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Social Entrepreneurship: Intentions and Barriers to Entry in South Africa

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

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Sculpting global leaders

ABSTRACT

Social entrepreneurial intentions are influenced by different antecedents to those of general, or opportunity entrepreneurs. The purpose of this study was to investigate and analyse the effect of previously identified barriers to entry on social entrepreneurial intentions in South Africa. The Theory of Planned Behaviour has been adopted as the theoretical background. Empirical data was collected through online surveys from potential social entrepreneurs in South Africa. The data was analysed using descriptive statistics, exploratory factor analysis, reliability analysis and multiple regression. The results of the factor analysis led to two hypotheses being removed from the study. The remaining three hypotheses that were tested were related to capital, skill and risk related barriers to entry. The findings indicated that there was no significant relationship between these barriers to entry and social entrepreneurial intentions. It was concluded that due to the difference in motivational antecedents, social intentions are not impacted by these barriers which have been identified as relevant barriers for opportunity entrepreneurs.

Keywords: *Social; Entrepreneurial; Intentions; Barriers; Entry.*

DECLARATION

I, Matthew Richard Aldridge, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Management in the field Entrepreneurship and New Venture Creation in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

_____

Signed at …….

On the …… day of …….. 20……

DEDICATION

I dedicate this paper to Brittany Leroni for all her support, love and understanding throughout this journey.

ACKNOWLEDGEMENTS

First and foremost, I would like to acknowledge my supervisor, Dr. Murimbika for all the time and effort in assisting me with this study. Secondly, I would like to acknowledge my parents, Reg and Garnette for their undying support, both financial and emotional. And finally, all the lecturers and admin staff involved in the MM ENVC program that offered their time and energy to get us to the finish line.

Table of Contents

ABSTRACT i
DECLARATION ii
DEDICATION iii
ACKNOWLEDGEMENTS iv
LIST OF TABLES vii
LIST OF FIGURES viii
CHAPTER 1: INTRODUCTION 1
1.1 Introduction 1
1.2 Theoretical Background to the Study 1
1.3 Context of the Study 3
1.4 Problem Statement 4
1.5 Research Purpose/Research Questions/Aims of the Study 4
1.6 Definition of Terms 5
1.7 Contribution of the Study 5
1.8 Conclusion 6
CHAPTER 2: LITERATURE REVIEW 7
2.1 Introduction 7
2.2 Discussion of Topic 7
2.3 Social Entrepreneurship: Intention 8
2.3.1 Conceptualising Intention in Entrepreneurship 8
2.3.2 Intention in Social Entrepreneurship 9
2.4 Barriers to Entry 11
2.4.1 Capital Related Barriers to Entry 12
2.4.2 Skill Related Barriers to Entry 13
2.4.3 Support Related Barriers to Entry 14
2.4.4 Risk Related Barriers to Entry 16
2.4.5 Macro-economic Barriers to Entry 17
2.5 Conclusion 20
CHAPTER 3: RESEARCH METHODOLOGY 22
3.1 Introduction 22
3.2 Research Paradigm 22
3.3 Research Design 22
3.4 Population and Sample 23
3.4.1 Population 23
3.4.2 Sample and Sample Method 23
3.5 The Research Instrument 24
3.6 Procedure for Data Collection 25
3.7 Data Analysis 26
3.8 Validity and Reliability 26
3.8.1 External Validity 26
3.8.2 Internal Validity 26
3.8.3 Reliability 27
3.8.4 Ethical Considerations 27
3.9 Conclusion 28
CHAPTER 4: PRESENTATION OF RESULTS 29

4.1 Introduction 29
4.2 Demographic Profile of Respondents 29
4.2.1 Age 30
4.2.2 Gender 30
4.2.3 Education 31
Social Entrepreneurial Intention 31
4.3 Results 32
4.3.1 Exploratory Factor Analysis and Reliability 32
4.3.1.1 Exploratory Factor Analysis 32
4.3.1.2 Reliability Analysis 34
4.3.2 Hypothesis Testing 36
4.3.2.1 Regression Assumptions 36
4.3.2.2 Regression results 39
4.4 Summary of Results 40
4.5 Conclusion 41
CHAPTER 5: DISCUSSION OF THE RESULTS 42
5.1 Introduction 42
5.2 Demographic Profile of Respondents 42
5.3 Discussion 43
5.3.1 Capital Related Barriers to Entry 44
5.3.2 Skill Related Barriers to Entry 45
5.3.3 Risk Related Barriers to Entry 46
5.3.4 Discussion of Results 47
5.4 Conclusion 49
CHAPTER 6: CONCLUSION 50
6.1 Introduction 50
6.2 Conclusion of the Study 50
6.3 Implications and Recommendations 50
6.3 Limitations of the Study 51
6.5 Suggestions for Future Research 51
6.6 Conclusion 52
REFERENCE LIST 53
APPENDIX A: RESEARCH INSTRUMENT 59
APPENDIX B: CONSISTENCY MATRIX 64
APPENDIX C: ETHICAL CONSIDERATIONS 65

LIST OF TABLES

Table 1- 1: Definition of Terms 5

Table 2- 1: Variables and Measurement 25

Table 3- 1: KMO and Bartlett's Test 33
Table 3- 2: Pattern Matrix 33
Table 3- 3: Total Variance Explained 34
Table 3- 4: Reliability Statstics (SEI) 34
Table 3- 5: Reliability Statistics (CBTE) 35
Table 3- 6: Reliability Statistics (SBTE).....35
Table 3- 7: Reliability Statistics (RBTE) 35

Table 4- 1: Test of Normality.....36
Table 4- 2: Correlations 37
Table 4- 3: Regression Model Summary.....40
Table 4- 4 Coefficients 40

LIST OF FIGURES

Figure 1- 1: A Model of Social Entrepreneurial Intention (Mair & Noboa, 2006:126).....10

Figure 2- 1: Conceptual Framework.....19

Figure 3- 1: Age.....30
Figure 3- 2: Gender.....30
Figure 3- 3: Education.....31

Figure 4- 1: Box and Whisker (SEI).....37
Figure 4- 2: Box and Whisker (CBTE).....38
Figure 4- 3: Box and Whisker (SBTE).....38
Figure 4- 4: Box and Whisker (RBTE).....38
Figure 4- 5: Homoscedasticity.....39

I

CHAPTER 1: INTRODUCTION

1.1 Introduction

Social Entrepreneurship as an area for study has been increasing in popularity (Venter, 2015). In this paper, the intention to pursue a career as a social entrepreneur was investigated, with specific attention focused on how perceived barriers to entry impact social entrepreneurial intention in South Africa. The barriers to entry have been derived from literature and were discussed and critically analysed in the literature review. This paper investigated and analysed how these barriers to entry correlated with social entrepreneurial intention in South Africa and in so doing this study identified which perceived barriers to entry had specific and significant effect that was specifically applicable to social entrepreneurship in the context of the emerging economy of South Africa.

In this chapter the study was conceptualised. The theoretical background of the study was discussed with the aim of identifying and justifying the relevant theory in which the study is grounded. The context of the study will be discussed to provide a background of where the gap for the study was identified. The research problem, questions, aims and contribution will also be stated in this chapter.

1.2 Theoretical Background to the Study

The concept of Intention has been thoroughly researched in terms of Entrepreneurship literature (Hattab, 2014; Adam and Fayolle, 2015). In the area of Entrepreneurial Intention there exists multiple theoretical models which have been developed and tested and found to be applicable when conducting research in this area. Karimi, Biemans, Lans. (2014) studied the impact education had on Iranian student's entrepreneurial intentions and applied Ajzen's Theory of Planned Behaviour. They justified the use of this theory by citing multiple authors' work which demonstrates the theory's effectiveness at predicting intentions. Karimi *et al.* (2014) also argue that the Theory of Planned Behaviour is the most widely applied when researching entrepreneurial intention.

The Theory of Planned Behaviour theorises that behaviour is influenced by intentions, and intention is influenced by various underlying motivational antecedents. Ajzen (1991) describes the Theory of Planned Behaviour as "…a useful conceptual framework for dealing with the

complexities of human social behaviour" (pp. 206). The theory is based off findings that attitudes, subjective norms, and the degree of control the individual perceives themselves to have over the behaviour to predict intention, which then ultimately influences behaviour (Ajzen, 1991). A framework for the theory is presented by Urban (2015) who shows that various antecedent's impact on intentions, which will ultimately impact on behaviour. With specific application to this study, the Theory of Planned Behaviour will provide the theoretical framework where intention is a predictor of behaviour, and that intention is influenced by various antecedents. This study is focused on social entrepreneurial intention. Social entrepreneurial intention has been shown to be influenced by different antecedents to that of general, or opportunity entrepreneurship (Mair & Noboa, 2006; Omorede, 2014). Barriers to entrepreneurship are defined in this study as any obstacle that prevents a new venture from being created or causes a new venture to fail (Meyer and Moster, 2016). The barriers to entry have been previously identified (Stringham, Miller & Clark; Roibu and Roibu, 2016) from an opportunity entrepreneurial perspective. However, as social entrepreneurial intention is influenced by different antecedents than opportunity entrepreneurial intentions, it is plausible that barriers to entry which have impacted on opportunity entrepreneurial intention may have a different or even no impact on social entrepreneurial intention. This study aimed to investigate the impact that these previously identified barriers to entry have on social entrepreneurial intentions in South Africa.

Ajzen (2011) notes that since it was introduced in 1985, the Theory of Planned Behaviour has become one of the most influential and widely cited models in studies relating to behaviour. There is more than sufficient empirical evidence that supports this theory, according to Ajzen (2011), who also states that investigators who tested the theory's ability to predict intention and behaviour were satisfied.

It is therefore evident that the Theory of Planned Behaviour is an effective and applicable theory when researching in the area of Intentions. However, in research the issue of context is vital. While the South African context is not necessarily completely unique and share some similarities with other countries in similar socio-economic conditions, it is important to ensure the theory is applicable in the South African context. Malembana (2014) conducted a study aimed at testing the Theory of Planned Behaviour's ability to explain the entrepreneurial intentions of rural university students in Limpopo. The results found strong support for the effectiveness of the Theory of Planned Behaviour to explain entrepreneurial intentions in the South African context.

1.3 Context of the Study

The study was conducted in the context of social entrepreneurship in South Africa. Venter (2015) defines social entrepreneurship as the solving of social problems through the application of entrepreneurial principles. The study focused on intentions and barriers to entry in the context of social entrepreneurship in South Africa. To glean context on the current state of social entrepreneurship intentions in the South African context, reference was made to a *Global Entrepreneurship Monitor* (GEM) special topic report on social entrepreneurship (Bosma, Schott & Terjesen, 2015). In this report, a graphical representation of nascent social entrepreneurial activity among the 64 participating economies showed that South Africa expressed very low levels of nascent social entrepreneurial activity (below 2% with outliers reaching just over 2%).

In this study, barriers to entry are defined as any obstacle that prevents a new venture from being created, or that causes a new venture to fail (Meyer & Mostert, 2016). Obstacles within the South African context have been investigated in previous studies (Meiring, 2012; Sitardis & Kitsios, 2016), however they have been investigated from the context of opportunity entrepreneurs. Something that may be considered a barrier to entry when starting a business may not be a barrier or may even potentially be perceived as an assisting factor when starting a new social venture. It is also plausible that the barrier may be perceived as a barrier, but the underlying motivation for the social entrepreneurial intention is not at all or even positively impacted by the barrier. For example, access to capital is one of the most common listed barriers to entry for an opportunity entrepreneur (Gorji & Rahimiam, 2011). Findings from the Social Entrepreneurship GEM report show that globally social entrepreneurs mainly rely on their own funds as well as government programs or donations (Bosma *et al.*, 2015). It is a valid assumption that due to the social problems addressed by a potential new social venture, government is more likely to provide donations or grants to social entrepreneurs. With specific reference to social entrepreneurs in sub-Saharan Africa, findings show that the social entrepreneurs own funds and funds from family and friends are the most common sources of funding (Bosma *et al*., 2015). The question is whether or not access to capital is still a relevant barrier for individuals' intent on pursuing social entrepreneurship in South Africa and whether it negatively or positively impacts on social entrepreneurial intentions.

1.4 Problem Statement

Investigate and analyse the effect of perceived barriers to entry on social entrepreneurial intentions in South Africa. In entrepreneurship literature, the concept of barriers to entry is by no means novel (Alby & Auriol, 2010), however, in this study attention will also be focused on examining and isolating which specific perceived barriers to entry have a significant impact on social entrepreneurship intentions in South Africa.

1.5 Research Purpose/Research Questions/Aims of the Study

The purpose of this study is to empirically investigate perceived barriers to entry, derived from previous literature, in the context of social entrepreneurship in South Africa. The aim was to test for a correlation and significant impact of perceived barriers to entry on the intention to create a new venture that serves a social mission. The intended outcome of the study was to provide insight into which perceived barriers to entry are specifically applicable to social entrepreneurship intention in South Africa. Thus, the study was conducted to address the following research questions:

RQ1: What entry barriers are perceived to exist by potential social entrepreneurs in South Africa?

RQ2: Which perceived barriers to entry derived from the literature have significant effect on social entrepreneurial intentions in South Africa?

1.6 Definition of Terms

The keywords used extensively throughout this study include: *Barrier; Entrepreneurial Intention; and Social Entrepreneurship*. Table one provides expert definitions of these keywords.

Table 1- 1: Definition of Terms

Term:	**Definition**
Barrier	Meyer and Mostert (2016) define a barrier as an obstacle that prevents a new venture from being created or causes a new venture to fail.
Entrepreneurial Intention	Bird (1988) defines entrepreneurial intention as a state of mind that is aimed at guiding an individual's behaviour towards developing new ventures.
Social Entrepreneurship	"… a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs." Mair and Marti (2006, pp. 37).

1.7 Contribution of the Study

The significance of this study is as follows. Firstly, the study contributes new knowledge pertaining to barriers to entry in entrepreneurship, more specifically in social entrepreneurship. The study also provides insights into which barriers and how these barriers impact on the intentions to create new ventures which serve a social mission. In addition, this new knowledge is specific to the South African context. Therefore, this study's significance is also noted in its generation of African specific knowledge pertaining to entrepreneurship. The study also provides a framework for future researchers to further study the issue of barriers to entry and social entrepreneurial intention.

1.8 Conclusion

This chapter served as a conceptualisation of the study presented in this paper. The theoretical background was discussed, with the Theory of Planned Behaviour chosen and justified as the relevant theory applicable to this study. The theory was chosen as it has been proved effective when dealing with intention in entrepreneurship research as well as its validation in the South African context. The context of the study discussed the relevant background literature and presented the research gap this study aims to fill as a gap in knowledge as to which barriers to entry have a relationship with social entrepreneurial intentions. The research problem, purpose, aims, questions and contribution have also been discussed in this chapter. In the next chapter, chapter two, the topic of this study will be discussed in more detail. The chapter will then review the current literature pertaining to the independent and dependent variables of the study. The purpose of this discussion is to formulate a conceptual framework based off previous literature and develop the hypotheses which will be tested in this study. Chapter three will then focus on the methodology developed for the purposes of testing the hypotheses developed in chapter two. Chapter four will present and interpret the results of the analysis described in chapter three. Chapter five will then relate the results back to literature and discuss the implications. Chapter six will provide a conclusion to the study.

II

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In the previous chapter the topic of this study was conceptualised and introduced. In this chapter the topic of the study will be further defined and discussed. Following this, a critical review of the literature pertaining to the dependent variable, social entrepreneurial intention will be presented. The next discussion will focus on reviewing literature pertaining to five categories of entry barriers, with each barrier representing an independent variable of this study. Each of these discussions will result in the development of one of the five hypotheses of this study. What will follow is the presentation of the conceptual framework built from the literature review.

2.2 Discussion of Topic

The topic of this study is an investigation into the impact that perceived barriers to entry have on social entrepreneurship intentions in South Africa. The definition of barrier to entry that was adopted in this study came from Meyer and Mostert (2016) who define a barrier as an obstacle that prevents a new venture from being created or causes a new venture to fail early on in its inception. Entrepreneurial Intention is defined by Bird (1988) as a state of mind that is aimed at guiding behaviour towards developing new ventures, and this is the definition adopted in this paper. Mair and Marti (2006) define social entrepreneurship as: "… a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs." (pp. 37). The topic of this study can therefore be defined as: an investigation into the effect of perceived obstacles that can either prevent the creation of a new or cause a new venture to fail on the intention to create new socially orientated ventures in the context of the emerging economy of South Africa. The research gap was identified as barriers to entry only being discussed from an opportunity entrepreneurial perspective. The premise of the study is that the intention to create a new socially motivated venture is influenced by different antecedents to those that influence the intention to create an opportunity motivated venture. Therefore, the barriers to entry which have been identified in previous literature may have a different impact, or no impact at all, on social entrepreneurial intentions. The barriers to entry have been identified from previous studies which have aimed to identify barriers to entry to nascent opportunity entrepreneurs. These barriers to entry have been grouped into five

categories which have each become a variable of this study and were tested for a relationship with social entrepreneurial intention. This will allow for a conclusion as to which barriers to entry have a significant impact on social entrepreneurial intentions which will create new knowledge as to what barriers are faced by nascent social entrepreneurs in South Africa. The literature pertaining to social entrepreneurial intention and on each category of entry barrier will now be discussed in detail.

2.3 Social Entrepreneurship: Intention

The dependent variable of the study is the intention to create new socially motivated ventures. Before addressing intention from a specific perspective (social entrepreneurship) the issue of intention in entrepreneurship literature will be critically analysed and discussed to fully conceptualise intention in terms of entrepreneurship. Following this, the discussion will focus on a critical analysis of intention as it pertains specifically to social entrepreneurs.

2.3.1 Conceptualising Intention in Entrepreneurship

In Chapter I, entrepreneurial intention was defined as a state of mind aimed at guiding behaviour towards the creation of new ventures (Bird, 1988). Urban (2015) provides this alternative definition of entrepreneurial intention: "dedication to beginning a new business." The similarity between the definitions is that both involve a commitment to starting a new business. Therefore, intention in entrepreneurship can be conceptualised as the underlying motivation to behave entrepreneurially, or in other words to create a new venture. According to the Theory of Planned Behaviour, intention is a predictor of behaviour and has been found to account for 30% of the variance in behaviour (Adam & Fayolle, 2015). Kirkley (2016) describes entrepreneurial behaviour as behaviour based on an internal desire or motivation to create new ventures. The internal desire or motivation Kirkley is referring to is entrepreneurial intention. This is consistent with the Theory of Planned Behaviour. Additionally, the theory that intention is valid predictor of behaviour has been supported by findings from multiple studies relating to the relationship between intention and behaviour (Darmanto & Yuliari, 2018; Yasir, Majid & Yasir, 2017).

Research on intention in entrepreneurship has been mainly focused on investigating factors which significantly impact on individuals' intentions to create a new venture. For example, Kakouris (2016) studied a sample of students and found that self-efficacy; ability to plan; and

an entrepreneurial style were all antecedents which significantly positively impacted the students' entrepreneurial intentions. Fatoki and Olufunso (2010) studied a sample of nascent entrepreneurs and found that their intentions were mainly motivated by the prospects of job creation and job security. Human Capital refers to intangible capital such as knowledge and skills that are acquired through human capital variables such as education and work experience (Urban, 2015). The impact of human capital variables on intentions in entrepreneurship has also been extensively researched, and besides some minor discrepancies, strong support has been found for a positive impact of education and work experience on entrepreneurial intention (Hattab, 2014; Karimi *et al.*, 2014; Fatoki, 2014).

Intention has been critically reviewed from a general entrepreneurship perspective. The following section will shift the focus to the concept of intention from a social entrepreneurship perspective.

2.3.2 Intention in Social Entrepreneurship

The primary difference between an opportunity entrepreneur and a social entrepreneur is the motivation behind the creation of a new venture. While an opportunity entrepreneur is more motivated by individual level gain (personal/financial), for a social entrepreneur the creation of a new venture is aimed at creating sustainable value at the community level (Ebrashi, 2013). Lanteri (2015) discusses the dual nature of a social entrepreneur's personality in that it consists of the entrepreneurial motivation to create a new venture, combined with altruistic inclinations. Reinko (2012) also highlights that the motivational factors for an opportunity entrepreneur are all individual benefits such as personal development, self-achievement and personal well-being, while a social entrepreneur is driven by a desire to bring about social change and to benefit the less fortunate. The Theory of Planned Behaviour identifies motivational antecedents which have impact on intention, and clearly there are different antecedents which impact on social intentions than those impacting on generic entrepreneurial intention.

Figure 1 presents a model of social entrepreneurial intention:

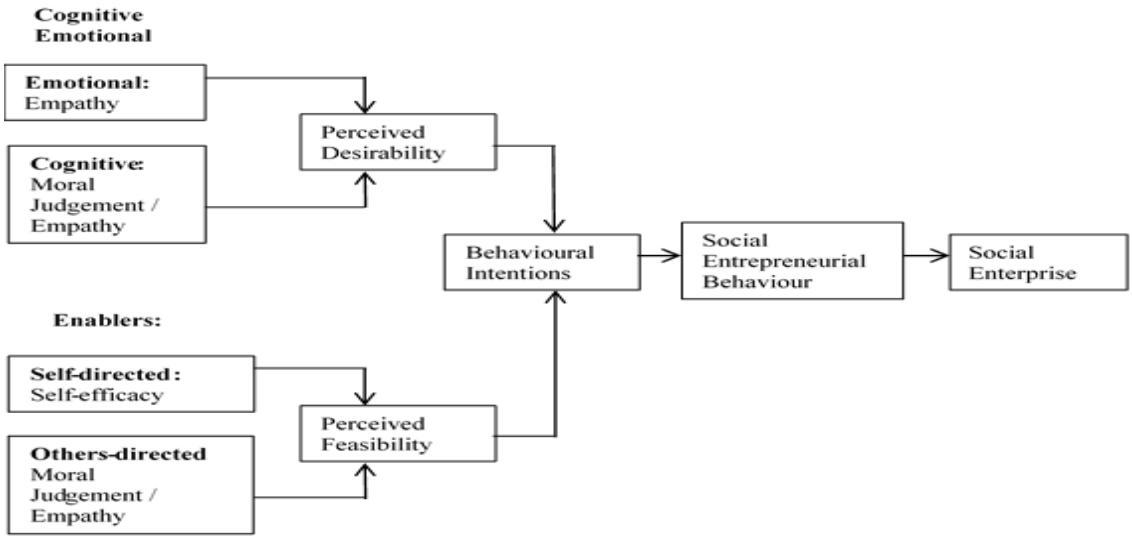


Figure 1- 1: A Model of Social Entrepreneurial Intention (Mair & Noboa, 2006:126).

The figure presented above shows similarities to general entrepreneurial intention in the sense that perceived desirability and perceived feasibility are antecedents. The difference is that, according to this model, these antecedents are impacted by: empathy; moral judgement; and self-efficacy. These antecedents represent a higher level of importance on cognitive emotional intelligence than found in *commercial* intention models. Omorede (2014) illustrates that social entrepreneurs are more often than not prior victims of social problems, making them highly empathetic to individuals currently facing social problems. This empathetic bound is a motivator for such individuals to form intention to create ventures that address and help alleviate such social problems. This is supported by the findings of Tiwari, Bhat and Tikoria (2017) which suggest that the higher the individual's ability to evaluate others' emotions in situations, the more likely they will be to engage in social problem-solving activities. The issue of regulation will be further discussed as a barrier to entry identified in previous studies (Bailey and Thomas, 2017; Klapper *et al.*, 2004). However, in the context of *social* entrepreneurial intentions, Urban and Kujinga (2017) found a positive impact of the regulatory environment on feasibility and desirability. *Figure 1* also indicates self-efficacy as an enabling antecedent influencing social entrepreneurial intention. When studying the intentions of non-profit organisations (NPOs) to create new social ventures, Tan and Yoo (2015) found that NPOs lead by CEOs with commercial experience, and that possess relatively high efficacy throughout the organisation are more likely to create new social ventures. This is supported by findings that students with higher levels of self-efficacy were more likely to initiate social entrepreneurial activities. The argument built here is that social intentions are motivated by different

antecedents to general or *commercial* entrepreneurial intentions. This study investigated the impact that previously identified barriers to entry have on social entrepreneurial intentions in an attempt to provide one aspect of the answer to why social entrepreneurial intentions are so low in South Africa. There is a lack of research into the impact of barriers to entry on social entrepreneurial intentions. This study aims to fill this gap and provide insight into barriers to entry as they apply to social entrepreneurship in South Africa.

2.4 Barriers to Entry

The purpose of this study is to investigate the impact that perceived barriers to entry have on social entrepreneurial intentions in South Africa. The following is a critical review of current and significant literature pertaining to barriers to entry in entrepreneurship. From the literature there emerged five clearly distinguishable categories of barriers to entry: 1. Capital related barriers; 2. Skill related barriers; 3. Support related barriers; 4. Risk related barriers; 5. Macro-economic barriers. Each category of entry barrier is an independent variable of this study and will be critically reviewed and discussed, with each discussion concluding in the formulation of this study's hypotheses.

The barriers to entry have been sourced from studies which investigate barriers to entry for opportunity entrepreneurs and social entrepreneurs. However, the majority of the literature pertaining to social entrepreneurship barriers are focused on barriers to growth (Scheurle & Schmitz, 2016; Davies, Haugh & Chambers, 2018). Scheuerle and Schmitz (2016) investigated factors in Germany that acted as barriers to scaling up the impact of social enterprises. Davies *et al.* (2018) investigated barriers to social enterprise growth. Barriers to entry have been defined in this study as obstacles that either prevent the creation of a new enterprise or cause a new enterprise to fail. Barriers to growth, while inhibiting to expansion or increase in social impact, are not classified as entry barriers and, therefore, will not be included as independent variables of this study.

2.4.1 Capital Related Barriers to Entry

Capital related barriers to entry are fairly straight forward to define, and fairly obvious as to how they can prevent the creation of a new venture or lead to a new venture failing. Access to capital has been found in multiple studies (Fatoki & Chindoga, 2011; and Gorji & Rahimian, 2011) to be the most predominant and restricting barrier to entry. Stringham, Miller and Clark (2015) list the following barriers to entry they identified in the automotive industry, all of which are capital related barriers: access to capital; high cost of entry; economies of scale; and R&D expenditure that cannot be recouped. Notice how 'access to capital' appears at the beginning of the list.

Fan and Ruohan (2017) proposed and tested a theoretical model which theorised that provinces in China with higher levels of financial inclusion will also have higher levels of entrepreneurial behaviour. They found strong support for this theoretical model, proving that low levels of financial inclusion can act as a barrier to entry.

Xavier-Oliveira, Laplume and Pathak (2015) state that financial capital is a strong predictor of entry for opportunity entrepreneurs. Grim and Lay (2011) investigated the patterns of capital entry barriers and capital returns among informal micro and small enterprises (MSE) in West Africa and their empirical findings showed that half the MSEs reported inadequate access to capital as an entry barrier. In the South African context, multiple authors have also identified access to capital as a predominant barrier to entry (Meyer and Mostert, 2016; Fatoki, 2010; and Fatoki & Chindoga, 2011).

In the context of this research, crime is considered to be categorized as a capital related barrier to entry. Fatoki and Olufunso (2010) identifies crime as a barrier to entry in the South African context. Crime is not often mentioned in terms of barriers to entry, unless the focus is on the South African context. Meyer, Meyer, and Molefe (2016) and Mahofa, Sundaram, and Edwards (2016) also identify crime as an effective barrier to entry in South Africa. Mahofa *et al.* (2016) state that their results showing crime as a barrier to entry are consistent with finding of business climate surveys and previous literature on the topic of barriers to entry in South Africa. The reason that crime is categorized as a capital related barrier is due to the costs businesses will occur as a result of crime (Mahofa *et al.,* 2016). Additionally, for the purposes of ensuring validity, crime is classified as a capital-related barrier because the items that measure crime were shown in a rotated factor matrix (Fatoki & Olufunso, 2010) to correlate to the capital-related barriers.

If we relate this discussion to social entrepreneurship, it has been identified that, internationally, a lack of access to capital is one of the most predominant constraints to the growth of social enterprises (Castellas, Ormiston & Findlay, 2018). Social entrepreneurs have different methods of accessing capital to those of traditional loans, for example grants from the public sector. According to Sunley and Pinch (2012), who reference the Bank of England (2003), the lack of finance is the single most constraining factor on social enterprise development. Sunley and Pinch (2012) identify that social ventures have been relying too heavily on grants and suggest that there needs to be a shift in the sourcing of funding towards loans and equity finance. They argue that out off the third sector organisations, social enterprises are the most likely to apply for loan financing. Therefore, lack of collateral for a loan can be identified as a capital related barrier to entry which is relevant to social entrepreneurs. Without collateral, a loan may not be granted which could cause a newly formed social venture to fail or prevent one from being started. Sunley and Pinch (2012) studied social enterprises and reported that the majority of the enterprises included in their study relied on income from contracts with public sector entities and that there had been a growing dissatisfaction among the social enterprises with the grant funding form of income.

H1a: Barriers to entry arising from issues related to capital will have a significant negative impact on social entrepreneurial intentions in South Africa.

2.4.2 Skill Related Barriers to Entry

Sitaridis and Kitsios (2016) draw a distinction between *internal* and *external* barriers to entry. Barriers to entry that are classified as skill-related barriers can be either *internal* or *external*. Two skill-related barriers to entry that are examples of *internal* barriers to entry include: education and competence (Sitaridis & Kitsios, 2016). Lack of experience has also been identified as an *internal*, skill-related barrier to entry (Staniewski & Awruk, 2015). Findings from multiple authors (Sitaridis & Kisios, 2016; and Staniewski & Awruk, 2015) are consistent with studies relating to human capital variables such as competence, education and prior experience play a vital role in entrepreneurship success, and the absence of these human capital variables result in *internal* skill-related barriers to entry. The lack of internal skill results in *internal* skill-related barriers to entry. Education equips individuals with skills that will make overcoming this category of entry barrier much easier and allowing for an ease of entry. For example, Shultz (1959) argues that through education an individual's ability to perceive

opportunities in the market is increase which in turn will increase the likelihood of that individual entering into opportunity entrepreneurship. The reverse of this must then also be true, that an individual with limited education will have limited opportunity recognition and therefore limiting the likelihood of them successfully entering opportunity entrepreneurship. Additionally, Xavier-Oliveira *et al.* (2015) argue that more highly educated individuals possess the skills which make them more capable of understanding information such as market conditions and opportunities which will also increase their likelihood of pursuing entrepreneurship as well as their success in doing so. It is therefore reasonable to assume that individuals with higher levels of human capital are better positioned to pursue opportunity entrepreneurship (Xavier-Oliveira *et al.*, 2015). The lack of access to other individuals possessing internal skill will result in *external* skill-related barriers to entry. New ventures are often not capable of offering in-house training and are therefore forced to hire individuals who are already skilled, with high levels of human capital (Klapper, Laeven, & Rajan, 2004). Especially in the South African context, access to skilled labour is a serious barrier to entry in multiple industries. According to Trading Economics (2018) the unemployment rate in South Africa was at 26.7% as of January 2018. This indicates more than a quarter of the adult population in the country is without work and could also potentially indicate that they are also unskilled. This creates *external* skill-related barriers to entry, especially to entrepreneurs in more high-tech industries as these industries usually require higher access to very skilled individuals (e.g. engineers).

H1b: Barriers to entry arising from issues relating to skills will have a significant negative impact on social entrepreneurial intentions in South Africa.

2.4.3 Support Related Barriers to Entry

The lack of either formal or informal support is also identified as a barrier to entry which could lead to new venture failing or prevent one from being created. Roibu and Roibu (2016) conducted an analysis and comparison of barriers to entrepreneurship faced by female entrepreneurs in South Korea and in Romania, which illustrates how gender can act as a barrier to entrepreneurship. Their findings show multiple similarities between the two countries, for example discrimination against women in the work place (i.e. paid less compared to males), no enforceable measures to dealing with discrimination and conservative views of women and their role in the economy. Roibu and Roibu (2016) state that these gender related barriers to

entry are resultant of patriarchal and conservative views and attitudes towards women, as well as a lack of legal and institutional support and reducing inequality for women in the economy of the two countries. This example highlights how the lack of support, in this case formal support, can increase the difficulty of other *external* barriers to entry, as well as acting as a separate barrier to entry.

Another example is provided by Pinkse and Groot (2015) who discuss how, in the case of the electric car, the lack of a well-established infrastructure to support the product has become an effective barrier to entry for entrepreneurs in the clean energy sector. Sandhu, Sidique and Riaz (2010) investigated the perceived barriers to entry faced by postgraduate students with work experience in Malaysia and found that the lack of a social network was ranked as the highest barrier to entry among the postgraduate student sample. Lack of a social network is classified as a support related barrier to entry.

Sitardis and Kitsios (2016) differentiate between informal and formal support as follows. Informal support refers to the support available to entrepreneurs from family role models or other social structures; and formal support comes from institutions, funding, consulting and service support. The absence of informal and formal support creates a support-related barrier to entry. Role models are a form of support for both opportunity and social entrepreneurs. Findings from Kachlami, Yazdanfar and Ohman (2018) indicate a positive relationship between the existence of entrepreneurial role models and the creation of new ventures which indicates that regions with higher levels of entrepreneurs will tend to have a higher number of new ventures being created, both opportunity and social. Networks have been found to have a positive impact on entrepreneurs as individuals as well as on SMEs (Gordon & Jack, 2010). Findings from Turkina and Thai (2013) show that an individual's network has a strong positive influence on high-value added entrepreneurship. A network is a form of support for an entrepreneur and having entrepreneurial role models within that network will have a strong positive impact on entrepreneurship. Weakness or lack of a network can create support related barriers to entry for individuals who have intention to pursue entrepreneurship.

H1c:Barriers to entry arising from issues relating to support will have a significant negative impact on social entrepreneurial intentions in South Africa.

2.4.4 Risk Related Barriers to Entry

Uncertainty has been described as situations in which the end result is not easily predicted (Arpianen & Kurczewska, 2017). A major influencing factor relating to risk-related barriers to entry is fear. Risk avoidance and fear of failure were found to be the next two main barriers to entry identified for entrepreneurs in Qatar (Kebaili, Al-Subyae, Al-Qahtani & Belkhamza, 2015). Culturally, relying on work by Hofstede (1980), Swierczek and Ha (2003) puts forward that cultures that display low levels of uncertainty avoidance have been found to be more motivated towards achievement and ultimately tend to be more entrepreneurial. Cultures that are more risk averse will then tend to be less entrepreneurial. This highlights how a fear of failure and risk can prevent individuals from pursuing entrepreneurship.

When addressing the issue of uncertainty avoidance, fear has been found to be a personality trait that can act as an effective barrier to entry (Sitaridis & Kitsios, 2016). Uncertainty avoidance in itself is also an example of a risk-related barrier to entry. Meiring (2012) found support for a relationship between uncertainty avoidance and levels of entrepreneurship. These results show that high levels of uncertainty avoidance caused a decrease in levels of entrepreneurship. Additionally, Fatoki and Chindoga (2011) explain how an unwillingness to take risks due to a fear of failure may result in an individual with an idea to not pursue the idea further.

This is also supported by findings from Staniewski and Awruk (2015) which show that respondents identified lack of experience and capital as well as the fear or risk of failure as barriers to entrepreneurship. There is risk associated with pursuing entrepreneurship. The risk of failure, the risk that time and resources may have been wasted if the venture fails as well as the opportunity cost of leaving a paid employment position to pursue entrepreneurship.

Berkhout, Hartog and van Praag (2016) focused on the role of opportunity cost of pursuing entrepreneurship over paid employment and they argued that the literature has focused on the benefits of entrepreneurship and neglected the cost of leaving a paid employment position. Berkhout *et al.* (2016) argue that entrepreneurs' earnings have been poorly observed and for an individual faced with the choice of leaving their paid position and pursuing entrepreneurship, the only significant information available to them is the potential earning from their current position as there is an abundance of information available pertaining to salary and wage distributions. This puts an individual in this position in a risky situation. They know what earning potential they have if they remain where they are, however they have no way of

knowing what their potential earning could be if they leave to pursue entrepreneurship. For an individual earning a comfortable salary, the risk of losing that salary to create a new venture which could potentially fail maybe too great for the individual to do so, resulting in risk barring their entry into entrepreneurship. It is therefore understandable that Berkhout *et al.* (2016) found strong support with standard economic theory that individuals who are earning lower levels of income are more likely to give up their paid positions to pursue entrepreneurship. Barriers to entry can also refer to barriers that prevent growth. When attempting to expand an enterprise may have to look at securing a loan or other form of financial investment which comes with risk attached.

Research conducted by Sunley and Pinch (2012) has confirmed that social ventures tend to be very cautious when considering expansion and growth due to a fear of losing control. This indicates that the risk of losing control over the enterprise in return for capital investment is often too high for social entrepreneurs who would rather retain control over the enterprise and sacrifice growth.

H1d: Barriers to entry arising from issues relating to risk will have a significant negative impact on social entrepreneurial intentions in South Africa.

2.4.5 Macro-economic Barriers to Entry

With the exception of: finance and support, all of the *external* barriers to entry identified by Sitaridis and Kitsios (2016) are categorized as macro-economic barriers to entry. These include: market conditions; laws and regulations; and state affairs. These external barriers to entry are accredited as more limiting to technological entrepreneurship, while internal barriers were found to have a much lower and "often statistically insignificant" (Matejun, 2016: p.279) limiting effect. It is, however important to note that these findings are specific to technology entrepreneurs and may not necessarily be the case in other contexts.

The market related barriers which Sitardis and Kitsios (2016) refer to include: access to customers; knowledge of the market; opportunity recognition; and market pressure (from competition). Meyer *et al.* (2016) also add "poor service" delivery as a macro-economic barrier to entry specific to the South African context. Regulations can act as barriers to entry through raising entry costs into specific industries or in extreme cases preventing entry completely. Bailey and Thomas (2017) found that, during the period between 1998 and 2011, industries in the United States with more regulations saw fewer new ventures being created compared to

industries with less regulations. However, a counter argument to deregulation to lower entry costs is presented by Rajan and Zingles in Klapper *et al.* (2004) who argue that a lack of regulations that protect investors (both foreign and local) could increase the difficulty in accessing finance. This makes the case for putting up with regulatory barriers to entry to avoid encountering capital-related barriers to entry.

Macro-economic factors can also have an impact on other previously mentioned barriers to entry. For example, macro-economic factors can impact on the difficulties with sourcing finance. Xavier-Oliveira *et al.* (2015) argues that in conditions of economic inequality, individuals who have adequate access to capital will enter into opportunity entrepreneurship to improve their position on the income distribution curve as they currently felt a drive to be closer to those at the very top of the curve. Xavier-Oliveira *et al.* (2015) also posit that as inequalities increase, credit allocation tends to favour individuals with more financial capital and this makes opportunity entrepreneurship more attractive to such individuals as it is now easier for them to secure credit. This means that for individuals with low levels of financial capital living in conditions of economic inequality, as is the case in South Africa, the macro-economic issues of economic equality are identified as a barrier to entry due to the effects it has on access to credit and distribution of wealth. Another South African specific marco-economic barrier to entry is corruption. Findings from Chowdhurry, Audretsch and Beliski (2019) show that in both developed and developing countries there is a direct impact of corruption on entrepreneurship. Chowdhurry *et al.* (2019) argues that low rates of corruption create financial incentives as well increasing the rate of returns for entrepreneurs.

H1e: Barriers to entry arising from the macro-economic environment will have a significant negative impact on social entrepreneurial intentions in South Africa.

The conceptual framework derived from the literature is visually presented below. From the literature review, barriers to entry were identified and categorised. Each of the five categories of barriers to entry is an independent variable (IV) of this study. It is hypothesised that each of these IVs will significantly impact on the dependent variable (DV), social entrepreneurial intention.

Figure 2- 1: Conceptual Framework



2.5 Conclusion

In this chapter, the topic of study was discussed and defined further to expand on the discussion in the previous chapter. Social entrepreneurial intention, the dependent variable of the study was then discussed by way of a critical review of relating current literature. The argument presented from the previous literature was that social entrepreneurial intentions differ from opportunity entrepreneurial intentions with regards to the motivation antecedents that impact on each type of intention. Social entrepreneurial intention is focused more altruistic values, feelings of empathy and a strong desire to solve wicked problems. The next discussion was split into five sub-discussion, one on each of the barriers to entry identified from previous literature. The argument built here was that each category of barrier to entry had been identified as valid entry barriers from the literature which identifies how each entry barrier impacts on entry and intention to pursue opportunity entrepreneurship. The hypotheses of this study were developed from the literature review and represented graphically in the conceptual framework. This framework highlights the hypothesised relationship to be negative between social entrepreneurial intentions and each category of entry barrier. In the next chapter, the methodology used to test these hypotheses will be outlined and discussed.

Summary of Hypotheses:

H1a: Barriers to entry arising from issues relating to capital will have a significant negative impact on social entrepreneurial intentions in South Africa.

H1b: Barriers to entry arising from issues relating to skills will have a significant negative impact on social entrepreneurial intentions in South Africa.

H1c: Barriers to entry arising from issues relating to support will have a significant negative impact on social entrepreneurial intentions in South Africa.

H1d: Barriers to entry arising from issues relating to risk will have a significant negative impact on social entrepreneurial intentions in South Africa.

H1e: Barriers to entry arising from the macro-economic environment will have a significant negative impact on social entrepreneurial intentions in South Africa.

III

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

In the literature review, previous literature was used to build the argument and conceptual framework of the study. The conceptual framework hypothesises that each identified category of barrier to entry has a significant negative relationship with social entrepreneurial intention in the context of South Africa. In this chapter, the methodology for testing these hypotheses will be outlined and discussed. The relevant research paradigm and design will be discussed first. Followed by a discussion on the population, sample and method of sampling. The measuring instrument and procedures for data collection and analysis will follow. Finally, the chapter will discuss all issues of validity, reliability and ethics.

3.2 Research Paradigm

This study was conducted following the positivist paradigm which is broadly defined as the use of natural science approaches to research aimed at discovering causal relationships (Du-Plooy-Cilliers, Davis & Bezhuidenhout, 2014). This paradigm was most suited to this study as it was aimed at discovering a causal relationship between the perceived barriers to entry identified in the literature review and the social entrepreneurship intention of the sample. The study relied on quantitative methods of data collection and analysis.

3.3 Research Design

This study was conducted following a non-experimental design. According to Maree (2016) a non-experimental design does not require any manipulation and is relied on in studies where quantitative data is collected through surveys which measure the relevant variables. The study was designed to collect data through online interviews relying on survey data collection methodology. The research instrument that was used was a close ended questionnaire adopting scales which were adapted from previous studies on intention (Kakouris, 2016) and barriers to entry (Fatoki & Olufunso, 2010). The scales measured the variables and the results were analysed through statistical quantitative data analysis methods. Due to the restrictions of time, the study was conducted with a cross-sectional time frame.

3.4 Population and Sample

3.4.1 Population

In this section the parameters of the population will be defined. The study investigates the independent variable's impact on social entrepreneurial intention in South Africa. As the dependant variable of this study is social entrepreneurial intention, the first population parameter is that the individual has the intention to pursue social entrepreneurship. The second parameter is that the individual is South African. The study is focused on the South African context and therefore only respondents from South Africa can be included in the population of this study. To identify individuals with such intentions, various social enterprises, social networks and research networks were utilised. Social enterprises were contacted and asked to distribute the online questionnaire among employees. LinkedIn, a professionals' network was used to search current social entrepreneurs in South Africa, who were contacted and asked for assistance with accessing individuals who could potentially meet the parameters of possessing social entrepreneurial intentions. Various research networks were used to search for individuals who have previously conducted research in the social entrepreneurship in Southern Africa. These researchers were contacted and asked for assistance with sourcing individuals who may potentially have social entrepreneurial intentions. To ensure that the individuals who were contacted to partake in study did meet the parameters, an item was included in the biographic section of the questionnaire which measured whether or not the respondent had such intentions by way of a yes/no response.

3.4.2 Sample and Sample Method

From the population described in the section above, a representative sample was drawn and included as participants in the study. The ideal sample size for this study would have been n=240 (10 responses per item in the instrument) (Fields, 2013). However, due to time constraints and a moderately low response rate, the total responses were capped at n=180. A sample of n=126 was drawn relying on the non-probability sampling method. According to Maree and Pietersen (2016) probability sampling allows each unit of the population an equal opportunity to be selected for the sample and an objective mechanism is used in the selection. This method could not be applied, as only individuals who indicated yes to the item referring to their social entrepreneurial intentions could be included as valid respondents in this study. Once the individuals who responded '*no'* to that item were excluded the sample was at n=140,

however once the data had been cleaned (all missing values and anomalies removed) the final sample was n=126 that were included in the study. A sample of 126 participants is still an adequate sample size for the statistical tests to produce significant results (Fields, 2013). Additionally, Sitardis and Kitsios (2016) had a similar situation as the issue of time forced them to conduct their research on intentions and barriers with a sample size of 81 participants. Their study was still able to produce significant results in light of a relatively small sample. Further support for the sample size is that multiple studies relating to intentions and barriers to entry have produced significant results with varying sample sizes ranging between n=100 to n=400 (Kakouris, 2016; Fatoki & Olufunso, 2010; Sitardis & Kitsios, 2016).

3.5 The Research Instrument

The data was collected through online surveys and the instrument used in the surveys was a close ended questionnaire. The questionnaire was divided into three sections. First, a section that collected biographical information (age, gender and education level) as well as an item asking if the respondent has social entrepreneurial intention. Only respondents who answered yes to this item were included in the final sample as social entrepreneurial intention is the dependent variable of the study. The second section measures the respondents' social entrepreneurial intentions. The scale used was sourced from Kakouris (2016) and was adapted to focus on social entrepreneurial intention. *I am interested in issues relating to social entrepreneurship* and *I intend to start my own social business in the future* are examples items included in this section. The respondents were provided a 5 item Likert scale ranging from 1. Strongly Disagree to 5. Strongly Agree. The third section measured the respondents' perceptions of barriers to entry derived from the literature review. This measure was sourced from a rotated factor matrix presented by Fatoki and Olufunso (2010) and each item is a category of entry barrier. Fatoki and Olufunso (2010) collected data from students pertaining to their perceived barriers to entry. The resulting barriers were included in their scale which they used to test for a relationship with the students' entrepreneurial intentions. The final scale in their rotated factor matrix is the scale used in this study to measure the five categories of barriers to entry. The respondents were asked to respond using a 5 item Likert scale which rated each barrier from 1. Not a Problem to 5. Serious Problem.

Table 2- 1: Variables and Measurement

Variables and Measures			
Constructs	**Scales**	**Items**	**Sources**
Social Entrepreneurial Intention	5-point Likert Scale	SEI1; SEI2; SEI3; SEI4; SEI5; SEI6	Kakouris, 2016
Capital Related Barriers to Entry	5-point Likert Scale	BTE1; BTE2; BTE3; BTE4; BTE5; BTE6	Fatoki & Olfunso, 2010
Skill Related Barriers to Entry	5-point Likert Scale	BTE7; BTE8; BTE9; BTE10; BTE11	Fatoki & Olfunso, 2010
Support Related Barriers to Entry	5-point Likert Scale	BTE12; BTE13	Fatoki & Olfunso, 2010
Risk Related Barriers to Entry	5-point Likert Scale	BTE14; BTE15; BTE16	Fatoki & Olfunso, 2010
Macro-Economic Barriers to Entry	5-point Likert Scale	BTE17; BTE18	Fatoki & Olfunso, 2010

3.6 Procedure for Data Collection

The research instrument described in the previous section was used as the tool for data collection. Data was collected relying on two methods of data collection; face to face interviews and online interviews. Firstly, the research instrument was loaded onto the Qualtrics platform. Individuals know to have previously expressed social entrepreneurial intentions were emailed with information on the purpose of the study as well as a link to the online survey which they completed online. Various networks, such as LinkedIn and research networks were used to access other researchers who have conducted research in the social entrepreneurial space in South Africa, as well as existing South African social entrepreneurs who were able to provide access to individuals or databases of individuals who have expressed interest or intention to pursue social entrepreneurship. The second method of data collection was face to face interviews, where the researcher sat with individuals who do not have access to the internet but have expressed intentions to create socially motivated ventures in their communities. The research tool was used in the interviews, and participants responses were recorded.

3.7 Data Analysis

Due to the quantitative nature of the study, the study's paradigm and design, the data was analysed relying on quantitative statistical analysis through the use of IBM's SPSS software (v25). The recorded data was cleaned in Excel and then imported into SPSS. Descriptive statistics were produced on the demographic data which produced statistic tables and histograms showing normality. Then each scale was tested for reliability and validity. This was done by running a reliability analysis in SPSS on each of the scales. Validity was then tested through the use of Exploratory Factor Analysis (EFA) in SPSS. Once the dimensions of each scale had been reduced in the EFA, reliability was tested for again on each scale. The next step was to test the hypotheses. Regression analysis is used in statistics to test relationships between two or more variables and therefore is the technique used in this study to test the hypotheses. The first assumption of a regression analysis is that the data follows a normal distribution. To test for this in SPSS the explore function was utilised which tests for normality on the variables. After the assumption was tested a multiple regression analysis was conducted to test the hypotheses.

3.8 Validity and Reliability

3.8.1 External Validity

The criteria for external validity, according to Konin (2014), is that the same results will be found if the study is replicated among a different sample. In this study external validity was ensured by setting clear population parameters, being that participants need to be from South Africa and possess the intention to create a new socially motivated venture. This study relied on the simple random sampling method which allows each potential respondent equal opportunity to be included in the study. External validity criteria are met as if a different sample is drawn from a population with the parameters defined in this study, the results will be the same.

3.8.2 Internal Validity

To ensure internal validity, measures of both variables were sourced from previous studies and adapted and adopted into the research instrument used in this study. This ensured that only data related to the variables of the study were collected. The data analysis techniques tested for a relationship and significant impact of IVs on the DV, and the results were interpreted to answer the research questions described in chapter 1. The study was designed to collect and analyse

data to answer the research questions, which, according to Konin (2014), is the criteria for internal validity.

3.8.3 Reliability

To ensure reliability, the barriers to entry tested against social entrepreneurial intention were categorised into five types of barriers which allows future researchers to replicate the study at a future time and following the same design to find the same results and this is the criteria for reliability, according to Konin (2014). Specific barriers to entry may change or be perceived differently in the future. By generalising the categories of barriers to entry, reliability was ensured.

3.8.4 Ethical Considerations

The *Student Code of Conduct: Wits Policy* document defines:

1. Ethical conduct: As the promotion of: University rules and laws of the country; ethical treatment of people, animals and the environment; and ethical use of property and resources; and the prevention of: plagiarism and all forms of intellectual dishonesty; favouritism and nepotism; and violation of confidentiality.

2. Respectful conduct: As conduct that promotes: human rights and social responsibility; equity and equal opportunity; academic freedom and freedom of expression; trustworthiness; integrity; fairness; and courtesy, while also preventing: discrimination on the basis of race, gender, religion, disability, sexual orientation, HIV status or any category as defined in the Constitution; the abuse of power; sexual, racial or other forms of harassment; and disrespect for persons and property.

3. Responsible conduct: As promoting: transparency; inclusivity; accountability; good practice; mutual responsibility for maintenance of an ethos and environment conductive to safety, health and wellbeing, while preventing: misuse of personal and University information and property and the name of the University; improper financial dealings and improper conflicts of interest; practices threatening safety, security, health or wellbeing; and actions which impinge on the rights of others.

These three principles, as they are defined in the University of the Witwatersrand *Student Code of Conduct Policy* document, make up the code of ethics which will be applied and followed when conducting this study. Throughout the research process these ethical codes were adhered

to. The study's title was approved by an ethics committee before data collection began. The letter of approval from the ethics committee has been included in the appendices.

3.9 Conclusion

This chapter discussed the methodology used to test the hypotheses of this study. The research paradigm was chosen to be positivism due to the quantitative nature of the study. The research design was defined as non-experimental relying on survey data collection methodology with a cross-sectional time frame. The data collection was described as online interviews and the relevant statistical analysis techniques were described. Issues of validity, reliability and ethics were also discussed in this chapter. In the next chapter the results from the statistical analysis performed on the final sample will be presented and interpreted.

IV

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The previous chapter discussed in detail the process that was followed from data collection through the quantitative data analysis methods that were used in this study. This chapter serves as a presentation of the results of the analysis that was conducted. To begin, the demographic profiles of the respondents will be presented in order to describe the demographics of the study's sample. Following this, the results from the linear regression analysis will be presented which will provide an answer for each of this study's hypotheses. The chapter will then conclude with a summary of the results. A total of 300 questionnaires were sent in order to account for a potential low response rate and anticipation of invalid results. The target sample size was *n=120*. The total responses were just over 150, however after removing respondents who indicated *"No"* to the social entrepreneurial intention item and once the data set had been cleaned, removing all anomalies or mission values, the final sample size was *n=126*.

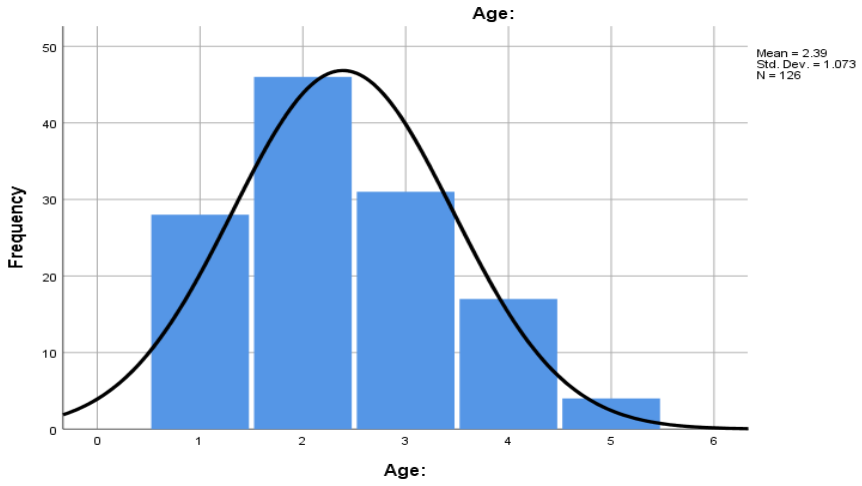
4.2 Demographic Profile of Respondents

The demographic information that was collected from the respondents include: age; gender; education level; and their social entrepreneurial intention. The respondents were given the option of selecting one of five age ranges; 18-25; 26-35; 36-45; 45-55; and 55+. These ranges were coded in numeric values starting at 1(18-25) to 5(55+). The respondents were asked to indicate their gender as either Male (M) or Female (F). These responses were coded into numeric values with male as 1 and female as 2. The respondents were asked to indicate their level of education from the following options: Highschool (HS); Diploma (D); Undergraduate Degree (UG); and Postgraduate Degree (PG). These responses were coded into numeric values as follows: HS=3; D=4; UG=5; PG=6. The statistics table shows all 126 responses for each demographic variable is valid and there are no missing values. This indicates that the data cleaning process was completed correctly.

4.2.1 Age

A frequency table produced for the age variable shows that there were no missing values. Age group 1 showed a frequency of 28 (22.2%). Age group 2 showed a frequency of 46 (36.5%); age group 3 showed a frequency of 31 (24.6%), age group 4 showed a frequency of 17 (13.5%). Finally, age group 5 showed a frequency of 4 (3.2%). The following graphic represents the age demographic of the respondents visually:

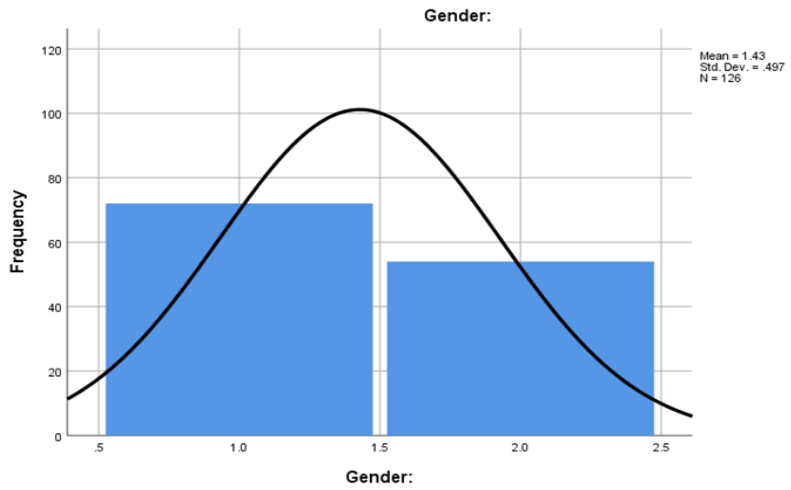
Figure 3- 1: Age



4.2.2 Gender

The frequency table produced for the gender demographic variable indicates that all responses were valid. Gender option 1 (male) shows a frequency of 72 (57.1%) and option 2 (female) accounts for the remaining 42.9% with a frequency of 54. The following graph visually represents the gender demographic of the sample:

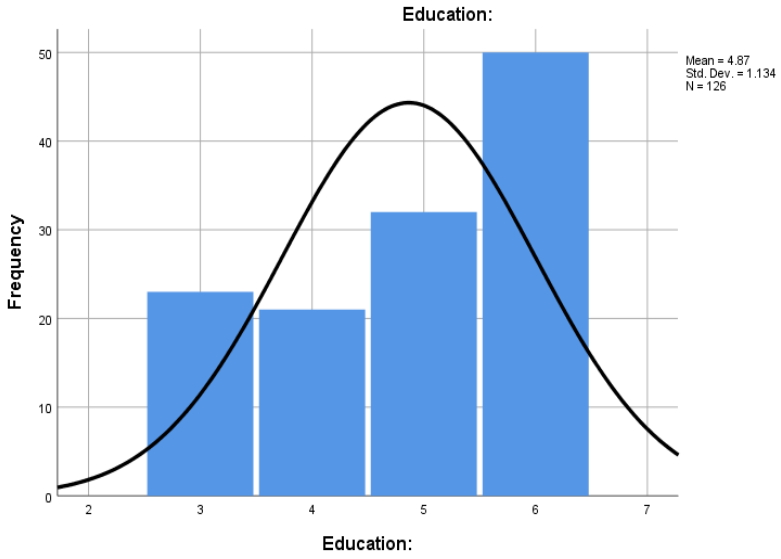
Figure 3- 2: Gender



4.2.3 Education

The frequency of participants whom indicated a high school level of education was 23 (18.3%). Those with Diplomas showed a frequency of 21 (16.7%). A frequency of 32 (25.4%) was found for participants who indicated that they hold an undergraduate degree. Finally, 50 (39.7%) of the respondents indicated that they hold a postgraduate degree. The graph below visually represents the education levels of the sample:

Figure 3- 3: Education



Social Entrepreneurial Intention

The dependant variable of this study is social entrepreneurial intention. Chapter 3 defines the parameters of the population as individuals in South Africa who have the intention to pursue social entrepreneurship. This means that only data collected from individuals with such intentions can be included in this study, which is why this item was included in the demographic section of the research instrument. Any respondents who indicated *"No"* were not considered valid and removed from the sample. Thus, the remaining sample showed a frequency of 126 (100%) of "*Yes"* responses.

4.3 Results

Following the descriptive analysis, validity and reliability was tested using various statistic techniques in SPSS. Each scale was analysed for reliability. The output produced a Cronbach Alpha for each scale. Once this was done, exploratory factor analysis was conducted on each scale in order to reduce the dimensions of the scale by removing items which cross tabulate. Each scale was reduced until the remaining items all fell under one factor. The newly reduced scales were then retested for reliability. The results of these analyses will be discussed below

4.3.1 Exploratory Factor Analysis and Reliability

To test validity and reliability on the scales used to measure the IV (barriers to entry) and the DV (social entrepreneurial intention) an exploratory factor analysis (EFA) and a reliability analysis was conducted in SPSS. The factor analysis was conducted to ensure the items correlate to the correct factor, or in other words that the items were in fact measuring the factor that they were supposed to. The principal axis factoring method was applied as the method of extraction along with Kaiser's criterion and a scree plot. The factor structure was optimised through the use of an oblique rotation method known as Promax. The reliability analysis tests for a Cronbach Alpha with a significance of .7 or above indicating good reliability.

4.3.1.1 Exploratory Factor Analysis

The initial factor analysis showed six factors were identified with eigenvalues higher than one. However, after removing cross-loading items, two scales have been removed from the study due to all their items being removed. The removed scales were the scales for *Support Related Barriers to Entry* (items BTE12; BTE13) and the scale for *Macro-economic Barriers to Entry*. Due to this, this these hypotheses are removed from the study. The remaining items were found to correlate to four factors.

Table 3-1 shows that the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy meets the requirement for factor analysis. According to Galawe (2017) the cut off for the sample size and set of variables is a KMO of .5 and anything above .5 indicates that the sample size and set of variables is adequate for factor analysis. According to Galawe (2017) the Bartlett's Test shows if the items correlation is sufficient and significant for factor analysis and this needs to be greater than 0.05. Table 4-3112 shows a KMO of .7 which means the sample size and set of variables is adequate for factor analysis as well as showing a value far greater than 0.05 in the

Bartlett's Test which indicates the correlation between the items is sufficient and significant for the factor analysis (Galawe, 2017).

Table 3- 1KMO and Bartlett's Test

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.742
Bartlett's Test of Sphericity	Approx. Chi-Square	980.109
	df	120
	Sig.	.000

Table 3-2 shows the pattern matrix with items loaded to one factor each. Based on the code of the items factor one is social entrepreneurial intention, factor two is skill related barriers to entry, factor three is risk related barriers to entry and factor four is capital related barriers to entry.

Table 3- 2: Pattern Matrix

Pattern Matrix[a]

	Factor			
	1	2	3	4
SEI1:	.588			
SEI2:	.741			
SEI3:	.600			
SEI4:	.761			
SEI5:	.571			
SEI6:	.805			
BTE3:				.727
BTE7:		.753		
BTE8:		.802		
BTE9:		.722		
BTE10:		.720		
BTE14:			.798	
BTE15:			.946	
BTE16:			.734	
BTE4:				.507
BTE2:				.634

Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 3-3 shows that the remaining items account for 57% of the variance in the remaining four factors. The acceptable level of cumulative variance is 50% and above and is evident this has been met.

Table 3- 3: 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	3.959	24.745	24.745	3.580	22.378	22.378	2.864
2	3.339	20.866	45.611	2.897	18.103	40.481	3.128
3	2.278	14.236	59.848	1.961	12.259	52.740	2.459
4	1.321	8.258	68.106	.834	5.211	57.951	2.105
5	.911	5.691	73.797				
6	.730	4.564	78.362				
7	.641	4.006	82.367				
8	.556	3.477	85.844				
9	.453	2.831	88.676				
10	.363	2.270	90.946				
11	.326	2.037	92.983				
12	.275	1.722	94.704				
13	.252	1.576	96.280				
14	.230	1.438	97.719				
15	.213	1.331	99.050				
16	.152	.950	100.000				

Extraction Method: Principal Axis Factoring.

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

4.3.1.2 Reliability Analysis

The scale for social entrepreneurial intention was tested for reliability. Table 3-4 shows that a Cronbach Alpha of .8 which indicates high reliability. A Cronbach Alpha of .7 indicates that the scale is reliable, therefore .8 indicates good reliability of the scale for social entrepreneurial intention.

Table 3- 4: Reliability Statstics (SEI)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.825	.831	6

The scale for capital related barriers to entry produced a Cronbach Alpha of .67 which is slightly below the .7 requirement, however this is not too problematic as it is only slight below and can still be interpreted as reliable.

Table 3- 5: Reliability Statistics (CBTE)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.674	.690	3

Table 3-6 shows that a Cronbach Alpha of .8 was produced for the scale measuring skill related barriers to entry. This is once again good reliability as it is higher than the required .7.

Table 3- 6: Reliability Statistics (SBTE)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.851	.851	4

Table 3-7 shows that the scale for risk related barriers to entry produced a Cronbach Alpha of .8. This is higher than the requirement for reliability which is .7 and can therefore be interpreted as being very reliable.

Table 3- 7: Reliability Statistics (RBTE)

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.865	.868	3

4.3.2 Hypothesis Testing

Due to the removal of two scales as a result of the factor analysis, only three of the original five hypotheses were tested. To test the remaining three hypotheses, the new scales that resulted from the factor analysis were totalled to create the three new variables to be imported into SPSS and run through a multiple regression analysis, which will either support or reject a relationship between the DV and the three IVs.

4.3.2.1 Regression Assumptions

When conducting a regression analysis there are certain assumptions which need to be met, the first of which is the assumption of normality. In order to test this assumption, the Explore function in SPSS was used which produced Table 4-1 which shows a Shapiro-Wilk value of 0.000 for each variable. This indicates that the data does not follow a normal distribution. A Shapiro-Wilk value of below 0.050 is statistically significant and means the data follows a non-normal distribution.

Table 4- 1: Test of Normality

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
SEIR	.106	126	.001	.925	126	.000
CBTE	.173	126	.000	.902	126	.000
SBTE	.135	126	.000	.929	126	.000
RBTE	.147	126	.000	.906	126	.000

a. Lilliefors Significance Correction

The next regression assumption is linearity. The significant value here is the Pearson's Correlation. Table 4-2 shows that this assumption was met as, according to Fields (2013), any reading above or below 1.00 is an indication of linearity.

Table 4- 2: Correlations

Correlations

		SEIR	CBTE	SBTE	RBTE
Pearson Correlation	SEIR	1.000	-.085	.039	-.042
	CBTE	-.085	1.000	.442	.244
	SBTE	.039	.442	1.000	.252
	RBTE	-.042	.244	.252	1.000
Sig. (1-tailed)	SEIR	.	.172	.332	.320
	CBTE	.172	.	.000	.003
	SBTE	.332	.000	.	.002
	RBTE	.320	.003	.002	.
N	SEIR	126	126	126	126
	CBTE	126	126	126	126
	SBTE	126	126	126	126
	RBTE	126	126	126	126

The next assumption tested is outliers. Figures 4-1 – 4-4 show the box and whisker plot for each variable. Outliers are shown with a star (*) and as there are none in any figure, the assumption of outliers has been met.

Figure 4- 1: Box and Whisker (SEI)

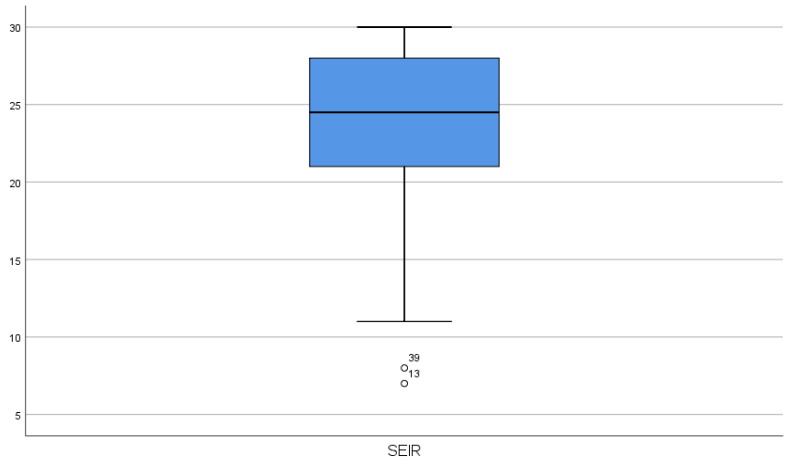


Figure 4- 2: Box and Whisker (CBTE)

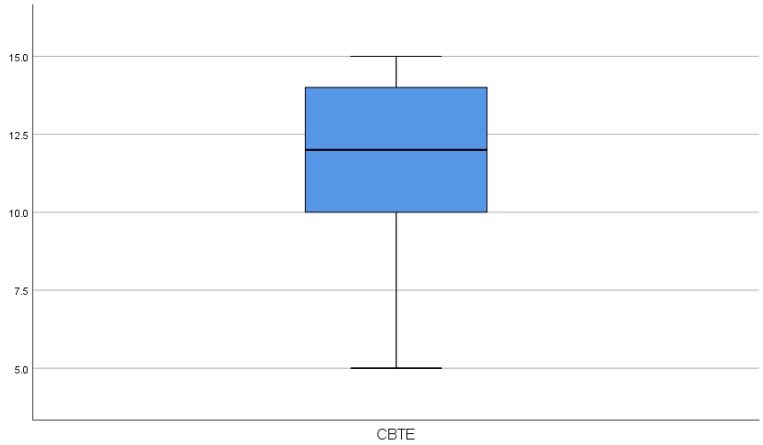


Figure 4- 3: Box and Whisker (SBTE)

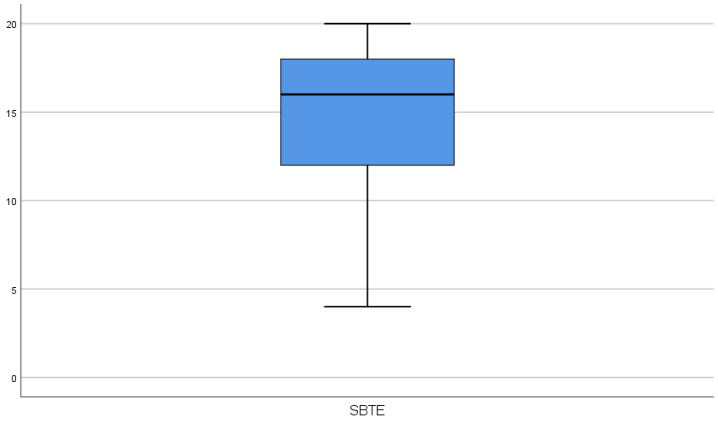
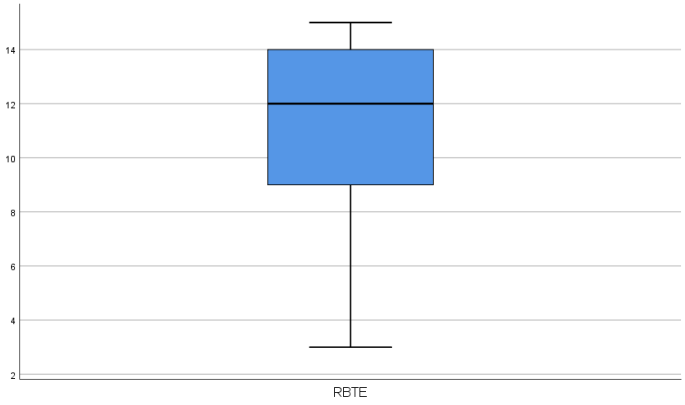


Figure 4- 4: Box and Whisker (RBTE)



Auto-correlation was tested relying on the Durbin-Watson which needs to fall within the range of 1.5 and 2.5. Table 4-3 shows that this assumption was met as the Durbin-Watson is within this range (1.691). The final assumption was homoscedasticity which is tested by checking that the residuals run equally along the correlation line (Fields, 2013). Figure 4-5 shows this assumption was met as all the point run across the regression line.

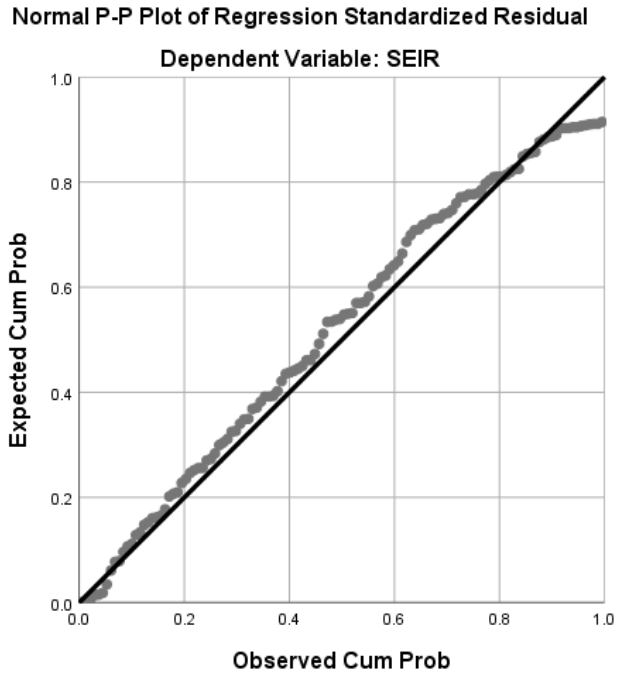


Figure 4- 5: Homoscedasticity

4.3.2.2 Regression results

According to Fields (2013) if the data does not follow a normal distribution, regression analysis can still be conducted with the applied robust tests utilised through the Bootstrapping technique in SPSS. Fields (2013) also explains that the process which needs to be followed is to run the regression analysis as you would if the data was normally distributed, and then run it again with the Bootstrapping function applied. Table 4-3 shows the resulting RSquare from the regression analysis with the applied Bootstrapping function. The RSquare shows 0.016 which means that only 1.6% of the variance in the outcome variable, or DV is accounted for in the predictor variable or IV. According to Grande (2015) to prove a relationship exists, there needs to be 30% or more variance explained by the predictor variables which would be an RSquare of 0.3 or more. From this it is interpreted that there is no statistically significant relationship between the DV and the three IVs. For further analysis, Table 4-4 shows how much unique variance in the DV is accounted for by each individual IV. The p value represents this at a significance level of $p<0.05$ (Fields, 2013). As evident from the coefficient table all p values

of each IV was greater than 0.05 which indicates that each individual IV was not a significant predictor variable of the DV. This adds further support to the RSquare value which indicated no significant relationship and it is therefore interpreted that each of the three hypotheses are rejected.

Table 4- 3: Regression Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.126[a]	.016	-.008	4.936	1.691

a. Predictors: (Constant), RBTE, CBTE, SBTE

b. Dependent Variable: SEIR

Table 4- 4 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)	25.244	2.265		11.145	.000	20.760	29.728		
	CBTE	-.212	.177	-.121	-1.192	.236	-.563	.140	.786	1.273
	SBTE	.119	.118	.102	1.006	.316	-.115	.352	.783	1.278
	RBTE	-.056	.139	-.038	-.407	.685	-.331	.218	.915	1.093

a. Dependent Variable: SEIR

4.4 Summary of Results

H1a: Barriers to entry arising from issues relating to capital will have a significant negative impact on social entrepreneurial intentions in South Africa: Rejected.

H1b: Barriers to entry arising from issues relating to skills will have a significant negative impact on social entrepreneurial intentions in South Africa: Rejected.

H1c: Barriers to entry arising from issues relating to support will have a significant negative impact on social entrepreneurial intentions in South Africa: Invalidated.

H1d: Barriers to entry arising from issues relating to risk will have a significant negative impact on social entrepreneurial intentions in South Africa: Rejected.

H1e: Barriers to entry arising from the macro-economic environment will have a significant negative impact on social entrepreneurial intentions in South Africa: Invalidated.

4.5 Conclusion

This chapter served as a presentation of the results from the statistical analysis described in chapter three. The demographic profile of the sample was presented with graphs showing normality used to represent the distribution of data on each demographic variable. The results from the exploratory factor analysis were presented in this chapter. These results reduced the dimensions of the scales for each variable and the resulting outcome was the removal of two of the studies hypotheses due to the scales for two independent variables being entirely removed in the factor analysis. The remaining scales reliability statistics were presented and reported on. The regression analysis conducted on the remaining three hypotheses were presented and interpreted and showed no significant relationship between the three remaining IVs and the DV. In the next chapter the results presented in this chapter will be discussed further. The findings will be related back to the literature reviewed in chapter two to build the discussion of the implication of these results.

V

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

In this chapter, the results presented and interpreted in the previous chapter will be discussed with reference made to the literature reviewed in chapter two. To begin, the demographic profile of the respondents will be discussed. The demographic variables of the study include: age; gender; education level; and social entrepreneurial intentions. The results of the demographic profile of respondents will be discussed with relation to literature and the significance of these results. The following discussion will focus on the hypotheses testing. Two of the study's hypotheses have been removed due to the resulting factor analysis. This will be discussed with its implications before moving on the discussion of the results of the remaining three hypotheses.

5.2 Demographic Profile of Respondents

The demographic variables for this study include: age; gender; education; and social entrepreneurial intention. The social entrepreneurial intention measure was included to validate each respondent as due to the nature of the study only individuals who express such intention are able to provide valid responses. The results from the analysis indicate a 100% of the final sample expressed such intention. The implication here is that the entire sample fit the predefined parameters of the target population outlined in Chapter 3.

When analysing the age of the sample the histogram presented in the previous chapter shows that the sample was skewed towards the lower end of the scale. This indicates that the majority of the sample fall within the first three age groups (18-45). This is consistent with findings from the GEM special topic report on social entrepreneurship. Bosma *et al.* (2015) state that social entrepreneurship is more often than not associated with young, idealistic change makers and report that there are higher levels of nascent social entrepreneurs than nascent commercial entrepreneurs falling in the 18-34 age range in various regions, one of which is sub-Saharan Africa.

The sample's gender demographic shows an almost fifty-fifty split with males and females with slightly more males (57.1%) than females (42.9%). Bosma *et al.* (2015) confirms that males do tend to outnumber females in both social and commercial entrepreneurship and cites

Kelley, Singer, and Herrington (2016) who have found that males outnumber females by two to one in various developing economies.

The education levels of the sample indicate that majority of respondents hold an undergraduate or postgraduate level education. This indicates a high level of education among the sample. This is consistent with findings from Bosma *et al.* (2015) who state that, globally, social entrepreneurs tend to have high levels of education when compared to commercial entrepreneurs and the adult population. Bosma *et al.* (2015) report that 15% of nascent social entrepreneurs in sub-Saharan Africa fall into the highly educated level of education, while 11% of nascent commercial entrepreneurs and 10% of the adult population fall into this education level.

5.3 Discussion

The following subsections each for a discussion on the results of the regression analysis of three independent variables (IVs) and one dependent variable (DV). The three IVs are categories of barriers to entry identified in previous literature and discussed in chapter two. The DV is social entrepreneurial intention which has also been discussed in chapter two. From the literature reviewed in chapter two, there were five clear categories of barriers to entry, each of which became an IV of this study. The scale used to test each category of entry barrier had some limitations, namely the scales for two of the categories were limited to only two items. When conducting the factor analysis presented in the previous chapter, two scales were removed in their entirety due to their items cross-loading. The removal of the two scales implies that those two variables each of the scales were measuring had to be removed from the study, and as a result two of the studies hypotheses were invalidated.

Support related barriers to entry were identified and included as a category of entry barriers. Studies have shown that a lack of either formal or informal support can create an entry barrier for new ventures (Sitaridis & Kitsios, 2016; Pinkse & Groot, 2015; and Sandhu *et al.*, 2010). However, support related barriers to entry were removed as a variable of the study due to the scale being removed in the factor analysis. The second variable that was removed was macro-economic barriers to entry. Meyer *et al.* (2016) provides the example of poor service delivery as an example of this type of barrier to entry specific to the context of South Africa. Bailey and Thomas (2017) have also found support for regulations acting as a macro-economic barrier to entry in the US. After the factor analysis, the two hypotheses that support related barriers to

entry and macro-economic barriers to entry negatively influence social entrepreneurial intentions were invalidated and therefore were not tested.

The following is a discussion on the test of remaining three hypotheses. Each discussion will focus on one of the three remaining barriers to entry, which will be followed by a final discussion on the results of the hypothesis tests.

5.3.1 Capital Related Barriers to Entry

The first category of barriers to entry were those related to issues of access to capital, such as access to collateral for bank loans, personal savings, debt and crime. Crime was included as a capital related barrier to entry because of the financial implications involved when a new venture is victim to crime (Mahofa *et al.*, 2016; and Sundaram & Edwards, 2016). When reviewing literature pertaining to barriers to entry, multiple studies (Fatoki & Chingoga, 2011; and Gorji & Rahimian, 2011) have identified capital related barriers to entry as the most common, as well as the most restricting barrier for nascent opportunity entrepreneurs. Studies specific to the South African context have also show this category of entry barrier to be the most predominant for nascent and early stage commercial entrepreneurs (Meyer & Mostert, 2016; Fatoki, 2010; and Fatoki & Chindoga, 2011). Based off this literature, it is clear that issues related to accessing capital are valid barriers to entry for opportunity entrepreneurs. It was off of this discussion that the hypothesis was formulated that social entrepreneurial intentions will be negatively impacted by the perceived presence of these types of barriers to entry.

Literature pertaining to access to capital from a social entrepreneurial perspective discusses the impact of these capital related barriers from a growth stand point and not from an entry view point. Work by Castellas *et al.* (2018) and Sunley and Pinch (2012) has highlighted a lack of access to capital as one of the most predominant restraints to social enterprise growth. In this study, a barrier to entry has been defined as an obstacle that prevents a new venture from being created or causes a new venture to fail. Restraining growth is not part of the definition of entry barrier as it has been defined in this study. However, the fact that there is a negative impact of these barriers on growth adds to the validity of the hypotheses that they should negatively impact social entrepreneurial intentions.

The results from the regression analysis presented in the previous chapter found there to be no significant relationship between any of the categories of entry barriers and social entrepreneurial intention, and therefore capital related barriers to entry were found to not have

any significant relationship with social entrepreneurial intentions. This is not consistent with the literature. The literature has found that when identifying barriers to entry for opportunity entrepreneurs' access to capital is the most common and the most restraining.

The literature has also shown that capital related barriers to entry have a negative impact on social enterprise growth. The fact that the results of the analysis are not consistent with literature is interpreted here as results of the difference in motivational antecedents that influence the two types of intention: opportunity and social. Due to opportunity entrepreneurs being motivated by a need for achievement and personal betterment, capital related barriers to entry may pose a much bigger threat to them than to a social entrepreneur. A social entrepreneur is more focused on a social mission, so not having access to capital may not be relevant deterrent for them to pursue their mission. The implications of these results will be discussed in more detail in the final discussion of the results.

5.3.2 Skill Related Barriers to Entry

The second category of barriers to entry that were tested for a relationship with social entrepreneurial intention were those related to skills. Skill related barriers to entry have been labelled as an internal barrier (Sitardis & Kitsios, 2016). Skills refer to the human capital variables of experience, skills and education. Studies have shown that the more experience or education an individual has, the more likely they are to be successful in identifying opportunities in the market and therefore more likely to enter as an opportunity entrepreneur (Staniewski & Awruk, 2015; Xavier-Oliveira *et al.*, 2015; and Shultz, 1959). This implies that a lack of skills can have the reverse effect and act as a barrier to entry. By not having the skills in terms of experience or education, the individual will be limited in their ability to identify, or correctly identify, a viable market opportunity thus barring their entry to the market. At the same time a lack of skills could lead to a new venture failing. Another way in which skills can act as a barrier to entry is externally. Klapper *et al.* (2004) highlights that for many new ventures, there are not sufficient resources to offer in-house training and this means that it is imperative for them to hire individuals, in the early stages of the new venture, who are already educated and skilled. In the South African context this can lead to an external skill related barrier to entry as South Africa has a high unemployment rate, 26.7% as of January 2018 (Trading Economics, 2018) which implies that a large portion of the population is without unemployment and possibly unskilled. This will make hiring skilled individuals a difficult task for new ventures in South Africa.

Based off this literature, it was hypothesised that skill related barriers to entry will have a negative impact on social entrepreneurial intentions in South Africa. Social ventures, while serving a social mission, are still business ventures that require certain skills to be created and run successfully. In theory, a lack of the relevant experience, education and skills should pose as a valid barrier to entry for all types of entrepreneurs. However, the results from the regression analysis found no significant relation between skill related barriers to entry and social entrepreneurial intentions.

However, in terms of this type of entry barrier this result may be due to demographics of the sample. A total of 25.4% of the sample indicated that they held an undergraduate degree, while 39.7% indicated that they hold a postgraduate degree. This means that a cumulative percentage of 65.1% of the total sample has a high level of education. With such a high majority of the sample being in the higher levels of education, it is understandable as to why they would not have ranked the skill related barriers to entry as very or even slightly problematic. Bosma *et al.* (2015) has also showed that majority of social entrepreneurs are highly educated. Individuals with higher levels of education may not see skill related barriers to entry as valid entry barriers as they are not applicable to their specific circumstances. It is therefore argued here that the reason the results found no relationship between skill related barriers to entry is that the majority of the sample and of social entrepreneurs in general tend to be fairly educated and will not be faced with skill related barriers to entry.

5.3.3 Risk Related Barriers to Entry

The final category of barrier to entry tested are barriers which relate to risk. These are also internal barriers to entry and stem from a fear of failure. Literature has shown that a fear of failure can cause an individual to no longer pursue an idea they have had (Fatoki & Chindoga, 2011). Work by Kebaili *et al.* (2015), Sitardis and Kitsios (2016), Meiring (2012), and Staniewski and Awruk (2015) have found that a fear or risk of failure has acted as a valid barrier to entry for opportunity entrepreneurs in varying contexts. The first and most notable risk for a nascent entrepreneur is the loss of earnings from leaving a paid position at an existing firm to pursue the entrepreneurial intentions of the individual. Berkhout *et al.* (2016) argue that this risk is made worse by a poor observation of entrepreneurs' earnings, while there is an abundance of information available on employee earnings.

What this means is that it is easy to gather information on how much one can earn when applying for a job, but there is no way of estimating, accurately or not, what one can expect to

earn when going off and creating their own new venture. This increases the risk of leaving paid position as the individual has no way of knowing if they will be increasing their financial position by doing so. This adds even more uncertainty to pursuing entrepreneurial intentions. For individuals who have personalities geared towards uncertainty avoidance this can create a barrier to entry. Meiring (2012) found strong evidence of high levels in uncertainty avoidance resulting in low levels of entrepreneurship.

For social entrepreneurs, the risk of leaving a paid position to create a new social venture is just as prevalent as for an opportunity entrepreneur. A fear of failure could also prevent an individual with an idea for a new social venture to not pursue their idea (Fatoki & Chindoga, 2011). It was therefore hypothesised that risk related barriers to entry will have a significant negative relationship with social entrepreneurial intentions. The results from the regression analysis found no significant relationship between risk related barriers to entry and social entrepreneurial intentions.

These findings are not consistent with literature which found this type of barrier to relate to opportunity entrepreneurial intentions. The interpretation here is that once again the difference in antecedents that impact social intentions are more altruistic. Ghalwash, Tolba and Ismail (2016) characterise social entrepreneurs as compassionate individuals who are willing to take risks to use innovation to solve social problems. Social entrepreneurs may be fully aware of the risk associated with creating a new venture, but their powerful belief in solving the wicked problem which their proposed venture aims to solve will make the presence of such risk have no significant impact on their intention to pursue their social entrepreneurial intentions.

5.3.4 Discussion of Results

Barriers to entry have been discussed in detail and have been the topic of multiple studies in the field of entrepreneurship. However, these studies address barriers to entry from an opportunity entrepreneurial perspective and not from the perspective of a social entrepreneur. This was the gap identified for this study.

The aim was to analysis the impact the perceived presence of each category of barrier to entry would have on social entrepreneurial intentions in South Africa. Individuals possessing social entrepreneurial intentions were identified and their intentions were measured as well as their perception of difficulty each barrier to entry would pose them once they began to act on their intentions. The study hypothesised that each barrier to entry category would negatively impact on the intentions to pursue social entrepreneurship. The three hypotheses were rejected, as no

significant relationship was found between any barrier to entry and the intentions of the sample to pursue social entrepreneurship.

From this it could be interpreted that social entrepreneurs are motivated by different antecedents and aim for different outcomes than commercial entrepreneurs and due to this the perception of the presence of the barriers to entry that negatively impact on commercial entrepreneurial intentions have no impact on the intentions to pursue social entrepreneurship. Commercial entrepreneurs are motivated by personal development and well-being and other self-serving interests (Reinko, 2012). For the social entrepreneur, or individual intending to pursue social entrepreneurship, the creation of their new venture is aimed at creating sustainable value for their community (Ebrahi, 2013). Individuals who intend to create a new socially motivated venture are guided strong altruistic inclinations (Lanteri, 2015).

With these insights into social entrepreneurial intention it is interpreted here that due to altruistic, empathetic nature of social entrepreneurial intentions, the perceived presence of barriers to entry have no significant impact on these intentions. Social entrepreneurs are seen to be guided by a strong socially motivated mission, and not just by a hunger for achievement of monetary gain. A strong sense of purpose is harder to deter than individuals who are merely looking to improve their lives. Individuals with social intention are likely to feel a responsibility to the mission they intend to serve which is a possible explanation why the perceived presence of barriers to entry have no impact on their intentions to serve their social mission. Omorede (2014) explains that social entrepreneurs are often victims of wicked problems themselves. This would make them highly empathetic to people currently suffering through circumstances similar to those they went through. This could also be a motivating factor for potential social entrepreneurs. If they believe that their venture will help people going through what they went through, and even more so if these people are from their own communities, they will likely not be thrown off their mission by barriers to entry.

5.4 Conclusion

In this chapter, the results discussed in chapter four were related back to literature discussed in chapter two. The finding from all demographic variables were consistent with previous literature which implies that the sample demographic information is consistent with demographic information collected on social entrepreneurs in previous literature. The results of the factor analysis lead to the removal of two scales which lead to the removal of two hypotheses. The remaining hypotheses were found to have no significant relationship between the IVs and DV. When going back to previous literature, the argument built in this chapter is that due to the motivational antecedents impacting social entrepreneurial intention, such as empathy and altruistic values, the perceived presence of barriers to entry have no impact on intention to pursue social entrepreneurship. In the next chapter, a final conclusion of the study will be presented.

IV

CHAPTER 6: CONCLUSION

6.1 Introduction

In this final chapter of the report, the discussion in the previous chapter will be drawn on to provide a final conclusion to study which will answer the research questions defined in Chapter 1. The limitations for the study will then be discussed in detail. Following this will come a discussion on recommendations for future researchers looking to expand the study's results or create new studies based off the results.

6.2 Conclusion of the Study

The premise on which this study was built was that due to difference in motivational antecedents between opportunity entrepreneurial intentions and social entrepreneurial intention, there may exist a different relationship between the barriers to entry previously identified for opportunity entrepreneurs and social entrepreneurial intention. The literature review identified barriers to entry from previous study and categorised them into five categories. Each of these categories were measured and tested through statistical analysis for a relationship with social entrepreneurial intention. The factor analysis eliminated two of the scales which resulted in only three categories of entry barriers being included in the final regression analysis. The regression analysis found no significant relationship between the three remaining barriers to entry categories and all three hypotheses were rejected. The interpretation of this in this study is that due to social entrepreneurs being motivated by a social purpose or mission, along with strong feelings of empathy and altruistic values, the perception of the existence of these types of entry barriers are not significant in deterring their social entrepreneurial intentions.

6.3 Implications and Recommendations

Due to the limitations of the data collected, it is recommended that the study be reproduced with the hopes that a normally distributed dataset can be obtained. While SPSS bootstrapping technique still allows for the regression analysis to be performed with the assumption of normality ignored (Fields, 2013) it is recommended that results of a normally distributed dataset be compared with these results for further confirmation or possible rejection. Two of the scales used to measure two of the IVs were also found to have low reliability and therefore

it is recommended that more reliable scales be developed in order to remeasure these variables in the future. Future researchers who intend to reproduce this study should also look at collecting a larger sample as this will allow for greater generalisation of the results. It is also recommended that new studies are conducted to further investigate what other possible factors could be negatively impacting on social entrepreneurial intentions in South Africa.

6.3 Limitations of the Study

The limitations of the study will be discussed here. The first and most obvious limitation of the study is time. Due to the prerequisite time constraints, the study is forced to be conducted relying on a cross-sectional timeframe. It is recommended that future researchers expand on the results by reproducing the study as a longitudinal study. Another limitation is the sample size. Due to the time constraint, and challenges associated with screening individuals who poses social entrepreneurial intention, the sample size has been limited to 120. A larger sample in a future study could provide new insight and allow for further generalisation of the results. The dataset collected for this study showed a non-normal distribution for all variables. While the SPSS bootstrapping function was able to overcome this, and regression was still performed by correcting for the bias, it is possible that the distribution of data from this sample is an added limitation of the study. Additionally, two of the scales used to measure support related barriers to entry and macro-economic barriers to entry were removed due to their items cross-loading in the factor analysis. This led to two hypotheses, each relating to one of the fore mentioned entry barriers, were invalidated and could not be tested.

6.5 Suggestions for Future Research

For researchers looking to replicate this study in order to expand on the results it is strongly suggested that they find or develop more adequate scales for support related barriers to entry and macro-economic barriers to entry. The scales for these barriers to entry in this study were taken from a previous study (Fatoki & Olfunso, 2010) where they were adequate. However, the factor analysis conducted in this study removed the entirety of both scales. This meant that these two entry barriers could not be tested, and the hypotheses were invalidated. Future researchers should consider investigating these entry barriers in terms of how they relate to social entrepreneurial intentions. Another recommendation is for future research to conduct qualitative studies which investigate new barriers to entry that maybe specific to social

entrepreneurs. This study took barriers which have been identified for opportunity entrepreneurs and tested a relationship between social entrepreneurial intention. There could be new barriers to entry which are specific to social entrepreneurs which have not been brought to light in the entrepreneurship literature. A recommendation would be to investigate barriers to entry perceived by nascent social entrepreneurs and active social entrepreneurs and then test those new barriers against social intention and see if a significant relationship can be found and whether it is positive or negative.

6.6 Conclusion

The study presented in this report was concluded in this final chapter. The discussion presented in the previous chapter was used to present a final conclusion to the study. The chapter also discussed recommendations, limitations and suggestions for future research.

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APPENDIX A: RESEARCH INSTRUMENT

Cover Letter:

My name is Matthew Aldridge and I am a master's student at the Wits Business School, currently conducting a study in the field of entrepreneurship and new venture creation.

In this study, I will be investigating the effect of barriers to entry on social entrepreneurial intentions in South Africa. My aim is to identify which barriers to entry have an impact on social entrepreneurial intentions and what impact they have.

The following questionnaire is the research instrument I will be using as the tool to collect the data for my study. The responses provided will be used only for the purposes of this study. By participating in this study, you are providing the researcher (Matthew Aldridge) with consent to use your responses in the final research report that will be submitted and published to and by the University of the Witwatersrand. Participation in the study is completely confidential, no names or other personal details will be obtained from you or used in any way.

If you are willing to participate in my study, please sign below indicating that you have given your consent to be involved and for your responses to be included in my study.

_____

I would like to thank you for your time and assistance. By responding to this questionnaire, you have played a vital role in helping me with this study. Should you wish to read the completed study, to see what your responses were used for, or purely for interest's sake, please feel free to contact the researcher. Details provided below.

Matthew Aldridge

Email – 710649@students.wits.ac.za

Consent Form:

I, _____, hereby give the researcher (Matthew Aldridge) my full consent to be included in the study titled: “The relationship between barriers to entry an social entrepreneurial intention in South Africa”.

By giving my consent, I acknowledge that I have read the cover letter and understand the purpose of providing the responses to the questionnaire provided to me by the researcher. I am aware that any response I provide will be used in the study and the results will be published by the university.

I give my consent for only my responses to be utilised and am aware that my personal information is not required and will not be utilised in any way.

Signed: _____

Date: _____

Social Entrepreneurship: Intention and Barriers to Entry in South Africa

Questionnaire

Section 1: Biographical Information

Please use the scale below to provide the information. This information will be used to describe the characteristics of the respondents. Please respond in the space provided below the scale.

Response scale:			
Age: 1=18-25 2=26-35 3=36-45 4=46-55 5=55+	**Gender:** M=Male F=Female	**Education:** NS=No schooling HS=Highschool D=Diploma UG=Undergraduate PG=Postgraduate	**Social entrepreneurial intention:** Y=Yes N=No

Response:

Age:	
Gender:	
Education:	
Social Entrepreneurial Intention:	

Section 2: Social Entrepreneurial intention

The following statements assess your social entrepreneurial intentions. For each statement please indicate how you feel by using the following scale: (This scale was taken from Kakouris (2016) and adapted from measuring opportunity to social intentions)

Response scale:
1=Strongly disagree
2=Disagree
3=Neither agree nor disagree
4=Agree
5=Strongly agree

Item No.	Statement:	1	2	3	4	5
SEI1	I am interested in issues relating to social entrepreneurship					
SEI2	I intend to start my own social business in the future					
SEI3	I have collected information about the processes of undertaking social entrepreneurial initiatives					
SEI4	I have identified specific social entrepreneurial opportunities that I will attempt to pursue in the future					
SEI5	I keep track of the new ideas and trends in the social entrepreneurial field					
SEI6	I have a specific social business idea that I intend to implement in the future					

Section 3: Barriers to entry

The following are barriers to entry identified for opportunity entrepreneurs in previous studies. For each please indicate your perception of the seriousness of the barrier for you as an individual who intends to create a new social venture: (The scale was taken from Fatoki & Olfunso (2010))

Response Scale:

1=Not a problem

2=Not a serious problem

3=Neutral

4=A problem

5=Very serious problem

Item No.	Barrier:	1	2	3	4	5
BTE1	Lack of savings					
BTE2	Difficulties in obtaining bank loan					
BTE3	Lack of collateral for a bank loan					
BTE4	Crime					
BTE5	Debt					
BT6	Cost of business registration					
BTE7	Lack of business skills					
BTE8	Lack of information about how to start a business					
BTE9	Lack if business experience					
BTE10	Do not know how to write a business plan					
BTE11	Did not do an entrepreneurial module					
BTE12	Lack of information about government agency that can help					
BTE13	Lack of support from family and friends					
BTE14	Starting a business is too risky					
BTE15	The uncertainty of the future					
BTE16	Fear of failure					
BTE17	Inability to identify an opportunity in the market					
BTE18	Bad economic environment					

APPENDIX B: CONSISTENCY MATRIX

Research Questions:

- *RQ1: What entry barriers are perceived to exist by potential social entrepreneurs in South Africa?*
- *RQ2: Which perceived barriers to entry derived from the literature have significant effect on social entrepreneurial intentions in South Africa?*

Aims of Research	**Literature Review**	**Hypotheses**	**Variables**	**Source of Data**	**Type of Data**	**Analysis**
To investigate the impact of barriers to entry on social entrepreneurial intentions in South Africa.	**Intention:** Kakouris (2016) Urban & Kujinga (2017) Mair & Noboa (2006)	*H1a: IV1 negatively impacts social entrepreneurial intention in SA.*	DV – Social Entrepreneurial intentions	Questionnaire collecting primary data: all items in section 2	Interval Data	IMB-SPSS v.25 Relying on descriptive frequencies, multiple linear regression analysis, exploratory factor analysis and reliability analysis.
			IV1- Capital-related barriers to entry	Questionnaire collecting primary data: all items in section 3		
		H1b: IV2 negatively impacts social entrepreneurial intention in SA.	IV2 – Skill-related barriers to entry			
	Barriers to entry: Fatoki & Olufunso (2010) Sitaridis & Kitsios (2016) Meyer and Mostert (2016)	*H1c: IV3 negatively impacts social entrepreneurial intention in SA.*	IV3 – Support-related barriers to entry			
		H1d: IV4 negatively impacts social entrepreneurial intention in SA.	DV4 – Risk-related barrier to entry			
		H1e: IV5 negatively impacts social entrepreneurial intention in SA.	DV5 – Macro-economic barrier to entry			

APPENDIX C: ETHICAL CONSIDERATIONS

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03 December 2018
Person No: 710649
PAG

Mr MR Aldridge
10 Rosemarie Place
Benmore Gardens
Sandton
2196
South Africa

Dear Mr Matthew Aldridge

Master of Management in Entrepreneurship and New Venture Creation: Approval of Title

We have pleasure in advising that your proposal entitled *Social entrepreneurship: intentions and barriers to entry in South Africa* has been approved. Please note that any amendments to this title have to be endorsed by the Faculty's higher degrees committee and formally approved.

Yours sincerely

Mrs Marike Bosman
Faculty Registrar
Faculty of Commerce, Law and Management