**Research report submitted in partial fulfilment of the requirements for the degree of
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ABSTRACT

The South African government has made little to no progress in alleviating the social ills plaguing the country, making it fertile ground for social enterprises (SEs) to operate. Nevertheless, SEs face operational challenges, leading to scaling down operations or ceasing activities. These challenges include a lack of financial, human and infrastructure resources.

The lack of financial resources is a significant driver of SE challenges, as they struggle to access funding due to their dual mission (social and financial), which does not align with traditional funding structures. SEs also lack knowledge about investment decision-making, which involves finding/attracting, obtaining and retaining funding from investors. At the same time, the investee selection criteria applied by individual impact investors are not standardised.

The study sought to investigate the extent to which attributes of SEs influence access to impact funding. The attributes identified were i) an impactful social mission, ii) financial sustainability of the business, iii) innovativeness, iv) the background and experience of social entrepreneurs and v) systematic entrepreneurship practices.

The study followed a cross-sectional, quantitative research design. A survey was conducted to collect data through a closed-ended questionnaire distributed online. The study's sampling frame comprised 387 social entrepreneurship associations based in South Africa, which contributed 80 responses.

The study found that the identified attributes of an SE had a positive relationship with access to funding. However, the relationships were statistically insignificant. Therefore, the influential relationship between the SE attributes and access to impact investing was inconclusive. A plausible explanation for this result is that the SEs under study and impact investors were misaligned regarding expectations. However, business size, which was controlled for the study, provided conclusive evidence that it had a positively influential relationship with access to impact funding.

Keywords: social enterprise, impact funding, impact investors, social mission, Sustainable Development Goals (SDGs), innovativeness

DECLARATION

I, **Thulani Valentino Mashiloane**, hereby declare that this research report is my original work, except where due acknowledgement is made in the references. This report is submitted in partial fulfilment of the requirements for the Master of Management in Entrepreneurship and New Venture Creation degree at Wits Business School, University of the Witwatersrand, Johannesburg. It has not been submitted previously for any degree or examination at this or any other university.

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Signed at.....Rosebank.....

On the29th..... day ofMay..... 2025

DEDICATION

This work is dedicated to my beloved wife, Amukelani Mashiloane, my firstborn, Lwazi Mashiloane, and our eagerly awaited child, Lwandle Mashiloane.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The research study examined the factors that enable social enterprises (SEs) to secure impact funding, essential for sustaining and expanding their social role. In South Africa, social entrepreneurship is crucial in driving innovation and fostering social inclusion (Christopoulos et al., 2023). However, while SEs seek to address societal challenges, they, like commercial entrepreneurs, require access to resources, including financial capital, to establish and grow their ventures (Hil et al., 2024). Unlike traditional businesses that attract investors based on profitability, SEs seek funding primarily to achieve social impact, which does not always align with conventional investment criteria (Bosma et al., 2016). Given this challenge, impact funding—specifically designed to support SEs—has become a critical area of research in understanding how SEs access financial support to achieve social and economic sustainability (Lortie & Cox, 2018).

In this chapter, the background section provides an overview of social entrepreneurship in South Africa, outlining the role of SEs in addressing social challenges and highlighting the difficulties they face in securing financial support. The resultant problem statement is discussed, followed by the research aims, objectives and questions. The study's significance, delimitations and key definitions are also outlined.

1.2 Background

A lack of quality education, poor healthcare and social injustice are some of the most prevalent social ills that post-apartheid South Africa has been dealing with, and SEs have a significant role to play in addressing and positively influencing these issues head-on (Esau & Tenengeh, 2022). The government is responsible for addressing all social and environmental problems within the country and, therefore, provides the necessary support for SEs to grow their social impact and ultimately become sustainable by relying less on government support. Government activities in South Africa have failed to significantly impact several societal issues, making South Africa a fertile ground for SEs (Urban, 2015b; Venter et al., 2015).

Undertakings by the South African government have historically not yielded significant positive results in alleviating the social ills faced by the country (Urban & Kujinga, 2017). In addition, some SEs have had to cease all activities or scale down due to a lack of government support, which has led to the inability to deliver their targeted social mission sustainably (Esau & Tenengeh, 2022). Despite a third of SEs worldwide relying on government funding, SEs in sub-Saharan Africa (SSA) have been found to experience challenges in accessing funding, and most social entrepreneurs have to invest their own money into the business (Bosma et al., 2016).

SE research and published work have grown since 2008, and SE has become a domain of entrepreneurship that is widely recognised (Campos et al., 2020). SEs have a direct and positive effect on the society and economy of a country (Mair & Marti, 2006; Urban & Kujinga, 2017). Despite this, SEs are not usually recognised or rewarded for the work and impact they deliver in South Africa, as only a few institutional mechanisms are in place to provide a platform for them (Lovasic & Cooper, 2020). An example of a lack of institutional mechanisms for SEs is the fact that the legal structures in South Africa do not allow for the creation of enterprises that have a dual purpose, profit and non-profit, and hence, there is no formalised database for SEs (Urban & Bukula, 2022).

Ecosystems providing adequate business development support to assist SEs in becoming funding-ready are needed in South Africa (Urban & Mapula-e Lehasa, 2022). Nonetheless, the small, medium, and micro enterprise (SMME) ecosystem is growing in South Africa. This ecosystem includes a multitude of stakeholders who also happen to focus on supporting SEs. The ecosystem comprises government and private organisations, including capacity development providers, network associations, academic providers, consultants, media, foundations and funders (Lovasic & Cooper, 2020).

The dual qualities of SEs (social impact and financial sustainability) lead to much complexity when being assessed for funding by traditional financial institutions (such as banks and private equity investors). Hence, impact investors are a viable option for SEs to seek funding from (Hockerts, 2019). Therefore, the research study was concerned with SEs accessing impact funding support. This type of funding is typically provided by government/development funding institutions (DFIs), impact fund managers, and venture capital/angel investors (see Table 1.1 below). Impact funders typically provide funding to satisfy financial and social goals (Block, 2021).

According to the Global Impact Investing Network (GIIN, 2023b), impact investors/funders manage, on average, about \$1.2 billion in assets under management, and the allocation of funds to sub-Saharan Africa grew by 14% from 2017 to 2022. These results indicate the availability of funding that is in the possession of impact investors looking for viable funding opportunities. Many impact investors surveyed also indicated that they intend to change their strategy to allocate more funds to emerging markets (GIIN, 2023a). South Africa is the largest market for impact investing within the Southern African region (Mogapi, Sutherland, & Wilson-Prangley, 2019).

Table 1.1 below provides a detailed overview of the funding sources available to small and growing businesses in South Africa, categorising them into government and development finance institutions (GOV/DFIs), fund managers, and venture capital and angel investors. GOV/DFIs offer state-backed financial support aimed at stimulating enterprise development, particularly for historically disadvantaged groups and high-impact industries. Fund managers play a crucial role as intermediaries, overseeing the allocation of investment capital and ensuring that funds are directed towards businesses that align with specific growth objectives. Venture capital and angel investors provide private sector funding to high-potential startups, often in exchange for equity, and play a vital role in fostering innovation and business expansion. Table 1.1 highlights the range of financial opportunities available to entrepreneurs seeking investment to scale and sustain their businesses by categorising these funding mechanisms.

Table 1.1*Small and Growing Business Funders in South Africa*

GOV/DFIs	FUND MANAGERS	VENTURE CAPITAL + ANGEL INVESTORS
• AFD Green Energy Fund (IDC) • Agro-Processing Competitiveness Fund (IDC) • Black Business Supplier Development Programme (DSBD) • Co-operative Incentive Scheme (DSBD) • Gauteng Enterprise Propeller (GEP) • Green Energy Efficiency Fund (IDC) • Gro-E Youth Scheme (IDC) • iMbewu Fund (NEF) • Isivande Women's Fund (dti) • National Informal Business Upliftment Strategy (DSBD) • National Youth Development Agency (NEF) • Rural and Community Development Fund (NEF) • Small Enterprise Finance Agency (DSBD) • Strategic Projects Fund (NEF) • Support Programme for Industrial Innovation (dti) • Technology Innovation Agency (DST) • Technology Venture Capital Fund (IDC) • The Jobs Fund • EIB SME and MIDCAPS Fund (IDC) • uMnotho Fund (NEF) • Women Entrepreneurial Fund (IDC) • Youth Pipeline Development Programme (IDC)	• Africa Enterprise Challenge Fund ● • ASISA ESD Fund (Edge Growth) • Cadiz Asset Management • CapitalWorks • Capria ● • Edge Action Fund (Edge Growth) • Edge Capital • Godisa Supplier Development Fund (Transnet) • Grofin • LifeCo UnLtd South Africa ● • Masisizane Fund (Old Mutual) • Merchant Capital • Nesa Capital ● • Vumela ED Fund (Edge Growth) • WDBIH ED Fund • WDB Seed Fund • Zimele (Anglo American)	• 4Di Capital • 88mph • Action Hero Ventures • Africa Media Venture Fund • AngelHub Ventures • Black Swan Investments • Capital Eye Investments • Convergence Partners • CRE Venture Capital • Earth Capital • EchoVC • E-Squared • eVentures Africa Fund Grovest • Hivos Impact Investments I/O Ventures ● • Intel Capital • Invenfin • Knife Capital • Newtown Partners • Omidyar Network ● • Pearl Ventures • Savannah Fund • Silvertree Capital • Triumph Venture Capital • Village Capital ● • Visions2Ventures

Source: Lovasic and Cooper (2020, p. 27)

Given the available funds and the number of impact investors, South African SEs should have viable access to impact funding. However, impact investors have difficulty finding South African SEs to invest in, which will achieve both social impact and financial returns for them (Mogapi et al., 2019; Urban & Mapula-e Lehasa, 2022). A general scepticism on an SE's ability to generate financial returns and still deliver social impact exists amongst impact investors (Christopoulos et al., 2023).

SEs have to contend with the dual mission of creating social impact as well as the creation of financial returns (Bosma et al., 2016). Although social impact needs to be prioritised over financial returns for the SEs to succeed (Akter, Jamal, Ashraf, McCarthy, & Varsha, 2020), this does not mean that SEs must only focus on social impact. Economic value creation through financial returns is necessary for the long-term financial sustainability of SE (Lortie & Cox, 2018; Mair & Marti, 2006). Therefore, SE business models need to be structured to achieve both a social impact and financial sustainability (Urban & Mapula-e Lehasa, 2022).

1.3 Problem Statement

SEs and impact investors experience challenges balancing the requirements for social impact and financial returns. This dilemma has led to impact investors holding onto large amounts of

investment funds with no viable investment options to put the fund into. However, SEs require funding to grow their social impact and are finding it challenging to access alternative forms of funding, such as impact funding (Bosma et al., 2016).

Another challenge faced by SEs looking for impact funding is that the specific investment qualification criteria applied by impact investors are not standardised amongst the ecosystem of investors, and different investors have different focuses and requirements (Urban & Mapula-e Lehasa, 2022). The key attributes allowing SEs access to impact funding can help close the gap between SEs requiring impact funding and impact investors looking to invest in viable SEs.

1.4 Research Aim, Objectives and Questions

1.4.1 Research aim

The study aimed to investigate the influence of specific attributes of SEs on access to impact funding.

1.4.2 Research objectives

1. To evaluate the influence of an impactful social mission on access to impact funding for SEs
2. To evaluate the impact of financial sustainability on SEs' ability to secure impact funding
3. To evaluate the impact of innovativeness on SEs' access to impact funding
4. To evaluate the role of the social entrepreneur's experience and background in securing impact funding
5. To evaluate the impact of systematic entrepreneurship practices on SEs' access to impact funding

1.4.3 Primary research question

How did the attributes of SEs influence their access to impact funding?

1.4.4 Secondary research questions

1. To what extent does a strong social mission influence access to impact funding for SEs?
2. To what extent does financial sustainability influence access to impact funding for SEs?

3. To what extent does innovativeness influence access to impact funding for SEs?
4. To what extent does the experience and background of the social entrepreneur influence access to impact funding for SEs?
5. To what extent do systematic entrepreneurship practices influence access to impact funding for SEs?

1.5 Study Significance

Greater coordination and alignment between impact investors, SEs and intermediaries is a requirement to enable success in the ecosystem (Christopoulos et al., 2023). Also, pre-due diligence preparations are a good way to ensure alignment between the SEs and the Impact investor, which contributes to establishing a long-term and successful investment relationship (Hockerts, 2019). The study sought to contribute to SEs in determining the strategies that they must incorporate into their business model to increase their chances of aligning with impact investors' requirements and qualifying for impact funding.

Social entrepreneurship gained interest among scholars after the 2017 world financial crisis (Campos et al., 2020) and significantly more during and after the COVID-19 pandemic (Hil et al., 2024). According to Lortie and Cox (2018), the funding needs of SEs give rise to a need for research to focus on impact investing. Therefore, the study added to the body of research on social entrepreneurship and impact investing, particularly from an SSA perspective. Furthermore, since quantitative research on social entrepreneurship topics is limited (Fernandes et al., 2023), the study expanded quantitative perspectives on social entrepreneurship.

1.6 Delimitation and Assumptions

The study was conducted in South Africa, gathering evidence from the country's nine provinces. The research focused on social entrepreneurs—individuals who run businesses that simultaneously pursue a social mission while generating income (Lovasic & Cooper, 2020). The study targeted individuals who were founders, owners, or managers of SEs and actively involved in decision-making processes. These individuals could either be established entrepreneurs or nascent ones, the latter referring to those who had taken steps within the previous twelve months to start a SE (Bosma et al., 2016).

Due to the lack of a separate legal structure for SEs in South Africa, all legal structures were included in the study (for-profit, non-profit and hybrid organisations (Venter et al., 2015). The social mission of the SE under study had to be classifiable under the United Nations (UN) Sustainable Development Goals (SDGs) (UN, 2015, 2024). The number of people employed in the organisation had to be one and above, with no upper limit.

Given that data collection was conducted through a survey that was distributed via email and social media platforms, the study assumes that the sample participants answered the questionnaire truthfully and honestly. The responses could not be verified as being true through other means, and therefore, the study relied on the honesty of the participant. The study also assumes that the participants understood the questions posed to them and answered them to the best of their ability.

1.7 Key Definitions

- Social entrepreneur – an individual who pursues addressing a social mission while also generating an income (Lovasic & Cooper, 2020)
- Social enterprise – a business focused on creating financial and social value, positively impacting the environment (Campos et al., 2020)
- Impact investor – an investor concerned with profit and social missions (Hockerts, 2019)
- Business model – a framework defining customer segments, the products or services offered, and how the business creates a value proposition for its customers (Pattinson, 2020)
- Innovativeness – the creation of products, services, technologies or processes new to the world or the area in which the enterprise operates (Hil et al., 2024)
- Systematic entrepreneurship – entrepreneurial activity extending beyond the local context, involving large-scale production of goods and services and cross-border trade (Murimbika & Urban, 2020; Sautet, 2013).

1.8 Chapter synthesis

This chapter established the foundation for the study by shaping its focus and direction. The background highlighted the critical role of SEs in addressing social and economic challenges in South Africa, emphasising their dual mission of achieving social impact and financial sustainability. However, despite their potential, SEs have struggled to access impact funding

due to misalignment with traditional investment criteria and the lack of standardised funding mechanisms. These challenges underscore the need to investigate the specific attributes influencing SEs' ability to secure impact funding.

The problem statement positioned the study within the discourse on social entrepreneurship and impact investing, identifying the funding gap as a major barrier to the growth of SEs. The research aim, objectives, and questions were developed to explore how a strong social mission, financial sustainability, innovativeness, and the entrepreneur's background contribute to securing impact funding.

The study's significance was discussed regarding its contribution to theory and practice. Given the limited research on SE funding in SSA, the study sought to address a gap in the literature while offering practical insights for SEs, policymakers, and investors. The delimitations clarified the scope of the study, ensuring a focused investigation into SEs operating within the South African context. The definitions of key terms ensured conceptual clarity, providing a shared understanding of the core concepts that framed the study.

The next chapter presents the literature review, exploring the theoretical underpinnings and empirical findings informing the study's conceptual framework.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

A review of the literature defining social entrepreneurship and impact investing was conducted. The background section of this chapter unpacks social entrepreneurship as a sub-domain of the entrepreneurship concept. The social entrepreneurship section explores its conceptual foundations, emphasising its distinction from traditional entrepreneurship and the significance of balancing social and financial goals. The access to impact investing section examines the funding mechanisms available to SEs, discussing how impact funding differs from conventional investment and why it is a crucial source of capital for SEs. Finally, the conceptual framework section integrates insights from the literature review to present the key attributes influencing SEs' ability to secure impact funding. This framework guided the study by defining the variables and relationships that will be analysed in subsequent chapters.

2.2 Background

Social entrepreneurship has gained prominence by addressing societal challenges through innovative business models that combine social impact with financial sustainability. Unlike traditional enterprises, SEs prioritise their social mission while seeking sustainable revenue streams. One of the challenges SEs face is securing impact funding, specifically designed to support businesses that generate measurable social and environmental benefits. This section explores the attributes of SEs that influence their ability to access impact funding,

2.2.1 *Social entrepreneurship*

According to Dees (2001), social entrepreneurship is a sub-domain within the domain of entrepreneurship specifically focused on a social mission (Lortie & Cox, 2018). Social entrepreneurship concerns the creation of new ventures that address social, cultural, or environmental issues (Kloepfer & Castrogiovanni, 2018). Hil et al. (2024) describe entrepreneurship, in simple terms, as the process of founding and operating a business venture. Social entrepreneurship, therefore, is the process of founding and operating an SE. The definitions of a social entrepreneur (the founder) and an SE (the vehicle) are distinguishable from social entrepreneurship (the process) (Urban, 2015b).

2.2.2 Social entrepreneur

A social entrepreneur is a social change agent who identifies a wicked problem—a complex societal issue with no clear solution—and applies social innovation to address it (Venter et al., 2015). Wicked problems, such as poverty, inadequate healthcare, and environmental degradation, are persistent and multifaceted, involving economic, social, and political dimensions. Unlike business challenges with clear-cut solutions, wicked problems require systemic change and long-term intervention. Therefore, social entrepreneurs do not simply respond to market gaps but develop innovative solutions that create sustainable social impact.

While social and traditional entrepreneurs engage in innovation and risk-taking, they differ in their primary objectives and success measures. The former finance minister of German-Austria and pioneer of entrepreneurship theory, Joseph Alois Schumpeter, defines an entrepreneur as an innovator and agent of change who combines resources in novel ways to create and grow an enterprise (Schumpeter, 1934). Traditional entrepreneurs focus primarily on profit maximisation and economic growth, measuring success in financial terms such as revenue, market expansion, and shareholder returns.

In contrast, social entrepreneurs prioritise social impact over financial gain. While they may generate revenue to sustain their enterprises, their primary goal is to solve societal challenges such as poverty, education, healthcare, or environmental sustainability (Venter et al., 2015). Unlike traditional entrepreneurs, who seek to disrupt industries for competitive advantage, social entrepreneurs innovate to drive systemic change and address unmet social needs.

Another key difference lies in risk tolerance and motivation. Social entrepreneurs are more likely to take risks that may not yield immediate financial rewards but have long-term social benefits. They are often younger individuals willing to endure financial constraints to pursue meaningful social change, demonstrating resilience in navigating funding challenges and resource limitations (Venter et al., 2015). Because the problems they tackle are wicked, social entrepreneurs must be adaptable, resourceful, and persistent to create lasting societal transformation.

2.2.3 Social enterprise

SEs and commercial enterprises produce goods and services and are active in the market. The difference between them is that the former prioritises social and environmental value creation over financial benefit from those activities (Bosma et al., 2016). Hence, commercial

entrepreneurs are considered change agents for the economy, while social entrepreneurs are change agents for society (Venter et al., 2015). This does not mean SEs do not create economic value; economic value from SEs is created indirectly through social and environmental value (Campos et al., 2020). The economic value-creation activities of the SE are undertaken not to generate shareholder gains but rather to be re-invested in growth and the social impact generated (Venter et al., 2015).

SEs share similarities but still have clear boundaries with other forms of socially focused ventures, such as non-profit organisations (NPOs) and corporate social responsibility (CSR) (Choi & Berry, 2021; Lortie & Cox, 2018). CSR has a shareholder value creation outcome and aims to solve challenges through charity and philanthropy (Akter et al., 2020). Non-profit organisations rely heavily on voluntary work and grants for income as they do not have financial performance incentives (Lortie & Cox, 2018). SEs intend to use their innovativeness to balance social impact and earned income generation. Lovasic and Cooper (2020) consider SEs to generate at least 25% of their income from their operations.

SE intentions are higher in developed countries than in developing nations. This is driven by individuals in developing nations operating in survival mode due to the economic conditions of the country and, therefore, a lack of self-belief and entrepreneurial skills (Urban & Kujinga, 2017). This is despite the need for socially focused initiatives in developing countries, given the conditions in which the majority of the population lives and the social ills they face. Both nascent (less than 12 months) and established social entrepreneurship activities were found to be less than 3% of the total adult population in South Africa by the GEM Special Report on Social Entrepreneurship (Bosma et al., 2016). Social ills are generally perceived as very difficult to solve, and therefore, it requires someone with a high self-belief to take on a social mission (Urban, 2020).

Akter et al. (2020) break down the types of ventures started and operated by social entrepreneurs into SEs and social businesses. The two business models differ in that SEs are either profit or loss-making, and social businesses are strictly non-loss-making and do not pay dividends (Akter et al., 2020). For this research study, SEs are considered to incorporate social businesses as they are linked to social entrepreneurs. It is important to note that the concept of a SE is non-static and changes depending on the country and the context (Choi & Berry, 2021). For instance, the commercial enterprise definition may overlap with SE in developing countries, while specific in developed countries (Urban, 2015b)

2.2.4 *Types of SEs*

No universally accepted legal form on an SE (Magomedova & Bastida-Vialcanet, 2022). However, SEs typically take the following legal forms: a) NPOs functioning as a charity; b) social businesses, which are private companies working to achieve financial and social goals; c) social corporations run by members with a single social interest; and d) social organisations in the public sector run by government (Bhattarai et al., 2019; Fernandes et al., 2023). The legal form and organisational structure of an SE influences the type of funding that an organisation can access because there are normally tax incentives applied to investors in social impact (Cao & Zhou, 2018; Venter et al., 2015).

The UK and the US have created legal forms suitable for SEs, being the community interest company (UK) and the low-profit limited liability company (US) (Cao & Zhou, 2018; Urban, 2015b). As an alternative to a formal legal structure for SEs, South Korea has a certification for SEs upon meeting specific social and economic criteria (Choi & Berry, 2021). The study by Lovasic and Cooper (2020), which had 258 SEs respond to the survey, found that SEs in South Africa, generally registered as non-profit companies, have a turnover of less than R500 000 and are mainly based in Johannesburg. Non-profit organisations (NPOs) are typically affected by the resource dependence theory, which states that they manage external resource relationships to ensure survival and success in environments where access to critical resources is uncertain or controlled by external entities. They become dependent on charity and grants and, in turn, lose their autonomy and independence (Choi & Berry, 2021). The NPO legal structure also inhibits access to alternative forms of funding (Magomedova & Bastida-Vialcanet, 2022).

SEs in South Africa face the business challenges of regular SMMEs. They are constrained and are likely to remain as small and micro businesses as they struggle to access capital and adopt a survivalist nature with limited growth prospects (Matshekga & Urban, 2013; Urban & Moreno, 2022). They also encounter many threats to their survival, including skills shortages, time pressures and a lack of funding.

2.2.5 Social impact measurement

The measurement of social impact is critical for many SEs to demonstrate social value achievement and a level of transparency which attracts investors (Fernandes et al., 2023; Venter et al., 2015). However, the metrics used for measurement differ across the impact investment industry (Phillips & Johnson, 2021). Most of the metrics used in the industry are subjective, making them less reliable and less relevant to investors (Fernandes et al., 2023). Social return on investment (SROI) is one of the ways social value can be measured (Phillips & Johnson, 2021; Venter et al., 2015).

In the study by Phillips and Johnson (2021), it was found that the time and effort required to gather and evaluate evidence and data for measurement is resource-intensive and costly for most SEs and takes time away from the social impact work. SEs preferred storytelling to demonstrate impact. This creates a mismatch between funders and SEs, and the former prefer quantitative measures rather than qualitative measures (Magomedova & Bastida-Vialcanet, 2022)

Impact measurement is generally underdeveloped (Phillips & Johnson, 2021). Social enterprises typically require support in demonstrating the impact that they create, and this is where entrepreneurial incubators and accelerators can support (Cao & Zhou, 2018; Mair & Marti, 2006). Incubators and accelerators are also best placed to facilitate access to funding by bringing the SEs and funders together (Magomedova & Bastida-Vialcanet, 2022).

2.2.6 SE funding

Commercial and SEs struggle to access necessary funding (Fernandes et al., 2023), hence the high failure rate for small businesses (Hil et al., 2024). SEs do not fit squarely into the for-profit/not-for-profit areas and, therefore, struggle more with funding as they are perceived as high-risk by the banks and have low returns for venture capital investors (Cao & Zhou, 2018). This is even though they have a more difficult task and require the necessary support to achieve the dual mission of delivering a social mission while earning an income. Alternative forms of funding, including impact funding, are required to broaden the scope of funding that can be accessed by different SEs (Chabrak, Thomas, Bascavusoglu-Moreau, & Bouhaddioui, 2019).

Table 2.1 below categorises the funding sources available to different types of (SEs) based on their financial and social return objectives. It distinguishes between non-profit, hybrid, and for-profit SEs, highlighting how each type accesses financial resources to sustain its operations.

Table 2.1*Sources of funding for different types of SEs*

Non-profit	Hybrid	For-profit
Social return on investment sought (no financial return) • Grants • Donor Funding • Traditional philanthropy	Blended value (focus on both financial and social return on investment) • Programme-related investments by foundations (soft loans, debt guarantees and equity) • Enterprise development finance (soft loan) • Venture philanthropy • Social venture capital • Social bonds	Only financial return sought (with no focus on social return) • Commercial banks • Traditional venture capital

Source: Venter et al., (2015, p. 576)

As shown in the table above, non-profit SEs rely primarily on grants, donor funding, and traditional philanthropy, focusing solely on social impact without seeking financial returns. Hybrid SEs, which balance financial and social return objectives, can access a broader range of funding options, including programme-related investments, enterprise development finance, venture philanthropy, and social venture capital. These funding mechanisms provide soft loans, debt guarantees, and social bonds, allowing hybrids to sustain their impact-driven activities while generating some financial returns. In contrast, for-profit SEs seek only financial returns and thus depend on commercial banks and traditional venture capital, which prioritize profitability over social impact.

2.3 Access to Impact Funding

Access to impact funding refers to the availability of financial resources that are linked to the creation of social & environmental impact, which are affordable, such as being available at a reasonable cost (interest rate, equity forfeit, etc) (Claessens, 2006). Access to funding is important for the performance of enterprises as it allows them to invest in building key resources, particularly in developing countries (Urban & Moreno, 2022)

Entrepreneurial ventures often require a sufficient amount of financial capital to operate and grow, which could either be obtained through self-funding or funding from other people and institutions (Venter et al., 2015). The option of self-funding is not available for many

entrepreneurs as a majority of South Africans lack the necessary capital and have to take a significant risk investing all their money into the venture (Venter et al., 2015).

2.3.1 *Role of impact funding*

Impact investing as a concept was initially introduced by the Rockefeller Foundation in 2007 and is understood to be an investment that is focused on achieving both social/environmental returns as well as financial return on the investment (Findlay & Moran, 2019; Mogapi et al., 2019). The funding provided by impact investors can take the form of debt, equity or a hybrid instrument (Cao & Zhou, 2018). The capital and the financial return are repayable, which distinguishes Impact investing from other forms of social finance-based funding (Phillips & Johnson, 2021). Based on this definition, the current study defines impact funding as financing to drive growth in the social mission and generate financial returns.

As SEs work to address social and environmental issues, impact investors must increase funding available to invest in SEs that meet or exceed their criteria (GIIN, 2023b). Charitable firms and venture capital firms sit on the opposite end of the spectrum as investors; the former is concerned solely with the impact and the social mission delivered by the target firm, while the latter is focused on profitability and the ability to generate a certain level of investment returns (Hockerts, 2019). Impact investors are, therefore, placed somewhere in the middle of these types of investors as they are looking for both the social impact delivered by the investee company as well as a reasonable rate of investment return, which looks at the company's ability to generate a profit (Findlay & Moran, 2019). Therefore, impact investors are more suitable to invest funds and support the dual mission of SEs.

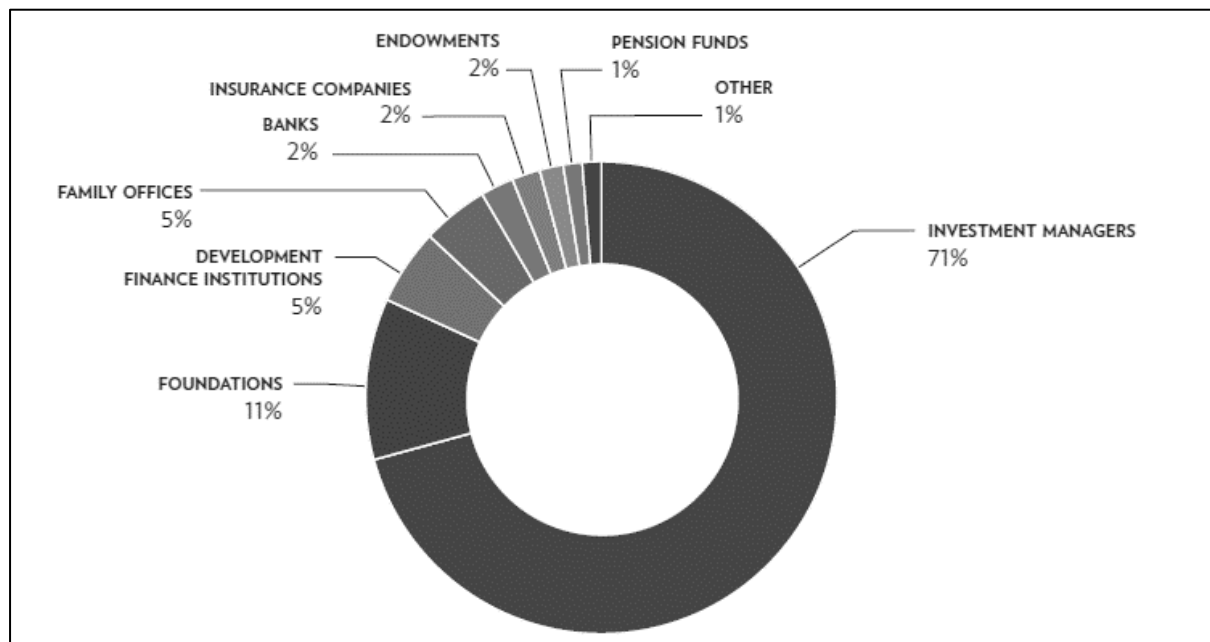
2.3.2 *Types of impact investors*

According to the GIIN (2023c), most impact investors are investment managers who look for some form of return on investment when they provide impact funding, which is usually risk-adjusted based on several factors. The key determinants of the risk tolerance impact investors have are the source of funds they receive and the investment mandate. This leads to two types of impact investors: impact first and finance first investors (Findlay & Moran, 2019; Urban & Mapula-e Lehasa, 2022). To balance their risk, some impact investors use innovative financing structures, including revenue-based loans, revenue-based equity investments, social impact bonds and recoverable grants (Cao & Zhou, 2018).

Figure 2.1 below presents the various types of impact investors and their respective market share in impact investing. The figure illustrates the diversity of funding sources available for impact-driven initiatives, highlighting the key stakeholders involved in financing SEs and other mission-driven ventures.

Figure 2.1

Types of Impact Investors



Source: GIIN (2023c, p. 3)

As shown in the figure above, the largest category of impact investors is investment managers, who account for 71% of the total market share. This dominance suggests that private sector-driven investment firms are most significant in allocating impact funding. At 11%, foundations also contribute a substantial portion, reflecting their ongoing commitment to social and environmental causes.

Other notable contributors include development finance institutions (5%), family offices (5%), and banks (2%), which indicate the growing role of diverse financial entities in supporting impact-driven businesses. Insurance companies (2%), endowments (2%), and pension funds (1%) represent a smaller but still important portion of the market, showing that long-term institutional investors are gradually engaging in impact investing.

The presence of another category (1%) suggests that impact investing continues to evolve, with new forms of investors emerging over time. Overall, the dominance of investment managers

underscores the private sector's central role in shaping the impact investing landscape. At the same time, the contributions from foundations, DFIs, and other institutional investors highlight the blended approach to financing SEs.

Impact investors prefer to invest their funds into SEs that can scale, which is driven by the venture's ability to be financially sustainable (Block et al., 2021). This is particularly true for equity and debt investors (finance-first investors), as they value financial sustainability more than the importance and impact of the social mission. Donors are less likely to prioritise financial sustainability, but look into the importance of the social mission more (Block et al., 2021). Therefore, SEs should align themselves with the suitable type of impact investor, based on where the focus of their business model is, to manage expectations when seeking impact funding (Findlay & Moran, 2019).

2.3.3 Investment criteria

The investee selection criteria applied by individual impact investors are not standardised and, therefore, differ across the impact investor ecosystem (Christopoulos et al., 2023; Urban & Moreno, 2022). As a result, the impact funding criteria are often unclear for SEs (Fernandes et al., 2023). Nascent entrepreneurs, in particular, tend to lack knowledge about investment decision-making, which involves finding/attracting, obtaining and retaining funding from investors (Urban & Moreno, 2022; Venter et al., 2015).

A view that has dominated research focused on the impact of funders is that the difficulty in access to funding by SEs is not due to the lack of funding available but instead due to a lack of financial readiness by the SEs (Phillips & Johnson, 2021). However, a deep mismatch between the expectations of impact investors and SEs has been found to affect access to finance of SEs (Magomedova & Bastida-Vialcanet, 2022; Phillips & Johnson, 2021). The mismatch is in the fact that SEs tend to be less focused on financial returns, while impact investors do not fully understand the SE business model (Magomedova & Bastida-Vialcanet, 2022)

The impact investment industry still applies the traditional finance industry's standard risk/return principles (Cao & Zhou, 2018). This is driven by the fact that the individuals behind impact funds are hired from the traditional finance industry (Magomedova & Bastida-Vialcanet, 2022). Nonetheless, factors such as innovation, managerial experience and an understanding of finances are important considerations for most impact investors (Urban,

2015b). SEs that are already established and have a product in the market tend to attract investors as they have a demonstratable record of operation (Urban, 2015a)

2.4 Social Enterprise Attributes

According to Syrjä et al. (2019), the typical attributes of an SE include a social mission, innovativeness and earnings generation. Urban (2015a) identifies the dimensions of vision, social networking, innovativeness, sustainability and financial returns as important attributes of SEs. Impact investors predominantly screen for opportunities by investigating social impact, SE business, and founding team criteria (Block et al., 2021). According to Block et al. (2021), the impact investor screening criteria is broken down into the following:

- a) The social impact criteria look at the strength of the social mission and its ability to scale. This study focuses on the concept of an “impactful” social mission, which incorporates the scalability of the social impact. Block et al. (2021) describe an impactful social mission as one that can be scaled to regional, national and global levels.
- b) SE business criteria focus on the business's financial sustainability, degree of innovation, and proof of concept for the business model. This study focuses specifically on financial sustainability and levels of innovativeness. Proof of concept of the business model is incorporated into innovation, as innovation is a critical element that drives the SE business model (Akter et al., 2020).
- c) The founding team criteria then focus on credibility and their professional background. Both credibility and professional background have been combined into the social entrepreneur’s background for the study and ease of reference.

2.4.1 Social mission

Akter et al. (2020) identified social value proposition as one of the key success factors of a social business. The social mission of the SE is the number one priority for its success (Venter et al., 2015). When financial returns are prioritised over the social mission, mistrust amongst the stakeholders creeps in and hinders the ability of the SE to deliver impact sustainably (Akter et al., 2020). Social entrepreneurs must strive to develop a sustainable social mission to effectively address the social ill (Venter et al., 2015).

Sustainability is an important topic to SEs, as the goal of a SE is to create sustainable development (Fernandes et al., 2023). SEs are, therefore, a critical part of the journey towards achieving the UN SDGs (UN, 2015, 2024). The UN reports that only 17% of the SDGs have been progressing positively. The other SDGs have either remained the same or regressed in some circumstances (Islam & Rahman, 2023). Government funding is not adequate to solve all social ills faced by the communities it serves, so alternative forms of funding must be directed to solve SDGs to supplement the gap (Cao & Zhou, 2018). Impact investing has been identified as the most promising investment vehicle to close the SDG investment gap (Islam & Rahman, 2023).

The impact investing industry is critical to achieving the SDGs (Phillips & Johnson, 2021). Impact investors use the SDGs when deciding on an investment strategy for a particular social mission (GIIN, 2023d). The GEM 2023/2024 report used SDGs to test the level of prioritisation of social impact by entrepreneurs (Hil et al., 2024). The SDGs represent societal and environmental issues at a global level, which makes them highly scalable. An impactful/strong social mission is scalable to a regional, national and global level (Block et al., 2021).

The results from the Global Entrepreneurship Monitor (GEM) report indicate that South African entrepreneurs are learning more towards prioritising SDGs in the operations of their businesses (81% of those surveyed) (Bosma et al. 2016). However, the level of awareness around what SDGs are and what they aim to achieve is lower, at around 40% (Hil et al., 2024). In a 2019 GEM United Arab Emirates (UAE) Social Entrepreneurship report, it was found that only 7.9% of the SEs in the UAE have a strong social mission (Chabrak et al., 2019).

According to the report by Lovasic and Cooper (2020), the below are the top five social and environmental SDGs that SEs address in South Africa and the percentage of SEs that work to make an impact in those areas:

- a) Gender equality (51%)
- b) Quality education (39%)
- c) No poverty (38%)
- d) Good health and wellbeing (34%)
- e) Decent work and economic growth (32%)

Impact investment decisions are generally influenced by the SDG that the SE is undertaking (Derdabi & Dvouletý, 2025), however, it is also important for the SE to clearly articulate its

impact potential and mission alignment in order to attract impact funding (Lim et al.,2025). A social mission that is ambiguous leads to constrained access to impact funding (Lehner & Nicholls, 2014).

Building on the role of the SDGs in shaping the characteristics of a strong and impactful social mission, the study explored how aligning an SE's mission with these global priorities could enhance its attractiveness to impact investors. In the study, this investigation led to the formulation of the following hypothesis:

Hypothesis 1: An impactful social mission acts as a positive influence on access to impact funding by SEs.

It is important to note that social impact scaling may lead to a diminished quality of impact that is received by the beneficiaries and cost efficiencies may not be achieved during scaling, putting the financial mission at risk (Ciambotti, Pedrini, Doherty, & Molteni, 2023). Therefore, scaling is a risky process for SE and must be conducted under conditions that allow the firm to be sustainable.

2.4.2 Financial Sustainability

SEs that ignore the importance of sustainability have a high likelihood of failure (Kamaludin, Xavier, & Amin, 2021). Urban and Bukula (2022) confirm that earnings generation is critical to SEs as it directly and positively impacts SE scalability. It is important that SEs explore various business models that allow for earnings generation and become profitable, as a positive profit equation is an indicator of the SE business's ability to capture value and, therefore, a key factor of success (Akter et al., 2020). SEs that rely too heavily on grants and donor funds are non-sustainable, and thus the ability to generate revenues and profitability is critical for SE sustainability (Kamaludin et al., 2021; Pattinson, 2020).

An SE that can generate its earnings stands a better chance of receiving external funding and capital for scaling (Urban & Bukula, 2022). Investing funds into an SE that does not generate sustainable revenues may lead to a complete depletion of funds and all sources of capital (Hockerts, 2019). A lack of a sound financial history showing consistent earned income generation, well-substantiated financial forecasts and a fully-defined scaling strategy are some of the reasons SEs do not meet the investment criteria of impact investors (Findlay & Moran, 2019; Urban & Bukula, 2022).

The ability of SEs to access impact funding is closely linked to their capacity to demonstrate financial sustainability. SEs that are unable to clearly demonstrate financial sustainability in the form of revenue growth and profitability find it difficult to access funding (Derdabi & Dvouletý, 2025). Investors are more likely to support SEs that can maintain long-term operations without relying solely on external funding (Lim et al., 2025), coupled with the ability to generate a return on investment (Lehner & Nicholls, 2014). In the study, this realisation led to the formulation of the following hypothesis:

Hypothesis 2: Financial sustainability acts as a positive influence on access to impact funding by SEs.

2.4.3 Innovativeness

Innovation is the creation of products, services, technologies or processes that are new to the world or the enterprise's area (Hil et al., 2024). The Organisation for Economic Co-operation and Development (OECD) and the statistical office of the European Union (Eurostat) define business innovation as new or improved products or business processes that differ significantly from what the business used to produce or do in the past and have been introduced into the market or operations of the business. Therefore, innovation can be product or process-related (OECD & Eurostat, 2018).

Innovation is at the core of the entrepreneur, and therefore, social entrepreneurs should also be innovative in the formation of a SE (Lortie & Cox, 2018). Innovation has also been identified as a key determinant of entrepreneurial orientation, which drives entrepreneurial agency within an organisation (Wales, Kraus, Filser, Stöckmann, & Covin, 2021). The innovativeness of social entrepreneurs enables them to significantly influence social change by focusing on and addressing social ills and makes them significantly different to other forms of social, environmental and community work activities (Hil et al., 2024; Urban, 2015b). Social innovations involve the creation of new combinations to achieve social impact (Venter et al., 2015).

Social entrepreneurs are inherently more innovative than their commercial counterparts (Chabrak et al., 2019). Social ills are addressed using creative and innovative solutions (Urban, 2020). Akter et al. (2020) emphasise innovation, particularly through partnerships with others in the ecosystem, as critical to SEs in creatively structuring their business model to general and

maintain optimal profitability. This involves creative combinations of capabilities, products, processes and technology to create a resilient business model (Urban, 2015a).

In the 1990s, innovative technology ventures were able to attract investor funding and grow into large organisations (Kim, 2018). Therefore, the levels of innovativeness demonstrated by a firm open up access to funding, and in turn, the funding spurs further innovation capabilities (Fombang & Adjasi, 2018). The innovativeness of an SE business model, particularly in effectively balancing social impact with financial sustainability, plays a crucial role in enhancing its appeal to impact investors. Innovative business models enable SEs to address social challenges while generating revenue, aligning with impact funders' dual objectives. In the study, this insight led to the formulation of the following hypothesis:

Hypothesis 3: Innovativeness acts as a positive influence on access to impact funding by SEs.

2.4.4 Social entrepreneur background

The attributes of the social entrepreneur (and the management team) directly influence access to funding as they influence investment decision-making (Matshekga & Urban, 2013; Urban & Moreno, 2022). The skills and capabilities of an individual who manages an entrepreneurial venture differ from those of traditional business managers, as they must be highly innovative, growth-oriented, and strategic (Kloepfer & Castrogiovanni, 2018). They are also more likely to have a background in running or managing other SEs (Venter et al., 2015) and general management experience (Fernandes et al., 2023). Social entrepreneurs, in addition, must embed themselves in the communities they work with and become part of the community ecosystem to drive the intended impact (Esau & Tengeh, 2022).

An entrepreneur's human capital encompasses the educational background, professional experience and industry experience (Venter et al., 2015). Human capital is a critical resource in the achievement of firm performance and the success of the business (Sun, Li, & Ghosal, 2020). Furthermore, management skills include people management, networking, mentoring, business management, risk management, proactiveness and fundraising abilities (Urban, 2015a).

The background and experience of a social entrepreneur are pivotal in determining a SE's (SE) success and its ability to attract impact funding. Investors often assess the entrepreneur's track record, skills, and commitment as indicators of the SE's potential for achieving its social mission and financial sustainability (Lim et al., 2025). A well-qualified and experienced

founder can instil confidence in investors, demonstrating the capability to navigate challenges and drive the organization toward its objectives. In the study, this understanding led to the formulation of the following hypothesis:

Hypothesis 4: The background and experience of the social entrepreneur act as a positive influence for SEs to obtain impact funding

2.4.5 Systematic and local entrepreneurship

Entrepreneurs in developing countries tend to face limited market opportunities, which are confined within the boundaries of the communities in which they operate (Sautet, 2013), which is described as local entrepreneurship. Systematic entrepreneurship differs from local entrepreneurship in that the latter is limited to a small number of market transactions, while the former leads to economies of scale and scope extending beyond the entrepreneurs' immediate surroundings (Sautet, 2013). Local entrepreneurship does not produce significant economic growth and has a limited impact, however, institutional factors, such as credit regulation, are required to stimulate systematic entrepreneurship practices (Aeeni et al., 2019).

For most developing countries, South Africa included, the amount of Early Stage Entrepreneurial Activity outpaces Established Business Ownership (Hil et al., 2024), which further indicates that the businesses serve a limited market. According to Sautet (2013) and Murimbika and Urban (2020), the dimensions of systematic entrepreneurship include:

- Large volumes of market transactions exploiting significant gains from trade and innovation
- A complex organisational structure that enables economies of scale and scope to be captured
- Relies on impersonal and formal relations
- Coordination of multiple inputs and production of many products with a complex chain in between
- Entrepreneurial opportunities beyond the immediate community
- Generates entrepreneurial momentum
- Deep accumulation of capital

A study by Murumbika and Urban (2020) found that government support to assist entrepreneurs in starting their businesses in South Africa positively influences systematic

entrepreneurship activity. Social entrepreneurs work to relieve social ills, which are generally deeply entrenched and limited to the communities that they serve. Therefore, impact funding for SEs is necessary to achieve economies of scale in alleviating social ills at a larger scale (Barinua & Nwajiubah, 2022). This perception led to the formulation of the following hypothesis:

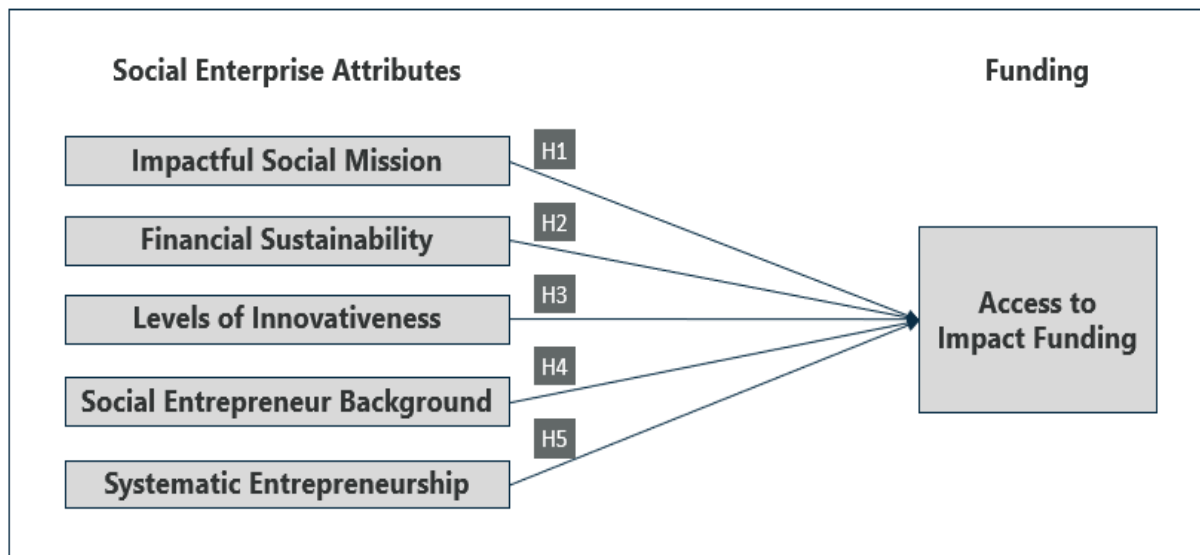
Hypothesis 5: Systematic entrepreneurship acts as a positive influence for SEs to obtain impact funding

2.5 Conceptual Framework

The conceptual framework below was derived from the hypotheses extracted from the literature review and explained above. The framework indicated the relationship between an SE's attributes and access to impact funding. Figure 2.2 below illustrates this conceptual framework underpinning the study, highlighting the relationship between SE attributes and their ability to secure impact funding. The framework identified five primary attributes—impactful social mission, financial sustainability, innovativeness, social entrepreneur background, and systematic entrepreneurship—as independent variables influencing the dependent variable: access to impact funding. In the figure below, each hypothesis (H1 to H5) represents a proposed relationship between a specific SE attribute and access to impact funding. H1 corresponds to the impact of a social mission, H2 to financial sustainability, H3 to levels of innovativeness, H4 to the background of the social entrepreneur, and H5 to systematic entrepreneurship. These hypotheses indicate the expected influence of each attribute on the likelihood of securing impact funding.

Figure 2.2

Conceptual Framework



The figure above suggests that SEs with strong social missions (H1), financial sustainability (H2), and high levels of innovativeness (H3) are attractive to impact investors. Additionally, the experience and background of the social entrepreneur (H4) contribute to an SE's credibility and potential for securing investment. Lastly, systematic entrepreneurship (H5), which involves scaling and expanding social impact beyond local contexts, is proposed as another factor that enhances SEs' eligibility for funding.

The conceptual model provided a structured way to analyse the determinants of impact funding access, offering a foundation for empirical investigation. It underscored the idea that successful SEs must balance social impact with financial sustainability and innovation while leveraging the expertise of their founders to position themselves as viable investment opportunities.

2.5.1 Independent variables

The study's independent variables referred to SEs' attributes that influenced their ability to access impact funding. These variables captured the structural, financial, and strategic characteristics of SEs, shaping their long-term sustainability and funding potential.

1. The impactful social mission variable referred to social objectives that are aligned with the SDG tackled by SEs as outlined by Lovasic and Cooper (2020):
2. Financial sustainability referred to the income/revenue generation of the business as well as the profitability.

3. Innovativeness referred to the innovation employed in creating new products, services or processes.
4. The background and experience of the social entrepreneur included education, prior entrepreneurial experience, industry knowledge, and leadership skills.
5. Systematic entrepreneurship referred to socially productive entrepreneurial activities that yield economies of scale and go beyond the immediate geography of the entrepreneur.

2.5.2 *Dependent variable*

The dependent variable in the study referred to access to impact funding, which was influenced by various SE attributes, including an impactful social mission, financial sustainability, innovativeness, the background and experience of the social entrepreneur, and systematic entrepreneurship.

2.5.3 *Control variables*

The control variables in the study were external factors that may have influenced access to impact funding. By accounting for these variables outside the core independent variables possibly affecting access to impact funding, the study ensured that the relationship between the independent and dependent variables was accurately measured, ensuring a precise analysis.

Business size was identified as one of the control variables, as large SEs may have better-established networks, resources, and credibility, enhancing their ability to secure funding (García-Muiña & Navas-López, 2007). The size of the business directly influences access to funding as larger companies do not struggle as much as smaller ones in obtaining external funds (MacGregor et al., 2002; Puspaningrum, 2019). The size of the business also contributes to its growth potential; the larger the workforce, the larger the production capacity (Puspaningrum, 2019). A study by Wu et al. (2008) found a positive relationship between business size and access to funding.

Another control variable was social entrepreneurs' education level, as higher education levels may have contributed to improved business acumen, strategic decision-making, and access to financial resources, influencing funding opportunities (Lim et al., 2025; Matshekga & Urban, 2013). Studies by MacGregor et al. (2002), and Wu et al. (2008) have found that management teams with higher levels of education have better awareness of different funding sources and are likely to obtain suitable funding for their business. Entrepreneurial education, in particular,

also influences the overall entrepreneurial competency of the individual(s), which leads to systematic entrepreneurial practices (Liu et al., 2025).

2.5.4 Hypothesis summary

The hypotheses indicated in Figure 2.2 above on the conceptual framework are listed below.

- **Hypothesis 1:** An impactful social mission acts as a positive influence on access to impact funding by SEs.
- **Hypothesis 2:** Financial sustainability acts as a positive influence on access to impact funding by SEs.
- **Hypothesis 3:** Innovativeness acts as a positive influence on access to impact funding by SEs.
- **Hypothesis 4:** The background and experience of the social entrepreneur act as a positive influence for SEs to obtain impact funding.
- **Hypothesis 5:** Systematic entrepreneurship acts as a positive influence for SEs to obtain impact funding.

These hypotheses establish empirical relationships between key SE attributes (independent variables) and access to impact funding (dependent variable). These hypotheses guided the study in testing whether specific characteristics of SEs enhanced their ability to secure funding.

The independent variables—impactful social mission, financial sustainability, levels of innovativeness, social entrepreneur background, and systematic entrepreneurship—were hypothesised to positively influence the dependent variable, access to impact funding. Each hypothesis (H1–H5) represented an expected link between these attributes and funding opportunities.

H1 suggested that an impactful social mission strengthens the case for receiving impact funding, as enterprises with a strong alignment to social causes are often prioritised by funders. H2 proposed that financial sustainability enhanced funding access by demonstrating long-term viability and reduced investment risk. H3 examined the role of innovativeness, assuming that enterprises with unique and scalable solutions attracted more funding opportunities. H4 focused on the entrepreneur’s background and experience, hypothesising that their expertise and past success improved credibility with funders. H5 explored systematic entrepreneurship,

where enterprises with structured and scalable models were expected to secure more funding due to their potential for long-term impact.

By empirically testing these hypotheses, the study sought to determine whether these attributes significantly contributed to securing impact funding. The findings were expected to provide evidence on the effectiveness of different enterprise characteristics in attracting financial resources, helping policymakers, social entrepreneurs, and investors understand the determinants of funding success.

2.6 Chapter synthesis

This chapter reviewed the literature on SEs and their access to impact funding. It explored key concepts, definitions, and research findings that informed the study's conceptual framework. The literature reviewed demonstrated how SEs differ from traditional commercial enterprises and NPOs in their dual focus on financial sustainability and social impact. The discussion of social entrepreneurship and SEs highlighted the role of social entrepreneurs as agents of change who seek innovative solutions to address wicked problems. Their ability to create economic and social value through market-based approaches was emphasised as a factor in their sustainability and ability to attract funding.

The review of SE attributes identified several key characteristics that influence an enterprise's ability to secure impact funding. These attributes—an impactful social mission, financial sustainability, innovativeness, the social entrepreneur's background, and systematic entrepreneurship—were explored in detail, with references to empirical studies that supported their significance. These attributes were later integrated into the conceptual framework, forming the foundation for the study's hypotheses. The conceptual framework illustrated the expected relationships between these independent and dependent variables, access to impact funding. The inclusion of control variables—business size and the education level of the social entrepreneur—acknowledged external factors that may also influence the funding outcomes of SEs.

The development of hypotheses in this chapter was grounded in the existing literature, reinforcing the empirical basis of the study. Each hypothesis represented a proposed relationship between an enterprise attribute and its ability to attract impact funding. The hypotheses posited that SEs with a strong social mission, financial sustainability, high levels of innovation, experienced founders, and scalable business models would be more successful

in securing funding. These propositions aligned with research findings that highlighted the criteria used by impact investors when evaluating funding opportunities.

The chapter presented theoretical insights and the need for an empirical investigation to validate these proposed relationships. While the literature provided a strong foundation for understanding the determinants of access to impact funding, the study empirically tested these hypotheses in the context of SEs. The chapter built a cohesive argument for the research by integrating various strands of literature.

The next chapter will outline the research methodology employed in the study, detailing the research design and research methods.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to conduct the study and addresses the research aim, objectives, and questions. The research paradigm, design, population and sample selection methods, data collection, measuring instrument, data analysis, and ensuring validity and reliability are explained in detail, as well as the reasons for choosing them. In addition, the chapter considers the ethical principles followed in the study.

3.2 Research Paradigm

A positivist paradigm underpinned the research methodology, reflecting the researcher's belief that knowledge is derived from empirical observation and measurement yet remains open to revision as new evidence emerges. This paradigm aligns with the idea that while research can demonstrate causal relationships between variables, these findings are never absolute and can be challenged or refined through further inquiry (Creswell & Creswell, 2017).

The positivist paradigm emphasises objectivity and systematic inquiry, requiring that potential biases in data collection and analysis be minimised to ensure the validity of results. This paradigm aligned with the study's focus on identifying specific factors—such as social enterprise attributes—influencing funding while acknowledging that alternative explanations could exist and could be explored through further research.

Given that the study sought to examine measurable relationships between variables, the positivist approach allowed for investigating the causal links between social enterprise attributes and impact funding, ensuring that findings were generalisable and based on empirical evidence.

3.3 Research Design

The study adopted a cross-sectional quantitative research design to examine the relationship between social enterprise attributes and access to impact funding. A cross-sectional design was selected because it allows for data collection at a single point in time, providing a snapshot of existing relationships between the independent and dependent variables. This type of design is

widely used in social science research due to its efficiency and practicality, especially compared to longitudinal designs, which require data collection over extended periods. Given the time and resource constraints of the study, a cross-sectional design was the most suitable.

The study assessed the correlation between the independent variables—impactful social mission, financial sustainability, background and experience of the social entrepreneur, and innovativeness—and the dependent variable, access to impact funding. A cross-sectional design facilitated this analysis by enabling the measurement of relationships across a diverse sample within a limited timeframe.

An advantage of this design is its ability to identify associations between variables efficiently, making it useful for testing hypotheses and informing further research. However, it also has limitations, particularly its inability to track changes over time. Despite this limitation, the study captured reliable and representative data, providing meaningful insights into the factors influencing the impact of funding for SEs.

3.4 Research Methods

The hypotheses described in Chapter 2 were tested using a quantitative research method, which was the most suitable for this study. The study sought to determine the relationship between the independent and dependent variables (Creswell & Creswell, 2017). A quantitative method allowed for measuring these relationships using numerical data, enabling statistical analysis to demonstrate the strength and significance of correlations.

This method is not without limitations, as biases in respondent answers may influence the results, and the researcher did not have control over how participants responded to the survey questions. A qualitative method could have provided greater control over participant responses, allowing the researcher to investigate the reasons behind their answers. However, qualitative methods focus on subjective perspectives and individual experiences rather than measurable relationships, making them unsuitable for addressing the study's research questions.

To mitigate the potential disadvantages of a quantitative method, the study was conducted with multiple respondents, ensuring that variations in individual biases were minimised. Additionally, a survey was used to collect primary data, enabling the measurement of the independent and dependent variables. Surveys are particularly effective in gathering large-scale quantitative data, which can be analysed statistically to identify trends, patterns, and

correlations. Using a single survey instrument for all variables ensured consistency in measurement and facilitated an accurate interpretation of the findings.

3.4.1 Population selection method

The study targeted founders or managers of enterprises actively engaged in a social or environmental mission (Urban & Bukula, 2022). The population also included enterprises implementing social innovation to drive social transformation, covering social cooperatives and NPOs (Tortia et al., 2020). To ensure representation, nascent and established SEs were included without restrictions on the age of the individuals managing these enterprises (18+).

3.4.2 Sample selection method

The study applied purposive, non-random sampling to identify respondents from established networks of social entrepreneurs and social innovators in South Africa. Due to the absence of a comprehensive national database of SEs, the study relied on recognised sources that compile directories of individuals and businesses engaged in social and environmental impact initiatives. These sources included the Ashoka Foundation, the Bertha Centre for Social Innovation and Entrepreneurship, and Catalyst 360, which provided a structured approach to selecting participants and ensuring the sample was relevant and representative.

One of the primary challenges in defining the study population was the lack of a legal definition of SEs in South Africa (Urban & Bukula, 2022). To address this, the study adopted a broad definition, encompassing organisations committed to social or environmental impact, regardless of their legal classification. This inclusive approach ensured a diverse sample, reflecting the varied nature of SEs in the country.

The sampling frame consisted of 387 SEs distributed across key social entrepreneurship networks as follows:

- 81 SEs from the Bertha Centre for Social Innovation and Entrepreneurship (WhatsApp Group)
- 73 SEs from the Allan Gray Orbis Foundation Alumni (WhatsApp Group)
- 142 SEs from the Ashoka Southern Africa (website directory)
- 91 SEs from Catalyst 2030, a network of social innovators headquartered in South Africa (website directory)

Participants were selected based on their relevance and accessibility to the research objectives. The survey was primarily distributed via LinkedIn to reach individuals within these networks. Snowball sampling was encouraged to expand the sample, enabling initial respondents to share the survey with peers who met the inclusion criteria.

3.4.3 Data collection method

Given the study's objective of examining the relationship between social enterprise attributes and access to impact funding, a survey was deemed the most appropriate data collection method. A survey is a systematic method of collecting data from a sample of individuals through structured questionnaires, allowing researchers to gather quantifiable information on specific topics (Creswell & Creswell, 2017). Surveys are commonly used in quantitative research, as they facilitate the efficient collection of large-scale data while ensuring standardization across responses.

The survey was distributed via email and social media platforms, primarily LinkedIn and WhatsApp, to ensure broad reach and cost-effectiveness. Social media and messaging platforms were particularly suitable for this study as they provided a low-cost alternative to traditional data collection methods and allowed the researcher to engage with SEs across South Africa, aligning with the study's research landscape.

Data collection took place from October 2024 to February 2025. The questionnaire remained open longer than initially planned due to a slower-than-expected response rate. As a result, the researcher implemented additional measures to increase participation and ensure sufficient data collection.

The following steps were applied during data collection:

- a) Identifying respondents – SE managers and founders were selected from the previously mentioned platforms and networks.
- b) Locating participants on LinkedIn – Potential respondents were searched for on LinkedIn.
- c) A connection request was sent to each identified participant.
- d) Upon acceptance, the survey link was shared with a personalised message explaining the study's purpose.
- c) Follow-ups – Reminder messages were sent every second week to encourage participation.

d) Encouraging snowball sampling – Participants were requested to share the survey with their peers in the SE sector to expand the sample size.

Due to slow response rates, additional strategies were implemented. These included sending WhatsApp messages and direct emails to identified participants, further improving engagement and ensuring that sufficient responses were collected for statistical analysis.

3.4.3.1 Data collection limitations

The first limitation to the data collection was that SEs in South Africa sometimes adopt a hybrid company structure whereby one company is registered as a not-for-profit entity (which focuses on the social mission). At the same time, the other is a profit entity (which focuses on financial sustainability). Pure social entrepreneurs are limited in South Africa. Most start as commercial entrepreneurs and incorporate social entrepreneurship once the venture becomes profitable and they have time to focus on their social mission. It becomes complex to identify which one is an actual SE. Hence, the respondents may not necessarily have identified as SEs. There is also a lot of “greenwashing” (recognising non-socially or environmentally focused funding as impact funding investments), which means certain respondents who were not SEs but have received “greenwashed” impact investment may have convoluted the results.

Over the data collection period, several social entrepreneurs stated that they were inundated with requests for information to be reported, such as reporting to their funders and for audit purposes. As a result, they could not respond to the survey. The period during which the survey was conducted (October to February) was busy for year-end reporting.

A limitation of the data collection process in this study was its cross-sectional design, which captured data at a single point in time rather than tracking changes over an extended period. This approach limited the study’s ability to establish causal relationships between the studied constructs, as it did not account for variations that may have occurred over time due to external influences or evolving organisational dynamics (Urban, 2020).

In the context of this research, while the study identified associations between SE attributes and access to impact funding, it could not determine whether these attributes directly caused changes in funding outcomes. Longitudinal studies, in contrast, would have allowed the observation of patterns over time, tracking whether enterprises experienced attribute changes and increased access to funding.

3.4.3.2 *Data collection instrument*

A closed-ended questionnaire comprised individual and organisational-level questions (Block et al., 2021). A closed-ended questionnaire was suitable for the study, as it restricted responses to predefined categories, preventing data from falling outside the scope of analysis and ensuring comparability across responses.

The measuring instrument incorporated two types of response formats:

- A Likert scale was used for interval data, allowing respondents to indicate the strength of their agreement or disagreement with particular statements. The study applied a seven-point Likert scale, providing more significant response variability and enabling a more nuanced analysis of attitudes and perceptions (Cooper & Schindler, 2014).
- Multiple-choice, single-response scales were used for nominal data, such as demographics, business information, and social entrepreneur background—these predefined categories allowed for precise classification and statistical comparison (Cooper & Schindler, 2014).
- The questionnaire was designed using the Qualtrics platform, ensuring each response option was assigned a numeric value, facilitating quantitative analysis. The survey questions were adapted from prior studies to ensure alignment with the study's objectives and target respondents.

To enhance reliability and validity, the research instrument was pilot-tested ($n = 6$) to assess the clarity of questions, identify grammatical errors, and establish the estimated completion time. The pilot study helped determine the scores' content validity and evaluate the items' internal consistency. Based on feedback, adjustments were made to improve the wording of questions and instructions where necessary (Creswell & Creswell, 2017).

The questionnaire did not collect personal information, ensuring participant anonymity. An introductory page outlined the ethical considerations of the study, providing reassurance that the survey had passed the ethics committee review at Wits University.

As shown in Table 3.1 below, the measuring instrument used in the study was structured to assess the relationship between SE attributes and their ability to secure impact funding. The instrument was designed based on established constructs, each representing a broad concept relevant to SEs and their funding opportunities. Specific dimensions were identified within each construct to break down and operationalise the concept into measurable components.

These dimensions provided a structured approach to evaluating the different aspects of each construct, ensuring that the study captured variations in how SEs function and interact with potential investors. To ensure validity and reliability, each construct's sources and corresponding dimensions were drawn from existing scholarly literature.

The measuring instrument played a crucial role in structuring the study's analysis by systematically examining the impact of different social enterprise attributes on access to impact funding. By using well-defined constructs and dimensions based on credible sources, the study ensured that the data collected could be analyzed quantitatively to identify trends and relationships. This structured approach enabled a clear understanding of how financial sustainability, innovation, entrepreneurial experience, and other factors contribute to the ability of SEs to attract investment.

Using the framework in Table 3.1 below, the structured measurement of these variables allowed for an understanding of the challenges faced by SEs in securing impact funding and the characteristics contributing to their success. Including multiple dimensions under each construct ensured a comprehensive analysis of the factors influencing SEs' access to sustainable finance. By drawing on established literature, the study incorporated a robust theoretical foundation, allowing for a nuanced assessment of internal organisational factors and external funding dynamics.

The results of this analysis were expected to inform practitioners and policymakers on how best to support SEs in accessing the financial resources necessary for long-term sustainability and social impact. Specifically, by identifying which attributes correlate most strongly with impact funding, the study provided insights into the funding ecosystem and highlighted areas where interventions, such as policy adjustments or capacity-building initiatives, may be required to enhance SEs' investment readiness and financial viability.

Table 2.1*Measuring Instrument*

Construct	Dimensions	Source
Access to Impact Funding	1. Investors 2. Funders as sources of revenue 3. Sustainable finance 4. Funding suitability 5. Cost of funding 6. Favourable terms and conditions of funding 7. Funding from personal savings, friends, and/or family (reverse)	Urban and Bukula (2022) Bloom and Smith (2010) Okello Candiya Bongomin, Mpeera Ntayi, Munene, and Akol Malinga (2017) Claessens (2006) Khoase and Ndayizigamiye (2018)
Social Mission	1. Social objectives described in the mission statement are achieved 2. Society has improved 3. Contribution to solving the social problems that make up the corporate mission 4. Fulfilling the social objectives set out in the mission	Akhmedova, Mas-Machuca, and Magomedova (2022) Mas-Machuca, Akhmedova, and Marimon (2024)
Financial Sustainability	1. Greater market share than competition 2. Growing faster than competition 3. More profitable than competition 4. More successful than competition	Mas-Machuca et al. (2024)
Innovativeness	1. Introducing innovations or technology 2. Research and Development activities 3. New product development 4. Innovation and creativity are part of the business strategy 5. Employees are encouraged to come up with new ideas 6. The CEO and leaders are involved in fostering innovation 7. Reward system for creative and innovative individuals	Monsen and Wayne Boss (2009)
Background and Experience	1. Same/related industry experience 2. Entrepreneurial experience 3. Managerial experience	Teal and Hofer (2003) Muñoz-Bullon, Sanchez-Bueno, and Vos-Saz (2015)
Systematic Entrepreneurship	1. Large volumes of market transactions exploiting large gains from trade and innovation 2. Complex organisational structure that enables economies of scale and scope to be captured 3. Relies on impersonal and formal relations 4. Coordination of multiple inputs and production of many products with a complex chain in between 5. Entrepreneurial opportunities beyond the immediate community 6. Generates entrepreneurial momentum 7. Deep accumulation of capital	Murimbika and Urban (2020) Sautet (2013)

Table 3.1 above shows that the dependent variable, access to impact funding, was operationalised through seven dimensions, including the availability of investors, funders, financial sustainability, funding suitability, and cost considerations. These factors were drawn from previous studies that have examined how SEs access financial support.

The independent variables included social mission, financial sustainability, innovativeness, background and experience, and systematic entrepreneurship. Each construct was broken down into multiple dimensions, capturing different aspects of their influence on SEs' funding prospects.

The social mission construct evaluated the extent to which SEs achieved their stated social objectives, while financial sustainability examined their competitive standing in terms of market growth, profitability, and success. Innovativeness measured the SEs' ability to implement new technologies, foster creativity, and encourage employee-driven innovation. Background and experience focused on social entrepreneurs' entrepreneurial and managerial experience, as these factors influence their ability to attract funding. On the other hand, systematic entrepreneurship captured the extent to which SEs engaged in scalable and structured business models that could expand beyond their immediate geographic locations.

By structuring the measuring instrument this way, the study ensured that all critical factors influencing SEs' access to funding were systematically evaluated. Including established literature sources further strengthened the study's validity, ensuring that the measured constructs aligned with prior empirical research.

3.4.4 *Validity and reliability*

Validity ensures that an instrument is measuring what it is supposed to be measuring (Creswell & Creswell, 2017). In the study, exploratory factor analysis was used to test internal validity, ensuring that the survey items were grouped in a way that aligned with theoretical expectations. However, construct validity required confirmatory factor analysis to determine whether the measured variables accurately represented the underlying theoretical constructs (Urban & Bukula, 2022).

Cronbach's alpha was utilised to test reliability. Reliability refers to the consistency and stability of the measurement instrument in producing similar results under repeated conditions. Before validity and reliability testing, the data were screened and cleaned to remove irrelevant data and ensure they had been coded correctly.

3.5 Data Analysis

Inferential statistics were used to make assumptions about the general population of SEs in South Africa. Correlation analysis and regression models were computed to test the hypothesised relationship between the independent and dependent variables. The control variables had also been tested using correlation and regression models.

3.6 Ethical Considerations

Appendix 2 contains the participant information sheet, which considers the ethics of the respondents. The information sheet identified all the relevant ethical considerations and explained that the respondents did not have to participate if they did not want to. In addition, participants were informed that they would not receive any direct benefits from the study; however, their participation would not result in any disadvantages or losses.

3.7 Chapter Synthesis

This chapter established a methodological framework to address the research aim, objections, and questions. The positivist paradigm directly influenced the research design, ensuring the study was rooted in empirical measurement while acknowledging the possibility of alternative interpretations. This paradigm aligned with the decision to adopt a quantitative, cross-sectional design, as it allowed for measurable relationships between variables to be tested within a specific time frame, reinforcing the need for objective numerical data.

The research design was linked to the selection of the population and sampling methods. Since no centralised SEs database existed in South Africa, a purposive sampling method was necessary to identify relevant participants on networks from which respondents could be drawn. The use of snowball sampling extended access to qualified respondents.

The use of a structured survey ensured that responses could be numerically quantified for statistical analysis, allowing for a systematic evaluation of the relationships between SE attributes and access to impact funding. However, as acknowledged in the chapter, this approach did not account for causality or long-term changes. While the findings provided valuable insights into the factors associated with funding access, they did not establish definitive cause-and-effect relationships or capture how these dynamics may evolve. This limitation underscored the need for longitudinal research to assess how SEs' financial and operational strategies influence their funding prospects over extended periods.

The questionnaire design incorporated Likert scales for interval data and categorical response options for nominal data. This measuring instrument operationalised the independent and dependent variables. The conceptual framework outlined in Chapter 2 provided the foundation for this instrument, ensuring that each construct was defined in terms of dimensions drawn from established literature.

The validity and reliability testing served as a bridge between data collection and analysis, ensuring the measurement was accurate and consistent. This step ensured that the data were suitable for the inferential statistical techniques that followed, quantitatively assessing patterns identified conceptually.

Finally, ethical considerations permeated all study aspects, ensuring that methodological decisions did not compromise participant rights or data integrity. Ethical safeguards were integrated into sampling, data collection, and reporting, ensuring that confidentiality was maintained and informed consent was obtained for the study, the results of which are presented in the next chapter.

CHAPTER 4

PRESENTATION OF RESULTS

4.1 Introduction

This chapter provides detailed results of the data analysis. The initial step before the analysis was to screen and clean the data, followed by an analysis of respondents' demographics. Thereafter, constructs were tested for validity, and then the scales for reliability were tested. Finally, the study hypotheses were tested to determine whether the results supported them.

The results were downloaded from Qualtrics as an SPSS file to ensure an easy transition of the data between software platforms (IBM Corps, 2022; Qualtrics, 2024). The SPSS file contained a total of 80 responses. All the dummy responses from the instrument testing phase had already been deleted from Qualtrics, ensuring that the file contained only legitimate responses from the target respondents.

4.2 Data Screening and Cleaning

Before conducting statistical analysis, the dataset underwent rigorous screening and cleaning to ensure accuracy, validity, and reliability. This step was essential for identifying and removing irrelevant or missing data, distorting the results.

4.2.1 *Screening for irrelevant data*

The Qualtrics download of the results contained irrelevant data fields, which were empty as they did not form part of the study. These included fields such as "Start date" and "Progress". These fields were deleted from the SPSS Data View tab data tables. This data-cleaning exercise did not affect the number of responses initially collected.

The data also contained one result from a participant who did not consent to the study. Although none of their responses were captured, the data included empty fields from this respondent. This result was removed from the data using listwise deletion, which completely eliminated the participant's response (Field, 2013). This action resulted in a total of 72 responses being recorded. The remainder of the responses were all from participants who fully consented to be part of the study by clicking on the "I consent to participate in the study and would like to continue with the survey" button.

4.2.2 Screening for missing data

The data contained six responses in which the participant expressed consent to participate in the study but never filled out any of the questionnaire fields. Listwise deletion was applied to those responses. This deletion meant that the total number of valid responses was 73. At this stage, missing value analysis was conducted to determine the percentage of missing data per variable. One variable had missing values exceeding 10%, which may have distorted the data, as missing values above this threshold are considered significant and could impact the reliability of the analysis (Rja & Rubin, 1987). Four responses that contained no answers to any of the variables were deleted to address this. Following this data-cleaning process, the dataset no longer had variables with missing values above 10%, ensuring that 69 valid responses were retained for analysis.

4.2.3 Data coding

Data coding ensured that all responses were formatted consistently and ready for statistical analysis. After screening for irrelevant and missing data, coding standardised variable names, recoded reverse-scaled and negative questions, and ensured uniformity in response categories. Re-coded reverse-scaled and negative questions are survey items adjusted to maintain consistency in data analysis. Reverse-scaled questions have response options structured in the opposite direction from others, and negative questions show disagreement, indicating a positive response,

Reverse and negative questions were deliberately included in the questionnaire to ensure participants actively engaged with each question. Specifically, Questions 4.1 to 4.4 contained a seven-point Likert scale structured in reverse order compared to other scales, with the first option being “strongly agree” instead of “strongly disagree.” To maintain consistency across all responses, Qualtrics was used to automatically correct the coding so that 1 = Strongly Disagree, 2 = Disagree, 3 = Somewhat Disagree, 4 = Neither Agree nor Disagree, 5 = Somewhat Agree, 6 = Agree, and 7 = Strongly Agree. Additionally, Question 3.7 was phrased as a negative question, requiring recoding in SPSS using the “Recode into Same Variable” function. This ensured that responses followed a consistent scale by reversing the values from 1 to 7.

To facilitate analysis, variable names were standardised in SPSS using shortened labels representing the constructs, such as “Access_1,” “Mission_1,” and “Innovativeness_1.” This

renaming ensured clarity and ease of reference when performing statistical tests. Through these coding adjustments, the dataset was fully prepared for subsequent analysis, ensuring the accuracy and reliability of the results.

4.2.4 Methodology error on hypothesis 4

Upon screening the data and responses, the researcher noted that the responses for Hypothesis 4 were captured as text (nominal data). Hypothesis 4 stated that the background and experience of the social entrepreneur acted as a positive influence for SEs to obtain impact funding, which is grounded in the work by Matshekga and Urban (2013) and Urban and Moreno (2022). Hypothesis 4 was operationalised using three variables: 1) same/related industry experience, 2) entrepreneurial experience and 3) managerial experience. The measurement instrument for these variables consisted of numerical fields designed to capture the number of years. Using numerical fields provided structured data for statistical analysis and comparison across respondents.

In SPSS, the text field was used for these variables, allowing respondents to enter non-numeric text. This approach posed a limitation, as responses could not be automatically coded for statistical analysis. Consequently, manual data cleaning and recoding were required to convert text-based inputs into numerical values, ensuring consistency and accuracy in the dataset. Given time constraints, the researcher decided not to continue with further investigations into Hypothesis 4. The researcher should have used a seven-point Likert scale for consistency with the other variables, which would have allowed a consistent analysis structure for the SPSS tool. This hypothesis has, therefore, been excluded from further analysis.

4.3 Demographics Analysis

Information regarding the participants, the business that they represent and their social mission (in the form of SDGs) was collected from the questionnaire. The participant information included their age, gender and level of education. Business information collected is related to the size of the business (in terms of employees), business age, and corporate structure. The social mission was classified based on its alignment with the SDGs. The SDGs were further categorised into primary and secondary SDGs to ensure clarity in analysis. The primary SDGs represented the core focus of the SEs' mission, while the secondary SDGs captured additional but less central objectives that the enterprises contributed to. This classification allowed for understanding how SEs aligned their missions with global development priorities.

4.3.1 Demographics

4.3.1.1 Gender

The participants were mainly females (55%), and the remainder was 45% males. None of the participants selected the non-binary/3rd gender option or the “prefer not to say” option.

Table 4.1

Participants' Gender

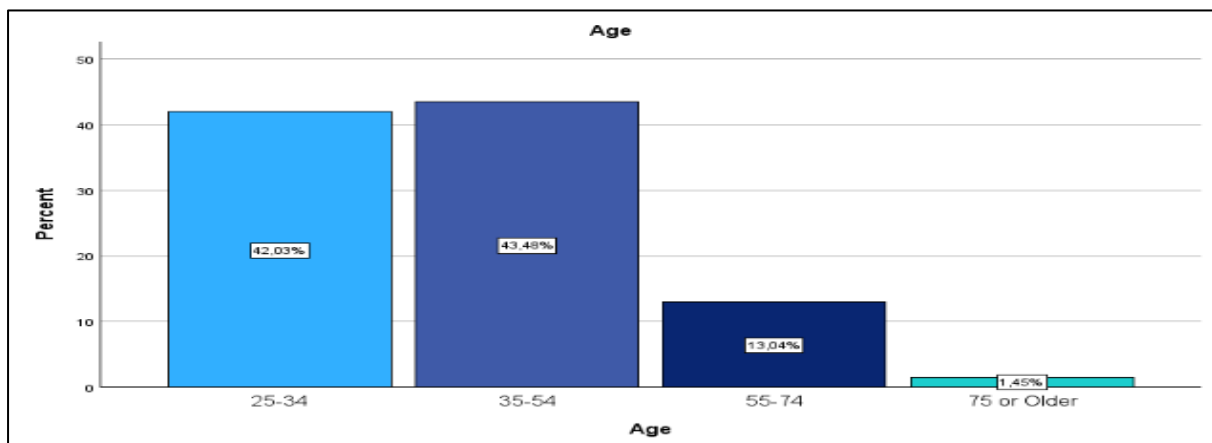
Gender		Frequency	Percent
Valid responses	Male	31	44,9%
	Female	38	55,1%
	Non-binary/3 rd gender	0	0.0%
	Prefer not to say	0	0.0%
	Total	69	100,0%

4.3.1.2 Age

Most participants were between 25 and 54, as the two categories (25-34 and 35-54) represented 84% of the total participants. A small percentage of participants (1.45%) represented those 75 years and older, well beyond retirement age.

Figure 4.1

Participants' Age

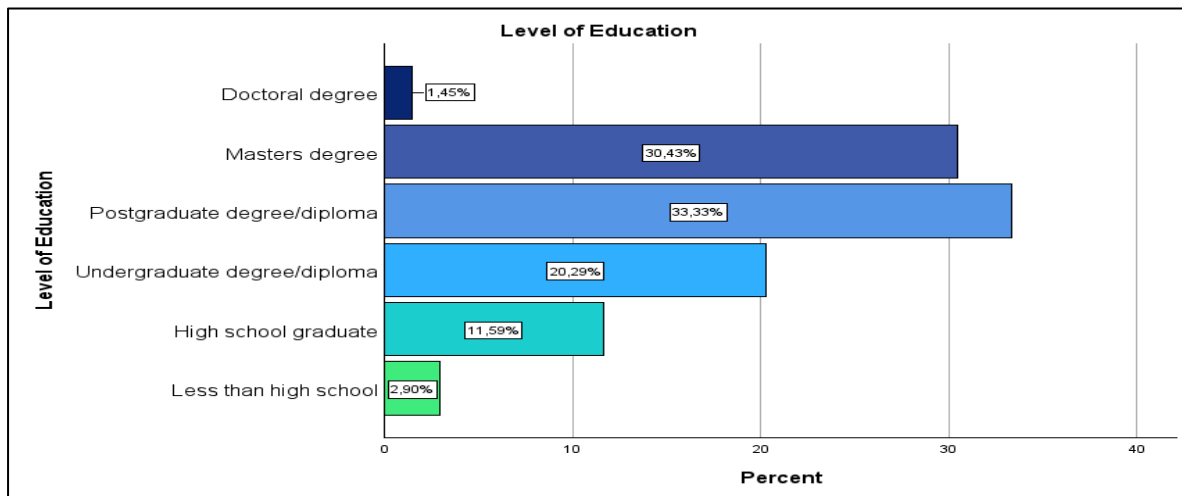


4.3.1.3 Level of education

Most participants stated that they had a postgraduate degree/diploma, representing a 3rd of the participants. Only 1 participant indicated that they had a doctoral degree.

Figure 1.2

Participants' Level of Education



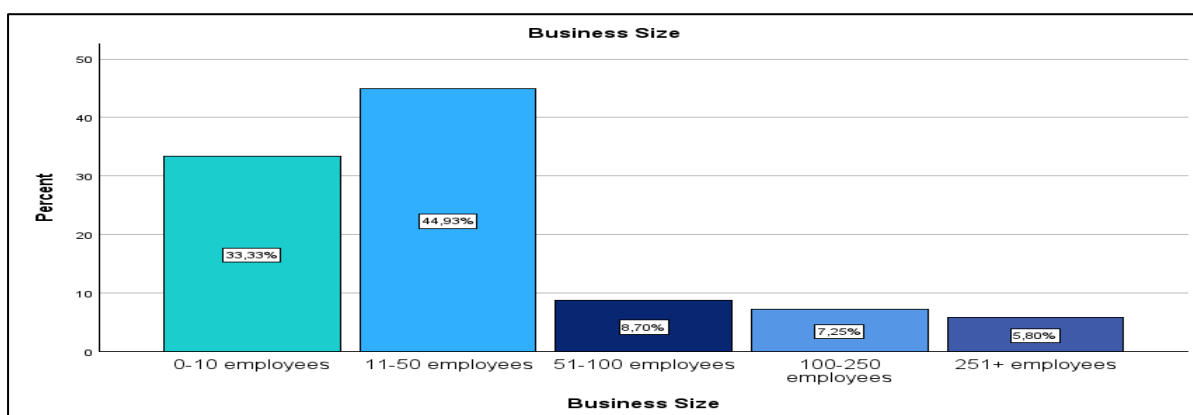
4.3.2 Business information

4.3.2.1 Size

Business size was evaluated according to the number of employees in the business. The data showed that many businesses had 50 or fewer employees, representing 78% of the respondents. About 6% of the respondents indicated that their businesses had over 250 employees and were, therefore, large organisations.

Figure 4.3

Business Size



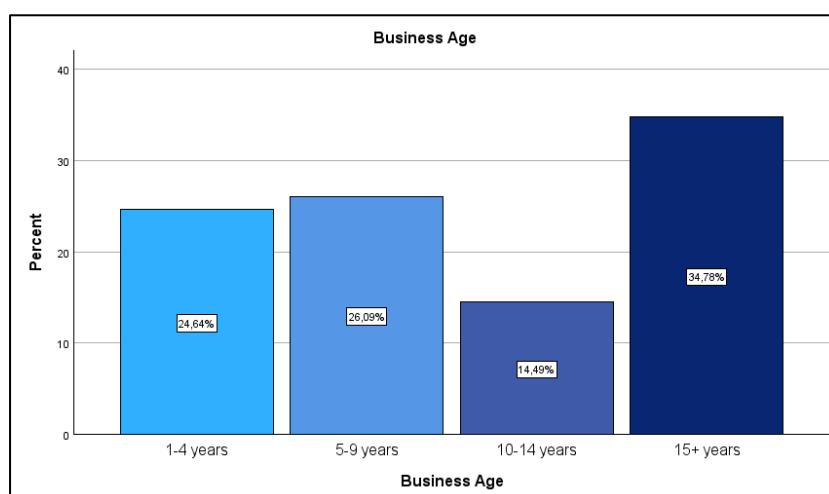
4.3.2.2 Age

A quarter (25%) of the businesses were relatively new, as they were 1 to 4 years old. However, many of the businesses were 15 years and older, representing 35% of the total respondents.

The smallest number of respondents were in the 10 to 14 year old business category, at around 15%.

Figure 4.4

Business Age



4.3.2.3 Corporate structure

A large number of the businesses represented by the respondents were 2%), and only 22% were NPOs. The remainder of the businesses (16%) were hybrid organisations. A hybrid organisation is not a specific legal structure in South Africa but represents businesses set up as NPOs and for-profit companies under one group/set of operators.

Table 4.2

Corporate Structure

Corporate Structure		Frequency	Per cent
Valid responses	Non-profit company	43	62,3%
	For-profit company	15	21,7%
	Hybrid organisation	11	15,9%
	Total	69	100,0%

4.3.3 Social mission

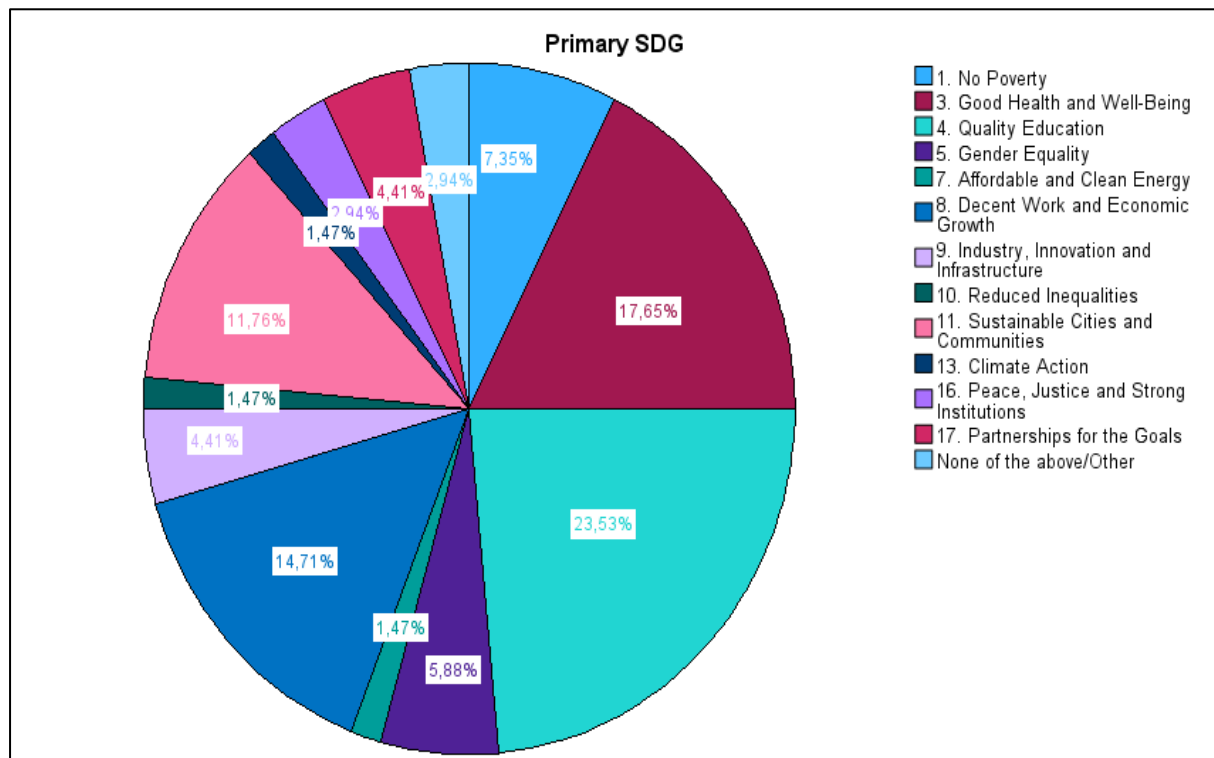
4.3.3.1 Primary SDG

The mission of improving the quality of education was a core social mission focus for 24% of the respondents. The other respondents had a core focus on good health and well-being (18%)

as well as decent work and economic growth (15%). These three SDGs represented about 57% of the respondents' core social mission.

Figure 4.5

Primary SDG

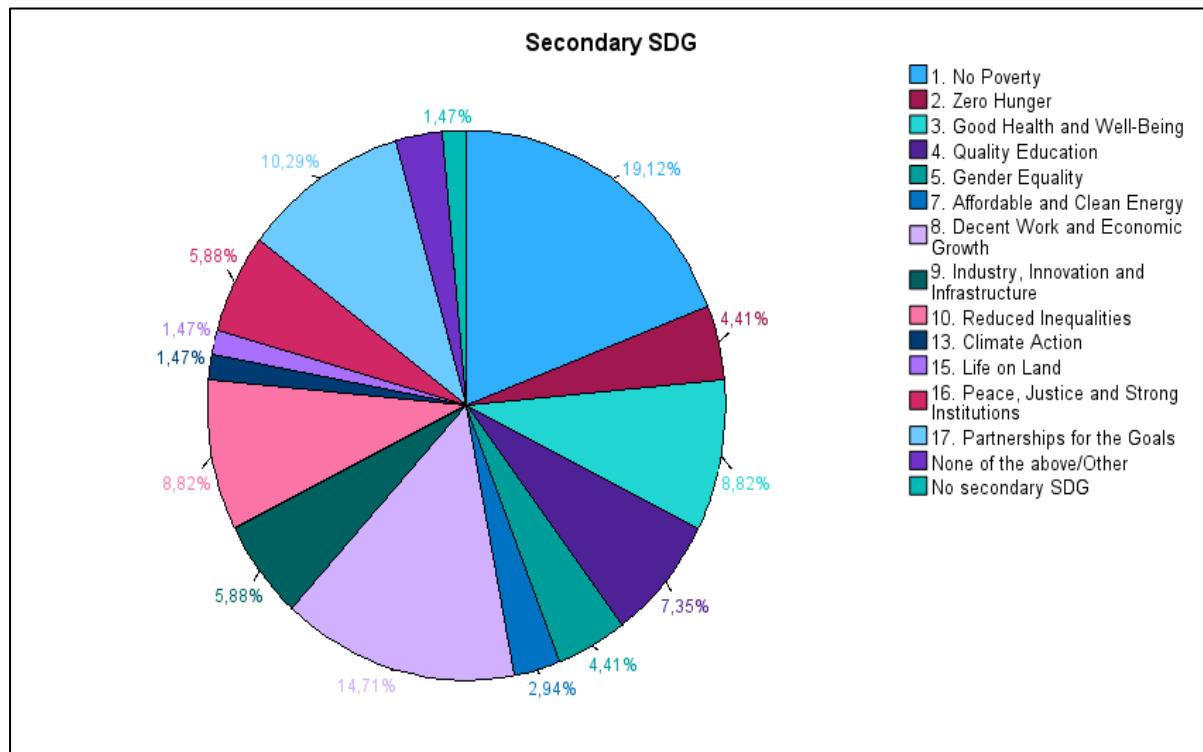


4.3.3.2 Secondary SDG

As a secondary social mission objective, no poverty, decent work and economic development and partnerships for the goals represent 19%, 15% and 10% of the respondents' work. These three SDGs represent 45% of the secondary SDGs the respondents work on improving.

Figure 4.6

Secondary SDG



4.4 Data Validity Analysis

This data analysis section started by analysing whether the sample was adequate for factor analysis using the Kaiser-Meyer-Olkin measure of sampling adequacy (KMO) and Bartlett's test. The data validity analysis was then performed using the exploratory factor analysis method. This method tested the relatedness of the groups of variables (Field, 2013).

4.4.1 Sampling adequacy

The KMO value obtained was 0.697, as illustrated below, which indicated that the sample size was adequate for factor analysis as it was above 0.5 (Field, 2013). Bartlett's test of sphericity had a value less than 0.001, which was less than 0.05 and therefore indicated that the correlation between the values was significantly different to 0, where 0 indicated no correlation and sufficiently correlated for factor analysis to be conducted (Field, 2013). The KMO and Bartlett's tests confirmed that factor analysis was appropriate for the dataset.

Table 4.3*KMO and Bartlett's Test*

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		,697
Bartlett's Test of Sphericity	Approx. Chi-Square	426,467
	df	105
	Sig.	<,001

4.4.2 Exploratory factor analysis

Exploratory factor analysis is a statistical technique used to identify the underlying structure of a set of observed variables by grouping them into factors based on their correlations. In the study, exploratory factor analysis was conducted using principal axis factoring. The extraction method used was principal axis factoring, and the rotation method was Promax with Kaiser normalisation, as these two methods worked well together. Multiple iterations of EFA were conducted while removing items that were not loading. The coefficient loading value limit was initially set at 0.4 and then increased to 0.5 to remove items loading under more than one factor.

The results confirmed that there were convergent and divergent validity in the constructs. Convergent validity was proven by the factor loadings loading under the retained factors, and divergent validity was proven as the factor loadings were not cross-loading.

The tables and figures below show the results after the multiple iterations.

4.4.2.1 Multicollinearity test

The determinant amount came out at 0.001, which was more significant than 0.00001, confirming that the variables did not correlate too highly (Field, 2013).

4.4.2.2. Total variance explained

The total variance in Table 4.4 below indicates that 75.4% of the variance in the items was explained by the five factors that were retained. These results illustrated that all five hypothesised factors explained 75.4% of the variation in the original 15 items (excluding eliminated ones).

Table 4.5*Total Variance Explained*

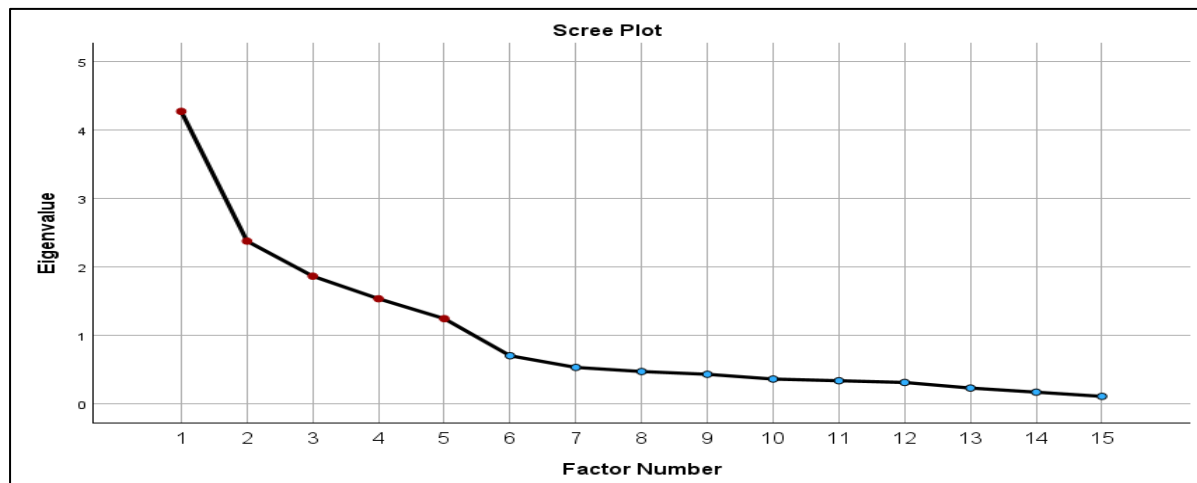
Total Variance Explained							
Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings ^a
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4,276	28,508	28,508	3,946	26,309	26,309	3,068
2	2,381	15,872	44,380	2,057	13,713	40,022	2,803
3	1,868	12,455	56,834	1,496	9,976	49,999	2,318
4	1,538	10,256	67,090	1,222	8,144	58,143	2,351
5	1,248	8,318	75,408	,841	5,606	63,749	1,259
6	,705	4,703	80,111				
7	,535	3,567	83,678				
8	,475	3,166	86,844				
9	,434	2,895	89,739				
10	,365	2,433	92,172				
11	,340	2,268	94,440				
12	,315	2,101	96,541				
13	,233	1,556	98,098				
14	,173	1,156	99,254				
15	,112	,746	100,000				

Extraction Method: Principal Axis Factoring.

a. When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

4.4.2.3 Scree Plot

The scree plot illustrated below indicates the number of factors which were extracted. The chart flattens after five factors as the eigenvalue drops below 1. This confirms that five factors were retained.

Figure 4.7*Scree plot*

4.4.2.4 Pattern matrix

The pattern matrix table below illustrates the five factors that were retained and the related factor loadings, which were loaded highly with a correlation coefficient of 0.5 and above (Field, 2013). The five factors represented 1) access to impact funding, 2) social mission, 3) financial sustainability, 4) innovativeness and 5) systematic entrepreneurship.

Table 4.6

Pattern Matrix

Pattern Matrix^a					
	Factor				
	1	2	3	4	5
Access to Funding_1			,765		
Access to Funding_4			,762		
Access to Funding_7			,568		
Social Mission_3					,522
Social Mission_4					,907
Finacial Sustainability_1	,664				
Finacial Sustainability_2	,739				
Finacial Sustainability_3	,867				
Finacial Sustainability_4	,746				
Innovativeness_1		,787			
Innovativeness_2		,905			
Innovativeness_3		,891			
Systematic Entrepreneurship_1				,786	
Systematic Entrepreneurship_2				,715	
Systematic Entrepreneurship_7			,605		
Extraction Method: Principal Axis Factoring.					
Rotation Method: Promax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

4.5 Reliability testing

Reliability testing was conducted using Cronbach's alpha to determine whether the measurement instrument/survey questions consistently reflected the measured constructs (Field, 2013). Cronbach's alpha values between 0.7 and 0.9 are acceptable, indicating good internal consistency among items measuring the same construct (Creswell & Creswell, 2017; Field, 2013). The table below summarises the standardised Cronbach's alpha, the number of items, and the five factors' reliability level.

Table 4.7*Reliability Test*

Factor	Standardised Cronbach's alpha	Number of Items	Reliability Level
Access to impact funding	0.731	4	Reliable
Social mission	0.647	2	Less than optimal reliability
Financial sustainability	0.841	4	Reliable
Innovativeness	0.906	3	Reliable
Systematic entrepreneurship	0.798	2	Reliable

The reliability scores for access to impact funding, financial sustainability, and innovativeness were good at 0.731, 0.841, and 0.906, respectively, falling within the optimal range. These factors had three or more factor loadings, contributing to their reliability. Systematic entrepreneurship demonstrated a reliable Cronbach's alpha score, despite having only two factor loadings.

The social mission factor (0.647) scored below the optimal Cronbach's alpha range of 0.7 to 0.9. Ahmad et al. (2024) insist that Cronbach's alphas between 0.6 and 0.7 are questionable but not poor (below 0.6), requiring further investigation. However, further analysis was conducted to assess the impact of item deletion on Cronbach's alpha. An item-total statistics analysis was performed to determine how the reliability score would change if individual items were removed from the scale.

This test evaluated whether removing any item would weaken the overall reliability of the scale or enhance internal consistency. The purpose of this analysis was to determine if any item was redundant or negatively impacted the scale's reliability, which could lead to distortions in the measurement of the constructs. The results showed that eliminating any individual item did not significantly alter the reliability score, as the values were already low. Since removing an item would have had a negligible or nil impact on the overall reliability, it indicated that each item contributed meaningfully to the construct measurement and played a necessary role in maintaining the consistency of the scale. In other words, none of the items were redundant or negatively affecting internal consistency. If any item had significantly lowered the scale's reliability, its removal would have been justified; however, this was not the case. These findings confirmed that all scale items were necessary to capture the intended constructs, ensuring the instrument remained valid and reliable.

Table 4.8*Social Mission Item-Total Statistics*

Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
Social Mission_3	6,34	,645	,478	,228	.
Social Mission_4	6,29	,748	,478	,228	.

Providing a detailed interpretation of Cronbach's alpha results over and above classifying the score as reliable or not, Taber (2018) confirms that Cronbach's alphas between 0.64 and 0.85 have been considered adequate reliability in the literature. The current study adopted this to be reliable.

4.6 Assumptions Testing

To ensure quality in the regression model, the following assumptions of parametric tests based on a normal distribution needed to be validated: absence of bias, normality, linearity, and homoscedasticity (Field, 2013). As explained in the following sections, these assumptions of parametric tests were validated, confirming the suitability of regression analysis to test the hypotheses.

4.6.1 Absence of bias

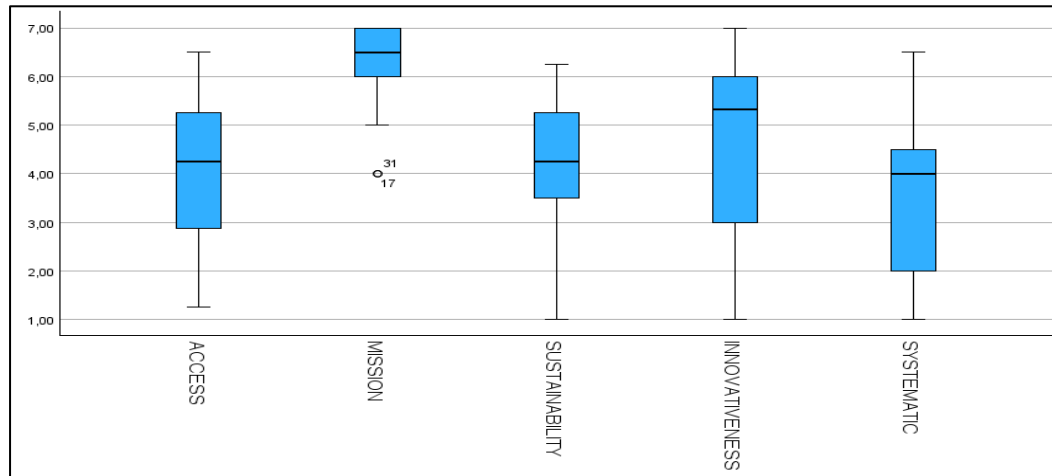
To minimise bias in the regression model, data transformation was performed by aggregating the factor loadings for each construct into composite scores. This process involved computing the average value for each factor, ensuring standardisation and consistency in measurement. Aggregating factor loadings into composite scores reduced variability and enhanced the reliability of statistical analysis by capturing the underlying construct more effectively.

In addition to data transformation, outliers were assessed to prevent extreme values from distorting the results. Outliers were identified and examined using boxplots for each factor, visually representing data distribution. As illustrated in Figure 4.8 below, the boxplot analysis confirmed that no significant outliers were present, as none of the factors displayed an asterisk (*), which would have indicated extreme values beyond the acceptable range. The absence of outliers suggests that the dataset met the necessary assumptions for regression analysis, ensuring the validity of subsequent statistical tests. These steps were critical in refining the

dataset and improving the robustness of the regression model, strengthening the reliability of the study's findings

Figure 4.8

Boxplot

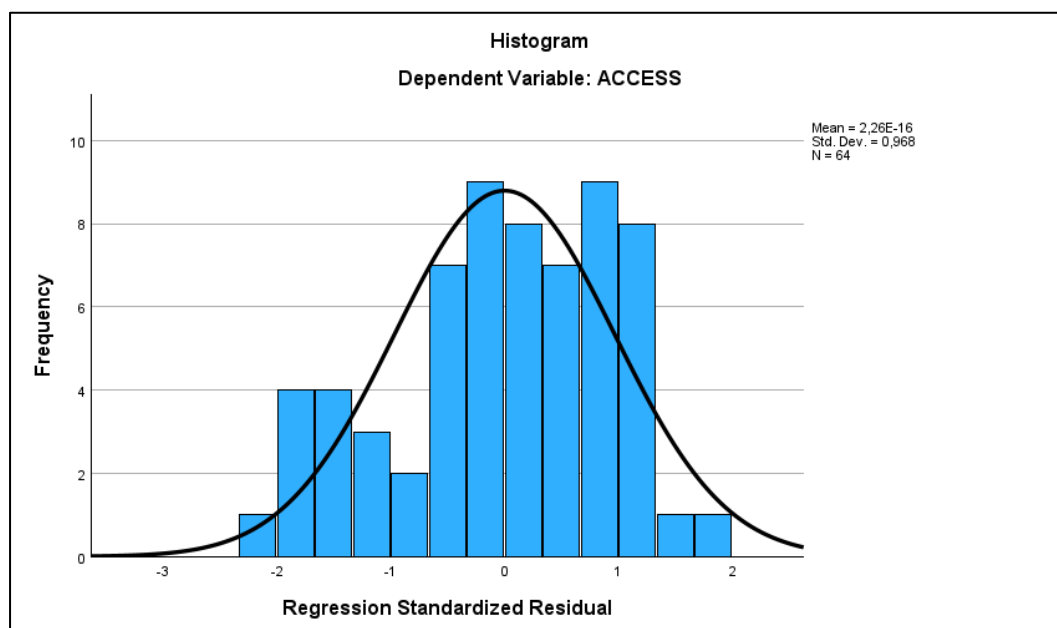


4.6.2 Normality

According to the central limit theorem, datasets with a sample size of more than 40 can be assumed to be normally distributed (Field, 2013). This assumption applied to the study, as the valid sample size used for analysis was 69 (>40). In addition, the histogram illustrated below confirms normal distribution through the bell-shaped curve.

Figure 4.9

Histogram



4.6.3 Linearity

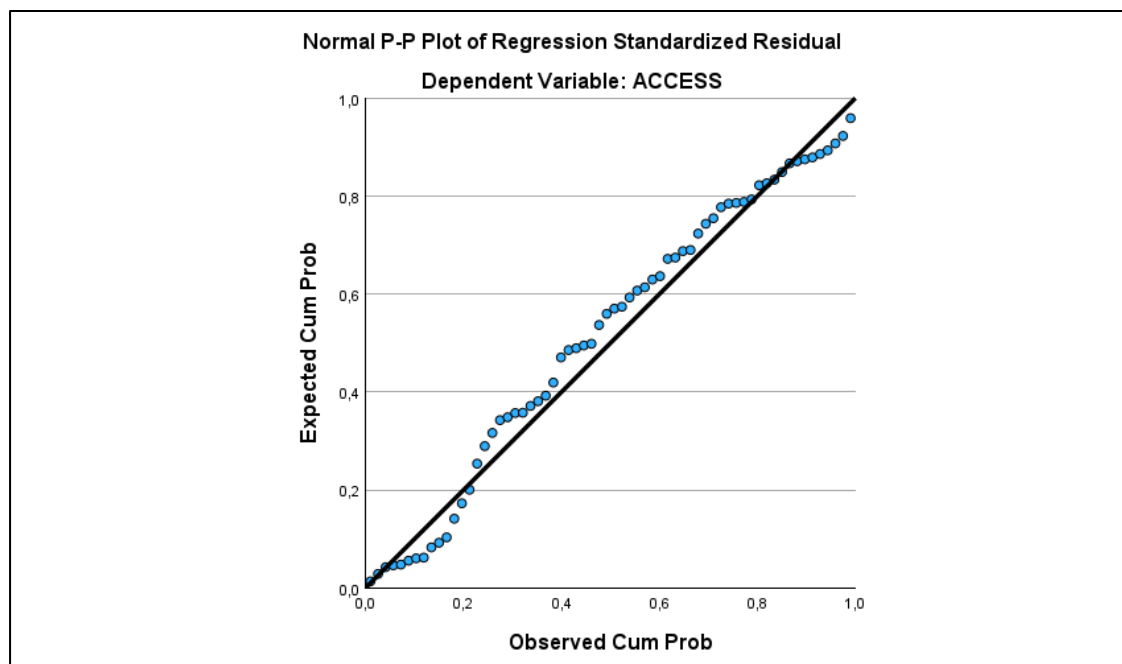
Linearity refers to the assumption in statistical analysis that there is a straight-line (linear) relationship between the independent and dependent variables. This means that changes in the independent variable(s) correspond to proportional changes in the dependent variable.

In regression analysis, the assumption of linearity ensures that the predicted values of the dependent variable increase or decrease consistently with changes in the independent variable without sudden fluctuations or curvatures. A non-linear relationship suggests that a different model type, such as polynomial regression, may be appropriate.

A normal probability-probability (P-P) plot was used to test for linearity in the study, plotting observed values against expected values under normal distribution. A normal P-P plot compares the cumulative probability of a dataset's observed values with the cumulative probability of a normal distribution. If the data follows a normal distribution, the points on the plot will align closely along a straight diagonal line. This test assesses whether the assumption of normality holds in regression analysis. In the study, a clear linear pattern created by plotting the independent variable against the four dependent variables confirmed that the data met the assumption of linearity, validating the use of linear regression analysis for hypothesis testing.

Figure 4.10

Normal P-P Plot

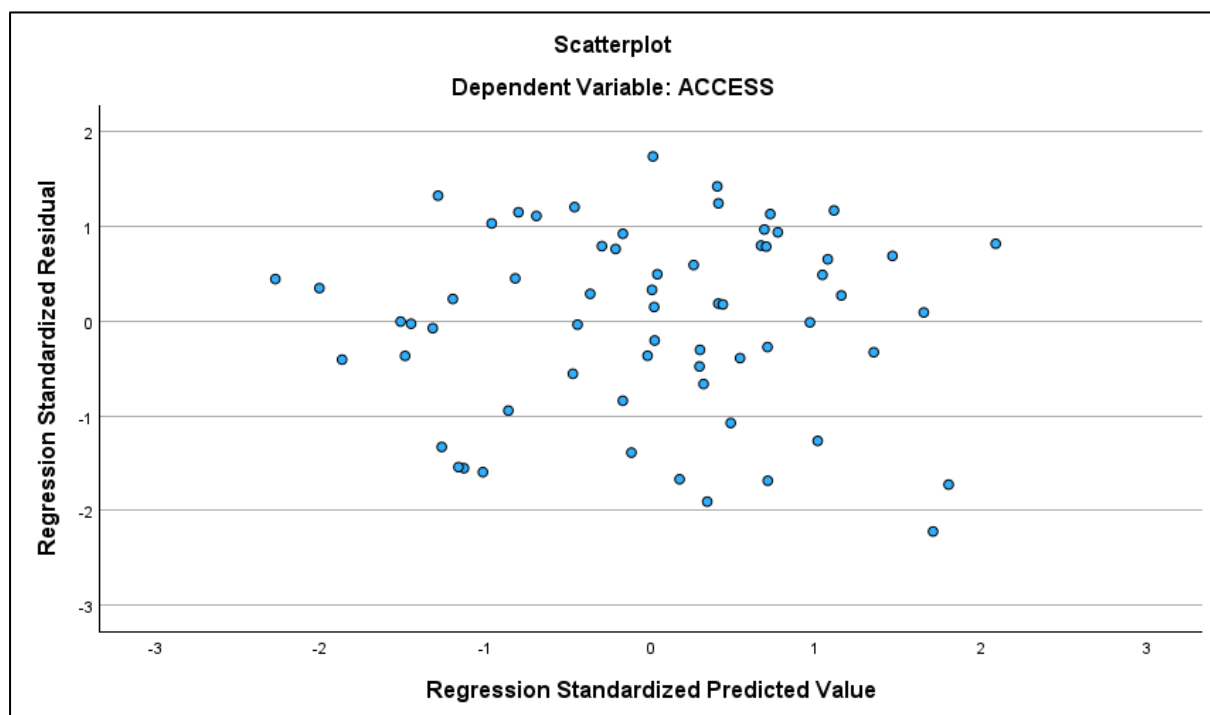


4.6.4 Homoscedasticity

The scatterplot in Figure 4.11 below illustrates the distribution of residuals concerning the regression standardised predicted values, validating the assumption of homoscedasticity. Homoscedasticity refers to the consistency of variance in residuals across all independent variable levels, ensuring that errors are evenly distributed rather than forming patterns. In Figure 4.11 below, the residuals appear randomly scattered around the horizontal axis without a clear funnel or systematic clustering, confirming that the assumption held. The absence of a visible trend or heteroscedastic pattern (such as a fan shape, where residual variance increases or decreases along the x-axis) indicates that the model did not suffer from unequal variance in residuals. This scatterplot shows that the regression analysis would produce reliable and unbiased standard errors, strengthening the validity of the statistical conclusions drawn from the model.

Figure 4.11

Scatterplot



4.7 Hypothesis Testing

Descriptive statistics were calculated, and correlation, multiple regression, and linear regression analyses were conducted to test the hypothesised relationship between the independent variables and access to impact funding. This section reviews the results of the descriptive and correlation analyses for all variables, followed by the interpretation of the multiple regression analyses and then the separate linear regression analyses for each independent variable. In addition, the control variables were analysed using regression and interpreted.

4.7.1 Descriptive statistics

The mean scores for the independent variables differed from those of the dependent variable. This indicated that the null hypothesis of no relationship between them (mean difference = 0) was rejected.

Table 4.9
Descriptive statistics

Descriptive Statistics			
	Mean	Std. Deviation	N
ACCESS	4,0254	1,50708	69
MISSION	6,3162	,71709	68
SUSTAINABILITY	4,1281	1,23674	67
INNOVATIVENESS	4,6465	1,84611	66
SYSTEMATIC	3,4609	1,57688	64

4.7.2 Correlation analysis

The results of the correlation analysis shown in Table 4.10 below revealed the significance of the relationship between every variable. Pearson's correlation was used for the correlation analysis as the regression assumptions had been met, and there was no bias.

The table presents Pearson correlation coefficients, significance levels, and sample sizes for each variable. A positive correlation indicates that as one variable increases, the other also tends to increase, whereas a negative correlation suggests an inverse relationship. Statistically significant correlations at the 0.05 and 0.01 levels are marked, highlighting key associations that warrant further interpretation in the regression analysis.

Table 4.10*Correlations*

		Correlations				
		ACCESS	MISSION	SUSTAINABILITY	INNOVATIVENESS	SYSTEMATIC
ACCESS	Pearson Correlation	1	,203	,208	,063	,049
	Sig. (2-tailed)		,097	,092	,617	,698
	N	69	68	67	66	64
MISSION	Pearson Correlation	,203	1	,038	,042	,063
	Sig. (2-tailed)	,097		,759	,739	,618
	N	68	68	67	66	64
SUSTAINABILITY	Pearson Correlation	,208	,038	1	,276*	,370**
	Sig. (2-tailed)	,092	,759		,025	,003
	N	67	67	67	66	64
INNOVATIVENESS	Pearson Correlation	,063	,042	,276*	1	,393**
	Sig. (2-tailed)	,617	,739	,025		,001
	N	66	66	66	66	64
SYSTEMATIC	Pearson Correlation	,049	,063	,370**	,393**	1
	Sig. (2-tailed)	,698	,618	,003	,001	
	N	64	64	64	64	64
*. Correlation is significant at the 0.05 level (2-tailed).						
**. Correlation is significant at the 0.01 level (2-tailed).						

The table above provides the following information:

- Access to impact funding had a positive relationship with the independent variables; however, the relationships were not significant.
- Impactful social mission did not have a significant correlation with the other variables.
- Financial sustainability had a significant correlation with innovativeness and systematic entrepreneurship.
- Innovativeness had a significant correlation with financial sustainability and systematic entrepreneurship.
- Systematic entrepreneurship had a significant correlation with innovativeness and financial sustainability.

4.7.3 Multiple regression analysis

Building on the correlation analysis, which identified significant relationships between individual independent variables and access to impact funding, multiple regression analysis was used to determine the combined effect of these variables. While correlation analysis examines pairwise associations, regression analysis allows for assessing the unique contribution of each independent variable while controlling for the influence of the others.

A standard multiple regression model was conducted to test this combined influence. The regression method selected was the standard method, which entered the independent variables into the model simultaneously.

As shown in Table 4.11 below, the results indicated that 12.1% of the access to impact funding variability was explained by systematic entrepreneurship, innovativeness, social mission, and financial sustainability. These results suggested that the factors collectively contributed to variations in access to impact funding, although the magnitude of their influence may differ.

The Durbin-Watson test statistic had a value of 1.988, close to 2. This result confirmed that the residual errors were not correlated, satisfying the assumption of no autocorrelation in the regression model (Field, 2013). Meeting this assumption strengthened the validity of the regression results, ensuring that the analysis provided an unbiased estimation of the relationships between the independent variables and access to impact funding.

Table 4.11

Regression Model Summary

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,348 ^a	,121	,062	1,41739	1,988
a. Predictors: (Constant), SYSTEMATIC, MISSION, SUSTAINABILITY, INNOVATIVENESS					
b. Dependent Variable: ACCESS					

4.7.4 ANOVA (*combined*)

As shown in Table 4.12 below, the analysis of variance (ANOVA) had a p-value of 0.101, which was more than 0.05. This indicated that the regression model was not statistically significant at the overall level when considering all independent variables together. In other words, the independent variables, when combined, did not explain a sufficient amount of variance in access to impact funding to reach statistical significance (Field, 2013). This result underscored the importance of examining individual predictor significance separately to determine whether specific variables contribute meaningfully to the model (Field, 2013).

Table 4.12**ANOVA**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16,358	4	4,090	2,036	,101 ^b
	Residual	118,531	59	2,009		
	Total	134,890	63			
a. Dependent Variable: ACCESS						
b. Predictors: (Constant), SYSTEMATIC, MISSION, SUSTAINABILITY, INNOVATIVENESS						

4.7.5 Coefficients (combined)

Table 4.13, showing the coefficients, illustrates the following:

- An impactful social mission positively influenced access to impact funding (positive standardised coefficient). However, the strength of the relationship was weak (0.156), and the relationship was not significant (p-value was more than 0.05, at 0.209). Therefore, the hypothesis that there was a positive relationship between an impactful social mission and access to impact funding was supported. However, the relationship was not statistically significant.
- Financial sustainability positively influenced access to impact funding (positive standardised coefficient). The strength of the relationship was medium (0.312), and the relationship was significant (p-value was less than 0.05, at 0.022). Therefore, the hypothesis that financial sustainability positively influenced access to impact funding was supported and is statistically significant.
- Innovativeness positively influenced access to impact funding (positive standardised coefficient). However, the strength of the relationship was weak (0.072), and the relationship was not significant (p-value was more than 0.05, at 0.593). Therefore, the hypothesis of a positive relationship between innovativeness and access to impact funding is supported. However, the relationship was not statistically significant.
- Systematic entrepreneurship negatively influenced access to impact funding (negative standardised coefficient), and the relationship was not significant (p-value was more than 0.05, at 0.460). The hypothesis was, therefore, not supported.

Table 4.13*Coefficients*

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	,544	1,685		,323	,748	-2,829	3,916		
	MISSION	,314	,247	,156	1,271	,209	-,180	,808	,995	1,005
	SUSTAINABILITY	,373	,158	,312	2,360	,022	,057	,689	,853	1,173
	INNOVATIVENESS	,058	,107	,072	,537	,593	-,157	,273	,836	1,197
	SYSTEMATIC	-,096	,130	-,104	-,744	,460	-,356	,163	,763	1,311
a. Dependent Variable: ACCESS										

In conclusion, the multiple regression model demonstrated that financial sustainability had a positive and significant relationship with access to impact funding by SEs. An impactful social mission and innovativeness were also positively correlated with access to impact funding. However, the relationship was not statistically significant. Systematic entrepreneurship practices had a negative and insignificant relationship with access to impact funding.

4.7.6 Linear regression

Separate linear regression models were computed to obtain an accurate picture of the influence of each independent variable on the dependent variable. These models are interpreted below.

4.7.6.1 Impactful social mission

Table 4.14 below indicates that an impactful social mission explained 4.1% of the access to impact funding variation.

Table 4.14*Model Summary*

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,203 ^a	,041	,027	1,49727	1,904

a. Predictors: (Constant), MISSION
b. Dependent Variable: ACCESS

Table 4.15 below shows that the ANOVA had a p-value of 0.097, which was more than 0.05, indicating that the regression model was statistically insignificant. Therefore, the regression model for social mission did not predict access to impact funding significantly (Field, 2013).

Table 4.15**ANOVA**

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,357	1	6,357	2,836	,097 ^b
	Residual	147,961	66	2,242		
	Total	154,318	67			

a. Dependent Variable: ACCESS

b. Predictors: (Constant), MISSION

Table 4.16 below illustrates that an impactful social mission positively influenced access to impact funding (positive β). However, the strength of the relationship was weak (0.203), and the relationship was not significant (p-value was more than 0.05, at 0.097). Therefore, the hypothesis that there was a positive relationship between an impactful social mission and access to impact funding was supported. However, the relationship was not statistically significant.

Table 4.16**Coefficients**

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients			95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1,317	1,621		,813	,419	-1,920	4,555		
	MISSION	,430	,255	,203	1,684	,097	-,080	,939	1,000	1,000

a. Dependent Variable: ACCESS

4.7.6.2 Sustainability

Table 4.17 below indicates that 4.3% of the variation in access to impact funding was explained by financial sustainability based on the R Square value.

Table 4.17**Model Summary**

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,208 ^a	,043	,028	1,50194	1,850

a. Predictors: (Constant), SUSTAINABILITY
b. Dependent Variable: ACCESS

Table 4.18 below shows that the ANOVA had a p-value of 0.092, which was more than 0.05, indicating that the regression model was statistically insignificant. Therefore, the regression model for financial sustainability did not predict access to impact funding significantly.

Table 4.18

ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6,611	1	6,611	2,931	,092 ^b
	Residual	146,629	65	2,256		
	Total	153,240	66			

a. Dependent Variable: ACCESS

b. Predictors: (Constant), SUSTAINABILITY

Table 4.19 below shows that financial sustainability positively influenced access to impact funding (positive β). However, the strength of the relationship was weak (0.208), and the relationship was not significant (p-value was more than 0.05, at 0.092). Therefore, the hypothesis that there was a positive relationship between financial sustainability and access to impact funding was supported. However, the relationship was not statistically significant.

Table 4.19

Coefficients

Coefficients ^a									
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B Lower Bound Upper Bound		Collinearity Statistics Tolerance VIF
1	(Constant)	2,990	,644		4,644	<,001	1,704	4,275	
	SUSTAINABILITY	,256	,149	,208	1,712	,092	-,043	,554	1,000 1,000

a. Dependent Variable: ACCESS

4.7.6.3 Innovativeness

Table 4.20 below indicates that less than 1% (0.4%) of the variation in access to impact funding was explained by innovativeness, based on the R Square value.

Table 4.20

Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,063 ^a	,004	-,012	1,49611	1,810

a. Predictors: (Constant), INNOVATIVENESS
b. Dependent Variable: ACCESS

Table 4.21 below shows that the ANOVA had a p-value of 0.092, which was more than 0.05, indicating that the regression model was statistically insignificant. Therefore, the regression model for financial sustainability did not predict access to impact funding significantly.

Table 4.21

ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,567	1	,567	,253	,617 ^b
	Residual	143,254	64	2,238		
	Total	143,821	65			

a. Dependent Variable: ACCESS

b. Predictors: (Constant), INNOVATIVENESS

Table 4.22 below illustrates that innovativeness positively influenced access to impact funding (positive β). However, the strength of the relationship was very weak (0.063), and the relationship was not significant (p-value is more than 0.05, at 0.617). Therefore, the hypothesis of a positive relationship between innovativeness and access to impact funding was supported. However, the relationship was not statistically significant.

Table 4.22

Coefficients

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	3,857	,502		7,683	<,001	2,854	4,860		
	INNOVATIVENESS	,051	,101	,063	,503	,617	-,150	,251	1,000	1,000

a. Dependent Variable: ACCESS

4.7.6.4 Systematic entrepreneurship

Table 4.23 below indicates that less than 1% (0.2%) of the variation in access to impact funding was explained by systematic entrepreneurship practices based on the R Square value.

Table 4.23

Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,049 ^a	,002	-,014	1,47320	1,799

a. Predictors: (Constant), SYSTEMATIC
b. Dependent Variable: ACCESS

Table 4.24 below shows that the ANOVA had a p-value of 0.697, which was more than 0.05, indicating that the regression model was statistically insignificant. Therefore, the regression model for systematic entrepreneurship did not predict access to impact funding significantly.

Table 4.24

ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,330	1	,330	,152	,698 ^b
	Residual	134,559	62	2,170		
	Total	134,890	63			

a. Dependent Variable: ACCESS

b. Predictors: (Constant), SYSTEMATIC

Table 4.25 below illustrates that systematic entrepreneurship positively influenced access to impact funding (positive β). However, the strength of the relationship was very weak (0.049), and the relationship was not significant (p-value was more than 0.05, at 0.698). Therefore, the hypothesis of a positive relationship between innovativeness and access to impact funding was supported. However, the relationship was not statistically significant.

Table 4.25

Coefficients

Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance VIF
1	(Constant)	3,868	,447		8,653	<,001	2,975	4,762	
	SYSTEMATIC	,046	,118	,049	,390	,698	-,189	,281	1,000 1,000

a. Dependent Variable: ACCESS

In conclusion, the R-squared of the linear regressions for the individual variables added up to 9%. This was 3.1% less than the multiple regression model conducted for all independent variables simultaneously. All the independent variables showed a positive influence on the dependent variable. However, their relationships with the dependent variable were not statistically significant. This confirmed the results observed in the correlation analysis

4.7.7 Control variables analysis

The control variables identified were the level of education and business size. These were analysed using multiple and linear regression to indicate their relationships with access to impact funding.

4.7.7.1 Combined regression

Table 4.26 below indicates that the control variables explained 12.9% of the access to impact funding variation. This percentage was more than the 12.1% explained by the four independent variables. This indicated that the control variables explained more of the access to impact funding variable than the independent variables.

Table 4.26

Model Summary

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,360 ^a	,129	,103	1,42747	1,779
a. Predictors: (Constant), Level of Education, Business Size					
b. Dependent Variable: ACCESS					

Table 4.27 below shows that the ANOVA had a p-value of 0.010, less than 0.05, indicating that the regression model was statistically significant. Therefore, the regression model for control variables predicted access to impact funding significantly well.

Table 4.27

ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19,961	2	9,981	4,898	,010 ^b
	Residual	134,487	66	2,038		
	Total	154,449	68			
a. Dependent Variable: ACCESS						
b. Predictors: (Constant), Level of Education, Business Size						

Table 4.28 below illustrates that the control variables positively influenced access to impact funding (positive β). The relationship between business size and access to impact funding was statistically significant (p-value < 0.05, at 0.012). However, the relationship between the level of education and access to impact funding was not significant (p-value was more than 0.05, at 0.698).

Table 4.28*Coefficients*

Coefficients ^a										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	1,861	,829		2,245	,028	,206	3,515		
	Business Size	,376	,145	,298	2,590	,012	,086	,665	,999	1,001
	Level of Education	,285	,154	,213	1,854	,068	-,022	,591	,999	1,001

a. Dependent Variable: ACCESS

4.7.7.2 Business size

Table 4.29 below indicates that 8.4% of the variation in access to impact funding was explained by business size.

Table 4.29*Model Summary*

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,290 ^a	,084	,070	1,45321	1,875

a. Predictors: (Constant), Business Size
b. Dependent Variable: ACCESS

Table 4.30 below shows that the ANOVA had a p-value of 0.016, less than 0.05, indicating that the regression model was statistically significant. Therefore, the regression model for business size predicted access to impact funding significantly well.

Table 4.30*ANOVA*

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12,956	1	12,956	6,135	,016 ^b
	Residual	141,493	67	2,112		
	Total	154,449	68			

a. Dependent Variable: ACCESS

b. Predictors: (Constant), Business Size

Table 4.31 below illustrates that business size had a positive and significant relationship with access to impact funding (positive β and p-value of more than 0.05, at 0.016).

Table 4.31*Coefficients*

Coefficients ^a									
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance
1	(Constant)	3,252	,358		9,090	<,001	2,538	3,966	
	Business Size	,365	,147	,290	2,477	,016	,071	,660	1,000

a. Dependent Variable: ACCESS

4.7.7.3 Level of education

Table 4.32 below indicates that 4.1% of the variation in access to impact funding was explained by business size.

Table 4.32*Model Summary*

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,202 ^a	,041	,026	1,48706	1,803

a. Predictors: (Constant), Level of Education
b. Dependent Variable: ACCESS

Table 4.33 below shows that the ANOVA had a p-value of 0.697, which was more than 0.05, indicating that the regression model was statistically insignificant. Therefore, the regression model for the level of education did not predict access to impact funding significantly.

Table 4.33*ANOVA*

ANOVA ^a					
Model		Sum of Squares	df	Mean Square	Sig.
1	Regression	6,289	1	6,289	2,844
	Residual	148,160	67	2,211	,096 ^b
	Total	154,449	68		

a. Dependent Variable: ACCESS
b. Predictors: (Constant), Level of Education

Table 4.34 below illustrates that business size had a positive and significant relationship with access to impact funding (positive β and p-value of more than 0.05, at 0.016).

Table 4.34*Coefficients*

Model	Coefficients ^a								
	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	95,0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error				Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2,728	,790	3,455	<,001	1,152	4,305		
	Level of Education	,270	,160	,202	,096	-,049	,589	1,000	1,000

a. Dependent Variable: ACCESS

4.8 Chapter Synthesis

This chapter presented the results of the data analysis, beginning with data screening and cleaning, followed by demographic analysis, data validity, reliability, and hypothesis testing. After removing incomplete responses, 69 valid responses were retained. The dataset was coded and formatted to maintain consistency for statistical analysis.

The demographic analysis revealed that most participants represented SMEs with social missions aligned with Sustainable Development Goals. Validity and reliability testing confirmed that the dataset was suitable for further statistical analysis, with most constructs meeting the required internal consistency thresholds. Assumptions testing ensured the suitability of parametric tests, confirming normality, linearity, and the absence of bias.

Correlation analysis showed that some independent variables were positively associated with access to impact funding, but multiple regression analysis found that their combined effect was not statistically significant. The regression model explained 12.1% of the variance in access to impact funding, and the Durbin-Watson test confirmed no autocorrelation. Linear regression analyses indicated that each independent variable had a positive influence, but none of the relationships were statistically significant.

Control variable analysis showed that business size and level of education explained more variance than the independent variables. Business size had a significant positive relationship with access to impact funding, while level of education was not significant. These findings suggested that while financial sustainability, innovativeness, systematic entrepreneurship, and social mission may have contributed to access to impact funding, their effects were not strong enough to be statistically significant. The results indicated that business size played a greater role in determining access to impact funding than the tested independent variables.

The next chapter will discuss the results presented in this chapter.

CHAPTER 5

DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter presents a discussion of the study's Results, focusing on the demographics of the respondents, the business characteristics of the SEs they represented, and the social missions they pursued. It also provides an interpretation of the results from hypothesis testing, linking them to existing literature.

Following this, each hypothesis concerning the data analysis results is examined. The discussions assess whether each independent variable—impactful social mission, financial sustainability, innovativeness, and systematic entrepreneurship—significantly influenced access to impact funding. The findings are compared with prior research to identify consistencies or deviations from existing theories. Additionally, the role of control variables—business size and education level—in predicting access to impact funding is evaluated. This chapter synthesises the results, offering insights into the factors influencing SEs' ability to secure impact funding and highlighting the implications for practitioners, policymakers, and researchers.

5.2 Demographics of Respondents

5.2.1 Gender

The gender distribution of study participants suggested a notable presence of female social entrepreneurs. This result deviated slightly from the GEM Special Topic Report on Social Entrepreneurship (Bosma et al., 2016), which reported a male-dominant trend. This result could indicate shifts in gender participation within the local social entrepreneurship landscape or contextual factors influencing engagement. The predominance of female participants may reflect gendered motivations in social entrepreneurship, where women are often drawn to ventures addressing social challenges. However, the near parity in gender representation suggested that social entrepreneurship was not exclusively gendered, reinforcing its appeal across diverse demographics.

5.2.2 Age

The results indicated that social entrepreneurs were predominantly between the ages of 34 and 54, with no representation from the 18 to 24 age group. This contrasted with global findings, which associate younger individuals, particularly those between 18 and 35, with social entrepreneurship (Bosma et al., 2016). The absence of younger participants may have reflected contextual differences in South Africa, where individuals in this age bracket were more likely to be still engaged in formal education or face barriers to entrepreneurial entry. The results aligned closely with those of Matshekga and Urban (2013), who found that social entrepreneurs in South Africa were predominantly between 36 and 45 years old. This literature finding suggests that local economic and social factors influence the trajectory of social entrepreneurship.

5.2.3 Level of education

The results showed that many participants had tertiary education, with 77% holding formal qualifications. This result suggested that social entrepreneurship in this context was largely driven by individuals with higher education, reinforcing the idea that educational attainment played a key role in access to entrepreneurial opportunities and the ability to navigate impact-driven business models (Matshekga & Urban, 2013). These results support prior research indicating that higher education is often a precursor to participation in social enterprise, particularly in emerging economies where access to resources and networks is essential (Bosma et al., 2016). Urban and Bukula (2022) further highlight that financial literacy and business acumen, often associated with higher education, contribute to an enterprise's ability to secure funding and sustain long-term operations.

5.2.4 Business information

The results indicated that most SEs in the study operated as small to medium-sized businesses, with 78% having 50 or fewer employees and 25% being relatively new (1 to 4 years old). This result suggested that SEs often remained constrained in scale due to limited access to capital and market expansion challenges. The results also highlighted a strong preference for NPO structures (62%), contrasting with Lovasic and Cooper (2020), who find a higher prevalence of for-profit SEs in South Africa.

Lovasic and Cooper (2020) note that only 34% of SEs in South Africa are structured as NPOs, while 51% operate as for-profit companies. The higher proportion of NPOs in the study may

reflect a stronger reliance on grant funding, which is more accessible to non-profit organisations. However, Matshekga and Urban (2013) argue that such dependency creates sustainability challenges, as excessive reliance on external funding can limit long-term financial stability and growth. Urban and Bukula (2022) emphasise that the financial constraints SEs face often prevent them from scaling beyond the small to medium-sized category. The prevalence of smaller, younger enterprises in the results supports the broader literature indicating that SEs in South Africa face systemic barriers to growth, reinforcing the need for alternative funding models that promote financial independence.

5.2.5 Social mission

The results indicated that SEs in the study focused on addressing education, health, poverty, and economic development challenges. Quality education emerged as the most common social mission (24%), followed by good health and well-being (18%). These results aligned with Lovasic and Cooper (2020), who identify education as a key area of focus for social enterprises in South Africa.

The emphasis on education reflected broader global concerns, as the United Nations (UN, 2024) reports that progress towards achieving quality education has slowed over the past decade due to inadequate infrastructure and systemic challenges. Similarly, the impact of COVID-19 has reversed advancements in health and well-being, making it challenging to meet the SDGs. In addition, the results showed that SEs worked to address poverty (19%) and economic development (15%). The United Nations (UN, 2024) highlights that the pandemic severely impacted poverty reduction efforts, and South Africa continues to grapple with high unemployment rates exceeding 32%.

5.3 Hypothesis 1

Hypothesis 1: An impactful social mission acts as a positive influence on access to impact funding by SEs.

When testing for data validity using exploratory factor analysis, the impactful social mission variable was loaded with two items:

- Social Mission_3: My company contributes to solving the social problems that make up the corporate mission.

- Social Mission_4: I am satisfied that my organisation is fulfilling the social objectives set out in its mission.

The variable loaded with low factor loadings, as it would have had to be removed if only item loading was retained. The reliability test also gave a less-than-optimal reliability result, with a standardised Cronbach's alpha of 0.647. Although less than optimal, a Cronbach's alpha of 0.647 still provided adequate reliability (Taber, 2018).

Given that the scale was both valid and adequately reliable, a hypothesis test was conducted using correlation analysis and multiple and linear regression. The results from all the different hypotheses tests were similar; it was found that an impactful social mission had a positive relationship with access to impact funding. However, the relationship was not statistically significant. These results suggested that having an impactful social mission would not guarantee access to impact funding.

This hypothesis was based on Akter et al. (2020) and Venter et al. (2015), who posit that the social mission is a key success factor for SEs. The social mission should be treated as the priority over the financial return and should be clearly articulated (Derdabi & Dvouletý, 2025; Lehner & Nicholls, 2014; Lim et al., 2025). The prioritisation of the financial return over the social mission leads to a situation where the stakeholders involved in the SE do not trust each other, and this recuses the SE's ability to deliver a sustainable and impactful social mission (Akter et al., 2020). Furthermore, the social mission has to be sustainable to significantly improve the social ills it aims to address (Fernandes et al., 2023; Venter et al., 2015).

Phillips and Johnson, 2021 claim to have found that several barriers exist between funders and SEs, including a lack of consensus on the meaning of social impact and misalignment of expectations, which leads to a reluctance for funders to provide the required funding. The UN reports suggest limited progress towards addressing SDGs, and in some cases, the progress made is even being reversed, such as SDG 2 (global hunger) and SDG 13 (climate change) (Islam & Rahman, 2023; UN, 2024). These literature findings highlight the investment gap towards critical social goals and suggest that access to impact funding is not guaranteed despite the social mission being addressed, supporting this hypothesis.

5.4 Hypothesis 2

Hypothesis 2: Financial sustainability acts as a positive influence on access to impact funding by SEs.

The variable of financial sustainability was tested for data validity and loaded fully with all four items included in the questionnaire. The scale was also confirmed to be reliable:

- Financial Sustainability_1: Compared with key competitors, our company has a greater market share.
- Financial Sustainability_2: Compared with key competitors, our company is growing faster.
- Financial Sustainability_3: Compared with key competitors, our company is more profitable.
- Financial Sustainability_4: Compared with key competitors, our company is more successful.

Hypothesis testing was conducted for Hypothesis 2 using correlation analysis, multiple regression, and linear regression. The results of the correlation analysis confirmed that financial sustainability had a positive relationship with access to impact funding; however, the relationship was not significant. The correlation results indicated that financial sustainability had a positive and significant relationship with two of the other independent variables in the study, namely innovativeness and systematic entrepreneurship. This result indicated a significant, influential relationship amongst three of the four independent variables.

In contrast to the correlation analysis, multiple regression testing indicated that financial sustainability had a positive and significant relationship with access to impact funding, the difference being the significance of the relationship between the two tests. A linear regression analysis was conducted to test the effect of the financial sustainability scale on access to impact funding. This test found that the relationship was positive; however, it was not statistically significant, confirming the correlation analysis results. Based on these results, the researcher concluded that financial sustainability had a positive but insignificant relationship with access to impact funding. These results suggested that being financially sustainable would not guarantee access to impact funding.

Several studies have found that financial sustainability, in the form of sustainable earnings generation, profitability, and good overall financial performance, are critical success factors

for SEs and are part of the investment criteria applied by impact investors (Akter et al., 2020; Findlay & Moran, 2019; Lim et al., 2025; Urban & Bukula, 2022). SEs not generating their earning and profits become dependent on grant funding and are not the primary targets of impact investors, as they deplete their funds without much or any return (Hockerts, 2019; Lehner & Nicholls, 2014).

Low levels of financial literacy amongst social entrepreneurs have been identified as a barrier to access to impact funding, as some believe that simply having a relevant social mission gives them automatic access to funding (Phillips & Johnson, 2021). These results provided a possible link to the study's hypothesis: Respondents may not have had the right level of knowledge of their financial status, which would have resulted in the financial sustainability scale being insignificantly positive toward access to impact funding.

5.5 Hypothesis 3

Hypothesis 3: Innovativeness acts as a positive influence on access to impact funding by SEs.

The innovativeness variable was tested for validity and reliability; three items were loaded, and they were found to be both valid and reliable:

- Innovativeness_1: We have an emphasis on introducing innovations or technology.
- Innovativeness_2: We have a strong focus on research and development activities.
- Innovativeness_3: We invest heavily in new product development.

Given that the innovativeness scale was valid and reliable, a hypothesis test was conducted using correlation analysis and multiple and linear regression. The results from all the different hypotheses tests were similar, as it was found that innovativeness had a positive relationship with access to impact funding. However, the relationship was not statistically significant. These results suggested that being innovative in an SE does not guarantee access to impact funding.

Innovativeness is core to the entrepreneur as it forms the key determinant of entrepreneurship orientation (Lortie & Cox, 2018; Wales et al., 2021). Social entrepreneurs are inherently more innovative than commercial entrepreneurs, as they have to address social ills using creative and innovative solutions, balancing social and financial return motives (Akter et al., 2020; Chabrak et al., 2019; Urban, 2020). Fernandes et al. (2023), and Kim (2018) affirm that technology and innovation have a significantly positive relationship with access to finance by SEs.

Chemmanur and Fulghieri (2014) highlight that as much as funders focus on innovation, this only applies to certain industries with high potential to scale and not across different types of businesses. This is a plausible explanation for the non-significance of the finding, as a limited number of SEs have high-scale potential and struggle to remain sustainable (Esau & Tenge, 2022).

5.6 Hypothesis 5

Hypothesis 5: Systematic entrepreneurship acts as a positive influence for SEs to obtain impact funding.

Systematic entrepreneurship was tested for validity and reliability. Only two items loaded when exploratory factor analysis was conducted:

- Systematic entrepreneurship_1: We have large volumes of market transactions exploiting large gains from trade and innovation.
- Systematic entrepreneurship_2: We have a sophisticated organisational structure that enables economies of scale and scope to be captured.

The scale was confirmed to be valid. Then, reliability testing was conducted on the scale using Cronbach's alpha. The results from the test confirmed that the scale is reliable.

Hypothesis testing was conducted using correlation analysis, multiple regression, and linear regression. The results of the correlation analysis confirmed that systematic entrepreneurship had a positive relationship with access to impact funding. However, the relationship was not significant. The correlation results indicated that systematic entrepreneurship had a positive and significant relationship with innovativeness and financial sustainability. In contrast, multiple regression testing indicated that systematic entrepreneurship had an insignificantly negative relationship with access to impact funding.

Linear regression analysis was conducted to test the individual effect of the systematic entrepreneurship scale on access to impact funding. This test found that the relationship was positive. However, it was not statistically significant, confirming the initial correlation analysis results. Based on these results, the researcher concluded that systematic entrepreneurship had a positive but insignificant relationship with access to impact funding. These results indicated that systematic entrepreneurship practices did not guarantee access to impact funding.

These results aligned with Murimbika and Urban (2020) and Sautet (2013), who maintain that local entrepreneurship practices may be socially productive, although the operations are constrained to a limited market. Furthermore, systematic entrepreneurship practices lead to the creation of economies of scale and scope (Barinua & Nwajiubah, 2022). The ability of a business to scale is a key determinant/criterion for funding by early-stage funders (Urban & Moreno, 2022). The ability of a business to scale also attracts later-stage investors involved in different funding rounds, including impact investors.

Similarly to Hypothesis 3, the results suggest that the relationship between systematic entrepreneurship and access to impact funding may be explained by the general lack of SEs with the ability to create economies of scale and are instead struggling with remaining sustainable (Esau & Tengeh, 2022).

5.7 Control Variables

Control 1: *Business size has a positive influence on access to impact funding.*

Control 2: *Level of education has a positive influence on access to impact funding.*

The relationship between the control variables and access to impact funding was tested using correlation analysis, multiple regression, and linear regression. The results from all the different tests were similar. Level of education was found to have a positive but insignificant relationship with access to impact funding, which was in line with the results for the independent variables.

However, business size was found to have a significantly positive relationship with access to impact funding. Prior literature has posited that SE size is part of the considerations by funders and, therefore, influences access to impact funding (Magomedova & Bastida-Vialcanet, 2022; Puspaningrum, 2019; Wu et al., 2008). This was in line with prior literature, which maintains that, in general, larger businesses have better access to funding than smaller businesses.

5.8 Chapter synthesis

The results revealed complex dynamics influencing access to impact funding for SEs, challenging conventional assumptions about the relationship between mission-driven objectives and financial support. While social entrepreneurship was driven by highly educated individuals in the 34–54 age range, the absence of young participants suggested systemic barriers to early-stage participation. This contradicts global trends associating younger

entrepreneurs with social innovation (Bosma et al., 2016). The results indicated that financial insecurity, limited access to networks, and a lack of entrepreneurial exposure in the South African context might hinder youth participation, delaying the entry of social entrepreneurs into the sector.

The strong representation of non-profit SEs raises questions about sustainability. While NPO structures facilitate access to grant funding, a reliance on external financial support reinforces dependency rather than long-term financial resilience. The literature highlights that for-profit SEs have a greater capacity to generate sustainable revenues (Lovasic & Cooper, 2020). However, the predominance of NPOs in the study suggested that impact-focused businesses may prioritise immediate funding access over long-term financial independence. This paradox underscores the tension between social impact and financial sustainability, with SEs struggling to balance mission-driven objectives with the need for economic viability (Urban & Bukula, 2022). The results implied that the SEs under study might not have been sufficiently equipped to transition from grant-reliant models to self-sustaining enterprises, highlighting a structural weakness in the sector.

Despite the SEs' strong alignment with the social priorities of education, health, and poverty alleviation, the results suggested that merely addressing these needs did not guarantee funding. The absence of a significant relationship between an impactful social mission and access to funding challenged the assumption that impact investors primarily prioritise mission alignment, aligning with Akter et al. (2020). Instead, the results suggested that funders emphasised measurable financial performance and operational stability. This emphasis indicated that while the social mission was necessary, it was not a sufficient condition for funding access. This result reinforced research highlighting the growing expectation for SEs to demonstrate business acumen alongside their social goals (Phillips & Johnson, 2021).

The non-significant relationships between financial sustainability, innovativeness, systematic entrepreneurship, and funding access challenged the assumption that innovation alone attracted investment. This result indicated that while innovation was valued conceptually, it did not translate into funding unless it was paired with revenue generation strategies, aligning with Esau and Tengeh (2022). SEs prioritising innovation without a scalable financial model may struggle to secure investor confidence, highlighting the gap between theoretical value and practical funding outcomes.

The result of business size significantly influencing access to impact funding suggested that large SEs benefited from enhanced credibility, resource availability, and established operational frameworks, making them attractive to funders. This result echoed claims by Magomedova and Bastida-Vialcanet (2022), reinforcing the challenge for smaller and early-stage SEs facing structural disadvantages despite having strong social missions. Conversely, the lack of significance for the level of education as a determinant of funding suggested that while education contributed to business competency, it did not independently guarantee financial access. This result contradicted Bosma et al.'s (2016) prior assumptions that educational attainment directly enhances funding opportunities. The current study suggested that practical experience, business acumen, and market positioning might carry greater weight than formal qualifications alone.

The next chapter will conclude the dissertation.

CHAPTER 6

CONCLUSION

6.1 Introduction

This final chapter of the dissertation provides a synthesis of the research results, offering an integrated analysis of the factors influencing SEs' access to impact funding. It also outlines key implications and recommendations for social entrepreneurs, impact investors, and policymakers, highlighting strategies to improve investment alignment and funding accessibility. These sections are followed by discussing the study's limitations, acknowledging constraints in methodology and data collection, and suggestions for future research to address gaps and refine understanding in this field.

6.2 Synthesis of Research Results

The study investigated the attributes that enabled the SEs under study to access impact funding, identifying five core characteristics: an impactful social mission, financial sustainability, innovativeness, the entrepreneur's background and experience, and systematic entrepreneurship practices. However, the results challenged the assumption that these attributes impacted funding success. While all identified attributes positively correlated with funding access, none were statistically significant. This result undermined the notion that SEs with strong missions and sound business models would naturally attract investment.

A fundamental misalignment between SEs and impact investors emerged from these results. The dual mission of SEs—balancing social impact with financial sustainability—created complexities that did not align with traditional funding structures (Fernandes et al., 2023; Hil et al., 2024). Christopoulos et al. (2023) indicate that impact investors, although positioned as an alternative funding source, do not operate under uniform selection criteria. This lack of standardisation means that SEs remain uncertain about what specific conditions must be met to secure funding, even when they possess theoretically desirable attributes. The results suggested that impact investors may emphasise factors beyond those identified in the study, challenging existing assumptions about what makes SEs investable.

The study's reconciliation of the research questions and results in Table 6.1 below provides insight into these misalignments, highlighting how each attribute influenced access to impact

funding. Positive but statistically insignificant relationships across attributes suggested that while these characteristics may have contributed to funding eligibility, they were not determinative factors in securing investment. Instead, external conditions likely moderated their influence, pointing to a lack of standardised investment criteria and the complexities of the SE funding landscape.

Table 6.1

Research Questions and Results

No. Research Question	Research Results
1 To what extent does a strong social mission influence access to impact funding by social enterprises?	An impactful social mission had a positive relationship with access to impact funding. However, the relationship was not statistically significant.
2 To what extent does financial sustainability influence access to impact funding by social enterprises?	Financial sustainability had a positive relationship with access to impact funding. However, the relationship was not statistically significant.
3 To what extent does innovativeness influence access to impact funding by social enterprises?	Innovativeness had a positive relationship with access to impact funding. However, the relationship was not statistically significant.
5 To what extent do systematic entrepreneurship practices influence access to impact funding by social enterprises?	Systematic entrepreneurship had a positive relationship with access to impact funding. However, the relationship was not statistically significant.

One explanation for these results is the role of intermediaries in facilitating access to impact investment. Fernandes et al. (2023) argue that incubators and accelerators play a critical role in bridging the gap between SEs and investors by translating investor expectations into actionable strategies. Suppose impact investors remain inconsistent in their selection criteria. In that case, the knowledge and networks provided by intermediaries may be a more significant determinant of funding access than the inherent attributes of SEs.

The study revealed a crucial distinction between the five SE attributes and business size. Unlike the attributes examined, business size was the only variable with a statistically significant relationship with access to impact funding. These results reinforced that scalability, rather than the five attributes, is a decisive factor in investment decisions. Investors favoured mature SEs, preferring reduced financial risk over social impact. This contradicts the widely held belief that impact investors prioritise social value creation above all else.

The results challenged the assumptions of impact investment and raised concerns about whether existing funding mechanisms support the enterprises that need them most. If only large, established SEs secure funding, small enterprises—often at the forefront of addressing urgent social issues—may be systematically excluded. These results suggested that the structure of impact investing may require re-evaluation to ensure that it aligns with its stated objectives of supporting enterprises that drive meaningful social change.

6.3 Implications and Recommendations

The research results highlighted the misaligned intentions and expectations of SEs and their impact on investors in general. Therefore, social entrepreneurs need to educate themselves on the investment criteria that different impact investors apply. They need to identify impact investors that are well-aligned with their growth objectives and target those for funding requirements instead of casting the net too wide. SEs should also take into consideration a multitude of external factors that may affect their access to funding.

Impact investors must consider using intermediaries as a channel to identify potential SEs in which to invest. Intermediaries form part of an ecosystem that provides business development support, assisting SEs to become funding-ready (Urban & Mapula-e Lehasa, 2022). Impact investors may also consider investing financial and other resources into incubators and accelerators to help SEs they have identified but do not yet meet their complete requirements become funding-ready.

For policymakers, most SEs that responded were non-profit companies, a legal structure restricting only a few forms of funding, such as grants and donations. At the same time, for-profit companies struggle to access grants and donations despite the social impact related to their work. A few of the respondents in the study used a hybrid structure, which also came with the challenges of balancing the requirements of NPO and the for-profit businesses. A recommendation for policymakers is to create a legal framework suited to SEs. Considerations could include a community interest company (UK), a low-profit limited liability company (US)

or certification for SEs upon meeting specific criteria (South Korea) (Cao & Zhou, 2018; Choi & Berry, 2021; Urban, 2015).

From a theoretical perspective, the findings of the study contribute to research on social entrepreneurship and impact investing. SE attributes that contribute to access to impact funding, and essentially bring closer alignment between the two parties, have been evaluated by the study. However, gaps have been identified in the methodology. The methodology gaps can be improved upon, and the study replicated.

6.4 Limitations of the Study

The study was limited in terms of the number of responses. Out of the 387 sampled SEs, only 80 responses were received, representing a 21% response rate. The lack of responses and small sample size were also driven by the challenges of identifying the population of SEs due to the lack of definitive databases of all SEs in South Africa. The other limitation related to sample size and responses was that the survey was distributed mainly via LinkedIn, meaning that people without Internet access or who do not have a LinkedIn account were automatically excluded. Most respondents were operating under an NPO, which may not necessarily meet the definition of a SE and may be focused purely on social activities without any trading revenue-generating activities.

The methodology and design of the study also had several limitations—the design of the questionnaire relating to Hypothesis 4 led to results that were difficult to analyse. The results of the hypotheses tested were also not cross-referenced with SEs that received impact funding to provide more detailed evidence. The study was designed as a cross-sectional quantitative study and, therefore, studied SEs soliciting findings only at one point in time. In contrast, a longitudinal study would have allowed the observation of changes in responses from the participants over a long period and defined a cause-and-effect relationship among the constructs or other external factors (Urban, 2020).

6.5 Suggestions for Future Research

This study's hypothesis testing revealed that the constructs had an insignificant relationship with access to impact funding. Therefore, future research could improve the design of the constructs (such as changing the questions to get better validity and reliability scores) or using different constructs altogether. In addition, future research should consider the influence of intermediaries in the relationship between SEs and impact investors.

Future research should consider improving the sampling method by finding ways to include SEs who may not have access to the Internet. The sampling could also focus on SEs that received impact funding before and evaluate the attributes that led to them receiving it. Future researchers must consider the time of the year when the study is being conducted. Funded SEs have reporting commitments to their funders in the year's fourth quarter. Reporting requirements can be onerous on SEs and take up much of their time. They have to prioritise this reporting, which may lead to a low response rate for an academic study.

6.6 Conclusion

The study examined the attributes enabling SEs to access impact funding, revealing a complex and often misaligned investment landscape. The results challenged the assumption that an impactful social mission, financial sustainability, innovativeness, the entrepreneur's background and experience, and systematic entrepreneurship practices are sufficient to secure funding. While all five attributes demonstrated a positive relationship with impact funding access, none were statistically significant, suggesting that impact investors may prioritise factors beyond those traditionally associated with SE success.

A key insight from the study was the fundamental disconnect between SEs and impact investors. SEs operate under a dual mission framework that blends social impact with financial sustainability, yet impact investors do not apply uniform selection criteria. This inconsistency introduces uncertainty for SEs, which must navigate an investment ecosystem without clear and standardised expectations. The study highlighted the role of intermediaries, such as incubators and accelerators, in bridging this gap. These organisations provide SEs with the knowledge, resources, and networks necessary to align with investor expectations, reinforcing the idea that impact funding success depends on SE attributes and access to strategic support systems.

Business size was the only statistically significant factor influencing funding access, reinforcing that scalability is a key determinant in investment decisions. Investors appear to favour SEs with a proven ability to operate at scale, potentially prioritising financial risk mitigation over social impact potential. This result raised concerns about whether existing funding mechanisms support the enterprises that need them most. If impact investors predominantly allocate resources to large, established SEs, small enterprises—often the most

innovative and community-focused—may be systematically excluded from funding opportunities.

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APPENDICES

Appendix 1: Ethics Clearance

Graduate School of Business Administration
University of the Witwatersrand, Johannesburg



Wits Business School Ethics Committee
Constituted under the University Human Research Ethics Committee (Non-Medical)

Ethics Clearance Certificate

Ethics protocol number: WBS/EN540120/421

This certificate is only valid with a legitimate ethics protocol number and signed by the Researcher (below).

Project title	Social Enterprise Attributes Influencing Access to Impact Funding in South Africa
Investigator / Researcher	Mr Thulani Mashiloane
Nature of Project	MM in Entrepr & New Venture Creation
Decision of the Committee	Approved, provided stakeholders and participants are guaranteed anonymity and confidentiality.
Issue Date of Certificate	26/08/2024
Expiry date	Date of submission of the project / research report
Chairperson	Dr Ayanda Magida ☎ +27 11 717 3953 ✉ ayanda.magida@wits.ac.za

Declaration by Researcher

One copy must be signed by the Researcher and returned to the Chairperson of the Wits Business School Ethics Committee.

I fully understand the conditions under which I am authorized to carry out the abovementioned research and I guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I undertake to resubmit the protocol to the Committee.

Signature

27/08/2024

Date:

Appendix 2: Participant Information Sheet



Dear Sir / Madam

My name is Thulani Mashiloane. I am a Master of Management in Entrepreneurship and New Venture Creation student at the University of the Witwatersrand, Johannesburg. I am conducting a research study about Social Entrepreneurs. The study title is Social Enterprise Characteristics Influencing Access to Impact Investment Funding in South Africa. I am inviting you to take part in this questionnaire. If you decide to take part, your participation in this research study will last about 20 minutes.

The responses are confidential and anonymous. When I share the research study results, I will not include your name or anything else that could identify you. If you decide to take part in the research study, it should be because you want to volunteer. You do not have to take part. You can stop being in the study at any time. You will not get any direct benefits if you choose to join the research study. You will not lose any services, benefits or rights you would normally have if you decided not to join.

This research study will be written up as a research report. The report will be available on the university library website. If you have any questions about this research study during or after, feel free to contact me or my supervisor at the details listed below. If you have any concerns or complaints about the ethical procedures of this research study, you are welcome to contact the University Human Research Ethics Committee (Non-Medical) by telephone at +27(0) 11 717 1408, email hrecnon-medical@wits.ac.za.

Yours sincerely,
Thulani Mashiloane

Researcher:
Name: Thulani Mashiloane
Student Number: 540120
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Supervisor:
Name: Professor Boris Urban
Email: boris.urban@wits.ac.za

Appendix 3: Survey Instrument

Q1B Please provide your consent to participate in the study below:

- ☐ I consent to participate in the study, and would like to continue with the survey (1)
- ☐ I do not consent to participate in the study, and would like to stop here (2)

Skip To: End of Survey If Please provide your consent to participate in the study below: = I do not consent to participate in the study, and would like to stop here

End of Block: Cover Page

Start of Block: Demographics and Business Information

Q2.1 2.1 Which of the following best describes your role within the business?

- ☐ Founder/Co-founder (1)
 - ☐ Management/Leadership (2)
 - ☐ Employee (3)
 - ☐ None of the above (4)
-

Q2.2 2.2 What is your gender?

- ☐ Male (1)
 - ☐ Female (2)
 - ☐ Non-binary / third gender (3)
 - ☐ Prefer not to say (4)
-

Q2.3 2.3 What is your age?

- ☐ 18-24 (1)
 - ☐ 25-34 (6)
 - ☐ 35-54 (2)
 - ☐ 55-74 (3)
 - ☐ 75 or Older (4)
-



Q2.4 2.4 What is your level of education?

- ☐ No schooling (1)
 - ☐ Less than high school (2)
 - ☐ High school graduate (3)
 - ☐ Undergraduate degree/diploma (4)
 - ☐ Postgraduate degree/diploma (5)
 - ☐ Masters degree (6)
 - ☐ Doctoral degree (7)
-

Q2.5 2.5 What is the size of the business in terms of employees?

- ☐ 0-10 employees (1)
 - ☐ 11-50 employees (2)
 - ☐ 51-100 employees (5)
 - ☐ 100-250 employees (3)
 - ☐ 251+ employees (4)
-

Q2.5 2.5 What is the age of the business

- ☐ 1-4 years (1)
 - ☐ 5-9 years (2)
 - ☐ 10-14 years (3)
 - ☐ 15+ years (4)
-

Q2.6 2.6 What is the corporate structure of your organisation?

- ☐ Non-profit company (1)
 - ☐ For-profit company (2)
 - ☐ Hybrid organisation (for-profit and non-profit structures) (3)
 - ☐ Not incorporated (4)
-

2.7 2.7 In what province is the head office located?

▼ Gauteng (1) ... Outside South Africa (10)

Q2.8 2.8 Which one of the 17 Sustainable Development Goals (SDGs) is the primary focus of your organisation?

▼ 1. No Poverty (1) ... None of the above/Other (18)

Q2.9 2.9 Which one of the SDGs is the secondary focus of your organisation?

▼ No secondary SDG (19) ... None of the above/Other (18)

End of Block: Demographics and Business Information

Start of Block: Access to Impact Funding

Q3 3. Please indicate the extent to which you agree or disagree with each statement in relation to funding.

Strongly disagree (1) Disagree (2) Somewhat disagree (3) Neither agree nor disagree (4) Somewhat agree (5) Agree (6) Strongly agree (7)

3.1 We have identified investors who have been willing to fund our growth strategies. (1)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.2 The funding available from impact investors is not suitable for our needs. (12)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.3 The cost of funding (such as interest rates) offered by impact investors is reasonable/affordable for us. (13)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.4 We have cultivated funders who have been significant sources of revenue for us. (2)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.5 The terms and conditions on the use of funds from impact investors are favourable to us. (9)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.6 We have found ways to finance our activities that keep us sustainable. (3)

☐ ☐ ☐ ☐ ☐ ☐ ☐

3.7 Most of our funding comes from personal savings, friends and/or family. (4)

☐ ☐ ☐ ☐ ☐ ☐ ☐

End of Block: Access to Impact Funding

Start of Block: Impactful social mission

Q4 4. Please indicate the extent to which you agree or disagree with the following statements in relation to the social mission.	Strongly agree (7)	Agree (6)	Somewhat agree (5)	Neither agree nor disagree (4)	Somewhat disagree (3)	Disagree (2)	Strongly disagree (1)
4.1 In my organization, the social objectives described in the mission statement are achieved. (1)	☐	☐	☐	☐	☐	☐	☐
4.2 Society has improved thanks to the activities of my organization. (4)	☐	☐	☐	☐	☐	☐	☐
4.3 My company contributes to solving the social problems that make up the corporate mission. (3)	☐	☐	☐	☐	☐	☐	☐
4.4 I am satisfied that my organization is fulfilling the social objectives set out in its mission. (2)	☐	☐	☐	☐	☐	☐	☐

End of Block: Impactful social mission

Start of Block: Financial sustainability

Q5 5. Please indicate the extent to which you agree or disagree with each statement in relation to organisational performance.	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
5.1 Compared with key competitors, our company has a greater market share. (2)	☐	☐	☐	☐	☐	☐	☐
5.2 Compared with key competitors, our company is growing faster. (3)	☐	☐	☐	☐	☐	☐	☐
5.3 Compared with key competitors, our company is more profitable. (4)	☐	☐	☐	☐	☐	☐	☐
5.4 Compared with key competitors, our company is more successful. (1)	☐	☐	☐	☐	☐	☐	☐

End of Block: Financial sustainability

Start of Block: Innovativeness

Q6 6. Please indicate the extent to which you agree or disagree with each statement in relation to innovativeness.

Strongly disagree (1) Disagree (2) Somewhat disagree (3) Neither agree nor disagree (4) Somewhat agree (5) Agree (6) Strongly agree (7)

6.1 We have an emphasis on introducing new innovations or technology (1)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.2 We have strong focus on Research and Development activities (2)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.3 We invest heavily on new product development (3)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.4 Innovation and creativity are part of the business strategy of my organisation (5)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.5 Employees are encouraged to come up with new ideas. (6)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.6 The CEO and leaders are involved in fostering innovation. (7)

☐ ☐ ☐ ☐ ☐ ☐ ☐

6.7 We have a reward system for creative and innovative individuals. (8)

☐ ☐ ☐ ☐ ☐ ☐ ☐

End of Block: Innovativeness

Start of Block: Experience of the owner/manager

Q7.1 How many years of prior work experience do you have in the industry in which the organisation operates?

Q7.2 7.2 How many years of managerial experience did you have prior to the current organisation?

Q7.3 7.3 How many prior businesses have you helped start as an owner or part owner?

End of Block: Experience of the owner/manager

Start of Block: Systematic Entrepreneurship

Q8 8. Please indicate the extent to which you agree or disagree with each statement.	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
8.1 We have large volumes of market transactions exploiting large gains from trade and innovation. (1)	☐	☐	☐	☐	☐	☐	☐
8.2 We have a sophisticated organisational structure that enables economies of scale and scope to be captured. (2)	☐	☐	☐	☐	☐	☐	☐
8.3 The organisation relies on impersonal and formal relations across many business networks. (4)	☐	☐	☐	☐	☐	☐	☐
8.4 Our business involves the coordination of multiple inputs, often resulting in the production of many products with a complex chain in between. (6)	☐	☐	☐	☐	☐	☐	☐
8.5 The entrepreneurial opportunities available to us go beyond the immediate community in which we conduct business (i.e., have a wide scope). (7)	☐	☐	☐	☐	☐	☐	☐

8.6 The organisation generates entrepreneurial momentum. (5)

☐☐☐☐☐☐☐

8.7 We have accumulated large amounts of investor capital. (3)

☐☐☐☐☐☐☐

End of Block: Systematic Entrepreneurship

Appendix 4: Consistency Matrix

Research title: Social enterprise attributes influencing access to impact funding in South Africa							
Problem: Social enterprises find it challenging to access impact funding, which is a result of not having the relevant attributes that enable them to access the funding.							
Research Objectives	Core Literature	Research Questions	Hypotheses	Variables	Source of Data	Type of Data	Analysis
Sub-Objective 1: Investigate to what extent an impactful social mission influences access to impact funding by social enterprises.	(Aker et al., 2020; Lovasic & Cooper, 2020)	To what extent does an impactful social mission influence access to impact funding?	An impactful social mission acts as a positive influence on access to impact funding by social enterprises.	IV1: Impactful social mission DV1: Access to impact funding	- Questionnaires - IV1: Questions 4.1 – 4.4 - DV1: Questions 3.1 – 3.7	- Ordinal Data - 7 Likert Scale	Validity: Exploratory Factor Analysis Reliability: Cronbach's Alpha Hypothesis Testing: Regression analysis and Pearson's Correlation coefficient
Sub-Objective 2: Investigate to what extent financial sustainability influences access to impact funding by social enterprises.	(Urban & Bukula, 2022)	To what extent does financial sustainability influence access to impact funding?	Financial sustainability acts as a positive influence on access to impact funding by social enterprises.	IV2: Financial sustainability DV1: Access to impact funding	- Questionnaires - IV2: Questions 5.1 – 5.4 - DV1: Questions 3.1 – 3.7	- Ordinal Data - 7 Likert Scale	
Sub-Objective 3: Investigate to what extent levels of innovation influence access to impact funding by social enterprises.	(Lortie & Cox, 2018)	To what extent does the levels of innovation influence access to impact funding?	The levels of innovation act as a positive influence on access to impact funding by social enterprises.	IV3: Levels of innovation DV1: Access to impact funding	- Questionnaires - IV3: Questions 6.1 – 6.4 - DV1: Questions 3.1 – 3.7	- Ordinal Data - 7 Likert Scale	
Sub-Objective 4: Investigate to what extent the background of the social entrepreneur influences access to impact funding by social enterprises.	(Block et al., 2021)	To what extent does the background of the social entrepreneur influence access to impact funding?	The background of the social entrepreneur acts as a positive influence on access to impact funding by social enterprises.	IV4: Background of the social entrepreneur DV1: Access to impact funding	- Questionnaires - IV4: Questions 7.1 – 7.3 - DV1: Questions 3.1 – 3.7	- Ratio Data	
Sub-Objective 5: Investigate to what extent systematic entrepreneurship influences access to impact funding by social enterprises.	(Murumbika Urban, 2020) &	To what extent does systematic entrepreneurship influence access to impact funding?	Systematic entrepreneurship acts as a positive influence on access to impact funding by social enterprises.	IV5: Systematic entrepreneurship DV1: Access to impact funding	- Questionnaires - IV5: Questions 8.1 – 8.7 - DV1: Questions 3.1 – 3.7	- Ordinal Data - 7 Likert Scale	