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Fostering Inclusive Entrepreneurship in South African Townships:

A Contextual Analysis





PhD Thesis

Doctor of Philosophy in Business Administration

University of Witwatersrand, Wits Business School

&

Université Grenoble Alpes

by

Palesa Charlotte FELIX-FAURE (née RANKHASA)

Dual PhD Agreement no. S2013/1358A

Declaration

I declare that this research study is my own work. It is submitted in fulfilment of the requirements for a double degree of Doctor of Philosophy in Business Administration at the University of Witwatersrand and the Université Grenoble Alpes. It has not been submitted before for any degree or examination in any other University.

Abstract

Research has revealed a persistently low level of entrepreneurial activity among the Black South Africans, the majority of whom live in the townships. And the government has a major concern regarding the level of unemployment and poverty faced by this population group. It has therefore put into place a number of programs to foster entrepreneurship in order to develop the economy and employment. Despite these efforts, the level of entrepreneurship among Black South Africans, who constitute the majority of the population, has consistently remained low. This qualitative study, applying critical realism ontology, examines how a historical institution like apartheid through its racial discrimination policies may still affect current entrepreneurial behaviour. The outcome demonstrates the presence of active apartheid social mechanisms, and the effects of their underlying institutional logics on entrepreneurial behaviour. This knowledge may be useful in designing more efficient programmes to foster entrepreneurship within the township spatial context. The study contributes to the areas of entrepreneurship context, entrepreneurial motives, and entrepreneurial behaviour in relation to the understudied micro level effects of legacies of previously dominant institutional logics.

Keywords : institutions, institutional logics, spatial context, social mechanisms, institutionalised discrimination, entrepreneurial behaviour, South African townships, critical realism

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"Without context, words and actions have no meaning at all. This is true not only of human communication in words but also of all communication whatsoever, of all mental process, of all mind, including that which tells the sea anemone how to grow and the amoeba what he should do next."

—Gregory Bateson, Mind and Nature, Bantam Books, 1988, p.15 (as cited in (Patton, 2014)

"Personally, I believe that there is an incessant give and take between historical and theoretical analysis and that, though for the investigation of individual questions it may be necessary to sail for a time on one tack only, yet on principle the two should never lose sight of each other."

—Schumpeter (1949), p. 75, "Economic Theory and Economic History"

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Acronyms

ASGISA - Accelerated and Shared Growth Initiative for South Africa

BEE – Black Economic Empowerment

CR – Critical Realism

GDED – Gauteng Department of Economic Development

GEM – Global Entrepreneurship Monitor

NDF - National Development Fund

NDP – National Development Plan

MEC – Member of Executive Council

SEDA - Small Enterprise Development Agency

TEA – Total Early Stage Entrepreneurial Activity

TER – Township Economy Revitilisation

TPB – Theory of Planned Behaviour

UYF - Umsombovu Youth Fund

Chapter 1. Introduction

1.1 Research Context

1.1.1 South Africa's Apartheid History

South Africa has a fairly recent history of racism and oppression that is difficult to ignore. Twenty-eight years ago the country held its first democratic elections in history, whereby the racist and oppressive apartheid regime against non-white citizens, mainly the Black majority constituting about eighty percent of the population, came to an end. The apartheid regime in South Africa was an institutionalised political system that formally came into effect in 1948 ending in 1994, thus lasting 46 years (Allen, 2005; Battersby-Lennard, 2009). Nonetheless, racial segregation and racism can be detected way back into the history of the country before apartheid was made official (Battersby-Lennard, 2009; Mamdani, 2001; Veracini, 2014; Wolfe, 2006). Therefore, apartheid is considered to be a continuation of the process that colonialism had started, and institutionalised and brutally enforced by the National Party government. During the 1985 United Nations International Convention Against Apartheid in Sport, apartheid was defined most clearly as 'a system of institutionalised racial segregation and discrimination for the purpose of establishing and maintaining domination by one racial group of persons over another and systematically oppressing them'. Hendrik Vervoed, who claimed apartheid was a policy of good neighbourliness and an act of God, is considered the principal architect of apartheid. However, South Africa's Prime Minister D. F. Malan was the first to employ the term 'apartheid' in 1944 (Giliomee, 2003) meaning 'state of being apart' in Afrikaans language to designate government's policies of racial segregation between whites and various non-white racial groups (Battersby-Lennard, 2009). Apartheid later became part of the National Party government's policy between 1948 and 1994.

The National Party legalised apartheid, which was a far more thourough type of segregation, as opposed to colonialism, based it on race and passed legal acts to enforce it (Battersby-Lennard, 2009). Thus, apartheid was a legal system enforced by legal institutions and rooted in discrimination, territorial fragmentation, and political repression. The main aim of the apartheid regime was to manipulate the South African population's political, economic, and spatial occupation in such a way as to favour separate development of different racial groups (Allen, 2005; Battersby-Lennard, 2009; William Beinart, 1995). The racial groups were divided into four categories of White, Coloured, Indian and Black African (also labelled as 'Native' or 'Bantu' during apartheid) (Battersby-Lennard, 2009). The racial groups above are listed in order of the most priviledged to the least priviledged according to the racial hierarchy that was reinforced throughout all the apartheid state endeavours.

The apartheid regime implemented laws that intensified racial discrimination and oppression of the non-white citizens. And the Black population received the harshest treatment. Apartheid created conditions that brought into existence entrenched socio-economic inequalities (Mahajan, 2014; Mariotti & Fourie, 2014; Ponte et al., 2007; Rogerson, 2019).
The white population owned 87 percent of South African land though they only constituted ten percent of the total South African population (Atuahene, 2011). While the regime created Bantustans or homelands for Blacks in rural areas, consisting of arid land that is difficult to cultivate. These Bantustans were severely empoverished, and many people were constrained to go seek employment in the mines and the cities. Legislation was applied to restrict their movement from the Bantustans towards the cities, and those in the cities were restricted to the under-resourced townships on the outskirts of the affluent areas of cities occupied by whites.

Townships in the context of South Africa refer to residential areas situated on the outskirts of cities, that were created by the apartheid regime for non-Whites, through central planning, in their quest to segregate South African cities by race (Jürgens et al., 2013). This also served the purpose of organising labour supply for the growing colonial and apartheid economies (Mariotti & Fourie, 2014; McGaffin et al., 2015). Townships are 'predominantly of Black habitation, and were previously formally designated by the apartheid legislation for Black occupation' (McGaffin et al., 2015). They were planned and designed to be located at some distance from the urban towns and cities, close enough to provide cheap labour to the white population, but far enough to prevent any social interaction (McDonald & Piesse, 1999). They were an important supply of cheap labour during apartheid (Mariotti & Fourie, 2014) and are still significantly reliant on the neighboring cities economies (Urban & Ndou, 2019).

Apartheid as a formal institution was ended with the first democratic elections held in 1994 (Allen, 2005; Battersby-Lennard, 2009; Mphambukeli, 2019). The new constitution of the 'rainbow nation' is founded on deracialised policies and unrestricted spatial and social mobility for all (Battersby-Lennard, 2009). This however has become only ideal, because ethnic-based and socio-spatial differentiation mechanisms still continue to persist around the urban centres. South Africa is still attempting to free itself from the legacy of apartheid in many areas (Battersby-Lennard, 2009; Mariotti & Fourie, 2014). And inadequate attention is given to historical injustices still affecting the present generation, and how they may still have a negative impact on future generations (Treiman, 2005; van der Berg & Bhorat, 1999).

1.1.2 South African Township Entrepreneurship Context

Entrepreneurship is now an established research discipline (Zahra & Wright, 2011) with a number of high-quality journals and international conferences taking place every year. The research studies and resulting theories however remain concentrated within the developed country context (Bruton et al., 2008; Bruton et al., 2017; Vermeire & Bruton, 2016). And there is a relatively limited entrepreneurship research based in emerging economies (Bruton et al., 2008, 2017; Urban, 2019; Urban & Ndou, 2019; Vermeire & Bruton, 2016). As a result, for some periods there were even zero studies based in Sub-Saharan Africa that were published in top entrepreneurship journals (c.f. Bruton et al., 2017). Also included in this observation, is limited research studies conducted within the South African township context (Urban, 2015, 2019; Urban & Ndou, 2019). Nonetheless, there is some important work that was published on South African township entrepreneurship (e.g. Mahajan, 2014; Pernegger & Godehart, 2007; Preisendörfer et al., 2012a, 2012b, 2014; Urban, 2010, 2015, 2019) and on the African entrepreneurship context in general (e.g. Bubou & Okrigwe, 2012; Ratsimanetrimanana & Urban, 2015; Sapovadia, 2015; Vermeire & Bruton, 2016) that we are able to build on. We can observe an increasing interest in the studying of entrepreneurship within its context, evidenced by the number of calls to this effect (e. g. Baker & Welter, 2020; Dobson et al., 2018; Jones et al., 2018; Welter, 2011a; Welter & Gartner, 2016) and a number of publications that have been produced on entrepreneurial context (e.g. Baker & Welter, 2014, 2020; Bruton et al., 2008; Johns, 2001, 2006, 2017; Ratsimanetrimanana & Urban, 2015; Smallbone & Welter, 2010; Vermeire & Bruton, 2016; Welter, 2011a; Zahra, 2007; Zahra et al., 2014; Zahra & Wright, 2011).

Context set boundaries for entrepreneurial action, as it has been asserted in a number of publications to date (e. g. Johns, 2006; Welter, 2011a; Zahra et al., 2014). Institutional context, in particular institutionalised racism like the historical apartheid regime that took place in South Africa almost twenty-eight years ago, determined where entrepreneurship could take place (e.g. Smallbone & Welter, 2012). The apartheid regime denied Black South Africans economic freedom (Adonis, 2018; Beinart & Dubow, 1995; Mariotti & Fourie, 2014; Mphambukeli, 2019; Posel, 2010), meaning that Blacks were formally prohibited from participating in any significant economic activity. For example, there are relatively very few privately owned, self-established, and successful Black businesses that survived apartheid oppression and the hard conditions of that era (Ssekitoleko & Plessis, 2021; Thomas, 2020). Some of the few examples of entrepreneurship success stories within the Black community in South Africa include the late Sir Richard Maponya, and Mr Herman Mashaba. Sir Richard Maponya faced an extremely hostile business environment when he started his business during apartheid (Musara & Nieuwenhuizen, 2020a; Ssekitoleko & Plessis, 2021). The regime's legislation opposed Black business operations and success, therefore, his business, though ended up being very successful, was restrained to the informal sector in the beginning (Musara & Nieuwenhuizen, 2020). Sir Richard Maponya also challenged the apartheid government by setting up businesses in the township of Soweto during a time of violent protests against the apartheid regime. He was also exceptionally persistent in persuing authorities to obtain a licence to operate a clothing store, until it was issued, although it was not the norm for a Black person to want to engage in what was considered a '*whites only trade'* (Marwala, 2020*).* Sir Richard Maponya once recounted in an interview with Mr Moky Makura in 2008, how he endured doing business under the somber years of apartheid:

"The reason I succeeded during the apartheid era was because I never took no for an answer; because if you say no to me, there must be a very good reason. If there wasn't [a] reason I would keep on knocking at your door demanding to know the reason why" (Marwala, 2020).

Mr Herman Mashaba is another South African veteran entrepreneur who established his business activities under the harsh apartheid conditions and policies that once dictated life in South Africa (SAentrepreneurs, s. d.). He came from abject poverty and pioneered the first Black owned cosmetics brand while dealing with confrontations and arrests by the apartheid authorities and struggling to overcome informal entrepreneurship challenges such as theft. Mr Mashaba refused to accept the life and future that was intended by the apartheid system for black South Africans, and succeeded to establish one of the most successful businesses in the country, a Black hair cosmetics company, 'Black Like Me' (Musara & Nieuwenhuizen, 2020b).

Today apartheid in South Africa has been formally eradicated, but various peer reviewed research (Co, 2003; Preisendörfer et al., 2012a, 2014; Udimal & Biyase, 2021) and the Global Entrepreneurship Monitor (GEM) studies (Herrington & Coduras, 2019; Maas & Herrington, 2006), have revealed that Black entrepreneurship in South Africa is persistently and significantly lower than that of other ethnic groups, and also lower than that of countries with comparative GDP. This is despite the establishment of major business support initiatives such as *Small Enterprise Development Agency (SEDA), Khula, the National Development Fund (NDF), the Accelerated and Shared Growth Initiative for South Africa (ASGISA), and Umsombovu Youth Fund (UYF)* (Udimal & Biyase, 2021). Since the Black ethnic group constitutes eighty percent of the South African population, it is easy to decipher that they, not any of the other ethnic groups, account for the low economic growth. Thus, their economic

participation has a significant implication on the country's overall economic health. The persistent weak entrepreneurship levels have lead the author towards investigating apartheid as the source of problems hindering current entrepreneurship in South African townships, since apartheid was a significantly devastating event for its victims (c.f. Adonis, 2018; Battersby-Lennard, 2009; Mariotti & Fourie, 2014; Turton & Chalmers, 1990)

In the next section the research problem of the study is elaborated.

1.2 Research Problem

Entrepreneurship has become highly critical for economic development in the eyes of government officials and policy makers, because it has the ability to create employment and economic growth for a country (Naudé, 2010; Ndedi, 2011; Ponte et al., 2007). Three indicators motivated the relevance of this specific research topic. The first one being that South Africa is challenged with high levels of underemployment and poverty (Co, 2003; Ponte et al., 2007; Preisendörfer et al., 2014; Rogan, 2013; StatisticsSA, 3Q 2019). The high unemployment rate, at 29.1% (see figure 1) (StatisticsSA, 3Q 2019), is mainly among the Black population, especially among the youth (15 to 34 years) at 40%. Secondly, the country is regarded as the most unequal in the world, with a GINI index of 63 (cf worldbank.org). Additionaly, it has a weak job creating capacity, which further contributes to inequality maintenance. Thirdly, peer reviewed research and the GEM reports have revealed a consistently low level of entrepreneurship among Black South Africans when compared to other ethnic groups in the country (Co, 2003; Herrington & Coduras, 2019; Maas & Herrington, 2006; Preisendörfer et al., 2012a, 2014; Udimal & Biyase, 2021), and when compared to other countries with similar GDP (Herrington & Coduras, 2019; Maas & Herrington, 2006). The 2019 GEM report rated South Africa's entrepreneurial ecosystem as

one of the most challenging among the participating countries, exhibiting weak improvement over the last few years. GEM's National Entrepreneurship Context Index, measuring the state and quality of the entrepreneurial ecosystem on average, placed South Africa at 49th position out of 54 economies in 2019, ranking only above Croatia, Guatemala, Paraguay, Puerto Rico and Iran. Only 11.9% of respondents in the 2019 study exhibited entrepreneurial intentions, demonstrating a great contrast to the rest of Africa, with the average of 40%.

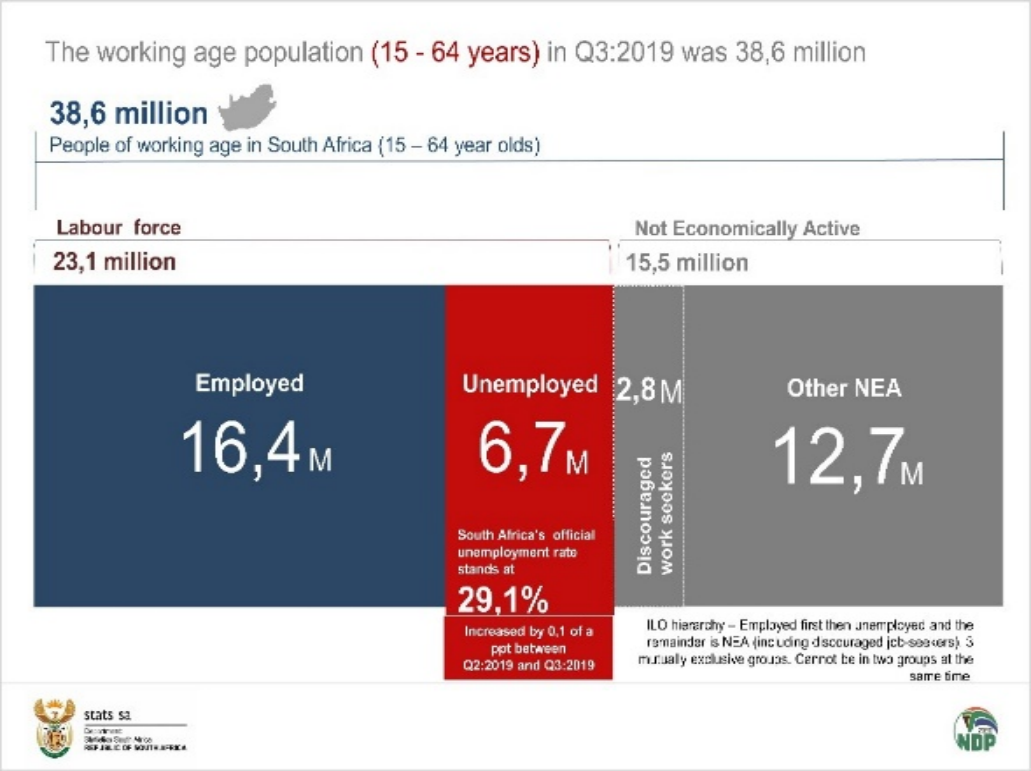


Figure 1 South Africa's unemployment rate Q3: 2019 (source: Stats SA, 2019)

GEM is a consortium of research teams from different countries' best academic institutions that carries out survey-based entrepreneurship research globally. It collects data directly from individual entrepreneurs and organisations, and provides analyses regarding motivation, traits, and aspirations of persons engaging in entrepreneurship, as well as insight on social context affecting entrepreneurship. The most important variable measured by GEM is the "Total Early-Stage Entrepreneurial Activity index" (TEA). It estimates the percentage of people involved in entrepreneurship in each participant country, either as owners or co-owners of a

formal or informal business, between the ages of 18 and 64 years (Herrington & Coduras, 2019; Maas & Herrington, 2006). The year 2018 was the 17th time that South Africa participated in the GEM study, and the yearly data suggests a persistently low entrepreneurship level among the Black population (Herrington & Coduras, 2019; Maas & Herrington, 2006).

The three indicators stated above, suggest low socio-economic conditions under which the majority of Black South Africans live. Moreover, research has demonstrated that under such conditions, entrepreneurial activity is usually high (Acs et al., 2008; Naudé, 2010). Take for example the country Uganda, a poorer country than South Africa, but rated first in the world for entrepreneurial activity (Acs et al., 2008; Dvouletý & Orel, 2019; Ntayi et al., 2014). South Africa deviates from this norm, because despite the majority of Black people living under conditions of poverty, entrepreneurial activity that is observed within this population group, as already mentioned above, is consistently weak. Another interesting observation is the increasing level of entrepreneurial activity by Black foreign nationals (i.e Black people from other African countries) who have successfully managed to identify business opportunities in the townships and have established successful business operations (Crush & Ramachandran, 2014; Lamb et al., 2019; Ponte et al., 2007). A situation that seems to have fuelled xenophobic violence directed at the foreign nationals and their businesses in some of the townships (Charman & Piper, 2012; Crush & Ramachandran, 2014). The government has introduced various programs to foster entrepreneurship in the townships and to develop the local economy to help create sustainable jobs (e.g. programmes like the Township Economy Revitalisation (TER) strategy (c.f. GDED, s. d.)), with the aim of assisting township businesses to structure their manufacturing and production in order to produce high-value commodities consisting of key township goods and the National Development Plan (NDP)

2030 (c.f. National Planning Commission, s. d.), with the objective of creating 11 million jobs by the year 2030 have been developed. However, research has shown that entrepreneurship among Black South Africans remains a significant challenge (Co, 2003; Maas & Herrington, 2006; Preisendörfer et al., 2012a, 2014; Urban, 2015; Urban, 2018). Since entrepreneurship is considered as the main driver for economic growth by creating employment and innovation (Acs et al., 2013; Ács et al., 2014; Schumpeter, 1934), the consistently low level of entrepreneurship among the Black population is of significant concern, especially because this population group consitutes more than eighty percent majority of the total South African population (Statistics SA, 2021). It is therefore imperative that this population group becomes significantly economically active in order to develop a healthy economy.

Fostering Black entrepreneurship is critical for the South African government, which is planning to transform townships into economic hubs that will transform the lives of the poor and the previously disadvantaged (Charman, 2017a), in contrast to the apartheid spatial discrimination tools they were created to be (Jürgens et al., 2013; Mahajan, 2014; Pernegger & Godehart, 2007; Todes & Turok, 2017). Townships remain spatially disadvantaged because of being poorly located, prohibiting efficient economic participation and access to other economic centers and employment opportunities. In addition, the population is made up of a disproportionate concerntration of lower income households and of individuals with lower skills levels (Urban & Ndou, 2019).

All of the above factors were taken into consideration, and inspired the author to further examine the South African township entrepreneurship context, from the perspective of historical institutional effects, because of the magnitude and the impact of the effects of apartheid on all the spheres of Black lives in South Africa (Adonis, 2018; Allen, 2005; Burns,

2006; Charman et al., 2017; Dollery, 1994; Mphambukeli, 2019; Mphambukeli, 2019; Rotich et al., 2015). This research study explicitly and qualitatively examines the effects of historical apartheid on the persistently low level of entrepreneurship among Black South Africans as discussed above. For the remainder of this first chapter a detailed explanation of the research rationale for the relevance of the research topic is detailed, then the research aim of the study is provided, together with the specific the research questions that directed the research activity, and finally a preview of the following chapters is provided.

1.3 Research Rationale

The rationale for the research topic of this thesis is supported by the four main points below (see figure 2) which have lead to (as the title of the thesis highlights), performing a contextual analysis, i.e. performing a diagnosis of the environment, the conditions, and the mindset affecting entrepreneurial behaviour in townships. The author esteemed this contextual analysis an indispensable preliminary work needed to lay a good foundation for subsequent research studies and government policy aiming at developing programs to foster inclusive and sustainable entrepreneurship, thus allowing employment of the right tools and to contextualise programs and pedagogy. Hence, the study employed a grounded qualitative study method to allow the data to communicate active apartheid mechanisms (Fletcher, 2017; Maxwell, 2004a) and the underlying institutional logics (i.e how institutions express themselves within a particular context (c. f. Friedland, 2017)) that may be influencing current entrepreneurial behaviour within townships. Below are the four observations that motivated the contextual analysis of township entrepreneurship.

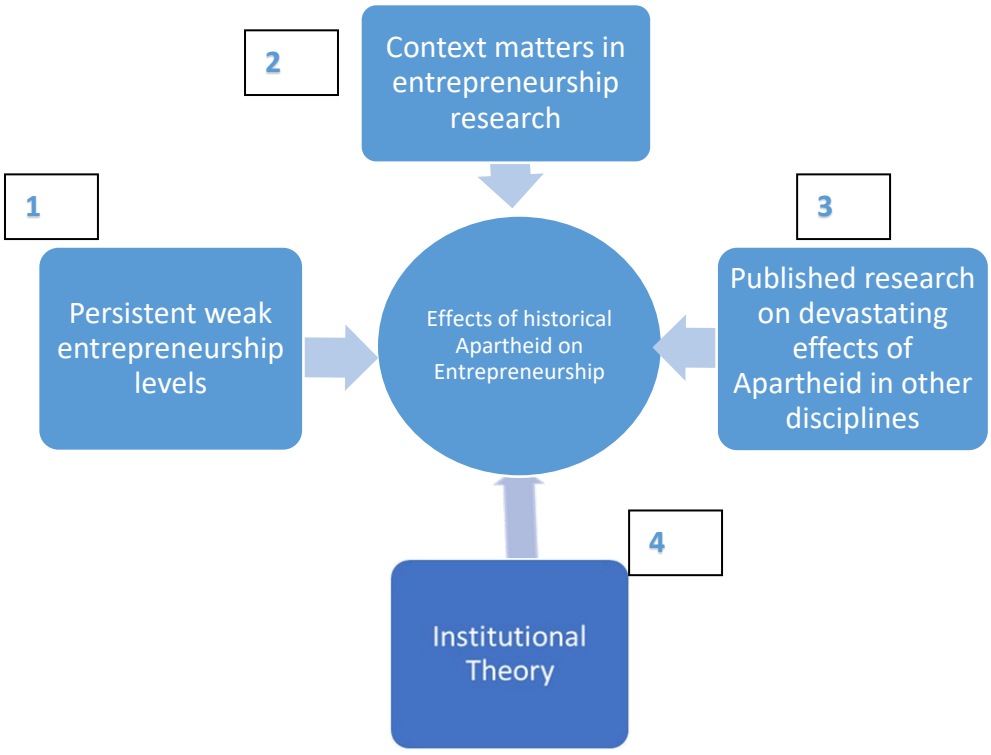


Figure 2 The rationale for studying effects of apartheid on township entrepreneurship

1. *Persistent Weak Entrepreneurship*

The persistent weak entrepreneurship levels in South African townships highlighted in peer reviewed research **(Co, 2003; Preisendörfer et al., 2012a, 2014; Udimal & Biyase, 2021),** and GEM studies **(Herrington & Coduras, 2019; Maas & Herrington, 2006)**, despite the establishment of major business support initiatives such as *Small Enterprise Development Agency (SEDA), Khula, the National Development Fund, the Accelerated and Shared Growth Initiative for South Africa (ASGISA), and Umsombovu Youth Fund* (Udimal & Buyase, 2021), have lead the author towards examining the effects of historical apartheid on current entrepreneurial behaviour.

This pattern of low entrepreneurship levels is also observed in the United States among the African American people. A population group that experienced extreme racism and segregation in comparable ways as Black South Africans. For example Bogan & Darity Jr 's, (2008) paper titled: 'Culture and entrepreneurship? African American and immigrant self-employment in the United States' performs an extensive literature review illustrating how a number of researchers have tried to provide explanations for the 100 year old, large disparity between Black and White entrepreneurship levels in the United States of America. Black entrepreneurship in the USA has remained at a third to half the level of Whites for more than a century. In addition, Kopkin (2017) examines the relationship between racial prejudice towards Blacks and the self-employment rate disparity between Black and Whites in the United States, and demonstrates for the first time, with empirical evidence, that racial prejudice inhibits black self-employment, most especially in high start-up cost industries.

2. *Context Matters*

It is being increasingly recognized that entrepreneurial behavior needs to be analysed within the context in which it takes place (Bruton et al., 2017; Johns, 2001; Smallbone & Welter, 2012; Welter, 2011; Welter & Gartner, 2016; Zahra et al., 2014). Consequently, entrepreneurial context has become one of the current 'hot topics' in entrepreneurship research (e.g Baker & Welter, 2020; Boettke & Coyne, 2009; Jones et al., 2018; Welter, 2011a; Welter & Gartner, 2016), emphasizing the importance of contextualising entrepreneurship studies.

The research rationale for examining the effects of a historical institution, such as apartheid, on the current entrepreneurial behaviour within the township context is equally supported by a number of studies emphasizing the importance of studying entrepreneurial behaviour and processes within its historical context (Jones & Wadhwani, 2005; Kenney, 1998; Zahra et al., 2014). Stressing that, history matters (c.f. David, 1994)! Moreover, underlying the institutional theory is the assumption that there is an unarticulated reliance on history in the processes of institutionalization, which is often taken for granted (David, 1994; Mahoney & Schensul, 2006; Suddaby et al., 2014). For example, (Wadhwani, 2016), discusses historical contextualisation in entrepreneurship, and he defines it as the '*analysis or interpretation of past event(s), in relationship to their time and place, in ways that address a question or problem that arises in the present*'. Schumpeter (1949) asserts that for his theory of entrepreneurship as the creation of 'new combinations' to have validity, it has to be studied as a historical phenomenon (c.f. Jones & Wadhwani, 2005). Additionally, Jones & Wadhwani (2005) states that to allow for more valid generalizations about entrepreneurial behaviour, a basic understanding of historical context is critical. It helps to overcome the empirical bias produced by generalizations from a limited amount of evidence focused only in the present.

Moreover, a call for *'Historical Approaches to Entrepreneurship'* Wadhwani (2016), invited researchers to contribute theoretical and empirical studies that significantly advance the understanding of how historical research and reasoning can contribute to the understanding of entrepreneurship.

As highlighted by Bruton et al., (2017) and Vermeire & Bruton (2016), the majority of entrepreneurship studies and the resulting theories have been developed within the developed country contexts, and may not be suitable for low-GDP country contexts. Therefore, for effective use of resources, government policy needs to take into account the contextual features affecting entrepreneurship within a specific environment. The all size-fits all solutions or the copy pasting of entrepreneurship programs from high-GDP regions to the low-GDP contexts should no longer be the norm, as this may cause unnecessary delays in producing the desired results for entrepreneurship development.

3. *Research from other disciplines*

Research in a number of disciplines in the social sciences have detailed the devastating effects of apartheid on every area of its victims, for example in history (c.f. Allen, 2005; Battersby-Lennard, 2009; William Beinart, 1995), architecture (c.f. Jürgens et al., 2013), town planning (c.f. Demissie, 2004), economics (c.f. Gradín, 2019; Mariotti & Fourie, 2014), psychology (c.f. Hickson & Kriegler, 1991) and Sociology (c.f. Pavlich, 2014).

4. *Institutional Theory*

The study rationale is, in addition, supported by established theory regarding the potential effects of institutions on entrepreneurial behaviour (c.f. Acs et al., 2008; Dequech, 2009;

Kshetri, 2011; Lim et al., 2016; Meek et al., 2010; North, 1991; Smallbone & Welter, 2012; Urban, 2019; Welter, 2012). The institutional theory perspective has become dominant and influencial in management and organisational studies (Smallbone & Welter, 2012; Suddaby et al., 2014; Welter & Smallbone, 2011), partly due to its effective ability to explain social phenomena contradicting predominant economic analyses and explanations. Its main strength being the ability to bring to light the reality that businesses at times, need to attend to social challenges that are separate from the regular material and technical concerns. Hence, an organisation may act in ways that are considered irrational in an economic sense, but rather consistent with the '*rules, norms, and ideologies of the wider society'* (Meyer and Rowan, 1977: 84 as cited by Suddaby et al. (2014). And these may be inherited from historical institutions, thus rendering entrepreneurship path dependent.

Welter (2012) provides a model depicting the manner in which institutions may have an effect on entrepreneurship. In which, the formal institutions determine the 'feasibility' of starting a business within a specific context. Meaning that they determine access to physical resources, and measure the level of difficulty involved in starting a business. Research and various government publications have asserted that a significant amount of resources have been provided for township entrepreneurship (GDED, s. d.; Maas & Herrington, 2006; Preisendörfer et al., 2012a). Welter's (2012) model also demonstrates that informal institutions, representing the cultural-cognitive institutions, reflect the 'desirability' of entrepreneurship as a career choice within a specific context. Informal institutions are said to persist over a long period of time, even long after the formal institutions are no longer in effect (c.f. Dequech, 2009; Garud et al., 2007; North, 1991; Scott, 2003; Welter & Smallbone, 2011). For example, **Smallbone & Welter, (2012)** examine the state of entrepreneurship within the previous communist countries, in which the regime model was

that of central planning, therefore, hindering individual economic activity. The persistent informal institutions may also be demonstrated by research on African American entrepreneurship, e.g. Kopkin (2017), examining effects of racial prejudice towards African Americans on the self-employmenet gap between Blacks and Whites. And Bogan & Darity Jr, (2008) asserting that Black self-employment, has remained at a third to half the level of the Whites' for over hundred years.

Consenquently, if the formal institutions (determining feasibility) within an environment favour entrepreneurship, then strong desirability of entrepreneurship (reflected by informal institutions) as a career choice may produce entrepreneurial intentions, which normally precede entrepreneurial action.

In the next section the research aim of the thesis is discussed.

1.4 Research Aim

The main purpose of this thesis is to investigate how the historical apartheid institution may still have a significant effect on the current entrepreneurial behaviour of Black South Africans, specifically those still dwelling in the townships. In order to achieve this purpose, the following objectives were undertaken:

- Firstly, to bring into light apartheid social structures or mechanisms which are still present and active within the township environment.
- Secondly, examine which type of institutional logics underlie these active apartheid mechanisms
- Thirdly, examine the specific entrepreneurial behaviours driven by the logics underlying the active apartheid mechanisms

Studying the township context, an under researched emerging market context (Urban, 2015; Urban & Ndou, 2019), may provide new insight which may be useful in moving entrepreneurial context research forward by engaging in theorising context instead of just contextualising theory (Baker & Welter, 2020). Since the development of the majority of entrepreneurship theoretical models have been done mainly within the context of developed countries and these are not always applicable to low-GDP or transition context countries (Bruton et al., 2008. Vermeire & Bruton, 2016).

The focus of this study is on the institutional context, and the main contribution is the demonstration of the embeddedness of entrepreneurial behaviour in institutional logics within a specific context. And how behaviour may still be influenced by logics produced by historical institutions. The purpose therefore, is to demonstrate that racial discrimination, more specifically the oppressive apartheid regime and its effects, may still have a significant impact on entrepreneurial behaviour, even years after it has been legally abolished. This is in consideration of its brutality and damage caused on individuals and the society at large (e.g.Burns, 2006; Hickson & Kriegler, 1991a; McDonald & Piesse, 1999; Posel, 2010; Snodgrass & Bodisch, 2015). This is accomplished through examining how the legacies of previously dominant institutional logics of apartheid within South African townships affect current entrepreneurial behaviour.

1.5 Research Question and Nature of Study

This thesis answers the following research question:

How does apartheid affect the current entrepreneurial behaviour in South African townships?

This research question was answered through answering the three following sub-questions:

- Sub question 1: Are there apartheid social mechanisms that are still present and currently active within the township environment? If so, which ones are they?
- Sub question 2: What types of institutional logics underlie these active apartheid social mechanisms?
- Sub Question 3: What types of entrepreneurial behaviours may be the result of these institutional logics?

The philosophical stance adopted in this study is that of Critical Realism (CR). The reason being that CR can engage in explanation and causal analysis, which makes it useful for analysing social problems and for suggesting solutions (Collier, 1994; Roberts, 2014). Causal explanations are heavily dependent on contexts because causal relationships vary across contexts (Maxwell, 2004b). According to Bhaskar (2013), CR's primary goal is to explain social events or practices through reference to causal mechanisms and the effects they can have on reality. The explanation of these social practices is done through the uncovering of the causal mechanisms (Archer et al., 1999; Easton, 2010; Fletcher, 2017a; Maxwell, 2004c, 2004d), which if enacted would be the cause of those practices (Bhaskar, 2013).

CR is identified as a stratified ontology with three layers of reality: the 'real', the 'actual' and the 'empirical' (Bhaskar, 2013) (see Figure 9). Applying this ontology allows researchers to go beyond the empirical level of analysis of events, and to examine the causal mechanisms originating from the level of the 'real', that cause events observed at the empirical level. The 'actual' level possesses all the possible events that may be caused by the generative

mechanisms. But only some are realised and therefore able to be measured on the empirical level. The three levels are considered to be equally real and may interact because they are part of the same entity and reality.

In this study, in line with CR ontology, the level of the 'real' represents apartheid logics and their effects on reality, therefore considered as generative mechanisms, that have causal effects on practices and individual behaviour. Incidentally, the nature of this study is qualitative, employing a CR ontology lens.

The nature of study is that of a qualitative case study (Yin, 2009), and the main data collection method consist of:

- 30 in-depth semi-structured interviews of township entrepreneurs collected over a period of three years. This sample choice was made on the basis that only those who are engaged in and concerned with entrepreneurship would be able to understand and recount their lived entrepreneurial experiences, at an individual level, family level, and community level.

Triangulated with a collection of the data below:

- 15 issues of government monthly gazette (MORUO) on township entrepreneurship,
- Notes taken during a provincial government meeting concerning the implementation of new projects for township economic development,
- Social media data (Twitter) retrieved using Atlas.ti by entering the keywords, 'apartheid in townships' and 'business in townships', and then thematically coding 1000 quotes.
- *SME SOUTH AFRICA* – an online entrepreneurship magazine study report on 'The State of Entrepreneurship in Towships' (dated March 2017), thematically coded for themes relevant to this current study.

The research question of this study was inspired by the findings of the research conducted by Peter Preisendorfer and Frans J. Bezuidenhout (see Preisendörfer et al., 2012a, 2014) who examined the low level of entrepreneurial activity within the South African Black community. They undertook extensive research on township entrepreneurial activities in a project titled "Entrepreneurship in Disadvantaged Black Communities – A Case Study of the Walmer Township, Port Elizabeth, South Africa" between 2008 and 2011. One of the research articles that resulted from this project is titled: *"In search of Black entrepreneurship: Why is there a lack of entrepreneurial activity among the Black population in South Africa?"* The study is based on twenty-four expert (i.e. *someone who evidently had scientific and/or practical experience with founding processes of business ventures, support programs for new businesses and chances of success of micro-enterprises in South Africa* (Preisendörfer et al., 2012a, p. 5)) interviews.

The authors presented five patterns of explanations for the low level of entrepreneurship within the Black community. These are the historical apartheid, human capital, financial resources, social capital and network, and traits and mindset explanations. They claim that the apartheid explanation cannot be qualified independently of other explanations, and that reference to apartheid is too easy and comfortable. They also claim that the historical apartheid explanation is not sufficient in itself to explain the current lack of entrepreneurship. They assert that in trying to do so, they end up with the other explanations mentioned above. Therefore, to provide sufficient and adequate explanation for apartheid, the exact mechanisms that are barriers to entrepreneurship must be specified, and which ones were initiated or strengthened by apartheid. Therefore, this study responded to the call by Preisendörfer et al., (2012a), for further research to specify the active apartheid mechanisms that are barriers to entrepreneurship, in order to provide sufficient and adequate explanation concerning

apartheid effects on current entrepreneurship in the townships. Hence, this study challenges the position that the apartheid explanation cannot be qualified independently of other explanations. Our study demonstrates that the other explanations are most likely the consequences of apartheid, because apartheid was a legal institution that affected all aspects of life. It is not a single factor, but a context requiring multi-level analyses. In contrast to the study perfomed by Preisendörfer et al., (2012a), our study employs apartheid as a lens (c.f. Welter, 2011), rather than a variable. Moreover, this study went further by examining the institutional logics underlying the apartheid mechanisms and how they may affect entrepreneurial behaviour. Below is the main theory framework of this thesis (see figure 3):

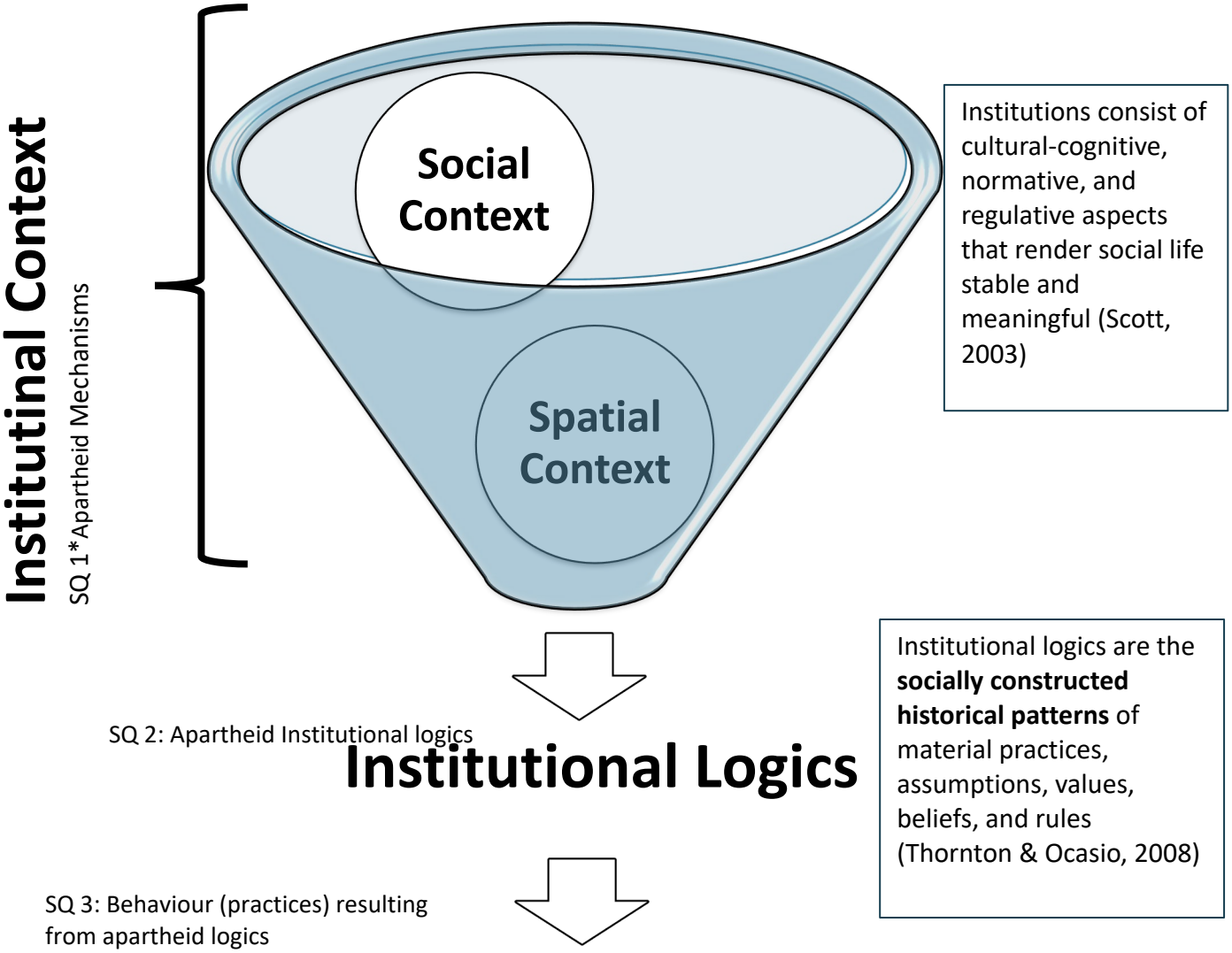


Figure 3 Main Theory Framework of Thesis
(* = sub question)

1.6 Key Concepts

Apartheid – A political regime founded on formal policies of racial discrimination and oppression of one group of people by another.

Bantustan – under-resourced rural areas with arid and unfertile land that Black South Africans were allocated under the Native Land Act (1913).

Black Tax – The cutural expectation that exists within the poor Black communities, that children who make it out of poverty must take care of parents, siblings or other relatives financially.

Born Free – Children born after the year 1994, signifying the end of apartheid in South Africa

Business incubator – Incubators offer programs to member companies that typically include mentoring, education/training, and informal learning opportunities. Incubators also host events to provide networking and learning opportunities for both member companies and the local community. Member companies are usually required to apply to ensure they meet the incubator's criteria or mission (industry, stage of company, founder demographics, etc.). Incubators usually have graduation policies based on achievement of agreed-upon milestones, growth metrics or time-based stipulations. Typically, companies join incubators on a rolling basis (non-cohort), and are able to reside in the incubator for 1-3 year (« Inbia.org », 2017)

Entrepreneurial Behaviour – opportunistic, value-driven, value-adding, creative activity where ideas take the form of organisational birth, or transformation

Entreprenurial Context – of context as circumstances, situations, conditions and environments external to the phenomenon under study, and which enable or constrain it (Johns, 2001, 2006; Welter, 2011).

Entrepreneurship – business 'opportunity' identification, evaluation and exploitation (Shane, 2003)

Institutional Logics Theory - *"the socially constructed patterns of symbols and material practices, assumptions, values, beliefs, and rules by which individuals and organizations produce and reproduce their material subsistence, organise time and space, and provide meaning to their social* reality" (Thornton & Ocasio, 1999, p. 804)

Institutional Theory - Institutions consist of cultural-cognitive, normative, and regulative aspects that render social life stable and meaningful (Scott, 2003)

Necessity Entrepreneurship – when starting a business is the best available option to earn a living (Reynolds et al., 2002). The businesses are small scale, informal, 'survivalist' and do not create any employment, but serve a single person or family (Fayolle, 2011)

South African Township - low resourced neighborhoods inhabited by about 80 % of the black population of South Africa (Preisendörfer et al., 2012a)

Township – Underpriviledged low resource residential areas in South African that were created by the apartheid governement, located on the outskits of cities.

Chapter 2. Theoretical Background

2.1 The Importance of Context in Entrepreneurship Research

This thesis is responding to calls on entrepreneurship research to embrace different contexts and entrepreneurial diversity (Baker & Welter, 2020; Welter, 2011; Zahra & Wright, 2011) especially those of emerging economies, which are still not well represented in entrepreneurship scholarly research (Bruton et al., 2008; Ratsimanetrimanana & Urban, 2015; Urban & Ndou, 2019; Vermeire & Bruton, 2016). As well as recognises the practical use that understanding township entrepreneurship may provide for practice and policy decision making in South Africa.

A contextualised view of entrepreneurship may add to our knowledge of entrepreneurship (Welter, 2011). And a more context conscious research effort will produce more relevant and meaningful information regarding a phenomenon under study (Johns, 2006; Zahra & Wright, 2011; Welter, 2011). Moreover, it may contribute to both rigor and the relevance of research results (Zahra, 2007). Therefore, scholars need to acknowledge that entrepreneurship takes place in a variety of contexts and communities. Reframing is therefore required for the unification of the field and reliance on incremental research to fill known gaps must be eliminated (Zahra & Wright, 2011). Most importantly, communication between scholars across the field must take place in order to facilitate the assimilation of different perspectives from different research communities (Welter, 2011). By understanding situations or contexts in which entrepreneurship takes place, we are able to understand the interactions taking place between persons and situations (Boettke and Coyne 2009; Welter, 2011). This means that we can understand how context influence behaviour and what the basic kinds of contexts are, and what variables can be used to compare one with another (Funder, 2001 ; Johns 1990).

2.1.1 What is Context, and it's Impact on Entrepreneurship?

This study is based on the definition of context as circumstances, situations, conditions and environments external to the phenomenon under study, and which enable or constrain it (Johns, 2001, 2006; Welter, 2011). Johns (2006) goes further and expresses context as situational opportunities and constraints that affect behaviour. Johns (1991, 2006) suggests that there are substantive and methodological contexts, whereby substantive context indicates context affecting individuals or groups, and the methodological context specifies information about the particular research study. He further distinguishes between omnibus and discreet dimensions within the substantive context. The omnibus context consists of the 'who', 'what', 'where', 'when', and 'why' dimensions of context (Johns, 2006; Welter, 2011) (see Figure 4 below). And the discrete context points to the contextual variables of a specific study, i.e. variables used for categorizing or grouping, equally known as nominal of dichotonomous data (Sugianto, 2016).

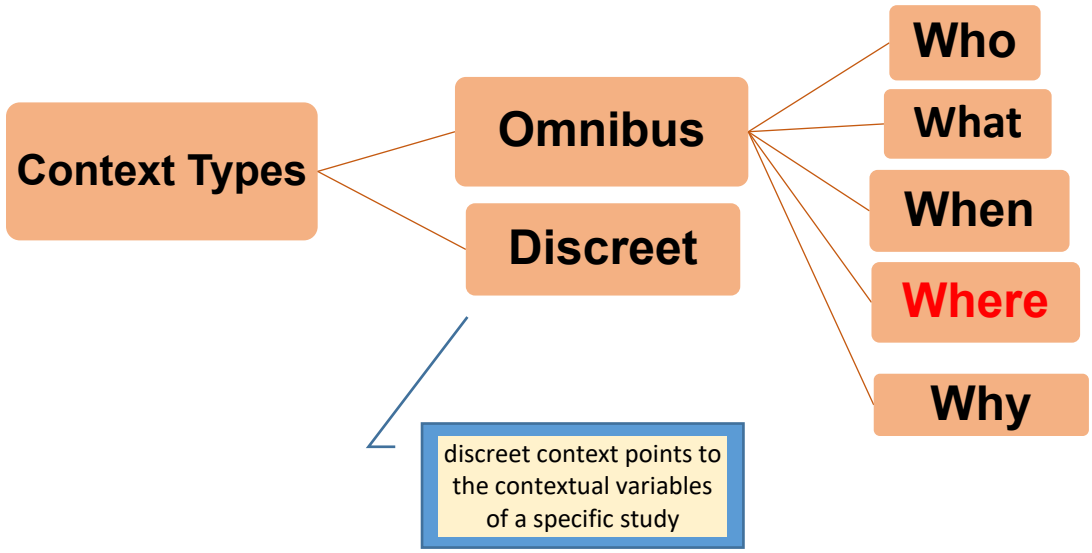


Figure **4** Types of the Omnibus Contexts (Johns, 2006 & Welter, 2011)

('Where' is shown in red because it is the main focus of this study)

Since the study focus is on the township environment, the 'where' dimension of the omnibus context is the main focus, which is comprised of the business, the social, the spatial, and the institutional dimensions (See Figure 5 below). The business dimension of context, which concerns specific business activity, and managerial practices, is not dealt with in this study, because this dimension of context has been dealt with extensively within the 'where' context in entrepreneurship research (Welter, 2011). The study mainly focused on the institutional context and the consequent institutional logics, including their effects on the spatial and the social contexts of South African townships. There is currently an increased interest in the questions of "where" entrepreneurship taking place, or the entrepreneurial place (Baker & Welter, 2020), therefore this research study, analysing the understudied (Urban, 2015; Urban & Ndou, 2019) township entrepreneurial context, proves to be relevant and timely.



Figure **5** The 'Where' context of entrepreneurship (Welter, 2011a)

As mentioned above, Johns (2006) considers two broad categories of context: the omnibus and the discrete contexts. Whereby the omnibus context is concerned with context in a broad

sense. This study adopts Welter's (2011) view of entrepreneurial context by applying it as a 'lens'. And by observing the entrepreneurial process through the omnibus contexts comprised of who, what, when, where, and why, which have an influence on one another. This is evidenced by how national laws had an impact on the social and spatial contexts in which Black South Africans had to live during apartheid (Allen, 2005; Beinart & Dubow, 1995; Jürgens et al., 2013). In the next section, a closer examination of the 'where' context is performed, and its impact on the 'who', which determines who enters entrepreneurship (Welter, 2011).

2.1.2 Examining the 'Where' Context

The 'where' context is concerned with the numerous locations in which entrepreneurship takes place (Welter, 2011). It includes countries, political systems and societies, as well as more local contexts like neighbourhoods, communities, and the social contexts of entrepreneurs (Mowday & Sutton, 1993; Welter, 2011) (see Table 1. below). It allows for researchers to consider different settings in entrepreneurship research (Baker & Welter, 2020), thus limiting generalisation and providing opportunities to develop theories from different empirical conditions.

Type of 'where' contexts	Omnibus	Examples
Institutional	Culture and society; political and economic system	Societal attitudes and norms; legal & regulatory, policy & support measures
Social	Networks; household & family	Networks structure, density, frequency of network relations, composition roles of family/household
Spatial	Geographical environments; countries; communities; industrial districts and clusters	Physical business location, infrastructure, and local communities & regions characteristics
Business	Industry; market	Stage of life-cycles of industries and markets, number and nature of competitors

Table 1. 'Where' contexts and examples (Welter, 2011a)

An examination of the 'where' context, also requires an examination of the 'when' context because the two contexts are intertwined (Johns, 2006; Welter, 2011). The 'when' context displays the direct role of history in the physical, geographical and institutional establishment of the 'place' (Baker & Welter, 2020; North, 1991; Scott, 2003; Welter, 2011).

Schumpeter (1949) as cited in Jones & Wadhwani (2005), also stated that for his theory of entrepreneurship as the creation of 'new combinations' to have validity, it has to be studied as a historical phenomenon. He asserted that an understanding of historical context (e.g. industrial, economic, and social settings) is critical for arriving at relevant generalisations about entrepreneurial behaviour. Most importantly, the understanding of the historical context helps to correct the empirical bias resulting from making generalisations using evidence

focused only on the present. The 'when' context dimension brings in the temporal and historical contexts by taking into account historical influences on today's entrepreneurial behaviour (Welter, 2011). This is even more important in the context of South Africa because of the impact of the apartheid regime laws on the socio-economic conditions of South African people (Mahajan, 2014; Mariotti & Fourie, 2014). Since apartheid is no longer legally in effect in South Africa, it is therefore considered a historical event. This study thus examined how it may still be having an effect on the social, spatial and institutional contexts that may continue to influence Black entrepreneurial behaviour today.

In the next sections, the spartial and social dimensions of the 'where' context were examined and applied to the township context. Then the institutional context is discussed in more detail, as it is the main focus of this study, dealing with effects of the apartheid institution on business creation in the townships.

2.1.2.1 The Township Spatial Context

Thornton & Flynn (2003) assert that within the spatial context, local communities and neighbourhoods have social boundaries that are determined by shared meanings, cognitive and culture-based rules. For example this is demonstrated by Wigren (2003) regarding an industrial district in Sweden (Gnosjö), whereby the business, the social, and spatial spheres are tightly intertwined, in terms of the cultural, cognitive and social meanings. Another example regarding this view is demonstrated by the research performed by Smallbone & Welter (2012), investigating entrepreneurship activity within the previously communist countries, where central planning was the norm. The context of township communities in South Africa is another interesting demonstration of the relevance of the spatial context and its relation with culture and social meanings. Therefore, 'place' can be refered to as a

sociological perception of location that emphasises community, social networks and the cultural identities of individuals and collective actors (Johnstone & Lionais, 2004). The South African township spatial realm is unique; it is neither urban, nor rural, and possesses a unique community culture.

Countries across the world are divided into two spatial realms, the urban and the rural realms (Mahajan, 2014). The urban realm is often characterised by fast economic growth, resulting in high migration from the rural towards the urban. South Africa presents a challenging situation, it has a third spatial realm that is not fully connected to urban systems, spatially, socially, and structurally (Mahajan, 2014). In this third spatial realm is what is called the 'township'. This term was used to identify non-white neighbourhoods only, making it a core concept of apartheid (Jürgens, et al., 2013), though it is still in use today. Townships are the most evident remnants of the apartheid regime (Jürgens, et al., 2013). They are the result of the apartheid system's oppressive laws against non-white citizens. They are low resourced neighbourhoods inhabited by the majority of the Black urban population of South Africa. According to Mahajan (2014) about half of the urban population in South Africa live in townships and informal settlements, constituting 38% of the working-age population and 60% of its unemployed.

To comprehend places as contexts for entrepreneurship, one needs to examine both the built environment and landscapes in which mechanisms are embedded as well as the history that has fashioned the diverse places in which individuals live and work (Welter & Baker 2020). Due to apartheid policies in South Africa, the cities inherited a more generic essence about them (Mphambukeli, 2019). These policies are responsible for the process that established the unconventional urbanism practices in South Africa, which aimed at reinforcing white political

power in South Africa (Jürgens et al., 2013; Mphambukeli, 2019; Pernegger & Godehart, 2007).

The next three subsections examine townships in terms of their geographic location, their history, and their built environment.

The Geographic Location of Townships

Place matters more than ever today as the world is becoming more and more globalised (Baker & Welter, 2020). It shapes and contributes to entrepreneurs' identities and actions (Larson & Pearson, 2012). At first glance it may seem like a simple constituent of context, which allows for differentiation between entrepreneurship settings, such as rural or urban, or between different countries and regions (Baker & Welter, 2020). But place may involve more complex geopolitical and socio-economic conditions. Township planning in South Africa did not simply involve architectural plans about the configuration of buildings or neighbourhoods. But it involved a well-thought spatial strategy embedded in the apartheid ideology to control the geographic and social movement of Africans and their families (Demissie, 2004).

Legislation was passed and implemented during the course of the 20th century, to limit the movement of Black South Africans from rural to urban areas, and their residential options to rural 'homelands' and townships - for those who possessed a pass allowing them to work in the cities (Beinart, 1995; Jürgens et al., 2013; Todes & Turok, 2017). The legislation that was passed and implemented during apartheid included the Group Areas Act (1950) and the Prevention of illegal Squatting Act (1951). These laws were passed to enforce racial as well as ethnic segregation. To achieve the racially segregated spatial ideal of the ruling party, more than 3.5 million people were removed from their homes between 1950 and the early 1980's (Christopher, 2001). Black South Africans were confined to the under-resourced townships

and impoverished rural homelands, with rudimentary infrastructure, limited public services and public transportation, no recreation facilities, and industry (Jürgens et al., 2013; Mahajan, 2014). All social contact with the white population in the cities was prevented, as the townships were separated from the affluent city centres by natural or artificial buffer zones (Jürgens et al., 2013). The distance of the townships from the city centres was close enough to provide cheap labour to the white population, but not close enough to share any social contact (Beinart, 1995; Cutten, 1948, p. 75. as cited in Demissie, 2004). For an example Cronin (2012) asserts that the average distance travelled by a commuter by public transport in London is about 8 km, compared to about 26 km travelled by a commuter in the Pretoria area. Making it only less than a third of the distance travelled commuting to and from the townships. The consequence of the spatial segregation was that Black South Africans were marginalised from the mainstream economy (Beinart & Dubow, 1995; Christopher, 2001). {Citation}And the access to resources required to engage in entrepreneurship was severely limited.

The ability of entrepreneurs to develop a successful business is dependent on their identity, their location, and how they relate within their environment (Alsos et al., 2016; Grant et al., 2013). Common findings in economic-geographic research demonstrate that firm development often takes place in the home environment of entrepreneurs. And this space is vital in the launching of networking activities and in the creation of external linkages (Nijkamp, 2003). Therefore without the necessary resources within the immediate envornment where individuation live, economic development may not be a success.

The History of Townships as Place

Embedded in the history of a place, are narratives, collective memories, and the built environment such as monuments, buildings, and symbols (Baker & Welter, 2020). These are often engaged in different types of discourses that determine how the past effects both the present and the future. The narratives and collective memories constitute the principal mechanisms for capturing this effect. South Africa's past was defined by ethnic and racial discrimination in political, social and economic spheres (Jürgens et al., 2013), which were, among other factors made operational through spatial policies.

South Africa's urbanisation in the late 19th and 20th centuries took place in a peculiar manner. The government established policies to drive the specific migration of Black people within the country. After the discovery of diamonds in 1867 in Kimberly, then of gold in 1886 in the Transvaal (now part of the Gauteng province), many Black people moved from the rural to the urban areas to find work (Pierie, 1985 as cited in Turok, 2014). This discovery of gold and diamonds stimulated massive migration of both Whites and Blacks to the urban areas. This has led to a great restructuring of the South African society in terms of its social, political and economic structure. During this time, Blacks were encouraged to move to the urban areas to provide cheap labour that was in high demand in the mines (Turok, 2014). However, they were not permitted to possess mining rights. Later on when there was a high influx of Black people into the cities, the legislation was reversed and it included punitive measures for those people who moved from rural to urban areas. Many policy measures were put into place in order to restrict household mobility and the right to own land, to live where one desires, to secure employment, and to access education and training. These were all racially discriminatory and geographically selective (Turok, 2014).

Hendrik Verwoerd, a South African apartheid president, asserted that he wanted architectural

planning that would keep South Africa white and safe. No native ought to be allowed free movement throughout the whole country (Greenberg, 1987, p. 39 as cited in Demissie, 2004). And building a segregated 'native housing' to 'civilise' and to turn Africans into productive workers was paramount. A. J. Cutten, who served as a chairman of the South African Institute of Race Relations argued in a pamphlet published in 1948, that since the whole economic structure of Europeans in South Africa was totally dependent on African labour, it was important that the natives' townships be located at a convenient distance from white cities (Cutten, 1948, p. 75. as cited in (Demissie, 2004). The apartheid government built the majority of large townships in 1950 and expanded some after this period (Pernegger & Godehart, 2007). They then required all the non-white urban population to live in them by enforcing the Group Areas Act of 1950 and other laws that ensured strict racial group separation.

The Built Environment of the Townships

Townships were developed essentially as dormitories, without any considerable infrastructure when compared to white suburbs (Jürgens et al., 2013), without any industry, no public transportation, no green spaces, and no recreation and with very limited public services. The service backlog and the dispersed construction structure inherited from apartheid contribute to low resilience of the built environment. The resilience of the built environment is determined by two main aspects; engineering resilience and evolutionary resilience (Jürgens et al., 2013). Engineering resilience in the townships is found to be very limited because of the informal habitations that many people live in. It represents the extent to which disadvantaged communities can avoid environmental threats arising from their unstable living conditions. Living in a secure place, being protected from natural elements and having some privacy are fundamental for survival, for stable living conditions and for living a dignified life (Turok,

2014). In townships, many people live in informal dwellings (shacks) (Todes & Turok, 2017) and these people often live under conditions of overcrowding, hunger and lack of services. Fires, flooding, bad ground conditions, and pollution often affect these informal dwellings, (Huchzermeyer et al., 2014).

The evolutionary resilience involves the broader aspect of enabling a more efficient flow of resources, goods and people (Fiksel, 2003). The current-fractured structure hampers social interaction, causes excessive travel, thereby resulting in increased financial cost and environmental pollution (Jürgens et al., 2013; Mahajan, 2014; Pernegger & Godehart, 2007). The location of townships at the cities peripheries, with limited transportation linkages is believed to be the worst aspect of spatial exclusion and marginalisation (Pernegger & Godehart, 2007). Blacks were also denied land ownership in urban areas or so-called "White South Africa" (Mabbin, 1991 as cited in Marais et al., 2018). They were only allowed to own property in the 'homelands' reserves (that were segregated by ethnic group), in alignment with the Natives Land Act of 1913. The low-cost township houses were originally only for rental from the state (Marbin & Parnell, 1983 as cited in Marais et al., 2018). Apartheid government laws that were put in place stipulated that: each racial group had to live in its own designated residential area, each residential group area to be separated by a robust physical buffer like a ridge or a river or industrial area. If not possible, a large open space called 'buffer zone' should be left between the two groups. The townships were linked to the city centre or industrial area by a single road and single railway track that could be easily barricaded in cases of protests.

These policies and housing programmes founded the development of townships and shaped the unique way that South African urban areas can be seen today (Pernegger & Godehart,

2007). The way in which townships were built was mainly for the purpose of exclusion, containment, and controlling of the lives of the residents (Pernegger & Godehart, 2007). Today little progress has been achieved in rectifying the apartheid geography. The government has only been preoccupied with the numerical housing targets, and less focused on strategic development and appropriate urban planning (Jürgens et al., 2013; Todes & Turok, 2017). Low cost housing is still not located near economic opportunities and jobs are not being created closer to the underprivileged communities.

South African cities and towns are greatly fragmented, commanding high expenditure on households and the economy at large (Todes & Turok, 2017; Turok, 2013). New housing projects are outsourced to private contractors, producing identical one house per plot structures, which causes low density. This continues to enforce the dormitory function of township houses making it complicated to put in place adequate transport systems and social amenities. The inherited spatial segregation creates larger poverty traps on the outskirts of the cities instead of creating an environment for human and economic development (Todes & Turok, 2017). Like housing, current transport policy has not addressed township dwellers' concerns by being responsive to location and by developing efficient roads and links with urban structures (SACN, 2011; Todes & Turok, 2017; Turok, 2013). One reason being that decisions by current governmental efforts are not taken in a strategic manner, but rather in silos. And the other being that historically there was a lack of investment in this sector. Consequently, public transport in the townships is unreliable, overcrowded, cannot handle customer growth, and pose safety problems.

2.1.2.2 The Social Context

Entrepreneurship is a socio-economic process which draws upon the social context (Aldrich et al., 1986) in two distinct ways; first, entrepreneurs, as individuals, are likely to be a product of their social environment. Secondly, entrepreneurship is a social activity, in that customers and suppliers form part of the social network within which the economic elements of entrepreneurship are conducted (Anderson & Miller, 2003). Social networks and structures provide social capital, which is considered an effective resource for providing access to resources (Lin, 1999; Nahapiet & Ghoshal, 1998). Social capital is defined as the goodwill that results from the make-up of social relations that can be harnessed for the facilitation of action. Thus social networks are embedded in the local and social context (Kleinhans, 2017) and may provide access to information, funding, customers, employees, mentoring, and emotional support from family and friends (Welter, 2011). This takes place according to the societal values towards entrepreneurship. But it is an oversimplification when it comes to the poor. The poor engage in social relations under inferior terms (Lin, 1999). They have no negotiating power to influence or to shape social relations to their favour. They are often dependent and less able to exercise agency effectively. Their relations are more fragile and they must invest heavily in time and effort to secure very small benefits (Vermeire & Bruton, 2016). For instance, many poor people live in the cities' peripheries in South Africa, where there is often a disconnection in the public transportation system, and the infrastructure is dispersed. It takes more time, effort and financial resources to travel. Poor people also usually interact with other poor people, therefore social capital is not automatically created from association, and trust is not necessarily established from repeated interaction (Cleaver, 2005).

Trust is generally presumed to produce fluid relations between people through positive attitude and behaviour (Bijlsma-Frankema & Costa, 2005). It leads to free communication,

information sharing, trust, and acceptance of the information, acceptance of influence, ascribing of positive intentions to the information giver, and dedicated collaboration. The presence of trust enhances voluntary behaviour of actors towards trust building actions and high performance. Trust between different groups and within groups have an effect on the economic success of the particular society and of specific groups (Fershtman & Gneezy, 2001). However, despite some progress towards racial group reconciliation in South Africa, people are still segmented according to the apartheid constructed racial groups. Socio-economic inequalities follow racial lines and the social meanings and expectations produced by apartheid still persist.

During apartheid Blacks were confined to low skill, unstable and poorly paid jobs because they received a poor form of Westernized education system that was not designed for them in the first place. Though this was called 'Bantu' education, it was not the endogenous to the people. The apartheid's system of labour organisation induced numerous other socio-spatial, economic, political and cultural inequalities (Rotich et al., 2015). This has resulted in Black labour and capital being marginalised, unproductive and mostly manual in nature (Jürgens et al., 2013). There is a persistently high level of unemployment within the Black community (Banerjee et al., 2008; Worldbank, 2019). The wealth and income inequality between Blacks and Whites is exaggerated by the lack of services and basic commodities that are necessary for an adequate standard of living in the townships, which are fully available in urban areas. Although the democratic government has put measures into place to combat poverty, inequality eradication should involve much more than just income inequality eradication (McDonald & Piesse, 1999). Some of the indicators for acceptable standard of living involve: access to water, sanitation and utilities. Furthermore, people are not working sufficiently together to improve their living conditions (Burns, 2006), the lack of trust and of cooperation

that were induced by apartheid continues to persist even today (Burns, 2006; Mariotti & Fourie, 2014).

Trust relationships in South Africa seem to be affected by racial identity. Especially where Black South Africans are concerned (this is the group that was oppressed and marginalised the most during apartheid). This was observed in the outcome of an experiment conducted by Burns (2006). The experiment demonstrated that, compared to other groups, Blacks are less trusting of others including towards member of their own group. Trust levels between individuals differ because of what they believe about how much others can be trusted (Glaeser et al., 2000). This is even more visible in societies that are segregated by attributes such as ethnicity, race, or gender. Outsiders that may have different attributes are likely not to be trusted and stereotyping becomes common (Chandra, 2007; Cornell & Welch, 1996 as cited by Glaeser et al., 2000); Negative stereotyping about one group may affect the performance of the members of that particular group (Hoff & Pandey, 2003; Steele et al., 2002). And because of apartheid's divide and conquer strategy, and the stigmatisation of Black people (Burns, 2006), trust seems to be low within the Black population group (Burns, 2006).

Trust is important in the establishment of a strong social capital and a reliable social network (Burns, 2006). And in turn, the social network is an indispensable resource for gaining legitimacy in the cases of newness and smallness of new and developing businesses (e.g. Davidsson & Honig, 2003; Greve & Salaff, 2003). Social networks provide access to opportunities and resources (Davidsson & Honig, 2003; Haugh, 2007; Nahapiet & Ghoshal, 1998). Entrepreneurship research from a gender perspective has demonstrated that to understand social networks of entrepreneurs the concept of community is indispensable (Kleinhans et al., 2017). Communities are formed through connections between people with

similar social backgrounds, interest and attitudes. Social ties are crucial in ethnic minority entrepreneurship (e.g. Aldrich & Kim, 2007; Ruef et al., 2003), in women entrepreneurship (e.g. Caputo & Dolinsky, 1998; Manolova et al., 2007) and in hostile and turbulent environments (e.g. Smallbone & Welter (2012). Thus social ties are also important in township entrepreneurship.

In addition to the local environment, an increasing number of entrepreneurship scholars have recognised the relevance of the household and family contexts (see Aldrich & Cliff, 2003; Carter, 2011; Jack et al., 2008; Welter, 2011a). They have therefore started incorporating them into the social network conceptual framework. According to Aldrich & Cliff (2003), who apply the family embeddedness perspective, family composition and roles and relationships have an influence on opportunity identification, new venture set-up, and resource acquisition.

Research has also shown that a relationship exist between the household and the institutional context, displaying how households within the transition economy context take part in 'multiple economies' (Pavlovskaya, 2004), which plays a role in accessing resources and business growth. Welter (2011a) demonstrates this with an example of a 65-year-old woman pensioner living around the border between Belarus and Lithuania. This lady who would often visit her sister in Lithuania across the border, and usually taking along medicines to sell there - claiming they were for personal use. And when returning, she would bring back second hand clothing to sell in a market in Belarus. This woman's medicine distribution business was facilitated by her daughter's ability to access medicines through her work in a chemical firm in Belarus, and her second hand clothing business was facilitated by her niece, who worked in a second hand clothing shop in Lithuania. Therefore, one can clearly see that this woman's

business opportunities were dependent on her family links. Thus, it makes good sense to go beyond the social network perception when examining the social context, and to take into consideration the household or family factors, as the family or household influence on entrepreneurial behaviour, or lack of, can be captured.

Entrepreneurship is seen to be happening in intertwined levels of social, societal and geographical contexts, therefore not distinguishing a single context as it may be sometimes portrayed. The majority of studies employing a social network lens recognise the need to go beyond this perspective, thus revealing the connection between the social and the institutional contexts and their concurrent effect on entrepreneurial behaviour (Welter, 2011). Factors that stimulate or inhibit entrepreneurship can be investigated at many levels. At the institutional level, one can study how the market, organisational, and regulatory environment affect entrepreneurial activity. At the individual level, one can examine people's motives for entering entrepreneurship.

In the section below, an examination of how the historical apartheid institution have influenced, and may still be influencing entrepreneurial behaviour in South African townships is performed.

2.2 The Institutional Context

Underlying the institutional theory is the assumption that there is an unarticulated reliance on history in the processes of institutionalization, which is often taken for granted (Saddaby, 2013)

The institutional context can either enhance or inhibit entrepreneurship in a country (D. S. Lim et al., 2010; Smallbone & Welter, 2012). Institutions are formal and informal regulations influencing people's behaviour (c.f. North, 1991; Smallbone & Welter, 2012b). The institutional context influences the type, the level and the rate of development of entrepreneurship as well as the entrepreneurial action (Smallbone & Welter, 2012), because the policies adopted by government determine the environment in which entrepreneurial activities and decisions are made (Bowen & De Clercq, 2008; Minniti, 2008). This is especially apparent in institutional contexts with great uncertainty, ambiguity, and turmoil (e.g. Smallbone & Welter, 2012b), like those of economies with a recent history of central planning, e.g., the previous communist regimes in Eastern Europe, and the historical apartheid regime in South Africa. The institutional theory is applied to provide explanations for social phenomena (Suddaby et al., 2014). Therefore it is applied to provide insight regarding influences and social pressures experienced by businesses, which are different from technical and material influences. This means that entrepreneurs may behave in ways that do not make economic sense, but are effectively aligned with the context such as the norms and values of the society that they are part of. The institutional contexts such as the social, the cultural, and the political, have an impact on the attitudes and intentions towards entrepreneurship (Martinelli, 2004). The resource capacity, and available opportunities for venture creation are also affected by the institutional context. In this manner, the relationship between institutions and entrepreneurial behaviour can be observed.

Institutions set both implicit and explicit boundaries for entrepreneurial behaviour (Smallbone & Welter, 2012). They have an impact on the perception, the logic, and behaviours of individual and collective actors (Lawrence & Suddaby, 2006), which determines the nature, the extent, and the rate of entrepreneurship development (Smallbone & Welter, 2012). This means that they may both enable and inhibit entrepreneurship by setting the "rules of the game" as well as the reward structure (Smallbone & Welter, 2012). In the instances where they act as enablers of entrepreneurship, they will reduce uncertainty, transaction costs and risk. And the opposite is true in the instances where they act as inhibitors of entrepreneurship. The amount of uncertainty, transaction costs for starting and developing a business, and risk will be higher. Furthermore, the earnings will be limited (Smallbone & Welter, 2012). As stated in the introductory chapter, the research question that this study is answering concerns examining those factors that inhibit entrepreneurship within South African townships, which is mainly because of the consistently low entrepreneurship rate that is observed. And this is in spite of the efforts and resources provided by the state and other organisations to foster entrepreneurship in these areas. The institutional context helps provide an explanation for the differences in the types and the degrees of entrepreneurship observed across regions and countries.

Institutions that influence entrepreneurial behaviour are classified into three types: the regulative (or formal), the normative and the cultural-cognitive (Scott, 2008; Smallbone & Welter, 2012). These institutions have both a direct and an indirect influence, on whether an individual perceives entrepreneurship as appealing and attainable (Shapero & Sokol, 1982; Smallbone & Welter, 2012) and whether entrepreneurs are able to direct their resources into activities that are productive, profitable and innovative (Baumol, 1990 as cited by Smallbone & Welter (2012)). The cultural-cognitive institutions are the shared interpretations of the

normative institutions, refers to how the shared values and norms are understood within a certain culture and community. This is demonstrated in the way things are done within a certain culture (Heise & MacKinnon, 2010). This establishes stability and gives sense to social life within a society (Dequech, 2009). But the stability achieved may not necessarily be in the interest of the population concerned, nor associated to positive conditions within its spatial environment. Sometimes, some institutions established within an economy may produce oppressive conditions in the lives of the population members, or of some of the members (Kleinhans et al., 2017). The apartheid regime in South Africa produced for a period of time, stable political, spatial, and social conditions regarding how different ethnic groups were supposed to live and behave. Black people were at the receiving end of extremely oppressive laws and regulations.

In the next section I examine the formal laws that constituted apartheid and how they were applied to control individual behaviour in South Africa

2.2.1 Apartheid formal institutions

Formal regulations consist of codified legal and political structures, written contracts and constitutions (Boettke & Coyne, 2009; North, 1991). These are usually established by the state or any recognised legal institution known to all individuals in a group, place or country, and are binding to all (Boettke & Coyne, 2009). Formal laws may involve regulations that have a direct influence on the cost of entering, developing, and exiting a business activity (Welter, 2012), for instance, regulations governing market entry and exit, as well as commercial agreements. Formal institutions may also have an indirect influence on the appeal and feasibility of entrepreneurship (Smallbone & Welter, 2012), for instance, through tax laws, employment laws, education and financial policies. Financial regulation may have both direct and indirect influence on entrepreneurship, for instance, conditions for borrowing money from the bank to start a business, the level of interest rates charged for business loans, and the exchange rates for those trading over the borders of their countries.

The legislation that was passed and implemented during apartheid included the Native Land Act (1913) (Beinart & Dubow, 1995; William Beinart, 1995; Mariotti & Fourie, 2014), which stipulated that Black people, who constituted more than 75% (about 80% today) of the population were to occupy less than 10% of the land; the Native Trust and Land Act of 1936 slightly increased the land allocated to Blacks to 13%. Both of these acts forbid any buying of land by Black people except within the designated areas (Marais et al., 2018). They also saw to it that Blacks could not access land through other independent means like leasing, sharing, labour tenancy, or squatting. The allocated areas were later designated as ‘homelands’. Homelands were under-resourced rural areas with arid and unfertile land for farming. The Natives Urban Areas Act (1923) (Beinart, 1995; Jürgens et al., 2013; Mahajan, 2014; Marais et al., 2018) ensured that different racial groups lived in segregated locations in the urban

areas, and limited the migration of Black people to urban areas. The Slums Act adopted in 1934 was used to remove Blacks from the inner cities and for expropriation of land. These various measures gave rise to racially stratified economic conditions and highly segregated urban areas. Other racially discriminatory laws that were adopted were the Group Areas Act (1950) and the Prevention of illegal Squatting Act (1951) (Allen, 2005; Beinart, 1995; Jürgens et al., 2013). The purpose of these laws was to strengthen racial and ethnic segregation, with the White minority population occupying well-resourced urban places and the Black majority living in under-resourced townships and poverty stricken rural areas. One can observe that all these laws discussed above, mainly concern spatial regulations. They demonstrate how important it was for the apartheid government to have complete control over the spatial aspect of the country to achieve its ideology. The geographical distribution of the society was manipulated in such a way as to create an uneven distribution of power (Anderson, 2000: p 93).

Another area of racial inequality is education. Black and white people did not receive the same quality of education at school in South Africa. Education was completely segregated. Even its funding by the government was differentiated along the racial groups. The Black population received what was called ‘Bantu’ education, even though the education was not relevant and empowering to the Bantu people. The white racial group was guaranteed elevation and prosperity through specially designed laws that were passed post 1948. And legislations such as the Industrial Conciliation Act (1924) and the Wages Act (1925) ensured that certain types of employment could only be occupied by white job seekers (Bhorat, 2004; Mariotti, 2012). Other racially discriminatory laws that already existed before 1948 include the one that denied Black people the right to vote, for an example, which meant that Blacks in South Africa had no means of expressing themselves concerning political, social or economic matters.

The policies and regulations of the apartheid government were conceived and applied in such a way that Black South Africans could not take part in any meaningful economic activity. Furthermore, the level of education was purposefully made inferior to prevent any real acquisition of skills. There was no room for ambition as their relationship with the ruling White elite was that of servant-master (Beinart, 1995), thereby causing Black people to develop a culture of dependency and submission. And the feasibility of engaging in entrepreneurship was made next to impossible because of the high cost of entrepreneurship due to the high levels of poverty, the lack of adequate social capital, human capital, and financial capital. Also, since cognitive skills are linked to desirability and ultimately to entrepreneurial intention (D. S. Lim et al., 2010; North, 1991; Welter, 2012), a culture of dependency and submission does not possess characteristics that are compatible with those that enable opportunity recognition and entry into entrepreneurship. For example, Ardichvili et al., (2003) assert that to be able to identify new entrepreneurial opportunities, some of the main characteristics that entrepreneurs need to possess are alertness, especially to new information in the environment, possess prior knowledge – especially concerning the industry of interest, have valuable social networks, possess self-efficacy, be risk taking and be optimistic. However because of the historical contextual conditions of townships, many of these material and cognitive prerequisites for entering entrepreneurship are absent. Consequently, this condition has largely contributed to a lack of role models for entrepreneurship, thus resulting in low entrepreneurial culture, which has consequently produced a comparatively low level of entrepreneurship within this population group (Preisendörfer et al., 2012a).

Institutions have a major consequential effect on organisations, policies, and on people's everyday lives. Though bad institutions may change, they continue to condemn many people in the world. They cause people to endure difficult and unpleasant lives by promoting racial discrimination, corruption, predatory behaviour and civil unrest (Levi & Menaldo, 2014). These institutions include racist regimes, autocratic authorities, and weak bureaucracies. The apartheid government was one of those bad institutions that continue to affect people today (Dominy, 2013; McDonald & Piesse, 1999; *The Economics of South African Townships*, s. d.; Todes & Turok, 2017). It created a very hostile social environment for Black South Africans. Their culture was despised and individual dignity violated (Allen, 2005).

Most Black entrepreneurs today still lack the financial, social, and human capital resources that are needed to successfully engage in entrepreneurial activities, because of the inherited socio-economic conditions from the past (Preisendörfer et al., 2012a, 2014). This illustrates how a higher-level contextual analysis interacts with phenomena on a lower level (Zahra & Wright, 2011), and how historical legislation at the national level may still interact with the availability of valued resources or the possibility of agency. Historical legislation and policy in this case, acting as inhibitors of present day entrepreneurship.

2.2.2 Apartheid informal Institutions

North (1991) refers to the normative and cultural-cognitive institutions (which are often bundled and studied together as informal institutions) as non-codified and informal in nature. He asserts that they are deeply embedded within the society, meaning that these types of institutions are hard to alter (Smallbone & Welter, 2012). Normative institutions firstly refer to values that govern the society. Secondly, they refer to the social standard that is applied to assess whether something is deemed desirable, preferable and acceptable. Thirdly, they

include the informal rules that determine the type of action or behaviour that is preferable, and in line with the societal values (Scott, 2008). Informal institutions are regarded to have an indirect influence on entrepreneurship by designating preferable societal roles and behaviour for people in a particular community (Smallbone & Welter, 2012). Consequently, this has an impact on the aspiration and feasibility of entrepreneurship (e.g. access to capital and access to markets). They may also have a direct influence whereby acceptable business behaviour is judged according to social standards for business. Therefore, setting acceptable and 'fair' business practices (Scott, 2008). Additionally, informal institutions largely depend on the presence of reciprocity, which is mainly determined by trust (Boettke & Coyne, 2009). This means that the norm would be for people to *'treat others the same way you want them to treat you' (Luke 6: 31 – Holy Bible, Amplified version).* So, people would be expected to react in kind and adhere to agreements and obligations. Furthermore, responding according to societal expectations bears legitimacy or acceptance by others (Anderson & Smith, 2007; Kibler et al., 2014; Suddaby et al., 2017).

These societal expectations can be summed up as culture - which consists of norms, beliefs and values (Hofstede et al., 2004). According to Williamson's institutional hierarchy, as cited in Boettke & Coyne (2009), which constitutes four levels of hierarchy, culture and customs fall within the first level labelled embeddedness, which has the longest length of time, from 100 to 1000 years, it takes to alter. For example, though post-apartheid South Africa aspire to be identified as a 'rainbow' nation (Urban, 2006), whereby social and spatial mobility is unrestricted and de-racialised, this remains only ideal because in reality, a type of neo-spatial apartheid can be observed around urban centres (Donaldson & Jürgens, 2012; Jürgens et al., 2013), which is characterised by an increase in the development of ethnic ghettos, showing that people continue to follow the apartheid population spatial divisions. And policy makers

also continue to use the ethnic and racial classifications and discourse developed by the apartheid regime shows that some of the social reflexes, logics, and habits learnt during the apartheid period still remain, and are hard to break (Donaldson & Jürgens, 2012).

2.3. Effects of Racism and Race-Based Oppression

Race is a social category that has been constructed and designed to classify people in order to enact meaning within a social context (Pager & Shepherd, 2008). Racism can take place within various structures such as political, economic, social, cultural, beliefs, and action. It can be experienced on the institutional level, for example, the apartheid regime in South Africa practiced institutionalised racism, which involved unequal access to opportunities, goods and services, based on one's racial identity. It is experienced as an inherited deprivation in one's life, and often, policies that are discriminatory are embedded in institutions. The unequal distribution of resources, priviledges, and power in favour of a particular racial group to the detriment of others, take place.

Racism within social groups encapsulates three different but related biases (Pager & Shepherd, 2008). These are:

Prejudice – an emotoinal bias - is an emotional reaction to another person *based on preconceived ideas concerning them.*

Stereotypes – a cognitive bias - stereotyping involves projecting preconceived ideas onto another individual without attaining any accurate knowledge about them.

Discrimination – a behavioural bias - the act of administering inequality as a result of prejudice and stereotyping.

Racism that is experienced at a personal level usually commences with prejudice and culminates with discrimination (Pager & Shepherd, 2008). Racist behaviour can also take place without intention or simply by omission. Victims of racism can internalise racism by accepting stigma and negative messages concerning their identity and inherent abilities.

The simplest definition of racial discrimination is the *'unequal treatment of persons or groups on the basis of their race or ethnicity'* (Pager & Shepherd, 2008). Scholars and legal representatives consider two definitions of racial discrimination. The first one is 'differential treatment', and the second 'disparate impact'. Differential treatment signifies unequal treatment due to racial difference. And disparate impact pertains to the construction and application of rules and conditions that are favourable to one group of people over another (Reskin 1998, p. 32; as cited in Pager & Shepherd 2008). Therefore the latter definition widens the scope by including processes and decisions that are not necessarily racist but may produce consequences that reinforce racial disadvantage (Pager & Shepherd, 2008). This is important in assessing access to valued opportunities by different racial groups. Both aspects of these two definitions have been identified in the context of South African apartheid, whereby formal regulations were put in place to explicitely discriminate against non-whites, and also rules and conditions constructed and applied in a manner that would be favourable to the white population group (Allen, 2005; Battersby-Lennard, 2009). Racial disadvantage is also associated to racial prejudice - which has to do with attitude, racial stereotype – having to do with beliefs, as well as racism – which is an ideology (see Quillian, 2006). Therefore discrimination may originate from racial prejudice and stereotyping. Racial oppression, discrimination, and exploitation of Black people in South Africa, originated in 1652 with the arrival of the Dutch settlers (Adonis, 2018). These were then expanded and transformed into a formal racist political system, known as apartheid (Battersby-Lennard, 2009).

Apartheid in South Africa was more than mere prejudice against Black people, it was much more sinister and traumatic. It was institutionalised and inlvolved *discriminatory treatment, unfair policies and inequitable opportunities and impacts, based on race, produced and perpetuated by institutions (schools, mass media, etc).* According to Volkan (2001), research

has demonstrated trauma to be transmitted accross generations in society. In the case of South Africa, the structural legacy of apartheid is still highly present today and needs to be addressed (Dominy, 2013; McDonald & Piesse, 1999; Treiman, 2005). Kagee et al. (2003) assert that the benefits gained with the destruction of apartheid are nullified by the persisting economic exclusion of the majority of the population. Hendriks & Whiteman (2014), as cited in Adonis (2018: p 15), mention that Ali Mazrui described the situation in South Africa as a matter of *Black people receiving the crown and White people retaining the jewels.* The persisting apartheid structural legacy continues to negatively affect the financial status and wellbeing of Black people even today (Adonis, 2018). And it can be expected to continue for more generations to come. Only a small number of whites are willing to admit the benefit they have enjoyed from the structural legacy of apartheid, even those considered as the 'born frees'. The 'born frees' is a popular South African term refering to the South African youth who did not experience apartheid first hand, and who may have voted for the first time in the second democratic elections in 1999.

In a study presented by Adonis (2018) , one South African township participant insinuated that he and his family have not gained any freedom because of the continued socio-economic marginalisation and suffering. Another complained of the insignificant change that has taken place on the socio-economic level. Implying that Black people are in a worse position post-apartheid than during apartheid, therefore pointing the finger at the persistent structural legacy of apartheid. This causes many Black youth to continue battling the same or even higher levels of poverty, inequality, unemployment and hopelessness, just as their parents did. This belief is asserted by Backer (2005) who asserted that the majority of Black South Africans believe that it is harder to earn a living post-apartheid than it was during apartheid.

Inequality in South Africa is believed to have mainly originated from colonialism and apartheid (Coovadia et al., 2009). And poverty has been steadily increasing since 1995 (Hoogeveen & Olzers, 2006 as cited by Adonis, 2018). Therefore, it could be argued that the victims of apartheid are trapped in a cycle of poverty as this condition is identified by Kraay & McKenzie (2014) and supported by the assumption that poverty self-reinforces, because once a person is born poor it is unlikely for them to break out of it (Adonis, 2018). The affluence of white families is largely due to the benefits and the enduring legacy of apartheid (Seekings & Nattrass, 2008). They easily afford to pay for their children's education. They are also benefiting from the credentials and skills gained during apartheid, which they were able to transfer to their children even post-apartheid (Seekings & Nattrass, 2008). It has been demonstrated through research in the USA, that middle and upper class-children are able to access better education and also that they are often benefactors of a substantial inheritence from their parents (Bowles & Gintis, 2002). These types of intergenerational transfers usually do not take place in poor families (Adonis, 2018; Albertini & Radl, 2012).

2.4 Institutional Logics

Definitions for institutions that have been established in the literature involve the description provided by Scott (2003), asserting that institutions include cultural-cognitive, normative, and regulative aspects that render social life stable and meaningful. And Fligstein (2001: p 108) in agreement with Scott, who defines institutions as rules and shared meanings that define social relationships, which determines who occupies which position within those relationships and guide interaction by providing cognitive frames or sets of meanings to interpret the behaviours of others. The neo-institutional view privileges the role of cognition in its conceptualisation. Entrepreneurial intention is influenced by people's cognitions (D. S. Lim et al., 2010; Smallbone & Welter, 2012). And cultural-cognitive institutions influence the

desirability of entrepreneurship, both of which are impacted by normative institutions i.e. meaning beliefs, values, and culture.

Institutions have a tremendous impact on the thoughts, sentiments and behaviour of individuals and groups (Thornton et al., 2015a). A person usually develops thoughts, which lead to feelings, then attitude, and eventually resulting in a certain type of behaviour or action. According to thesaurus.com a 'thought' is defined as 'logic', 'understanding', and even 'cognition'. If institutions have a profound effect on thoughts of individuals and collectives, then it means there exist different types of thoughts or logics within different institutional contexts. And these will therefore trigger different types of action or behaviour.

The institutional logics perspective originates from sociological institutionalism (Thornton et al., 2015). It emphasises the role of culture in institutional analysis. The definition of institutional logics is:

> *"the socially constructed patterns of symbols and material practices, assumptions, values, beliefs, and rules by which individuals and organizations produce and reproduce their material subsistence, organise time and space, and provide meaning to their social* reality" (Thornton & Ocasio, 1999, p. 804 - as cited in Thornton et al. (2015).

The expression 'institutional logics' was first introduced by Alford & Friedland (1985) to '*describe the contradictory practices and beliefs inherent in the institutions of modern western societies'* (Greenwood et al., 2008). Three competing institutional orders were identified, possessing different beliefs and practices. These are *capitalism, political democracy,* and *state bureaucracy*. Friedland and Alford (1991) as cited by Thornton & Ocasio (2008a) further explored the idea by examining relationships between individuals,

organisations and society. The observation was such that individuals and organisations *produce and reproduce their material lives* to render their lived experiences meaningful. Each institutional order has a dominant logic that drives social behaviour, *vocabularies of motive* and identity. In this manner, institutions constrain social behaviour, while they also produce sources of agency for change.

Thornton & Ocasio (2008a: p 101) also asserts that Jackall (1988) developed a separate but related concept of institutional logics whereby he defines it as:

> *'the complicated, experientially constructed, and thereby contingent set of rules, premiums and sanctions that men and women in particular contexts create and recreate in such a way that their behaviour and accompanying perspective are to some extent regularised and predictable. Put succinctly, an institutional logic is the way a particular social world works.'*

The review performed by Thornton & Ocasio (2008a) concluded that both the conceptions developed by Jackall (1988) and Friedland & Alford (1991), consider institutional logics to be expressed in *practices, political struggles, and sustained as well as reproduced by cultural assumptions.* On the other hand, Meyer & Rowan (1977) and Zucker (1977), in their examination of institutional analysis emphasised the role of culture and cognition. Also Meyer & Rowan (1977) adopted a macro perspective and showed how organisations are required to adapt to the external environment, and how taken-for-granted rules become rationalised. Furthermore, Zucker (1977), adopting a micro perspective, showed how institutionalisation could be measured through the examination of the taken-for-granted aspects of institutions, and through cultural persistence.

Institutional logics – as mentioned above, are defined as *the socially constructed historical patterns of material practices, assumptions, values, beliefs, and rules*. They provide meaning to social behaviour, and therefore a link between institutions and action (Thornton & Ocasio, 2008a). The institutional logics perspective is considered a good candidate for demonstrating how macro-level factors may have an impact on micro or individual level factors (Costa & Gomide Teixeira, 2013; Davis & Marquis, 2005). In order to facilitate this demonstration there should first be an agreement between academics to put aside the argument about rational and irrational decision-making being opposites (Costa & Gomide Teixeira, 2013), and instead assume the society to be a complex system of interdependent institutional orders, made up of several rationalities that may at times be in conflict with one another (Costa & Gomide Teixeira, 2013). This means that there may be multiple institutional logics present within a particular context, actively competing for dominance in the society. These would consequently be responsible for directing actors towards adopting different practices.

Thornton (2004), further developed the institutional logics perspective by elaborating the connection of logics to inter-institutional systems and identified the institutional orders as *family, religion, state, market, professions, and corporation*. Thornton & Ocasio's (2008a) literature review, as cited in Thornton et al., (2015c) resulted in the identification of the main meta-theoretical principles of institutional logics as; embedded agency, society as an inter-institutional system, the material and cultural foundations of institutions, the historical contingency of institutions and institutions at multiple levels of analysis.

Embedded agency is a core assumption of the institutional logics approach, whereby the identities, values, interests, and assumptions of individuals and organisations are considered to be embedded within the predominant institutional logics (Thornton & Ocasio, 2008a). This means that the decisions and consequent actions are the outcome of the exchange between

institutional structure and individual agency (Thornton & Ocasio, 2008a). And the agency is both enabled and constrained by the predominant institutional logics. This view of embeddedness of actors differentiates the institutional perspective from the rational choice approach, which puts emphasis on individual decisions (North, 1990; Ingram and Klay, 2000 – as cited in Thornton & Ocasio (2008a)), but also distinguishes it from the one that puts more focus on structure than action (Thornton & Ocasio (2008a). The view is that of partial autonomy of agents in society (Friedland & Alford, 1991 as cited by Thornton & Ocasio (2008a: p 104)). Since the society is made up of three fundamental levels that explain it, they consist of:

> *"individuals competing and negotiating, organizations in conflict and coordination, and institutions in contradiction and interdependency."*

Thus, an important observation to be made is how an agent's behaviour is influenced by the *comparative conflict and conformity of institutional logics - which are both material and cultural* (Thornton, 2002; Thornton & Ocasio, 2008a). Therefore, the central assumption in the institutional logics perspective is that each of the institutional orders in society possesses both the material and the cultural characteristics (Thornton & Ocasio, 2008a). Culture signifies the social systems of values, beliefs, norms and symbols (Thornton et al., 2011). Empirical research studies have demonstrated that there exist differences in beliefs, values, and motives related to entrepreneurial behaviour across different regions and countries (Hayton et al., 2002; Hayton & Cacciotti, 2013; Urban, 2015). In the next section, I explore the view of institutional logics and their impact on entrepreneurial behaviour within the South African township spatial context.

2.4.1 Legacies of Logics – The South African Township Context

The logics perspective is especially important for institutional theory because it provides an avenue for analysing historically-situated pluralities (Greenwood & Raynard, 2013; Greve & Rao, 2014). A process known as *institutional relay* is responsible for creating institutional legacies (Greve & Rao, 2014), meaning that historical events lay a foundation for future events. Producing *patterns of thought and action* (Greve & Rao, 2014). It is therefore possible to demonstrate the origin of a phenomenon by linking earlier events to current events through *mechanisms of relay*. The historical events become the foundation for the phenomenon, and maintain the cultural aspects needed for the perpertuation of the particular phenomenon. For example, the apartheid laws that criminalised Black individuals in South Africa from owning a business prevented them from developing an entrepreneurial mindset thus producing a low level of entrepreneurship (Preisendörfer et al., 2012a, 2014), which is still visible today within the Black community as a legacy of the past apartheid laws.

As a consequence, past dominant logics do not just disappear overnight. They rather persist and continue to influence behaviour through the material and symbolic legacies that remain behind (Greenwood & Raynard, 2013; Kriauciunas & Kale, 2006). The '*legacy effect*' is more particularly visible within a specific geographic region, but plays a major role in the way in which actors react to broader institutional stimuli.

Institutional legacies are carried through a path by mechanisms or carriers (Greenwood & Raynard, 2013). For instance, early religious organisations may have a continued influence on norms and beliefs and consequently on the overall culture of a particular society (Hofstede et al., 2004). And a single industry dominating the market may shape society and cause an institutional legacy. In the same way, political structures may also have an effect on socio-

economic conditions of a territory and create institutional legacies. For example even in the post-apartheid era there are still continuing efforts to redress the economic, social and spatial legacies of apartheid (Jürgens et al., 2013).

Apartheid spatial policy had an impact on every aspect of an individual's life as well on the community in an interlinked way (Jürgens et al., 2013). Therefore it becomes a complicated task to successfully address the legacy of apartheid in one sector of life because it is often depedent on first addressing many other sectors. Hence education funding does not necessarily result in all schools acquiring equality, both educationally and economically, the reason being that the underfunding of Black schools during apartheid has left them with a great amount of underqualified teachers (Yamauchi, 2005). And the spatial legacy has left them disadvantaged in terms of access to quality teaching resources and access to amenities situated in the city centers.

The legacy of poor education for Black people also resulted in uneducated parents that are unable to provide the needed support to their school going children (Yamauchi, 2005). The economic legacy in very poor communities have resulted in families not being able to pay for school fees (Yamauchi, 2005). And the legacy of lack of investment in townships resulted in schools lacking resources such as libraries and sports facilities. It is therefore possible to observe how apartheid has utilised spatial rearragement to reinforce its ideology. The democratic government has put measures in place to restitute land to Black farmers with the aim of countering the historical legacy of exclusion, whereby Blacks, though constituting almost 80% of the population, occupied only 13% of the land (Battersby-Lennard, 2009). And the land they were allocated was unfertile and unsuitable for farming purposes.

Apartheid has left behind a greatly segregated society with deeply entrenched inequalities. As a result many Black South Africans live in adverse poverty today (Adonis, 2018; Terreblanche et al., 2002). The distinct characteristic of inequality and poverty is that they are often transfered to the next generations (Adonis, 2018; Roksa & Potter, 2011). In spite of this known fact, it seems that serious consideration is still not being given to how past apartheid injustices are still influencing present generations, and possibly future ones.

The historical contingency of logics, legacies, and geographic communities generates differences in local institutional contexts (Thornton & Ocasio, 2008; Thornton et al., 2012). It is therefore important to consider the persistent influence of historical political regimes on communities (Greenwood & Raynard, 2013). Thus, logics essentially have a dual purpose of providing a top-down view framework and a bottom-up view framework as a foundation for acting on environmental stimuli (Greenwood et al., 2011; Thornton et al., 2012b, 2012a). Consequently, a specific spatial context will display specific logics typical of that environment.

2.4.2 Spatialised Logics – Township Spatial Context

The concept of communities in research is conceptualised in various ways. It may be by *geographical location* (Lounsbury, 2007), by *professional group* (Reay & Hinings, *2009),* by *political jurisdiction* (Waldorff & Greenwood, 2011), and by *religious beliefs* or *moral beliefs* (Shadnam & Lawrence, 2011). Therefore, though boundaries around communities may not be easy to delineate, communties may consist of populations, markets, and organisations (Marquis & Battilana, 2009). And if a common location is shared, then so are local culture, identity, norms and rules. Close geographic proximity produces community-oriented kinship which cultivates a collective identity and cultural distinction (Wry et al., 2011). Furthermore,

communities possess distiguished socio-cultural histories, generating localised meaning within a broader context (Waldorff & Greenwood, 2011). Historical events are commemorated and interpreted through collective memory, considered a system of values, identities and practices (Ocasio et al., 2016; Schwartz & Kim, 2002; Schwartz et al., 2005) and serving constructive role in the development and evolution of societal logics (Ocasio et al., 2016).

Although a strong community may be referred to as a group of people who share morals, values, and social relations (Agnew, 1989; Storper, 2008*)* embedded in a specifc geographic area (Huggins & Thompson, 2014), the concept of community is understood to involve more the possession of specific social ties, interaction, morality, and similar behavioural norms (Guest et al., 2006). Therefore, though there may be a number of townships dispersed around the Gauteng province in South Africa, or specifically around the city of Johannesburg (where this study was conducted), these communities share a collective memory of having experienced racial oppression under the apartheid government. They also share the same cultural heritage since they are from the same racial and ethnic groups. They consequently display similarities in material and symbolic resources because of their shared socio-cultural historical origins. The collective identity and culture may be further enhanced and reproduced through regulative and normative institutions (Glynn & Halgin, 2011; Marquis et al., 2007). These consequences may become reified in practices, structures, and in interplay. In the next sections the effects of regulative and normative institutions on entrepreneurial behaviour, according to the Welter (2012) framework below are examined (see figure 6).

2.5. Potential Effects of Institutions on Entrepreneurship

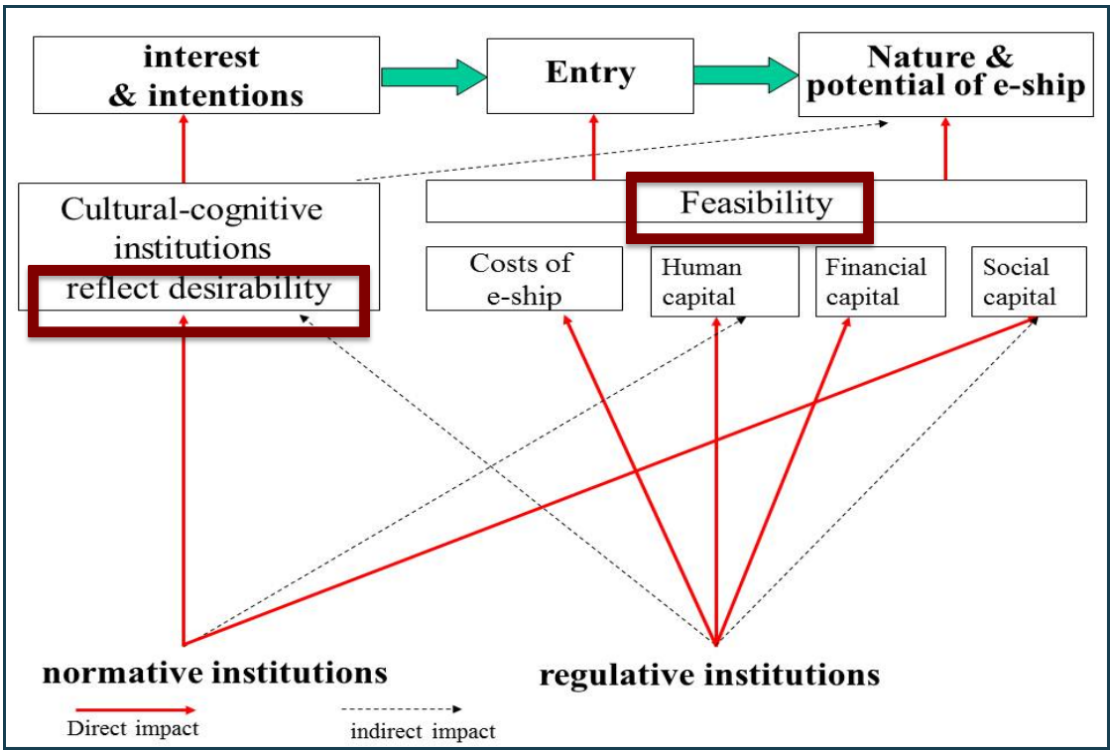


Figure 6 Potential Impact of Institutions on Entrepreneurship (Welter, 2012)

2.5.1 Effects of Regulative Institutions on Entrepreneurship Logics

The apartheid institutional logic in South Africa lead to the implementation of laws and regulations with the purpose of economically and socially excluding Black people. Blacks were deliberately excluded from partipating in business and from owning property. At least 500 laws and regulations that were passed directly or indirectly prevented Black people from entering entrepreneurship (Co, 2003). Some of these laws are the: *Master and Servant Act (1911)* – providing for availabilty of Black labour for Whites, *Mines and Works Act (1911)* – provided for the reservation of skilled and semi-skilled jobs in the mines exclusively for Whites, *Native's Land Act (1913)* – Prohibited Blacks from buying land outside the

homeland, which made up only 13% of the land for almost 80% majority, *Native Urban Areas Act (1923)* – considered Blacks as temporary visitors in urban areas, prevented business ownership, made provision for pass laws, inhibited freedom of movement, further entrenched residential and social segregation, *Group Areas Act (1950)* – prevented people from living and having business activities in areas not designated to their groups, *Natives' Resettlement Act (1945*) – provided for the removal of Blacks from any area deemed inappropriate, *Regulations Governing Black Business in Urban Areas (1962)* – permitted only businesses for basic needs in townships, made provision only for 25 types of licences in the urban areas, and informal business was not permitted, (Motsuenyane, 1989 as cited in Co, 2003b) ; Battersby-Lennard, 2009), *and the Bantu Education Act (1953*) – established an inferior quality of education to Blacks, preparing them for servanthood instead of providig them with skills to develop their economic status.

All these laws and regulations lead to a severe lack of *material and symbolic resources* within Black communities. Because of this historical fact, the current democratic government have put in place policy to allow provision of resources to help foster entrepreneurship (c.f. National Planning Commission, s. d.)

Welter's (2012) conceptual model exhibiting the "potential impact of institutions on entrepreneurial behaviour" shows how regulative institutions may have a direct impact on entrepreneurial behaviour. And, in addition, how they may indicate the level of feasibility of entrepreneurship within a particular context. These regulative institutions have a direct impact on the type and the level of entrepreneurship. They consist of the 'financial capital', the 'human capital', the 'social capital', and the 'cost of entrepreneurship'. Regulative institutions constitute rules and incentives that restrain and systematise entrepreneurial behaviour (Seelos et al., 2011). They consist of both formal and informal rules, and they determine the benefit

and loss for behaving in a particular manner, or whether one is able to participate at all (Valdez & Richardson, 2013). Thus, they determine legitimacy for entrepreneurial behaviour within the township environment.

2.5.1.1. Financial capital

McMullen et al. (2008) examined the relationship between economic freedom and participation in entrepreneurship and discovered that the level of labour freedom is directly proportional to the level of entrepreneurship. The apartheid state in South Africa through its laws and regulations dispossesed Blacks of their land and reduced them to mere labourers for its economy (Feinberg 1993; Motsuenyane, 1989 as cited in Co (2003b). In post apartheid South Africa, the democratic government is burdened with the task of creating jobs for a large number of people while possessing inadequate resources (Mahajan, 2014). Thus employment creation has been weak resulting in high unemployment and increasing inequality and poverty rates (Venter et al., 2015). Companies also moved towards more skilled employment (which is generally occupied by whites) (Bhorat & Hinks, 2005), resulting in the unemployed, unskilled, and low-skilled being almost all Black. The wage gap between the low skilled and the higly-skilled has increased substantially. Because of the dropping of the wages of the low-skilled and the increase in wages of the highly-skilled (who are dispropotionately White), that took place between 1990 and 1993 (Altman, 2006). Since the end of apartheid in 1994, Black people have not been able to participate in meaningful participation in the economy (Mariotti & Fourie, 2014).

Thus, they are increasingly marginalised, destitute, and remain buried in poverty spaces (Urban & Ndou, 2019). They are also excluded from integrating urban desegregated spaces (Saff, 1994). Although there is an emerging Black middle class (see Seekings & Nattrass, 2008) that has left the townhips for the surbubs and city centers, the number remains

relatively low. Township dwellers are yet to experience *apartheid free urban living* (Jürgens et al., 2013) because many continue to live within conditions of extreme poverty (Urban & Ndou, 2019). Poverty is more prevalent in the townships with households having a hard time coming out of poverty traps without government intervention (Sekhampu, 2013). And extreme disparities in opportunities, income, and wealth, are still in place in South Africa. South Africa has been identified as one of the most unequal countries in the world (Co, 2003b; Preisendörfer et al., 2012b; Worldbank, 2018), with a Gini coeffitient of 0.63 (World Bank, 2018). According to worldpopulationreview.com, 10% of the richest people in South Africa hold 71% of the wealth. And 60% constituting the poorest hold only 7%. Furthermore, more than half the country's population lives in poverty, with less than $83 per month in earnings.

It is common knowledge that starting a new business requires a certain amount of financial capital. But because of high levels of poverty in the townships, many people who may been interested in entrepreneurship do not have access to funds (Preisendörfer et al., 2012b). Futhermore, because of the poor quality, and low value of their property, or the complete lack of property ownership, potential entrepreneurs are unable to secure funding from financial institutions because of lack of collateral required.

2.5.1.2 Cost of Entrepreneurship

The power of apartheid was mainly embedded in its use of space to drive a political ideology. Apartheid had established laws that meant to maintain and extend the already existing racial segregation from colonialism. The most nefarious legislation of segregation in South Africa was the Natives Land Act (1913) (Mphambukeli, 2019). This act added to what colonialism had been doing for a long period of time, which is dispossessing Africans of their land and using them as a source of cheap labour (Feinberg 1993; Motsuenyane, 1989 as cited in Co,

2003b). Therefore even before apartheid was established as a formal institution, Black people were forbidden from owning private property (Kihato, 2013; Powell, 2002)

One other odious law that was established was the Group Areas Act (1950). This law reinforced the racial hierarchy through spatial manipulation by dividing urban areas by race residentially, economically, as well as recreationally (Battersby-Lennard, 2009). It specified the areas within the urban environment that could be used by a specific racial group. Dictating the use and occupation of public spaces, such as separate benches, public transport, schools, and hospitals (Battersby-Lennard, 2009). More laws such as: the Bantu Education Act (1953), the Natives Resettlement Act (1954), the Natives (Urban Areas) Amendment Act (1955), and the Industrial Conciliation Act (1956), were implemented and served to further reinforce the unequal separation of the South African population (Battersby-Lennard, 2009).

Then there was another law governing the urban space, the Native Urban Areas Act (1923), which further restrained Africans in urban areas to segregated townships. Thus refining the segregation of the cities. As a result, at the micro-level and day-to-day living, people were subjected to laws reflecting these apartheid ideologies. And people could only rent or own property in areas designated to their racial groups (Battersby-Lennard, 2009).

The spatial disadvantage experienced by township inhabitants deprived them of many basic resources (Mphambukeli, 2019). The segregation persisting in the post apartheid era is being enhanced by what is termed the ‘economic apartheid’ (Schneider, 2003), which has caused a rise in informal settlements lacking basic services and further segregated from the urban systems. The struggle for access to land for doing business is also an issue (Charman et al., 2017). The manner in which land is being managed in post-apartheid South Africa excludes

the poor by failing to recognise their living conditions and hardships (Charman et al., 2017). This exclusion is especially enhaced in the case of micro-businesses.

According to Njiro et al. (2010), the South African minister of trade and industry in 2006 identified townships business obtacles originating from apartheid. See a list of some of them below:

- *Deliberate discriminatory policies, limited access to capital and education, and restricted basic social and economic rights.*

- *Bantu education Act restricted opportunities for Black people for the acquisition of technical and professional skills, and entrepreneurial education, which could have encouraged youths to enter business and acquire a culture of entrepreneurship*

- *Racially segregated residential areas enforced through the Group Areas Act led to large capital losses destroying the fabric of small enterprises that could have been established by black people.*

- *Segregation increased the distance between black residences and working areas, increasing the costs and risks of conducting business.*

- *Curtailment of property ownership rights for Black people made it impossible to acquire assets that could serve as collateral to obtain finance loans.*

The historical legacy of apartheid racial urban control laws, which were accompanied by various laws inhibiting participation in economic activities, is still present in the townships today (Charman et al., 2017; Massey, 2014; Parnell & Pieterse, 2010). Land use is still

prioritised for residential purposes and there is very limited access to commercial land by township microentrepreneurs (Todes & Turok, 2017). The location of townships at the margins of urban centers and the low density plot structure of housing, complicates the organisation of efficient transport systems and the access to neccessary resources (Todes & Turok, 2017; Turok & Borel-Saladin, 2016). These spatial conditions cause entrepreneurs and households to spend significant amounts of money for travel to find economic opportunities and jobs.

2.5.1.3 Human Capital

The apartheid regime instituted separate education systems for Whites and Blacks. The Bantu Education Act (1953) was legislated in order to provide a considerably low quality level of education to the Black population. The aim was to train Blacks for low-skill jobs of sevant-hood, while reserving semi-skilled and highly skilled jobs for Whites. Black people were as a consequence not able to develop professional skills. The education and training systems are the basic components of the socio-economic framework that inspire individuals to engage in entrepreneurship, and to aspire to business success (Vesper & Gartner, 1997) . There are two interdependent institutions within this broad system, one is the education and training system, and the other made up of *institutions that determine the terms on which the skills owners may sell them in the labour market and how those specific markets are organised* (Whitley, 1999).

The level of education is commonly positively linked to new venture creation and inspirations (Davidsson & Honig, 2003; Preisendörfer et al., 2014). The human capital theory postulates that education allows individuals to better detect quality business opportunities, to plan for the new venture, as well as to manage an existing one (Preisendörfer et al., 2014). New businesses need a supply of skilled workers (Whitley, 1999 : p, 47). People in a country

possessing a highly-educated population will view the environment as more conducive for entrepreneurship, since there would be a sufficient amount of high quality human resources (for example, Begley et al., 2005). Education is important in venture creation because it enhances an individual's human capital, meaning, knowledge structures, desirability, and ability (D. S. Lim et al., 2010). Education enhances desirability because of the increased self-efficacy (belief in one's own abilities - cf Bandura, 2010) as a result of the specific industry skills and the general skills acquired. Research has demonstrated that education has an influence on the decision to start a business (Robinson & Sexton, 1994, as cited in Marshall & Samal, 2006), and that it is mostly the educated people who are more likely to start a business (Davidsson & Honig, 2003; D. S. Lim et al., 2010; Marshall & Samal, 2006). A high level of education may however provide better employment and income opportunities (Gimeno et al., 1997; Preisendörfer et al., 2014), therefore posing a challenge for entrepreneurship, which would need to be more attractive in terms of the returns for the individual (Preisendörfer et al., 2014). In South Africa, apartheid has had the legacy effect of producing more employees than entrepreneurs in the Black community (Preisendörfer et al., 2014). And also the affirmative action policies of the democratic government, like the Black Economic Empowerment (BEE), providing for higly-qualified jobs to be preferably filled by Black people, with the aim of giving them more access to opportunities, pose a challenge for entrepreneurship in the Black community (Adam & Moodley, 1993; Preisendörfer et al., 2014). Furthermore Black entrepreneurship is still challenged by racial segregration in the schooling system, which remains dorminant in post apartheid South Africa (Soudien, 2004). Poor Black learners remain isolated in under-resourced *racially homogeneous* schools in the townships (Soudien, 2004), while historically well-resourced White, Indian, and Coloured schools have been increasingly desegregated.

2.5.1.4 Social Capital

Social capital can be defined as "*the goodwill that is engendered by the fabric of social relations and that can be mobilised to facilitate action"* (Adler & Kwon, 2002). The goodwill is considered to be the sympathy, forgiveness, and trust afforded to us by friends and community, and is deemed a valuable social resource. Social capital is mainly determined through social networks and relationships (Lin, 1999), by analysing the strength of ties such as the frequency, intensity, multiplicity, and quality, of both of formal and informal interactions (Adler & Kwon, 2002; Urban, 2011). In entrepreneurship, social networks are considered to provide socal capital that allows access to opportunities and scarce resources (Davidsson & Honig, 2003; Miller et al., 2007; Urban, 2011). Multiple diverse social networks are important to the entrepreneur to leverage their resources, despite their strength (Aldrich & Carter, 2004). This diversity is crucial for accessing larger amounts of information, exposure to innovation, capital, and external markets (Urban, 2011). According to Anderson & Jack (2002), social networks can define the perception of a particular community or what a community represents in general terms. Thus community in the abstract sense can be considered as a collection of social ties (Narayan & Pritchett, 1999; Thornton et al., 2011). Social capital is usually applied as a community level attribute (Burt, 2000; Inkpen & Tsang, 2005; Liao & Welsch, 2003; Nahapiet & Ghoshal, 1998). And according to Jacob (1961) as cited by Glaeser et al. (1999), it consists of 'neighbourhood networks'. Putnam (1995) defines social capital as constituents of social life constisting of networks, norms, and trust, with trust occupying the central role in this definition. Fukuyama (1995) suggests that social trust has a strong influence on a society's economic success. Social trust implies generalised trust whereby an individual actor does something good for the society in general, mainly because they also trust that their action will be appreciated or rewarded through the construction of positive communal relations (Marková et al., 2008). Trust is necessary to

counter an environment laden with complexity, contingency, and risk (Luhmann, 2000). At the individual level there is reciprocity, and at the macro level, common values are produced.

This broad conception of social networks and social capital implies that the dynamics of economic exchange are socially embedded (McGinn & Keros, 2002). As distinct from rational choice perspectives, the social embeddedness perspective emphasizes that, in embedded contexts, entrepreneurial agency, that is the ability to garner entrepreneurial ideas and the resources to develop them, is shaped by implicit norms and social mores. Thus, social capital is conceptualised as a set of resources embedded in relationships (Abbasi et al., 2014; Glaeser et al., 1999; Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998).

Because societies are endowed by nature with different physical environments, members of society must adopt environmentally relevant patterns of behaviour to achieve success (Yamagishi et al., 2009). These environmentally relevant patterns of behaviour lead to the formation of different cultural values in different societies, some of which influence the decision to create new businesses (Thornton et al., 2011; Yamagishi et al., 2009). Anthropologists suggest that culture is related to the ways in which societies' organise social behaviour and knowledge (Hall, 1973 as cited in Hofstede et al., 2004). Cultural values are defined as the collective programming of the mind, which distinguishes the members of one human group from another and their respective responses to their environments (Hofstede, et et., 2004).

The segregation of the South African population required by the apartheid policies extended to the division of Black people according to their linguistic and socio-cultural identities. Segregation was the main tool for the apartheid ideology, as the name suggests. When people are divided, they do not get the opportunity to interact socially. As a consequence, they do not

get to know each other well. And this may cause some type of fear and distrust between them. For entrepreneurship to take place, one of the most important resources to possess is social capital (Anderson & Jack, 2002). Social capital is considered a structure (Coleman 1990, as cited in Anderson & Jack (2002) and also made up of many aspects of the social context, like *social ties, social interaction, value systems within a particular context, and trusting relationships* (Anderson & Jack, 2002; Nahapiet & Ghoshal, 1998; Tsai & Ghoshal, 1998). Individuals are socially situated (Loury, 2000). And the position of one's location within an array of social networks has an impact on their ability to access diverse resources (Loury, 2000 as cited in Anderson & Jack, 2002)). Social capital is considered to be both the source of, and the definition of successful network interplay (Cooke and Wills 1999 as cited in Anderson & Jack, 2002).

To possess agood quality social capital for a particular venture, one needs to have access to an appropriate social network (Lin, 1999). Through good social capital one can have access to resources such as business opportunities, funding for their venture, access to materials, and human resources. But many people who live in the townships in South Africa are very poor, therefore the quality of their social networks do not allow for good social capital to emerge as a resource for entrepreneurship. In the next section I discuss how normative institutions within a community may have an impact on logics

2.6 Effects of Cultural-Cognitive Institutions on Entrepreneurship Logics

According to Welter (2005) the decision to enter entrepreneurship is affected by norms. The normative environment determines the extent to which individuals within a particular context perceive entrepreneurship to be something desirable and important (Dequech, 2009; North, 1991; Welter & Smallbone, 2011). The mechanisms that are created by the institutional

environment frame the context of entrepreneurship by creating norms of behaviour and social standards (Seelos et al., 2011; Welter, 2005). The normative mechanisms emanate from social structures and are the ones that shape behaviour that is perceived to be appropriate and expected (Seelos et al., 2011). They define the societal values and norms expressing behaviour that is generally acceptable and adhered to (D. S. Lim et al., 2010; Valdez & Richardson, 2013). Institutional logics create a link between institutions and observed practices or behaviour (Thornton et al., 2015a). Lounsbury (2007b) conceptualises institutional logics as generally refering to '*cultural beliefs and rules that structure cognition and guide decision making'*. In the next two subsections I discuss the aspects of culture and cognition and their role in developing specific logics leading to boudaried behaviour.

2.6.1. Effects of Cultural Institutions on Entrepreneurship Logics

Differences in geographic regions and areas can be studied to determine what the impact of culture is on entrepreneurial activity (Davidsson & Wiklund, 1997), whereby culture is understood as prevailng beliefs and values, and considered a key determinant of the level of entrepreneurship within a society. Taylor (1971) as cited by Hofstede et al. (2004), defines culture to be *'that complex whole which includes knowledge, belief, art, morals, law, custom, and any other capabilities and habits acquired by man as a member of society'*. Hofstede (1980: p. 25) as cited in Hofstede et al. (2004) summarises culture as *'the collective programming of the mind which distinguishes the members of one human group from another and includes systems and values'*. Since values are commonly developped during the early stages of life (Hofstede, 1980 as cited in Hofstede et al., 2004) they become 'programmed' or ingrained into the person's personality and behaviour, in-line with the cultural context and persistent over time (Hofstede et al., 2004; Mueller & Thomas, 2001). It means that culture

fundamentally shapes people's behaviour according to their backgrounds and societal group membership (Hofstede et al., 2004). And it refers to a shared system of meaning for a group of people, signifying that communities of people within a country possess common cultural beliefs, values, and social norms (Anokhin & Wincent, 2012). There is a notion of *community culture* present due to these common characteristics (Hofstede, 1980, as cited in Huggins & Thompson, 2014b).

The community culture has an influence on the behaviour of local actors, despite the increasing homogenisation pressures exerted by globalisation processes and the *boundaryless economy* (Marquis & Battilana, 2009b; Marquis & Lounsbury, 2007; Seelos et al., 2011). Hence behaviour may be passed on from one generation to the next, producing typical behaviour corresponding to a specifc community. Therefore, since community cultural values, beliefs, and behaviour are 'programmed' into an individual's personality (Hofstede, 1980; (Hofstede et al., 2004; Mueller & Thomas, 2001), community culture may enhance or inhibit entrepreneurial behaviour according to the dominant mindset possessed by that community.

Davidsson (1995) as cited in Hofstede et al. (2004), asserts that the *relationship between cultural values and entrepreneurial behaviour* can be viewed in two ways : first as a psychological trait explanation founded on the idea that the more people with entrepreneurial values there are in a society or community, the more entrepreneurs there will be. Then secondly as a *social legitimation,* whereby the values and beliefs differences between the population as a whole and the potential entrepreneurs, determine the levels of entrepreneurship. It has been demonstrated through empirical research that South African townships has low entrepreneurship levels relative to other population groups in the country (Co, 2003; Preisendörfer et al., 2012a, 2014). Having relatively few people being

entrepreneurs, suggests that relatively few people possess entrepreneurial values and beliefs. And also that those that are not part of that community and demonstrating higher levels of entrepreneurship, thus possess different values, beliefs, and social norms (Hofstede et al., 2004).

Culture acts as a link between economic performance and societal well-being, and it is considered to form part of a geographic context development systems (Huggins & Thompson, 2014). Thus culture supports the interdependency of the economic logic and the societal logic within a geographical context (Hofstede et al., 2004; Moulaert & Nussbaumer, 2005; Storper, 2008). In some contexts, it may act as an enabler of economic development and an enhancer of general well being systems (Huggins & Thompson, 2014). Whereas in others it may inhibit economic development and drive down levels of wellbeing systems (Huggins & Thompson, 2014). Thus it can be concluded that general wellbeing of individuals is directly proportional to economic development. And where economic development is low, like in South African townships, general wellbeing is low. Research has identified cultural values and individual characteristics that render entrepreneurship easier to adopt. For example McClellend (1961) as cited in (Hansemark, 2003) studied the connection between *need for achievement* and entrepreneurial participation. Mueller & Thomas (2001) examined *locus of control*, Neergaard & Ulhøi (2006) and Wennekers et al. (2007) looked into *trust levels*. With the conclusion being that higher entrepreneurship levels will be observed within populations or communities displaying a larger proportion of these cultural values (Hopp & Stephan, 2012).

Trust level within a community, for example, is strongly influenced by the extent to which there is a cohesive and uniform group that makes up the majority of the community population. Some evidence has suggested that group membership symbolising this uniformity,

is correlated with stronger economic growth (Beugelsdijk et al., 2004; Guiso et al., 2004). Equally, if groups within a community are deeply divided, this can hold back economic growth, as generalised trust will be reduced (Aghion et al., 2004; Easterly & Levine, 1997). In the study performed by (Preisendörfer et al., 2012a) on South African township entrepreneurship, respondents were asked whether they thought people in their community were helpful or if they only cared for their own interests. The result was that 81% of the respondents believed that others were only interested in their own gains. In another question respondents were asked whether generally speaking they believed others could be trusted. And 94% of the respondents indicated that one had to be careful regarding others. These types of responses demonstrate a low level of social trust (cf Preisendörfer et al., 2012a). The authors expressed that it was challenging to explain such a low level of trust and perceived helpfulness that they observed in their survey. However, they assert that the low trust results for the South African township context strongly supports the hypothesis made by Alesina & La Ferrara (2002) in their study on communities in the USA. Their study found that a low trust community culture is associated with a recent history of traumatic experiences by a community that historically believed to be discriminated against and economically and educationally excluded. The South African Black population, of whom the majority live in the townships were subjected to the traumatic experiences of apartheid (Adonis, 2018), and are still excluded from the mainstream economy through the location of their residential areas (Battersby-Lennard, 2009; Mphambukeli, 2019).

The South African apartheid regime's principal tool was 'division', so as to generate distrust among the citizens. White people were warned about the 'Swaart Gevaar', meaning the danger that Black people represented towards White people (Lingaas, 2015). Blacks were considered a menace to white people, and would seek to harm them whenever they could get

the opportunity. And Blacks developed distrust towards the White population because of the oppression they experienced from the White apartheid government. Which also denied them voting rights, meaning they were barred from expressing their needs. Apartheid segregated Blacks not only from Whites and other minority racial groups, but also from within their own ethnic groups. The regime separated Blacks by their socio-linguistic groups, thus fostering distrust among them also. Apartheid as the name suggests, and policy demonstrates, was a 'divide and conquer' strategy. It utilised 'division' to generate fear and distrust of others. When people are divided and distrust one another, it is not easy to establish quality social networks from which social capital can be drawn (Glaeser et al., 1999, 2000; Newton, 2001). Research on 'social capital' affirms that to achieve business prowess and economic success, it is essential to operate within a trusting culture (Beugelsdijk et al., 2004; Glaeser et al., 1999; Newton, 2001), which is also essential for many other positive economic results (Guiso et al., 2006). Trust is especially important for new ventures (Beugelsdijk et al., 2004; Troilo, 2010; Welter & Smallbone, 2006) that often lack ligitimacy.

As established above, social capital requires a trusting culture. And social trust has an influence on social networks and on the resulting quality of social capital. Which influences not only the level of entrepreneurship within a particular community, but also its nature (Huggins & Thompson, 2014). Because actors first access opportunities and resources via their social networks (Lin, 1999; Vandekerckhove & Dentchev, 2005; Zimmer, 1986). Which is important in the establishment and the development of entrepreneurship. Previous research has demonstrated that trust is essential for all kinds of entrepreneurial activity (Glaeser et al., 1999; Newton, 2001; Troilo, 2010). Cultures that encourage and reinforce relationships founded on trust facilitate the protection of intellectual property and resources (Oxley, 1999). They foster a dynamic venture capital industry that help foster entrepreneurship (Bruton et al.,

2003; Zahra & Wright, 2011). A low trust culture renders the future of entrepreneurship in the townships challenging, therefore a change in world perspective is necessary in order to develop a trusting culture (Preisendörfer et al., 2014).

In South Africa, it can be observed that certain types of businesses are found within certain types of communities. For example, one will find several “shebeens” (township tarvens) and “spaza shops” (informal convenience stores), which are businesses concentrated within the township environment (cf Charman, 2017). This is due to available knowledge of opportunities and resources within each environment (Aldrich & Martinez, 2007; Ardichvili et al., 2003a; Renko et al., 2012), and maybe because of the socio-economic conditions, which determines they types of business that are developed within the community. When people do not go out of their communities and get exposed to new ideas; there is a lack of business innovation and high performing ventures that are formed (Anderson, 2008; Seghers et al., 2012). Therefore, people reproduce what they have seen before or that which they are aware of. Indivduals are influenced by their cultural values when engaging in entrepreneurship (Hofstede et al., 2004; Huggins & Thompson, 2014; Ratsimanetrimanana & Urban, 2015). This adherence to culture renders the entrepreneurial activities legitimate because they are seen as acceptable in the community and they may be better rewarded (Anderson & Jack, 2002; Huggins & Thompson, 2014; Wennberg et al., 2013, 2013). And it also offers an altenative way of overcoming uncertainty (Wennekers et al., 2007).

In some cultures individuals are comfortable with not having to depend on other people in their day-to-day lives. Doing what is best suited to them as individuals without much consideration of the collective. While in others people depend much more on one another as a community. And before one can do anything, they would first consider the impact of their actions on the collective. This is known as collectivist community culture (Greif, 1994). For

an example, in South Africa, there is a concept called ‘Ubuntu’ (Kamoche et al., 2015). This concept stems from African culture and is expressed as ‘I am because you are’, putting emphasis on reprocity in community life, which means that a person cannot seek to prosper alone while his community is left behind. This is part of what is often referred to as a collectivist culture. In an individualistic culture, the more people succeed the more motivated they become, whereas in collectivist cultures motivation augments after failure because the person would seek to improve alignment between themselves and the environment (Huggins & Thompson, 2014; Urban, 2007).

Cultures can be differentiated according to the extent to which punitive measures are executed against individuals that do not adhere to normative behaviour (Kibler et al., 2014; Roos et al., 2015). If these punitive measures have significant consequences many people will comply with the cultural norms (Kandori, 1992; Suddaby et al., 2017). The negative consequences for not complying may lead to *internal sanctions* such as guilt and regret, and *external sanctions* may lead to gossip, exclusion, and lack of support. Research suggests that the majority of the members of the community support and believe in the norms (Iyer et al., 2007). Even though some of the group members may consider them to be unproductive, unuseful, or detrimental. If a member of the community decides to go against some of the norms, they will still adhere to the majority of the norms (Packer, 2008; Suddaby et al., 2017). A non-compliance of a particular group norm does not mean that the norm is not effective, but that a member may have already adhered to a competing norm belonging to another group (Meek et al., 2010; Packer, 2008). For example, wherever there may be differences in attitudes towards entrepreneurship, engaging in it may be utilised as a means to make a statement or as a means of expressing personal convictions by the entrepreneur (Hofstede et al., 2004; Huggins & Thompson, 2014; Noorderhaven et al., 2004).

As noted above, African cultures are more of collectivist cultural groups with the environment playing a major role in the individual choices. Furthermore, since according to (Hofstede et al., 2004a) the cultural values are engrained or 'programmed' within the person's mind, this produces a particular mindset, consequently shaping the individual's cognition. The cognitive model developed by Busenitz & Lau (1996), includes cultural values, social context, and personal dimensions. And the Fishbein model shows values and beliefs to vary according to ethnic group or culture (Huggins & Thompson, 2014). Hence entrepreneurship, a socially-embedded phenomenon (Bygrave & Minniti, 2000), is influenced by the social and cultural context, which in turn influence the individual's cognition and behaviour.

In the next section, I examine how cognition may influence entrepreneurship.

2.6.2. Effects of Cognitive Institutions on Entrepreneurship Logics

Factors determining the level of entrepreneurship can be studied at different levels (Davidsson & Wiklund, 1997; Welter, 2011; Zahra & Wright, 2011). Apart from examining the regulatory, the market, and the organisational levels, one can investigate the motives that affect business ownership at the individual level (Davidsson & Wiklund, 1997). The cognitive dimension involves the presence of knowledge, skills, and abilities of individuals, that favours development of entrepreneurship within a specific context (Busenitz et al., 2000; Urban, 2007). Though it may be hard to determine whether *entrepreneurial thought exists*, it seems to be more judicious to consider the existence of an *entrepreneurial thought style* and its definition. This would involve cognitive processes like judgements and evaluations of opportunity and decisions about risk-taking. Cognitive studies seek to understand how entrepreneurs use *mental modes* to put together information not related to each other to create opportunities. And also why it seems easier for some people to create opportunities than

others (Mitchell et al., 2002). The two main answers given to this question are: possessing the appropriate knowledge in order to identify an opportunity, and having the capacity to deploy cognitive qualities to process the information for own benefit (Kalkan & Kaygusuz, 2012).

Cultural values may influence cognition related to entrepreneurial behaviour. Vast amounts of research conducted on entrepreneurial behaviour, on values, and intentions have identified five main personality traits related to entrepreneurship. These are *need for autonomy*, *risk taking*, *locus of control*, *need for achievement*, and *self-efficacy* (Huggins & Thompson, 2014; Vecchio, 2003).

Research studies have often associated risk-taking ability with common characteristics possessed by people who engage in entrepreneurship (e.g. Cacciotti et al., 2016). The ability to take risks is related to increased levels of innovation and creativity (Chakraborty et al., 2016). A strong self-confidence is associated with an increased habit of risk-taking (cf Chen et al., 1998). Innovation and creativity are claimed to be the second most common characteristics possessed by entrepreneurs. The ability to follow ideas through and see opportunities where others do not, are strong traits of these individuals (Tekin, 1999). Their success comes from their determination and patience. They are problem solvers and do not give up easily (cf Chen et al., 1998). They also enjoy challenges and overcoming obstacles and are not deterred by failure (Kuratko & Hodgetts, 1998; Otd. in Aykan, 2002).

Entrepreneurs are recognised to be individuals that have the determination to be more persevering under difficult business conditions than other individuals. This perseverance is related to the person's self-perception regarding his own abilities (Bandura, 2010). Perseverence is a powerful cognitive characteristic that sets apart those who overcome obstacles and those that don't (King, 2014). Successful entrepreneurs are also recognised to possess self-confidence and to be optimistic individuals (Avşar, 2007 as cited in Kalkan &

Kaygusuz (2012). They usually have positive feeling about their lives (Kalkan & Kaygusuz, 2012). And they are open to learning and not afraid of criticism. The motivation to start one's own business may not be as high if potential entrepreneurs feared the many barriers to entrepreneurship. Because of the apartheid trauma experienced by the Black community in South Africa, individuals living in the townships tend to have a persimist view of life (Das-Munshi et al., 2016; Neeves, 2008), thus possessing low motivation to engage in entrepreneurship.

Connecting motivation to action may reveal the reason why some entrepreneurs are more persistent than others in entrepreneurship (Zahra & Wright, 2011). And as noted previously the cognition is structured by cultural beliefs and rules, which in turn guide the behaviour of actors. Beliefs, attitudes, motivations are the microfoundations (Abell et al., 2008; Zahra & Wright, 2011) that need to be understood that underlie entrepreneurial action (Mueller & Thomas, 2001; Zahra & Wright, 2011). Economic action is said to take place as a result of the entrepreneur's location-dependent cognition as an expression of his beliefs (Haynie et al., 2010). Therefore the environmental context will shape the mindset of an individual residing in South African township.

Apartheid was recognised to have fundamentally violated the Black South Africans' human rights. It significantly disrupted their family life and deeply affected their *social and psychological well-being* (Turton & Chalmers, 1990). Due to the lives and psychological trauma of Black South Africans, there may be an impact on successfully engaging in entrepreneurial behavior (Turton & Chalmers, 1990).

In the following sub-section, I examine factors that lead to entrepreneurial behaviour or practice.

2.7 Effects of Institutional Context on Entrepreurial Behaviour

Institutional contexts provide meaning to normative behaviour (Thornton et al., 2012). How an individual behaves if often due to the interpretation of their context, as well as alignment with their cultural group (Hofstede et al., 2004b; Mueller & Thomas, 2001). Thus an individual's group of reference has an influence on their perception and definition of beliefs, values, and virtues. Psychological mechanisms give rise to logics that shape individual focus and the resulting behaviour. Individuals use these psychological mechanisms to access and apply cultural knowledge (Haynie et al., 2010). Krueger et al. (2000) suggests that there is a strong connection between *entrepreneurial intentions and entrepreneurial behaviour*. And attitudes have a significant influence on behaviour because they precede intentions.

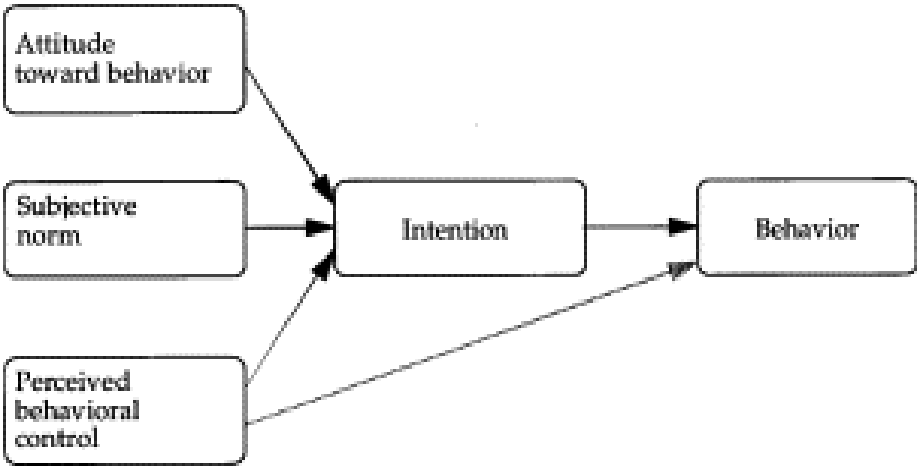


Figure **7** Ajzen's (1991) Theory of Planned Behaviour (TPB)

Ajzen's (1991) theory of planned behaviour' (TPB) (see Figure 7 above) is extended from the 'theory of reasoned action' (Ajzen, 1991; Ajzen & Fishbein, 2000) because the later lacked the aspect of dealing with behaviours whereby individuals had limited expression of desire. The TPB's focal point is on intention to perform certain behaviour. And in order to possess the particular intention there need to be motivational factors that will drive that behaviour. These motivational factors provide an indication of how ambitious the person is to

perform the behaviour. And how much effort they are willing to expend in engaging in the behaviour. However, at least two conditions need to be met before the motivation or intention to perform the said behaviour can be acquired. Firstly, there needs be the ability to access opportunities and resources such as; finance, skills, and human resources (see Ajzen, 1985). Secondly, there need to be free will and the individual's own desire to perfom the behaviour. Therefore the stronger the intention to engage in particular behavior is, the more likely that behaviour will take place, which means that intention immediately preceed behaviour (Ajzen, 1985, 1991; Ajzen & Fishbein, 2000).

Ajzen's (1991) TPB framework is useful in demonstrating how entrepreneurial intention is a function of three entrepreneurial cognitive factors. These consist of: attitude, subjective norm and perceived behavioural control, whereby attitude refers to the degree to which a person makes a favourable or unfavourable evaluation or appraisal of the behaviour in question. Subjective norms stand for an individual's perceived social acceptance, with their closer social environment, of performing that behaviour. Perceived behavioural control refers to the degree to which an individual believes they are able to perform the behaviour. Accordingly, Ajzen & Fishbein (2004) suggest that the three theoretical antecedents should be sufficient to predict intentions. Thus, generally speaking, the more favourable the attitude and the subjective norm with respect to the behavior, the higher the intention to engage in the behaviour (Ajzen, 1991; Ajzen & Fishbein, 2000).

Krueger et al. (2000) assert that the best predictor of planned behaviour is intention. Bird (1989) suggests that the entrepreneur's economic, social, political, and his percieved history have an influence on entrepreneurial intentions. Shapero & Sokol (1982) demonstrates that intentions are preceded by perceived desirability and perceived feasibility. And that perceived feasibility is influenced by self-efficacy beliefs as well as by the indvidual's social capital.

According to Ajzen's (1991b) TPB model, intentions develop according to attitude towards the behaviour, norms, and behavioural control, which means that people will behave in a certain way if their assessment of the specific behaviour is positive, and also if their most significant point of reference is positive and they can identify opportunites and are able to access the necessary resources. The institutional context determines the perceptions of feasibility and desirability and consequently intentions (Griffiths et al., 2013; Welter, 2012). And intentions have an impact on entrepreneurial activities. Normative and cognitive institutions are considered to play a significant role in influencing entrepreneurial activities (Urban, 2019; Urbano & Alvarez, 2014). The social cognition theory conceptualises the view that institutions precede entrepreneurial cognitions through the assertion that specific cognitions develop from the individual's personal context (D. S. Lim et al., 2010).

In the context of South African townships whereby the psychological legacy of apartheid is still in effect, and more specifically, the psychological trauma induced through the oppressive treatment by the apartheid regime (Das-Munshi et al., 2016; Volkan, 2001), people are often insecure about their abilities. This is especially given that the apartheid government and system put in place mechanisms that induced stereotypes regarding the Black race, considering them to be inferior and incapable of achievement at the level of ability equated to that of Whites. Their self-image was severely destroyed and they were forced to be submissive (Volkan, 2001). Traumatised individuals would not possess high levels of confidence, especially for an activity such as entrepreneurship which research has described as requiring assertiveness, creativity, and leadership qualities (cf Ardichvili et al., 2003b). Engaging in a particular behaviour is strongly influenced by the confidence they possess and the ability to undertake the task. These are self-efficacy beliefs (see Bandura, 2010), which will therefore have an influence on the type of activities that one chooses to engage in, the expended effort, the mindset, and emotional disposition.

Since the theory of planned behaviour connects beliefs, attitudes, intentions, and behaviour. In which behavioural achievement can be directly predicted through perceived behavioural control and intention. Also, if we consider intention to be constant, the effort expended will be directly proportional to perceived behavioural control or ability. Therefore, two people who may have similar intentions to enter entrepreneurship, the successful undertaking of this activity is more likely possible for the individual with more perseverance and confidence in their ability.

Though there may be some relatively successful entrepreneurship developing in the Black community, because of some of the effects of the previous apartheid regime, most township entrepreneurs create small scale, informal, 'survivalist' businesses that do not create any employment, but serve a single person or family (Preisendörfer et al., 2012a). These are 'necessity' businesses as described by Fayolle (2011). They are a result of the difficult socio-economic environment of the townships that was cultivated by the apartheid regime. Many people enter this type of entrepreneurship to avoid going hungry. The factors examined above lead to entrepreneurship driven 'push' factors. The well-known Maslow's pyramid of needs demonatrates this well (cf McLeod, 2007). That before anyone can satisty desires and ambitions, they first have to satisfy their basic needs.

Chapter 3. Methodology

Overview of Study Methodology

This research project adopted a critical realist (CR) philosophical stance according to the context being studied and the type of research question that was to be answered. CR is well adapted for examining social phenomena and for proposing remedial action for social development where necessary (Fletcher, 2017). The nature of the study followed an explanatory qualitative case study research design. And the research question answered is: **how does apartheid affect current entrepreneurial behaviour within South African townships**? The main data collection method consisted of interviewing thirty township entrepreneurs around Johannesburg over a period of three years, using a semi-structured in-depth interview method. The interview data was triangulated with government publications addressing issues concerned with black entrepreneurship – "Muruo" government gazette, social media data – (Twitter), and data from a study on township entrepreneurship by an independent online South African business magazine, SME South Africa. The (inductive) Gioia data analysis method (cf Gioia et al., 2013) was combined with a deductive method of capturing institutional logics (cf Reay & Jones, 2015) for best results in obtaining a clear picture of the township community entrepreneurial context.

The overaching research question concerned by this study is a 'how' type of question, therefore the goal was to understand the context and participants' experiences. The nature of the research study adopted was consequently a qualitative one. According to Yin (1994), a qualitative research study must display five distinctive characteristics, i.e; studying the meanings of people's lives in their real world roles, representing the beliefs and perspectives of participants, examining the contextual conditions, applying insights from existing or new concepts to help explain social behaviour and mindset, recognising and accepting that data

may be obtained from multiple sources. Therefore the insight that emerges from a qualitative study represents real-life experiences of the participants, not the pre-conceived ideas of the researchers (Yin, 1994). The main aim of this study is to gain a better understanding of the township entrepreneurs' backgrounds, lived experiences, motives, and actions to better capture their reality and inform theory. In line with this objective, the nature of this investigation is a qualitative one.

3.1 Problem Statement and Research Question

The inspiration to embark on this research project came about mainly through the research work on South African township entrepreneurship that Peter Preisendorfer and Frans J. Bezuidenhout have accomplished. They have sought to discover the reasons for the low level of entrepreneurial activity within the South African Black community. Indeed entrepreneurship within the South African townships has been observed to be consistently low (Co, 2003; Herrington & Coduras, 2019; Preisendörfer et al., 2012a, 2014) compared to other South African ethnic groups and when compared to other countries with comparable GDP (Maas & Herrington, 2006).

Peter Preisendorfer and Frans J. Bezuidenhout conducted extensive research on township entrepreneurial activities in a project titled "Entrepreneurship in Disadvantaged Black Communities – A Case Study of the Walmer Township, Port Elizabeth, South Africa" between 2008 and 2011. One of the research articles that resulted from this project is titled: *"In search of Black entrepreneurship: Why is there a lack of entrepreneurial activity among the Black population in South Africa?"* The study is based on twenty-four expert (i.e. *someone who evidently had scientific and/or practical experience with founding processes of*

business ventures, support programs for new businesses and chances of success of micro-enterprises in South Africa.) interviews.

The authors presented five patterns of explanation for the low level of entrepreneurship within the Black community. These are:

- historical apartheid,
- human capital,
- financial resources,
- social capital and network, and
- traits and mindset

They claim that the apartheid explanation is not sufficient in itself to explain the current lack of entrepreneurship. They also state that whenever they attempted the apartheid explanation, they ended up with the other explanations in their study. So they asserted that the apartheid explanation could not be qualified independently of the other explanations. And affirmed that the reference to apartheid is too easy and comfortable. However, to provide a good and sufficing explanation, it is indispensable that:

1. the exact mechanisms that act as barriers to entrepreneurship in the townships be specified.
2. and also examine which of these mechanisms were initiated or strengthened by apartheid.

After the consideration of all these different points, the author was inspired to study this particular context. However, most importantly, in contract to the study performed by Preisendörfer et al., (2012a), apartheid was employed as a lens (Welter, 2011), rather than as a variable. To explore, to identify, and to get a comprehensive understanding of the causal social mechanisms that act as barriers to entrepreneurship within South African townships today, and to examine which of these mechanisms were initiated and/or strengthened by

apartheid. Furthermore, to examine the entrepreneurial behaviour that is taking place as a response to these mechanisms.

Thus, this research study examined the historical apartheid as the primary explanation for the persistently low level of entrepreneurship among Black South Africans. As mentioned before, a significant amount of resources by the state and other organisations have been made available for potential entrepreneurs, and foreign Black Africans own thriving businesses within South African townships (Tengeh, 2016).

Therefore to answer the research question:

How does apartheid affect current entrepreneurial behaviour within the South African townships? The three following sub-questions were examined and answered:

> Sub question 1: Are there apartheid social mechanisms that are still present and currently active within the township environment? If so, which ones are they?
>
> Sub question 2: What types of institutional logics underlie these active apartheid social mechanisms?
>
> Sub Question 3: What types of entrepreneurial behaviours may be the result of these institutional logics?

Further recognition for the significance of this research topic was through personal observation, discussions with various people, the media, government reports and the GEM annual study reports. The research question was arrived at through the method of problematisation (cf Alvesson & Sandberg, 2011) i.e. not through the popular "gap spotting" technique.

The gap spotting technique consists of merely identifying or creatively constructing research gaps within existing literature (Alvesson & Sandberg, 2011), with the purpose of filling in a gap or just adding something to existing literature. Problematisation on the other hand is

concerned with formulating new and original research questions by identifying and challenging underlying assumptions of theories (see Table 2). This study challenges paradigmic assumptions by applying CR ontology in dealing with township context, instead of applying a deductive ontology and treating apartheid merely as a variable.

Generating novel research questions through a dialectical interrogation of one's own familiar position, other stances, and the literature domain targeted for assumption challenging

A typology of assumptions open for problematization				
In-house: Assumptions that exist within a specific school of thought	*Root metaphor:* Broader images of a particular subject matter underlying existing literature	*Paradigm:* Ontological, epistemological, and methodological assumptions underlying existing literature	*Ideology:* Political-, moral-, and gender-related assumptions underlying existing literature	*Field:* Assumptions about a specific subject matter that are shared across different theoretical schools

Principles for identifying and challenging assumptions					
1. Identify a domain of literature: What main bodies of literature and key texts make up the domain?	*2. Identify and articulate assumptions:* What major assumptions underlie the literature within the identified domain?	*3. Evaluate articulated assumptions:* Are the identified assumptions worthy to be challenged?	*4. Develop alternative assumptions:* What alternative assumptions can be developed?	*5. Relate assumptions to audience:* What major audiences hold the challenged assumptions?	*6. Evaluate alternative assumptions:* Are the alternative assumptions likely to generate a theory that will be regarded as interesting by the audiences targeted?

Table 2 Generating research questions through problematisation (source Alvesson & Sandberg, 2011)

The reason for generating the research question through problematisation is to demonstrate and to provide an explanation regarding how current entrepreneurial behaviour within the township context may be affected by invisible powers from the historical apartheid institutions. And the explanation is provided from a CR philosophical stance. CR stipulates that social structures have causal powers and liabilities (Psillos, 2007). Meaning that these powers are inherent in a structure (or objet) and they enable or constrain it from certain

actions. For example, although there may be active investment of resources to foster entrepreneurship within a particular environment, these efforts may exhibit minimal return on investment because of invisible mechanisms that constrain entrepreneurial behaviour Consequently, the research study question was formulated by assuming apartheid as the generative mechanism that has an effect on the behaviour of actors within the South African townships. The institutional theory was applied on the revealed and active social mechanisms to explore how their underlying logics affect entrepreneurship.

To determine the dominant logics underlying the active social mechanisms within the township spatial context, the three most dominant social mechanisms were selected for analysis. The Lefevbre's (1991) analysis was employed - as applied by Preminger & Drori (2016)(see figure 8), to capture the township logics according to : 'conceived', 'perceived', and 'lived' layers within the township space. Preminger & Drori (2016) coined the term 'spatialised logic' to refer to the *embodiment of practices, values, beliefs, assumptions, and rules* (Thornton & Ocasio, 1999, p. 804 as cited in Preminger & Drori, 2016) that are expressed within a particular spatial context. To define and describe 'spatialised logics', the authors combined discussions of institutional logics (their expressions and relations) with theories of space (Lefebvre's three layers of space). Institutional logics are enacted within a spatial context (Preminger & Drori, 2016). Thus there are spatialised logics that are conceived, percieved and lived, that are specific to the township environment.

The 'conceived' layer captures the space and regulations planning. Then the 'perceived' layer captures people's thoughts, perceptions, and opinions about the space. And finally the 'lived' layer captures the activities, the social relations, and the bodily gestures taking place within the space (cf Preminger & Drori, 2016). This study was concerned with discovering how the spatialised logic established in the townships influence social actors' entrepreneurial

behaviour. Therefore, the analysis to determine the logics impacting entrepreneurial behaviour revolves around the social actors (Taylor & Spicer, 2007) dwelling in the townships.

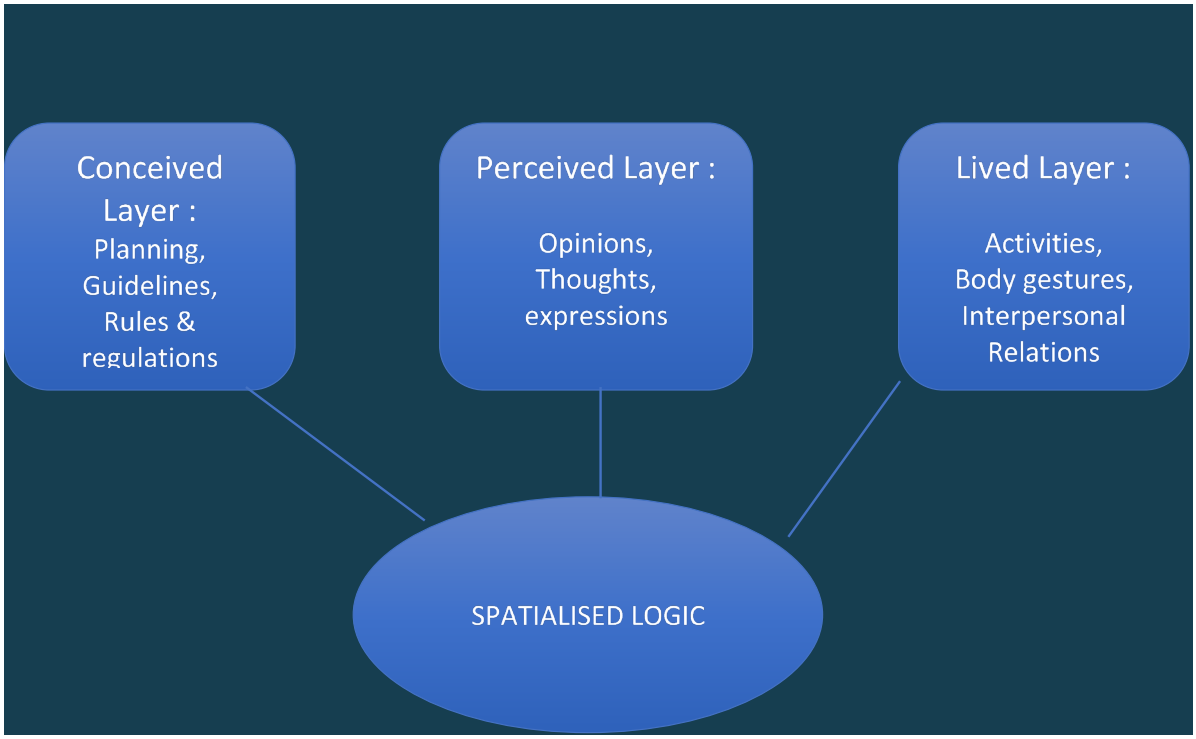


Figure 8 Layers of Spatialised Logic (Lefevbre, 1991 - as applied by Preminger & Drori, 2016)

Problematisation is the main ingredient in developing more interesting and influential management theories (Alvesson & Sandberg, 2011). And 'gap spotting' essentially only identifies gaps and tends not to question existing theories, it rather reinforces instead of challenges influential theories. Therefore, it seldom produces ambitious and systematic challenges to assumptions within existing theories. One other reason for applying problematisation is that the author considers entrepreneurship to be an applied science (Neergaard & Ulhøi, 2007), and therefore research pertaining to it needs to serve a real purpose, and should also be able to be operationalised. And the knowledge that is produced thereof, should not only allow us to better understand entrepreneurship, but must also provide improvement in the way entrepreneurship is undertaken and allow it to be fostered in a way

that will maximise impact in each specific context. This is especially important for the township context where there is a desperate need for entrepreneurship, entrepreneurship education, and socio-economic development.

For the remainder of this chapter, state the aim of the research study below i.e. the objectives to be achieved in order to answer the research question, and then in the following sections the research philosophical stance is presented, then the research design and methods, the data analysis methods and the method of explanation.

3.2 Research Objectives

1. Firstly, to bring into light apartheid social structures or mechanisms which are still present and active within the township environment.
2. Secondly, examine which type of institutional logics underlie these active apartheid mechanisms
3. Thirdly, examine the specific entrepreneurial behaviours driven by the logics underlying the active apartheid mechanisms

This research study examined the historical apartheid as the main explanation for the persistently low level of entrepreneurship within South African townships. In the next section the CR philosophical stance adopted by this study is elaborated.

3.3 Epistemological view

How we view the world, influences: the type of knowledge we believe we can acquire about it; how we believe we can acquire that knowledge; the theories that we believe can be developed about it; and the political and policy positions that we believe we may occupy (Fleetwood, 2005) This means that ontology influences epistemology, the research methodology, the kind of theories that may emerge, and the political and policy stances that may result. To arrive at answering the research question, the aim was to view the problem through an appropriate ontological stance. Having the right ontology may not always guarantee that the resulting meta-theory and application will also be right, but applying a wrong ontology renders it completely impossible (Fleetwood, 2005). Therefore, Ontology matters!

The ontological stance adopted in this study is that of Critical Realism (CR). The reason being that (as driven by the research question), CR can engage in explanation and causal analysis. The main characteristic of CR is its focus on causality and the detection of causal mechanisms (Archer et al., 1999, 1999). It also recognises the role of subjective knowledge of agents in a particular context (Archer et al., 1999; Collier, 1994; Easton, 2010; Fletcher, 2017b), which makes it useful for analysing social problems and for suggesting solutions. CR as a philosophy of science was first developed by Roy Bhaskar (1975,1979, 1994) and extended by Andrew Sayer (1992), Andrew Collier (1994), Margaret Archer (1995), and Tony Lawson, 1997) – as cited by Fletcher (2016). It is considered an alternative choice of paradigm to the common positivist and constructivist ones (cf Brannan et al., 2017; A. Sayer, 2004), but contains elements of both in providing new approaches to knowledge development (Fleetwood, 2005; Fletcher, 2017).

Bhaskar (1975) asserts that the universe, as well as the social world, consists of emergent entities made up of stratified and open systems (O'Mahoney et al., 2018). These entities are said to exist independently of our knowledge, or as asserted by Fleetwood (2005), they exist independently of whether they are identified or not. Entities are substances that can stand on their own and that can make an impact, rather than just being a sum of their constituent parts (Fleetwood, 2005). They may be made up of material substances (e.g *water*) or immaterial (e.g social values), or even both (e.g. *contract*), institutions, persons, and molecules all constitute entities, though one may be fully or partially constituted by the others (Vincent & O'Mahoney, 2014).

Entities may also exist in different ways and levels. For example 'karma' may not exist in a material sense, but the idea is very real. The discourse about it has an impact on people's behaviours. This is an entity that exists as a concept or cultural idea in some societies (Vincent & O'Mahoney, 2014). An entity possesses causal powers, which are determined by the relationship between its constituent parts. The relational configuration of an entity constitutes its essence. According to O'Mahoney (2011), an essence is what makes a particular entity what it is, in contrast to another. For instance, water is wet and has the ability to satisfy thirst. An entity like apartheid, an institutionalised racial discrimination and oppression regime, has its own essence made up of particular constituent parts, with a specific relational configuration, and possesses particular causal powers.

An entity possesses causal powers due to properties related to its essence (Archer & Archer, 1995; Fletcher, 2017a; Mahoney, 2008), e.g. a government may have power to foster entrepreneurship development, and that power may be exercised by providing all the material resources required for this purpose; yet this power may not be actualised because of

counteracting powers related to the unfavourable attitude of the population towards entrepreneurship. This indicates that the social world is comprised of powers of which the actualisation may be inhibited by other powers that are in play within the open social system (Fletcher, 2017). The socially real entities identify practices such as market mechanisms and social structures that consist of organisations (Fleetwood, 2005). The term 'social structure' is an umbrella term for causal mechanisms, powers, practices, resources, and rules (cf. Fleetwood 1995). These types of entities possess properties such that they do not embody any solidity, materiality, and physicality whatsoever. They cannot be touched, and they depend entirely on human activity for their existence (Fleetwood, 2005), but that does not imply that they do not exist independently of human identification.

If we take a look at the interaction between agents and entities or structures, agency is a continuous and cyclical process over time (Fleetwood, 2005). There is always action happening. Social structures that emerged from a previous cycles of agency, act as determinants for current social behaviour (Archer & Archer, 1995a; Fleetwood, 2005). Agents find themselves having to interact with these previously constructed structures whenever they wish to engage in any process of production. Their actions and behaviours may therefore be constrained or enabled by them. Phenomena generated by the past social structures exert a causal influence on subsequent human behaviour (Fleetwood, 2005). For example, phenomena generated by institutional logics that emerged as a result of previous cycles of agency have a causal influence on subsequent behaviour or agency. Archer calls this a 'structural conditioning' (Archer & Archer, 1995a; Fleetwood, 2005). Structure in CR is defined as the "set of internally related objects or practices" (Danermark et al. 2002: p. 47 as cited by Wynn Jr & Williams, 2012) that constitute the real entities under investigation within specific contextual conditions. Furthermore, these structures may be part of a bigger structure,

and may also be made up of smaller component structures. Some examples of these are: a religious structure, a family, or even a non-social structure at a cognitive level (Sayer, 1992).

What can be understood from the above is that there are causal explanations to the behaviours and practices that can be observed within social structures. And these explanations must be provided for both the social mechanisms as well as for agency (Archer et al., 1999). Causal explanations are heavily dependent on contexts because causal relationships vary across contexts (Maxwell, 2004b), hence Archer & Archer (1995a) refer to structural conditioning. According to Bhaskar (2013), CR's primary goal is to explain social phenomena through reference to causal mechanisms and the effects they can have on reality.

Mechanisms are conceptually defined as the inherent *ways of acting of things* (Bhaskar 1975: p14 as cited in Fletcher (2017b)) such as physical and social structures. They enable or inhibit certain events within a particular contextual environment (Collier, 1994; Fleetwood, 2009). They are said to possess causal powers or predispositions, or capacities to exert a certain effect on their environment (Easton, 2010; Fleetwood, 2009; Fletcher, 2017; O'Mahoney, 2011). Mechanims or social structures may possess numerous causal powers. But this possession does not necessarily imply that all these powers are enacted in a given context to produce events experienced in the empirical domain. For instance, every human being with a healthy brain has the power to learn, but if that human being lives in an environment that lacks resources (both physical and social) to enable learning, that learning power may not be enacted. CR ontology views structures as possessing characteristics and tendencies that correspond to specific contexts.

Actors may also possess tendencies that cause certain events. But tendencies mean possessing more than just the power or possibility to produce an event. They go beyond powers designating possibilities, but specify characteristics of a given class, type of thing or actor. As Bhaskar asserts: *"All men…possess the power to steal; kleptomaniacs possess the tendency to do so"* (Bhasker, 1975: p 230 as cited Wynn Jr & Williams, 2012).

Individual actors are also part of structures in which particular phenomena take place. They are considered to possess causal powers in accordance to their thoughts, values, and beliefs concerning how certain actions lead to certain consequences (Bhaskar 1998; Groff 2004). Therefore beliefs or reasons actors possess, stimulate intentional behaviour, and lead to a tendency to behave in a particular fashion (Ajzen, 1991; Krueger et al., 2000). CR ontology views an actor's cognitive dispositions as generative mechanisms or causal powers that may cause particular behaviour or events (Archer & Archer, 1995b; Bhaskar, 2013).

An event is a consequence or the outcome of the activation of one or more causal powers or tendencies embedded in a structure or mechanisms. CR ontology distiguishes structures or mechanism from events they cause (Archer et al., 1999; Bhaskar, 2013; Easton, 2010; Reed, 2009). Access to events may be restricted by the limitation in the ability to percieve or to measure them. More especially when it concerns complex events that are difficult to directly percieve. But these complex events can come to be known by detecting them through their observable effects, instead of from their direct observation. Events that we are able to observe directly are called experiences. Since the observations often take place through our sensory perceptions. CR view experiences as a subset of actual events produced in a particular context. In real life situation it is quite rare to be able to observe events directly. Since experiences are considered only a subset of actual events, the direct observation that take

place can only provide limited information concerning both the events and mechanism causing them (Bhaskar, 2013; Collier, 1994).

The concept of causality in CR is seen through the lens of a stratified ontology constistng of three overlapping realms (Bhaskar, 2013; Collier, 1994). This ontology allows for researchers to determine the causal mechanisms of events that are observed in the empirical domain (Fletcher, 2017; Hu, 2018). Therefore the investigations go beyond the empirical domain, as illustrated in Table 3 and discussed in the next sections. The three domains are: the real, the actual, and the empirical (Raduescu & Vessey, 2009).

	REAL	ACTUAL	EMPIRICAL
Mechanisms	X		
Events	X	X	
Experiences	X	X	X

Table 3 Stratified Ontology of Critical Realism (adapted from Bhaskar 1975 by Raduescu & Vessey, 2009)

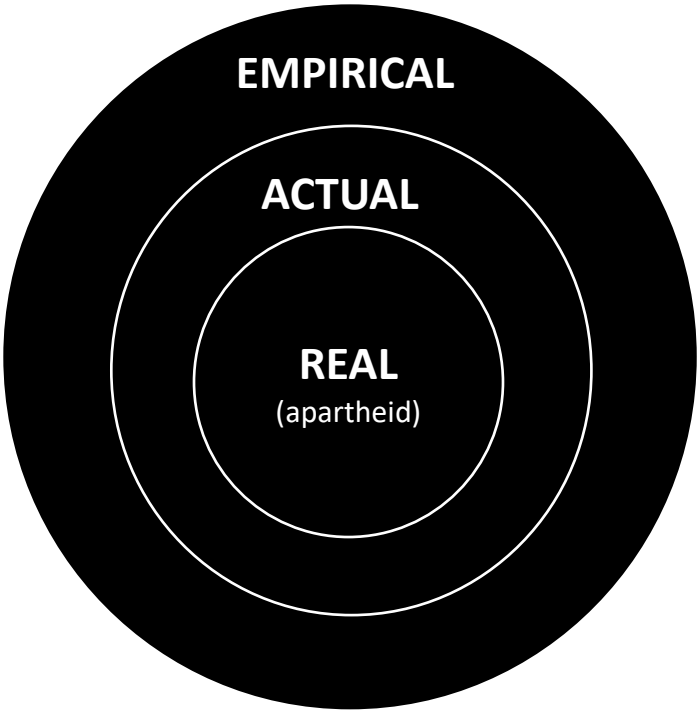


Figure **9** Three Overlapping Domains of Reality in the Critical Realist Ontology (Mingers, 2004 - as cited in (Raduescu et al., 2009; Avenier, 2017)

The Domain of the Real (structures and mechanisms that can generate events)

The domain of the 'real' consists of independently existing entities possessing inherent causal powers (Bhaskar, 1975 - as cited in Wynn Jr & Williams (2012)). This is where causal mechanisms or structures are embedded. They form the essence or the inherent properties of the entity. They are the ones that possess power or that act as causal forces that cause events to take place (events that can be observed empirically). For example, technological breakthroughs, changes in demographics, and regulatory changes may provide new venture ideas to the potential entrepreneur. But these environmental changes may enable one entrepreneur, while disabling another (cf. Davidsson, 2015). Which is in agreement with Bhasker (see Bhaskar, 2013), as he assets that all social structures possess causal powers and liabilities. The context in the open social world can enable or constrain agency. The explanation is always mediated

through how the events or objects are experienced and interpreted by the humans. For this reason, a qualitative case study analysis that includes semi-structured interviews as its main data source was undertaken for this study. On this level of reality, social meanings, values, beliefs, practices, and decisions occur. The context of South African townships was therefore examined, taking the apartheid past into consideration. And examined whether there are apartheid mechanisms or social structures that are still active in the townships and possessing causal powers over entrepreneurial behaviour.

The Domain of the Actual (events, observed and unobserved, that are generated by mechanisms that are activated)

The domain of the 'actual' is a subset of the domain of the 'real. Events take place in this domain when causal powers are actualised, whether they can be seen or not (Bhaskar, 2013; Danermark, 2002; Wynn Jr & Williams, 2012). The events are independent of human interaction or interpretation. This domain emphasizes the view that the presence of a causal power does not necessarily mean the automatic existence of its potential effects. Here Bhaskar (2013) separates the causal power from its potential effects. He refers to a causal power that is exercised and actualised from that which is not, depending on the context (enabling or constraining conditions). For an example, an economy may possess all the knowledge and resources to build nuclear technology, but refrain from doing it because of its laws and constitution, i.e. refrain from exercising the causal power.

The Domain of the Empirical (experiences and events that are observed and experienced)

This domain is present in all the other philosophies of science. This domain consists of the visible part of the exercised and actualised causal powers. It is a subset of the 'actual' and consists only of those events that are experienced through perception or that are measurable (Wynn Jr & Williams, 2012) . Bhaskar (2013) argued that causal powers do not always produce empirical events to prove that they are acting.

These events are experienced on the empirical level where they can be perceived or measured (Raduescu & Vessey, 2009; Wynn Jr & Williams, 2012). The three domains overlap such that there may be events happening in the 'actual' that are triggered by enacted mechanisms, but not perceived in the 'empirical'. Also, there are mechanisms in the 'real' that remain unactivated or activated but their effects cancelled by other mechanisms, and consequently not producing any events in the 'actual'.

The emergence of CR as a distinctive alternative to positivism and constructivism as a philosophical view, has provided a new way to address the debate regarding the ability of qualitative research to address causality (Maxwell, 2004a).

In the next section, the nature of the research undertaken and the methods used for this study are discussed.

3.4 Research Design and Methods

CR does not possess its own dedicated or specific research methods (Raduescu & Vessey, 2009). It instead embraces multidisciplinary and already established methods (Archer et al., 1999; Danermark, 2002; Fletcher, 2017b; Sayer, 1992). In-depth qualitative research methods are used in CR because qualitative data provide rich explanations of causal relationships (Maxwell, 2004b).

CR positions research methodology as a link that connects social ontology and social theory (see Figure 10 below).

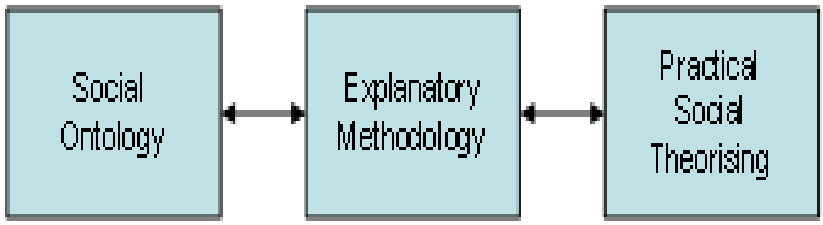


Figure **10** Relationship between Social Ontology and Practical Social Theorising (source: Raduescu & Vessey, 2009)

CR has a heavy reliance on theory (Danermark, 2002; Raduescu & Vessey, 2009). Fleetwood (2005: p 4), emphasizes the importance of theory in his assertion that:

> *"Unlike various forms of naïve or empirical realism, critical realists accept that there is no (defensible) theory-neutral observation, description, interpretation, theorisation, explanation or whatever. There is, in other words, no unmediated access to the world: access is always mediated."*

CR stipulates that there is no observation, interpretation, description, theorisation or explanation that is neutral of theory (Archer & Archer, 1995a; Fleetwood, 2005). Meaning that access to the world is always mediated. And whenever we engage with an entity our vision is always mediated by a pre-existing concept or theory. Then we try to understand the entity, make sense of it, interpret it and take suitable action. The vision of the entity that we possess will be both from individual perspective such as opinion, values, or belief and from a social perspective like social norm, perspective or socially accepted theory (Fleetwood, 2005). As a consequence, the social entity itself is not necessarily mediated but the theories and explanations, with which the entity is explained and discussed, are conceptually mediated.

The use of existing theory and critical engagement with participants' knowledge and experience are assigned important consideration in CR ontology and epistemology (Fletcher, 2016, Fleetwood, 2005). In CR the world is treated as laden with theory, but not determined by it. The social world is considered to be real, and an attempt to understand it through social science and philosophy may be performed (Dermark, 2002). Some of the knowledge gained may be closer to the truth than some. Theories are useful in determining knowledge that is closer to reality than the others. These theories help in identifying the causal mechanisms within social structures using rational judgement (Archer & Archer, 1995b). Therefore in this study, a causal explanatory analysis to low entrepreneurial behaviour within South African townships through the lens of institutional logics theory was established.

3.4.1 Research Design: Qualitative Case Study

As already mentioned, the philosophical stance of this thesis is CR, with apartheid institutional logics as the generative mechanisms. The research design must be contingent on the research aim and on whether the focus is on the intensive or extensive research. The research methods were therefore adapted according to how best they could provide the information to answer the research questions. A case study approach was employed to capture the contextual factors that are of high significance for the analysis. Since context is intrinsically involved in causal processes, its explanatory importance is emphasised, and not simply as a set of inconsequential variables (Archer & Archer, 1995a). Therefore, case study research design allows for a much deeper analysis of the phenomena, and it is well adapted to contextual analyses (Yin, 2013a).

(Yin, 2009: p 18) defines a case study as:

> *"an empirical inquiry used to investigate a contemporary phenomenon within its real-life context, especially when boundaries between the phenomenon and context are not clearly evident."*

He asserts that the case study method is very useful when contextual conditions are highly pertinent for the enquiry (Yin, 2013a). It is also useful in explaining complex causal relationships in real life settings (Maxwell, 2004a), and allows for multi-perspective analyses. Thus, not only the voice and perspectives of actors are considered, but also any relevant groups of people or aspects, and the interaction between them. Case studies have the ability to give a voice to the voiceless and powerless, and several sources of data and information may be utilised to gain a clearear perception of the phenomenon under study.

This study undertook data source triangulation. The case study method is a triangulated research strategy (Guion et al., 2011; Yin, 2013b). Dezin (1984) a cited in Tellis (1997)

asserts that there are four types of triangulation: data source triangulation, investigator triangulation, theory triangulation, and methodological triangulation. Doing this ground work may provide relevant scholarly knowledge and allow us to find the relevant tools for developing entrepreneurship within the township context and suggest how high impact entrepreneurship can be fostered.

The emergence of realism as a distinctive alternative to positivism and constructivism, as a philosophical view, has provided a new way to address the debate regarding the ability of qualitative research to address causality (Maxwell, 2004b). It asserts that causal processes are directly observable, as opposed to being only inferred in measurement, thus allows for the interpretation of social and psychological processes. Furthermore, the possibility of direct observation allows for the use of case studies for causal explanation.

CR acknowledges the role of subjective knowledge of social actors in a given situation as well as the existence of independent structures that constrain and enable these actors to pursue certain actions in a particular setting. Thus, theorists and researchers applying methodological approaches consistent with the CR paradigm are positioned to provide more detailed causal explanations of a given set of phenomena or events in terms of both the actors' interpretations and the structures and mechanisms that interact to produce the outcomes in question.

3.4.2 Data Collection Methods

The research study design is that of a qualitative case study as indicated above, and triangulated data sources were solicited and they consist of:

- 30 in-depth semi-structured intreviews of township entrepreneurs
- An interview with the founder of BrownSense Group; a Black business support initiative,
- 15 issues of "Muruo" publications (monthly government gazette on township entrepreneurship)
- Notes taken during a provincial government meeting about new legislation regarding township economic development (October 20200)
- Social media data (Twitter) concerning 'apartheid in townships' and 'business in townships'
- *SME* - South African online entrepreneurship magazine study (24 March 2017)

The objective for performing interviews was to have in-depth discussions with the respondents regarding their backgrounds and their entrepreneurial experiences. The duration of the interviews was between 40 and 120 minutes, they were audio recorded, and transcribed into text.

Furthemore, peer reviewed literature and documents below were consulted:

- Peer reviewed literature on apartheid, entrepreneurship theories and institutions, etc.
- Published books, disssertations, Global entrepreneurship monitor reports and government documents and publication

3.4.3 Sampling Method

For Interview data collection:

Purposive snowball sampling was performed. Purposive sampling is widely used in qualitative research, it identifies and selects individuals or groups that are most knowledgeable or experienced regarding the phenomenon under study (Creswell & Poth, 2017; Patton, 2005). The township entrepreneurs incubated at the Ekasi Labs incubators in Soweto and Mohlakeng Townships outside of Johannesburg city were approached for their participation in the study. Permission was first requested from the CEO of the "Innovation Hub", under which the "Ekasi" township labs business incubators belong. The entrepreneurs who agreed to participate in the study suggested more entrepreneurs within the incubator network as well those outside, who were not incubated at all. As a result, a total of thirty township entrepreneurs were interviewed, mainly those living in the townships around Johannesburg and Tshwane (Pretoria) cities, fifteen incubated and fifteen non-incubated. Participants were at least 18 years old, and therefore over the legal age of consent, as required by the South African law. They were also able to express themselves comfortably in the English language. An information sheet regarding the research study was first provided, informing them of the voluntary nature of participation, and that they had a right to disengage themselves from participation at any stage during the interview process (Creswell et al., 2003). A commitment for anonymity to those that required it was made. To those who understood the terms and accepted to participate, a consent form was issued to agree and to sign.

Initial interviews commenced in October 2016 and the final ones concluded in January 2020. Research interviews were conducted over a period of three years and three months. Initial interviews were rather more open and let the entrepreneurs recount their entrepreneurial journeys and experiences. As the interviews progressed and dominant themes started to

emerge, questions leaning towards the emerging themes were engaged deeper, even though free expression of personal journeys and experiences was encouraged.

In contrast to quantitative research, qualitative research focuses on depth using relatively small samples (Patton, 1999). Because the investigator studies a sample of individuals that can contribute to evolving theory (Creswell & Poth, 2017; Miles & Huberman, 1994), thus it is theory-focussed (Miles & Huberman, 1994). For this reason, while the study sample selection of participants was purposeful, it was simultaneously theoretical because only the knowledge provided by the participants within the township context in South Africa could contribute to the theory applied in the manner that it was. Maykut & Morehouse (1994) note that theoretical sampling allows the researcher to build and broaden theoretical insights in the ongoing process of data collection and analysis.

For Twitter Social Media data collection:

Twitter data was collected through using the Atlas.ti software, by entering two key phrases or codes derived from the research question and by selecting 1000 entries to be uploaded to Atlas.ti. The key phrases are: APARTHEID IN TOWNSHIPS OR BUSINESS IN TOWNSHIPS. Then the retrieved data was coded applying a thematic aproach.

3.4.4 Data Analysis

Qualitative methods are most suited for researching institutional logics, defined as:

> *"Socially constructed, historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity"* (Thornton & Ocasio, 1999: p 804)

In this approach, explanation takes the form of identifying codes or paradigms that prompt human agents to perform certain practices; this in contrast to mechanistic forms of explanation that seek to identify cause and effect. Identifying pertinent codes and paradigms must fundamentally be an empirical task for institutional researchers; as logics are meant to represent lived social realities rather than merely presenting analytic ideal types and models that the researcher identifies a priori for analytic convenience (Weber et al., 2013). This is despite Thornton et al.'s (2012) praise of ideal types as a tool for theory construction. Ideal types may be formed to distill the essence of a logic, but the construction of the ideal type by the researcher must be grounded in empirical observation, not simply abstract formal reasoning.

In order to empirically establish logics, reliable methods are necessary (Weber et al., 2013), including the need to assess their uniqueness and consistency over a period of time. Friedland & Alford (1991) as cited in Thornton & Ocasio (2008b) identify logics as established in societal domains of action, like *family or market*, which synchronises with traditional and well-accepted societal domains (Weber et al., 2013). Research on practice theory, inspired by the work of Boltanski & Thévenot (1999), identifies *logic-like justification regimes* corresponding to societal realms such as industrial or domestic (Weber et al., 2013). To capture societal or cultural logics that are embedded within the meaning system of a society or community, researchers apply three different methods. The first one is a deductive approach deriving categories from existing research, with already developed categories, thus not necessarily grounded in the data. The second approach identifies cultural categories emerging from the data. This can be done in two ways, by using typical qualitative interpretive methods such as thematic coding (Weber et al., 2013). This is done by going

through the data and interpreting it by establishing categories embedded within the discourse. For this study, a combination of data analysis methods was employed. The Atlas.ti computer software was used for inductive thematic coding. Then the Gioia method of inductive analysis (Gioia et al., 2013) was employed in combination with the pattern deducing data analysis approach consistent with the capturing of institutional logics (Reay & Jones, 2015). Danny Gioia pioneered a grounded theory inspired method in his 1991 paper "Sensemaking & Sensegiving in Strategic Change Initiation" (cf Gioia & Chittipeddi, 1991). The aim of this inductive method is to generate concepts and grounded theories from qualitative studies by employing systematic rigor while still enabling creative imagination (Gioia et al., 2013). The method requires a well-specified research question, and multi-data sources may be employed. But semi-structured interviews are the main data source for the purpose of obtaining *retrospectiv*e and *real-time* stories of individuals' lived experiences concerning the phenomenon under study. Much attention is paid to making sure that the respondent is focussed on the interview question, and the questions are thorough but not leading in anyway.

The Gioia method was applied for the first cycle coding of qualitative interview data to capture the reality expressed by the respondents (Gioia et al., 2013). This first cycle of interview data coding was inductive in its approach; the objective was to give a voice to the township entrepreneurs by capturing the essence of their perceptions and experiences (a similar process to 'open coding' by Strauss & Corbin (1998). This stage of coding is termed 1st order analysis. The 2nd order analysis applies an axial coding approach (Strauss & Corbin, 1998) to inductively capture emerging themes of social mechanisms from the empirical data. Then the 2nd order themes were analysed by employing the institutional theory model developed by Welter (2012) (see Figure 6) to deductively capture the institutional logics (Reay & Jones, 2015) underlying the social mechanisms that were inductively revealed by the

2nd order themes. A pattern deducing data analysis approach is consistent with the capturing of institutional logics (Reay & Jones, 2015).

To analyse the government documents, "Moruo" monthly gazette, and the SME South Africa online study on township entrepreneurship, a combination of a thematic analysis (Strauss & Corbin, 1998) and a pattern deducing analysis approach consistent with the capturing of institutional logics (Reay & Jones, 2015) were employed using using Atlas.ti software. Thus, the logics underlying the communication expressed within these data sources were revealed.

Logics are context dependent and expressed by actors within a time frame and spatial context. The results provided the capacity for explaining and analysing the spatial expressions of the logics that frame the township entrepreneurial context, and allowed for the demonstration of relations among the logics and their effect on township entrepreneurial behaviour. By aiming attention on the interaction and patterns formed by symbols, norms, beliefs, and practices, logics unfold a structural theory of culture (Jones et al., 2018; Thornton et al., 2012).

In the next section, the method of explanation of the results employed by the study is elaborated.

3.4.5 Method of Explanation

The strategy employed for conducting a research study is determined by whether the question to be answered is framed as 'what', 'where', 'who', 'how' or 'why' (Tellis, 1997). The main question answered by this research study is a 'how' question, which is answered by first answering the 'what' questions of the three sub-question as indicated above. This has consequently led to an exploratory-explanatory case study method (Tellis, 1997).

To demonstrate that apartheid may be the main culprit responsible for the current and

persistently low level of entrepreneurship in the townships, despite the resources that the government have provided to foster entrepreneurship within this disadvataged socio-economic context, a demonstration of social mechanisms that are currently active, were initianted or enhanced by apartheid first needed to de done. This was achieved through various data sources consulted during the study, such as published peer-reviewed literature, government documents, and through the empirical qualitative interview data results. Then the institutional theory model developed by Welter (2012) (see figure 6) was aplied to the revealed apartheid social mechanisms themes. Then to reveal their underlying logics and how thay may have an influence on entrepreneurial behaviour, a second thematic analysis was employed using Lefevbre (1991) - as applied by Preminger & Drori (2016) . This demonstrates that active social mechanisms affecting entrepreneurship within the township environment were empirically exposed, together with their underlying logics and their relationship and connection to entreprenurial behaviour. Since institutional logics provide a link between institutions and agency (Thornton et al., 2015a), a domain-specific theory (institutional theory) was applied to empirical outcomes to explain the impact of dominant logics on entrepreneurial behaviour in the townships (as it is demonstrated by the illustration of the research process in figure 11 below).

Furthermore, the motives of the respondents for engaging in entrepreneurship were examined and an analysis applying Ajzen's (1991b) TPB theory was done to explain the antecedents of entrepreneurial intention, leading to entrepreneurial behaviour.

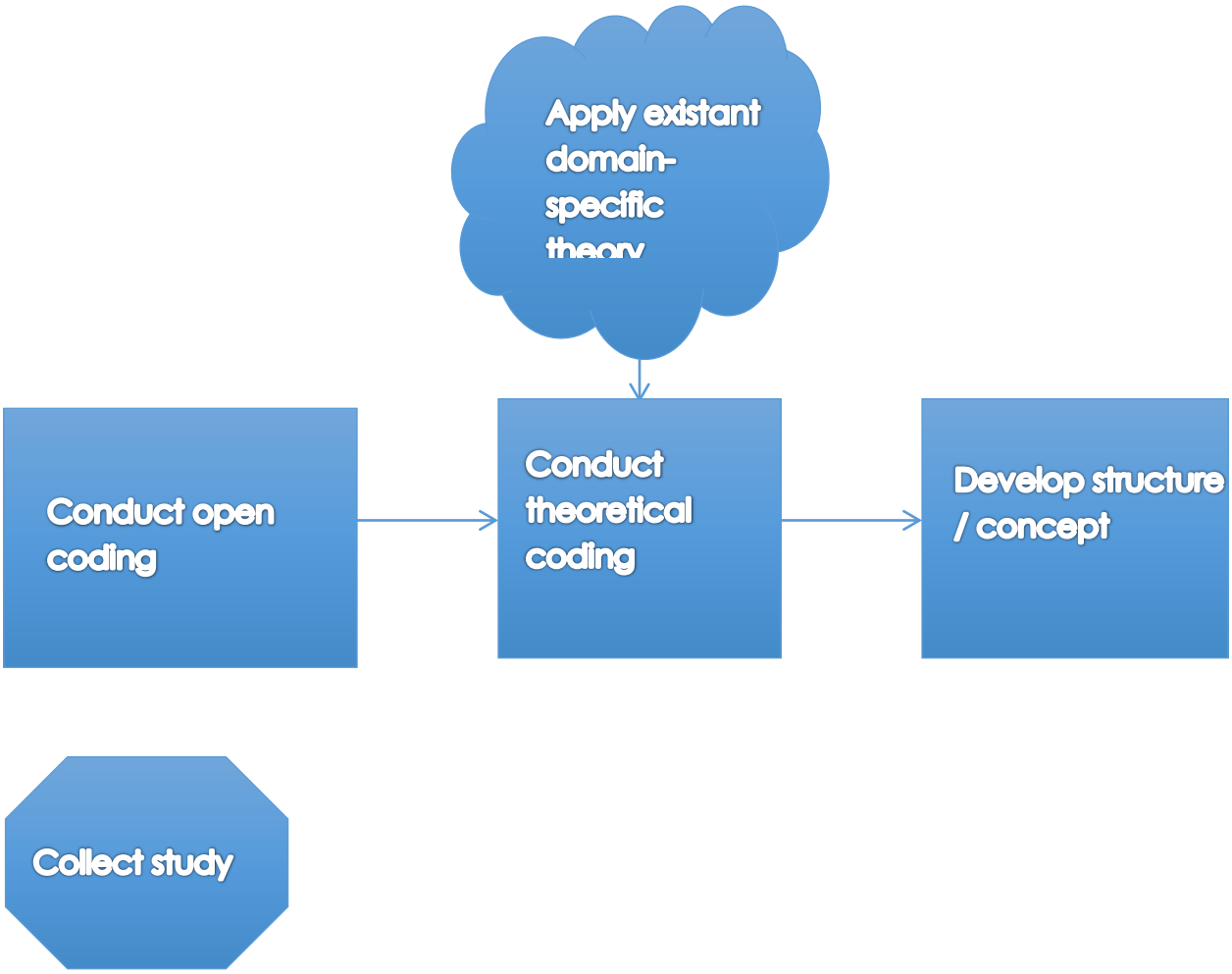


Figure **11** Process of Research Informed by Theory (adapted from Raduescu et al. 2012)

By explaining structure and context, the components of structures that are causally relevant to township entrepreneurial behaviour were demonstrated. Identifying causal predispositions that cause events to take place is the main focus of CR analysis. In order to identify the sources of these dispositions, components of the structure and potential active mechanisms that are interacting to produce the observed results were identified. The following question was kept in mind during the study and analysis: "What is it about the structures which might produce the effects at issue?" (Sayer 1992: p. 91, as cited in Raduescu & Vessey, 2009). As the real world is comprised of complex open-system environments, there are numerous structural entities and contextual factors that may influence behaviour (cf Thornton & Ocasio,

2008). These include physical, social, and symbolic entities, and how they are related (Fleetwood, 2005). Since, it is not possible to directly observe which mechanisms are present within the domain of the real, one can only perceive their presence by their effects on the empirical level. Our perception of these mechanisms is mediated by our beliefs, values, and experiences. Therefore to be able to gain knowledge or to theorise about the causal mechanisms producing a particular logic, its components were examined. These may be rules, norms, conditions, relationships, culture, actors, and expectations, in accordance to the context in which the event is taking place (Elder-Vass, 2007).

3.4.6 Ethics Considerations

An ethics clearance certificate was applied for and obtained before conducting qualitative interviews for this research study. The respondents were at least 18 years old, and of legal age to autonomously participate in the study, as the South African law requires it. They were provided with an information sheet detailing the purpose of the study. Then upon acceptance of participation, they were issued with the interwiew consent form, in which they were informed that their participation was voluntary, and that there is no remuneration offered. And they were therefore, within their rights to disengage from participation at any moment during the study (Creswell et al., 2003). Anonymity for those who required it was also guaranteed.

3.4.7 Assumptions

- CR assumes a stratified ontology. It provides an explanation by viewing reality as consisting of three layers (see Figure 9). This stratified ontology consists of three overlapping realms as mentioned before. They are the ‘empirical’, the ‘actual’ and the ‘real’. The ‘empirical’ is made up of events that are visible and measurable. At the deeper more abstract level are social structures that provide meaning to agency, namely, the realms of the ‘actual’ and the ‘real’.
- CR assumes an open-systems perspective,
- It assumes mediated knowledge and
- Unobservability of mechanisms
- This study considers townships around the Gauteng province in South Africa to form part of the same community because of the homogeneity of ethnic groups living in them, cultural aspects, spatial design, infrastructure, as well as the shared memory of the past experiences of oppression and racism under apartheid regime.

Chapter 4. Study Results

4.1 Interview Study Results

The following results are the outcome of thirty in-depth interviews of township entrepreneurs recounting their lived experiences relating to entrepreneurship in the township environment. To answer the thesis research question, i.e., to determine how apartheid may still be affecting current entrepreneurial behaviour. The first objective (a) was to demonstrate, through the grounded data analysis, the apartheid mechanisms or social structures that are active in the townships and having an impact on entrepreneurial behaviour. Then the second objective (b) was to reveal the institutional logics underlying these active apartheid mechanisms. Then, finally, how people's revealed logics have driven their entrepreneurial behaviour or actions.

Dominant codes were extracted from the raw data, and they revealed the participants' major concerns concerning their entrepreneurial lived experiences. As already mentioned in Chapter 3, the qualitative interview data was first coded inductively, following an open coding method according to the Gioia methodology, and the result was the 'first order' concepts. Table 4 below displays the dominant codes or the 'first order' concepts, which are the grounded themes developed from the first round of data coding.

To achieve the second objective (b), a theoretical coding was applied to the 'first order' concepts, but only to significant themes from the 731 total, with a significant theme consisting of at least ten codes. Since the method of coding was grounded on the data, some of the themes were not applicable to the research question at hand. For the second order themes to emerge, a theoretical coding was performed by applying Welter's (2012) conceptual model. As it is demonstrated by figure 11 above, concerning how the research analysis process is

informed by theory to develop second order themes. Then instead of obtaining aggregate dimensions to develop theoretical concepts, as required by the Gioia method, this study analysis captured the logics that emerged from the second order theme, in accordance with the conceptual framework developed by Lefevbre (1991) (see figure 8) to determine how logics are connected to behaviour, since institutional logics theory states that logics are the link between institutons and behaviour (Thornton et al., 2015). According to the Gioia method, the researcher is a knowledgeable person, who can apply theory to develop logical concepts (Gioia et al., 2013). Also according to the CR ontology, the researcher is expected to possess knowledge that they can apply to the research analysis (Archer et al., 1999). In this case, since the focus of the reseach was to examine how the apartheid institution is affecting current entrepreneurship in South Africa, Welter's (2012) conceptual model depicting the 'potential impact of institutions on entrepreneurship' was applied and used to analyse how the regulative and the cultural-cognitive instustutional contexts of the townships may have an effect of entrepreneurship. The Gioia analytical method-inspired Table 5 below displays the interview data analysis results:

Dominant codes from qualitative interview raw data	No. of codes out of 731
Lack of entrepreneurial culture: black people lack entrepreneurship culture	98
Mindset: township mindset inhibits entrepreneurship	60
Apartheid: apartheid is still present, it can still be observed	57
Lack of community support: Black people dont support each other	56
Lack of business skills: Black people lack business skills	53
Blacks divided: Black people are divided	51
Lack of Exposure: lack of exposure is affecting the mindset of people	44
Lack of financial resources: township people lack financial resources	37
Lack of entrepreneurial culture: Black families don't believe in entrepreneurship	33
Creating social value: starting a business for myself and to help the community	31
Lack of exposure: Exposure to different environments enable entrepreneurship	31
Lack of Black role models: there is a lack of Black role models	29
Lack of financial skills: Black people lack financial skills	26
Lack of family support: Black entrepreneurs often dont have any support from their families	25

Lack of vision: Black people lack vision	24
Lack of resources: townships lack resources	23
Lack of loyalty: Black people lack loyalty	20
Lack of information: there is a lack of information	19
Lack of knowledge: there is a lack of knowledge	18
Poverty: it is poverty background.	17
Peer support: the people who support me the most are other fellow entrepreneurs	16
Blacks divided: People become jealous when seeing another do something out of the ordinary	14
Lack of bank support: Banks do not support Black SMME's	13
Black stigma: Black businesses have a negative image	12
Lack of experience: I have gained experience	11
Hopelessness: There is hopelessness in the township	11
Network: Your network will influence your knowledge	10

Table 4 Dominant Codes from Qualitative Interviews of 30 South African Township Entrepreneurs

Grounded Codes/1st Order concepts	Groundedness /no.of codes	2nd order themes (social mechanisms)	Groundedness/ no of codes	Institutional Logics: Entrepreneurship dimensions
❖ **Apartheid**: Apartheid is still present, it can still be observed	**57**	❖ **Apartheid legacy- Mechanisms of exclusion & division**	**210**	**Normative institutions: Cultural-Cognitive**
❖ **Lack of community support:** Black people dont support each other	**56**			
❖ **Blacks divided**: Black people are divided	**51**			
❖ **Lack of loyalty**: Black people lack loyalty	**20**			
❖ **Blacks divided**: People become jealous when seeing another do something out of	**14**			

the ordinary				
❖ **Black stigma:** Black businesses have a negative image	**12**			
➢ **Lack of entrepreneurial culture**: Black people lack entrepreneurship culture	**98**	➢ **Lack of Entrepreneurial culture**	**184**	**Normative institutions: Cultural-Cognitive**
➢ **Lack of family support**: Black families don't believe in entrepreneurship	**33**			
➢ **Lack of Black role models**: There is a lack of Black role models	**29**			

➢ **Lack of vision**: Black people lack vision	**24**			
✓ **Lack of Community support**: Black people dont support each other	**56**	✓ **Lack of Social Trust**	**141**	**Normative institutions: Cultural-Cognitive**
✓ **Blacks divided**: Black people are divided	**51**			
✓ **Blacks divided**: Black people lack loyalty	**20**			
✓ **Blacks divided**: People become jealous when seeing another do something out of the ordinary	**14**			
▪ **Lack of business skills**: Black people lack business skills	**55**	▪ **Lack of Business skills**	**118**	**Regulative institutions: Human Capital**

▪ **Lack of Financial skills**: Black people lack financial skills	**26**			
▪ **Lack of information**: there is a lack of information	**19**			
▪ **Lack of knowledge**: There is a lack of knowledge	**18**			
○ **Mindset**: township mindset inhibit entrepreneurship	**60**	○ **Negative mindset towards entrepreneurship**	**115**	**Normative institutions: Cultural-Cognitive**
○ **Exposure**: lack of exposure is affecting the mindset of people	**44**			
○ Hopelessness: there is hopelessness in the township	**11**			
• **Lack of exposure:** lack of	**44**	• **Low quality Social network**	**110**	**Regulative institutions: Social**

exposure is affecting the mindset of people				**Capital**
• **Lack of exposure**: exposure to different environments enable entrepreneurship	**31**			
• **Lack of family support**: Black entrepreneurs often dont have any support from their families	**25**			
• **Lack of Network**: network will influence your knowledge	**10**			
Lack of financial resources: Township people lack financial resources	**37**	**Poverty mechanisms**	**90**	**Regulative institutions: Financial Capital**
Lack of resources:	**23**			

Townships lack resources		
Poverty: it is poverty background.	**17**	
Lack of bank support: Banks do not support Black SMME's	**13**	

Table 5 Interview Data (Gioia method) Analysis Results

Table 5 guide:

- ❖ = member of "apartheid legacy" theme = member of normative institutions (cultural-cognitive)
- ➢ = member of "lack of entrepreneurship culture" theme = member of normative institutions (cultural-cognitive)
- ✓ = member of "lack of social trust" theme = member of normative institutions (cultural-cognitive)
- ▪ = member of "lack of business skills" theme = member of regulative institutions (human-capital)
- o = member of "negative mindset towards entrepreneurship" theme = member of normative institutions (cultural-cognitive)
- • = member of "low quality Social network" theme = member of regulative institutions (social-capital)
- = member of "poverty mechanisms" theme = member of regulative institutions (social-capital)

In Table 5 above, qualitative interview data was thematically coded to reveal the ‘first order’ concepts concerning the participants’ lived experiences in township entrepreneurship. Then ‘first order’ concepts were theoretically coded according to Welter (2012), and the aggregate dimensions corresponded with the regulative and cultural-cognitive institutional logics. From this information, working from the grounded data up, one is able to analyse how the mechanisms may be having an influence on behaviour through the expressed institutional logics.

4.2 Social Media – 'Twitter' Results

The data collected from the social media platform, "Twitter", was obtained by entering into the Atlas.ti software, the two phrases: APARTHEID IN TOWNSHIPS *OR* BUSINESS IN TOWNSHIPS, inline with the main focus of the research question. One thousand entries were quiried for extracting the data. A total of six hundred quotations and 41 codes resulted from the data. The data was then coded inductively and a thematic analysis conducted to develop the 'first order' concepts. Applying the same method of analysis as above, the 'second order' themes were theoretically coded applying the Welter (2012) conceptual model, to obtain the institutional logics categorising what was expressed by the grounded data, and the implication on behaviour.

Table 6 below displays the dominant codes from the 'Twitter' social media data. And Table 7 demonstrates the data themes and institutional logics deductively captured from the grounded 'Twitter' data themes. Because of a low number of differing quotations that resulted from his data, groundedness (or number of codes) was indicated at the theme level and at the logics levels of analyses.

Dominant codes	Groundedness/no. of quotations
Apartheid spatial planning exclude Blacks from cities	263
Black people still live under exclusive policies of apartheid	179
Inadequate transport system for township people	157
Poor township spatial planning was deliberate	142
Townships remain unaltered	21
Apartheid legacy	16
Present government unintended to undo apartheid	16
All townships look exactly the same	15
Townships were not built for people to succeed	14
Creation of townships involved land dispossessions	10
Millions of people are still suffering	10
Creation of townships resulted in people living in squalor	9
Townships are concentration camps	8
Townships kill black potential	8

Dominant codes	Groundedness/no. of quotations
Blacks still only in townships and rural areas	6
Townships originate from colonialism and apartheid	4
Apartheid continues because of current corruption	3

Table 6 Dominant Codes Extracted from "Twitter" (and the number of quotations associated with them)

Grounded Code/1st Order concepts	**2nd order themes**	**Groundednes/no of codes in 1st order themes**	**Institutional Logics: Entrepreneurship dimensions**	**Groundedness/ no of codes in 1st Order themes (totals per logics theme)**
All townships look exactly the same Creation of townships resulted in people livingin squalor Millions of people are still suffering There is hopelessness in townships Townships kill black potential Townships remain unaltered	**Apartheid is still present**	22	**Apartheid logics**	73
Apartheid spatial planning to exclude Blacks from cities Townships kill black potential	**Apartheid caused division**	11	**Apartheid logics**	

Townships remain unaltered				
Apartheid spatial planning to exclude Blacks from cities Creation of townships resulted in people living in squalor Towships built on barren land Poor township spatial planning was deliberate Townships had no trees Townships kill black potential Townships were not built for people to succeed	**System of exclusion**	29	**Apartheid logics**	
All townships look exactly the same Creation of townships resulted in people living in squalor Townships remain unaltered Poor township spatial planning was deliberate	**All townships look the same**	11	**Apartheid logics**	

Towships built on barren land Townships had no trees Apartheid spatial planning to exclude Blacks from cities				
There is hopelessness in townships Poor township spatial planning was deliberate Townships kill black potential Townships were not built for people to succeed Towships built on barren land Millions of people are still suffering	**Apartheid caused psychological damage to Blacks**	21	**Normative Institutions: Cultural-cognitive institutions**	21
Apartheid spatial planning to exclude Blacks from cities Creation of townships resulted in people living in squalor Millions of people are still suffering	**Lack of resources**	23	**Regulative institutions: Cost of entrepreneurship**	37

Poor township spatial planning was deliberate There is hopelessness in townships Townships kill black potential Townships remain unaltered Townships were not built for people to succeed Towships built on barren land				
Apartheid spatial planning to exclude Blacks from cities/ creation of townships resulted in people living in squalor/millions of people are still suffering/Towships built on barren land/townships were not built for people to succeed/poor township spatial planning was deliberate	**Lack of infrastructure**	14	**Regulative institutions: Cost of entrepreneurship**	
Apartheid spatial planning to exclude Blacks from cities	**Black people live in poverty**	22	**Regulative institutions: Financial capital**	22

Creation of townships resulted in people living in squalor Millions of people are still suffering There is hopelessness in townships Townships were not built for people to succeed Towships built on barren land				

Table 7 Data Themes and Institutional Logics Deductively Captured from the Grounded Twitter Data Themes

4.3 Government Documents – 'Moruo' Results

The South African Gauteng provincial government publishes a monthly entrepreneurship gazette, titled 'Muruo', focusing on the township economy. A request for these documents was made, so they could be used for this study. Fifteen issues of the gazette were supplied. The aim was to get an insight about the government's perception and concerns regarding township entrepreneurship. All the gazette publications have the same editor, the Gauteng MEC, Mr Mashile. The editor provides a summary of what the publication issue is about, and what the government's actions are concerning township entreprenurship. The editor's page of each one was inductively coded and themes developed.

Table 8 below shows the dominant codes from the 15 "Moruo" issues, expressing the dominant topics that were expressed by the government official, concerning township entrepreneurship.

Codes	Groundedness/no.of quotations
State action: has put in place transformation, modernisation, and re-industrialisation programmes	25
State action: a government committed to ensuring the success and growth of the township economy	23
State action: partnering with stakeholders and social players to bring change	18
State action: redress the legacy of apartheid	12
Apartheid: Apartheid legacy remain very strong	9
State action: creating jobs through sustainable SMME development	9
State action: put in place township entrepreneur awards	9
State action: incubation programmes to provide financial and non-financial support to township entrepreneurs	7
State action: to improve government's service delivery capacity and build an activist public service that is responsive to the needs of the people	7
State support: offering business support services	7
State action: growing the Gauteng economy in an equitable and inclusive manner	6
State action: to open up new markets for locally manufactured goods in Africa, BRICS and globally	6
State action: putting township business needs in mainstream policy discourse	5

Lack of infrastructure: apartheid legacy: there are issues with infrastructure in the townships	4
Socio-economic conditions: challenges with poverty, unempoyment and inequality in South Africa	4
State action: Programmes to overcome unemployment and poverty, and skills development	4
Apartheid legacy: unethical labour practices persist in South Africa	3
State action: change perceptions about townhsip business through entrepeneur awards	3

Table 8 Dominant Codes from 15 "Moruo" Gazettes Editor's Page

Grounded Code/1st Order concepts	2nd order themes	Groundedness/no of codes in theme	Logics dimensions: Institutions/Entrepreneurship nexus	Groundedness/no of codes
Business challenges are deeply rooted in history / apartheid excluded townships from the economy/ not all citizens share in the country's wealth and riches	**Apartheid**	**16**	**Apartheid logics**	**59**
Redress the legacy of apartheid / state has put in place transformation, modernisation, and re-industrialisation programmes / partnering with stakeholders and social players to bring change/ a government committed to ensuring the success and	**State action**	**71**	**Policy**	**71**

growth of the township economy				
Whites still earn much higher than Blacks/challenges of job creation, unemployment, inequality, transformation and sustainable growth still remain/ people do not work where they live/ socio-economic injustices persist even to this day/ colonisation and apartheid caused conditions of poverty	**Apartheid legacy**	**27**		
Corruption and pillage of public funds are a problem/ there is a decline of	**Corruption**	**4**		

confidence in public institutions because of corruption				
There are forces that benefit from the survival of apartheid and they are very united / vertically integrate their companies to limit entry into economy by smaller firms	**Mechanisms of Exclusion**	**3**		
Blacks prevented from being part of the economy/ Blacks remain poor	**Economic exclusion**	**6**		
Challenges with poverty, unempoyment and inequality in South Africa	**Socio-economic conditions/ Apartheid Legacy**	**3**		
20% of Gauteng citizens face hunger and food insecurity everyday				

Table 9 Dominants themes and logics inductively captured (according to the Gioia method) from the 'Moruo' gazettes.

4.4 SME Online - Magazine Study Results

The SME South Africa online business magazine conducted a study on township entrepreneurship and the outcome was coded inductively to obtain themes that emerged for the interviews they conducted. Below are the dominant codes out of 49. This study also provides an image of what the situation may look like in the townships in relation to apartheid mechanisms and business when a theretical analysis is performed as in Table 11 below.

Dominant codes	Groundedness
Lack of infrastructure: access to decent working premises	4
Lack of infrastructure: lack of electricity	4
Lack of infrastructure: property ownership	4
Lack of entrepreneurial culture: need to change perceptions about failure	3
Lack of infrastructure: biggest challenges reported were lack of access and infrastructure	3
Lack entrepreneurial culture: fear of failure	2
Lack of business skills: high skills requirements exclude township businesses	2

Table 10 Dominant Codes from the 'SME South Africa' Online Magazine Data

1st Order concepts	2nd order themes	Groundedness /No. of codes in theme	Logics dimensions : Institutions/Entrepreneurship nexus	No. of codes
Lack of electricity/lack of investment/lack of running water/overpopulation in townships	**Lack of infrastructure**	**15**	**Regulative institutions: Cost of entrepreneurship**	**30**
Low level of early entrepreneurial actvity/ need to change perceptions about failure/ challenge is unlocking the potential	**Lack entrepreneurial culture**	**9**	**Regulative institutions: Cost of entrepreneurship**	**4**
Financial support/ provide more spaces and business infrastructure/ NDP 2030 economic development plan/ integrate township businesses into established industries to learn/	**State action**	**8**	**Regulative institutions: Financial capital**	**2**

help with job creation				
Most townships are located far from urban cities/ townships are spatially disconnected/ economic exclusion of townhsips/ desperate for economic opportunity	**Apartheid legacy: Mechanisms exclusion**	**6**	**Regulative institutions:Human capital**	**5**
a large Black population live in townships/ history matters / impact of past neglect / apartheid still largely evident today / townships originate from apartheid	**Apartheid legacy**	**5**	**Regulative institutions: Social capital**	**2**
High skills requirements exclude township businesses / Lack of	**Lack of business skills**	**5**	**Normative institutions: Cultural-cognitive institutions**	**9**

education / lack of fundamental skills required to run a business				
Entry barriers exclude township businesses/ high capital requirements exclude township businesses/ township entrepreneurs face challenges	**Lack of resources**	**4**	**Policy**	**8**
"The reality is however, that the levels of entrepreneurship in South Africa are worryingly low/ Low level of early entrepreneurial actvity/ entrepreneurship a key driver for job creation	**Low entrepreneurship**	**4**		
"Majority of the unemployed youth (about 60% of the total)"/ high	**High unemployment**	**2**		

unemployment levels				
Consumers spend outside townships/little wealth is generated in townships/ little wealth stays in the townships	**Lack of community support**	**2**		

Table 11 SME online magazine data anaylis results

4.5 Summary of study results

Data source	Dominant 2nd order theme	Dominant logic
Interviews	Black people lack **entrepreneurship culture**	Lack of entrepreneurial culture (belief)
Twitter	**Apartheid spatial planning** exclude Blacks from cities	Apartheid (Values)
'Moruo' Government Gazette	**State action**: has put in place transformation, modernisation, and re-industrialisation programmes	Economic development (Policy practices)
SME online study	Lack of **infrastructure**	Apartheid (values)

Table 12 A summary of data results

What mostly emerge from the data collection results, when we consider the grounded interview data analysis, the dominant themes are themes that are linked to the mechanisms of apartheid.

The word apartheid signifies, a 'state of being apart'. Its aim was to divide and conquer, thus separating people by race and ethnic group. And turning turning Black people, a large majority into many minorities that don't trust of each other.

The entrepreneurship culture that was expressed in the study shows the repucussions of Blacks being denied significant participation in economic activity, and consequzntly lacking role models and the required skills. This lack of entrepreneurship culture has no bearing on Blacks as a cultural group, but concerns more the experience that Blacks have gone through as a group of people.

Chapter 5. Explanatory Analysis

5.1 Referring Back to the Research Question of the Study

To answer the research question: "how does apartheid affect current entrepreneurial behaviour in South African townships?" all the sources of information used in this case study were analysed, i.e. literature, government documentation, independent study, and primary empirical data.

As a mentioned before, the research question, was answered through answering the three following sub-questions:

- Sub question 1: Are there specific social mechanisms connected to apartheid that are still active within South African townships? If so, what are they?
- Sub question 2: What types of institutional logics underlie these active apartheid social mechanisms?
- Sub Question 3: What types of practices or behaviours have developed as a result of these institutional logics?

To answer sub-question 1: it was imperative to first identify the apartheid social mechanisms still in effect today, and that are having a significant impact on the entrepreneurial behaviour of its direct victims and/or their descendents.

To answer sub-question 2: Lefebvre's (1991) model as cited in Reay & Hinings (2009) to deductively capture institutional logics underlying the social mechanisms that were inductively identified from the township qualitative interview data.

To answer sub-question 3: entrepreneurial behaviour expressed and the prevailing institutional logics were matched and discussed.

The following sections of this chapter answer the three sub-questions leading thereafter to the answering of the main research question of the study.

5.2 Answering Sub-Question 1

For sub-question 1, the aim here was to examine whether apartheid is still affecting people within the South African townships. To answer this question, an illustration is first made below, concerning the assertions from peer reviewed literature and other publications, regarding how apartheid is still considered to be present and still having a negative impact on its victims. The the results of the empirical research revealing the apartheid social mechanisms that are still active and having an impact on people within the South African townships are shown.

5.2.1 Examining Legacies of Apartheid through Literature

The apartheid political system was abolished in 1994 and South Africa underwent rapid socio-economic and political change (Preisendörfer, et al., 2012a). The hope of a freer and equal society was modelled on a constitution that recognised diverse race groups under the banner of a ‘rainbow nation’ (Rotich et al., 2015). Despite this development and the attempts to live up to the promise of economic and racial equality, the ‘rainbow nation’ finds it difficult to resolve the numerous economic, social and political challenges inherited from apartheid. Indeed since the abolition of apartheid, the South African government has sought to redress the inequalities of the past and to reduce poverty among the Black population (Aliber, 2003; Ebewo, 2014; Ndedi, 2014).

Diverse literature within fields such as economics, management, entrepreneurship, geography, as well as architecture are bringing attention to the presence of legacies of apartheid and their

effects, stating that apartheid is still affecting people in South Africa even today. For example, Smulders (2018) asserts that the legacy of apartheid is still apparent, with high levels of unemployment and a decreasing growth rate, and that entrepreneurs face considerable challenges. Mariotti & Fourie (2014) assert that economists exhibit a renewed interest for the investigation of the apartheid period because of the visible persistence of its legacy, and the South African economy is still weighed down by opportunity inequality, and economic reforms have not improved employment and living standards as it was expected. Thus, it has now been accepted that the South African economy is still tied to the apartheid period economy, and there is an evident 'path dependence' process involved. Similarly, Jürgens et al. (2013) assert that the apartheid architecture, townplanning, and structures are still present and in effect today. Furthermore, a type of neo-apartheid has developed around South African cities, creating socio-spatial mechanisms that lead to ghettoisation based on ethnicity. Therefore, they continue to put the township population at a disadvantage economically and socially. In the next section, the social mechanisms that inform the current impact of the historical apartheid regime on township entrepreneurial behaviour were indentified. Mechanisms were inductively identified within the qualititative interview data, "Twitter" social media data, "SME South Africa" online magazine study data, as well as the "Moruo" government publications.

5.2.2 Evidence of Apartheid Mechanisms from Qualitative Interview Results

Below is the demonstration of the presence of active legacies of apartheid, revealed through the qualitative interview data. Some extracts of the quotations expressed by the respondents during the interviews are first demonstrated. Then, the dominant first order themes, and then the second order themes (cf Gioia et al., 2013) (or the social mechanisms) related to apartheid that were induced from the qualitative interview data are displayed.

Extracts of qualitative interview quotations by respontends a, b, c, d,e, f, g:

a) *« Some people say that apartheid is gone more that 20 years now, and we can't keep blaming it. The question is, is it really gone though? Is it gone? Honestly? When you look around? »*

b) *« I mean in South Africa the first language of the country is English and politically it's still Afrikaans because South Africa is considered as an Afrikaans speaking country. It means the medium of communication amongst all of us is English, no one is really not that interested to learn other native languages »*

c) *« And sometimes it's even within families, where you could be having a particular idea or concept and you can't even sell it necessarily to someone within your own family because of these levels of mistrust that were built amongst us through apartheid and through the system itself. So it's like I may have a sister who has access to finance or an aunt or uncle but then they are like actually, if I support your venture, not looking at the whole picture that we will all benefit from this, but then I'm going to enable you to do better. »*

d) *« How do you explain white people owning 80% of the land in South Africa and only 20% of black people own land »*

e) *« When everything seemed to be going on just fine, then somewhere a white guy would come and just question things. For example you have the introductory meeting, then a follow up meeting, and third meeting, then finally there would be some white guy who would come and just ruin everything and say no we can't work with you. They would make up some stupid reason not to work with you. Or maybe sometimes in the future, they would say are already have something that we're working on, we cannot partner with you »*

f) *« 1% of the black people out of the 80% that really makes it out »*

e) *« a small circle of the big guys who have all the resources, and through that they control and impose what is really happening around the country and everything else because they have the money, they can do what they want to do. So it all boils down to that. To the funding. About who has the funding »*

g) *«For example, or you are in a certain position and while you are working being in that certain position, the CEO's child comes through and then you have to train them in that same position that you also qualify for, but you end up teaching that kid and that kid gets that promotion that you also qualify for or even becomes your boss, and you have been there for so long »*

Display of 1st order themes from interview data:

The interview data was coded according to the Gioia methodology (cf Gioia et al., 2013) allowing for themes to emerge from the data as already detailed in the research methodology chapter (chapter 3). From the semi-structured, in-depth, 30 qualitative interviews, 731 codes emerged from the data. In Table 13 below the most six most dominant 1st order themes, with a frequency of at least 50, are displayed. It can be observed that the theme highlighting the belief that apartheid is still present and operational in South Africa is at the third most dominant position.

Dominant 1st order themes from qualitative interview raw data	No. of codes out of 731
Lack of entrepreneurial culture: black people lack entrepreneurship culture	98
Mindset: township mindset inhibit entrepreneurship	60
Apartheid: apartheid is still present, it can still be observed	57
Lack of community support: Black people dont support each other	56
Lack of business skills: Black people lack business skills	53
Blacks divided: Black people are divided	51

Table 13 Dominant Codes from the Interview Data

Display of 2nd order themes (social mechanisms) from the Interview data:

Table 14 below displays six social mechanisms themes induced from the qualitative interview data. The apartheid mechanisms theme labelled, 'mechanisms of division', representing 210 codes (first order themes) out 731, came out as the most dominant theme. Apartheid means 'a state of being apart' or of being separate (Allen, 2005; Mphambukeli, 2019), therefore division is basically the foundation of apartheid. This was also made evident in the implementation of the policies of the apartheid goverment.

In third position of the most dominant themes, are the mechanisms operating within a 'lack of social trust', which is basically a consequence of a divided social culture (Rothstein, 2013), an indirect but significant consequence of Apartheid.

Dominant social mechanisms (2nd order themes)	**No. of codes (groundedness)**
Mechanisms of division	210
Lack of entrepreneurial culture	184
Lack of social trust	141
Lack of business skills: Black people lack business skills	118
Mindset: township mindset inhibit entrepreneurship	115
Lack of finanacial resources	90

Table 14 Dominant social mechanisms that emerged from the qualititative interview

5.2.3 Evidence of Apartheid Mechanisms from “Twitter” Data

In this section some extracts of the quotations expressed in the “Twitter” data in relation to apartheid and business in the townships. Then a display of the dominant ‘first order’ concepts and the social mechanisms (‘second order’) themes related to apartheid that emerged from the data is given.

Twitter data tweets quotations:

« No matter where you go in South Africa, every single Black township looks exactly the same! A stark reminder of apartheid & also a rude awakening, that there was never really any intention by the ANC government to ever undo the wrongs of the past »

“We are made to live under apartheid exclusion policies in this new "democracy".
We are still only in townships and rural areas. In the cities we own nothing and buy from all others”

“This is how apartheid policies were implemented including the spatial housing that made townships far way with no adequate transportation system to accommodate townships, pushing black people further away from cities”

“These structures are more about survival than improving life, but important to share. Corrugated iron sheeting is used to create homes in townships. This is still part of our architecture in post-apartheid SA... Home & daily harsh reality for millions of people.”

"Townships are concentration camps (be)cause they imprison & throttle Black potential. (In my book) I trace the genesis of townships to colonialism & apartheid with land dispossessions as the fountainhead for such squalor."

"25 year-old white people are still benefiting from apartheid policies now"

Display of First order themes from the "Twitter" data:

The Twitter data was coded inductively and a thematic analysis was conducted to obtain first themes according the Gioia methodology (cf Gioia et al., 2013). Table 15 below displays the top five dominant codes out of 41. It can be observed that all the five themes describe the characteristics of apartheid and its aims, but referring to the present time.

Dominant 1st order themes	**Groundedness/no. of quotations**
Apartheid spatial planning to exclude Blacks from cities	263
Black people still live under exclusive policies of apartheid	179
Inadequate transport system for township people	157
Poor township spatial planning was deliberate	142
Townships remain unaltered (apartheid legacy)	21

Table 15 Display of 1st order themes from the 'Twitter' social media data

Table **16** below display the ‘second order’ themes or the social mechanisms that emerged from the “Twitter” data codes. We can observe that “system of exclusion” is the dominant theme that emerges from this data. This theme is made up of 29 codes of the ‘first order’ concepts out of 41. What was expressed on this social media platform is a concern regarding the exclusion of Black people living in the townships from business, and from the economy in general. And they went as far as expressing the belief that apartheid has caused psychological damage to Blacks, as demonstrated by the theme displayed at the fifth position in Table 16.

Dominant 2nd order themes	Groundedness/no. of quotations
System of exclusion	29
Lack of resources	23
Apartheid is still pesent	22
Black people live in poverty	22
Apartheid caused psychological damage to Blacks	21

Table 16 Dominant social mechanisms that emerged from the 'Twitter' data codes

5.2.4 Evidence of Apartheid Mechanisms from 'SME South Africa' Online Magazine

In this section, quotations from the 'SME South Africa' online magazine data were coded. They suggested the presence of legacies of apartheid and mechanisms still active within the townships. Some of the quotations extracts are presented below. Thereafter, Table 17 displays the dominant 'first order' themes, which also represent the social mechanisms related to apartheid expressed from the data.

SME online magazine township entrepreneurship study quotations:

"About half of South Africa's urban population lives in townships and informal settlements, accounting for 38% of working-age citizens."

"South Africa's townships are relics of the country's apartheid regime."

"Most townships are located far from urban cities"

"Asad Alam World Bank Group country director for South Africa describes townships as spaces filled with "working-age people desperate for economic opportunity, being spatially disconnected from urban centres that offer better economic prospects". And research by the same organisation shows the majority of the unemployed (about 60% of the total) come from townships and informal settlements."

'Ismail also points to the issue of business skills and a lack of business literacy and education. She says many entrepreneurs lack fundamental skills required to run a business. This can be helped by observing and becoming involved in the value chain of established larger businesses and learning through interaction.'

Display of social mechanisms from the SME South Africa online magazine data:

Dominant 2nd order themes from SME study data	No. of codes out of 60 /groundedness
Lack of infrastructure	15
Lack of entrepreneurial culture	9
State action	8
Township exclusion	6
Apartheid legacy	5
Lack of business skills	5

Table 17 Dominant Themes that Emerged from "SME South Africa" Online Magazine Study

Table 17 above reveals the main themes that emerged from the "SME South Africa" online study conducted in March 2018 regarding the state of township entrepreneurship. The top issue that emerged is the 'lack of infrastrucure' in the townships. A theme that has also been highlighted in the entrepreneurship literature (see Preisendörfer et al., 2014), economics (see Mariotti & Fourie, 2014), and architecture (see Jürgens et al., 2013) literatures. Affirming that apartheid spatial planning is still in place and has been retained by the current government, even though it has been recognised to be a potent tool for the social and economic exclusion of the Black population. This is despite the current discourse by the government regarding its intentions and efforts to develop the township economy (see Rogerson, 2019).

5.2.5 Evidence of Apartheid Mechanisms from 'Moruo' Government Gazettes Data

In this section quotations expressing the legacies of apartheid revealed within the 'Moruo' monthly government gazette data are provided. For this data source, the editor's page was coded for the 15 editions provided by the Gauteng province government, which represented the personal expressions of the editor regarding topics in each month's publication. Below, provide some of the extracts of the data quotations expressed by the editor regarding the topics adressed within each publication concerning apartheid, are provided. Then a display of dominant first order themes and the second order themes (or social mechanisms) related to apartheid that were induced from the data is given.

Moruo government gazette quotations:

"But so strong is the legacy of apartheid and so united are the forces that benefit from its survival that these inroads have been subjected to numerous setbacks and detours"

"There is no better time to change the direction of our country than the present. The economy occupies a central place in this equation. If political power is the mantle, the economy is the core of the agenda to transform society and undo the destructive legacy of apartheid"

"Overcome the apartheid spatial geography by creating new cities marked by a paradigm shift from the old apartheid cities where work and residential life are poles apart"

"It is an economy that is dominated by white-owned and white-controlled conglomerates that are vertically integrated and therefore limit entry into"

"This gathering confirmed widely recited facts about the little headway made by black farmers into the tight value chains of food retailers and supermarkets"

"This gathering confirmed widely-recited facts about the little headway made by black farmers into the tight value chains of food retailers and supermarkets"

Display of First order themes from the "Moruo" government gazzette data:

Below, as demonstrated in Table 18, are the five dominant codes from the fifteen government gazettes issues. Expressing the dominant topics the South African government is pre-occupied with concerning township entrepreneurship. Here, we notice that the government's discourse is mainly regarding taking action to improve entrepreneurship in the townships. The top three codes state taking action to transform and to improve the township economy, while the fourth code explicitly mentions action to redress the legacy of apartheid. The fifth code states that apartheid remains very strong.

Dominant 1st order themes	Groundedness/ no. of quotations
State action: has put in place transformation, modernisation, and re-industrialisation programmes	25
State action: a government committed to ensuring the success and growth of the township economy	23
State action: partnering with stakeholders and social players to bring change	18
State action: redress the legacy of apartheid	12
Apartheid: Apartheid legacy remains very strong	9

Table 18 Dominant 1st Order Themes from 'Muruo' Government Gazettes Data

Table 19 below displays the top three 'second order' themes that emerged from the fifteen "Moruo" government gazette editor page. The most dominant themes are "state action" (taken to reverse the effects of apartheid), "apartheid legacy", and "apartheid". In this publication a lot of discussion centers on government programmes aimed at improving the socio-economic conditions of Black people through fostering entrepreneurship in the townships. The effects of apartheid laws emerged to be the central problem that the South African authorities are concerned with and working on tackling regarding township economic development.

Dominant 2nd order themes	**No. of 1 st order themes (groundedness)**
State Action	71
Apartheid legacy	27
Apartheid	16

Table 19 Three Dominant 2nd order Themes From the "Moruo" Gazette Data

5.2.6. A Summary of Notes Taken During Meeting with Gauteng Local Government Member of Executive Council (MEC)

On the 27th of October 2020 the author had the priviledge of attending a meeting with the Gauteng province MEC and other stakeholders, regarding new programmes for township entrepreneurship ecenomic development. The project is called Growing Gauteng Together 2030.

The definition of township-based enterprise according to this project is: a small business operated by a Black person in the township.

Some of the main difficulties for township entrepreneurship that were identified are:

- Access to market
- Cost of borrowing money
- Lack of diversification in business types
- High risk profile (as determined by the financial institutions)
- Skills shortage

The main objectives of the projet are:

- Economic development
- Capacity building programmes
- Transfer of skills
- Formalisation of businesses
- Establishment of township development fund
- Special economic zones connected to township industrial parks

It is clear from all the effort and resources made available that the South African government is committed to the economic development of the townships. And it shows that townships

have the most need because of the effects of Apartheid policies on the people and their environmental conditions.

5.2.7 Sub-Question 1 Conclusion: Presence of Apartheid Mechanisms in South African Townships

The diagram 11 below demonstrates the multilevel characteristic of this study. Each of the data sources represents a level of study including the macro (government publications and meeting), meso (Twitter social media platform), and micro (individual interviews) levels within this entrepreneurial context.

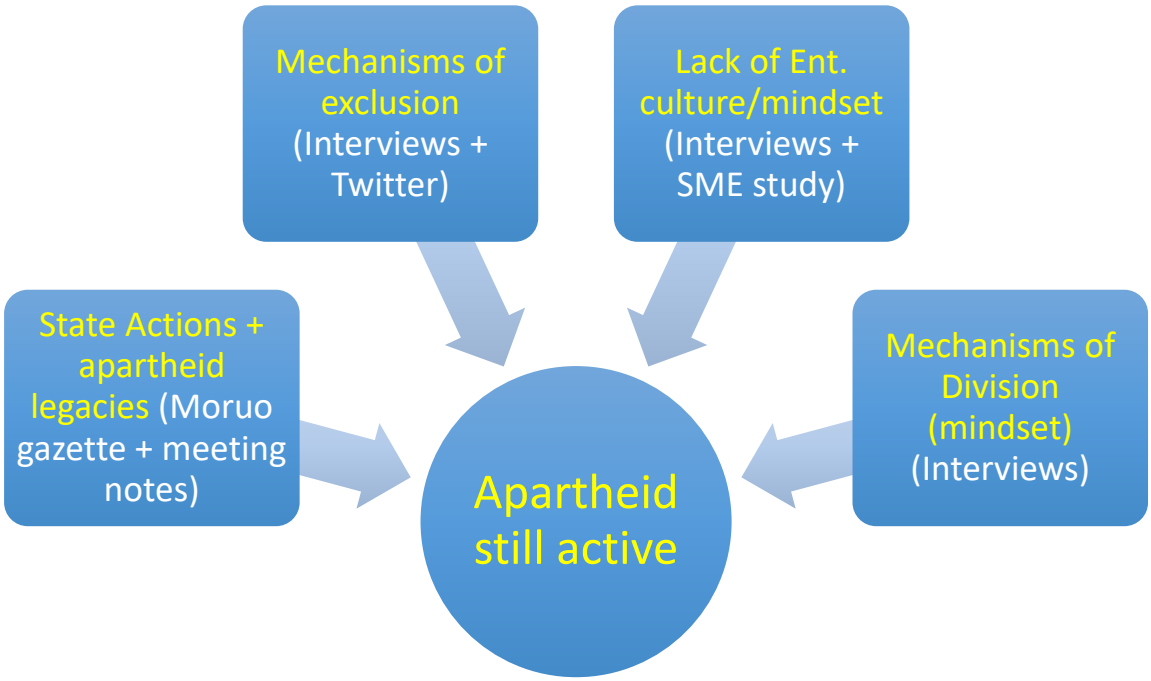


Figure **12** Sub-question 1 Answered: Active Apartheid Social Mechanisms Still Active Within the South African Township Context.

And each level's results have demonstrated significant apartheid induced social structures like 'exclusion' and 'division', and apartheid reinforced social mechanisms like 'poverty' and 'lack of skills'.

It can also be noted from the qualitative interview data extracts above, that the presence of apartheid or its legacy was a marked feature of the results obtained. There was no way of going around this topic or ignoring it during discussions with the study participants. Though they were only asked to recount their entrepreneurial journey, the apartheid theme came up every time. And most of the time all other topics discussed revolved around it.

The conclusion is therefore, that the requirement by Eisendorfer et al. (2014) stating that in order to consider apartheid as a culprit in the inhibition of entrepreneurial behaviour within South African townships, apartheid mechanisms first need to be revealed; that requirement has been fully satisfied by this study.

5.3 Answering Sub-Question 2

This section answered the sub-question requiring the examination of the types of logics underlying the social mechanisms affecting entrepreneurial behaviour within the township context.

In the sub-section below, the type of institutional logics that are currently operating within the township context in relation to entrepreneurship are shown.

5.3.1 Institutional Logics Underlying Apartheid Induced Social Mechanisms Currently Affecting Entrepreneurship within South African Townships (revealed from qualitative interview data)

Logics direct and provide a framework for processing information as well as symbolic and material building blocks necessary for responding to environmental impulses (Greenwood & Raynard, 2013; Thornton et al., 2012). Welter's (2012) model (see Figure 6), depicts a conceptual framework showing how institutions may have an impact on the entrepreneurial behaviour of local actors. This model depicts the types of institutions that may have an impact on social structures related to entrepreneurship. These social structures or social mechanisms give rise to specific institutional logics that drive entrepreneurial behaviour within the township context.

Table 20 below displays the category of institutions to which the revealed social mechanisms active in the townships fall under when the Welter (2012) framework is applied. From this depiction we can see that the cultural cognitive institutions are the dominant institutions having an impact on township entrepreneurship, at 67% dominance.

Categories of Institutions impacting entrepreneurship mechanisms in townships	**% of dominance**
Regulative	22%
Social - capital	11%
Normative (Cultural- cognitive)	67%

Table 20 Percentage Dominance of Institution Types Impacting Entrepreneurship in South African Townships (N.B. The percentage of dominance was calculated from the number of codes in each institution category out of the total number of codes from interview data. Also, social capital falls under the regulative institution category according to the Welter (2012) model)

The results of the Preisendörfer et al. (2012a) study examining reasons for low entrepreneurship levels in South African townships provided explanations pertaining to financial capital, human capital, and social capital. However, they claimed that the apartheid explanation does not possess a strong enough evidence to stand on its own. The authors asserted that for apartheid to be a viable explanation for low entrepreneurship levels, the exact social mechanisms caused or enhanced by it, need to be demonstrated. Table 21 and Figure 13 below present the dominant social mechanisms that are active in South African townships that

have an impact on entrepreneurial behaviour. These social mechanisms drive logics according to which actors in the townships undertake entrepreneurial behaviour.

Interview data - 2nd order themes (from 731 codes)	**% Groundedness dominance of theme**	**Institutional Logics: Entrepreneurship dimensions**
Apartheid legacy- mechanisms of exclusion	**29%**	Apartheid logic
Lack of entrepreneurial culture	**25%**	Normative institutions: Cultural-Cognitive
Lack of social trust	**19%**	Regulative institutions: Social Capital
Lack of business skills	16%	Regulative institutions: Human Capital
Negative mindset towards entrepreneurship	16%	Normative institutions: Cultural-Cognitive
Low quality social network	15%	Regulative institutions: Social Capital
Poverty mechanisms	12%	Regulative institutions: Financial Capital

Table 21 Dominant Mechanisms Related to Entrepreneurship in South African Townships (NB: The percentage of dominance was calculated from the number of codes in each theme out of the total number of codes from interview data)

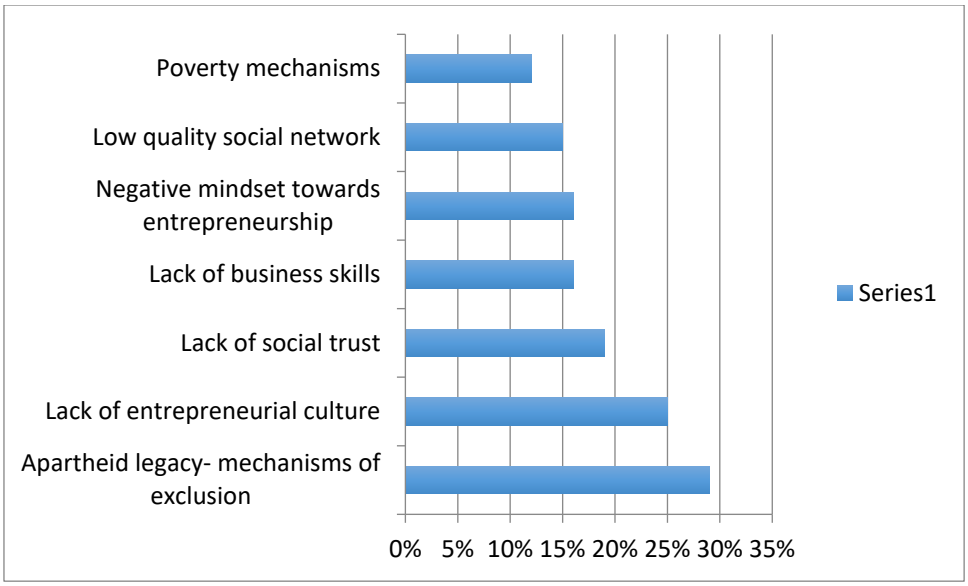


Figure **13** Dominant Mechanisms Related to Entrepreneurship in South African Townships

(NB: The percentage of dominance was calculated from the number of codes in each theme out of the total number of codes from interview data)

Mechanisms	**Type of underlying spatialised logics**	**Implications**	**Empirical Interview data examples**
Mechanisms of division	Conceived	*Impact of the planning of space and regulations by authorities on social actors*	'But you need to remember that with us, apartheid didn't only separate us from white people but it separated us from ourselves. We became tribalistic. So it's even deeper.' (Qualitative interview data)

			'Is from the mentality that, I cannot sit and watch you rise or elevate. Once you start elevating, I don't want you to elevate. That is from the apartheid divide and conquer strategy. It is not just something you can get rid of overnight'
Lack of entrepreneurial culture	Percieved	*Perceptions, opinions, and thoughts regarding entrepreneurship ability of township inhabitants*	'And then there is also historical… what is called black tax, whether it's just in your family or in your broader community where people know that you provide a particular service or product and just as a community they feel that they shouldn't pay for a price for it or you constantly have to negotiate. Whereas if they were getting that service or product from someone who was white and not from their community they wouldn't be negotiating with them in that particular way.' 'A lot of us Black entrepreneurs are first generation entrepreneurs, so we

			have very little pool of people that you can draw knowledge, inspiration and experience from and who would have your vested interest' (Qualitative interviews
Lack of social trust	Lived	*lived layer captures the activities, the social relations, of township inhabitants*	'Like the ability to see the opportunities and the ways of being able to work together are so limited for us. It's the psychological warfare that has just been drained on us'. (qualitative interviews) 'And sometimes it's even within families, where you could be having a particular idea or concept and you can't even sell it necessarily to someone within your own family because of these levels of mistrust that were built amongst us through apartheid and through the system itself' (Qualitative interviews)

Table 22 Three Dominant Mechanisms Affecting Township Entrepreneurship

5.3.1.1 The ‘Conceived’ Logics Layer (top down impact) – Mechanisms of Exclusion

Townships are currently the most visible legacy of apartheid, and remain largely unaltered today. Despite the democratic government being in power for more than 25 years, there is not much improvement is the quality of housing and the efforts for the inclusion of townships into the city infrastructures, and in some cases there is further deterioration of the place. Though the South African post apartheid government has been identified as the government that has delivered the highest number of social housing in the world in its first twenty years in office (NDHS, 2011 as cited in Williams-Bruinders, 2019), this provision has ultimately not addressed the inequality issues that its policies had set out to address. A number of researchers assert that the South African democratic government continues to deliver housing in accordance with the segregationist apartheid planning methods, which continue to augment social inequalities (Huchzermeyer, 2003; Williams-Bruinders, 2019). And many people believe that they have been forced out of opportunities found in the city centers and white suburbs.

The objective of apartheid was the exclusion of Black people through segregation, division and oppression. Under the apartheid regime, Black South Africans had no freedom to choose the kind of life they wanted to live, they suffered extreme human rights abuses and violence from the state. A number of laws were conceived in such a way that Blacks remained economically, materially, and socially inferiour to Whites. The segregation laws led to the marginalisation of Blacks to the resource poor townships at the outskirts of cities. Furthermore, Blacks were forbidden to own businesses, preventing them from emancipating themselves economically. Blacks who have braved the entrepreneurship route, often face challenges concerning overcoming ‘mechanisms of exclusion’ from markets that were and are still dominated by Whites, while also having to overcome ‘mechanisms of division’ operating

within their own communities. One of the respondents expressed the following:

h) « *When you go to a cattle auction, black people's cattle are sold cheaper than white people's cattle. There are code names and words employed. There are no real reasons for it, it is just part of the system. I mean even the banks, a white guy my age does not get the same interest rates as me. So, when you speak about the number of years since apartheid ended, it does not count. And even when you go look for funding, it's a totally different story. The things they look for are still the same as before. Even when being funded by the government, because it does not own the money. The private sector owns the capital. The same people as before still own the capital in South Africa.* »

Therefore, the economy largely remains in the same White hands, and Blacks remain dependent on them for employment and business opportunities. Consequently, a great number of Black people still live under the same logics of poverty, marginalisation, and racial discrimination. These are the 'logics of exclusion' that are still active in South African townships, that were conceived by the apartheid institutions.

5.3.1.2 The 'Percieved' Logics Layer – Lack of Entrepreneurial Culture

Davidsson (1995) as cited in (Hofstede, et al., 2004a) asserts that the *relationship between cultural values and entrepreneurial behaviour* can be viewed in two ways: first as a psychological trait explanation founded on the idea that the more people with entrepreneurial values there are in a society or community, the more entrepreneurs there will be. Then secondly, as a *social legitimation,* whereby the differences in values and beliefs between the population as a whole and the potential entrepreneurs determine the levels of

entrepreneurship. It has been demonstrated through empirical research that South African townships have low entrepreneurship levels relative to other population groups in the country (Acs, 2006; Preisendörfer et al., 2012a, 2014). Having relatively few people being entrepreneurs, suggests that relatively few people possess entrepreneurial values and beliefs. It also implies that those who are not part of that community, and demonstrate higher levels of entrepreneurship, then possess different values, beliefs, and social norms (Hofstede, et al., 2004a).

The empirical results of this study have indicated that the Black population group in South Africa lack entrepreneurial culture. Some of the interview respondents had this to say:

> *g)« In my family no one has ever had a business before, I'm the first generation. No one has had a farm before. I am the first generation. So where am I supposed to get help? Who am I supposed to ask? Because in my family this is new »*

> *e) « I remember when I told my uncle that I'm going to be an entrepreneur and start my own business, he got so angry and we even got into a heated argument »*

The 'first order' themes (cf Gioia et al., 2013) from the qualitative interview data indicated the following points:

- a lack of family and community support,
- a lack of role models in the community,
- families encouraging their children to rather get a 'real' job than to start a business,
- graduates rather seeking employment in large corporations than starting their own businesses, and

- many possessing a great fear of failure if and when engaging in entrepreneurship, because of how they may be stigmatised as failures in the community.

These points suggest a lack of entrepreneurship culture within the township community. A community culture has an influence on the behaviour of its members, despite the increasing homogenisation pressures exerted by globalisation processes and the *boundaryless economy* (Greenwood et al., 2011; Marquis & Battilana, 2009; Marquis & Lounsbury, 2007; Seelos et al., 2011). Hence, behaviour may be passed on from one generation to the next, producing typical behaviour corresponding to a specifc community. Therefore, since community cultural values, beliefs, and behaviour are 'programmed' into an individual's personality (Hofstede, (Hofstede, et al., 2004b; Mueller & Thomas, 2001), community culture may enhance or inhibit entrepreneurial behaviour according to the dominant mindset possessed by that community. This therefore, demonstrates that spatial contexts are characterised by specific logics.

Logics encourage or constrain social behaviour by providing criteria for legitimacy (Friedland & Alford, 1991 as cited in Greenwood & Raynard (2013). Legitimacy enforces social norms within communities (Zimmerman & Zeitz, 2002). And social norms operate according to logics that provide a framework for processing information, give guidance on where to focus attention, and provide basic symbolic and material components for responding to environmental prompts (Greenwood & Raynard, 2013; Thornton et al., 2012). This means that the behaviour of individuals is socially embedded in structures that allow them to convey meaning. In this manner, a link between cognition, socially-constructed norms, and behaviour can be observed. Hence, post-conflict environments like South African townships, will exhibit specifc logics under which individuals will engage in entrepreneurial behaviour.

5.3.1.3 The 'Lived' Logics layer - Lack of Social Trust

As the name apartheid indicates, its focus was to divide South Africa's population by ethnic group while depriving its majority from accessing valuable resources. This study has confirmed that, not only did apartheid divide Whites and Blacks, but it divided the Black population also. This division persists despite the abolition of former tribal 'homelands', and separate institutions. The psychological division and the 'division mindset' persist among the Black people. The quotations from interview data below reveal the entrenched psychological division among Blacks that is still persistant today:

« you need to remember that with us, apartheid didn't only separate us from white people but it separated us from ourselves. We became tribalistic. So it's even deeper »

« And sometimes it's even within families, where you could be having a particular idea or concept and you can't even sell it necessarily to someone within your own family because of these levels of mistrust that were built amongst us through apartheid and through the system itself. So it's like I may have a sister who has access to finance or an aunt or uncle but then, they are like actually if I support your venture.. (I will not have enough for myself) , not looking at the whole picture that we will all benefit from this, but then im going to enable you to do better. »

« So there are still those challenges that I come across when I walk around they would say that "Ahh this one, who does he think he is", but I figured that it's not people that you grew up with, it's not people that you have spent your life with that will support whatever you do »

« they would feel that if they support his brand then through them, or through their money the person would be somewhere, where they have never been »

« There are many entrepreneurs from townships that are working to empower others: But how slow does it get there ? Because we are afraid of, the other being better than me. It is our biggest cancer. Not wanting others to thrive. »

A lack of trust among individuals is prevalent in South African townships, as the study by Preisendörfer et al. (2012a) also confirms this finding, with 94 percent of their respondents expressing a lack of social trust within the townships. This demonstrates how apartheid has achieved its objectives. Blacks were manipulated into looking down on their ethnic group and culture, thereby producing division, jealousy, and distrust among one another. What has emerged from the empirical data is that most people would rather travel out of the townships to buy a product that is readily available in the township, and at a significantly higher price than to support a local Black business. A respondent (i) in the Soweto Township had this to say:

"*When you start a business around the community, people are a bit skeptical. They know you but don't know your work and the pricing that you give them. When you charge less (R100), they want to know why you charge that much when they can go somewhere else where they can pay more (R280)"*

There are a number of factors that are in operation in this context. Firstly, it seems like the lack of support takes place because the Black community is uncomfortable with seeing a Black person just like them, who is part of their community being successful and gaining prestige. Some study participants have mentioned the prevalence of jealousy in the community, when one seemed to advance in life. One respondent had this to say:

"*So basically black people can't live with each other properly, they always fight with each other, there is a lot of jealousy. This is why I am saying close-minded perspectives. This is what happens in the townships constantly*"

Jealousy is a major hinderance for collaboration and for providing mutual support. Being uncomfortable seeing successful people in the township, suggests people suffering from an inferiority complex. And also, there may be issues involving identity, in terms of how people view themselves, being somewhat of a challenge within this community. Secondly, because of the lack of trust, people do not trust the quality of the product or service provided by a Black businessperson. This also indicates inferiority complex, but also a lack of trust in the other person's intentions, as if the businessperson's intentions are deliberately dishonest or unethical in some way. Thirdly, the lack of trust may also stem from looking down on the Black entrepreneur's skills or ability to supply quality products or services like the White businesses, as a result devaluing anything related to Black people. This is not only done by Blacks toward one another, but Whites still seem to not afford the same trust to Black Businesses as they do White businesses. This is a consequence of apartheid's abuse of Black people, by stigmatising them and projecting their image as the most inferior among the South African ethnic groups. Some of the qualitative interviews respondents have expressed this point in the following manner:

j) *"Because when it comes to us Blacks, those people do not trust us, I have seen it. When there is a White supplier the deal can be made in five minutes, but when it comes to Blacks they would want to test the product and make sure that it's legit. I think they do not trust Blacks"*

e) "When everything seemed to be going on just fine, then somewhere a White guy would come and just question things. For example you have the introductory meeting, then a follow up meeting, and third meeting, then finally there would be some White guy who would come and just ruin everything and say no we can't work with you. They would make up some stupid reason not to work with you. Or maybe sometimes in the future, they would say we are already have something that we're working on, we cannot partner with you"

A lack of trust and not being considered trustworthy, have negative implications for social capital (Welter & Smallbone, 2006). This demonstrates that the mechanisms of entrepreneurship are socially embedded (Lin, 2000). The social embeddedness perspective differs from rational choice because it stresses entrepreneurial agency (including opportunity recognition, and resource acquition for venture development), which is shaped by social norms and culture. Therefore, social capital is considered as a resource that is embedded in relationships (Pena-López & Sánchez-Santos, 2017). Since societies naturally exist within varied physical environments, their members' patterns of behaviour must be relevant to the specific environment in order to accomplish success (Zhou & Kim, 2006). Behavioural adjustment to the environment leads to the production of diverse cultural values within different communities; this will have an impact on social capital and thus have an influence on entrepreneurial intentions.

This environmental influence on behaviour can help explain the negative consequences for entrepreneurship. Consequently, the exploitation of social capital signifies that there are winners and losers (Anderson & Jack, 2002). According Portes & Landolt (2000), there are

four undesirable consequences of social capital : *exclusion of outsiders, excess claims to group members, restrictions on indvidual freedoms and downward levelling of norms.*

This implies unequal access to entrepreneurial resources due to differences in ethnicity and cultures. Individuals possessing strong ties may enjoy certain resource priviledges and at the same time bar others not belonging to the group from accessing those resources. Therefore, the preferences afforded to members of the group to access resources are at the expense of the universalistic rights of others to access those same resources. One respondent for this study expressed their ordeal with accessing meat supplies for their business. Since the farming sector in South Africa has been dominated by White South Africans, more specifically the Afrikaaner ethnic group, the entrepreneur claimed that Blacks are sold cattle at higher prices at the auctions through the use of confusing coded language used by the farmers. Thus, deliberately excludes Blacks from this market by virtue of the farmers behaving like an 'old boys club'. According to (Coleman, 1993), social capital can consequently be viewed as associated with the perspective of *community structures as a mechanism of social control linked to the dominant culture in a particular society.*

In the context of the South African society, it can therefore be observed that mechanisms of division play a major role in people's everyday lives. And these division mechanisms do not only affect the relationship between Blacks and Whites, but they penetrate deeper and affect even the relationships between individuals within the Black community. The consequence of this entrenched division has produced a low trust environment. This is the case both between Blacks and Whites, with Blacks being victims of negative stigma, and low trust, even among themselves. Consequently, this produces conditions of weak social capital within the Black community, who also possesses a weak social capital because of high levels of poverty within their ethnic group. Social capital is necessary in the employment of network bricolage and

material possessions are necessary in the deployment of asset bricolage (Winkel et al., 2013). The poor usually do not possess a high level of social capital that can assist them in the development of their venture because most people they know are poor themselves, and they also do not possess many material possessions and if they do, they tend not to be in good condition (Lin, 2000; Vermeire & Bruton, 2016). Furthermore, the strong social capital exploited by Whites produces negative consequences for Blacks because of the continued exclusion from accessing resources enjoyed by the White community. For the Black population to be able to engage in effective entrepreneurship, a significant amount of assistance to provide financial resources, skills training, and social capital is necessary.

Below, dispayed by Table 23, is a summary of logics underlying apartheid mechanisms currently affecting entrepreneurship within South African Townships:

Type of underlying spatialised logics	Implications	Dominant logics in South Africa Townships
Conceived – (**Mechanisms of division)**: *Impact of the planning of space and regulations by authorities on social actors*	The legacy of apartheid is still negatively impacting the township population. Perhaps more than other ethnic groups, because the towships have not changed much since the end of apartheid. They remain segregated and empoverished. Though formal apartheid laws have been scrapped, the invisible hand of apartheid from the past continue to perpertrate exclusion, division, and low trust	Because of the persistence of mechanisms of apartheid and the logics underlying them. The values and behaviours related to this regime are still being perpertuated. The common factor in this context, that seem to have an impact on various factors pertaining to entrepreneurial behaviour is 'division'. The 'mechanisms of division' remain in operation, and affect entrepreneurial success in the townships.
Percieved - lack of entreprenurial culture: *perceptions, opinions, and thoughts regarding entrepreneurship ability of township inhabitants*	Black people are perceived to possess inferiour skills and capabilities, both by external groups and by members of their own group. Black people also generally do not regard entrepreneurship as a viable career choice. With many entrepreneurs being the first in their families to	

	run businesses, and therefore lacking role models. Since people behave according to cultural norms, the low trust culture caused by the divisive historical apartheid regime, has a significant impact on entreprenurship in the townships (as also illustrated in the study by Eisendorfer et al., 2014)	
Lived – lack of social trust: *lived layer captures the activities and the social relations of township inhabitants*	The study has reavealed that, in the townships, though people may intermingle without a problem, they find it hard to trust one another. There is often behaviour of jelousy towards one another, lack of support by keeping information for oneself, and not supporting each other's businesses. Failure is also stigmatised.	

Table 23 Summary of Logics Undelying Apartheid Mechanisms Active in South African Townships

The logics that the study has revealed are that of division when it comes to entrepreneurship. People seem to be more concerned with their own survival first, rather than working together for the development of the whole group for long-term impact. People seem to lack trust regarding what the intentions of others around them may be. As mentioned before, the study conducted by Preisendörfer et al. (2012a), showed results of more than 90% of the participants exhibiting distrust towards others. However, the study did not attribute much significance of these results to low entrepreneurial behaviour, even though low trust is known to have a negative impact on collaboration and the sharing of valuable information, factors that are known to be important in fostering successful entrepreneurship.

5.4 Answering Sub-question 3: Types of Actions and Behaviours Resulting from Institutional Logics Currently Governing Township Entrepreneurial Behaviour

This study has identified three dominant active logics currently driving township entrepreneurial behaviour. These are:

- The apartheid logic: this institutional logic underlies mechanisms of division and exclusion of the Black population from important resources and markets, as well as the mindset of discrimination and division.
- Lack of entrepreneurship culture: under this logic are the mechanisms that drive the mindset of non-cooperation, non-support, fear of risk taking, and stigmatisation of failure.
- Lack of social trust: underlying this logic are the mechanisms that drive the mindset of division, non-collaboration and support, distrust, non-sharing of valuable information, and often jelousy for those who succeed.

Due to the effect of the logics operating in the townships on entrepreneurship, different types of actions and behaviours have been observed in response to them.

Below the South African government's response to the apartheid logic (- the most dominant logic revealed from the empirical results) contributing to low entrepreneurship levels in the townships is discussed.

5.4.1 Impact of Apartheid Logics on Current Government Policy Development

Ocasio (1997, as cited in Greenwood et al., 2011) asserts that logics can direct decision makers towards solutions concerning identified issues. Thornton (2002, as cited in Greenwood et al., 2011) affirms that such dispositions may lead to the decisions being consistent with institutional logics that reinforce already established discourses. Ocasio (1997, as cited in Greenwood et al., 2011) suggests that logics can direct the attention of decision makers towards defined sets of issues and solutions. Such formulations, in agreement with Thornton (2002), may lead to the acceptance of decisions that are consistent with institutional logics that reinforce certain identities and organisational strategies (Thornton, 2004, as cited in Greenwood et al., 2011). As it was made evident from literature and from the empirical data (e.g. "Moruo" government gazette data), the South African government has put in place policies in order to counter the effects of apartheid on current entrepreneurship, however, a lack of improvement in the high unemployment figures is a great concern. Low levels of job creation resulted mostly at the unskilled level, the level produced by the Bantu Education Act of 1953, and other apartheid policies. The apartheid statutory job reservation policy compelled manufacturers to overinvest in machinery resulting in capital-intensive manufacturing sector rather than labour intensive.

South African economic historians have taken the task of examining precisely how the

apartheid era policy decisions are having an impact on the country's current economic growth (Mariotti & Fourie, 2014). Economists and policymakers are looking into more ways to address these consequences. Apartheid policies became the source of generative mechanisms that provoked conditions that lead to the socio-economic exclusion and oppression of Black people, denying them good quality education, fair labour conditions, self-expression, the right to health, and good living conditions. This research study results show that what is taking place in South Africa regarding economic policy implementation process, is on par with the process implied in Hofferman's Funnel of Causalty (1974) concept for the development of policy.

Figure 14 below displaying Hofferman's (1974: p 228) Funnel of Causality, as adapted and cited by Wilder (2016a), demostrates how past causal events in an economy may eventualy lead to government intervention in response to the effects of those events. It is an approach that is applied by considering institutional relationships between the state, society, and the environment (Simeon, 1996, as cited in Wilder, 2016). It consolidates different levels of abstraction in the development of public policy. The input variables create causal effects because they may inhibit or enhance certain policy development ideas that are themselves shaped by the environment and institutional context at large. The aim of the causalilty funnel is to demonstrate how temporally separated phenomena may culminate in *psychological factors* at the micro level and have an effect on decision-making.

The funnel of causality is basically applied to capture the causes of causes (Miller and Shanks, 1996, as cited in Wilder, 2016). It demonstrates a path through which events proceed, with each event being shaped by past events, and therefore resulting in path dependence. Path dependence stipulates that history matters (David, 2007). Consequently, changing trajectories once a path has already been engaged in may prove to be very difficult. Events taking place during or immediately after a 'critical juncture' are very decisive for the subsequent events,

this means that, the order of events and context influence the outcome (Pierson & Skocpol, 2002). The ‘locking-in’ of a trajectory is a result of institutional inertia and demonstrates how the process can sustain itself even long after the original event has taken place. This can be observed by the evidence that has been gathered through this study, demonstrating how apartheid still has an impact on its victims even after more than 25 years of its abolition. The literature has also demonstrated that the laws that were implemented during apartheid in South Africa had a nefarious consequence on the socio-economic conditions and well being of the Black population.

Table 24 below shows how the various apartheid laws had an impact on the quality of the socio-economic conditions of the townships, which have an impact on entrepreneurship, since entrepreneurial behaviour is shaped by the broader framework, policies, and precedents from the past (Wilder, 2016; Welter 2012). Moving from left to right along the funnel of causality (see Figure 14) and along Table 24, we can observe causes which produce consequences, which become causes of further consequences moving down the timeline. Ultimately, this has led to the post-apartheid policy measures that are currently being undertaken (Tengeh, 2016) (c. f. National Planning Commission, s. d.)).

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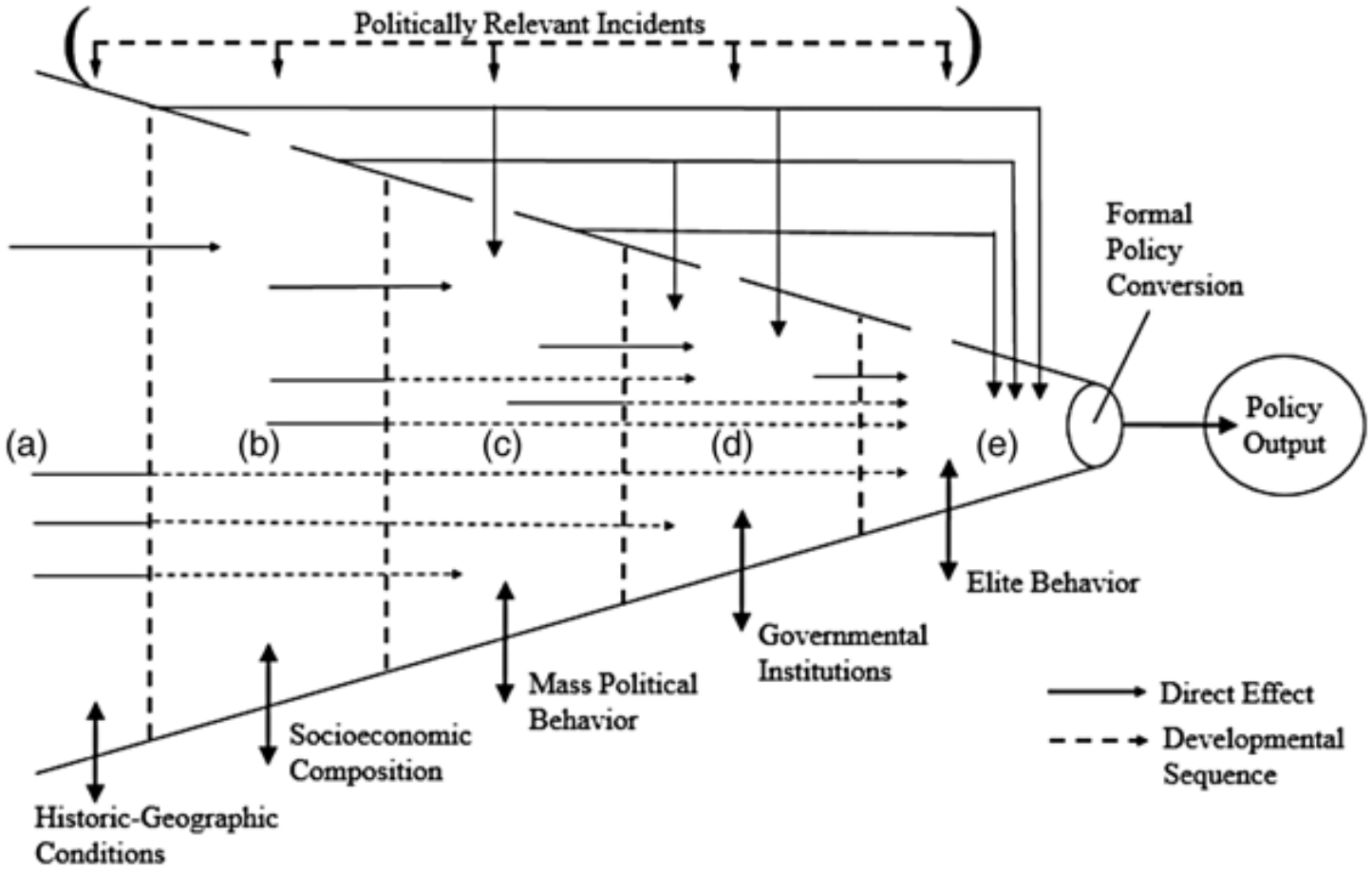


Figure **14** Hofferbert's Funnel of Causality (1974: p 228) adapted by Wilder (2016a)

Apartheid critical junctures	**Socio-economic conditions**	**Factors affecting Entrepreneurial Behaviour (Ardichvili et al., 2003a; Thornton et al., 2011)**	**Entrepreneurship levels**	**Elite intervention**
Native Land Act (1913) Bantu Education Act (1953) Group Areas Act (1950) Mines and Works Act (1911) Native Building Workers Act, 1951	Poverty Unemployment Poor education Marginalisation Low self-efficacy Low entrepreneurial culture Low motivation	Financial Capital Social Capital Human Capital Cognitive Abilities Mindset Motivation Creativity	Low entpreneurship levels	National Business Act (1996) Growth Employment & Redistribution Strategy (1996) Township incubators -Ekasi Labs (2014) Township Revitalisation (2019) Growing Gauteng Together 2030 (2020)

Table 24 Causes of Causes Viewed From the Funnel of Causality Perspective

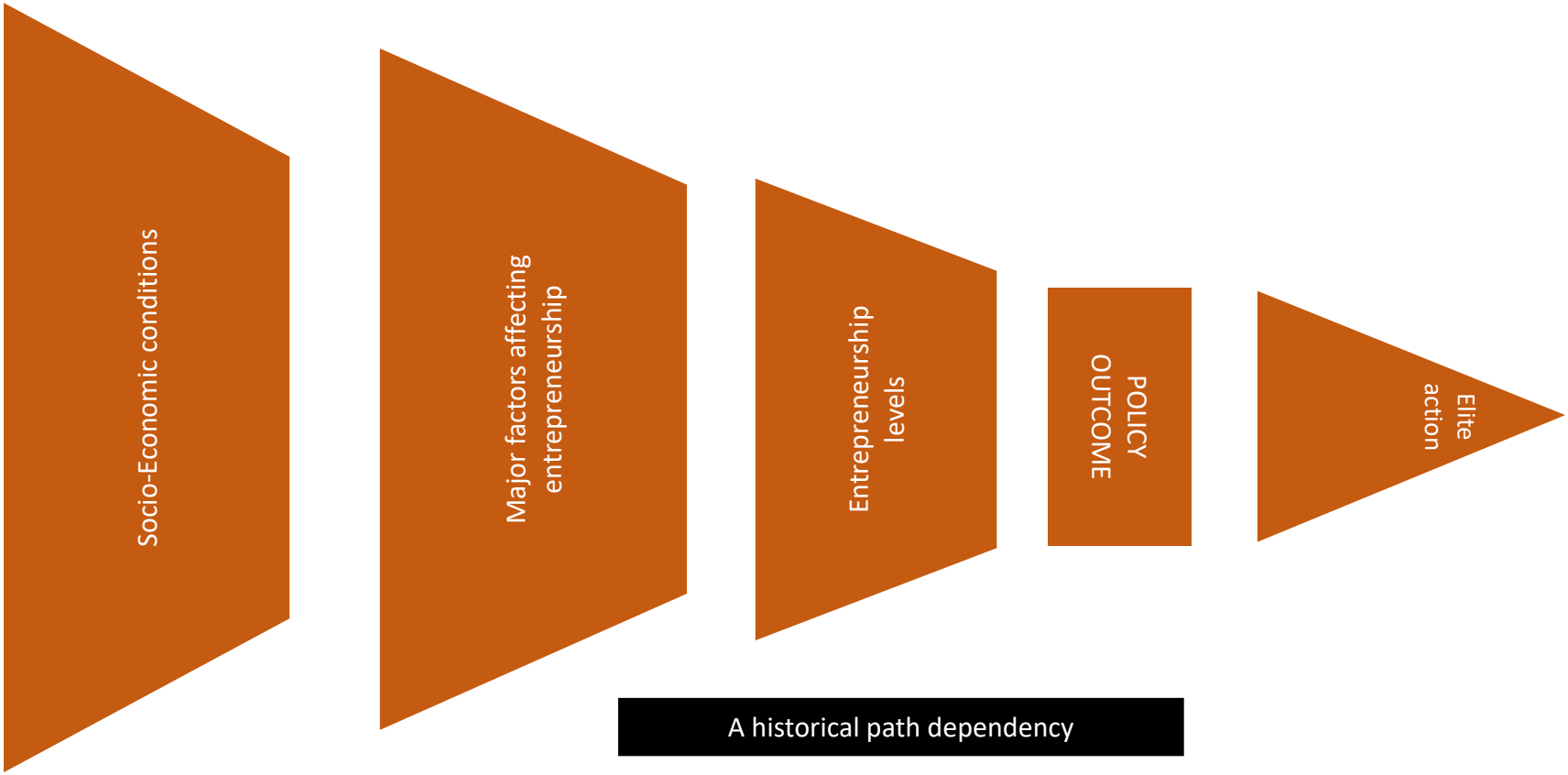


Figure **15** Hofferbert's Funnel of Causality (1974: p 228) Adapted to South African Institutional Context

5.4.2 Types of Behavioural Responses Resulting from Institutional Logics Currently Governing Township Entrepreneurial Behaviour

Institutions have a major consequential effect on organisations, policies, and on people's everyday identities (Heise & MacKinnon, 2010). Though bad institutions may change, they continue to condemn many people in the world (e.g the apartheid regime in South Africa). They cause people to endure difficult and unpleasant lives, by promoting racial discrimination, corruption, predatory behaviour, and civil unrest (Levi & Menaldo, 2014). These institutions include racist regimes, autocratic authorities, and weak bureaucracies. The apartheid government was one of those bad institutions that continue to affect people today; it created a very hostile social environment for Black South Africans. Their culture was despised and individual dignity violated (Adonis, 2018; Allen, 2005; Beinart & Dubow, 1995; Mphambukeli, 2019).

In response to the three dominant logics underlying the revealed mechanisms of: 'apartheid', 'lack of entrepreneurship culture', and 'lack of trust', various behavioural responses were observed and they are discussed below.

5.4.2.1 Behavioural Responses Resulting from Apartheid Logics Currently Active in Townships

The consequences of apartheid legislation on the entrepreneurial behaviour of Black South Africans can be clearly observed from the literature and have also been revealed by the empirical results of this study. The effects of the laws that were passed can be observed in the areas of economic freedom, education, spatial or geographic location, availability of entrepreneurial role models, or the possession of a social network that has experience in entrepreneurship.

As a consequence, lack of freedom, low-quality education, marginalisation, and lack of social capital, has had a negative impact on the Black South African entrepreneurial capacity on an aggregate level. Additionally, this has further contributed to their limited capacity to be economically empowered, and has created an even larger inequality gap between the poor and the affluent populations of South Africa. As a result, there are entrenched socio-economic inequalities, marginalisation (McDonald & Piesse, 1999), high poverty levels, and lack of economic power by the Black population (Preisendörfer et al., 2014). Even after more than two decades of democracy, the majority of this population still lives in abject poverty and exclusion. Many of the entrepreneurs have demonstrated dissatisfaction towards the situation and therefore have purposefully engaged in social entrepreneurship or some other type of social action to achieve social justice through their ventures.

The majority of entrepreneurs sought first and foremost to engage in entrepreneurship that uplift and contribute in developing the community's socio-economic conditions. Though apartheid logics may still be in effect within the townships, with the consequence of division and distrust among the people, creating value for the community is the dominant theme expressed in the impirical results regarding their motivation to persue entrepreneurship.
Some of the respondents expressed the following:

k)'I just looked around in the community I wanted to contribute to improving things and that pushed me and just gave me more passion into what I wanted to build and the fact that I am also part of the target market motivated me even more'

k) 'I thought I can use this as a tool you know to give a chance to young people in the townships to expose them to aviation you know'

Some of the entrepreneurs expressed the motivation to use their position as entrepreneurs to change the 'status quo' regarding the stereotypes and stigma associated with Black people. Apartheid has created racial stereotypes that resulted in prejudice and discrimination against Black people, Whites have been associated with the positive characteristics of being smart, ambitious, and clean, while Blacks are associated with negative connotations of being stupid, lazy, and welfare (Dovidio et al., 1986). Therefore, some of the entrepreneurs expressing dissatisfaction with the 'status quo' try to challenge the way their ethnic group is projected in society by starting ventures that promote their culture (e.g. Maxhosa Africa, Thabo Makhetha, Kwezi Comics). They use their businesses to inspire a positive image about their identities and capabilities as Black people.

For example, the fashion designer Laduma Ngxokolo, founder of Maxhosa Africa, promotes his Xhosa ethnic culture through his designs that are inspired by Xhosa bead jewelry patterns. According to Laduma, apartheid has taught Black people not to assign any value to their culture and knowledge, and had them believe that anything Black is inferiour. The Maxhosa Brand has achieved great success internationally; with yearly participation in high profile fashion shows like New York Fashion week and London Fashion week. This has resulted in a great contribution towards improving the image of Black cutural identities within South Africa; with diverse ethnic groups embracing the brand as a luxury brand that one is proud to wear. Another interesting initiative is the Kwezi Comics publications aimed at children, whereby the super heroes is a man or a woman from each of the South African native tribes wearing their traditional attire. The aim is to build a positive image of these cultures and for children to embrace their identities.

Some of the entrepreneurs have established formal academies with the aim of fostering entrepreneurship within the townships. One of the respondents works as a consultant and regularly organise workshops to train township entrepreneurs in technology. Another initiative that was mentioned by the participant entrepreneurs during the interview process, is an organisation called the BrownSense Group, a Black business support initiative that was started by Mr Mzuzukile Msoni of Soweto township, - and whom, the author had the honour of interviewing to further discover information about BrownSense's motives and objectives. The initiative has largely contributed in creating a social movement to support Black business and the economic emancipation of Black people, and it has inspired many others in different parts of the country. Mr Mzuzukile Msoni asserts that the idea of his initiative came about one evening of January 13th, 2016 (as expressed on the BrownSense group website: https://www.brownsense.co.za), as he was "*about to post a Facebook rant about high profile racism cases in South Africa*, he instead decided to instead to *channel his energy to building an ecosystem which would allow Black businesses to thrive, while also building our communities".* Mr Msomi shared with me that he started the movement initially, not as a business, but to rather to express his dissatisfaction and frustration regarding the plight of Black people concerning their socio-economic conditions and continual exclusion. As a consequence, BrownSense has since contributed to supporting thousands of entrepreneurs to develop their businesses and to create jobs.

BrownSense is an online platform that gives an opportunity to Black-owned businesses to promote their brands. It was established in January 2016, and has grown its membership to almost 200 000, with approximately 2000 new followers every week. Membership has now developped internationally to other African countries and the African Diaspora. BrownSense fosters the Black entrepreneurial movement by offering support and encouraging the

circulation of money within the Black community in order to increase meaningful economic participation while building vaible Black businesses.

BrownSense has led the way with a number of such Black business support groups developing in different parts of the country. The study of entrepreneurship usually focuses on an individual's process, but what is observable in this case is the role of social movements in forstering entrepreneurship. Township entrepreneurs have decided to no longer wait for the government to give them free handouts, as victims of apartheid, as there has been this culture of dependency resulting from the legacy of apartheid. A statement that can be read from the Brownsense Group website stating: *"we are the ones we've been waiting for"*, embodies this change of mentality very well. There are more networks like this one making their appearences (eg. Soweto Business with about 75 000 followers on facebook and *"We Are Coming for Everything"* with over 45 000 followers), although many are not as formalised as the BrownSense Group, which is now a formal business with a website and various service departments, such as marketing, tradeshows, business consulting etc.

There seems to be the development of a social movement whereby Black people want to be self-sufficient and to create their own markets, rather than wait for the historical market custodians to share a piece of their 'pie', seem to be gaining traction. Blacks have decided to take advantage of their numbers, since they are the majority in South Africa. This is a notable and interesting behavioural response to the legacy of apartheid within the South African townships and the Black community.

5.4.2.2 Behavioural Responses Resulting from Lack of Entrepreneurship Culture Logics

Concerning logics underlying mechanisms responsible for the low entrepreneurship culture, some of the entrepreneurs took it upon themselves to act as mentors and motivators to those still struggling to navigate the entrepreneurship waters. Some even go as far as identifying opportunities for others and assisting them to set up their businesses. Some of the respondents (g,d,and d) said the following:

> *g)« I am actually inspired to become an entrepreneur because I wanted to bring change. 3 years ago when I was unemployed, I found out many of my brothers and sisters were unemployed and I had to identify opportunities for them, to create employment for them, hence I started what I am doing right now »*

> *d)"My main goal is to really help the youth. So right now, I am focusing on the youth, not like the people my age, the people my age already know too much right. So children really have that flexibility in their brain to know that okay, fine, she needs this, she needs that. I coach them, speak to them properly, feed them, speak to them parents you know. Just be there for them and be like a mentor to them. So that's what I want to do"*

> *d)« I am motivating people about (...) that they have to think about the future, start a business »*

One of the respondents started a social enterprise to establish a fresh produce market in the township, which gave opportunities for people to earn an income and to learn how to run a business. She also got involved in organising training, partnering with one of the universities running entrepreneurship-training programmes in Johannesburg. This initiative has grown to impact many people's lives, and has helped in empowering people through education while fostering the entrepreneurship culture.

Movements like that of BrownSense, promote entrepreneurship within the Black community, and also it provides role models and mentors for potential entrepreneurs, thus reducing the fear of taking the risk to start a business.

5.4.2.3 Behavioural Responses Resulting from Lack of Social Trust Logics

As already mentioned, apartheid was dismantled in 1994, nonetheless the patterns of racial segregation, discrimination and division persist in South Africa. Distrust, non-cooperation, and non-collaboration are prevalent (Burns 2012), not only between Blacks and Whites but also within the Black community. This low-trust culture is also one of the many legacies of apartheid in South Africa. It restricts market entry by the creation of barriers by one group against others, and encourages unproductive and parasitic entrepreneurship.

Below are some of the sentiments that were expressed by the study respondents concerning their environment:

l) *« So basically black people can't live with each other properly, they always fight with each other; there is a lot of jealousy. This is why I am saying close-minded perspectives. This is what happens in the townships constantly »*

l)*«… they would feel that if they support his brand then through them, or through their money the person would be somewhere, where they have never been »*

e)« A Black person would rather compete with you instead of working with you to build up something that is great. We would rather have a thousand smaller companies that are turning over, doing the same thing; Thousands of them, making R10 and R10 and R10 like a thousand of us, instead of coming together to build something that would challenge the bigger industries »

The creation of business networks like the BrownSense initiative is intended to change institutions through entrepreneurs working as a collective, and defeating the division that was fostered by apartheid. The Network has allowed many township entrepreneurs to have access to a market. It has given them an opportunity to build a network, and consequently, social capital. Through BrownSense or networks like it, township entrepreneurs acquire exposure to places outside of the townships, through the trade shows and events that are organised on a regular basis. Consequently, entrepreneurs have the opportunity to access information, advice, and knowledge that may lead to innovation and business growth, since there is still a lot of stigma attached to Black business and quality. BrownSense encourages collaboration among its members; to inspire business confidence to potential clients, feedback and praise is also encouraged where it is due. The organisation has also developed a 'verified business' certification service, for those businesses that have been verified and have a good track record with supporting evidence from positive customer feedback. The main objective is to eventually be able to do business normally in South Africa, not only to and through Black people, but to gain respect as business people by the general society. As it is expressed in the BrownSense website, and reads:

« One day, buying Black will be normalised, with no hashtag to signify the anomaly of such an action. The domino effect from that will ensure the development of sustainable Black businesses that contribute to the development of the South African economy »

In the following section, after summarising the behavioural responses to the institutional logics still active within the townships, the main research question is answered by summarising all the data and information gained through answering the three sub-questions of this research study.

A Summary of Behavioral Responses to the Apartheid institutional Logics in Townships:

Type of underlying spatialised logics	**Behaviours in response to the institutional logics in townships**
Conceived – (**Mechanisms of exclusion and division)**: *Impact of the planning of space and regulations by authorities on social actors. And effects of informal institutions*	– Dissatisfaction being a 'push factor' for engagement in entrepreneurship (Hofstede et al., 2004). This taking place both through the activist entrepreneur, indigenous entrepreneur, and social movements. – Engaging in social entrepreneurship to respond to socio-economic challenges in the environment (dissatisfaction may also be a 'push factor') – Starting business to build a positive image of one's ethnicity (identity) – Developping business networks to provide for collaboration and market access
Percieved - lack of entreprenurial culture: *perceptions, opinions, and thoughts regarding entrepreneurship ability of township inhabitants*	– Providing mentorship and coaching to other entrepreneurs within business capacity – Starting social enterprises to respond to socio-economic challenges in the environment. – Providing learning and training opportunites for other entrepreneurs within business activities
Lived – lack of social trust: *lived layer*	– Developping business networks to foster unity, collaboration and support.

captures the activities, the social relations, of township inhabitants	– Encouraging a trustworthy attitude through client feedback to the network, as well as through the formal business network's certificate of 'verified business'

Table 25 A Summary of Behavioral Responses to the Apartheid institutional Logics in Townships

5.5 Answer to the Main Research Question: how does apartheid affect entrepreneurial behaviour in South African townships?

The empirical results of this study have demonstrated that apartheid social mechanisms are still operating and affecting entrepreneurial behaviour in the townships. And the township envronment is where the legacy of apartheid is most visible than anywhere else in South Africa.

The institutional theory states that, institutions set the rules by determining the incentive structure in society (Nee & Ingram, 1998; North, 1994; Taylor & Spicer, 2007; Travers et al., 2011), and by so doing, they can be both drivers and inhibitors of entrepreneurship (Smallbone & Welter, 2012). Below, the manner in which the historical apartheid institution is producing those effects within the Townships of South Africa is elaborated upon.

5.5.1 Effects of Apartheid as Inhibitors of Entrepreneurial Behaviour

The study concludes that apartheid, though a historical institution that was dismantled more than 25 years ago as a formal institution, its informal institutions still persist (see Table 21), and they have a significant impact on people's lives including their entrepreneurial behaviour. These findings are consistent with institutional theory, which stipulates that informal or

normative institutions are the hardest to alter, as they involve culture and cognition (North, 1991; Welter & Smallbone, 2011). These informal institutions as discussed previously, constitute values, norms, and codes of conduct, that are embedded in society and that regulate individual behaviour (Jack & Anderson, 2002; Nee & Ingram, 1998). They are the tacit representation of individual mental perceptions reflected on the collective level (Denzau et al., 1995). North (1991) asserts that informal institutions are part of the information that is socially transmitted and that form part of culture. They therefore, form a basis for legitimating entrepreneurship by determining entrepreneurial perceptions (Smallbone & Welter, 2012). Norms and values play a significant role in this aspect, for they determine the appropriateness of entrepreneurship within a specific community or society.

Informal institutions operate at different levels of society; for instance, they can be reflected as codes of conduct on the level of communities such as ethnic groups, as it can be seen in this study with the township community. The normative factors constitute the collective sense making. Busenitz et al. (2000) assert that they determine the degree to which a society appreciates entrepreneurship. Studies by the GEM have demonstrated how critical social and cultural values are, together with political, economic, and social institutions, to explaining the differences in the level of entrepreneurship in different countries (cf Maas & Herrington, 2006). Thus cultural norms that include involvement in entrepreneurial activities will create role models in that society (Shane, 2003).

This study has revealed that there is a rather weak entrepreneurial culture within South African townships and in the Black community in general. This was made evident through the number of respondents having expressed being the first in their families to enter entrepreneurship, also through how they do not have any support from their immediate

families. They claim to be discouraged by their families, and often advised to rather seek a 'real' job in order to gain stability in their careers. Respondents also expressed the lack of community support, and having to deal with what is termed 'Black tax' in the Black community. 'Black tax' referes to the financial support of family and relatives by the Black middle class (Mangoma & Wilson-Prangley, 2019). This inhibits them from saving money or progressing in life, in general, though they may have relatively good paying jobs, which becomes a burden for those who may need to use their financial resources to enter entrepreneurship.

Figure 16 below displays a portion of the results from empirical qualitative interviews regarding the effects of apartheid on entrepreneurial culture, on social networks, and on social trust. Accordingly, the lower the levels of entrepreneurial culture within a society, the fewer the entrepreneurs there will be. Research has demonstrated that because of social networks, entrepreneurs are able to access social capital, and the quality of their social networks will determine the quality of social capital they have access to. Many of the township dwellers remain in the same environment most of their lives, as a result, do not have much exposure to the external environment. Therefore, they are unable to build significant networks outside of the townships. The study results have shown that exposure to the external environment is essential to entrepreneurship development in the townships. All of the respondents claim to regularly travel outside of the townships to attend events and to meet other people outside of their environment. This may give access to new ideas, new ways of thinking, and differing institutional logics to those operating in their communities.

The cultural-cognitive factors of informal institutions refer to individual mindset. Social trust also has a significant impact on social capital because trust is an essential part of social capital. Because of the lack of social trust, people are not able to create quality social

networks and consequently social capital to access valuable information, innovative business ideas for their environment, and to access resources for their potential ventures.

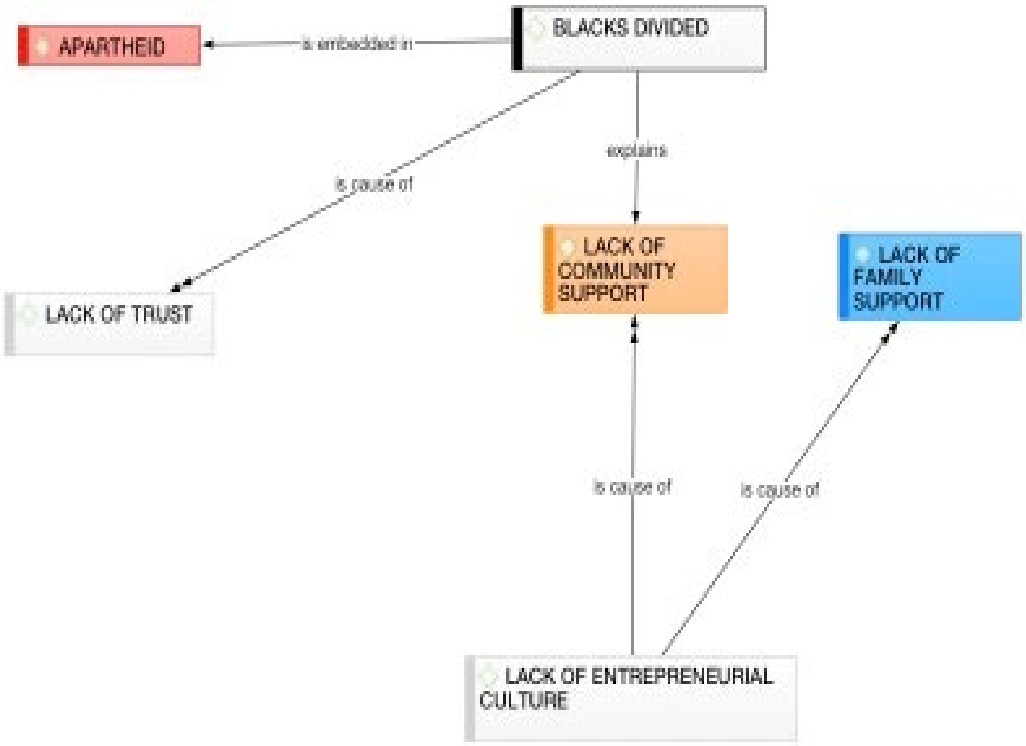


Figure 16 Effects of Apartheid on Black People's Social Networks, Social Trust and Culture

Furthermore, because of the apartheid trauma that black people experienced, whereby their self-image, self-confidence, and self-determination were severely damaged, engaging in entrepreneurship is not a straightforward process. See Figure 17 below displaying the impact of apartheid on entrepreneurship through the mindset of the township inhabitants.

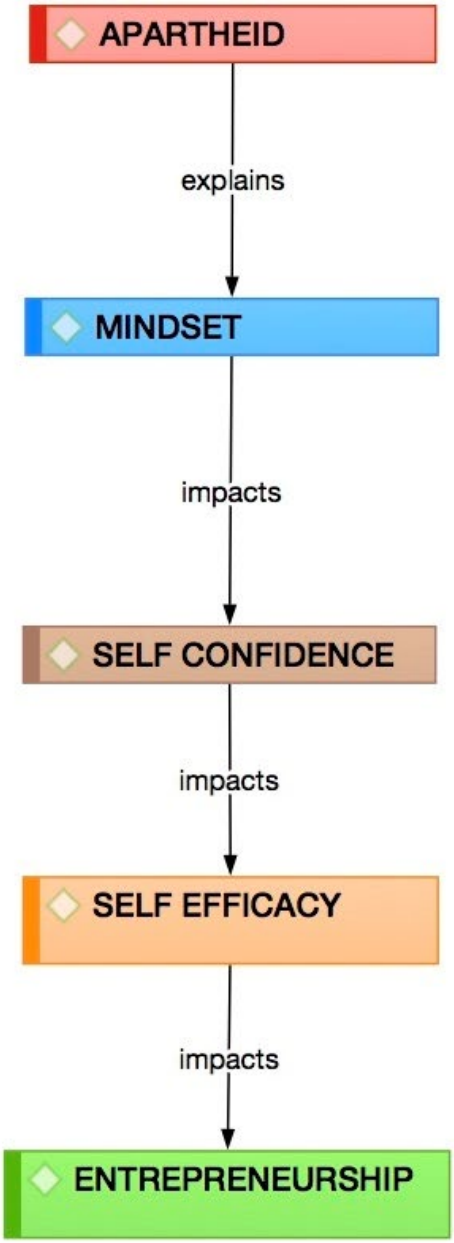


Figure **17** Effects of Apartheid on Entrepreneurship through the Mindset of Township Inhabitants

Taking into consideration all the information gatherered throughout this study, the causal model displayed in Figure 18 below was developed, stipulating how a historical institutionalised discrimination, such as apartheid, may still be having an impact on the level of entrepreneurship in the townships today. The upshot of all of this is that, apartheid impacts entrepreneurial behaviour within the townships most negatively within the urban areas of South Africa. This continues through the persistent apartheid mechanisms and logics that are still active, and through the entrepreneurial culture deficiency, as well as through the social trust difficiency.

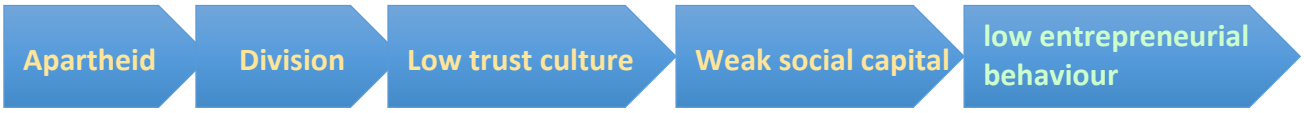


Figure **18** Effects of Apartheid on Entrepreneurial Behaviour in South African Townships

5.5.2 The Effects of Apartheid as Drivers for Entrepreneurial Behaviour

The apartheid racial segregation has created racial stereotypes and according to Fiske & Taylor (1991), negative stereotypes may result in prejudice. This may result in the stigmatisation of the group experiencing prejudice. Parker & Aggleton (2003) argued that stigma is intimately linked to the reproduction of social difference and exclusion. Stigmatised social groups may actively challenge, unsettle, and potentially transform the negative representations and practices that stigmatise (cf Messias et al., 2008; Ryan, 2011). This act of challenging demonstrates dissatisfaction towards the negative representation of their identity and capabilities. Research in entrepreneurship and dissatisfaction has demonstrated dissatisfaction to be a 'push factor' for engagement in entrepreneurship (Hofstede et al., 2004b).

For instance, Black South Africans have been suspected to lack entrepreneurial spirit (c.f. Preisendörfer et al., 2014), and Black culture has been considered to be inferior and undesirable through the ideas promoted by apartheid (c.f. Allen, 2005). However, there are Black individuals who are engaging in entrepreneurship. And they demonstrate motivation and perseverance, but mostly demonstrate determination to change their environmental conditions, their group image, and the way things are done, through entrepreneurship. The following causal mechanisms and their underlying logics that are driving entrepreneuship were identified by the study (see Figure 19 below).



Figure 19 Entrepreneurship Causal Process Driven by Dissatisfaction from Discrimination (process as experienced by the actor)

The 'dissatisfaction' caused by the apartheid normative institutions in the townships, gave rise to entrepreneurial efforts to change those institutions, as a consequence, resulting in 'activist entrepreneurship', notably through indigenous entrepreneurship, to demonstrate cultural pride and to affirm pride in one's identity. Consequently, this is driving the formation of social movements within the South African Black population (e.g. BrownSense Group https://www.brownsense.co.za). Furthermore, since most of the Black population is still living under severe poverty conditions even though apartheid has been scraped more than two decades ago, some Black entrepreneurs demonstrate dissatisfaction towards this issue by addressing it through social entrepreneurship (Ndedi, 2011). Therefore, we can consider dissatisfaction as a motive to not only drive entrepreneurial behaviour, but as an intentional choice to drive institutional change.

Entrepreneurial behaviour that is observed within South African townships is largely a result of past decisions and actions taken by authorities in the past. Thus one can describe it as a path dependent phenomenon.

Past research has demonstrated typical motives for engaging in entrepreneurship, such as gaining financial freedom (cf McMullen et al., 2008), emancipation (cf Jennings et al., 2016), introducing an innovative idea (cf Schumpeter, 2013), and entrepreneurship by necessity (cf Fayolle, 2011). In the following section the motives of the township entrepreneurs for entering entrepreneurship were examined, to understand what motivated them to take the entrepreneurship route, despite the challenges facing entrepreneurs within the township environment.

5.5.3 Entrepreneurial Motives within South African Townships

The motives of those who were able to counter the challenges of entering into entrepreneurship were examined, and what drivers or push factors led them into entrepreneurship. This allows for a clearer vision regarding who are the entrepreneurs, and why they have taken the entrepreneurship route. It is a view that goes beyond the typical 'opportunity recognition' (cf Shane & Venkataraman, 2000) and 'neccessity' discourses (cf Fayolle, 2011). Democracy usually guarantees individuals the right to decide and to select their time, resources, and abilities to develop their lives. Economic freedom mainly concerns personal choice, freedom to exchange with others, access to open markets, and clearly established and enforced property rights (Powell, 2002). In the context of South African townships, with a number of legacies of apartheid still in operation, Black people have expressed still not being free, and the current democracy not having met their expectations even after more than 25 years in power.

Many people still feel oppressed with no real choices to improve their lives. When examining the model depicting the potential effects of institutions on entrepreneurial behaviour suggested by Welter (2012), it is indicated that regulative institutions determine the 'feasibility' of entrepreneurship, mainly concerned with environmental resources. And the normative institutions determine the 'desirability' of entrepreneurship, which mainly concerns cultural-cognitive institutions. This study reveals varied motives leading to entrepreneurial behaviour. Previous research has higlighted motivations to enter enterpreneurship such as opportunity recognition , necessity, and emancipation, which were all present in the South African township context.

In many instances, though, people, because of their economic disadvantaged backgrounds would enter entrepreneurship by necessity, as expressed by one of the respondents below:

> *« Poverty was my bootcamp; living in an oppressive society has been my boot camp. Living in a poor environment is what has propelled me into entrepreneurship »*

They would still make the effort to identify opportunities, by applying a mixture of 'pull' and 'push' factors (Noorderhaven et al., 2004). Pull factors refer to those elements that render entrepreneurship attractive, such as, gaining independence, autonomy, and the possiblity to earn more money than in their current job. For instance, one respondent in this study said that they left their job to open a food stall. 'Push' factors may involve unattractive employment conditions, or lack of possibilities to earn more money through employment. This study has identified another interesting 'push' motive driving entrepreuneurship in the township environment. This motive stems from dissatisfaction. Here, we can observe a less typical type of entrepreneurial motivation for entrepreneurship, whereby township actors respond to the legacies of a historical institutionalised racial discrimination by behaving as social activists to

through their ventures. Therefore utilising entrepreneurship to obtain social justice and to cause institutional change. Respondent (e) expressed the following:

> *e) « Everyone is reliant on these people who are in the business of giving us quality and the responsibility of them giving us food be put in their hands is a very 'dangerous' one. That's why I decided that this thing can be done, it's not science but one must learn it from the beginning, you can't do it from any other place and you have to understand the full value chain »*

Activist entrepreneurship is this context is a form of entrepreneurship engaging various political and resistance strategies aimed at transforming the oppressed and marginalised status of indigenous communities (Tedmanson & Evans, 2017). As asserted by Terjesen & Amorós, (2010), entrepreneurship is more likely to take place within groups that are displaced, marginalised, or discriminated against. But as discussed before, the effects of apartheid on the mindset of Black people have created an inferiority complex because of stereotyping and stigmatising that they were and are still subjected to. And this has an impact on self-confidence, which has an impact on self-efficacy (cf Bandura, 2010) and consequently on the ability to engage in successful entrepreneurship (see Figure 19 above).

Consequently, those that engage in entrepreneurship have to display higher levels of determination and resilience. And they, through one form or another, engage in activist entrepreneurship to bring about institutional change. Bygrave & Minniti (2000) assert that since entrepreneurship is embedded in social and structural mechanisms, therefore, the history of normative institutions and entrepreneurship matters. Normative institutions determine the extent to which individuals within a particular geographic context find entrepreneurship to be

desirable (Busenitz et al., 2000; Urban, 2007). Successful entreprenerial engagement will therefore depend on the influence of institutions on entrepreneurial behaviour (cf Welter, 2012).

The outcome of this study suggests a social movement arising from the activist form of entrepreneurship.

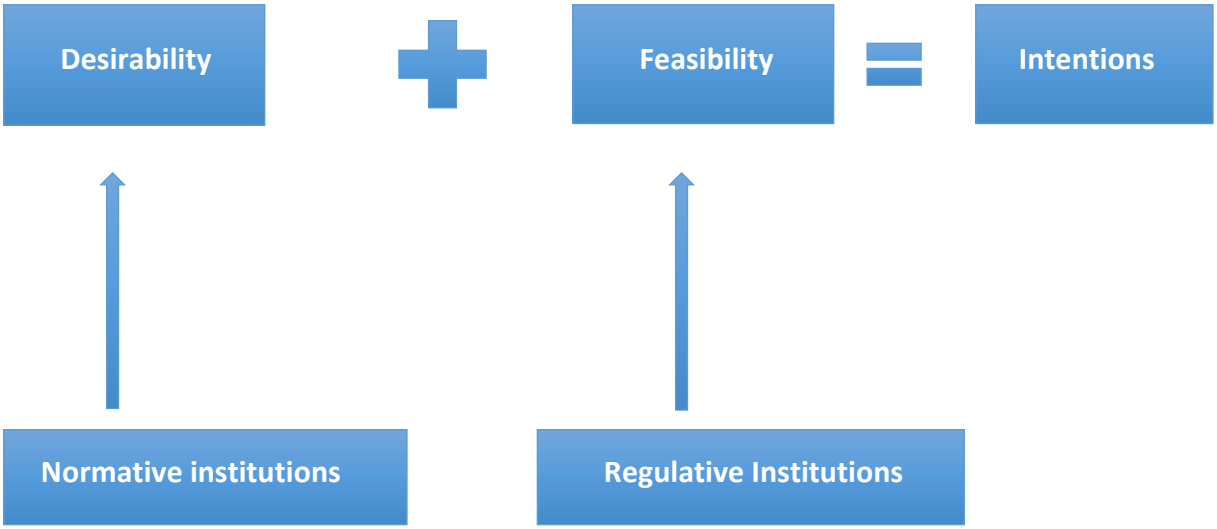


Figure 20 Effects of Institutions on Entreprenurial Intentions

Though there may be new types of entrepreneurship developing in the Black community because of some of the effects of the previous apartheid regime, most township entrepreneurs create small scale, informal 'survivalist' businesses that do not create any employment, but serve a single person or family (Preisendörfer et al., 2012a). These are 'necessity' businesses as described by Fayolle (2011). They are a result of the difficult socio-economic environment of the townships that was cultivated by the apartheid regime. Many people enter this type of entrepreneurship to avoid going hungry.

5.5.4 Path Dependency of the Entrepreneurial Behaviour in South African Townships

David (2007) loosely defines 'path' as 'history matters', he refers to it as a dynamic process whose evolution is determined by its history. Its concept has a very general scope, which among others, refer to social dynamics involving interactions among economic and political agents characterised by feedbacks and self-reinforcing mechanisms. Path dependency involves contingent processes having final outcomes contingent on previous events as well as some random ones. Contingency is therefore, considered to consist of history-dependence, uncertainty, and chance. These dimensions exhibit the socially embeddedness of events. Archer & Archer (1995b) asserts that past actors shape social structure, therefore entrepreneurs will build upon past actions of previous entrepreneurs within a particular context. Consequently, in a context with a few role models, and a low level of entrepreneurial culture, aspiring entrepreneurs are forced to take the risk of laying the entrepreneurial foundation themselves. But these township entrepreneurs displayed some specific motives for engaging in entreprenership.

Chapter 6. Conclusion

This research study is a theory enhancing, rather than a theory testing approach to a phenomenon that is already known. The impact of legacies of historical institutions on entrepreneurial behaviour is demonstrated.

This study conducted a contextual analysis regarding the state of entrepreneurship in South African townships. The Welter (2011a) context model consisting of the 'who'; 'where'; 'when'; 'why'; and 'how' dimensions of context was applied. The study has mainly focused on the 'where' dimension, and analysed the township context. The 'when' dimension was applied by examining the effects of the apartheid historical institution on entrepreneurship in the townships. The 'who' context lens examined the community of people dwelling in the townships and their entrepreneurial behaviour. Welter (2011a) identified three challenges when contextualising entrepreneurship, which were established to be: *applying a context lens together with an individual lens, considering the positive and negative effects of the context, as well as applying a multiple context perspective* (Baker & Welter, 2020: P 15).

The present study has examined all three conditions by examining entrepreneurship through the context lens, and at different levels of context. And it also examined the effects of context both positively and negatively by examining the context as an inhibitor of entrepreneurial behaviour, as well as a driver. As a result, this study has revealed, not only the specific obstacles and barriers that impact potential entrepreneurs' intention to start business ventures within South African townships, but also the motives of those who do engage in entrepreneurship.

To arrive at the results that were obtained, various sources of data were engaged in order to ensure validity. The data was then analysed at different levels of analysis (see Figure 21), at the state or macro level – where formal institutions are initiated and implemented, at the community or meso level – where resources may be obtained, and at the individual or micro level - where entrepreneurial behaviour and practices are observed (see Zahra & Wright (2011) for the importance of multi-level analysis in entrepreneurship research). Friedland & Alford (1991) as cited in Thornton & Ocasio, (2008a) also emphasised the importance of multi-level analysis in social science research, and specified three interdependent and autonomous levels of analysis: society, organisations, and individuals.

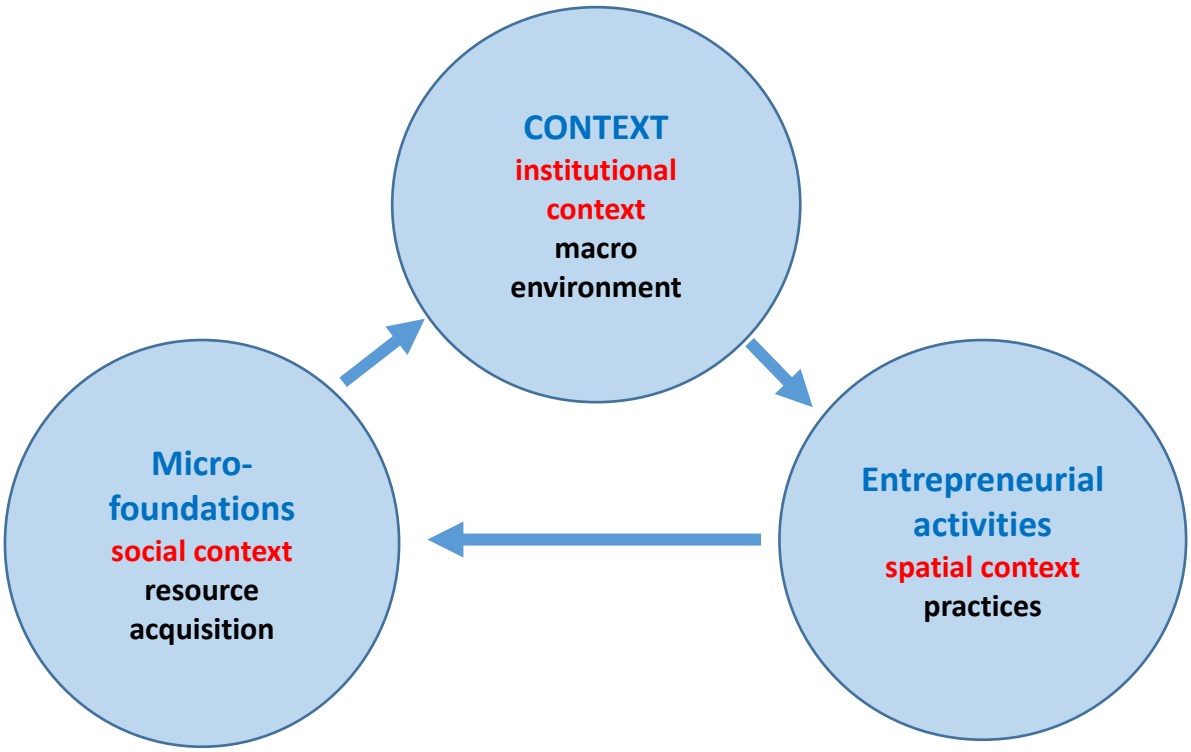


Figure 21 Multilevel Entrepreneurship Research Framework (Zahra & Wright, 2011)

The findings of this study contribute to the knowledge regarding entrepreneurial behaviour in the townships. In the next section, the main contributions that this study is making to research and practice are presented.

6.1 Main Contributions to the Study

6.1.1 First Contribution: Impact of Historical Institutionalised Discrimination on Current Entrepreneurial Behaviour

The research question of this study was mainly inspired by the outcomes of the research study conducted by Preisendörfer et al. (2012a), which suggest that the relationship between apartheid and poor entrepreneurial outcomes is inconclusive, and remained to be proven. Through the first contribution of this current study, the theoretical and empirical establishments of how historical institutionalised discrimination may have an impact on current entrepreneurial behaviour of victims and their descendents (see Figure 23 below), is demonstrated, not merely as a causal opinion, but as a rigourously demonstrated causal phenomenon. This contribution is made within the entrepreneurial context theory, whereby the 'where' and 'when' context lenses get intertwined(see Figure 22 below) (Baker & Welter, 2020).

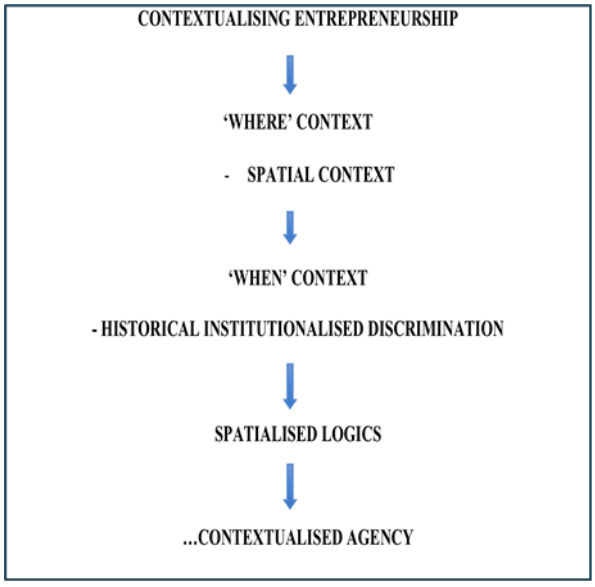


Figure 22 Impact of Historical Institutionalised Discrimination on Current Entrepreneurial Behaviour



Figure 23 First contribution to the Study

This study contributes to the scholarly literature on entrepreneurship, by directly and explicitly linking apartheid to entrepreneurship, for there are virtually no entrepreneurship studies that do that. The study employs apartheid as a contextual lens rather than a variable.

Preisendörfer et al. (2012) presented five patterns of explanation for the low level of entrepreneurship within the Black community. These are:

- historical apartheid, human capital, financial resources, social capital and network, and traits and mindset Positioning these explanation at the same level, and concluding that the apartheid explanation is not sufficient in itself to explain the current lack of entrepreneurship. They also state that whenever they attempted the apartheid explanation, they ended up with the other explanations in their study. So they asserted that the apartheid explanation could not be qualified independently of the other explanations.

The authors assert that to provide a good and sufficing explanation regarding apartheid, a new study needs to examine:

a. the exact mechanisms that act as barriers to entrepreneurship in the townships be specified.

b. and examine which of these mechanisms were initiated or strengthened by apartheid.

Therefore, that is what this current study embarked on: employing apartheid as a contextual lens rather than simply as a variable or explanatory factor.

i.e. In other words, its intent was to explore, to identify, and to get a comprehensive understanding of the social mechanisms that act as barriers to entrepreneurship within South African townships today. Then went further to examine the institutional logics underlying the mechanisms and the resulting entrepreneurial behaviour.

Since apartheid is an institution, Welter's (2012) conceptual model on the potential effects of institutions on entrepreneurial behavior was employed. Thus, this research study examined the historical apartheid as the primary explanation for the persistently low level of entrepreneurship among Black South Africans, and having an impact on the other explanations listed by Preisendorfer et al., (2012). This Meaning again demonstrates that apartheid was employed as a lens rather than a variable (cf Welter 2011). As shown in the framework, the explanations: human capital, financial resources, social capital and network, are part of the regulatory institutions, which determine the feasibilty of entrepreneurship within an institutional context. Furthermore, traits and mindset are the cultural-cognitive institutions that determine the desirability of entrepreneurship as a career choice.

Consequently, this study was able to make an analysis regarding how apartheid affects entrepreneurial behaviour. And when we understand how that takes place, we will be, able to

suggest appropriate measures adapated to this particular context. An example I can provide to make this point is that, the township incubators 'Ekasi Labs', are under utilised even though they have high tech resources such as 3D printers etc. Many of the entrepreneurs said they went there mainly to use the wifi. The expensive high tech equipment was not utilised by the majority. Only those people who were already engineers and possessed the skills needed could enjoy those resources. This shows that, by going faster than the natural, community's developmental pace (which does not mean some things cannot be taught), there may be even more people excluded from entrepreneurship. Because there is no need to chaseongoing discussions about the need to participate in the 4th industrial revolution, for example, cannot be disentangled from the reality when that many are still only getting the hang of using the basic features of a computer. We therefore need to be attentive to the specific needs of the people and meet them where they are.

6.1.2. The second contribution: to Welter's (2012) conceptual framework: Potential Effects of Institutions on Entrepreneurial Behaviour

Entrepreneurial motive: 'desirability' is replaced by 'activism' : 'Push' factor. Dissatisfaction → activist entrepreneurship → **institutional entrepreneurship** (-> doing context (Baker & Welter 2020) ->…theorising context..?)

Please see figures below for demonstration:

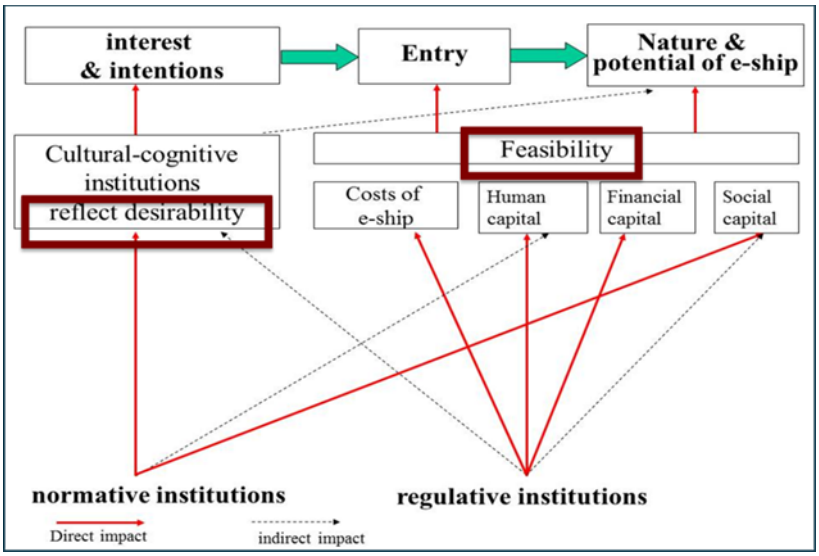


Figure 6 Potential impact of institutions on entrepreneurial behaviour (Welter, 2012)

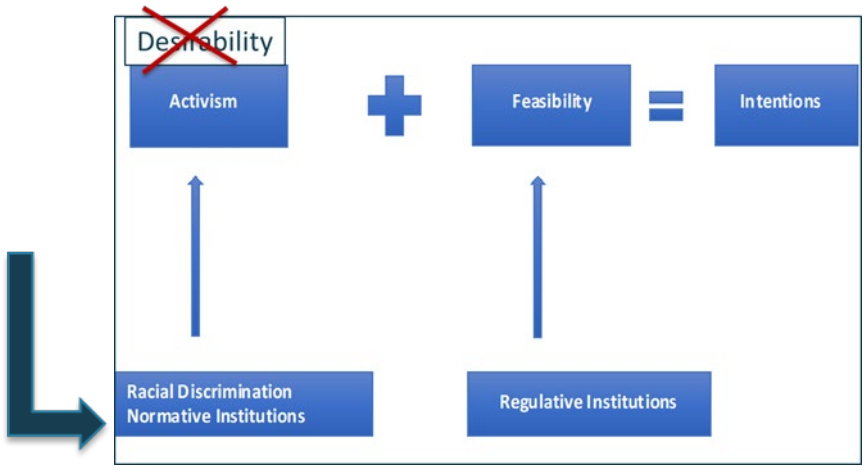


Figure 24 Contribution to Welter (2012) Conceptual Framework: Potential Effects of Apartheid Normative Institutions on Entrepreneurial Intentions

Many of the respondents asserted that due to socio-economic conditions of the townships, they entered entrepreneurship to change the status quo regarding how Black people are percieved in South Africa, and how Black people themselves look at themselves. This means that they want to improve the social identity of Blacks. Thus, engaging in institutional entrepreneurship, by changing the institutions (in this case normative institutions), that are in place.

6.1.3 Third Contribution: The historical embeddedness of entrepreneurial behaviour in South African townships

This study makes a contribution to the 'History and Entrepreneurship' scholarly literature.

It is timely in the sense that there is a recent call and special issue (January, 2020) in the Strategic Entrepreneurship Journal on "Historical Approaches to Entrepreneurship Research" titled: *Context, time, and change: Historical approaches to entrepreneurship research*, edited by R. Daniel Wadhwani, David Kirsch, Friederike Welter, William B. Gartner and Geoffrey G. Jones. The special issue has the objective of using the papers to demonstrate 'how historical assumptions play a formative role in operationalising time and context in entrepreneurship research. And it also seeks to better understand how variations in the treatments of time and context shape theoretical claims about entrepreneurial opportunities, actions, and processes of change'. Concluding with a discussion of why this may be a particularly opportune time for strategic entrepreneurship research to develop a deeper historical sensibility. The special issue emphasises the value of history in understanding variations in entrepreneurial practices.

Other similar contexts whereby history could be linked to entrepreneurship, as cited by Audretsch & Moog (2020) are: National Socialism in the 1930's in the US, Cartelisation of Industry in the Weimer Republic, Elimination of small business under Fuhrerprinzip, The populist movement (1870-1890) in US, etc.

Therefore, this study on the impact of a historical institution on entrepreneurship, especially an institution like apartheid, which cannot leave anyone indifferent regarding its brutality, on the psychological, socio-economic, and cultural levels of its victims, enter into this research conversation on history and entrepreneurship.

6.1.4 Fourth Contribution: Effects of Spatial Context on Entrepreneurial Behaviour

Baker & Welter (2020) encouraged exploring new roads leading to theorising entrepreneurship context through drawing from insights such as the intertwining of the 'where' and 'when' dimensions contructing the places in which entrepreneurship is taking place. In so doing, understanding place, not just as a static geographical position on a map, but as an immersion of historical and ongoing processes of power and contension, separating and bringing people together through changing stories, shared memories, and the built environment (Baker & Welter, 2020).

Places frame the identities of entrepreneurs (Baker & Welter, 2020), therefore they become an important factor in determining their entrepreneurial behaviour. By studying the township context, the effects of spatial context on entrepreneurial behavior we demonstrated.

6.1.4.1 Fifth Contribution: Effects of Spatial Logics on Entrepreneurial Behaviour

Townships embody a typical culture of their own, which is mostly a result of the objectives for which they were developed by the apartheid regime. As already discussed previously, townships were intentionally designed to serve the purpose of excluding and repressing of the Black citizens. The social structures that developed within the townships due to the apartheid institutions have led to specific institutional logics operating within that environment. This study has examined the types of institutional logics operating within the township context, and their impact on entrepreneurship.

The first theoretical contribution that this study is making, is to the entrepreneurship context theory, and building on the 'where' context lense (see Table 1). As asserted by Preminger & Drori (2016), institutional logics *get embodied in space and become associated with specific*

space, thus expressed as spatialised logics. This study has confirmed this assertion and has revealed the specific institutional logics that are operating within the South African township spatial context and currently affecting entrepreneurial behaviour. Since agency is embedded within the prevailing institutional logics within a specific environment, it can either be inhibited or enhanced by those logics (Thornton & Ocasio, 2008b). Therefore, logics are a link between institutions and agency.

This study adds to the entrepreneurial context theory and suggests that within the 'where' context, there are active spatialised logics that determine the type of agency that will take place (see figure 25 below). The end result is what the author has termed **contextualised agency**. From here, as academic researchers, we may move closer to theorising context to advance entrepreneurial context theory, following the research direction suggested by (Baker & Welter, 2020).

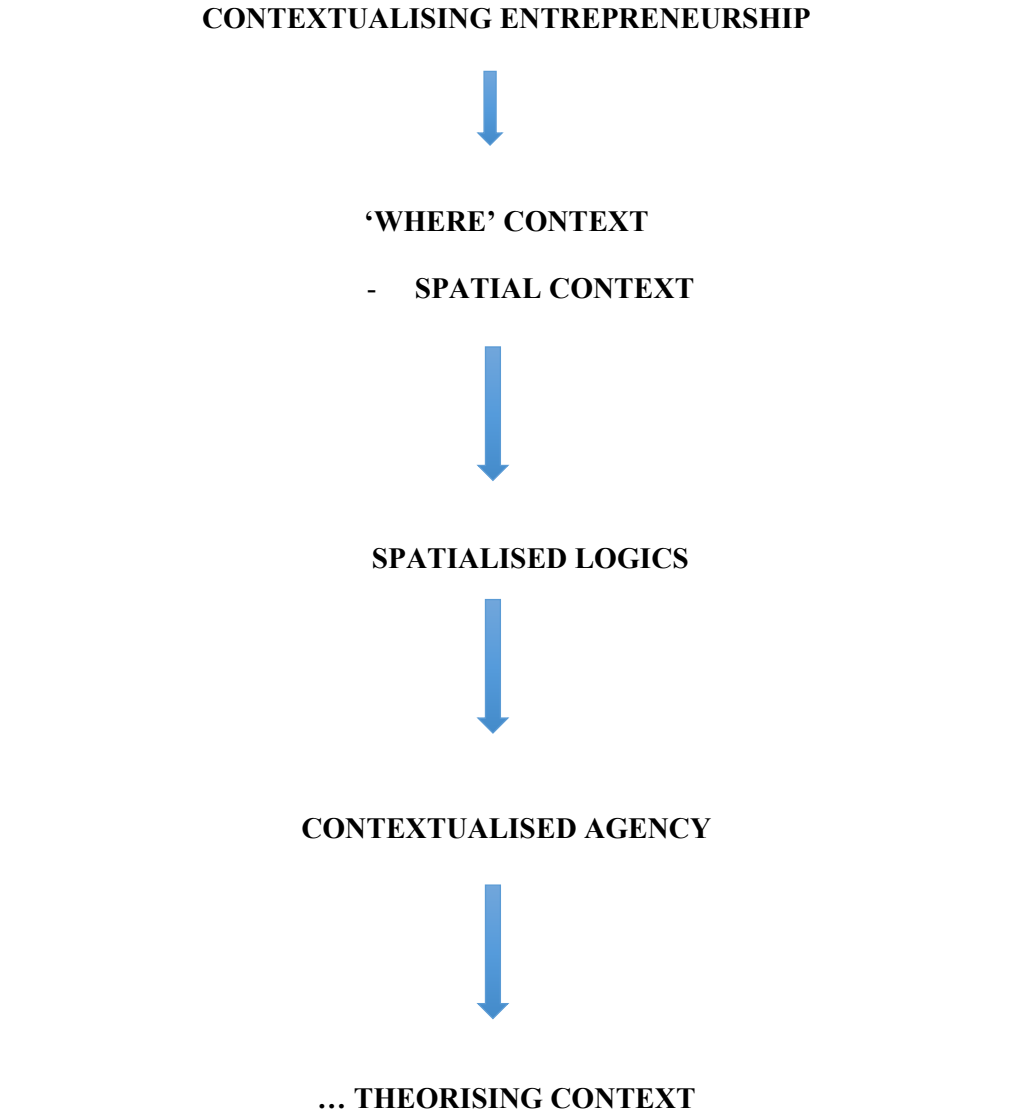


Figure 23 Spatial Logics Producing Contextualised Agency

Therefore by extension the author suggests that a global view of contexualised agency in entrepreneurship may be conceived in the following manner:

INDIVIDUAL / OPPORTUNITY NEXUS (Shane & Vankataraman, 2000)

+ **CONTEXT** (Johns, 2006; Welter, 2011; Zahra et al., 2014)
+ **SPATIALISED LOGICS** (Preminger & Drori, 2016)
= **CONTEXTUALISED AGENCY**

Figure 24 A Global View of Contexualised Agency in Entrepreneurship

6.1.4.2 Sixth contribution: Effects of Spatial Planning on Entrepreneurial Behaviour

The apartheid spatial planning was aimed at economically excluding and controlling the Black population. Therefore, the place was intentionally designed to inhibit entrepreneurship. Presently, there is still not much that has changed regarding the townships' physical environment, and the democratic government is continuing the spatial planning along the same lines as the apartheid government (Jürgens et al., 2013; Todes & Turok, 2017).

This study makes a second contribution to the spatial context and demonstrates the effects of spatial planning on entrepreneurial behavior. More specifically, linking the motives for the spatial planning to entrepreneurship. Apartheid spatial planning objectives involved excluding and inhibiting Blacks from developing any business activity or achieving economic emancipation. Thus, I conclude that spatial planning and architecture can be designed in such a way that it produces a positive impact on entrepreneurship in cases whereby there is an intention to foster economic actvity.

6.1.5 Seventh contribution: Antecedents of Entrepreneurial Intentions - Motives Driving Entrepreneurial Behaviour in the Townships

Considering the model depicted by Welter (2012), illustrating the possible effects of institutions on entrepreneurship, whereby normative or informal institutions impact the desirability or attractiveness of entrepreneurship, I suggest that in instances where the entrepreneurial motive is mainly due to a strong determination to bring about social justice, then the personal preferences of the entrepreneur will not have much significance. And entrepreneurship will be utilised mainly as a platform or vehicle to bring about the desired change. Then the 'desirability' factor - also acting as a 'push' factor, can be replaced with

'activism' as a 'push' factor within the institutional context that the entrepreneur is aiming to change (see Figure 25 below).

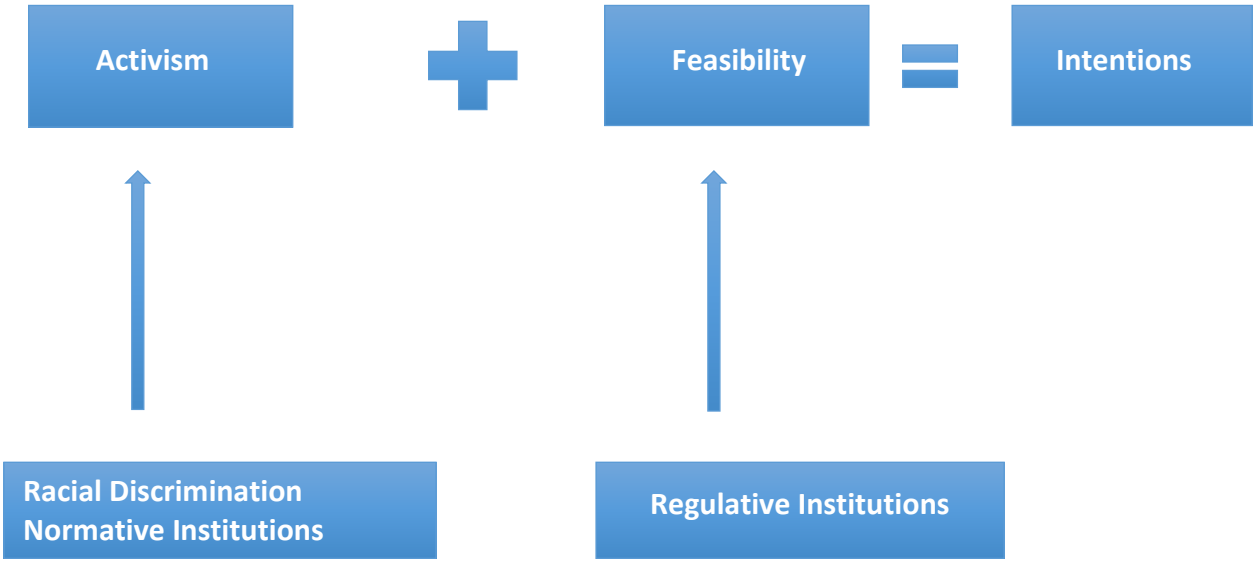


Figure 25 Effects of Racial Discrimination Normative Institutions on Entreprenurial Intentions

6.2 Practical Implications of the Study Results

Three practical implications of this research were identified:

- The first implication is towards township entrepreneurs themselves:

The results of this research indicate that the logics of division and non-cooperation are still active within the township environment. These logics, together with the ones driving lack of entrepreneurial culture and low trust culture, are limiting the entrepreneurial effort. As a consequence, my recommendation is for the entrepreneurs or those who aspire to entrepreneurship, to expose themselves as much as possible to the environment exterior to the townships in order to be exposed to different logics that are less hostile to entrepreneurship, and that will provide access to new ideas, social networks, and other resources. Entrepreneurs should also avoid being on their own, they should reach out and connect with others for motivation and support. Being part of the emerging entrepreneurship movements like the one pioneered by the BrownSense Group can prove to be useful in accessing social capital, financial capital, customers, learning and support.

- The second implication of this research is towards township incubators:

Incubators like the 'Ekasi labs', proposing projects aiming at developing sustainable and innovative entrepreneurship within the towships, while their intentions are applaudable, they should be careful not to create another area of exclusion within the townships by only focussing on high impact entrepreneurship or technology entrepreneurship. But they should take things a step at a time and welcome different levels of skills and knowledge, and provide programmes for developing the most basic business knowledge. The author suggests that they should partner with high schools by developing entrepreneurship programmes to help foster entrepreneurship from a young age. It may also be worthwhile for the incubators to partner

with the networking and social movements that have formalised themselves like the BrownSense Group, to find ways to make more impact in fostering township entrepreneurship and social trust, by creating events and programmess to enhance networking and collaboration between individuals.

- The third implication of this study is towards State policy:

The aim of this research study was to reveal the active apartheid social mechanisms that have an impact on entrepreneurial behaviour in the South African townships. In this manner, policy decision makers may take them into account in their endevours to foster township entrepreneurship. The South African government has developed various programmes and provided resources to enhance entrepreneurship in the townships. But the view of entrepreneurship that they aspire to is as it is practiced in the western countries, which is often the natural view of entrepreneurship taken by emerging economies, because the development of the majority of entrepreneurship theoretical models have taken place mainly within the context of developed countries (Vermeire & Bruton, 2016). However, these theoretical models are not always applicable to low-GDP or transition context countries, especially in the African context, in which the institutional contexts are very different from the ones found within the western country contexts (Urban, 2019).

Welter & Smallbone (2012) assert that institutions influence the nature and extent of entrepreneurship and the way entrepreneurs behave, since they set both implicit and explicit boundaries. Research in entrepreneurship, in general, and on Black entrepreneurship in South Africa, reveal explicit boundaries such as financial restrictions (lack of own money, no access to bank loans), laborious administrative procedures, and the lack of human capital (low level

of basic education and entrepreneur-specific skills), which are the common barriers to entrepreneurship in general (Preisendörfer et al., 2012a).

The implicit boundaries involve people's motives for entering entrepreneurship. South African townships possess a unique context because of the historical events that have impacted the Black South Africans on many different levels including, socio-economical, spatial, psychological, and institutional. Because of the sterotyping and the stigmatisation of Black culture and image, Black entrepreneurship that is developing in the townships involve transforming the image of the Black population and changing opinions about Black people's capabilities. Township entrepreneurs are embracing their culture and are actively engaging in activities to obtain social justice through entrepreneurship. They are intentionally engaging in indigenous entrepreneurship to promote their cultural heritage.

Through the understanding of these factors, the acquired context specific knowledge generated by this study may be applied to foster entrepreneurship in South African townships. And an understanding of the kind of entrepreneurial behaviours taking place and their motives will give a better position in providing better resources to advance venture creation within this context. Authorities may develop policies whereby context-specific entrepreneurial activities could be fostered, instead of implementing pre-conceived entreprenership projects conceived or copied elsewhere, and that are not necessarilly suited to the township culture. People also need to be met where they are, because while it is a good thing to show ambition regarding the development of high technology industries in the townships through incubators like The Innovation Hub's 'Ekasi Labs', there should be vigilance to not create further exclusion of the majority of the township population. Because such projects require actors that possess a certain level of education and knowledge.

Furthermore, authorities responsible for township housing development, and the spatial planning and architecture, may employ the design in such a way that it produces a positive impact on entrepreneurship in the townships. As this study has reaveled how apartheid has implemented spatial planning to inhibit economic activity of Black people, better architecture and planning could be employed to foster entrepreneurship in the townships.

6.3 Limitations

- The first limitation that the author highlights is the fact that the analysis of this study did not take into consideration the effects of crime on entrepreneurial behaviour or the level of entrepreneurship in South African townships. Crime in South Africa is considered a pressing issue of national priority (Webb & Wills-Herrera, 2012). South Africans are generally preoccupied with their safety and the threat of crime or violence (Eagle, 2015), it is an issue that inhibits optimal engagement in their daily lives. Business owners find crime and the fear of crime to be major chellenges in the townships. For instance, one of the most reported business constraints by Diepsloot township business owners in Johannesburg is the fear of crime (Mahajan, 2014), this means that people live with the logic of fear of violence or crime, which is magnified when it is concerning a business owner. Therefore, crime may have a significant impact on the decision to engage in entrepreneurship.

- The second significant limitation of the study is the non-consideration of the effects of corruption on township entrepreneurship. Unethical practices among the political elite in South Africa has reached grave levels (Reddy, 2015). Citizens are complaining about poor services and bureaucratic inefficiencies. Many have lost trust in government services, as passing legislation does not guarantee its effective

implementation. For these reasons, there may be an unavoidable effect of corruption on entrepreneurial behaviour in the township environment. For the fact that townships are already resource deficient environments, it means that for people to participate in effective entrepreneurship, government needs to assist the population. As I have already discussed before, that people in this environment are enclosed in poverty traps and it is next to impossible to break out on one's own efforts (Adonis, 2018).

6.4 Research Transferability

The research findings may be transferable towards a context in which historical institutionalised discrimination has inhibited entrepreneurship and people's personal freedoms. For instance, in post-communist countries central planning was performed by the state, and people did not have private ownership of property, which constitutes an important condition for entrepreneurship development. Hence, they were faced with significant challenges to engage in entrepreneurship, as it can be gathered from the research undertaken by Smallbone & Welter (2001). Additionally, the research may also be transferable to countries in which the religious laws do not allow women the freedom to engage in economic activities as independent individuals, and full citizens indepently of their husbands.

6.5 Research Themes to Explore Further Within the Township Context.

This research theme and findings may be further explored through conducting a quantitative study to involve a larger sample and more townships in other regions of South Africa. The active mechanisms that were uncovered, i.e. division, lack of entrepreneurial culture, and low trust, may be applied as variables.

Further research may also be conducted to examine the impact of crime and corruption on the entrepreneurial behaviour of the township population.

In addition, one of the original intentions of the author with this study was to compare the lived entrepreneurship experiences of individuals from the affluent areas of Johannesburg, to those of the township individuals. Unfortunately, people from the affluent areas that the author approached were not open to participating in the study and only two interviews were conducted. The author therefore had to re-adjust the research and abandon this idea direction for now. As a result, the author suggests that more research could be conducted in that direction. And a comparison between individuals' experiences from different socio-economic conditons within the South African context could be made.

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Appendix 1 – Consent Form

Research Project Title: Fostering Inclusive Entrepreneurship in South African Townships: A Contextual Analysis

Name of Researcher: Palesa Charlotte Felix-Faure

I.....agree to participate in this research project. The research has been explained to me and I understand what my participation will involve.

I agree that my participation will remain anonymous. YES / NON (please circle yes or no)

I agree that the researcher may use anonymous quotes in her research report, conference presentations and publications. YES / NO (please circle yes or no)

I agree that participation involves no remuneration. YES / NO (please circle yes or no)

I agree that the interview may be audio recorded. YES / NO (please circle yes or no)

I agree that the information I provide may be used anonymously by other researchers following this study. YES / NO (please circle yes or no)

I am aware that participation is voluntary and that I have a right to withdraw at any moment. YES / NO (please circle yes or no)

..... (signature)
..... (name of participant)
.....(date)

Appendix 2 – Qualitative interview guide

Interview Guide: Fostering Inclusive Entrepreneurship in South African Townships

Background Information
My name is Palesa Charlotte FELIX-FAURE, a dual PhD student at the University of Witwatersrand and also at Université Grenoble Alpes in France. I am conducting research regarding entrepreneurship in the townships and the role of incubation. The title of the research thesis is: **Fostering Inclusive Entrepreneurship in South African Townships**
Qualitative research interviews of 30 township entrepreneurs undertaken:
Objectives :

- Understand the effects of apartheid, and path dependence of the entrepreneurial behaviour of Black South Africans
- Understand how alertness to entrepreneurial opportunity identification may differ between low resource and affluent contexts
- Understand how township entrepreneurs acquire resources for their ventures
- Understand how the role of the business incubator may differ between low resource and affluent contexts.

Introductory Phase - About you and your Business (questions asked by researcher and answers circled)
Welcome, greetings and small talk - Objective : **getting acquainted with the respondent and building rapport**
Start of interview : 'These next questions will help me to know about you and your business better'
1. **Age range?**
15 to 25 years,25 to 35 years,35 to 55 years ,over 55 years
2. **Gender?**
Female, Male
3. **What is your home language**?
Afrikaans, English, Ndebele, Northern Sotho/Sepedi,
Sesotho, Swazi, Tsonga, Tswana, Venda, Xhosa, Zulu
4. **Which ethnic group you consider yourself to belong to?**
Afrikaans, English, Ndebele, Northern Sotho/Sepedi, Southern Sotho/Sesotho, Swazi,
Tsonga, Venda, Xhosa, Zulu, Other (please specify)
5. **Where is your business located?**
7. **Is your business currently operating?**
Yes, Non
8. **How long has your business been in operation?**
9. **How many businesses have you started before?**
10. **Please indicate from where is your business operating?**
Street/Taxi rank, Craft Market, From your home/or another person's home, Formal office/ factory/art studio, Other (please specify)
11. **Where did get money to start your business?** Own money, Bank Loan, Loan/gift from family, Loan/gift from friends, Loan from micro financing organization, Loan/grant from government organization, Society/Stokvel (rotational lending scheme), Inheritance, Investor, Other (please specify)

Questions	Objective, variables for analysis
Context phase	
1. **Please tell me more about yourself** Personal history and background	Objective: getting to know the respondent better
2. **Please present your business in your own words** (of which you're a founder or co-founder) - When and where was it created? - Why? - What is the product or service of your business? - How many employees do you have?	Objective: determining typology and characteristics of business, venture idea identification, business economic impact

- What kind of skills are needed for your type of business?	
3. Entrepreneurial Experience and environment - Please describe the environment that you are from, and also the one where your business is based. - How did you go about setting up your business? - What are the significant events in your entrepreneurial journey? - What kind of business opportunities do you observe in the environment that you live in? - What kind of difficulties did you encounter with your business, and how did you overcome them?	Objectve: understanding context
Main research variables phase	
4. Personality Traits - Can you please describe the type of person you are? - Can you describe a time when you have faced failure or disappointment, and how you handled it? - How many times have you experienced failure? How do you feel about it? - What does success mean to you? - Have you achieved very difficult goals in your entrepreneurship journey? If so, what were they? - Do you believe that you can always achieve your goals no matter how difficult they are? - Can you describe how you solve a difficult problem? - Have you done something before in order to create a business opportunity? - How do you ensure that your customers come to you rather than your competitors?	Objectve: Determining entrepreneurial optimism (related to self –efficacy), and creativity (see Ardichvili et al. page 117)
5. Business Skills - Have you done any schooling, if yes, until what level? - Is this your first business? - Have you completed any training courses to develop skills needed for your business? - Were you employed before starting your business? - Did your employment involved a management position? - Do you use skills learnt in your previous job to solve problems related to your business? Example? -	Objective : Determining human capital
6. Social Network ? - Do you have any family members or close friends that have their own businesses? - Do you have anyone close to you that encourage you to pursue your business ambitions? - Are there people that have or are supporting you in the development of your venture? If yes, how are they supporting you? Are they family, close friends or acquaintances?	Objective: determining social capital and type

- Besides your family and friends, who else do you rely on for business advise? - Are you a member of any business organisation or club? - How will or how did you obtain your first customers?	
7. Resources acquitistion process - Do you use skills that you've learnt in your job or any training to solve problems related to your business venture? - How do you acquire finances for your business needs? - How do you meet your business everyday needs? - How are the people you know helping in meeting your business everyday needs? - What kind of resources do you have and how do you use them in the development of your venture? - How do you obtain materials you need for your business development? - Would you be able to use your existing resources respond to new opportunities or to solve new challenges coming your way? If yes, how confident are you? Have done that before? How? - When dealing with new challenges or opportunities, do you take action and assume you will find a workable solution or do you wait for the solutions before taking action? - Can you describe how you have responded to a new opportunity or challenge in the past? - How would you respond to a new opportunity or challenge today?	Objective: identifying bricolage and process
8 Business incubation - What do you value most about the incubator you are part of? - How do you interact with other entrepreneurs within the incubator?	Objective: understanding role played by incubator
Conclusion phase	
Can you please tell me what inspired you to start a business and what your future aspirations are? Do you have anything alse that you would like to share with me? Thank you very much for your participation in my study!!	