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MASTER OF MANAGEMENT IN ENTREPRENEURSHIP AND NEW VENTURE CREATION

RESEARCH REPORT

Attitudes and Entrepreneurial Orientation of Government Funded Co-operatives towards Social Entrepreneurship in the Gauteng Province

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This report is submitted in partial fulfillment of the requirements for the Master of Management Entrepreneur and Venture Creation (MMENVC) at the University of the Witwatersrand Business School

ABSTRACT

The intention of the study was to conduct descriptive research that assessed the present state of co-operatives, which includes their understanding of the concept of social entrepreneurship, and to further describe and measure the extent of the elements of entrepreneurial attitudes that exist in the co-operatives. It focused on the existence of entrepreneurial orientation and its influence on the co-operatives' business, and critically identified the perceived barriers to engaging in social entrepreneurship. The study tested the propositions and linked to the following constructs: entrepreneurial attitudes, entrepreneurial orientation, and perceived constraints towards social entrepreneurship.

Given that a valuation was envisioned as a product, the research was directed from a positivist approach and therefore the quantitative research method was engaged. The sample population comprised directors of co-operatives and the sampling frame was active members of registered co-operatives. A non-probability sampling technique was utilised as this group of directors serves as a connection between top management members and lower active members of the co-operatives. The research instrument that was used was the questionnaire survey, which was adapted from Morris and Covin (1989) and Kuratko and Hornsby (2013). The data were analysed using factor analysis and correlation techniques. The results of the study indicate that there is an awareness of the concept of social entrepreneurship in the co-operatives sector. There is evidence of positive attitudes towards social entrepreneurship among the co-operative members. The outcome of the study is that there seems to be a certain level of innovativeness, risk-taking and pro-activeness in co-operatives in Gauteng in South Africa. Furthermore, the results also proved that there is a positive and strong relationship between the external variable that is government funding, and the four EO dimensions.

DECLARATION

I, Sindiswa Olga Nambondia, declare that this dissertation is my own unaided work. It is submitted in partial fulfillment of the requirements for the degree of Master of Management in Entrepreneurship and New Venture Creation at the Wits Business School in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other University.

……..

…… day of ……2017

Sindiswa Olga Nambondia

ACKNOWLEDGEMENTS

Firstly, I would also like to thank my husband, for all his support. To my two children, Pumelela and Bulumko, for enduring the pain of not seeing their mom as often as they would have liked. It is through their endurance that I continued to face this challenging experience for them to benefit from the fruits in the future.

I would also like to thank my supervisor, Dr Rob Venter, for his guidance and support throughout my research journey. You have a very special way of working with students.

Lastly, I would like to thank my entire family - mom, dad and siblings - for their understanding, support and continuous love and encouragement.

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1 CHAPTER ONE: INTRODUCTION

1.1 Introduction

A co-operative is a community-centred development business, incorporating low-income people into the socio-economic mainstream (Majee & Hoyt, 2011), a channel though which a community democratically takes control of its socio-economic destiny, based on common geography, experiences, and a unified effort to achieve community-established goals (Brown 2007). According to Van Niekerk (1988), the first recorded co-operatives were formed in the United Kingdom (UK) in 1844. During that period, the UK was experiencing rising levels of poverty, misery, lack of schools and housing and the industrial revolution. Co-operatives were seen as a model that could be used to address the socio-economic challenges of that period. To this day, co-operatives continue to form an important strategy in poverty alleviation and income distribution for many countries in the Global South (Derr, 2013). The rise in poverty, inequality and unemployment in the world has necessitated the need for different countries to develop 'self-reliance' measures and to adopt alternative strategies to alleviate poverty.

In most African countries, "modern" co-operatives were introduced by the colonial powers who sought to replicate their domestic co-operative structures throughout their colonies and protectorates. In the former British colonies, co-operatives were created in the early years of the 20th century, according to the "British-Indian" pattern of cooperation, and accompanied by specific cooperative acts and the establishment of an implementing agency, i.e. the Registrar and/or Commissioner of Co-operatives. Later on, the expatriate administration assumed systematic efforts to advance co-operatives into powerful business ventures that, through upright structures, controlled much of agricultural manufacture, promotion and processing in country areas, in particular with regard to export crops (Schwettmann, 2014).

In fact, Seelos and Mair (2005) argue that internationally, there are initiatives emerging that aim to defy the obstacles that have prevented business from providing services to the poor. These initiatives have been dubbed 'social entrepreneurship'. Social enterprises are defined as those enterprises that look for the most effective methods of serving their social needs. In other words, social entrepreneurs create a model for the provision of services that cater directly to the social needs in a particular context.

1.2 Purpose of the Study

The purpose of this study is to describe the attitudes of co-operatives and entrepreneurial orientation of government funded co-operatives towards social entrepreneurship, and to identify the perceived constraints to engaging in Social Entrepreneurship. It is argued that favourable attitudes and perceptions of cooperatives toward social entrepreneurship are determinants of successful social entrepreneurship that could contribute to sustainable socio-economic development amongst the co-operatives sector.

1.3 Problem Statement

1.3.1 Main problem

South Africa is a country with substantial natural resources as well as human and financial capital that, if used effectively, could take it out of the historical 'triple challenge' of poverty, unemployment and inequality (COSATU, 2013). The dilemma, however, is that this 'triple challenge' has persisted, regardless of the various national macroeconomic plans (NPC, 2011) adopted by the ANC government since independence in 1994. Social scientists and non-governmental organisations (NGOs) have organised many workshops and seminars to assess how the country could utilise the above potential to maximise the benefits for the majority of South Africans living in poverty. For instance, the 36th International Small Business Congress (ISBC), held in the country in September 2012, concluded that entrepreneurship could be a solution to the problem of unemployment facing South Africa (ISBC 2012). However, while there

appears to be a large corpus of literature on the socio-economic development role of entrepreneurship in Africa (Beeka & Rimmington, 2011; Brundin, et al., 2008; Hwang, 2012; Preisendörfer, et al., 2012), there exists a dearth of empirical findings on the role of social entrepreneurship (SE) in the socio-economic development discourse of a country like South Africa (Hwang, 2012). This point had earlier on been given by Urban (2008) and corroborated by Teise (2012), who both argue that the field of social entrepreneurship necessitates a scholarly scientific research agenda, if South Africa aims at using it as a mechanism for socio-economic development. The field of social entrepreneurship has been long recognised by western countries as an area where provincial and local authorities have set up policies that empower social entrepreneurs to implement business methodologies to address social problems. The fundamental objective of these western countries related to social entrepreneurship initiatives is to achieve socio-economic development in a sustainable manner by encouraging non-government organisations to survive financially, rather than depending on donor support initiatives (Zahra, Gedajlovic, Neubaum, & Shulman, 2009). Taking into consideration that social enterprises do not operate on dividends or on a shareholder basis, profits from revenues are used by the organisations to finance programmes and other related activities (Making a world of difference, 2009).

Co-operatives are not a new concept in South Africa. In fact, under the apartheid regime; co-operatives, mainly in the financial services and agricultural sectors, were also a crucial feature of the apartheid economy. The rapid rise of white Afrikaners in South Africa has been, to a certain extent, credited to the support given to co-operatives in the 20th century (Schoeman, 2006; Van Niekerk, 1988). More importantly, Satgar (2007) argues that co-operatives formed an important vehicle of South Africa's development foundation, especially the development of the white minority in South Africa.

Both locally and internationally, there are a number of scholars who seek to understand the socio-economic impact of co-operatives in addressing social inequality (Satgar,

2007; Schoeman, 2006; Derr, 2013; United Nations, 2012). According to Derr (2013), governments worldwide, as a means to address the existing gap in social inequality, are currently promoting co-operatives. More importantly, supporting co-operatives has become more "attractive to emerging markets that have potentially high economic growth rates and often struggle with the social effects of rapid industrialisation accompanied by social inequality" (Derr, 2013, p. 1). In fact, Bhorat (2010) has stated that South Africa was one of the most unequal societies in the world. South Africa has identified the promotion of co-operatives as one of the vehicles to address social inequalities. A number of policy frameworks have been promulgated in support of co-operatives, namely the Co-operative Development Policy Act (Act No.14) passed in 2005, which replaced the 1981 Act (No. 91 of 1981), and the Co-operatives Act No. 6 of 2013. According to Kgaraga. et al. (2011) and Timmons and Spinelli (2009), attitudes play a vital role in the life of a successful entrepreneur. As they build their new ventures, they are bound to overcome hurdles, solve problems, and complete the job. They are disciplined, tenacious, and persistent, they can commit and recommit quickly, and they are not intimidated by challenges.

One of the key findings of the Global Entrepreneurship Monitor Report of 2009 is how attitudes vary from one individual to another on the attractiveness of entrepreneurship as a career. The understanding of these attitudes can be instrumental in assisting the policy direction and in encouraging entrepreneurship within the country (Bosma & Levie, 2009). A better understanding of the attitudes and perceptions towards entrepreneurship within South Africa will enable role players to evaluate, reinforce and to change strategy to enhance entrepreneurial behaviour in the country, contributing to economic development, wealth creation for all and the alleviation of poverty (Herrington, & Kew, 2008). Despite the rhetoric at a national policy level, co-operatives in South Africa are not achieving the developmental goals that they did in apartheid South Africa and as they have done internationally, and continue to do within the emerging countries, mainly the BRICS countries. It is for this reason that this study is being conducted to measure attitudes and entrepreneurial orientation of the co-operatives towards social

entrepreneurship and to identify the constraints that they perceive to engaging in Social Entrepreneurship in South Africa.

The main problem of the study is that, despite the empirical evidence continuously presented by scholars, who are always contributing to the body of knowledge, there is limited literature on the co-operatives' lack of entrepreneurial orientation and attitudes in their failures. Gauteng South Africa still has a very high rate of co-operatives' failure.

1.3.2 Sub-problems

- To describe the extent to which elements of entrepreneurial attitudes (capabilities, personal control, intent and achievement cognition) exist within the co-operatives in Gauteng in South Africa
- To describe and measure the extent to which elements of entrepreneurial attitudes exist between government-funded, non-government-funded, and demographic variables of co-operatives in Gauteng in South Africa.
- To describe and measure the extent to which fundamentals of entrepreneurial orientation (innovation, risk, intent and pro-activeness) exist within the co-operatives in Gauteng in South Africa.
- To identify and discuss the constraints (access to funding, institutional support, social norms and entrepreneurial knowledge) that co-operatives in Gauteng perceive as barriers to engaging in social entrepreneurship.

Context of the Study

Employment is too low, especially in the private sector. With one in two young South Africans unemployed (IMF, 2013), overall national unemployment is at 25%, although there is much debate on this figure (COSATU, 2013) with a structural unemployment figure of 36% covering those 'discouraged from employment' being proffered as realistic. At the same time, real wage growth has outstripped productivity growth. South

Africa's rate of unemployment is thus too high, especially when benchmarked against 10% for developing countries and 5% for the developed countries (COSATU, 2013). The nexus between unemployment and poverty (COSATU, 2013) has important policy implications for South Africa within the broader scope of the NDP. Unemployment and under-employment are sources of poverty and inequality, especially in developing countries that do not have unemployment insurance and other social benefits. The NDP proposes to create 11 million jobs, especially in the private sector on the basis of mass entrepreneurship and SMMEs. This will not necessarily lead to full employment, suggesting that even with the NDP, unemployment will persist in the economy in the medium to long-term. In terms of inequality, the NDP intends to reduce income inequality from the world-breaking Gini co-efficient of 0.69 to an equally high Gini co-efficient of 0.60. The average Gini in the OECD is 0.40 (Spiegel, 2007) suggesting that even with the NDP, South Africa will still have to contend with economic inequalities.

Co-operatives, as a means to address social inequality, date back to the nineteenth century, and within the South African context, they can be traced back to the late 1800's and early 1900's, However, these experiences were limited to the white minority. The Department of Trade and Industry (DTI, 2012) reported that a "genuine, autonomous and economically-viable co-operative movement, and its membership, have a developmental potential to contribute towards the country's socio-economic challenges" (DTI, 2012, p. 2). In order to achieve this, the study uses the experiences of co-operatives in the Gauteng province as a lens to explore the challenges and successes of co-operatives to understand and describe their attitudes and entrepreneurial orientation towards promoting social entrepreneurship.

According to Twalo (2012), co-operatives play a significant role in the country's economic growth, job creation and poverty reduction. However, the co-operatives' success potential in South Africa has been compromised because of how they are organised and their current operational structure which makes it difficult to have a clear picture of who is doing what, where and how. Moreover, there is no clear co-operative 'state of being', which would make it possible to know about the required interventions

for their optimum performance. This is coupled with the fact that the current co-operatives' data is rather scant and disjointed and therefore not useful for planning purposes. Knowing the co-operatives' present state is crucial for planning and intervention purposes.

Some scholars have emphasised the external factors as constraints, such as poor infrastructure, lack of business management abilities and skills, crime, negative public perception and access to capital and bureaucracy that hinder success of the small and medium enterprise and co-operatives (Agupusi, 2007; Olawale & Garwe, 2010).

1.4 Background of the Study

International literature on co-operatives indicates that they form an important component of the development agenda (United Nations, 2012; Derr, 2013; Schoeman, 2006; Van Niekerk, 1988; Stagar, 2007). In fact, the BRICS countries have identified co-operatives as vehicles for greater social and economic participation by all people as well as having the potential to contribute to the eradication of poverty and the creation of sustainable livelihoods (Derr, 2013). Despite this, co-operatives are not a new concept in economic empowerment in South Africa. As cited in Schoeman (2006), the growth of co-operatives in South Africa dates back to the 19th century. However, these were racially motivated and biased towards the promotion of the economic well-being of the white minority.

Schoeman (2006) suggests that co-operatives can be traced back as early as the 1800's in South Africa, although in those times they were referred to or called informal co-operatives, like *stokvels* and burial schemes. For instance, according to Liebrandt (2010) and Schoeman (2006), the 1922, 1937 and 1981 co-operative legislation is an indication of the promotion and support of the co-operative agenda in South Africa as a way to promote inclusion and foster economic empowerment. The DTI (2012) argues that the legislative framework pre-1994 did not adhere to the international co-operatives principles.

The theoretical framework for the study is on both local and international literature about co-operatives and social entrepreneurship. The study explored the relevant theories underlying co-operatives, especially as a vehicle to drive economic and social participation. Schoeman (2006) states that pre-1994, co-operatives were critical in both social and economic functions for South Africa; however, this was determined on racial grounds.

1.5 Significance of the Study

The incumbent administration in South Africa inherited a country that was defined by the political, economic and social landscape characterised by racial injustice. The new administration in 1994 sought to find appropriate policy solutions to address a history based on social, economic and political injustice. Frye (2005) argues that during the period between 2004 and 2007, there was a significant shift by the South African government from the rights based approach to development, to a focus on economic growth targets. Policies such as Accelerated Growth and Initiative-South Africa (ASGISA) and Growth, Employment and Redistribution (GEAR) were a departure from the Reconstruction and Development Policies (RDP) that were the mainstay of the new South Africa in 1994.

Netshitenzhe (2013) purported that despite achieving economic growth reaching levels of 3.4% to 7% between 2004 and 2007, the country also experienced rising levels in inequality, including income inequality. Liebrandt (2010) then concluded that, in the absence of social assistance, commonly known as social grants, the headcount poverty rate would have risen to 0.60 from 0.54 in 2010. In fact, for the poor and marginalised in South Africa, 73% of households' incomes in the bottom income docile emanates from a direct government cash transfer (Liebrandt, 2010). On the other hand, Van der Berg 2009) states that job creation, though crucial for poverty reduction, will also do little to reduce overall inequality. The weak endowments of those currently unemployed would

not assure them of high labour market earning. Thus, even if they were employed, it would probably be at low wages, thus leaving wage, and hence aggregate inequality, high and little affected. In the absence of improved education, direct interventions to artificially change labour market outcomes also hold little prospect of improving poverty and distribution and may reduce the efficient functioning of the labour market, with various possible side effects.

According to Derr (2013), governments worldwide, as a means to address the existing gap in social inequality, promote co-operatives. More importantly, supporting co-operatives has become more "attractive to developing markets that have potentially high economic growth rates and often struggle with the social effects of rapid industrialisation accompanied by social inequality" (Derr, 2013, p. 1).

Recently, the Minister of Small Business Development, Ms Lindiwe Zulu, addressing the delegates at the celebration of International Co-operatives Day in Polokwane, in Limpopo, said "Co-operatives are promoters for economic growth and sustainable development for deprived, vulnerable and marginalised communities as well as those with limited resource capabilities, the sustainability of these enterprises contributes to poverty alleviation, giving poor people the opportunity to lift themselves out of poverty and its associated forms of deprivation" (SAnews.gov.za 6 July 2014).

Furthermore, the Minister acknowledged the challenges facing co-operatives in South Africa, that "financial and non-financial support given to co-operatives still remains scattered thus making it difficult for co-operatives to effectively access such support easier and much quicker on a wider scale. We are determined to address these challenges". Secondly, she gave an undertaking that the government would do this as part of its commitment to set the country on a "new path of radical economic transformation in order to accelerate our onslaught on the triple challenge of poverty, inequality and unemployment" (SAnews.gov.za 6 July 2014).

1.6 Delimitations of the study

The study focused on urban co-operatives to describe attitudes, entrepreneurial orientation and to identify the constraints to Social Entrepreneurship. The sample size consisted of the urban co-operatives from Gauteng Province.

- The co-operatives researched have been operating for between one and ten years from establishment.
- The research focused on co-operatives and government funded co-operatives that were active and registered with the DTI and CIPRO.
- Other co-operatives were excluded because there was a challenge in surveying these as they were not formally accessible.
- The database provided by the Department of Trade and Industry (DTI), Department of Small Business Development, Department of Social Development, the City of Johannesburg and the City of Ekurhuleni were limited to the available data at the time of the study, which formed the basis for this research.

1.7 Definition of Terms

Entrepreneurs are considered to be a unique group of individuals, due to the fact that they assume risk, manage the business operations and reap the rewards of their success and also, they are on their own should things go wrong in their businesses (Shane, 2000; Henderson, 2002).

The term *entrepreneurship* is a mixed blessing. On the positive side, it connotes a special, innate ability to sense and act on opportunity, combining out-of-the-box thinking with a unique brand of determination to create or bring about something new to the world. On the negative side, entrepreneurship is an ex-*post* term, because entrepreneurial activities require a passage of time before their true impact is evident (Roger, Martin & Osberg, 2007). Furthermore, entrepreneurs are recognised as creators of new ventures capable of absorbing surplus labour from the traditional sector and

providing innovative, intermediate inputs to final goods producing firms (Lewis, 1954, cited in Barreira, et al., 2008).

A co-operative (co-op) is a business undertaking whereby a group of individuals strive on a voluntary basis to meet their mutual economic and social needs in such a way that the economic advantages derived therefrom are greater than that which the individual could achieve on his own. “In South Africa, a co-operative is a stand-alone legal entity that is managed by a board of directors elected by the co-operative’s members. Directors elected by the co-operative’s members” (DTI Integrated Strategy on the Development and Promotion of Co-operatives, 2012-2022). The coming together of the people in pursuit of a common goal has several dynamics. Depending on the context, the joint ownership of a co-operative has the potential to be constructive and successful or unhelpful, un-co-operative and unsuccessful. The same applies to the democratic-control aspect. The negative effect, however, is mitigated through the application of all the co-operative principles.

There are seven principles on which co-operatives are established, according to the International Labour Organisation (ILO) (2002) that include: voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, co-operation among co-operatives, and concern for community.

In addition to these, Crankshaw, et al. (1993) add that other hallmarks of co-operatives are fair distribution of profits and limited interest rate in share capital since the fundamental role of a co-operative is to serve and not to profit in a strictly business sense.

Social entrepreneurship is defined as the development of innovative, mission-supporting, earned income, job creating or licensing, ventures undertaken by individual social entrepreneurs, non-profit organisations, or non-profits in association with for

profits (Pomerantz, 2003). It is notable that the term “social entrepreneur” and “social entrepreneurship” can occasionally be used interchangeably when the definition focuses on the individual features of social entrepreneurs in terms of their qualities and behaviour (Light, 2006).

1.8 Assumptions

The following assumptions were made regarding the study:

a) The study assumed that co-operatives are social agents with a vision, mission and programme or plan for social change in the specific communities.
b) The participants of the study had sound understanding and experience of running or managing co-operatives. Also, the participants could be considered as a fair depiction of the co-operatives in Gauteng.
c) The samples had the required information and were willing to share it, on the co-operative formation process and activities.
d) Respondents could provide information openly and honestly without hesitation and also had no expectations of receiving any monetary reward for taking part in the study.

Finally, the report assumed that since the survey was a combination of Web-based and manual research, all respondents would answer the questionnaire.

1.9 Research Outline

The dissertation consists of six chapters.

Chapter 1 provides the background to the study and the applicable research questions, purpose of the study, problem statement and significance of the study.

Chapter 2 provides a comprehensive literature review detailing the different types of co-operatives, the attitudes and entrepreneurial orientation of the co-operatives in Gauteng; the background discussion, of the challenges and constraints faced by co-operatives and towards engaging in social entrepreneurship.

Chapter 3 presents the research methodology. It commences with the approach, followed by the research paradigm design, methods, analysis and limitations. The population and sample is detailed, this encompasses the population, sampling method and demographic profile. The chapter details all possible limitations, validity and reliability of the study. This is followed by ethics and is summed up in the conclusion.

Chapter 4 presents the study results in the form of descriptive statistics, Pearson correlations and the main-effects and moderated regression outcomes. The internal consistency and the constructs reliability are determined using correlation analysis and Cronbach's alpha test, respectively. The hypothesis test results are presented in this chapter in figure and table form and summed up in the conclusion.

Chapter 5 focuses on an in-depth analysis and discussion of the results based on the literature review in Chapter 2. This chapter also details whether each presented hypothesis is accepted or rejected and replaced with the alternative.

Chapter 6 presents original insights, outlines the conclusion to the study as well as the implications and recommendations for future research.

1.10 Conclusion

Although there has been different legislation introduced by the new dispensation since 1994, to develop black entrepreneurs and co-operatives, the results or outcomes of this has been mixed. The President of the International Co-operative Alliance, Dame Pauline Green (2012, p. 16), observes that co-operatives have significantly contributed to “improving the standards of living of half the world’s population as they lifted millions out of poverty, nearly 1 billion people owned shares in co-operatives worldwide”. This attests to the observation that co-operatives play a significant role in the country’s economic growth, job creation and poverty reduction. This chapter highlights the need for this research to describe the attitudes and entrepreneurial orientation of the co-operatives towards social entrepreneurship. The next chapter details the literature with regard to the problem statement and purpose of the study, thereby introducing the propositions.

2 CHAPTER TWO LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of literature pertinent to the study of social entrepreneurship, with a specific focus on urban co-operatives. It consists of three thematic areas with the first theme reviewing the literature on the definition of the concepts of social entrepreneurship, and on the attitudes as a construct of co-operatives towards social entrepreneurship within the conceptual framework of social entrepreneurial intentions.

Secondly, literature explored in this research provides an historical account of co-operatives international and locally, with the main focus on experiences in South Africa. In order to achieve this, the study provides the definition of co-operatives as understood internationally and provides descriptions of co-operatives. The legislative framework in place to promote co-operatives is explored, including the Co-operatives Act 14 of 2005. This is contrasted with international guidelines on the promotion of co-operatives, together with the seven international co-operative principles, which are frequently present in the definition of co-operatives.

The third theme reviews the construct of entrepreneurial orientation of the urban co-operatives towards social entrepreneurship within the dimensions of innovativeness and risk taking. The section notes that social entrepreneurship as a discipline is still in its infancy and draws many of its theories from commercial entrepreneurship. As a result, various theories of entrepreneurship are analysed with the core focus on the theory of planned behaviour to explain the role of attitudes in entrepreneurial intention or orientation. The next section highlights the need for the research to describe the attitudes, entrepreneurial orientation and entrepreneurial intent of the co-operatives towards social entrepreneurship. A description of social entrepreneur, social entrepreneurship and social enterprises as vehicles to achieving the mission and vision of social change in communities is provided.

2.2 Discussion on Social Entrepreneurs, Social Entrepreneurship and Social Enterprises

The term 'entrepreneur' originates from 17th and 19th century French economics. In French, the term refers to an individual who undertakes a significant project or activity. In recent times, Fowler (2000) argues that defining entrepreneurship may differ in context and approach. Entrepreneurship is a multifaceted and vigorous field that has progressed and has been applied in different settings. It is imperative that one understands the entrepreneurship foundations prior to applying it in the different disciplines in which it is located.

Founded on literature, there are several definitions of entrepreneurship; in traditional entrepreneurship, it is styled as unsettling innovation (Schumpeter, 1934, cited in Rwigwema, et al., 2010) where the efforts of an individual translate a specific vision into a successful business enterprise (Collins & Moore, 1964). Other scholars (Bosma, et al., 2013) assert that entrepreneurship is a multi-dimensional concept and, as such, can take different forms, such as corporate, technological, public, and therefore can occur in the markets, firms and governments and may result in economic profits and/or growth and performance or product innovation (Slaughter & Leslie 1997, cited in Klein, et al., 2010).

The definitions of a "social entrepreneur" and "social entrepreneurship" are questioned territory with one study identifying some 37 definitions relating to the two concepts (Dacin, et al., 2010). This is a result of the lack of lucidity on the confines and fields of social entrepreneurship (Perrini, 2006). The definitions of "social entrepreneur" and "social entrepreneurship" can sometimes be used interchangeably when the definition focuses on the individual characteristics of social entrepreneurs in terms of their abilities and behaviours. One such definition has been given by Light (2006, p. 50) who defines a social entrepreneur as: "an individual, group, network, organization or alliance of

organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits and businesses do to address significant social problems". Zahra, et al. (2009) defines social entrepreneurship as encompassing the activities and processes undertaken to define and exploit opportunities, in order to enhance social wealth by creating new ventures or managing existing organisations in an innovative way.

Mair and Marti (2006, p. 7) focused on defining social entrepreneurship as "a process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social need". Their approach has been to focus on the primary mission and outcomes of the social entrepreneur.

The success of the Grameen Bank in Bangladesh provides an example of social entrepreneurship endeavours. According to Hulme and Moore (2006), the model adopted by Muhammad Yunus, the founder of the Grameen Bank, was to provide credit for many impoverished segments of the Bangladeshi population who existed outside the scope of mainstream business. In 2010, Grameen Bank supplied unsecured loans to over three million poor people in Bangladesh. The Grameen Bank model identified a social need, which was to empower mainly rural women who were socially and economically excluded, by granting people loans that would enable them to have a sustainable livelihood through entrepreneurship. Research has (Urban, 2006; Weber, 1958: Schumpeter; 1947; Minniti & Bugrave, 2003) concluded that entrepreneurship was important and was built on the social structures of the society, including its values. Work by Rauch, Wiklund, Lumpkin and Frese (2009) concluded that reviews and assessment of the existing literature on entrepreneurship has been limited and slow because there is a lack of consensus on what constitutes entrepreneurship. Shane and Venkataraman (2002) argued that research on entrepreneurship fails to build on each other's result and, due to this, key variables for measurement are typically weak.

In an attempt to illustrate the linkages and how to turn entrepreneurs into social entrepreneurs, Figure 1 shows that social entrepreneurs also commit to their

shareholders but do not distribute dividends. Social entrepreneurship therefore lies in between entrepreneurship and pure social business.

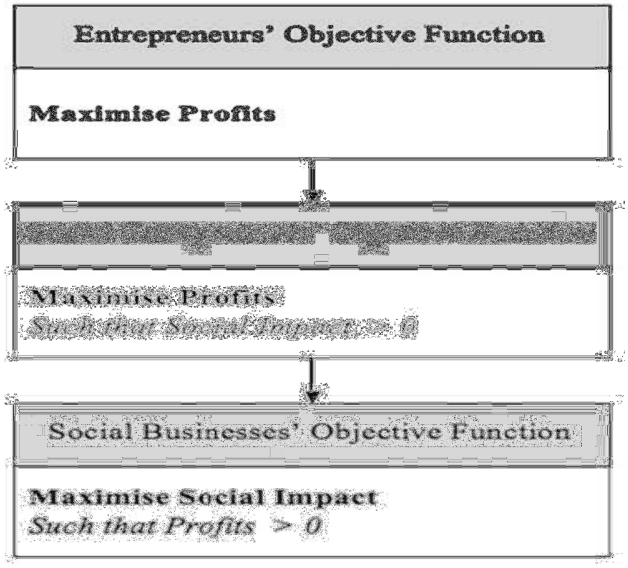

Figure 1: Social Entrepreneurship Location.

(Touboul & Robert, 2011)

This figure indicates that social entrepreneurship is located between pure social business and entrepreneurship.

2.2.1 Social Enterprise

The concept of social enterprise is fraught with ambiguities and lacks definitional consensus (Chell, 2007). The social dimension of the concept refers to the attitudes and values that are socially derived and associated with particular societies or civilisations, while the enterprise dimension suggests values associated with personal achievement, pursuit of excellence, ambition, and personal responsibility (Austin, Stevenson & Wei-Skillern, 2006).

Pearce (2003) has explored alternative definitions of the concept of social enterprise and these are cited below:

- "[In social enterprises] all assets and accumulated wealth are not in the ownership of individuals" (Evans, et al., 2000)
- "[In social enterprises] profits are used to create more jobs and businesses and to generate wealth for the benefit of the community" (Community Business Scotland, 1991 p. 3).

An analysis of definitions in the foregoing suggests that there is no consensus on what constitutes a social enterprise and this underscores the pervasive ambiguities characterising social entrepreneurship (Peteraf, 1993; Bull, 2008).

For a start, there are forceful arguments against the term 'social enterprise' (Goerke, 2003) as being incompatible, while Defourny (2001) has contended that neither traditional entrepreneurial literature nor not-for-profit literature could adequately capture the reality of social enterprise. This point received renewed endorsement by Bull (2008) who emphasised that the terms 'social' and 'enterprise' are realistically irreconcilable.

The lack of consensus on what a social enterprise is has also drawn in the DTI (2004), who argued that a social enterprise is an independent organisation whose governance and ownership structure emphasise participation by various stakeholders. Earlier, Emerson and Hewlett (2002) had sought to identify social enterprises within the context of social markets in which they have forcefully argued that social markets exist for the exchange of social items and that the key players in these markets are the social enterprises.

Notwithstanding these evident inconsistencies in conceptualising social enterprise, there is growing convergence in recognising and accepting the inevitable role of these enterprises in various economies. For instance, Europe has come up with various laws which endorse social enterprise (Seanor & Meaton, 2008; Defourney & Nyssens, 2008), while in the developing world, there is evidence of their growing role (Hackett, 2010). This trend is confirmation of the thesis posited earlier by Urban (2008) on the likely

implications of increased success and start-up of social enterprises on perceptions of desirability and acceptability of social initiatives.

Another development that has generated discourse in social entrepreneurship is the apparent trend by many not-for-profits to extend their revenue base through adoption of profit-focused concepts and strategies. This may entail commercialisation of core programmes and the adoption of a generally business-like orientation in the pursuit of attaining their social mission. The rationale is largely to wean these social enterprises off donations and other philanthropic support (Dees, 2008).

Arising from the above contradiction is the phenomenon of hybrid organisations that embody characteristics of both 'for-profit' and 'not-for-profit' organisations. For instance, profit organisations may adopt a social mission for their activities while 'not-for-profit' organisations may equally adopt profit-driven orientations (Dees & Anderson, 2003).

In attempting to explain this blurring, particularly as it manifests in 'not-for-profit' organisations adopting a profit orientation, several theories have been used. The resource-based view, institutional theory, and social embeddedness theory have all been used to explain why social enterprises must interact with others in the quest for obtaining, controlling and leveraging resources to achieve their objectives (Eikenberry & Kluver, 2004).

In conclusion, social entrepreneurship is based on the role of the social entrepreneur. The processes and behaviours of social entrepreneurs are important in understanding the mission of social enterprises. Viewed from this context, the social entrepreneur is an initiator of social endeavour, while the social enterprise is the medium through which specific outcomes are achieved in terms of this endeavour.

2.2.2 Co-operative Discourse in South Africa

South Africa is characterised by structural, long-term levels of unemployment and poverty. The National Development Plan 2030 (NDP), which was commissioned by the President of the Republic of South Africa in 2010, provides a vision and a framework for South Africa's development trajectory. Other relevant policy frameworks, such as the New Growth Path and Industrial Policy Action Plan 2 (IPAP 2), have been developed with an emphasis on addressing the structural developmental challenges inherited from Apartheid in South Africa (NDP, 2012; New Growth Path, 2010; IPAP 2, 2011).

The common denominator of these policy outputs is the imperative of addressing joblessness and reducing the high levels of inequality and poverty. In the NDP, the National Planning Commission (NPC) has emphasised the need for people to actively participate in trying to develop and sustain their own livelihood strategies. The development of entrepreneurs, including social entrepreneurship and innovation, is encouraged (NDP, 2012).

The country faces high levels of unemployment, the poor and marginalised in South Africa are reliant on the informal sector and social grants for survival (Treganna & Tsena, 2012). Unemployment is highest amongst semi- and unskilled labourers. Co-operatives, although not new to the developmental agenda, especially in the global south, provide an alternative pathway out of poverty and into sustainable livelihood strategies in modern, globalised economies. Derr (2013) argues that since the financial crisis in 2008/2009, the term "co-operatives" has been a buzzword around sustainable development. The perception was shared by the United Nations (2012), as they viewed 2012 as the year to promote co-operatives to address issues of social and economic participation as well as their potential to contribute to the eradication of poverty and the creation of sustainable livelihoods. In fact, the South African government has identified the development of co-operatives as one of the critical and viable means to create employment and alleviate poverty.

Dee (1998) suggests that the definitions provided for co-operatives are mainly process based, including the creation of non-profit organisations, new structures to solve social issues, innovative behaviour to address perceived social behaviours and social value creating activities. The most commonly used and internationally accepted definitions of co-operatives are those that incorporate the references to finding the most effective ways to address or serve social objectives.

According to Satgar (2007), co-operatives in South Africa can be traced back as early as the Anglo-Boer war, now known as the South African War. In those days, co-operatives were promoted as a means to improve agriculture. In 1892, the first formally registered co-operative under the Companies Act in South Africa was the Pietermaritzburg Consumers Co-operative (PCC). Despite the international framework dictating to co-operatives, at this stage there was no legal framework in South Africa. In the 1900's, the National Co-operative Dairies Limited, also based in the Natal area, was seen as progress in the co-operatives sector in South Africa.

Develtere, Pollet, and Wanyama (2008) purported that black-owned agricultural co-operatives were supported by the then government in the 1970s and 1980s as part of the apartheid economic impressive plans for the 'homelands'. However, they did not appreciate the type of state support provided to white agricultural co-operatives and remained weak and underdeveloped, with most eventually collapsing. The 1981 Co-operatives Act further endorsed the registration of agricultural co-operatives, even those owned by black people.

While it was a considered policy of apartheid to deny black people admission to enter the retail trade (by restraining them in the townships and 'homeland' areas), black communities have attempted to construct consumer-type co-operatives, such as buying clubs, through a *stokvel* system (mutual savings and credit schemes and burial societies), that empower communities to buy goods in bulk, and at wholesale prices; and arrange decent funerals for their loved ones (Jara, & Satgar, 2008).

Despite the disruptive approach of the apartheid policies, there are at least 800 000 active *stokvels* in South Africa, with a total membership of approximately 10 million people, demonstrating a challenging economic force. The record of these has itself remained mixed; some have bowed out due to conflict and fraud; however, many have survived as models of shared trust, discipline and support, although still informal (NEDLAC Study Tour Report, 2004 cited by Jara & Satgar, 2008).

According to Thaba and Mbohwa, et al. (2015), the democratic government of South Africa is supporting the development of co-operatives, in specific, among historically disadvantaged groups, as an approach to eliminate poverty and create jobs, with the objective of elevating the disadvantaged group and equalising the first and second economies. The greatest contribution will be for blacks, especially persons in the rural areas, women, persons with disability and the youth. Regrettably, most of these nominated groups do not have the necessary skills and knowledge to run co-operatives. It is important to teach co-operative members the values and principles before a co-operative is started. Currently, this has to be a priority as co-operatives are battling to survive because of a lack of understanding and the inability to operate them.

2.2.3 Size and Distribution of Co-operative Sector

The Department of Trade and Industry (2011) notes that despite the poor quality of statistics on co-operatives in South Africa, there are an estimated 22 030 active co-operatives, according to the register of the Companies and Intellectual Property Registration Office (CIPRO). However, according to the DTI's baseline study, only 2 644 of the 22 030 'active' co-operatives could be confirmed to be operational. This 12 per cent "survival rate" is in stark contrast to the 86 per cent growth rate recorded between 2005 and 2009, when 19 550 co-operatives were registered, perhaps encouraged by the promulgation of the Co-operatives Act of 2005. The significant decline in the number of operational co-operatives could be attributed to, inter alia, recession and decreased support, training, capacity and resources which translate to their increased vulnerability and struggle to withstand competition from private businesses.

One aim for this may be that the idea of forming co-operatives is not completely from the members. Other than allowing the co-operatives to develop naturally, government and agencies assume that the members can be educated and adopt what is being planned by government (Thaba & Mbohwa, 2015). There is, however, a need to educate new members as well as to re-educate the existing members about the meaning of co-operatives. Furthermore, basic principles and definitions of the co-operative is very important in distinguishing a co-operative from other business ventures, so that co-operative members and all stakeholders fully understand the rights, responsibilities and the expectations of all parties involved. The government has good co-operative approaches in place that follow the international models of co-operatives. However, the challenge is that most of the co-operative members lack the knowledge and understanding of what a co-operative is. It is critical to practice the principles and live the values of the co-operative enterprises as members. For a co-operative to be successful and serve its resolution, members need to have co-operative knowledge.

Today, co-operatives are one of the main interventions to merge the first and the second economies of South Africa by inspiring those who were disadvantaged by the apartheid government to form co-operative enterprises. This has also served the purpose of eradicating poverty and reducing the level of unemployment in South Africa Regrettably, most of these selected groups do not have the necessary skills and knowledge to run co-operatives. It is important to teach co-operative members the values and principles before a co-operative is started (Modomowabarwa, Kanyane & Ilorah, 2011). Currently, this has to be a priority as co-operatives are battling to survive because of lack of understanding and an inability to operate them. The ability to manage an entrepreneurial mindset is the most vital requirement for business success. A co-operative means more than one person labouring together. Even when working together, members of a co-operative still need an entrepreneurship mentality to grow, meaning approval of change and the management of change. The co-operative should

learn to function as any business that is surviving in this century where either one adapts to the quickly changing world or one becomes obsolete.

Theron (2008) provides a breakdown of co-operatives in Figure 2, which shows KwaZulu-Natal and the Eastern Cape to have the highest percentage of trading co-operatives (68%). Limpopo and the Eastern Cape are the poorest and second poorest provinces respectively, whereas Theron argues that the formation of co-operatives is a response to high poverty rates. With respect to the Eastern Cape, this may be the case, but it is incongruent with Limpopo having only 6% of co-operatives. This then means that it still needs to be established what exactly is responsible for the establishment of co-operatives because evidence is not enough to conclude that poverty alone causes their formation, due to the inconsistencies.

Theron (2008) learnt that many of the co-operatives in Limpopo, Free State, Northern Cape and North West were in survivalist mode because some of them had provided only a cell-phone number, while half of them had no telephone numbers at all. Theron concluded that such co-operatives have very limited prospects for expanding their operations. High telecommunication and transport costs and poor infrastructure are seen as major obstacles to expansion.

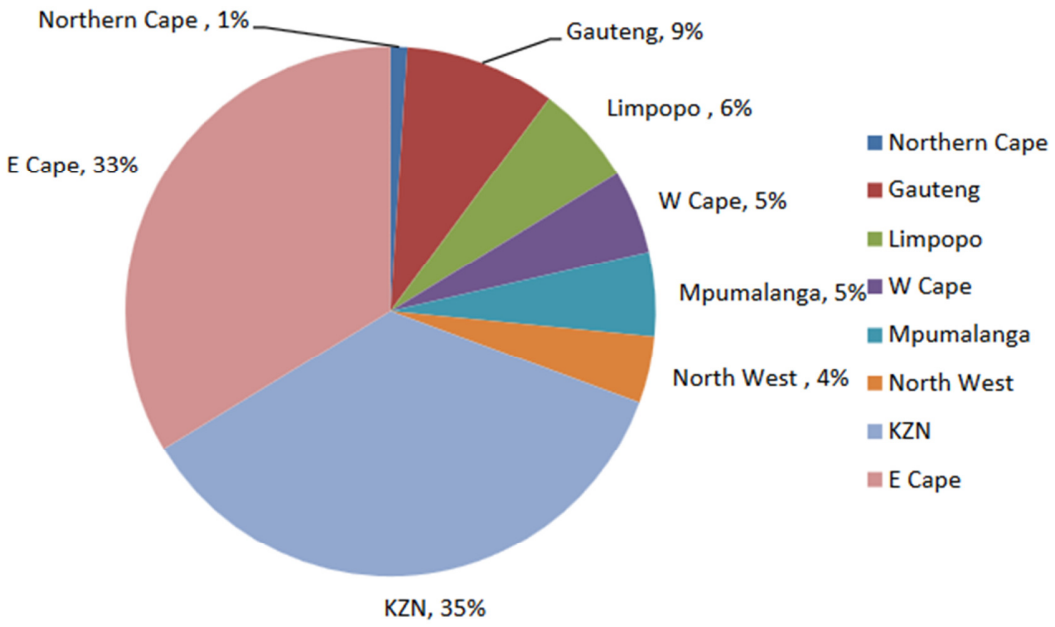

Figure 2: Breakdown of co-operatives by province

Source: Author's chart, based on Theron (2008)

2.2.4 Co-operative Enterprise as a Social Organisation

The South African National Apex Co-operative (SANACO) is the national representative body of co-operatives in South Africa. In line with its bottom-up approach, it has provincial and municipal structures throughout the country. It is a product of the DTI (2008) initiative to establish an apex co-operative for the purpose of, inter alia, co-operatives' representation and education, training and development facilitation. The Co-operative and Policy Alternative Center (COPAC, 2005, p. 31) reports that "the role of sectoral or apex bodies seems to be minimal as the majority of co-operatives (88.3%) are not linked to a sectoral and/or apex body". Since co-operatives that belong to such bodies benefit by receiving training and capacity building, it is then ironic that most co-operatives do not belong to them as they reported a serious need for training.

This would need to be investigated to establish the reason for this status quo. The question would be why some co-operatives are not affiliated to an apex body and the nature of benefit that members get from apex bodies. However, the quality of the training provided by these bodies also needs to be examined as most co-operatives reported receiving formation training and few received training in production and marketing. The trainers, on the whole, were "not from government, technical institutions, or SETAs support organizations and NGOs" which then raises questions about the accessibility of government support (Twalo, 2012, p. 4).

Satgar (2007) maintains that a co-operative is a socialist enterprise and the principles are different from those of capitalist organisations. Members need not be motivated by funds that they will receive from the government to start or form co-operative enterprises. Beesley, and Ballard (2013) argue that it was estimated that of the one thousand two hundred co-operatives that were funded by Ithwala, 93% defaulted. Thousands of co-operatives that are developed per annum do not encourage the autonomous and independent desire within the co-operatives for sustainability. During one-on-one interviews, it was found that many of the members started as a sole proprietor and some as close corporations (CC). When asking for assistance, government officials advised these members to form co-operatives. Since co-operative enterprises need five people or more, these entrepreneurs just rush to select members to form a co-operative. The new members, as well as the old ones, have little knowledge about what a co-operative is. One should remember that when one decides to start a business, one is thinking of being successful and rich. Now co-operative enterprises are not about capitalism; they are all about socialism. As government sectors and other organisations that support co-operative enterprises, encourage a sole proprietor to form a co-operative by promising funding from the government, one wonders how long will such a co-operative survive.

In South Africa, Theron (2008, p. 313) lauds the Department of Trade and Industry's (DTI's) co-operatives policy which acknowledges "the role co-operatives can play in

bridging the divide between the formal and informal economies and in creating employment for disadvantaged groups such as women and the youth". However, the increasing gap between the rich and the poor, as well as the soaring poverty and unemployment levels, clearly indicates that the co-operatives have not succeeded in closing the divide. It is rather concerning that the strategic positioning of co-operatives is not optimally utilised. Most of them are community based and operate at local municipal level, which means they operate at grassroots level where those who need them most can easily access them. Had they been successfully playing their role, they could have been useful in speeding up the delivery of basic services, employment creation and poverty reduction. Bale (2011) argues that this proximity advantage is not fully capitalised on because co-operatives are subjected to stringent bureaucratic processes, which have a tendency to slow down service delivery. This could be one of the reasons why the co-operatives have not functioned optimally, and it needs to be investigated further to ascertain how bureaucratic processes impede co-operative development and success. Similarly, the unproblematic placement of co-operatives in the second economy locks them in that tier as it does not provide exit points. For feasibility purposes, co-operatives should serve their immediate environment, but opportunities for their expansion should also be enhanced, hence Wessels et al. (2011 p.188) argues that the "government needs to inform communities about economic opportunities in their own areas, facilitate access to markets with industry players, link these with targeted skills programmes and most importantly drive these initiatives through the Provincial Industrial Strategy".

This allocates only a subsistence role to co-operatives, yet there are many thriving co-operatives, especially those that were formed under the auspices of the Afrikaner economic empowerment. A few examples include co-operatives such as the Cape Wine Growers or Kooperatiewe Wynbouers Vereniging (KWV) which was started as a marketing co-operative for farmers who came together to market their wine and buy seed and machinery together; Volkskas which started as a co-operative bank and later merged with United Bank, Allied Bank and Trust Bank to form Amalgamated Banks of South Africa (ABSA); Afrikaner Verbond Begrafnis Ondernemings Beperk (Avbob), that

is, the Covenant Funeral Enterprises Limited which is currently “South Africa's biggest funeral parlour” (Bauer 2011); Suid-Afrikanse Nasionale Trust Maatskappy (Santam) which is one of South Africa’s leading short term insurance companies. This underscores the fact that co-operatives have a potential to transcend the informal economy into the mainstream if they are properly organised and supported. However, it needs to be established why co-operatives operating in the black economic empowerment (BEE) era are not as productive as those formed under the auspices of the Afrikaner economic empowerment (AEE).

In light of the international observation by the President of the UN General Assembly, Twalo, (2011, p. 8), pleaded that “people in decision-making positions should know about the size, scale and scope” of co-operatives and these businesses should be given equal promotion alongside the other conventional business models. The perception of co-operatives as subsistence institutions has also contributed to diminishing their status below that of conventional businesses. Prudent investigation into obstacles like these then needs to be undertaken, in order to unleash the co-operatives’ potential by pointing out what is working and what is not working in the South African co-operatives system. This is crucial because co-operatives play a significant role in the country’s economic growth, job creation and poverty reduction, although what they could potentially achieve gets compromised due to lack of skills, challenge with accessing markets and other internal co-operatives’ dynamics that include a poor work ethic.

2.2.5 Co-operatives as a Global Driver of Economic Growth

Pezzini (2006) stated that co-operatives have a long and successful tradition around the world, and have proven to be amazingly flexible in meeting a wide variety of social and economic human needs. International experience shows that countries that have achieved economic development also have a vibrant and a dynamic co-operative sector, contributing substantially to the growth of their economies (ICA report, 2006). It

transpired in the DEDEA and ECSECC (2009) study that there is minimal co-operation among co-operatives in the Eastern Cape. This was also manifested by the fact that none of the co-operatives has relationships with provincial or national apex bodies, despite the availability of the Eastern Cape Tertiary Co-operative and SANACO, which are provincial and national apex bodies respectively.

DEDEA and ECSECC also observed that this is also, to some extent, caused by the fact that co-operatives see one another as competitors. Such unproductive relationships among co-operatives are unfortunate, especially in light of the productive regional network of co-operatives in Mondragon in Spain, which shows that co-operatives function best when they co-operate with each other and control entire value-chains and regions. The Mondragon Corporation is a federation of worker co-operatives and 256 companies which started by producing paraffin heaters and whose business model is people and the sovereignty of labour. It is now the seventh largest Spanish company and employs up to 83,859 people who work in finance, industry, retail and knowledge (Mondragon Corporation, 2009). Wanyama, et al. (2009) conducted a study on eleven African countries to ascertain the strengths and weaknesses of the co-operative movement in terms of poverty reduction through job creation, generation of economic activities, social cohesion and centralisation of the marginalised groups in society.

Wanyama, et al. (2009) argue that due to the close association and participation of the state in co-operatives, and also the use of co-operatives for political interests, the state's failure to meet developmental goals inevitably affects the performance of the co-operatives. There is a school of thought that holds that state control stifles the economic contribution and performance of co-operatives, but in light of limited impact assessment research, it is not easy to conclude that liberalisation augurs well for optimum economic contribution by the co-operatives. The colonial state had to control the co-operatives since they were established to serve the interests of the colonisers like enhancing the productivity of the white farmers. Although Africans were allowed to have their co-operatives, the activities were regulated by the state so that they did not pose a competitive threat to white co-operatives.

Luka, et al. (2009) report that international studies reveal that countries which have created an environment conducive to promoting co-operatives, by developing legislative instruments, supportive programmes and delivery institutions, grow rapidly and contribute positively to economic development, employment creation, economic ownership by local communities, and human resource development. Canada, Spain, Kenya, Italy, India and Bangladesh have proven to be successful in the development of co-operatives and best practice should be drawn from their experiences to inform local co-operative development strategies (Dongier, Van Domelen, Ostrom, Ryan, Wakeman, Bebbington, & Polski, 2003).

According to Chabalala (2013), the model that Canada has adopted for co-operatives' development involves a strong partnership between the state and the co-operatives movement. According to the Canadian Co-operatives Association (2008), the state provides a highly enabling environment for vibrant co-operatives to operate in, through a legislative framework that promotes strict adherence to international co-operative principles. This has proven to be highly effective and provides a favourable tax regime for co-operatives. The legislative framework covers federal and provincial levels, with alignment to federal and provincial programmes, and the effective co-ordination thereof managed via the co-operative Secretariat – an intergovernmental forum for all departments that have legislation, policies and strategies for co-operatives (Ontario Co-operative Association, 2008).

The Italian co-operatives movement is among the most successful in the world and provides good practice for scrutiny and examination of this sector. The co-operatives movement in Italy began in 1854, with the formation of mutual/benevolent societies. Originally, rural credit unions, dairy- and wine-producing co-operatives and consumer co-operatives, were the most prevalent, but the movement quickly spread to all sectors. Article 45 of the Italian Constitution (1947), which entrenches the promotion of co-

operatives in Italian society, provides the basis for legislation enabling co-operative enterprise development.

The model that Kenya has adopted in co-operative development is one in which the government not only leads, but also makes concerted efforts to foster strong partnerships with the co-operatives movement as cited in the Jara and Satgar (2008) international co-operatives case study. The commitment by government to co-operative development is evident in that there is a special Ministry of Co-operatives and Marketing, which deals specifically with issues of co-operatives in Kenya. The government provides an enabling environment through a legislative framework, co-operatives policy and strategy. The legislation is implemented at all levels, including national, district and local levels (DTI, 2012).

Defourny and Nyssens (2010) argue that in various countries, more open legal frameworks have been adopted to support the development of "social enterprises" which have been increasingly promoted by public authorities or private bodies such as philanthropic foundations. The concept of social enterprise, which includes social co-operatives as one model among others, helps to identify entrepreneurial dynamics driven by a social aim. In those contexts, co-operatives with a primary social aim often emerged and experienced a significant development by adopting a "social enterprise" label and/or by fulfilling conditions allowing them to benefit from various types of support designed for social enterprises at large. Belgium (1995), Finland (2003), Lithuania (2004), the United Kingdom (2005), Italy (2005), South Korea (2007) have passed laws creating new legal frameworks for social enterprises while generally allowing most traditional legal forms of enterprise, including co-operatives, to be used, provided they are combined with specific features characterising a primary social purpose orientation (Defourny, 2010).

To conclude the historical perspective, Defourny and Nyssens (2012) have suggested that the distinctive conceptions of social enterprise and social entrepreneurship are deeply rooted in the social, economic, political and cultural contexts from which these organisations emerge. The authors further emphasised the specific place of the social co-operative embedded in the European co-operative tradition, in the whole world of social enterprise. Social co-operatives are characterised by collective governance and compared to traditional co-operatives; they seek to provide answers to the needs of a whole community or some target groups in the community and not primarily to their members' common needs.

On the other hand, Defourny and Nyssens (2012) suggest that detailed governance structures of the social co-operatives were put forward with a two-fold objective, namely, a democratic control and/or a participatory involvement of stakeholders that reflects the quest for more economic democracy as in the whole co-operative tradition. This can also be seen as an efficient channel to collectively build a capital of trust as well as the social mission in the field of quasi-collective goods. Social co-operatives therefore add built-in collective mechanisms to constraints on the distribution of profits with a view to protecting and strengthening the primacy of the social mission, which is at the very heart of the organisation.

Secondly, those two combined guarantees (often involving a strict non-distribution constraint) often act as a "signal" allowing public authorities to support social enterprises in various ways (legal frameworks, public subsidies, fiscal exemptions, etc.) in order to foster production of collective benefits (Defourny, & Nyssens, 2012). Creating original operational models which mix various kinds of resources, combining various categories of stakeholders and pursuing social aims as well as economic viability, social co-operatives probably have considerable prospects of development like the whole spectrum of social enterprises among which they represent a model particularly driven by a collective dynamic and a quest of economic democracy. These features find explicit echoes in the way the EMES Network defined its ideal-type social enterprise and analysed social enterprises in the last fifteen years: through an economic and

entrepreneurial behaviour, a primary social aim and a participatory governance structure. The next section highlights the need for this research to describe the attitudes, entrepreneurial orientation and entrepreneurial intent of the co-operatives towards social entrepreneurship.

2.2.5.1 Attitudes

This includes beliefs/perceptions regarding the personal desirability of performing the behaviour, i.e. how attractive and credible entrepreneurship appears to people as a choice. Attitude is also influenced by expectations of what the personal impact of the behaviour will be (this ties in to definitions of success, desire for autonomy and independence, desire for remuneration, etc. and the extent to which people perceive entrepreneurial behaviour as a credible path to achieving these goals.

The attitudinal construct in entrepreneurship research has become an important view of empirical evidence suggesting that most attempts to promote entrepreneurship by governments fail because of the negative attitude of people towards such policies (Gnyawali & Fogel, 1994). Furthermore, Byabashaija and Katono (2011) affirm that there is recognition of the role of attitude variables as determinants of entrepreneurial actions in entrepreneurial research. The above was viewed as a point of departure from previous studies that emphasised personality factors as antecedents of entrepreneurial intentions (Judge, Locke & Durnham, 1997). Some scholars have observed that there is a relationship between attitudes and intentions as mentioned in the work of Fishbein and Ajzen (1975), when they outlined that intentions toward certain behaviour suggest strong indicators of that behaviour.

The Theory of Planned Behaviour, cited by Azjen (1991), suggest that there are three factors which determine entrepreneurial interest or intention: attitudes towards entrepreneurial behaviour, perceived behavioural control, and perceived subjective norms. Positive personal attitude towards a start-up is found to be a good base on

which to ignite entrepreneurial behaviour, irrespective of the educational background (Wu & Wu, 2008). Robinson, et al. (1991) maintain that attitudes are less stable than personal characteristics. In order to have meaningful entrepreneurial activity in a society, entrepreneurs need to have a positive ability to identify opportunities, positive beliefs about those opportunities, appetite and willingness to take risks. That, on its own, is not enough, until there is the ability to start a business, and have positive perceptions of the value of doing so. Therefore, positive societal perceptions about entrepreneurship have the potential to have successful influence on entrepreneurial activity.

2.2.5.2 Entrepreneurship Intentions

Several models for entrepreneurial intention have emerged over the years and are generally accepted as explaining entrepreneurial intentions (Drennan & Saleh, 2008). These models also explain the various factors which play a role in determining whether an individual chooses to start a business and work for him or herself or be employed by someone else. Those used most frequently to analyse entrepreneurial intentions are the Shapero Entrepreneurial Event (SEE) model (Shapero, 1982) and the Theory of Planned Behaviour (Azjen, 1991), adapted to entrepreneurship. In essence, these models suggest that an individual's entrepreneurial intention is influenced, primarily, by the perception of the extent to which it is desirable to become an entrepreneur.

Entrepreneurial intentions have long been established as important for the process of entrepreneurship since they provide the impetus for entrepreneurial ideas to become manifest (Urban, 2008; Karhune & Ledyaeva, 2010). There are several measurements of entrepreneurial intention and a study by Karhuhen and Ledyaeva (2010) on attitudes of university students in Russia towards entrepreneurship identified these as: gender, family business background, education profile, prior entrepreneurial experience and the theory of planned behaviour. On the other hand, Agarwal and Upadhyay (2009), in the study they conducted in India about attitudes, acknowledged family background and educational qualifications as critical measurements of entrepreneurial intentions.

Secondly, entrepreneurial intention is influenced by perceptions of feasibility, which focus on one's ability to adopt entrepreneurial behaviour, given the prevailing environmental conditions regarding entrepreneurship. Factors that influence the development of entrepreneurship include, amongst others, political-legal and economic conditions and infrastructure development. Thirdly, social and cultural norms about entrepreneurship in a particular country or locality are considered to influence one's decision to become an entrepreneur. The perception of social norms is, to a large extent, influenced by an individual's family and friends (Drennan & Saleh, 2008).

Several studies have attempted to explain entrepreneurial intentions from a cognitive perspective. According to this perspective, everything we say or do is a result of mental processes such as motivation, attitudes and beliefs (Krueger, 2003). A lot of emphasis has been placed on perceptions, as a key element of the entrepreneurial cognitive process. Potential entrepreneurs form their behaviour and attitude through perceptions which capture the influence of the external environment (Linan, 2011). Linan (2011) divided perceptions into three groups; individual perceptions (self-efficacy, role models), perceptions on economic opportunities and socio-cultural perceptions (perceptions about the social legitimation of entrepreneurship).

Krueger et al. (2000) argue that entrepreneurial activity is predicted more accurately by studying intention rather than personality traits, demographics or situational factors (such as employment status). They define entrepreneurial intention as a commitment to starting a business in the foreseeable future. The factors determining entrepreneurial intention, in their view, are:

Attitude: This includes beliefs/perceptions regarding the personal desirability of performing the behaviour, i.e. how attractive and credible entrepreneurship appears to them as a choice. Attitude is also influenced by their expectations of what the personal impact of the behaviour will be (this will tie in to their definitions of success, desire for autonomy and independence, desire for remuneration, etc. and the extent to which they perceive entrepreneurial behaviour as a credible path to achieving these goals.

Perceived behavioural control: This is linked to the concepts of feasibility and self-efficacy. In order to be motivated to act, potential entrepreneurs must perceive themselves as capable individuals – they must consider themselves personally able to successfully carry out their intentions. Krueger et al. (2000) sees feasibility as the most important determinant of entrepreneurial intention.

Perceived social norms: perceptions about beliefs, values and norms held by people they respect. Role models, mentors, etc. can often serve as a catalyst for entrepreneurial intentions (Krueger et al., 2000).

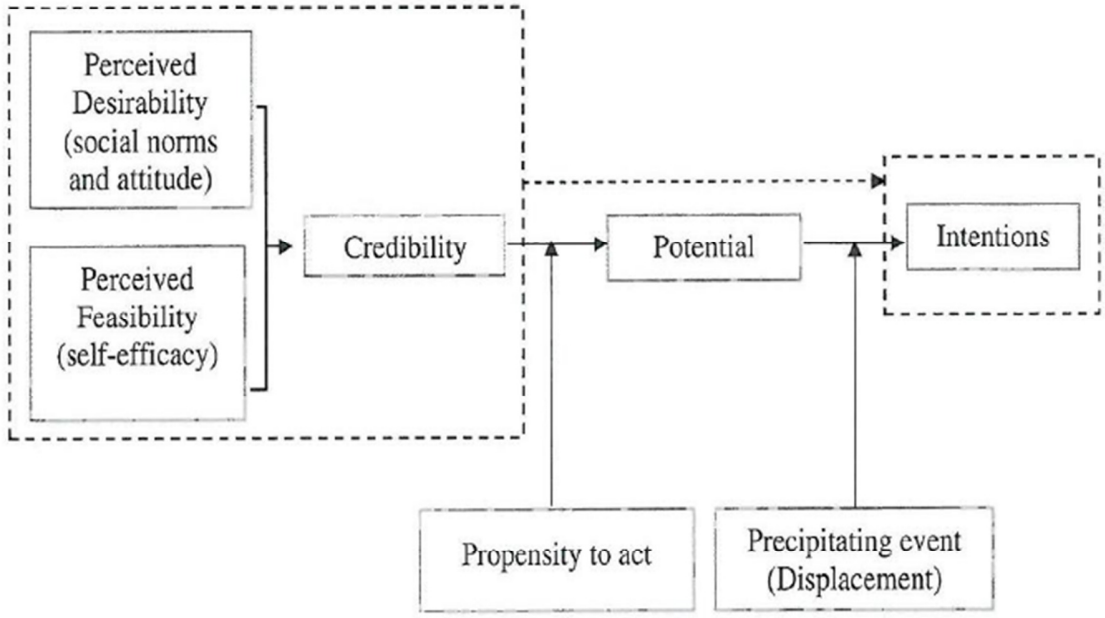

Figure 3: Model of Entrepreneurial Potential
Source: Krueger & Brazeal (1994, p. 95)

Douglas and Shepherd (2002) explain that the influence that attitudes have on the intention for venture creation, and to be an entrepreneur, is strongly reliant on the individual's positive attitude towards risk and freedom. Entrepreneurial intentions are a result of motivation and awareness, the latter includes intellect, ability and skill

(Rwigema, et al., 2008). Pihie (2009) defines intention as a state of mind or attitude, which influences entrepreneurial behaviour. A strong association exists between entrepreneurial intention and actual entrepreneurial behaviour (Ozaralli & Rivenburgh, 2016). Previous GEM research has shown that individuals who are confident that they possess the skills to start a business are four to six times more likely to start a business than those who lack confidence. Potential entrepreneurs are those who see good opportunities for starting a business in the next 6-12 months, as well as the belief that they have the skills to do so.

As already mentioned, starting a new business is an intentional process that depends on attitudes and behaviour. One of the most broadly applied theories for predicting behavioural intention is Ajzen's (1991) theory of planned behaviour. According to this theory, a person's intention to perform a given behaviour is dependent on the attitude towards the behaviour, the subjective norm and the perceived behavioural control. Attitude towards the behaviour refers to the attractiveness of the behaviour, which in turn, will lead to favourable or unfavourable evaluation of the attitude. Subjective norms refer to the perceived social pressure and approval to perform the behaviour by important individuals, such as family, friends and other role models. Perceived behavioural control is the individual's perception of his/her personal capability, in other words, a precondition for the behaviour to be feasible. Perceived behavioural control and perceptions of feasibility are compatible with Bandura's (1977) concept of perceived self-efficacy. Ajzen's theory clearly demonstrates the interaction of individual and social context into the prediction of behavioural intention. Kolvereid (1996b) indeed found that attitude toward the behaviour, favourable social norms and entrepreneurial self-efficacy positively influence the intention to start a new business.

2.2.5.3 Self-efficacy and Entrepreneurial Intentions

Self-efficacy appears to play a central role in goal setting theory by affecting goal commitment and performance (Locke & Latham, 1990). According to Bandura (1982),

self-efficacy is the belief that one can successfully execute the desired behaviour required to produce an outcome. Entrepreneurial self-efficacy is regarded as a mediator of the relationship between individual perceptions and the development of entrepreneurial intent. Segal, et al. (2002) propose a model in which career goals are related to self-efficacy beliefs and outcome expectations. Results indicated that students with higher entrepreneurial self-efficacy and positive self-employment outcomes had higher intentions to become self-employed. Bandura (1977, 1986) also argues that self-efficacy is a strong predictor of entrepreneurial intentions since the probability of initiating an activity can be explained by the extent to which an individual believes in his/her capacity to carry out a specific behaviour. This explains why self-efficacy is closely related to feasibility and can be used as a measure of it. Moreover, it is different from locus of control, since self-efficacy refers to the individual's belief in his/her abilities to effectively perform a very specific task while locus of control characterises the individuals' general expectations (Bandura, 1977).

2.2.5.4 Perceived Feasibility, Desirability and Entrepreneurial Intentions

According to Shapero's (1982) model of entrepreneurial event, the decision to initiate a new venture is associated with three factors; perceived feasibility (perceived credibility), perceived desirability and the propensity to act. Shapero and Sokol (1982) defined perceived feasibility as the degree to which people think they are capable in initiating successfully a business. Perceived desirability can be interpreted into how attractive the idea of starting up a business is. Propensity to act appears as a personality characteristic and Shapero characterised it as the personal disposition to act on one's decisions. Krueger (1993) found perceived feasibility, perceived desirability and the propensity to act, explained over half of the variance in self-employment intentions, with feasibility perceptions having the higher explanatory power over the variance. Several researchers have also tested the impact of perceived feasibility and desirability on self-employment intentions.

Fitzsimmons and Douglas (2011) found entrepreneurial intentions to be positively related to both perceived feasibility and perceived desirability. Moreover, they explored the possible interaction effect between perceptions of feasibility and desirability in the formation of the individual's entrepreneurial intentions. Based on the regulatory focus theory, they found evidence of a negative interaction effect between an individual's perceived feasibility and perceived desirability in their intention to be self-employed. The theory addresses the importance of two focus orientations at different stages of the entrepreneurial process, the promotion focus and the preventative focus (Brockner, et al, 2004).

The promotion focus is more advantageous during the initial stage of the idea generation where individuals tend to come up with solutions to problems more easily. On the other hand, individuals are induced to adopt the preventative focus when screening a venture idea or forming entrepreneurial intentions. This happens because they pay attention to the risks that are associated with entrepreneurship and thus they act in a more cautious way. In addition, they discovered that entrepreneurial intentions do not require both perceptions of feasibility and desirability to be high. In other words, it might be the case that either perceived feasibility or perceived desirability is high. For this reason, they proposed two alternative categories of entrepreneurial types, namely accidental and inevitable, based on their combinations of perceived feasibility and perceived desirability.

One is characterised as an accidental entrepreneur when an individual does not desire to become an entrepreneur but discovers an opportunity and thus has a high perception of feasibility regarding entrepreneurship. The opposite case is the inevitable entrepreneur who is characterised by a combination of low perceived feasibility and high perceived desirability. The inevitable entrepreneur has a strong desire and motivation to become an entrepreneur but this person may lack self-efficacy which is essential in order to believe that he/she has the skills for a successful venture creation. Segal, et al. (2002) also tested the ability of tolerance for risk, perceived feasibility and perceived

desirability to predict entrepreneurial intentions in a sample of business students. Results indicate that tolerance for risk, perceived feasibility and perceived desirability significantly predict entrepreneurial intentions.

The first attempt to develop a model that can capture SEI formation was done by Mair and Noboa (2006). In their model, they used individual variables to measure intentions. Mair and Noboa (2006), in their model of SEI, suggested that intention to start a social enterprise develops from perception to desirability, which was affected by a cognitive emotional construct consisting of empathy as an emotional factor and moral judgement as a cognitive factor; and perceived feasibility was affected by enablers consisting of SEff and social support (Mair & Martí, 2006). According to Krueger and Brazeal (1994, p 92), "Entrepreneurial intention can be defined as the commitment of a person towards some future behaviour, which is projected toward starting a business or an organization". Various research studies emphasise the importance of intentions as one of the crucial constructs in predicting planned behaviour (Krueger & Brazeal, 1994). Entrepreneurial intention is, thus, an indispensable tendency towards formation of an enterprise and is also an emerging research area that attracts a substantial number of research works. Ziegler (2009) mentioned that what the prerequisites were contributing to motivate people to act as a social entrepreneur are yet to be fully explored (Ziegler, 2009). Deutsch (1973, 1980) proposed that the diminuendos and consequences of interaction could be examined in terms of how people perceive their goals are related. In co-operatives, people believe their goals are positively linked so that as one moves toward goal attainment, others move toward accomplishment of their goal. They understand that their goal attainment helps others reach their goals; they can be successful together. In competition, people believe their goals are adversely related so that one's success interferes with others; one's successful goal attainment makes others less likely to reach their goals (Chen, Tjosvold & Fang Su, 2005). People with independent goals consider their interests unrelated so that the goal attainment of one neither helps nor hinders other's goals. Considerable research has documented and extended this theory. In particular, studies have found that people with co-operative goals discuss problems and controversies openly and constructively and assist and

influence each other effectively (Deutsch 1980, 1973, 1949; Tjosvold 1986a, 1988b, 1985a). Goal interdependence research suggests that co-operative goals and interaction help entrepreneurs use their network, but competitive and independent goals interfere. In co-operation, the entrepreneur and the network member have a vested interest in each other's success; they want each other to perform effectively because that helps them both succeed. With this orientation, the entrepreneur and network member are more likely to discuss issues and opposing ideas fully, communicate information accurately, and exchange resources and assistance (Tjosvold, & Weicker, 1993). These interactions in turn, are likely to result in promoting the business plan, competence, and motivation of the entrepreneur and to improve the business and reputation of the network member. Based on the research on the theory of co-operation and competition (Deutsch 1980, 1973; Johnson, Johnson, & Maruyama 1983; Johnson, et al., 1981), the proposition of this study is:

Research question 1 what are the attitudes of entrepreneurs who advance co-operative goals, vision and mission?

Research question 2: what are the entrepreneurial orientations of the co-operative members in Gauteng?

2.2.6 Entrepreneurial Orientation

Entrepreneurial orientation (EO) has its roots in the strategy making process literature (e.g., Mintzberg, 1973). Thus, EO may be viewed as the entrepreneurial strategy-making processes that key decision makers use to enact their firm’s organisational purpose, sustain its vision, and create competitive advantage.

Much research has examined the concept of entrepreneurial orientation. EO has become a central concept in the domain of entrepreneurship that has received a substantial amount of theoretical and empirical attention (Covin, Greene, & Slevin,

2006). EO refers to the strategy making processes that provide organisations with a basis for entrepreneurial decisions and actions (e.g., Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003). Drawing on prior strategy making process and entrepreneurship research, measurement scales of EO have been developed and widely used, and their relationships with other variables have been examined. Thus, EO represents one of the areas of entrepreneurship research where a cumulative body of knowledge is developing.

The two dominant perspectives on EO view the concept either as a composite construct; one in which EO is represented by the qualities that risk taking, innovative, and proactive behaviours have in common (see Covin & Slevin, 1989; Miller, 1983), or as a multidimensional construct in which risk taking, innovativeness, pro-activeness, competitive aggressiveness, and autonomy are treated as independent behavioural dimensions that define EO's conceptual space (see Lumpkin & Dess, 1996). As observed by Covin and Lumpkin (2011), the composite and multidimensional views of EO represent distinct constructs rather than competing perspectives on the same construct.

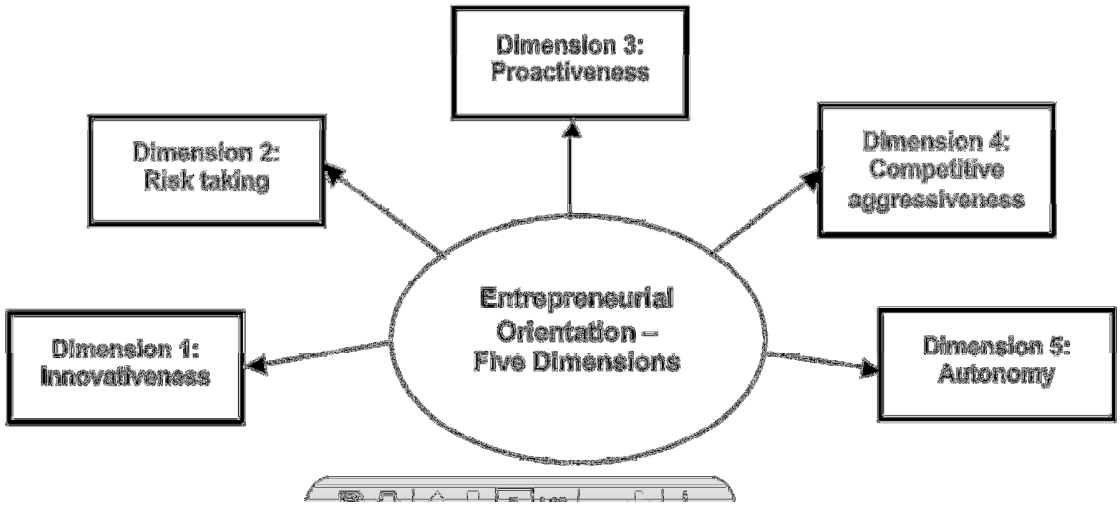

Figure 4: Entrepreneurial Orientation Five Dimensions

Elaboration based on Antonites. and Nonyane-Mathebula (2012)

These dimensions of EO can be defined as follows (Miller, 1983; Covin & Slevin, 1989)

- **Innovativeness** refers to creativity and experimentation through the introduction of new products/services as well as technological leadership via R&D in new processes.

- **Risk taking** describes the nature of easily venturing into the unknown, borrowing heavily, and/or committing remarkable resources to ventures in uncertain environments.

- **Pro-activeness** is an opportunity-seeking, forward-looking perspective characterised by the introduction of new products and services ahead of the competition and acting in anticipation of future demand.

Besides these three most commonly used dimensions, Lumpkin and Dess (1996) argue that two additional dimensions, competitive aggressiveness, and autonomy, are also salient components of EO. Lumpkin and Dess (2001) define these two additional dimensions as follows: competitive aggressiveness is said to reflect the intensity of a firm's effort to outperform industry rivals, characterised by a strong offensive attitude and a forceful response to competitor actions. Autonomy is independent action by an individual or team aimed at creating a business concept or vision and carrying it through to completion.

2.2.7 Innovativeness and Social Entrepreneurship

The quest for innovativeness is frequently present in the literature of entrepreneurship. It is said that creating and maintaining innovativeness requires curiousness, dialogue, and creative thinking (Martins & Terblanche, 2003). When examining entrepreneurs as 'innovative entrepreneurs', previous studies have suggested that they engage in information-seeking with a motivation to change the status quo and are less susceptible to certain status quo biases (Dyer, Gregersen & Christensen, 2008). Passion for work and being innovative are common characteristics of entrepreneurs (Frese, 2009). On

the other hand, Kobia and Sikalieh (2010) assert that researchers focus more on the innovative efforts of individuals, such as in the start-up process. For instance, a small business owner is mainly concerned with the survival of the business to get income for his/her survival. Conversely, an entrepreneur largely focuses on the growth and success of the business through the application of innovative and creative actions. Thus, entrepreneurship is applied to larger areas such as new venture creation, high-growth ventures or corporate ventures.

Di Zhang and Bruninh (2011) have tried to identify the main characteristics of the entrepreneurs while launching a new business, while a study by Mazzarol, et al. (2009) also revealed that personal visions of the owner/managers correlate with a high level of sales turnover. The intellectual ability of directors and managers increases in relation to their performance and behaviour (Panagiotou, 2006). Directors and managers are more likely to be innovative, effective, and efficient if they have a greater internal locus of control (Miller & Toulouse, 1986; Govindarajan, 1989). Numerous previous studies have found that the crucial factors of successful entrepreneurs are; locus of control and achievement motivation (Hansemark, 1998). There should be an investigation into other personal characteristics, to make available a clear picture concerning the behaviours of entrepreneurs (Dobbs & Hamilton, 2007; Macpherson & Holt, 2007). The scope of this study is limited to three personal characteristics of entrepreneurs which include the need for achievement, need for cognition and internal locus of control.

2.2.8 Need for achievement

This concept in the psychology literature has been used in the past. This construct is taken from the work by McClelland (1961) and is related with the behaviours of entrepreneurs. People with a need for achievement refer to all those who want to be high achievers and therefore have a strong longing for success, establishing challenging standards for themselves. These people always endeavour to get the best

results and seek improvements in their actions for the outstanding outcomes (Lee & Tsang, 2001).

For example, most studies have shown this construct as a major entrepreneurial attribute, meaning that entrepreneurs always have a higher need to achieve the established standard than non-entrepreneurs (Begley & Boyd, 1987; Hornaday & Aboud, 1971). It is a learned, but a stable personal characteristic of the individual, to win the satisfaction of striving for higher level achievements (Feldman, 1999).

2.2.9 Need for cognition

The need for cognition refers to “a need to structure pertinent situations in meaningful, integrated way and to improve the decision-making process” (Cacciopo & Petty, 1982, p 24). Individuals with this attribute are more willing to solve a complex problem; they search for comprehensive and precise information via perfect cognitive effort. Previous studies indicated that people with a high demand for cognition have better skills of logical cognitive and performance; they are also more effective in the tasks of information processing to solve problems (Cacciopo, et al., 1996). The roots of need for cognition are pursued in the field of psychology, but there is wide-ranging research in other areas, such as in the area of marketing, where it is used primarily in the behaviour of consumption and advertising. In one study by Areni, et al. (2000), it was found that people with a higher level of need for cognition were more focused on the logical evaluation of the relevant arguments for topics, but their results have shown that people with low cognitive needs must decide specific questions on the emotional basis with respect to the information.

2.2.10 Internal locus of control

Since Rotter (1954) first introduced his theory of social learning, there has developed an extensive body of research surrounding the central construct of locus of control. Perceived internal locus of control is defined as the personal belief that one has influence over outcomes through ability, effort, or skills; whereas external locus of control is the belief that external forces control outcomes. Some of that research has linked a belief in the internal control over the events in one's life to an individual's propensity to engage in entrepreneurial activity (e.g., Berlew 1975; Shapero 1975; Rupke 1978; Brockhaus 1982; Gartner 1985; Perry 1990; Shaver & Scott 1991). The degree to which individuals contemplate that they can manage influencing events is called locus of control. Drazin, Glynn, and Kazanjian (1999) suggest that from an entrepreneurs' perspective, there are two types of locus of control (internal and external). Under the entrepreneur perspective, internal locus of control means that businesses are operating in a competitive and uncertain environment. According to Di Zhang and Bruning (2011), entrepreneurs with internal locus of control believe that success or failure of the company is the result of their actions, but an entrepreneur with an external locus of control considers that firm success or failure is the result of external environments. With locus of control, individuals notice that they have the ability to control or influence the events in their lives. Individuals with internal locus of control believe that they have an influence on the outcome of the events by the effects of their behaviour.

On the other hand, individuals with an external locus of control believe that external forces impact on the results of daily events (Lee & Tsang, 2001). However, there are few empirical studies of entrepreneurs in these newly emerging countries or any cross cultural studies that compare them to entrepreneurs in the West. This has been despite a strong call for such international research (Alder, 1991). Although researchers have examined recent changes in Russian culture (Welsh 1991; Vance & Zhuplev 1992), leadership (Puffer 1994), and management (Lawrence & Vlachoutsicos 1990; Smith 1990; Ivancevich, DeFrank, & Gregory 1992; McCarthy & Puffer 1992; Puffer 1992;

Silverman, Vogt & Yanowitch 1992; Welsh & Swerdlow 1992; Luthans, Welsh & Rosenkrantz 1993; Shama 1993; Torevski & Morgan 1993; Walck, 1994; Welsh, Luthans & Sommer 1993a, 1993b; Welsh, Sommer & Birch 1993), to date, there has been only one study examining entrepreneurship (McCarthy, Puffer, & Shekshnia 1993). No study has yet to focus on the psychological traits that these much-needed entrepreneurs possess, and whether they differ from other entrepreneurs world-wide. Both Puffer (1994) and Walck (1994) urgently call for such research to better understand Russian entrepreneurs. Such information could have a direct effect on the success of joint ventures and economic aid for training and development as Russia shifts from a planned economy to a demand economy.

Research question 3: is there a difference in the attitudes of government funded co-operatives and the co-operatives that are not government funded?

2.3 Constraints to Social Entrepreneurship

If running a mainstream business is difficult, then running a social enterprise is even harder. In the Kenyan case study, enterprises frequently mentioned issues such as poor road infrastructure affecting the delivery of inputs and marketing of agricultural produce by social enterprises (Smith & Darko, 2014). Poor security in rural areas affects the operation of clinics. Political instability, partly caused by the process of decentralisation of powers to governments, creates uncertainty and bureaucratic delays. However, because of the combination nature of their business, co-operatives and social enterprises may be impacted more severely by some of these constraints and may be subject to particular difficulties not faced by mainstream enterprise (Smith & Darko, 2014).

There is not much literature on the constraints to social entrepreneurship, but there are some known constraints to conventional entrepreneurship. Ladzani and Ntswera (2005) argue that there are conventional constraints to entrepreneurship, such as institutional

barriers, socio–economic disparities and equalities and psychological factors. In different countries, attitudinal studies resulted in different dimensions of perceived constraints to entrepreneurship. For example, in Nigeria, students revealed psychological factors as major constraints to entrepreneurship, whereas in South Africa participants expressed that lack of correct business support to start-up entrepreneurs proved to be a major constraint towards entrepreneurial interest and intention (Ekore & Okekeocha, 2011). Ladzani and Netswera (2005) suggest that there is a need for further research in the evolving discrete field of social entrepreneurship to further extrapolate the extent to which the existence of institutional frameworks supports or constrains the innovative capability of social entrepreneurs to bring about social change.

The business environment has a great impact on the success of the co-operatives (Delma & Wiklund, 2008). Deficiencies in the internal environment that involves knowledge in financial management, management skills, marketing, entrepreneurial skills, to name a few, are cited as major causes of the co-operatives' failure (Ligthem & Cant, 2002). As in any other business, co-operatives operate in a rapidly changing environment, be it internal or external. Mahadea and Pillay (2008) assert that lack of internal prosperity measures such as vision, mission, strategy, structures, supporting the business model may significantly contribute to the failure of co-operatives. Furthermore, they refer to the internal environment, such as human resources, innovation and technology, and financial support and the external environment as issues regarding tax, crime and regulation that may lead to the failure or success of the co-operative.

The location of a co-operative has an impact to growth opportunities. The co-operative's geographic position in relation to either customers, producers of raw material and end users of the products does improve the co-operative's abilities to perform a proper environmental scanning which in turn, enables co-operatives to easily identify and exploit growth opportunities in the market (Dahl & Dorenson, 2007).

External factors that impact the success of the co-operatives in South Africa are identified as economic and market factors; those include, but are not limited to the 2008 financial crisis. It can also be argued that corruption in both public and private sectors has a great impact on the failure or success of the co-operatives. Issues related to crime increase the expenditure of co-operatives, as they will have to increase the security of their assets. Another reason why co-operatives engage in corruption is largely due to government legislation, regulatory compliance and the lack of bargaining power that compels co-operatives to advance solicited bribes even if they cannot afford them (Gaviria, 2002). The location can affect the final production cost thereof making the business uncompetitive. The Kenyan case study also suggests that lack of acquaintance with the term 'social enterprise' may also act as a constraint to social enterprise development if it obstructs access to government, donor and public support. In a similar way, the lack of definition of social enterprise and the lack of a strong co-ordinating body or central organisation for social enterprise is cited as an inhibiting factor. It could be argued, however, that as current practice of the term tends to be very broadly defined and all encompassing, it is not a very useful means of categorisation in its present form and perhaps a rather too extensive foundation on which to establish a co-ordinating body or central organisation (Smith, & Darko, 2014, p 15).

It is suggested here that work on tightening the definition, for example, to focus on hybrid business models, could provide greater clarity for regulators and promoters and a sounder basis on which to discuss common issues and solutions.

Research question 4: What are the co-operatives' perceived barriers to engaging into social entrepreneurship?

2.4 Conclusion of Literature Review

The literature review reveals the importance of co-operatives as an economic vehicle that can be employed to eradicate poverty in South Africa. However, there is a need to enhance and embrace the co-operative's business model as a tool to eradicate poverty

and job creation. There are several studies, which have used the job creation and poverty alleviation construct to explain the potential of entrepreneurial activity. While there is an established body of knowledge, to explain this relationship within the established field of social entrepreneurship, there is an evolving body of knowledge.

3 CHAPTER THREE RESEARCH METHODOLOGY

3.1 Introduction

The paper was premised from a positivist research model which advocates for the researcher to approach a study as an outsider and therefore scientific thinking is used to test theories (Tenkin & Kotaman, 2013). The positivist paradigm is theory-driven (Leitch, Hill & Harrison, 2010) and as such, it is based on the belief that full appreciation of a research matter can be accomplished through investigation or observation (Lee, 2014). According to Leitch et al. (2010), the positivist model is well regarded by many scholars, particularly regarding the question of evaluating quality in research. Moreover, the quantitative research procedure follows a deductive approach to the relation between theory and research with the weight on testing of theories; as such, it focuses on descriptions, explanations and predictions (Cooper & Schindler, 2011). According to Johnson and Onwuegbuzie (2004), the quantitative research methodology has higher reliability as it can be generalised and replicated to many different populations and sub-populations. Given the fact that many scholars and theorists have conducted studies on social entrepreneurship, their studies were considered and integrated into this study.

Several researchers emphasised that measurement models must be consistent with the underlying theoretical arguments and conceptual models of a construct in order to test the proposition and hypothesised relationships (Covin & Walws, 2012; George & Marino, 2011). Based on Byabashila and Katono (2011), conceptualisation, for the purposes of this study, of entrepreneurial intentions and perceptions were treated as a disaggregated set of constructs with the intention of evaluating relationships. The

following section summarises the methodology used to conduct this study. To begin with, the literature around quantitative research is discussed and contextualised in the field of social entrepreneurship, followed by an evaluation of the research design and research instrument used. Concerns of data collections and analysis in relation to this study are provided, followed by a discussion on the validity and reliability of this study.

3.2 Research Methodology

The study was constructed on a number of assumptions; the crucial one being that the understanding and solicitation of social entrepreneurship activities is an indicator of the existence of entrepreneurial attitudes, intent and orientation and may lead to improvement in the performance of a co-operative, irrespective of whether it is a public or private entity (Kuratko, 2007; Kim, 2010). Through this research study, the objective was to assess whether dimensions of entrepreneurial attitudes, intent and orientation are present within the internal environment of Gauteng co-operatives. The study explored the relationship of the following internal factors, such as co-operatives' management structure, gender, sector, tenure, location and funding. Furthermore, the paper presumed that the participants had comprehensive managerial experience and therefore understood expressions related to the social entrepreneurship field. Based on this assumption, the sampling frame that was applied is the directors and active members. Also, the participants were regarded as a fair representation of the directors and members in the structures of the Gauteng province in South Africa.

Also, the quantitative research methodology monitors a deductive approach to the relation between theory and research with emphasis on testing of theories; as such, it focuses on descriptions, explanations and predictions (Cooper & Schindler, 2011). This enabled the researcher to assess the level of a co-operative's attitudes, intent and entrepreneurial orientation and the link by examining the organisational and management structure, tenure, location, gender, education, organisational culture, and funding in relation to proportions of entrepreneurial orientation

The approach that was adopted is cross sectional survey research. The research was conducted by way of self-completion surveys in a questionnaire format. Surveys in questionnaire format are best suited for a quantitative research. Past research has used questionnaires in measuring the variables (Chen, Gully, & Eden, 2001; Zellweger, Sieger & Halter, 2011), hence the researcher adopted the same approach.

3.3 Research Design

According to Cooper and Schindler (2011), research strategies are critical in research studies; they serve as a procedural outline for research and are used for selecting sources and types of information. These theorists asserted that research design is ultimately a structure for specifying the relationships among a study's variables. They further suggest the diverse categories of research strategies which can be used for different research studies and these are; experimental, quasi-experimental, non-experimental, correlational and descriptive research (Cooper & Schindler, 2011). For the purposes of this study, the descriptive research strategy was used. This approach is suitable for the study since these are formal and structured studies and they offer the researcher an opportunity to discover associations among different variables, estimations of proportions of a population that have specific features as well as a description of a phenomenon associated with a subject population (Cooper & Schindler, 2011). The research approach that was used is a cross-sectional survey, which implies that it will be carried out once and represent a snapshot of one point in time (Cooper & Schindler, 2011). The advantage of this strategy is that it is structured and enables the researcher to obtain quantifiable results.

The problem statement prompts a need for learning more about the dominant concepts of entrepreneurial intention and orientation of the co-operatives and perceived barriers towards engaging in social entrepreneurship. According to Hovarth (2001), research design is generating knowledge about design which integrates two main strands of the

research, the formulation and validation for models and theories about the phenomenon of the design with all its facets.

Furthermore, research design serves a methodological outline for the research and is used for selecting foundations and types of information (Cooper & Schindler, 2011). These theorists assert that research design is finally a framework for specifying the relationships amongst study variables. The development and validation of support is founded on the identified models and theories in order to improve design practice, including education and its outcomes (Chen, Gully & Eden, 2001; Zellweger, Sieger & Hartley, 2011). It points out how research should be conducted; it can be viewed as a blue print of the study (Mouton 2005).

The first phase of the research used desktop research and information gathered from the engagement with the key stakeholders. That meant accessing different websites to gather concept documents, funding policies, working papers on co-operatives, acts of parliament and gazetted documents from the government departments that support the co-operatives. Furthermore, this included investigation of the websites of the different co-operative organisations, such as South African National Apex Co-operatives (SANACO), Co=operative Development Agency, Co=operatives and Policy Alternative Centre, National Co=operatives Associations of South Africa, and Companies and the Intellectual Property Commission, that consisted of the primary data gathering method.

The methodological approach adopted was a cross sectional survey research. The research employed the way of a survey in a questionnaire format, which is best suited for quantitative research. Furthermore, fieldwork was considered and follow up calls and emails were sent to enlarge the low response that might have deviated from the targeted sample size.

Some of the advantages of utilising a questionnaire for this research include;

- A questionnaire is able to deliver accurate feedback and data analysis via visually appealing statistics.

- The responses were gathered in a standardised way, thus making the questionnaire more objective and avoiding biased responses (http://www.mysurvey.co.za).

The key benefit of utilising this tool included simplicity and efficiency of creating a systematic database. The responses were captured and saved directly onto a database.

3.4 Population and Sample

Young (2006) asserts that population usually consists of all the persons that a researcher wants to study, on the other hand, Cooper and Schindler (2011) describe population as the total number of subjects represented within the whole from which a researcher wishes to make some extrapolations. The target population of the study was the group of active and registered co-operatives within the Gauteng province. About two hundred and fifty active co-operatives were selected in databases of different government departments in Gauteng. In addition, specific focus was on founding members and boards of directors of the co-operatives, who were aged from18 to 60.

3.5 Sample and Sampling Method

In research, sampling is employed when the researcher seeks to obtain particular information about a certain segment of the population. According to Givens (2013), a sample is a sub-set of a universe and it is undertaken because it is difficult, if not impossible, time consuming and expensive to include everyone in the population in the research. Sampling revolves around the selection of some elements in a population in order to draw conclusions that are valid for the entire population (Cooper & Schindler, 2011).

A large sample reflects the target group with more precision that a smaller one. However, for the purpose of this study, non-probability sampling was used and data was

gathered from the group of co-operatives that are in the Gauteng Government department databases. According to Zikmund (2003), non-probability sampling technique is the most appropriate approach, especially because it allows the researcher to select research respondents to be included, based on the judgement of the researcher and the suitability of the respondent. Firstly, the chairperson of the co-operative was contacted telephonically and this was followed by a letter that explained the aims of the study in greater detail and included a request for co-operation.

3.6 The Research Instrument

Research instrument refer to devices used to collect data such as questionnaires, test, schedules and checklists (Seaman, 1991). Polit and Hunger (1997, p. 446) define a questionnaire as “a method of gathering information from respondents about attitudes, knowledge, beliefs and feeling”. The structure of the questionnaire was designed to gather information from the active co-operatives and was in line with the main and sub-problems of the study. The research mechanism that was used was a survey questionnaire, which comprised multiple choice questions divided into sections. The first section addressed demographic information of the participants such as age, gender, position, level of education, location, tenure, funding, vision/mission, and turnover status. The second sections of the questionnaire was apportioned with dimensions of entrepreneurial orientation, attitudes, culture, and perceived barriers or constraints towards social entrepreneurship. The design of the survey consisted of the five-point Likert-type scale (Malhotra et al*.,* 2004; Bertram, 2005; Cooper & Schindler, 2011), that used ordinal psychometric measurement with statements that express either a favourable or unfavourable attitude towards the item of interest. There are numerous advantages for using the Likert-type scale and Malhotra et al. (2004) allude to that it is user-friendly for both the researcher and the respondent. The latter would be able to develop and administer the scale whilst the former would be able to complete it because of its ease of understanding, irrespective of whether it is delivered by mail or electronically. Furthermore, the Likert-type scale, which is also considered the

worldwide method of appraisal, is more reliable and provides a greater volume of data compared to other scales (Copper & Schindler, 2011). The questionnaire that was used is based on an existing instrument developed by Covin and Slevin (1991). The questionnaire had a 5-point rating scale where 1 meant 'strongly disagree' and 5 meant 'strongly agree'. The language of the questionnaire was adapted to be relevant to the co-operative's sector context.

As dictated by the study, the following variable factors were verified through existing measurement scales (Covin & Slevin, 1989; Kuratko & Hornsby, 2013) that have been applied before and their validity tested through laborious processes. The questionnaire tested the entrepreneurial orientation that is described as the degree to which a co-operative applies the three dimensions of entrepreneurship which are innovation, risk taking and proactiveness (Dess & Lumpkin, 2005). The intent of the questions (part of Section 3 and ranged from C1 – C13), were to ascertain whether dimensions of EO are present and encouraged in a co-operative environment. The existence of EO requires an internal environment, which cultivates and promotes entrepreneurship. Some important internal environmental factors were verified; organisational structure, vision and mission, status of funding that relates to the manner in which a co-operative is organised, whether through an organic or mechanistic structure (Covin & Slevin, 1991). The study tested the following manifest variables regarding organisational structure; decision making, skills and capabilities, design of the structure and distribution of power (Kuratko et al, 2007). The last variable that was tested is the perceived barriers or constraints towards social entrepreneurship. Furthermore, variables such as, entrepreneurial knowledge, financial support, institutional support, and social norms were tested as part of Section 4 D1-D10.

3.7 Data Collection

An in-depth review of literature was conducted in order to ensure that the determination of the study is strong and supported by theory. The process was concomitant to the deductive reasoning which implies that there are existing theories on the subject, and

therefore, the study would test, confirm and/or refute some of the findings that were published by different scholars (Ary, Jacobs, Sorensen, & Walker, 2013). A thorough review also showed that there are existing tools that could be used to conduct the study.

The language of the instrument was revised accordingly to ensure that it is aligned to the co-operatives sector context. The data collection questionnaire had a cover letter on the first page and it explained the purpose of the survey and on how to answer the questions. The survey questionnaire began with demographic and background questions with regard to gender, age and qualifications and whether employed or unemployed. According to Short, Moss and Lumpkin (2009), social entrepreneurship covers ideological aspects such as political sciences, economics and sociology, which reflect the disparities between the different race groups in South Africa; with that in mind, the researcher did not include race in the research questionnaire. The questionnaires were designed using MSWord and Wits Qualtrics; a letter of invitation to the respondent was attached. This letter also catered for ethics and declared the voluntary nature of the survey, ensuring the privacy of the data collected. The surveys were disseminated electronically to the participants through the City of Johannesburg Jozi at Work programme and different Municipal Officers' Economic Development Desks. The respondents were given ten weeks to respond; however, bi-weekly follow-up was conducted. Out of the 250 questionnaires that were distributed, 137 were received and analysed.

3.8 Data Analysis

Normally before analysing and interpreting data, the researcher is required to take the first step, that is, editing of raw data with the view of identifying errors and omissions; where possible, these were corrected (Copper & Schindler, 2011) prior to being analysed in the SAS 9.6 system. The data was analysed using statistical techniques such as multivariate analysis and descriptive statistics. Polit and Hungler (1999) defined the data as information obtained during the course of an investigation or study. The data collected was screened to identify possible multicollinearity in the data. This is the constant of multivariate analysis, which explores the relationship between the

dependent and independent variables. Multivariate statistics react to high correlation among predictor variables (Suhr, 2008; Gil, Senu & Gage, 1998). Once data had been organised, formatted and exported to Excel software, it was then analysed statistically using SAS 9.6 version. Data were analysed through descriptive statistical analysis, factor analysis (Principal component analysis), frequency distributions and Pearson chi squared test, as explained in the following paragraphs.

3.8.1 Descriptive statistics

Descriptive statistics analysis included computing means, standard deviations and ranges of variables (Creswell, 2009). The skewness and kurtosis were also computed to indicate the spread and peakness of the unimodal distributions, and emanating from these, the skew and kurtosis indices. The skew and kurtosis indices become more important to identify unimodal distributions with unacceptable non-normality characteristics (Kline, 2011).

3.8.2 Factor Analysis (Principal component analysis)

Factor analysis was used to summarise the data i.e. to reduce the dimensionality of the data to its underlying components (DeCoster, 1998), and due to the exploratory nature of the research, principal component analysis was specifically used. There are two main factor analyses, i.e. the common factor analysis and principal component analysis. According to Cooper and Schindler (2003), principal component analysis is a multivariate statistical method used to describe variability among observed variables in terms of fewer unobserved variables called factors and could be used to verify a construct of interest. Principal component analysis has two main purposes. Firstly, it is used for data reduction and secondly, for detection of structure (underlying dimensions) in a set of variables. Leech, Barrett and Morgan (2005) point out that the decision about which factor to retain depends on the percentage of the variance accounting for the variable, the absolute variance accounted for by each factor, and whether the factor can be meaningfully interpreted. For the purpose of this study, principal component factor analysis was used to describe unpredictability among observed variables in terms of fewer unobserved variables for the constraint measurement.

According to Cooper and Schindler (2008), factor analysis therefore is a statistical method used to explain observed variability among correlated variables in terms of factors. Factors are the unobserved variables. Variability, also referred to as dispersion, can be measured in terms of the variance, standard deviation, range, interquartile range and quartile deviation. These items describe score cluster or scatter in a distribution. Variance is the average of the squared deviation score from the distribution's mean, it is a measure of score dispersion about the mean (Cooper & Schindler, 2008). Standard deviation summarises how far away from the average the data values typically are (Cooper & Schindler, 2008). Furthermore, principal component analysis method helps to make interpretation of the information much easier.

3.8.2.1 KMO and Bartletts test

Prior to factor analysis being performed, two tests were conducted on the data to justify the correctness of the correlation matrix for factor analysis. These tests were the Kaiser-Meyer-Olkin Measure of Sampling Adequacy test and the Bartlett's Test of Sphericity, commonly referred to as the KMO and Bartlett's test, respectively (Malhotra, 1996). The KMO values of between 0.5 and 1.0 indicate that factor analysis is appropriate, whereas values below 0.5 indicate that factor analysis may be inappropriate (Malhotra, 1996). For the Bartlett's test, statistical significance of less than 0.05 in the measure indicates that sufficient correlations exist among the variables to proceed with factor analysis (Hair, et al., 2010). Also worth bearing in mind is the average inter-item correlations of the variables, which should be greater than 0.3, however the KMO and Bartlett's tests are more frequently used in practice (Hair, et al., 2010).

3.8.2.2 Scree Plot

As part of principal component analysis, a scree plot was computed. A scree plot helps the analyst visualise the relative importance of the factors. According to Hirai (2002), a scree plot is interpreted as the number of factors appropriate for a particular analysis and is the number of factors before the plotted line turns sharply right. The sample size, as mentioned earlier, was in accordance with factor analysis strategies. It is

generally suggested that there be at least five to 10 respondents per variable (Floyd & Widaman, 1995; Malhotra, 1996). With the research instrument measuring two variables, and the target sample size being 137 respondents, this satisfied sample size adequacy. Moreover, with factor analysis, the more responses obtained increased the prospect of good data (Kline, 1994).

3.8.2.3 Frequency Distributions

In addition, the data was computed in the form of frequency distribution tables, and presented in a form of figures like histograms and bar charts. According to Cooper and Schindler (2008), histograms are used when it is possible to group the variable's value into interval and frequency of two categories and in this study, the researcher examined the co-operatives. These graphs are useful for displaying all intervals in a distribution, even those without observed values and also for examining the shape of the distribution for skewness, kurtosis and modal pattern.

The pie charts were used to show the percentages of descriptive statistics of the sample demographics, e.g. percentage of male and female, level of education and age categories of respondents in the survey.

Lastly, a Pearson chi-squared test was computed. The test provides the strength of association between two nominal or categorical variables (Martinez-Torres, Toral, Palacios & Barrero, 2011; Prematunga, 2012). The chi-square test for independence, also called Pearson's chi-square test or the chi-square test of association, is used to discover if there is a relationship between two categorical variables or rather to convey the existence or non-existence of the relationship between the variables. For this study, Pearson chi squared was used to discover the association and see whether there was a relationship between the attitude and demographic variables.

3.9 Limitations of the Study

The research work was confined to the study of attitudes, perceptions, orientation and constraints of social entrepreneurship amongst active and registered co-operatives in Gauteng Province in South Africa.

• The study was conducted in Gauteng in South Africa at convenient locations.

• The findings of the survey are not generalisable at the national or international levels.

• The findings may remain biased in nature as per the values, ethics and competencies of the respondents.

• The research is limited by the early development of social entrepreneurship as an emerging phenomenon.

• Social desirability bias - respondents might have a tendency to answer questions in a manner that will be viewed favourably.

• Lastly, respondents might not be honest in answering the questions; this can influence the findings. The researcher made sure that the scale used is clear and simple to avoid confusion.

3.10 Reliability

Reliability is the extent to which results are consistent and yield the same results on repeated trials (Neuendorf, 2002). To ensure exploited reliability, only one questionnaire was used amongst the research sample. Also, the Likert scale was used to structure the questionnaire which increased the consistency level of measurement and also led to improving reliability. Reliability is the extent to which the research could be repeated and the results of the new study replicated (Thorndike, 1997); this refers to reliability as the accuracy of the measurement procedure. Due to time constraints; the pilot study was the internal consistency reliability analysis of the constructs and measured using Cronbach's alpha. According to Cooper and Schindler (2011), a Cronbach's alpha below 0.6 is very low and unacceptable. The results of the research's Cronbach's alpha are presented in Chapter 4.

Table 1: Reliability of scale

Construct	Number of Items	Cronbach's Alpha
Intent achievement	3	0.857
Personal control behavior	2	0.680
Capabilities behavior	3	0.878
Achievement cognition	3	0.813
pro activeness	3	0.731
Risk taking	3	0.832
Innovation affect	3	0.790
Self esteem	3	0.877
Entrepreneurial knowledge	2	0.760
Financial support	3	0.749
Institutional support	3	0.759
Social norms	3	0.818

The Cronbach Alpha of some constructs were positively reliable and scored between 0.73 and 0.80. This can be viewed as an indication of the reliability of the study and there were no items that were left out in the study. The scales that were used were found to be highly reliable at cross-cultural levels (Knight, 1997).

3.11 External Validity

Copper and Schindler (2011) refers to external validity as the extent to which the conclusions of the study can be generalised on a wider population, across populations with different settings or contexts. In order to ensure that external validity was accomplished, the sample size was descriptive in terms of race, gender and geographical location. Likewise, the compilation of the questionnaire was aligned to the research intended outcomes. The sample population was further profiled in terms of race, gender and geographical location.

The higher the degree of external validity, the more the research findings can be generalised to many situations and groups of people. Since research in social entrepreneurship is in its infancy, external validity is considered low for this research,

and therefore the research results emanating cannot be generalised to the broader population. In fact, external validity in social entrepreneurship research will only improve as the construct is further delineated and developed over time within academia. However, research into commercial entrepreneurship has been conducted for several years; therefore, external validity can be considered high. For this study, external validity is low and the results cannot be generalised to other times, places and persons. The socio-economic development and culture artefacts in the Gauteng province differ from other places and co-operatives in the Gauteng Province might have a positive or a negative attitude towards social entrepreneurship as compared to the co-operatives in other provinces.

3.12 Internal Validity

The terms internal validity "describe the degree to which changes in the dependent variable are indeed due to the dependent variable rather than to something else" (Welman, et al., 2010, p.107). Expressed differently, it means the ability of drawing appropriate conclusions for the research from data collected (Kalof, et al., 2008). The questionnaire for the research was used to measure concepts and constructs using more than one item, meaning different questions were tested. Cronbach's α and Factor analysis was used to show the internal validity of our survey scale. The alpha is a measure of internal consistency, which means closely related sets of items are seen as a group. This indicated just how reliable the scale is; if a high value for the alpha was received, additional analyses, such as exploratory factor analysis, were performed. Cronbach's alpha can be illustrated as a function of the number of test items and the average inter-correlation among the items presented in the standardised formula below. For this study, the researcher was not examining causal links i.e. weak internal validity as the study is purely descriptive. However, the validity is also largely dependent on the truthfulness of the responses, and because attitudes and constraints were measured, the assumption was that the respondents were honest and truthful in their inputs. This means that responses were not based on wishful thinking, rather actual attitudes and constraints felt.

3.13 Conclusion

This chapter presented the strategy/methodology that was followed to enable the compilation of this research report, following the critical part of the methodology. The research employed a quantitative, descriptive survey design. A questionnaire was developed through Wits Qualtrics to collect data from 137 Co-operatives. All questions asked were close-ended questions on a five-point Likert scale. The defining sample characteristic was co-operatives that were active and registered with CPIC in the Gauteng Province. The Department of Social Development, City of Johannesburg Economic Development Unit, Ekurhuleni metropolitan, and Mogale City directors of information approved permission to approach the co-operatives and supplied the contact databases. Consent was obtained from the subjects themselves. Anonymity, autonomy and confidentiality were ensured during management of the questionnaires and the report writing. The statistical technique used to test the data was factor analysis. Finally, Chapter four deals with the results of the study with reference to the literature review in relation to the suggested propositions.

4 CHAPTER 4 PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents the survey results and findings from the research conducted. The data received were analysed and findings presented as specified in the research methodology chapter of this report. First, the chapter presents an analysis of the sample; a detailed synopsis of the sample's background, the cleaning of the respondent information, in addition, a detailed analysis of the demographics of the respondents and any observations, is discussed. Internal consistency and reliability is preserved with figures and tables reflecting the results of the tests. A brief discussion of the constructs and adjustments made to maintain the relevance of the research survey is presented. Results based on each hypothesis are presented and the chapter is concluded.

4.2 Sample Demographics

Although the literature has showed various demographic variables as precursors of entrepreneurial competencies, very few studies have considered the influence of gender on the development of entrepreneurial proficiencies and these found mixed results. For instance, Ferk, et al. (2013) analysed the capabilities of men and women in relation to leadership and management and concluded that females can be better entrepreneurs because of their more managerial competencies than males, whilst Zeffane (2012) provided statistical evidence that both males and females have the same overall entrepreneurial potential. The sample was made up of 250 representatives of co-operatives in Gauteng province. Out of the 137 respondents, 55% were female, while the other 45% were male as shown in figure 5.

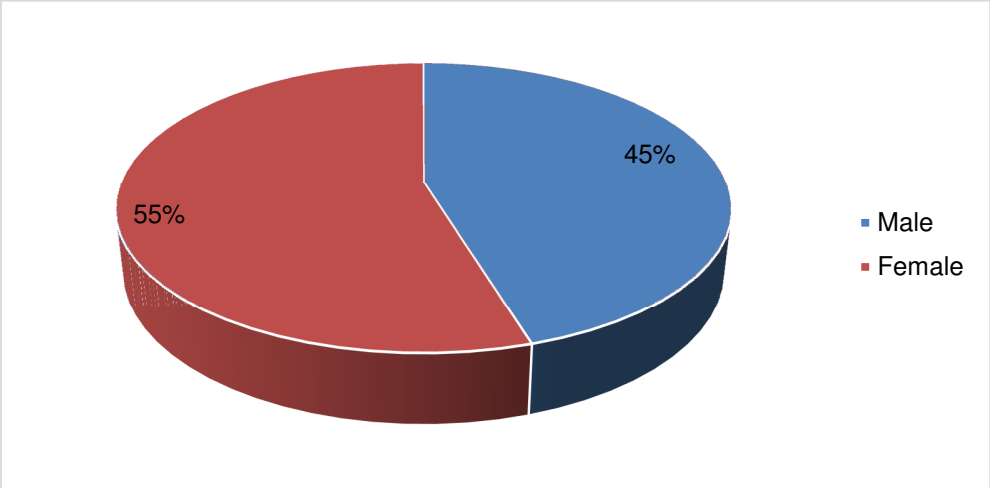

Figure 5: Gender of respondents

4.2.1 Respondent's qualifications

A proportion of 39% of the respondents had a Grade 12 (matric certificate) only as their highest level of education, 17% had diplomas while 16% had either a Bachelor degree or a post-graduate diploma (8 %). The rest of the highest level of education distribution within the sample is as shown in Figure 6. This then suggests that a sizable number of the South African population had basic education and lower, as per the GEM report which states that at least 64 percent of the South African population falls below the category of basic education and further education (Kelley, Singer & Herrington, 2012). The education principle is really a commitment to make membership effective and so is a precondition for democratic control.

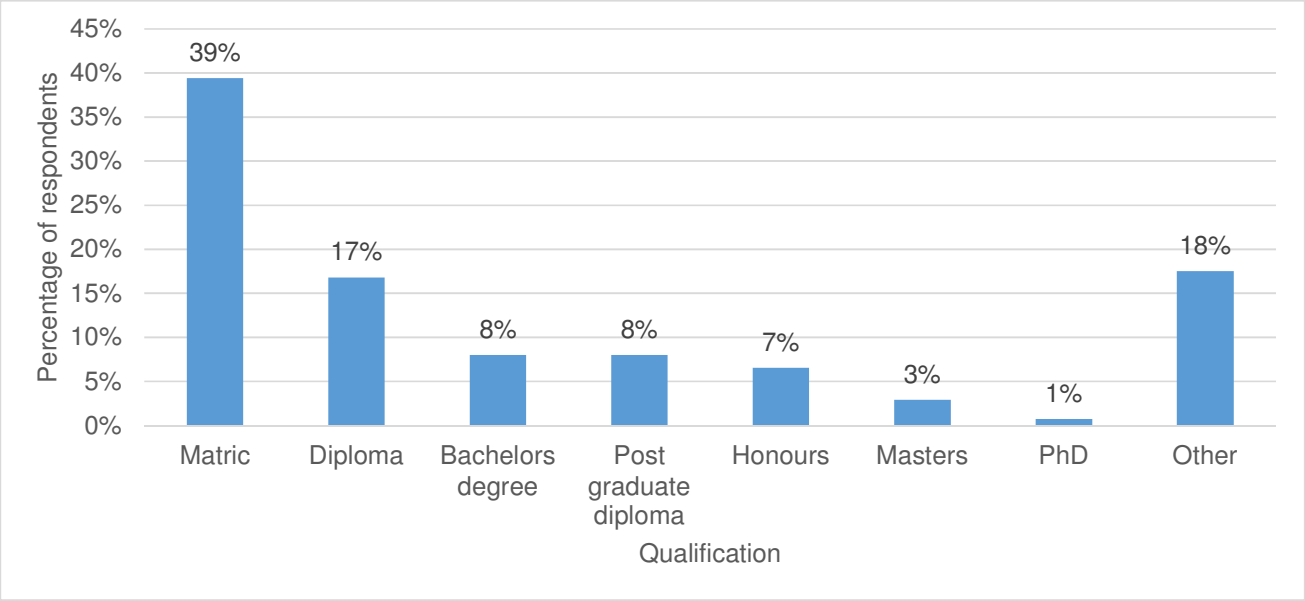

Figure 6: Respondent qualification

4.2.2 Respondents Age

The respondents varied in ages, the youngest respondent was 23 while the oldest was 64 years old. These results are presented in table 1. Most of the respondents stated that entrepreneurship was not their first choice, however, a last resort. They submitted that they became entrepreneurs as a means of survival. This can also be as a result of the high level of unemployment in South Africa.

Aapola (2002) argues that age has always been used as one of the critical variables in contemporary social science research to categorise individuals and explain differences among them. Reynolds (1997) also confirms that in some studies a person's age has been considered as a significant demographic characteristic in understanding his or her entrepreneurial behaviours and intentions. Research has emphasised that most active entrepreneurs are over the age of 25 (Lévesque & Minniti, 2006; Reynolds, 1997). Although there are variances in the views of scholars regarding the influence of age of individuals on their entrepreneurial behaviour and intentions, Lévesque and Minniti (2006) reiterate the observations that most of the researchers agree that individuals show their intention towards entrepreneurship at a younger age (25-44) than at an older age (above 44).

Table 2: Descriptive statistics for the age of respondents

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Age	137	23	64	40.86	11.212

4.2.3 Position of the members

More than half of the respondents were directors of the co-operatives (59%). Respondents in this category were placed here as most were the co-founders of the co-operative but were not active members. Active membership followed at (29%), social entrepreneur (10%) and entrepreneur (2%). The distribution is shown in Figure 9.

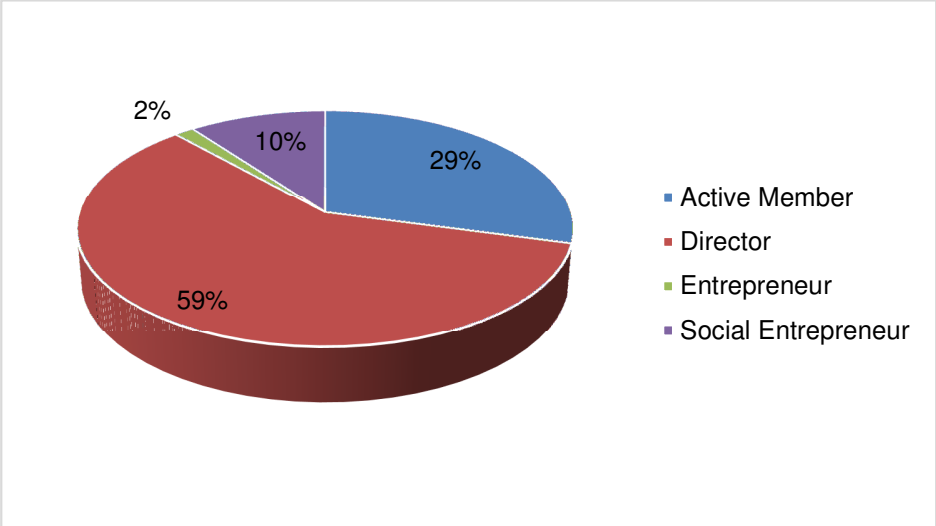

Figure 7: Position of respondents

4.2.4 Tenure

Most of the respondents indicated that they have been running the co-operative for up to two years (that is 23% for less than one year and 47% for 1 – 2 years). The other 21% had been running their co-operative for 3 – 5 years, 8% for 6 – 10 years and the other 1% for more than 10 years. The Gem report (Kelly, Singer, & Herrington, 2012) outlines the comparison between the youth and senior level of entrepreneurship being at its highest in the age groups 25 to 34 years and 35 to 44 years. The report further indicates that the South African youth have the lowest rate of established business (>10 percent).

The life span of these co-operatives mainly resulted in the level of education, access to information, access to funding, access to further training (mentoring), as well as other relevant issues of entrepreneurship such as marketing, financial management, entrepreneurial support and networking (Van Der Byl, 2014).

One of the biggest challenges to co-operatives, that is the reason why their life span of is not prolonged, is also the lack of awareness of their business potential among government (Depedri, Boglioni, Carini & Valline, 2012). This then often leads to the mischaracterisation of the co-operatives themselves and of their interests and hinders/stifles their growth potential.

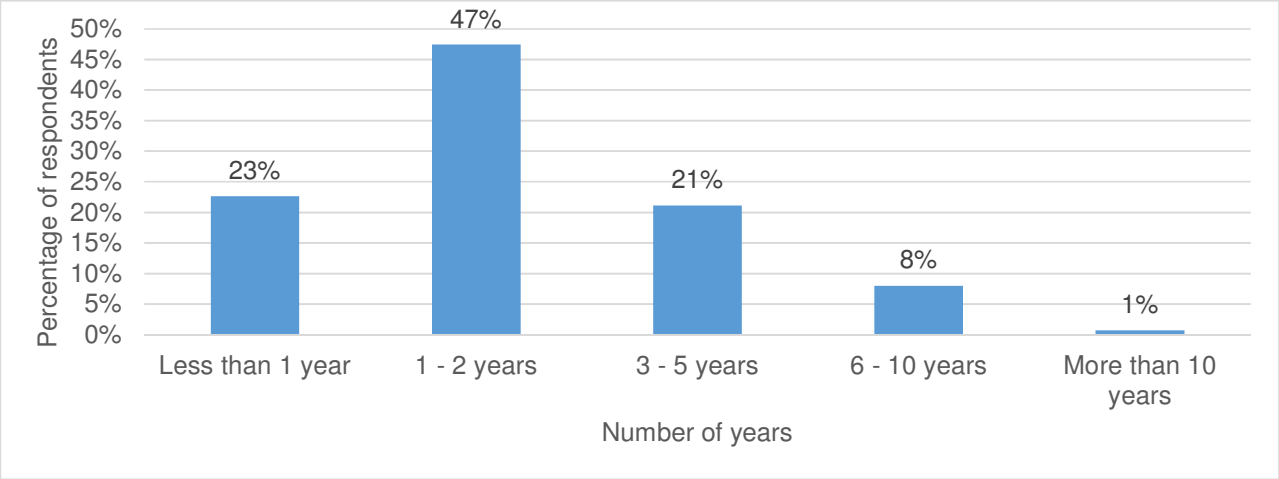

Figure 8: Tenure of respondents

4.2.5 Location

It can be noted that more than half of the co-operatives in the sample were from the South of Gauteng (56%) followed by those in the North (25%), then the West 15% and the East (4%). The results are shown in Figure 10. The research discovered that this is a result of the high level of interest of forming co-operatives in the South, the amount of land available to respondents, the high level of access to information, as well as funding. In 2005, COPAC (2005) conducted a survey of co-operatives in Gauteng, for the purposes of gaining better understanding of the co-operative environment and practices. In working with Gauteng co=operatives since 1999, COPAC experienced planning and intervention difficulties as there was no reliable, accurate and up to date data on the state of co-operatives in the province.

The national skills survey (NSS, 2010) report alluded to challenges encountered with inaccuracy of the companies' data from SARA and Department of Labour databases as many of the contact details were incorrect. Similarly, in 2015, the research experienced the same challenges of incorrect contact details from several databases that were provided by the government departments. Hence, the researcher resorted to attending

general public meetings organised by the different departments in order to get access to the members of the co-operatives.

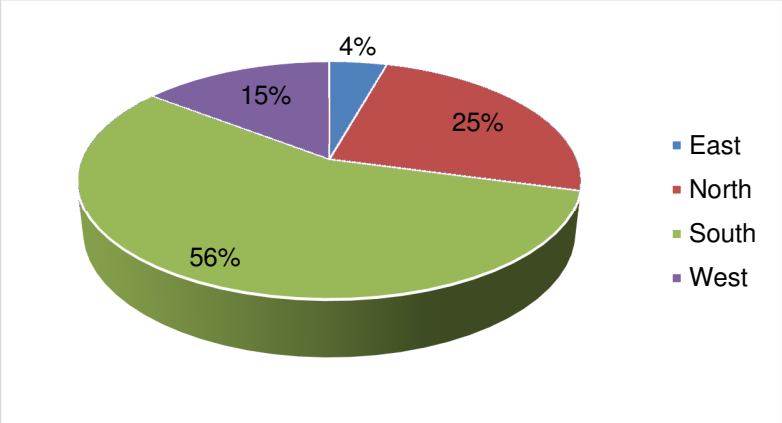

Figure 9: Respondents' location in Gauteng

4.2.6 Sector

The sector in which the co-operatives operate was established and the highest proportion, 18%, were in construction, due to the high level of construction projects in South Africa, mainly in the North and the East of Gauteng, followed by IT services (15%), catering services (13%), and sewing services (10%) which were shared between the West and the East.

It was also noted that piggery and chicken farming, dairy products and agriculture were at 6% and 9% respectively. It was discovered that these industries were more to the South and the East due to the large amount of farming land and smallholdings around these areas. Poor yields may be one of the reasons why urban and rural households either abandon or are uninterested in agricultural production (report on national agriculture co-operative indaba March 2012); the smallest proportion was within the cleaning services (1%). The rest of the sectors are presented in Figure 11.

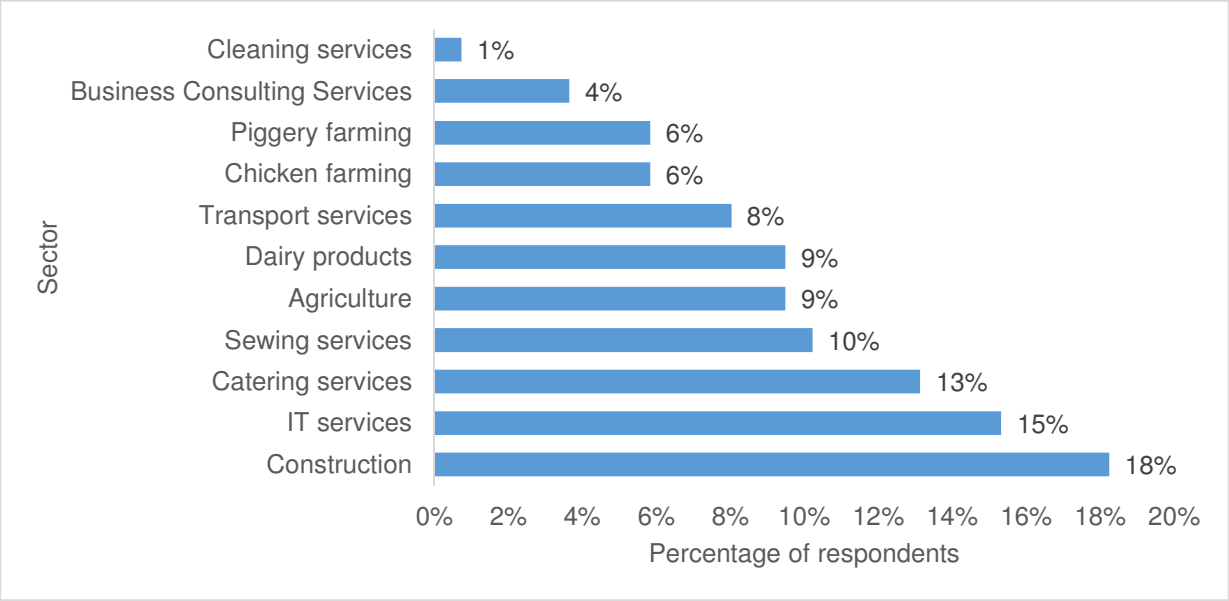

Figure 10: Industry sector of respondents

The respondents were asked whether their co-operative received funding from the government and the results are shown below;

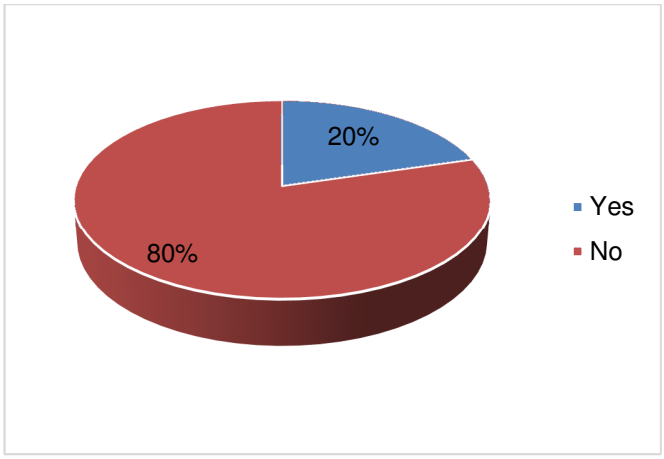

Figure 11: Pie chart of whether respondents received government funding

The majority of the co-operatives (80%) did not receive any government funding while only 20% received funding from the government. This is as a result of lack of access to information regarding the different funding models that are available for co-operatives. Furthermore, Twalo, et al. (2012) argue the support that co-operatives have received

has been compromised because of how they are organised, perceived and managed. This is made worse by how data relating to their operations is disseminated as there is very little said about them in relation to conventional businesses.

4.3 Measurement Scale Characteristics

4.3.1 Scale Validity

The validity of constructs was tested using exploratory factor analysis. The broad purpose of factor analysis is to summarise data such that the relationships and patterns can be easily represented and understood. It is normally used to regroup variables into a limited set of clusters based on shared variances hence helping to isolate constructs and concepts.

Factor analysis operates on the notion that measurable and observable variables can be reduced to a few latent variables that share a common variance and are unobservable, which is known as reducing dimensionality (Bartholomew, Knott & Moustache, 2001). Many other uses of factor analysis include data transformation, hypothesis-testing, mapping and scaling (Rummel, 1970). Therefore, according to Cooper and Schindler (2008), factor analysis is a statistical method used to explain variables among correlated variables in terms of factors.

All the items that were within each construct were retained except for the Personal control behaviour construct which had the item “I intend to set up a social enterprise or a co-operative in the future” removed because it had a Commonalities less than 0.3 (commonality was 0.268) and the Entrepreneurial knowledge construct which had an item removed. The item removed for Entrepreneurial knowledge was “Lack of information about social entrepreneurship” which had a commonality of 0.158.

Table 3 shows the Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO). All the KMO values were greater than the minimum required value of 0.5. This implies that the sample was enough to conduct factor analysis. The Bartlett's Test of Sphericity had p-values less than 0.05 as required.

Table 3: KMO and Bartlett's Test for all the Constructs

KMO and Bartlett's Test		
Intent achievement		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett's Test of Sphericity	Approx. Chi-Square	190.507
	Df	3
	Sig.	.000
Personal control behaviour		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	41.744
	Df	1
	Sig.	.000
Capabilities behavior		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.723
Bartlett's Test of Sphericity	Approx. Chi-Square	225.957
	Df	3
	Sig.	.000
Achievement cognition		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.709
Bartlett's Test of Sphericity	Approx. Chi-Square	141.687
	Df	3
	Sig.	.000
Pro activeness		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.684
Bartlett's Test of Sphericity	Approx. Chi-Square	83.939
	Df	3
	Sig.	.000
Risk taking		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.720
Bartlett's Test of Sphericity	Approx. Chi-Square	154.891
	Df	3
	Sig.	.000
Innovation affect		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.692
Bartlett's Test of Sphericity	Approx. Chi-Square	123.631
	Df	3
	Sig.	.000
Self esteem		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.691

Bartlett's Test of Sphericity	Approx. Chi-Square	265.646
	Df	3
	Sig.	.000
Entrep knowledge		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.500
Bartlett's Test of Sphericity	Approx. Chi-Square	69.389
	Df	1
	Sig.	.000
Financial support		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.667
Bartlett's Test of Sphericity	Approx. Chi-Square	105.455
	Df	3
	Sig.	.000
Institutional support		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.685
Bartlett's Test of Sphericity	Approx. Chi-Square	107.052
	Df	3
	Sig.	.000
Social norms		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.683
Bartlett's Test of Sphericity	Approx. Chi-Square	159.697
	Df	3
	Sig.	.000

The composition for each of the 12 constructs is shown in table 4 below. The table presents the construct, the items within the construct and the factor loading for each item.

Table 4: Scale item composition, total variance explained and factor loadings

Main Theme	Construct	Code	Item	Factor Loading	Total Variance Explained
Attitudes towards Social Entrepreneurship	Intent achievement	IA1	Starting my own business or co-operative sounds attractive to me	0.903	78%
		IA3	It is important for me to express my entrepreneurial ambitions	0.892	
		IA2	Becoming a successful entrepreneur would be an important part of who I am	0.858	
	Personal control behaviour	PCB3	I feel very good because I am ultimately responsible for my own social project success	0.871	76%
		PCB2	I spend time searching and analysing on how to start social project or a co-op	0.871	
	Capabilities behaviour	CB3	I take active part in community affairs so that I can influence events that affects my business	0.924	81%
		CB1	My abilities for dealing with people has enabled me to create many of my business opportunities	0.907	
		CB2	I would rather establish a new social project than be a manager of an existing one	0.865	
	Achievement cognition	AC2	I make conscious effort to get most out of my business resources	0.882	73%
		AC3	I believe the most important thing in selecting business associates is their competency	0.846	
		AC1	To be successful I believe it is important to use your time wisely	0.840	
Entrepreneurial Orientation	Pro-activeness	PA2	There are many entrepreneurial opportunities in my specific area	0.817	65%
		PA3	I am constantly alert to business or social project opportunities	0.802	
		PA1	I have many ideas for social projects or business ventures	0.801	
	Risk taking	RT2	I am saving money to start a social enterprise or business	0.879	75%
		RT1	Nothing is more exciting than seeing my ideas turn into reality	0.871	
		RT3	I can take risks with money, such as investing in stocks	0.846	
	Innovation affect	INNO2	I enjoy being able to use old business concepts in new ways	0.871	71%
		INNO1	I get excited when I am able to approach tasks in unusual ways	0.846	

		INNO3	I believe it is important to continually look for new ways to do things in a business	0.803	
	Self esteem	SE3	I believe that to succeed in business it is important to get along with the people you work with	0.937	81%
		SE2	I believe the authority I have in business is due mainly to my expertise in certain areas	0.933	
		SE1	I feel self-conscious when I am with very successful business people	0.832	
Barriers towards Social Entrepreneurship	Entrep knowledge	EK2	Lack of entrepreneurial education and skills	0.904	82%
		EK1	Lack of information about social entrepreneurship	0.904	
	Financial support	FS2	The cost of registering co-ops or business is to high	0.867	68%
		FS3	I have personal loans to pay back	0.830	
		FS1	Lack of access to finance and funding organisations	0.767	
	Institutional support	IS1	I believe that having access to a mentor will help	0.861	68%
		IS3	Don't have security/ guarantee or collateral	0.810	
		IS2	Don't have right contacts or connections	0.809	
	Social norms	NS3	It is too risky to start own business	0.894	74%
		SN2	I was taught to study and get a good job	0.891	
		SN1	My family are career oriented	0.790	

The results revealed that all the retained items were loading highly on their respective factors. The lowest recorded factor loading was 0.767. All the items within the original hypothesised construct were retained within the construct. The total variance explained which shows the amount of variation within the retained factors that is explained by the factor was also very high for all 12 factors ranging from the lowest of 65% recorded for Pro-activeness to as high as 82% recorded for Entrepreneurial knowledge.

4.3.2 Model Fit Summary

The chi-square, χ^2 value was 1473.253 with a p-value of 0.000. This is an indication of poor fit because the χ^2 tests whether there are significant differences between the actual and predicted covariances. The ideal will be to have an insignificant χ^2 (p-value > 0.05) but with large sample sizes, the value becomes significant regardless of fit.

The Bentler's Comparative fit index (CFI) value was 0.720 while the Non-Normed Fit index (NNFI) also referred to as the TLI was 0.694. The NNFI and the TLI statistics show a possibly poor fit since the cut-off point is > 0.9 for a good fit. The Root Mean square error approximation (RMSEA) was 0.117 (90% CI = 0.111 – 0.125). All the statistics show that the data is poor fit for the hypothesised constructs.

Table 5: Model Fit Summary

CMIN					
Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	83	1473.253	512	.000	2.877
Saturated model	595	.000	0		
Independence model	34	3998.155	561	.000	7.127

RMR, GFI				
Model	RMR	GFI	AGFI	PGFI
Default model	.350	.621	.560	.534
Saturated model	.000	1.000		
Independence model	.624	.179	.129	.169

Baseline Comparisons					
Model	NFI Delta1	RFI rho1	IFI Delta2	TLI rho2	CFI
Default model	.632	.596	.724	.694	.720
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000

RMSEA				
Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	.117	.111	.125	.000
Independence model	.212	.206	.218	.000

4.3.3 Reliability of scale

The second procedure used aimed at verifying the reliability and loyalty of the construct through the study of Cronbach's Alpha. The reliability of the scale for each of the 12 constructs was assessed using Cronbach's Apha. Table 6 presents the reliability results. This is none other than a consistency index based on the average of the correlation along the items of a construct and is often used in psychological analyses for measuring reliability of a scale, or of its internal coherence. Reliability is the extent to which results are consistent and yield the same results on repeated trials (Neuendorf, 2002).

Table 6: Reliability of scale

Construct	Number of Items	Cronbach's Alpha
Intent achievement	3	0.857
Personal control behavior	2	0.680
Capabilities behavior	3	0.878
Achievement cognition	3	0.813
pro activeness	3	0.731
Risk taking	3	0.832
Innovation affect	3	0.790
Self esteem	3	0.877
Entrepreneurial knowledge	2	0.760
Financial support	3	0.749
Institutional support	3	0.759
Social norms	3	0.818

It can be noted that Cronbach's alpha shows that Intent achievement (0.857), Capabilities behaviour (0.878), Achievement cognition (0.813), Risk taking (0.832), Self-esteem (0.877), and Social norms (0.818) had good internal consistency since the alpha values were greater than 0.8. On the other hand, Pro-activeness (0.731), Innovation affect (0.790), Entrepreneurial knowledge (0.760), financial support (0.749), and Institutional support (0.759) had acceptable level of internal consistency. It was found

that the level of education is the main contributing factor (in this instance, the lack of skills that the members of the co-operatives have) to an impact. The only variable that had questionable reliability was Personal control behaviour (0.680).

The reliability values, however, indicated that the items within each of the constructs could be combined together to form a summated scale for each scale since the values were greater than 0.5. Values less than 0.5 are not acceptable at all. The summated scale is computed by calculating the average of the items within the scale. There is recognition of the role of attitude variables as determinants of entrepreneurial action in the entrepreneurial research (Byabashaija & Kantono, 2011). Positive personal attitudes towards start-ups were found to be a good base on which to ignite entrepreneurial behaviour, regardless of educational background (Wu & Wu, 2008). Robinson, et al. (1991) maintains that attitudes are less stable than personal characteristics.

4.4 Attitudes of government funded co-operatives towards social entrepreneurship

In addressing the research question with the intention to describe and measure the extent to which elements of entrepreneurial attitudes exist, we examined descriptive statistics to provide a summary on central tendency of attitude and demographic variables. One-sample t-test was conducted to assess whether the respondents were agreeing or disagreeing with the attitude constructs. The test was conducted against the mid-point of the scale, which demarcates where agreement starts from disagreement. Attitudes on Social Entrepreneurship constructs were measured on a five-point Likert scale and thus the mid-point of the scale was 2.5. The null hypothesis was that the respondents neither agree nor disagree with the constructs ($\boldsymbol{\mu = 2.5}$). The alternative hypothesis was the respondents were agreeing with the constructs ($\boldsymbol{\mu > 2.5}$). Thus, this is a one tailed t-test and the null hypothesis is rejected if the p-value (1-tailed) is less than 0.05. The results are shown below;

Table 7: One-sample t-test for Attitude towards social entrepreneurship

One-Sample Statistics					One-sample t-test against the mid-point of the scale (3.5)	
	N	Mean	Std. Deviation	Std. Error Mean	T	P-value (1-tailed)
Capabilities behaviour	137	4.23	1.126	0.096	7.602	0.000
Personal control behaviour	137	4.18	1.203	0.103	6.604	0.000
Intent achievement	137	4.14	1.307	0.112	5.719	0.000
Achievement cognition	137	4.09	1.081	0.092	6.424	0.000

It can be noted that the respondents agreed with all four attitude constructs; Capabilities behaviour (mean = 4.23, p-value = 0.000), Personal control behaviour (mean = 4.18, p-value = 0.000), Intent achievement (mean = 4.14, p-value = 0.000) and Achievement cognition (mean = 4.09, p-value = 0.000). This is because the p-values were less than 0.05 and the means were greater than 2.5, the mid-point of the scale. According to Derr (2013), this meant that co-operatives were exposed to adverse unintended consequences as a result of lack of financial support, start-up funding and monitoring. It is then for this reason that access to mentoring, coaching, funding and credit are vital for the survival of co-operatives (Derr, 2013).

4.5 Differences in attitude between funded and non-funded co-operatives

The second research question was to describe and measure the extent of entrepreneurial attitudes between government funded and non-government funded and demographic variables of co-operatives in Gauteng. The purpose of this t- test was to discover the association and see if there is a relationship between the attitude and demographic variables. Independent samples t-test was used to evaluate whether there

were variances in attitudes towards social entrepreneurship and government funding. The results are show in table 8;

Table 8: Paired sample t-test: Attitude towards social entrepreneurship by government funding

	Received government funding	N	Mean	Std. Deviation	Std. Error Mean	T	P-value (2 tailed)
Intent achievement	Yes	28	5.06	0.537	0.102	7.064	0.000
	No	109	3.90	1.343	0.129		
Personal control behaviour	Yes	28	4.80	0.854	0.161	3.931	0.000
	No	109	4.02	1.230	0.118		
Capabilities behaviour	Yes	28	4.79	0.538	0.102	4.556	0.000
	No	109	4.09	1.193	0.114		
Achievement cognition	Yes	28	4.51	0.632	0.119	3.244	0.002
	No	109	3.99	1.146	0.110		

The results revealed that for Intent achievement, the co-operatives that received government funding rated the construct significantly higher at 5.06 as they were able to also start their businesses compared to 3.90 for those that do not receive government funding. This is because the p-value was less than 0.05. The co-operatives' members also stated that those who were funded were able to start their work because most of them are not eligible for loans from formal institutions and have no alternative.

The same trend was observed for the constructs Personal control behaviour, Capabilities behaviour, Achievement cognition, which was rated significantly higher by co-operatives that receive government funding, compared to those that do not.

4.6 Entrepreneurial orientation of government funded co-operatives

The third research question was to describe and measure the extent to which elements of entrepreneurial orientation exist within the co-operatives in Gauteng. In doing so, we examined descriptive statistics to provide a summary on central tendency, variability and shape or skewness of the score distributions of the scale for each item and lastly, we performed factor analysis for the dimensional reduction of the factors. One-sample t-test was also conducted to assess whether the respondents were agreeing or disagreeing with the entrepreneurial orientation constructs. The test was conducted against the mid-point of the scale which demarcates where agreement starts from disagreement. Entrepreneurial orientation constructs were measured on a five-point Likert scale and thus the mid-point of the scale was 2.5. The null hypothesis was that the respondents neither agree nor disagree with the constructs ($\boldsymbol{\mu = 2.5}$). The alternative hypothesis was the respondents were agreeing with the constructs ($\boldsymbol{\mu > 2.5}$). Thus, this is a one tailed t-test and the null hypothesis is rejected if the p-value (1-tailed) is less than 0.05. The results are shown in table 9;

Table 9: One-sample t-test for Attitude towards social entrepreneurship

One-Sample Statistics					One-sample t-test against the mid-point of the scale (3.5)	
	N	Mean	Std. Deviation	Std. Error Mean	T	P-value (1-tailed)
Self esteem	137	4.61	1.276	0.109	10.223	0.000
Pro-activeness	137	2.84	1.252	0.107	-6.128	1.000
Innovation affect	137	2.60	1.272	0.109	-8.249	1.000
Risk taking	137	2.58	1.282	0.110	-8.406	1.000

The results show that the respondents agreed with Self-esteem only (mean = 4.61, p-value = 0.000) and disagreed with each of Pro-activeness, Innovation affect, and Risk taking since the p-values were greater than 0.05.

4.7 Differences in entrepreneurial orientation between funded and non-funded co-operatives

The fourth research question was to describe and measure the extent to which elements of entrepreneurial orientation exist and the difference between government funded and non-government funded co-operatives in Gauteng. Independent sample t-test was also used to assess whether there were differences in entrepreneurial orientation between co-operatives that receive government finding and those that do not receive government funding. The results are shown in table 10;

Table 10: Paired sample t-test: entrepreneurial orientation by government funding

	Received government funding	N	Mean	Std. Deviation	Std. Error Mean	T	P-value (2 tailed)
Pro-activeness	Yes	28	2.81	1.297	0.245	-0.164	0.870
	No	109	2.85	1.247	0.119		
Risk taking	Yes	28	2.50	1.212	0.229	-0.365	0.716
	No	109	2.60	1.304	0.125		
Innovation affect	Yes	28	2.68	1.304	0.246	0.349	0.727
	No	109	2.58	1.269	0.122		
Self esteem	Yes	28	5.17	0.548	0.104	4.150	0.000
	No	109	4.47	1.370	0.131		

It can be noted that Self-esteem was rated significantly higher by government funded co-operatives (mean = 5.17) compared to those that do not receive funding (mean = 4.4) since the p-value of 0.000 was less than 0.05. This resulted in the increased confidence of the members of the co-operatives and being able to regard themselves as business owners and some with the assurance that they will be involved in projects rather than being permanently unemployed. The constructs Pro-activeness, Risk

taking, and Innovation affect did not differ by whether a co-operative received government funding or not since the p-values were greater than 0.05

4.8 Constraints perceived by government funded co-operatives to engaging in social entrepreneurship

The fifth research question was to identify and discuss the constraints that co-operatives perceive as barriers to engaging in social entrepreneurship. A one-sample t-test was also conducted to assess whether the respondents were agreeing or disagreeing with the barriers of Social entrepreneurship constructs. The test was conducted against the mid-point of the scale which demarcates where agreement starts from disagreement. The null hypothesis was that the respondents neither agree nor disagree with the constructs ($\boldsymbol{\mu = 3}$). The alternative hypothesis was the respondents were agreeing with the constructs ($\boldsymbol{\mu > 3}$). The barriers to social entrepreneurship construct were measure on a 5-point Likert scale and thus the mid-point of the scale was 3.

Table 11: One-sample t-test for barriers of Social entrepreneurship

One-Sample Statistics					One-sample t-test against the mid-point of the scale (3)	
	N	Mean	Std. Deviation	Std. Error Mean	t	P-value (1-tailed)
Social norms	137	3.97	0.912	0.078	12.387	0.000
Entrep knowledge	137	3.75	1.102	0.094	7.949	0.000
Financial support	137	2.79	0.916	0.078	-2.675	0.996
Institutional support	137	2.09	0.754	0.064	-14.135	1.000

The respondents agreed with Social norms (mean = 3.97, p-value = 0.000) and Entrep knowledge (mean = 3.75, p-value = 0.000) as barriers to Social entrepreneurship. On the other hand, they disagreed with each of financial support (mean = 2.79, p-value = 1.000) and Institutional support (mean = 2.09, p-value = 1.000) since the p-values were greater than 0.05.

4.9 Differences between the perceptions of barriers to social entrepreneurship between funded and non-funded co-operatives

Finally, a research question to assess the difference between the perceptions of barriers to social entrepreneurship between government funded and non-funded co-operatives was investigated. An independent sample t-test was also conducted to assess whether there were differences in perceptions on barriers to social entrepreneurship between co-operatives that receive government funding and those that do not receive government funding. The results are shown in table 12;

Table 12: Paired sample t-test: Barriers of Social entrepreneurship by government funding

	Received government funding	N	Mean	Std. Deviation	Std. Error Mean	T	P-value (2 tailed)
Entrep knowledge	Yes	28	4.39	0.249	0.047	6.648	0.000
	No	109	3.58	1.174	0.112		
Financial support	Yes	28	3.37	0.890	0.168	3.942	0.000
	No	109	2.64	0.865	0.083		
Institutional support	Yes	28	2.05	0.763	0.144	-0.333	0.740
	No	109	2.10	0.754	0.072		
Social norms	Yes	28	4.39	0.396	0.075	4.488	0.000
	No	109	3.86	0.975	0.093		

The results revealed that respondents receiving government funding agreed more with the following barriers compared to their counterparts from co-operatives that do not receive government funding;

- Entrep knowledge (government funded co-operatives mean = 4.39, not government funded mean = 3.58, p-value = 0.000);

- Financial support (government funded co-operatives mean = 3.37, not government funded mean = 2.64, p-value = 0.000);
- Social norms (government funded co-operatives mean = 4.39, not government funded mean = 3.86, p-value = 0.000)

Finally, it is possible to state that the questionnaire constructed is reliable and sufficiently complete, even if obviously researchers and co-operatives' representatives may find some questions unanswered insofar as these were not addressed in the questionnaire.

4.10 Conclusion

Co-operatives can help alleviate poverty as well as promote empowerment. Economic inequality, social exclusion and poverty are still complex phenomena that cannot be resolved by solely promoting social entrepreneurship. This research has discovered that the majority of members are ill-equipped or lack adequate education and training to manage and run their own co-operatives. There is not only a lack of support and services to self-help structures but also an incorrect perception on co-operatives. Therefore, there is a need to start from what the people know, especially their own experiences with stokvels, burial societies, and other societies and clubs (Nigrin, 2001). A comprehensive approach is needed to tackle these problems head-on with the co-operative strategy forming part of the overall plan.

5 CHAPTER FIVE DISCUSSIONS OF THE RESULTS

5.1 Introduction

This chapter delineates the research findings that are presented in Chapter 4, the main resolution of which is to highlight these findings and to draw relevance to the literature reviewed and presented in Chapter 2. Furthermore, the research findings could provide substantial insights into other areas of social entrepreneurship not dealt with here and for investigation into future research.

The research findings follow the same format as Chapter 4, interpreting and discussing each research proposition as analysed in Chapter 4. The chapter first discusses the results from research question 1 (to describe and measure the extent to which elements of entrepreneurial attitudes exists in co-operatives in Gauteng); the dominant literature is that of Derr (2013), Twalo (2012), Majee and Hoyt (2011); Schoeman (2006), Satgar (2007), Byabashaija and Katono (2011) and Gnyawali and Fogel (1994).

This is followed by the second research question (the perceived desirability of entrepreneurship is not positively associated with entrepreneurial intentions of the co-operatives); the dominant literature is that of Krueger (2000), Shapero and Sokol (1982), Fitzsimmons and Douglas (2011), Karhuhen and Ledyaeva (2010) and Ekore and Okekeocha (2011). The third research question (government funded co-operatives seem to positively locate control over the events of their lives more than co-operatives that are non-government funded) is then discussed with the dominant literature being that of Thaba and Mbohwa (2008), Di Zhang and Bruning (2011), Lee and Tsang (2001), Rotter (1954) and Miller and Toulouse (1986). Lastly, the fourth research question (to assess whether there are differences in perceptions on barriers to social entrepreneurship between government funded and non-government funded co-operatives) is discussed and supported by literature from Smith and Darko (2014),

Ladzani and Netswera (2005), Delma and Wiklund (2008), and Mahadea and Pillay (2008), Dahl and Dorenson (2007).

5.2 Discussion pertaining to research question one

This research question was represented by Questions 1 to 11 and a variety of questions addressed elements of attitudes such as, intent achievement, personal control behaviour, capabilities behaviour and achievement recognition. In order to provide robust results, a one-sample t- test was conducted against the mid-point of the scale which demarcates where agreement start from disagreement. It can be noted that the respondents agreed with all four attitude constructs; Capabilities behaviour (mean = 4.23, p-value = 0.000), Personal control behaviour (mean = 4.18, p-value = 0.000), Intent achievement (mean = 4.14, p-value = 0.000) and Achievement cognition (mean = 4.09, p-value = 0.000). This is because the p-values were less than 0.05 and the means were greater than 3.5, the mid-point of the scale. According to the literature in chapter 2 on attitudes, this clearly indicates that attitudes are purported as a better method of the description of entrepreneurs than either personality characteristics or demographics of society. Co-operatives' members who have positive beliefs about opportunities are willing to take risks, able to start a social business and have positive perceptions of the value of doing so. Hence, there is a direct link to positive societal perceptions about social entrepreneurship and the possible strong influence on social entrepreneurial activity.

Gird and Bagraim (2008) examined the theoretical sufficiency of the theory of planned behaviour, the findings shows that the attitude towards entrepreneurship had the strongest effect on entrepreneurial intent, while the perceived behavioural control and subjective norm variables had weaker statistically significant effects (Gird & Bagraim, 2008). Another study conducted by Byabashaija and Katono (2011) looked at the impact of college entrepreneurial education on entrepreneurial attitudes and intention to start a business in Uganda; the analyses included tests of significance of changes in the

attitudes and intentions of students after the entrepreneurship course, the mediating role of attitudes and moderating role of employment expectations. The findings show small but significant changes in attitudes and a significant mediating role of attitudes-perceived feasibility, perceived desirability and self-efficacy, but non-significant moderating influence of employment expectations.

The findings of this study showed that forty percent of respondents indicated a positive attitude towards social entrepreneurship, taking into account both the advantage and disadvantage associated with social entrepreneurship.

5.3 Discussion pertaining to research question two

The research question investigated was that government funded co-operatives seem to positively locate control over the events of their lives more than co-operatives that are non-government funded. We used Questions 1 to 13 and an independent sample t-test was employed to assess the difference in attitude. The results revealed that government funded co-operatives rate the construct higher at 5.06 as they were able to start their businesses compared to 3.90 for those who did not receive funding. Interestingly, thirty nine percent of co-operatives' respondents who were government funded had the highest level of social entrepreneurship intent and personal control behaviour. This was largely because the co-operatives' members were able to start their business immediately, because most of them were not eligible for loans from formal institutions. This is largely attributed to the link between government funding and radical economic transformation programmes embarked on by the South African government. Honorable Minister Lindiwe Zulu stated, "The government has identified procurement opportunities for co-operatives and small enterprises and are currently negotiating transversal agreements with various departments to ensure access to these opportunities. The implementation of the 30% target for public procurement by SMMEs and Co-operatives will ensure increased participation by emerging enterprises in the mainstream economy" (DTI, small-business-development-dept-budget-vote-2015).

Currently, the Department of Trade and Industry offers a grant of about 10% to 30% of the total qualifying infrastructural development costs, up to a maximum of R50 million. based on the achieved score in the Economic Benefit Criteria. For example, in May 2014, Cloete, the chief executive of Grocat, submitted an application for funding and a business plan to Sefa detailing how he planned to establish black-owned co-operatives to run and own these manufacturing plants Nine weeks later he was notified that his application had been successful. Cloete has already set up three co-operatives in Ga Rankuwa, Kagiso and Witbank that will each run their own respective manufacturing plants. Sefa also arranged for the Department of Trade and Industry to provide the business with R100 000 for an enterprise development programme (The Small Business Connect, 2015, p, 19).

The research specifically defined the above construct against literature, especially since pragmatic research on social entrepreneurship was said to be insufficient. Interestingly, given the current socio-economic context of South Africa, the above factor agrees with literature that government-funded co-operatives have a positive attitude towards social entrepreneurship, which would ultimately lead to engagement in social enterprises.

5.4 Discussion pertaining to research question three

The research question investigated the barriers to social entrepreneurship construct and were measure on a 5-point Likert scale and thus the mid-point of the scale was 3. The respondents agreed with Social norms (mean = 3.97, p-value = 0.000) and Entrep knowledge (mean = 3.75, p-value = 0.000) as barriers to Social entrepreneurship. On the other hand, they disagreed with each of financial support (mean = 2.79, p-value = 1.000) and Institutional support (mean = 2.09, p-value = 1.000) since the p-values were greater than 0.05. Furthermore, literature in Chapter 2 shows that perceived constraints vary from psychological factors, lack of finance and lack of experience, lack of

entrepreneurial knowledge and lack of business support and limited resources. This indicates that no one-size-fits-all approach can be used.

Harms, et al. (2014) note that mobilisation of local communities in combating unemployment and poverty is crucial. It is in this context that the government of South Africa has put major importance on the development of the co-operative movement and entrepreneurship. The reality is, however, that the levels of entrepreneurship in South Africa are worryingly low. For instance, townships have always been hives for entrepreneurial activity, but the main challenge has been unlocking the potential in order to generate broader economic benefits. Research by the World Bank Group shows that the township of Diepsloot has a R2 billion economy, most of which is spent in the surrounding suburbs of Sandton and Fourways, whereas First National Bank estimates Soweto's consumer spending power to be about R5 billion. In an effort to solve some of the challenges experienced in South Africa's townships, the government has introduced a number of interventions to support township SMMEs and entrepreneurs, and to help them flourish. The Gauteng Provincial Government announced that it would allocate approximately R300 million in support of township enterprises and co-operatives over the 2015/16 financial year (The-state-of-SAs-township-entrepreneurship).

5.5 Discussion pertaining to research question four

Finally, a research question to assess the difference between the perceptions of barriers to social entrepreneurship by co-operatives was investigated. Although the statistics indicated that a significant number of respondents receiving government funding believed that lack of entrepreneurial knowledge and social norms (4.39) were the perceived barriers to engaging in social entrepreneurship, on the other hand, they disagreed with lack of financial support at 3.37. However, some business owners and co-operatives view entrepreneurship as a "stop-gap" measure while looking for formal employment (Chigunta, et al., 2005), which proves the point that implementing all these policies without identifying the barriers that discourage co-operatives from engaging in

social entrepreneurship will be difficult, if not impossible, to implement. Thaba and Mbohwa (2015) investigated the role, nature and status of co-operatives in South Africa. They reported that the main obstacle to entrepreneurial orientation is perceived to be the lack of capital, lack of skill, lack of support, lack of market opportunities and risk.

The findings of this study indicate that co-operatives had varying results, because some co-operatives were government funded and others were not. The three main constraints were; firstly, lack of access to finance to start a social enterprise, co-operative and business. Pretorius and Shaw (2004) also concluded that access to both internal and external finance plays a critical role to improve the survival rate and growth of entrepreneurs and co-operatives. As concluded by Maas and Herrington (2006), lack of financial support is the second major contributor to the low TEA rate in South Africa (Lévesque & Minniti, 2006).

Furthermore, the factors of constraints were reduced and grouped to give us a useful overall perceived constraint. The principal component analysis test was performed and indicated four components that were labelled, lack of support, risk, market opportunity and lack of capital. Interestingly, the findings indicated that the main perceived constraint for non-government funded co-operatives in Johannesburg is “lack of support”. This section comprised the following factors: Lack of social entrepreneurship information, high registration costs, fear of risk, no people encouraging me, lack of security or guaranteed collateral, do not have right contacts, no one helping and limited management and entrepreneurship knowledge.

GEM (2009) mentioned that young people in South Africa have a lower social awareness as compare to their international counterparts; it is not clear whether poor education or a lack of belief in their own skills is limiting the number of young people active in social organisations, and this research could yield interesting insights.

5.6 Conclusion

The results and discussion of the research attempts to offer empirical evidence of the dynamics, revealed in the theory, and to search for answers to research questions. There is evidence of positive attitudes towards social entrepreneurship among the co-operative members. Furthermore, the reasons for this result came out as additional information given by respondents even though they were not asked as part of demographic characteristics. This was encouraging, considering the reports by the GEM report on low TEA and low SEA among youth in South Africa.

The theory on constraints indicated that the constraints identified by this research are to be recognised and are receiving attention from the change makers, policy makers and researchers. Initiatives in supporting co-operative's social enterprises in South Africa are emerging. The government has developed strategies and funding opportunities to support co-operative's social enterprises.

6 CHAPTER SIX: CONCLUSION

6.1 Introduction

According to Luiz and Marriotti (2011), South Africa has a comparatively small informal and entrepreneurial sector. Entrepreneurship and co-operatives are said to play a critical role in economic and social stability in many developed countries. However, in South Africa there are enormous challenges with its high levels of unemployment among the youth, especially university graduates, due to lack of work experience, low skills base and education. Youth are not just future citizens of the democratic system, but they are active stakeholders in shaping democracy at a given moment. Focusing on attitudes and constraints helps us to understand important conditions for vibrant engagement with the aim of eradicating the "triple challenge" among youth and the co-operative sector. Literature has shown that the theory of planned behaviour plays an important part in explaining the role of attitudes in entrepreneurial intention or orientation and the constraints identified. Literature has also shown that social entrepreneurship is still a poorly defined paradigm and that it can provide great opportunities in dealing with socio-economic issues and academic enquiry. It seems to have a special echo with South Africa, as it is a developing nation and a country in transition with a reasonably new democracy. In this respect, the socio-economic institutions necessary for sustainable and prosperous nation building, especially among the young population, and co-operatives/small medium enterprises (SMME'S) are still in the process of being recognised.

This chapter summarises the findings of the study and the conclusions that can be drawn from the literature reviewed and interviews based on three focus areas, namely: the extent to which co-operatives understand, and embrace the concept of social entrepreneurship: to further provide a descriptive analysis of the attitudes and entrepreneurial orientation of the co-operatives towards social entrepreneurship. Furthermore, it critically identified the perceived barriers to engaging in social entrepreneurship.

6.2 Main findings of the research

The three main findings of this research on co-operatives attitudes towards social entrepreneurship and perceived constraints are as follows:
The conclusion of the study is that there seems to be a positive level of innovativeness, risk-taking and pro-activeness in co-operatives of Gauteng in South Africa. Moreover, the results also demonstrated that there is an optimistic and strong relationship between the external variable that is **government funding** and the four EO dimensions. It should, however, be noted that this outcome did not segregate between the types of structures that existed in the co-operatives. With respect to the demographic internal variable **educational level and management capabilities** and the three EO dimensions, the results established that there is a resilient and positive relationship between the variables. It is confirmed that co-operatives' culture and **management capabilities** are the authoritative internal factors that can nurture or inhibit social entrepreneurship. The relationship between the variables was significant and is aligned to many previous research studies, which found that co-operative culture and management capabilities are confidently related to innovation, risk-taking and pro-activeness. Additionally, the results also proved that there is an encouraging and strong relationship between the external variable that is **government funding** and the four attitude dimensions. The co-operatives' respondents who were funded by government had the highest level of social entrepreneurship intent, more so than the non-funded-co-operatives. The co-operatives' members stated that those who were funded were able to start their work immediately because most were not eligible for loans from formal institutions. Furthermore, the personal control behaviour, capabilities behaviour and achievement cognition was rated significantly higher by the co-operatives that received government funding compared to those who did not.

Lastly, the variable of constraints in relation to innovation, risk taking and pro-activeness establish that while there is a relationship, it is not significant. The outcome

of the study acknowledged that there is a weak relationship between these variables. This can be ascribed to the perception that within the co-operative sector, there is a high degree of failure. Also, the fact that there is certain level of political connectedness, that seems to cripple the level of creativity and entrepreneurship amongst co-operatives. There is a poor or low level of accountability to the members because there is strong reliance on political connections to get more funding. Also, there does not seem to be appropriate mechanisms for recovery of state funding and ensuring that directors are held personally accountable for any failures.

Co-operatives in Gauteng had a positive attitude towards social entrepreneurship and engaging in social enterprises.
The main constraints are:

- Lack of access to finance
- Lack of savings to start and
- Inadequate training and mentoring on how to run co-operatives.

The main limitation to social entrepreneurship is “Lack of support, access, infrastructure and weak economic environment.”

6.3 Limitations

- The scale was a self-report instrument and some respondents may have had some difficulty in understanding some of the questions. The manner in which some of the questions were answered was incorrect in spite of clear instructions provided in the questionnaire.
- The sample used in this research was described in Chapter 3, and indicated that it was a non-probability sample, accessed within the South African context. Due to this, the sample may not represent the whole population of co-operatives; therefore, this research must be approached with caution and the interpretation of the results and data should be limited to the co-operatives in the Gauteng province.

- The study concentrated on the perceived constraints of co-operatives. A drawback may arise in that possible variances may exist between “perceived” and “reality”.
- Another restriction of this study might be that respondents, because of their socio-economic challenges, may not able to express themselves freely and confidently because of English language difficulties. Some terms might be difficult to comprehend, especially for those with no educational qualifications.

6.4 Recommendations for future research

The study had opportunities that may be suitable for further research. The research data was collected directly from actively registered co-operatives in the Gauteng province; therefore, it does not represent the view of all co-operatives. Future research could be conducted with the aim of including all co-operatives.

The research found that 40 percent of respondents indicated a positive attitude towards Social entrepreneurship, taking into account both the advantage and disadvantage associated with social entrepreneurship. The government-funded co-operatives had the highest level of social entrepreneurship intent, more so than the non-funded-co-operatives. They were able to start their work immediately because most were not eligible for loans from formal institutions. Furthermore, the personal control behaviour, capabilities behaviour and achievement cognition was rated significantly higher by the co-operatives that received government funding compared to those who did not. Co-operatives are a form of economic development that is cost effective, efficient, and relatively easy to administer (Department of Trade and Industry, 2012). The policy directives focus on ‘‘creating an enabling environment for co-operative enterprises which reduces the disparities between urban and rural businesses and is conducive to social entrepreneurship” (Raninga, 2016, p. 1). Co-operatives currently play a visible role in poverty reduction strategies in transitional economies. However, critics maintain that these co-operatives continue to operate in a disabling environment, which ignores the structural roots and inequalities created at a global level that makes poverty stick to

female-headed households in particular (Global Agenda, 2012). Chingono and Mbohwa (2015) assert that unemployed people view co-operatives' formation as a vehicle to access government start-up capital. It is very uncommon where one can discover a co-operative in South Africa that is functional, where the start-up resources and finance are mainly from the members.

Furthermore, the perception is perpetuated by the observation that some people with political connections started co-operatives just to get free grants from government. After receiving free grants, the spending patterns tends to show that members lack financial prudence and do not to know what to do with the money. Raninga, et al. (2016) assert that it is critical for the co-operative to realise that the success of their co-operatives will mean the aims and objective of the government will be met. That is employment creation and the reduction of poverty.

This study investigated perceived constraints of co-operatives towards social entrepreneurship. However, a constraint may arise in that possible differences may exists between "perceived" and "reality" Therefore an investigation needs to be done where co-operatives are investigated to establish the support they provide each other. This will provide an insight into the co-operation and collaboration that co-operatives can offer to alleviate issues such as lack of resources, thus enabling them to participate meaningfully in the economy.

Mataboge et al. (2014) notes that there is a need for an African chapter on Co-operatives and Social entrepreneurship. Current models and strategies are portraying social entrepreneurship as a new concept, which it is not. For example, Social entrepreneurship, in the South African context, can be a combination of "Ubuntu", empathy and leaving a legacy for stakeholders and not shareholders. Secondly, educational institutions, together with government departments, may gradually introduce partnership programmes that can lead to an establishment of change-making campuses and a training academy that ensures continuous learning (Voine, 2015). It is advisable that transformative social development interventions should include the establishment of

a co-operative network forum. The forum is to assist women to strengthen networks and lobby for training and funding to sustain their projects. In addition, national social protection will enhance the role modelling and championing in the field. Furthermore, the co-operatives' roadmap to Social Entrepreneurship is crucial. It is sensible that co-operatives are not measured using the same instrument as SMME's. They have a different DNA; hence, it is important to have programmes tailored specifically for co-operatives' Social entrepreneurship. This study highlights that banking on human capacity development; on-going business skills training; building partnerships and collaborations within the community; and linking with local, national, and international agencies outside of the community were useful and sustainable livelihood practices for sustaining the art, craft and economic development of the co-operative.

Likewise, the country has a high number of unemployed graduates who can be trained and empowered to become co-operative managers, and oversee operations within co-operative enterprises. The study recommends the formation or a launch of a co-operatives internship programme as part of a qualification that will permit a person to advise, manage, train or facilitate development in a co-operative. Co-operatives need to have managers who will manage the co-operatives with a strategic and operational plan. South African people who form the co-operative majority are people with no or little education. Zeuli and Cropp (2012) state that co-operatives' benefits may include better prices for goods and services, and dependable sources of inputs and markets for outputs; this is highly possible if there are people who help oversee the operation of the business.

6.5 Conclusion

The South African government sees the development of small businesses and co-operatives as catalysts for economic growth and job creation. Speaking during a vote on the budget, small business minister, Lindiwe Zulu, highlighted the importance of small businesses and co-operatives in the country's economic transformation.

According to the minister, the department will develop a business rescue strategy aimed at supporting SMMEs and co-operatives in financial distress (Voinea, et al. 2015). Social entrepreneurship remains a relatively new and emerging phenomenon, and an under-researched domain.

Co-operatives are growing and gaining recognition. Definitional attempts of social entrepreneurship have proliferated. The results presented in this study provide an indication of the paradigm development in South Africa, and in this regard, can be seen as unique, especially for the young population. The government is also running a Mass Youth Enterprise Creation Programme, which aims to create enterprise opportunities for youth-owned small, medium and micros-sized enterprises (SMMEs) and co-operatives. Government departments have to earmark 30% of their procurement spend towards growing and expanding youth owned enterprises in their acquisition of goods and services in fulfilling their operational mandate (Vionea, 2015, p. 1).

Literature existing on social entrepreneurship is mostly theoretical in nature. The domain still needs substantial empirical enquiry and this is probably the greatest and most immediate challenge. Moreover, social entrepreneurship is not exempt from criticism and cynicism (Urban, 2008; Zahra et al., 2009), especially related to the scholarly and inconsistent principles associated with using private entrepreneurial means in pursuing social justice ends. This major challenge is expected since minimal empirical data exists, and the difficulty in measuring social entrepreneurial outcomes, namely, the triple bottom line (financial, social and environmental) still remains, both on a physical and psychological level (Austin et al., 2006; Zahra et al., 2009). Entrepreneurship is also a difficult subject to research since it involves psychological traits, which are fundamentally complex to ascertain and measure (Baum, Frese & Baron, 2007).

While theoretical and empirical research into commercial entrepreneurship seems prevalent, similarly theoretical research into social entrepreneurship, the empirical research undertaken in this study provides some degree of support in growing the body

of knowledge in social entrepreneurship. Moreover, its pedagogic value could further stimulate academic enquiry (Teise, 2012).

Teise (2012) notes that the newness of the social entrepreneurship concept does not necessarily have to act as a deterrent to its advancement; instead it can stimulate interest within society. Urban (2008) alluded that sharing of information by academia to major societal stakeholders such as government, business, community institutions and civic leaders can provide valuable impetus in the advancement of social entrepreneurship. This intervention has particular relevance to South Africa, where social entrepreneurship education, training and capacity building can assist in meeting the needs of society where previous government attempts at social redress have failed (Urban, 2008). Co-operatives are, by their very nature, about initiative and self-reliance. Many of our successful co-operatives are an example of how much we can achieve if we seize the opportunities brought by our democracy and freedom to create a better life for our fellow citizens. Co-operatives are the centre of the much-needed village and township economic revival and they enable people to easily access business and work opportunities, raise savings and extend education and training not only to themselves, but also to the local communities in which they are operating. Furthermore, co-operatives hold some of the answers to the pressing socio-economic challenges that confront communities (SAnews.gov.za 6 July 2014). The study also aspired to provide solutions which can mitigate the “triple challenge” of poverty, unemployment and inequality, especial as it affects the co-operatives. It was anticipated that the research findings would form the basis for further study for other researchers to follow in the area of social entrepreneurship.

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APPENDIX A: COVER LETTER AND QUESTIONNAIRE

The study seeks to describe the attitudes and the entrepreneurial orientation of the co-operatives and government funded co-operatives towards social entrepreneurship and to identify the perceived constraints to engaging in social entrepreneurship in Gauteng.

Dear Sir/Madam,

My name is Sindiswa Nambondia and I am both a Master of Management candidate and a member of staff in the Graduate School of Business Administration School, University of the Witwatersrand, Johannesburg. The title of my MMENVC research is: ***To describe the attitudes and the entrepreneurial orientation of the co-operatives towards social entrepreneurship and to identify the perceived constraints to engaging in social entrepreneurship in Gauteng.*** Specifically, I am interested in understanding how the co-operatives in Gauteng understand the concept of social entrepreneurship. To further understand their attitudes towards social entrepreneurship.

As a member of a co-operative, you are invited to participate in my research by completing the attached questionnaire. The purpose of the questionnaire is to investigate and describe the attitudes of the co-operatives towards social entrepreneurship.

What will happen if you choose to participate in the research?

- There is no risk to you and no harm will come to you if you do participate
- Your responses are important and there are no right or wrong answers. It would be appreciated if you answered all the questions. However, you may choose not to answer certain questions and you may stop answering the questionnaire at any stage.

- Your responses will be taken to be both confidential and anonymous. In order to ensure your confidentiality and anonymity, you will not be required to give your name or your business's name at any stage.
- Should you struggle to understand any of the questions, I will assist by translating them into a language you are comfortable with.
- This study is for academic purposes only and the results of the study will only be reported in my thesis.

What will happen if you choose <u>not</u> to participate in the research?

- Participation in the research is purely voluntary. Nobody will force you to complete the questionnaire.
- There will be no penalty or consequence if you do not complete the questionnaire.

The study was approved unconditionally by the post Graduate School of Business Administration (WBS) of the University of the Witwatersrand, Johannesburg. Should you have any queries relating to the research, please feel free to contact me on 083 844 3890 or Sindiswa.nambondia@wits.ac.za . Alternatively, you can contact my supervisors, Dr Robert Venter, on 084 580 7587 or Robert.venter@wits.ac.za . You may additionally direct any requests for copies of the results to me on the aforementioned numbers.

Sindiswa Tilane – Nambondia

SECTION A: PERSONAL INFORMATION

This section of the questionnaire refers to your background or biographical information; it lists the characteristics of the respondents in the survey with regards to gender, race, level of study, and membership of the co-operative and experience. Your cooperation is appreciated

1.1 Your age in years

1.2 Your gender: Female ❑ Male ❑

1.3 What is the role of the respondent in the co-operative?

1.4 Indicate your highest level of education:

Matric	❑	Honours degree	❑
Diploma	❑	Master's degree or equivalent	❑
Bachelor degree	❑	PhD or equivalent	❑
Post graduate Diploma	❑		

1.5 Where is your co-operative located? (please list area)

1.6 In what sector do you operate in? (as per SIC classification)

1.7 How many years have you been running this co-operative? Less than 1 year ❑ 1-5 years ❑ More than 5 years ❑

1.8 What is the name of the co-operative?

a. What is the role of the respondent in the co-operative?

1.9 How many people do you employ?

1.10 Indicate where your co-operative operates: (select only one option)

a. On the farm ❑
b. In a formal building ❑
c. At home ❑
d. Other (where your business operates from ***if*** you haven't ticked any of the above):

1.11 What is your average monthly turnover (in rands)? R

1.12 Has the co-operative received any government funding? ❑ Yes ❑ No

a. If yes how much and when?

1.13 What product /service do you offer?

1.14 Does your co-operative have a vision and mission statement? ❑ Yes ❑ No

a. if yes what is it?

b. if no why?

1.15 Why did you join the co-operative?

1.16 How much is the joining fee?

1.17 What is your estimated Total Sales in Rands at 2014?

	Section B: Attitudes toward Social Entrepreneurship					
		Strongly Agree	***Agree***	***Neutral***	***Disagree***	***Strongly Disagree***
B1	*Starting my own business or co-operative sounds attractive to me*	*1*	*2*	*3*	*4*	*5*
B2	*Becoming a successful entrepreneur would be an important part of who I am*	*1*	*2*	*3*	*4*	*5*
B3	*I read social entrepreneurship news*	*1*	*2*	*3*	*4*	*5*
B4	*I spend time searching and learning about starting social enterprises*	*1*	*2*	*3*	*4*	*5*
B5	*It is important for me to express my entrepreneurial ambitions*	*1*	*2*	*3*	*4*	*5*
B6	*I would rather establish a new social project than be a manager of an existing one*	*1*	*2*	*3*	*4*	*5*
B7	*I plan my future carefully*	*1*	*2*	*3*	*4*	*5*
B8	*My family and friends support me to start my own business or social project*	*1*	*2*	*3*	*4*	*5*
B9	*I have the skills and capabilities required to succeed as an entrepreneur*	*1*	*2*	*3*	*4*	*5*
B10	*I know people in my area who have successfully started social entrepreneurship /business*	*1*	*2*	*3*	*4*	*5*
B11	*I enjoy facing and overcoming obstacles to my ideas*	*1*	*2*	*3*	*4*	*5*
	Section C: Entrepreneurial Orientation					
C1	*I have many ideas for social entrepreneurship projects*	*1*	*2*	*3*	*4*	*5*
C2	*I am constantly alert to business or social entrepreneurship opportunities*	*1*	*2*	*3*	*4*	*5*
C3	*I can spot a good opportunity long before others can*	*1*	*2*	*3*	*4*	*5*
C4	*I am saving money to start a social entrepreneurship project*	*1*	*2*	*3*	*4*	*5*
C5	*I would like to take serious risk within the next six months*	*1*	*2*	*3*	*4*	*5*
C6	*I get excited when I am able to approach tasks in unusual ways*	*1*	*2*	*3*	*4*	*5*
C7	*I enjoy being able to use old business concepts in new ways*	*1*	*2*	*3*	*4*	*5*
C8	*I believe it is important to continually look for new ways to do things*	*1*	*2*	*3*	*4*	*5*
C9	*I usually take control in unstructured situations*	*1*	*2*	*3*	*4*	*5*
C10	*I spend a lot of time planning my social entrepreneurship activities*	*1*	*2*	*3*	*4*	*5*
C11	*I feel very good because I am ultimately responsible for my own success*	*1*	*2*	*3*	*4*	*5*
C12	*I make it a point to do something significant and meaningful at my business everyday*	*1*	*2*	*3*	*4*	*5*
C13	*I feel very self-conscious when making social entrepreneurship proposals*	*1*	*2*	*3*	*4*	*5*

	Section D: Barriers toward Social Entrepreneurship					
		Strongly Agree	***Agree***	***Neutral***	***Disagree***	***Strongly Disagree***
D1	*Lack of information about social entrepreneurship*	*1*	*2*	*3*	*4*	*5*
D2	*Lack of entrepreneurial education and skills*	*1*	*2*	*3*	*4*	*5*
D3	*Lack of access to finance and funding organisations*	*1*	*2*	*3*	*4*	*5*
D4	*Lack of institutional support from government*	*1*	*2*	*3*	*4*	*5*
D5	*Fear of risk*	*1*	*2*	*3*	*4*	*5*
D6	*Don't have right contacts or connections*	*1*	*2*	*3*	*4*	*5*
D7	*Future is uncertain*	*1*	*2*	*3*	*4*	*5*
D8	*Social entrepreneurs work irregular hours*	*1*	*2*	*3*	*4*	*5*
D9	*There are limited benefits in social entrepreneurship*	*1*	*2*	*3*	*4*	*5*
D10	*There is an element of insecure income that comes with social entrepreneurship projects*	*1*	*2*	*3*	*4*	*5*
D11	*Social entrepreneurship is necessary but time consuming*	*1*	*2*	*3*	*4*	*5*
	Section E: Fears toward Entrepreneurship					
E1	*Weak economic conditions and labour unrest*	*1*	*2*	*3*	*4*	*5*
E2	*No family member did social entrepreneurship before*	*1*	*2*	*3*	*4*	*5*
E3	*Lack of support from family and friends*	*1*	*2*	*3*	*4*	*5*
E4	*Lack of saving to start a social enterprise*	*1*	*2*	*3*	*4*	*5*
E5	*No management and entrepreneurial knowledge and experience*	*1*	*2*	*3*	*4*	*5*
E6	*High registration costs for social enterprise*	*1*	*2*	*3*	*4*	*5*
E7	*I can't write a business plan nor present a proposal*	*1*	*2*	*3*	*4*	*5*

Thank you for your participation and time. Your input is most appreciated and will be treated as confidential all times.