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Social venture acquisition, in the form of strategic alliance building and earnings generation as a means of achieving scalability of social enterprises

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Social venture acquisition, in the form of strategic alliance building and earnings generation as a means of achieving scalability of social enterprises

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

Wits Business School

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ABSTRACT

Social problems continue to persist and large enterprises, together with social enterprises, can play a role in coming up with innovative solutions to these problems. Social enterprises have the potential to implement business-like approaches to expand, scale up and match the needs of the problem, however, they fail and that makes scaling one of the most important phenomenon to study as it is least understood currently.

Extending from existing, mostly conceptual research, the study sought to add empirical evidence on a scaling framework that explored only two variables of the SCALERS model, the earning generation and strategic alliance capabilities of social enterprises and their relationship with scaling of the enterprise.

The research purpose was to add to the still limited theory on the field of scaling of social enterprises to enable the social entrepreneurial ventures to strategically move their enterprises beyond the start-up phase and scale for greater impact.

The study adopted a cross-sectional quantitative research, utilising an on-line self-administered survey, to collect data with random non-probability sampling of social entrepreneurs in South Africa.

Findings suggest that strategic alliance building on its own does not have a significantly positive relationship with scaling and earnings generation is positively and significantly related to the scaling of the social enterprise. Findings also suggest more work on the measurement instrument and the validity of constructs in new geographical contexts is needed.

Earnings generation which can be leveraged off CSR investments and other related investments can be prioritised by the social entrepreneur when deciding to scale the social enterprise.

More value can be derived from such studies to enable strategic decision-making and assumptions derived from empirical research.

Key words: social entrepreneurship; corporate social responsibility; financial sustainability; geographic context; SCALERS model

DECLARATION

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

(Sanelisiwe Annabelle Agnes Bukula)

Signed at …Johannesburg…

On the ……29th….. day of ……April…..…… 2021.

DEDICATION

To my late father, Windsor Kaze Radebe, who instilled in me my passion for knowledge and the values of hard work and resilience.

To my husband, Thembani, and my children, Owethu, Usiphile and Zimasa, for being beacons of hope and cheerleaders.

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CHAPTER 1: INTRODUCTION

1.1 Introduction

The World Bank's Gini index score of 63.4 makes South Africa one of the most unequal societies in the world (Littlewood & Holt, 2018). This indicates a real and urgent need for social and economic transformation and inclusive growth opportunities. The idea of business being an island of prosperity in the sea of poverty, is not sustainable in the long term. Stakeholder activism is putting business under pressure to be more responsive to societal needs, besides being solely based on profits (Trialogue BIS, 2019). As a result, there has been a realisation of the mutual dependence between business and society to create value for both (Urban, 2015).

There recently has been a shift in business thinking towards encompassing the social and the environmental context into business activities (Urban, 2015). Social entrepreneurship has been on the increase in the recent past (Austin et al., 2006). Social entrepreneurship is considered to play a catalytic role in social change by leveraging economic activity, in order to achieve a social objective and to contribute to social change (Urban, 2015; Mair et al., 2012). Social entrepreneurs address new and old social problems where existing private sector, public sector and welfare organisations fail to find appropriate solutions and the social entrepreneurs' mission is to transform the social environments by creating systemic and sustainable changes (Urban, 2015).

The aim of this research was to investigate the relationship between social venture acquisition, in the form of strategic alliance-building and earnings generation (access to finance) as a means of achieving scalability of social enterprises.

1.2 Theoretical background to the study

A study of how to scale social impact has theoretical roots in the domains of social entrepreneurship, non-profit management, commercial entrepreneurship, international development, sustainability, and social responsibility (Desa & Koch,

2014). Social entrepreneurship is a sub-field of commercial entrepreneurship, however it shares boundaries with other closely related fields or sub-fields, such as Corporate Social Responsibility (CSR), non-profit management and social innovation (Lortie & Cox, 2018). For this study, the focus is on social entrepreneurship and CSR.

1.2.1 Social Entrepreneurship

There is general consensus that social entrepreneurship's (SE) theoretical home is within the broader field of entrepreneurship (Dees 2001; Mair & Marti 2006; Granados & Rosli, 2020). Entrepreneurs, including social entrepreneurs, are regarded as citizens who see an opportunity that other citizens cannot identify. They have the ability to establish firms that are profit driven or firms that are mission driven that redistribute a portion of their profits back to the mission causes that they serve (Baron, 2007). There has been an attempt to view SE as an alternative for the delivery of public services, especially in developing countries (Mair, & Marti, 2006; 2009; Partzsch & Ziegler, 2011; Seelos, 2005; Mair, 2007).

Recently, SE has been regarded as a transitional vehicle that creates shared value (Sinthupundaja et al., 2020). Like commercial entrepreneurs, social entrepreneurs innovatively combine existing resources and/or create new resources. Social entrepreneurs address social problems by creatively combining resources and, as per Schumpeterian ideals, thereby alter existing social structures (Mair, & Marti, 2006). This phenomenon can be explained by what behavioural theory terms 'bricolage' – a pattern of behaviour that social bricoleurs engage in, in order to solve social problems in unique and novel ways by accessing human and financial capital in extremely resource-scarce environments (Bacq et al., 2015).

Whilst SE is a distinct and unique domain within entrepreneurship, it shares some common characteristics with other sub-fields of larger fields such as CSR. The similarity in the two domains is the focus on social outcomes and firm performance (Lortie & Cox, 2018). The key difference is that CSR research focuses on established corporations whose top management is in place and

looking after their stakeholder expectations in terms of the triple bottom line of economic, social, and environmental performance whilst SE research focuses more on start-ups and their growth (Lortie & Cox, 2018).

1.2.2 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a way in which corporates engage in activity that appears to advance a social agenda beyond just compliance with the law (Siegel & Vitaliano, 2007). CSR resides in the strategic management theory and recent theories of CSR highlight that CSR activities are, in fact, performed to maximise profit (Baron, 2001; McWilliams & Siegel, 2001; Bagnoli & Watts, 2003). This, therefore, indicates the strategic imperative of social and environmental issues being an integral part of the organisation's activities and in partnership with their stakeholders (Halberstadt & Holzner, 2020). In being perceived to be socially responsible, corporate organisations anticipate benefitting from their actions. Benefits include a positive reputation and therefore being able to charge a premium price for their outputs and the ability to attract and retain high quality talented employees (Aguinis & Glavas, 2012). These benefits are presumed to outweigh the high costs of CSR initiatives.

Another important implication of the theory of the firm/strategic perspective on CSR is that CSR activities are usually integrated into the company's business-level product differentiation strategies (Siegel & Vitaliano, 2007). These theoretical studies emphasise how CSR can be part of the firm's differentiation strategies (Aguinis & Glavas, 2012). How corporates engage with society through CSR to ensure that they effect different sustainability issues such as providing access to economic activity through employment and eradication of poverty, becomes a differentiator (Halberstadt & Holzner, 2020).

Further theory postulates that managers who serve the interests of shareholders or of the entrepreneurs who create CSR firms, carry strategic CSR beyond the level that maximises profits or market value (Baron, 2007).

1.2.3 Social Venture Acquisition in the form of strategic alliance building

Social venture acquisition can be found in an identity-based perspective (Smith et al., 2014). Social venture acquisition in the form of strategic alliance building is defined as close, mutually beneficial agreements between one or more parties where there is shared knowledge, capabilities, and resources and these may include licencing arrangements, franchises or joint ventures (Smith et al., 2014). This identity-based perspective has emerged in line with social entrepreneurship research and promises to offer an understanding to the application of processes within social ventures. The social entity's definition; its primary mission; its basis for action and those characteristics that are central, enduring, and distinctive are the basis of the entity's definition under this perspective (Smith et al., 2014).

Social ventures are often challenged with resource constraints, considering their size and the magnitude of the problems that they are trying to solve. They therefore engage in strategic alliance building with other organisations to access knowledge, skills, and resources to develop, implement and scale their impact (Smith et al., 2014).

1.2.4 Social Venture Acquisition in the form of earnings generation (access to finance)

Financing is one of the key drivers of growth for enterprises and research refers to it in different terms including financial resources, financial capital, funding, grants, earnings generation, and social finance (Han & Shah, 2020). Resource dependence theory states that the survival of any organisation is based on its ability to acquire and maintain resources (Froelich, 1999).

Earnings generation or financing in the social entrepreneurial context includes a broad spectrum of resource provision, depending on the match of activities and resource providers, as they support the mission of the social ventures (Froelich, 1999; Han & Shah, 2020). The funding would include government and foundations funding, charitable giving, venture philanthropy, earned income and social impact investing (Froelich, 1999; Venter & Urban, 2015; Han & Shah, 2020).

1.2.5 Scaling of the Social Enterprise

Emerging literature on SE points to the success of social ventures in addressing market or government failures as relying on their ability to scale their social enterprises in order to achieve greater impact. In SE, scaling is not about becoming large or increasing capacity, but more about increasing impact through continuous innovation, adaptation and learning as ways of creating and sustaining social value (Desa & Koch, 2014). Other scholars refer to scalability as the system's ability to cope with larger volumes and still maintain high quality (Webster, 2014). Change capacity; customer value proposition; market analysis and business attribute analysis are the four concepts involved in the organisation's scalability (Kumar, 2010). SE's measure of superior performance is measured by the ability to scale the enterprise in order to enhance the social impact. The enterprise's ability to scale entails the ability to reach more individuals or groups in order to address the magnitude of a social need or problem more effectively (Bacq et al., 2015). There is still an absence of a commonly accepted definition for the scaling of social impact. The distinction between scaling impact and scaling organisation has not been distinctively made in existing literature (Han & Shah, 2019). What seems to be a common theme however, is that social enterprises pursue scaling because their investors or donors or supporters require them to deliver a high social return on their investment (Bloom & Chatterji, 2009).

Bloom and Chatterji (2009) proposed a framework to identify drivers that lead to successful scaling for social enterprises. They identified seven drivers of social impact as **S**taffing; **C**ommunicating; **A**lliance-building, **L**obbying, **E**arnings generation, **R**eplicating and **S**timulating market forces (SCALERS). The SCALERS model was further developed by Bloom and Smith (2010), and finds its roots in marketing theoretical notions, organisational behaviour and strategic management.

1.3 Context of the study

As companies grow in size and influence there is a growing level of societal distrust. With the world facing serious challenges in attaining the Sustainable Development Goals (SDGs) (now also known as the Global Goals), society is

increasingly turning to the private sector to respond to broader societal challenges. As such, the public expectations of big corporates have never been greater (Trialogue BIS, 2019).

With South Africa's history and inequality challenges, one of the pieces of legislation whose objective is to address these, is the Broad Based Black Economic Empowerment (B-BBEE) Act and its relevant sector codes. This legislation finds expression and operationalisation mainly under the Corporate Social Responsibility (CSR) strategies of organisations. This legislation makes it mandatory for organisations to spend percentages of their profitability to address societal responsibility topics, mainly through the Socio-Economic Development (SED) and the Enterprise and Supplier Development (ESD) elements (B-BBEE Act, 2003). After almost two decades since the introduction of this legislation, aimed at addressing the imbalances of the Apartheid era, poverty levels have only slightly been reduced, as 31 percent of the population is still living below the national poverty line, unemployment is at a chronic level of more than 25 percent and the country continues to be plagued by low national skills and education levels (Littlewood & Holt, 2018).

The Trialogue Business in Society (BIS) Handbook (2019) estimates that the growth in spend in Corporate Social Investment (CSI) has not shown a real increase and that fewer companies increased their CSI expenditure in 2019 due to the subdued economy. Non-governmental organisations (NGO's) and other organisations in the social sector largely depend on donor funding, trusts and private organisations. There has been a significant decrease in donor funding (Venter & Urban, 2015). It is estimated that the expenditure in CSI programmes was at R10.2 billion and there was R2.9 billion that was spent with smaller suppliers that come from the communities that they serve. Trialogue affirmed the notion that there was sufficient funding to support the growth of the social economy, however, the challenge was that funding was not accessible to communities that are far from the main economic centres. It is these communities that have been proven to be most in need of the funding (Trialogue BIS, 2019). In an emerging economy, such as South Africa's, government welfare programmes are unable to meet the societal demands (Venter & Urban, 2015).

There is also a lack of appropriate functioning market institutions to encourage traditional businesses to genuinely engage with these issues (Littlewood & Holt, 2018). There is a problem of scaling by social enterprises.

There is a growing demand for both public and private companies to serve a social purpose. The limitations of the South African government to address the societal problems indicate a need for business to play a key role in the development and transformation of South Africa (Littlewood & Holt, 2018). There is a realisation that philanthropy is no longer the only way to make an impact, as donor funding is diminishing and competition for donor funding, trusts and philanthropists has increased (Venter & Urban, 2015). With donor funds reducing, there is more conviction for companies to evolve their CSR strategies towards a shared value model; a way of sustainably addressing social and environmental challenges (Tshikululu, 2019). Literature further goes on to indicate that the establishment of social ventures increases as public spending decreases (Austin et al., 2006; Harris et al., 2009; Sharir & Lerner, 2006). Non-profit organisations are increasingly transforming into social entrepreneurial enterprises and thus increasing interest in line with global trends to address the “wicked” sustainable development problems by engaging in innovation and social entrepreneurship (Littlewood & Holt, 2018; Venter & Urban, 2015).

The prevalence of Social Entrepreneurship Activity (SEA) is a growing phenomenon and as per Global Enterprise Monitor’s broad definition, the SEA is just under 2 per cent in South Africa which is quite low when compared to other efficiency driven economies (GEM Report, 2015). If the narrow definition of SEA, which excludes entrepreneurs who are active in the social or environmental sectors, but only includes entrepreneurs that prioritise social and environmental goals over profits is considered, then the SEA percentage would be much lower.

The B-BBEE Act has had some impact on social entrepreneurship and the creation of opportunities (Littlewood & Holt, 2018). Procurement and investing in social entrepreneurs through the enterprise social development (ESD) element of the B-BBEE Code of Good Practice can give larger businesses an advantage in terms of meeting their B-BBEE targets (Littlewood & Holt, 2018). This could be

one of the reasons why, in the past 15 years, there has been some increase in social entrepreneurial activity in South Africa (Steinman & van Rooij, 2012). South Africa, through the B-BBEE legislation, could potentially tackle the country's "wicked" problems by creating a virtuous cycle characterised by growth and investment in social enterprises in order to achieve financial sustainability (Littlewood & Holt, 2018).

Many social entrepreneurs fail to progress beyond the initial start-up phase due to their inability to scale their enterprises so that they can create a greater impact (Sherman, 2005). There seems to be a failure to leverage social entrepreneurship to address societal and economic concerns. Notwithstanding the B-BBEE legislation, research conducted in South Africa identifies some challenges that may be limiting the SEA growth. There is an unwillingness of Business Development Services (BDS) to support social and non-profit enterprises (Steinman & van Rooij, 2012). Furthermore, social enterprises are not included in the definition of designated group for the purposes of recognition for preferential procurement by larger businesses as part of their ESD (Steinman & van Rooij, 2012). A CSR strategy could possibly provide an option that can be used by entrepreneurs as a win-win strategy (Kiran & Sharma, 2011).

Currently the world has been experiencing the Covid-19 pandemic since early 2020 and the pandemic has severely disrupted social, economic and health systems (Bacq et al., 2020). The pandemic, as declared by the World Health Organisation (WHO), has had a disastrous impact in many parts of the world and its impact is potentially worsening unemployment, poverty and inequality (Prasetyo & Kistanti, 2020). In South Africa, the impact of Covid 19 at a macro-economic level has led to the revision of the growth forecast for 2020 from 0.7 down to 0.4 per cent following the outbreak (Ataguba, 2020). Covid 19's economic impact cannot be fully determined at the moment as it is still unfolding, but it is already evident that, in addition to the deaths, there will be substantial costs to the economy and there needs to be a multi-pronged approach and co-operation from different stakeholders (Ataguba, 2020). The developmental problems will therefore become even harder to solve (Prasetyo & Kistanti, 2020). Social entrepreneurship has been argued to be a key contributor to the

achievement of sustainable development because of its ability to solve societal problems and scaling the impact (Prasetyo & Kistanti, 2020). The Covid-19 pandemic highlights the urgency to collaborate and adopt impact-oriented, innovative and unconventional approaches to alleviate suffering and achieve a positive social impact which supports social entrepreneurship goals (Bacq et al., 2020). The Covid-19 pandemic suggests a new reality where more entrepreneurship is required, especially social forms whose focus will be on value co-creation (Ratten, 2020).

A crisis that has as a big an effect as Covid-19 with an unpredictable path, causing stress and anxiety in society, needs a co-ordinated response that involves individuals, businesses, and governments (Ratten, 2020). The lockdowns in economies, brought about by the Covid-19 pandemic, brings about a uniqueness to this crisis that cannot be equated to any documented entrepreneurship research (Kuckertz et al., 2020). The magnitude of the Covid-19 crisis and the uncertainty of its path, suggests that an entrepreneurial approach is needed that incorporates creative solutions and that involves cross-institutional partnerships. There have been a few studies on crisis management in entrepreneurial research and the rapid response research suggests that bricolage (i.e. combining available internal resources and drawing on external resources to boost the firm's financial capabilities) has been a way of ensuring crisis management (Kuckerts et al., 2020).

1.4 Problem statement

1.4.1 Main Problem

CSR Strategies and programmes that are meant to address societal and environmental problems, receive funding and attention, however, fail to reach communities that they are meant to reach (Trialogue BIS, 2019). In addition, the field of social entrepreneurship offers limited theory and empirical studies on the field of scaling of social enterprises (Grant & Crutchfield, 2007). Social entrepreneurial ventures have been found to be unable to scale for greater impact because of their failure to move beyond the start-up phase (Sherman, 2005).

1.4.2 Sub-Problem 1:

In their quest to remain legitimate, businesses' CSR strategies are meant to address stakeholder expectations and the triple bottom line of economic, social, and environmental performance. Assessing this performance, albeit some of the CSR attributes are observable, is difficult for stakeholders and consumers to verify (Siegel & Vitaliano, 2007). Many South African JSE listed organisations have an obligation to publish annual reports on social responsibility and these can often be viewed as a form of advertising for the organisation. Some consumers and stakeholders are sceptical about these reports and view them as containing management bias (Siegel & Vitaliano, 2007). Social entrepreneurs, as social activists (Urban, 2017) can play an important role in addressing this concern, by supplying consumers with a public good, i.e. information they can rely on to choose socially responsible firms (Siegel & Vitaliano, 2007).

1.4.3 Sub-problem 2

There is limited empirical research in terms of drivers of social entrepreneurial venture success at scaling (Sharir & Lerner, 2006). Although there has been a growth in social entrepreneurial activity over the past 15 years (Steinman & Van Rooij, 2012), there seems to be a failure to leverage the CSI investments already in circulation to attain scale of social impact. Social entrepreneurs still face financial capital challenges, especially in their quest to grow.

1.4.4 Sub-problem 3:

TheCovid-19 pandemic crisis has created a "grand challenge" that can be compared with poverty, inequality and climate change and came with very little or no prior warning and very little or no knowledge about how to handle it. The Covid-19 crisis has created major shifts in how life is conducted and it is envisaged that it will result in further social pattern change (Ratten, 2020). It is therefore important to investigate ways in which social entrepreneurship can alleviate the social burden by social value co-creation through collaboration and how lessons learnt from the Covid-19 crisis can be used in a positive way to solve other societal grand problems.

1.5 Research purpose, research question and aims of the study

The purpose of this research is to evaluate the effect of social venture acquisition, in the form of strategic alliance-building and earnings generation, as a means of achieving scalability of social enterprises. The research is primarily concerned with how social venture acquisition in the form of strategic alliance-building and earnings generation can facilitate the scaling of social enterprise in order to attain greater impact. The main research question is: Can the acquisition of social ventures be an effective CSR strategy? The performance of effective CSR strategies is difficult to measure; as already mentioned, their ability to scale however, would effectively make them better strategies, therefore the research questions have been crafted as follows:

Research Question 1: To what extent is venture acquisition, in the form of strategic alliance-building, positively related to the ability of the social enterprise to scale?

Research Question 2: To what extent is venture acquisition, in the form of earnings generation, positively related to the scaling of social enterprises?

1.6 Conceptual/theoretical definition of terms

Corporate Social Responsibility is defined as actions and policies that are context-specific and take into account stakeholder expectations and the performance of the firm as measured by the triple bottom line of economic, social and environmental factors (Aguinis & Glavas, 2012).

Social enterprises are social entrepreneurial firms that undertake a variety of activities to tackle some of society's most perverse problems, like poverty and human rights, and attempts to create social value (Smith et al., 2014).

Scaling of social enterprises, in the context of social entrepreneurship, is defined as the increase of the impact that is produced by the social-purpose organisation to better meet the magnitude of the social need or problem that it purports to solve (Bloom & Smith, 2010).

Venture Acquisition by means of (i): Strategic alliance-building is defined as partnerships that are close and mutually beneficial between partners and is characterised by sharing of knowledge, capabilities and resources and may range from licencing agreements to joint ventures (Bloom & Smith, 2010).

(ii) Earnings generation is defined as providing access to finance through philanthropic venture capital; Programme Related Investment (PRI) equity and Enterprise Development finance (Bloom & Smith, 2010).

1.7 Contribution of the study

Many social entrepreneurial enterprises start but fail to extend or scale-up their impact which makes scaling up a very important topic to be understood and yet existing research has so far been largely conceptual (Corner & Kearins, 2021). The existing conceptual research has focused on speculating on the challenges that make scaling-up difficult and there has been other research that is anecdotal and has offered practitioners funding advice and the ability to clarify their value propositions (Corner and Kearins, 2021). The empirical research that is emerging is dominated by case-study design and therefore challenging to move beyond descriptive studies (Bacq et al., 2013). This study will therefore be contributing a wider variety of research design beyond case study methodology and by providing a larger-scale quantitative data set beyond case-study methodology, it closes the bias gap of descriptive studies but evolves towards a predictive study.

The study intends to add to the theory and the empirical studies on the nexus between CSR and Social Entrepreneurship and to provide clarity in an area that has been mentioned to be confusing (Aguinis & Glavas, 2012). Lortie and Cox's (2018) assertion that research in social entrepreneurship can potentially inform other related sub-fields, such as impact investing and CSR, holds true and this study can potentially contribute to that body of empirical studies.

In addition, this study's intention is to make a contribution to shifting the focus of social entrepreneurship research from a conceptual definition bias towards empirical research that strengthens theoretical research on social entrepreneurship (Bloom & Smith, 2010) and can therefore provide direction to CSR practitioners, Social Entrepreneurial practitioners and policy makers in South Africa's Social Economy.

1.8 Delimitations of the study

The research focuses on the entrepreneurs and social enterprises in terms of both individuals and enterprises who identify themselves as social entrepreneurs operating in the South African economy. The study focuses on specifically founders and owners of social enterprises with a social purpose/mission aimed at mitigating or reducing a social or environmental problem, addressing a market failure, and generating social value (Alter, 2007). In the South African context, a social entrepreneur is an individual or a group of individuals who found a non-profit or private for-profit company (Venter & Urban, 2015).

The study therefore looks at entrepreneurs from all nine (9) provinces of South Africa to ensure that both developed and under-developed areas are included.

1.9 Research Outline

This chapter has introduced the background and context of the research. It has included the problem statement, the purpose of the research, including its aims and the research questions that provide guidance to the study as well as the contribution that the study makes in terms of gaps in theory and empirical research in social entrepreneurship. This chapter also includes the definition of key concepts.

Chapter two (2) is a discussion of the topic in more detail and provides the review of current literature on social entrepreneurship and scalability of social enterprises with a particular focus on the dependent and independent variables. The review of the literature culminates in the formulation of the conceptual

framework that guides the research and the development of hypotheses which will be tested in the study. Chapter three (3) focuses on the methodological approach, including the research instrument, the sample method and size and the process for data collection adopted in the study in order to test the hypotheses that were formulated in Chapter 2. Chapter four (4) is the presentation and analysis of the results. Chapter five (5) is the discussion of the results and findings of the study, comparing them to existing literature. Chapter six (6) provides the conclusion of the research including implications and recommendations for the different role players, limitations of the study and suggestions for further research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The objective of this chapter is to review literature related to the study's topic. The review includes current literature, definition of concepts used in the study, applicable theories discussed and finally, the development of the hypotheses. The chapter therefore starts with the literature background and applicable theories, the conceptual framework of hypotheses and concludes with the summary.

2.2 Literature background

2.2.1 Social Entrepreneurship (SE)

The rapidly changing business landscape where technology and innovation are dominating is making social entrepreneurship a topic that is gaining attention and momentum (Kamaludin et al., 2021). Social Entrepreneurship has been defined in literature in many ways. Literature has traditionally centred on conceptually defining SE as opposed to basing the definition on empirical research (Dacin et al., 2010). There has been no consensus amongst scholars on one definition of what makes a social entrepreneur, but the definitions start with a minimalist view that defines a social entrepreneur as an actor who operates an enterprise with a social goal (Peredo & McLean; 2006). Broader definitions are based on the enterprise being market–driven and therefore include the business-like approach to social problems. The conceptual differences become apparent in the definitions where the focus is either on behavioural characteristics of the founder or process-oriented or the outcome of the social enterprise is focused (Urban, 2014). If the definition is too broad, it fails to capture what is quintessentially SE and if the definition is too narrow, then there would be too few that fit the definition. Literature has yet to achieve that balance (Dacin et al.,2010).

The significant expansion in literature and research over the past two decades has started to expand the definition of SE, however there is still an absence of one unified single definition that has been consensually accepted (Kamaludin et al., 2021). SE is defined as pursuing social objectives and social change by leveraging economic activity (Mair et al, 2012). Mair and Marti's (2006) definition

also centres around the creation of social value by pursuing opportunities, innovating and mobilising resources in a novel way to effect societal change or founding new firms whose objectives are to generate positive returns for society. This notion is also captured by the global entrepreneurship monitor (GEM) reports whose definition includes an attempt at social entrepreneurial activity or the creation of the new enterprise. This activity could be self-employment or the creation of a new enterprise or the expansion of an already existing enterprise by an actor or group of actors. The goals of the enterprise are social or community focused and the profits made and re-invested in the mission rather than returned to investors (Urban, 2014). This definition highlights both the economic activity and the ambition to transform the social environment (Mair et al., 2012). The primary purpose of the social enterprise is for the change that they create for communities to be sustainable and the secondary purpose is to make profits in order to sustain the enterprise (Kamaludin et al., 2021).

The economic activity in SE overlaps with conventional commercial entrepreneurship definitions and this is compounded by the absence of a standard definition and the measurement of constructs that make up social entrepreneurship. This has been argued to be one of the stumbling blocks in research and creates confusion on the distinction of social or profit-making activities that fall within the domain of social entrepreneurship (Kamaludin et al., 2021). Social entrepreneurship (SE), similar to commercial entrepreneurship, involves the identification of opportunities, development of innovative responses and the combination of resources in order to achieve their objective (Venter & Urban, 2015). Social entrepreneurs, similar to commercial entrepreneurs, need to go through opportunity identification and exploitation; resource mobilisation, innovating and value creation, risk-taking (Gras &Lumpkin, 2012). There is a similarity in that both commercial entrepreneurship and SE involves the provision of goods and services for revenue generation (Mair et al., 2012). Both have to compete for their customers' business. Social entrepreneurs, similar to their commercial counterparts, need to invent and implement innovative programmes. They need to demonstrate proof of concept and the abilities to plan and deliver the service or product (Urban, 2014).

Prior research has highlighted the similarities of processes between social enterprises and commercial enterprises with the difference being mainly that the social enterprise will be driven by a social mission (Kamaludin et al., 2021). In support of this view, Urban (2014) identifies the distinguishing factor as that the social entrepreneur is motivated by innovating to change patterns and systems of society, the commercial entrepreneur is driven by innovation, profit, and competition (Urban, 2014). Strategic management literature points to the entrepreneur's competition blueprint as being their strategy and the implementation or operational plans. Literature points to a number of key differentiators in the strategy formulation for social entrepreneurs with the most important ones being goals, resources and stakeholders. (Gras & Lumpkin, 2012).

Social entrepreneurial goals extend beyond the enterprise but will be externally focused for the betterment of society. The mission statements of the social enterprises will point to externally oriented goals and these form the overarching organisational goals that will guide specific objectives (Gras & Lumpkin, 2012). The mission and goals of social entrepreneurs include addressing market failures that result from failure of government agencies and/or commercial enterprises. This involves innovative solutions that are based on the Schumpeterian concept of creative destruction and renewal (Ormiston & Seymour, 2011). Social entrepreneurs address the market failure of dealing with social issues that were in the past dealt with by governments and non-profit organisations by implementing innovative solutions that are able to use economic resources efficiently whilst creating enormous social value (Ormiston & Seymour, 2011). In South Africa specifically, social entrepreneurs have been argued to be continuously innovating and exhibiting external focus and accountability to the constituents that they serve as a solution to market failure by government in light of massive inequalities and a lack of growth and sustainability of the non-governmental organisations (NGO) sector (Urban, 2014).

Further strategic management literature provides guidance in terms of the social entrepreneurial resources involved in value creation. The resource-based view of

strategy places emphasis on how the leveraging of a unique combination of resources and capabilities can lead the enterprise to achieving excessive profits (Ormiston & Seymour, 2011). Different to the commercial entrepreneurs who depend on resources internal to their firms, social entrepreneurs place their dependence more on resources that are external to them (Gras & Lumpkin, 2012). As an example, financing for the social entrepreneur involves a collection of funders ranging from individual contributions, government grants, philanthropic grants from foundations, member dues, or investments. If collectively, the funds received are higher than the cost of sales, then profits will be realised. This resource-based view suggests that the firm's superior performance will result from valuable resources and capabilities, including financial and non-financial resources (Ormiston & Seymour, 2011). Networks and co-operative relationships have been highlighted as other valuable external resources for the social enterprise. The resources highlighted here are more community-based and over and above profits or financial gains, these often lead to the social enterprise having greater legitimacy and power and the ability to execute with speed (Gras & Lumpkin, 2012).

Important stakeholders in the formulation of a strategy for social enterprises are externally focused and include competitors, alliance partners, government agencies and local communities (Gras & Lumpkin, 2012; Ormiston & Seymour, 2011).The stakeholders are often involved in the governance of the social enterprise and their objective is to be accountable to the constituencies that they serve. Stakeholders' influence on the social enterprise's strategy may include resource control and regulation. Strategic alliance partners may withhold resources if they do not agree with the strategies of the social entrepreneur. These strategic networks are important to the social entrepreneur as they contribute to the creation of value through mobilisation of their networks (Ormiston & Seymour, 2011).

SE, although grounded in entrepreneurship theory, does have overlaps with other sub-fields, including but not limited to CSR (Lortie & Cox, 2018). There is a suggestion in literature that it transcends domains like social movements and

non-profit management which belong to entrepreneurial studies (Dacin et al. 2010). What differentiates SE from pure social movements is the economic activity focus (Mair et al., 2012). What distinguishes it from corporate forms of doing good such as corporate social responsibility (CSR) or corporate philanthropy is the transformative social ambition (Mair et al., 2012).

For-profit organisations that engage in CSR are becoming more selective when they choose causes to support. They opt to invest in those issues that yield a higher social return for them (Venter & Urban, 2015). This creates an opportunity for social entrepreneurs to identify areas of impact and opportunities which are less attractive for these corporates (Venter & Urban, 2015) or to identify areas where the social entrepreneur can expand opportunity sets of citizens in the consumption-social giving space (Baron, 2007).

The positive theory for the economic environment also recognises conditions under which social entrepreneurial firms can be founded as CSR firms, sometimes at a financial loss, and the conditions under which those firms are able to be associated with profit maximising firms (Baron, 2007). A CSR firm makes it possible for financial and social returns to be replicated by a linear combination of both personal giving and shareholding in profit-maximising firms (Baron, 2007).

2.2.2 Corporate Social Responsibility

South Africa continues to be plagued with issues of inequality and social exclusion. The social responsibility strategies of a corporate entail the economic, legal, ethical, and discretionary [later referred to as philanthropic] responses that society expects from the business (Carroll & Shabana, 2010). Corporates, on the other hand, use CSR to try and bring equilibrium through their actions to benefit society. CSR is a business posture or outlook that an organisation takes in terms of its obligation to the interests of society with specific regard to the underprivileged, the environment in which it operates, its employees and consumers, and also in maximising wealth for its stakeholders (Shen & Chang, 2009).

CSR research has its theoretical grounding on the notion that there is a contract (both implicit and explicit) that exists between business and the community in which it operates (Moir, 2001). Creation of wealth for businesses, generating employment and supplying markets with goods and services has to be balanced with businesses contributing to the upkeep of the communities within which they operate (Shen & Chang, 2009).

CSR is regarded as one of the key strategies that ensure that a corporate is able to achieve profit and remain competitive and achieve sustainable value for all its stakeholders including investors and shareholders (Kiran & Sharma, 2011). CSR initiatives manage business risk by promoting responsible practices on various environmental, social and governance issues and proper implementation of these will affect public and stakeholder perceptions of the organisation (Carroll & Shabana, 2010). This results in better profitability and overall risk management (Siegel & Vitaliano, 2007).

CSR's evolution through time has been affected by the events that affect business and its trust by the citizens. Firms engage in CSR mainly from institutional pressures and this is primarily from stakeholders (Aguinis & Glavas, 2012). The 1990s to 2000s became known as the global citizenship era; the early 2000s were affected by the Enron-era scandals and this was followed by the Wall Street financial scandals (Carroll, 2009). This led to corporates continually trying to build business legitimacy by focusing on business ethics that seemed to overtake the growth and development of the social and environmental responsibility themes. A consistent theme in CSR initiatives is that they are targeted at improving the firm's reputation (Aguinis & Glavas, 2012).

The institutional pressures that lead to CSR initiatives have been incorporated into what is now commonly known as Carroll's Pyramid of Corporate Social Responsibility (Schwartz & Carroll, 2003).

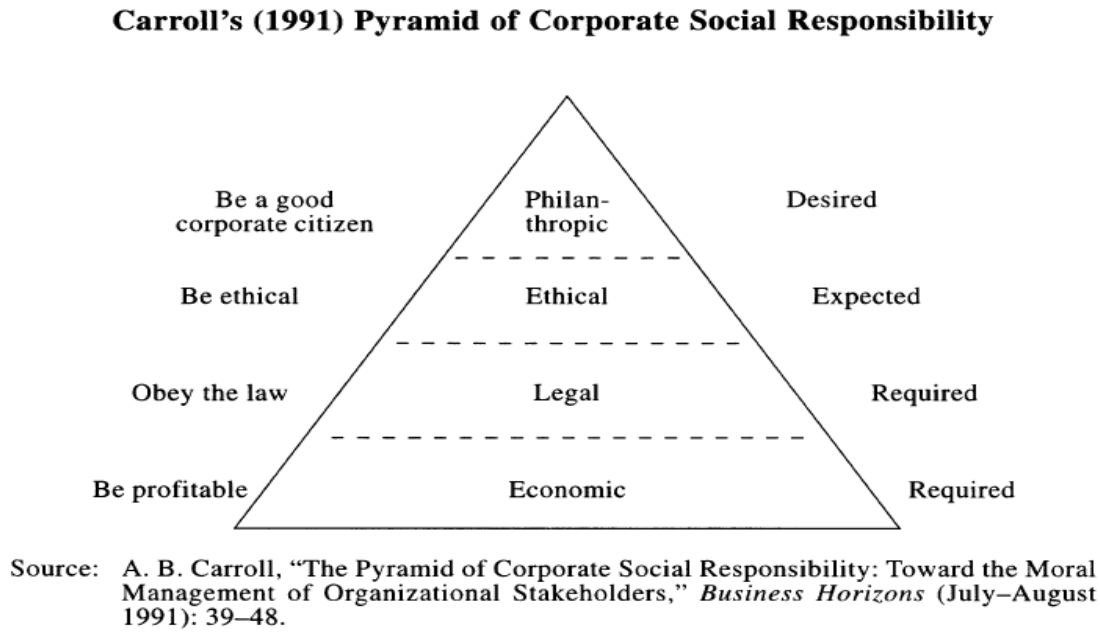


Figure 1: The Pyramid of Corporate Social Responsibility

(Schwartz & Carroll 2003: 504).

Some of the institutional pressures facing South African corporations have been post-1994 legislation and policies that have been passed, which have placed societal matters on the corporate agenda, primarily through the B-BBEE Act (RSA, 2011; Skinner & Mersham, 2008). The Department of Trade and Industry incorporated explanatory codes of practice on B-BBEE that later included SED as an element that focuses on CSI. As a result, having set targets and expenditure requirements, CSI has become a performance-driven pursuit among businesses seeking to improve their overall B-BBEE scorecard (Skinner & Mersham, 2008).

South Africa continues to be faced with numerous developmental challenges that include high poverty levels, chronic unemployment, high HIV/Aids prevalence rates estimated at 19.1 per cent, high crime rates and limitations to basic service provision (Littlewood & Holt, 2018). These structural challenges, and the failure of government to address them successfully, provide various opportunities (Littlewood & Holt, 2008). Key players in addressing these challenges include businesses through CSR activities and social enterprises that combine economic and social objectives in their operating model (RSA, 2011; Littlewood & Holt, 2008).

The measure of success of the CSR strategies in South Africa is through environmental, social and governance (ESG) reporting. The corporate social responsibility reporting (CSRR) framework requires organisations to report on their environmental, social and governance (ESG) performance (Dawkins & Ngunjiri, 2008). There are also numerous forms that encourage reporting on ESG, including the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI); the FTSE ESG model of the JSE report and the King report on corporate governance (King III, 2009) (Dube & Moroun, 2017). This reporting, useful as it is, has been claimed to be largely left to the discretion of the organisation and driven by the need for organisations to enhance their legitimacy, perception management of key stakeholders and as a reflection of their corporate values (Dawkins & Nguninjiri, 2008). The scepticism of stakeholders about the bias of these reports (Siegel & Vitaliano, 2007), and the fact that social valuation and measurement impact and the underlying reason for such reporting have been a disputed matter over the last two decades (Gibbon & Dey, 2011), are an indication that there is a gap in the measurement of the real impact of these.

This has opened up space for social entrepreneurship and innovation within South African CSI participation as mechanisms for addressing these complex developmental challenges (Littlewood & Holt, 2008). Social entrepreneurs are primarily motivated to catalyse and create social value (Sherman, 2005). They are becoming notorious for their ability to present innovative solutions to challenging social issues (Sherman, 2005). They however, lack resources to scale up and increase their impact beyond the start-up phase.

CSR activities are being considered in recent literature as key players in sourcing and scaling social impact (Halberstadt & Holzner, 2020). Social impact scaling and growth can be influenced positively by big corporates who pay genuine attention to sustainability issues by creating and implementing innovative ideas (Halberstadt & Holzner, 2020).

2.2.3 Scaling Social Enterprises

The scaling of social enterprises involving solving a problem that has been solved elsewhere in a limited way but can now scale up such that the impact on society

is wider, has become a key area of focus for research in social entrepreneurship (Bloom & Smith, 2010). There has been limited theoretical and empirical studies dedicated to the scaling of social enterprises (Sherman, 2005). The scaling of a social innovation offers the potential to greatly expand the social value of the innovation to a greater number of beneficiaries. Corner and Kearns (2021) refer to scaling as a social enterprise having started-up in one geographical location where a good idea or product is turned into a product that can benefit local people and when successful, it can create this benefit for a larger number of people.

The definition of scale is largely dependent on the source discipline. Entrepreneurship literature refers to scale as organisation or revenue growth, non-profit literature refers to scale as sector growth and marketing/ management literature refers to scale as social franchising or replication (Desa & Koch, 2014). Desa and Koch (2014) advance a distinction of social impact i.e. scaling of the breadth of scaling impact versus scaling of the depth as an attempt to encompass the diverse interpretations of scale.

Scaling of social innovation offers a potential strategy to significantly expand the social value created by that innovation to a larger number of beneficiaries, however there is still limited theoretical and empirical work to support this claim. Scaling of social enterprises has therefore been considered as one of the most, if not the most, key dependent variables in the field of social entrepreneurship (Bloom & Smith, 2010). Besides the limitation on social enterprise scaling theory, one of the areas that has been the focus of theoretical work is the SCALERS model as shown in figure 2. It identifies seven social impact scaling drivers, namely: Staffing, Communicating, Alliance-building, Lobbying, Earnings-generation, Replicating and Stimulating market forces (Bloom & Smith, 2010).

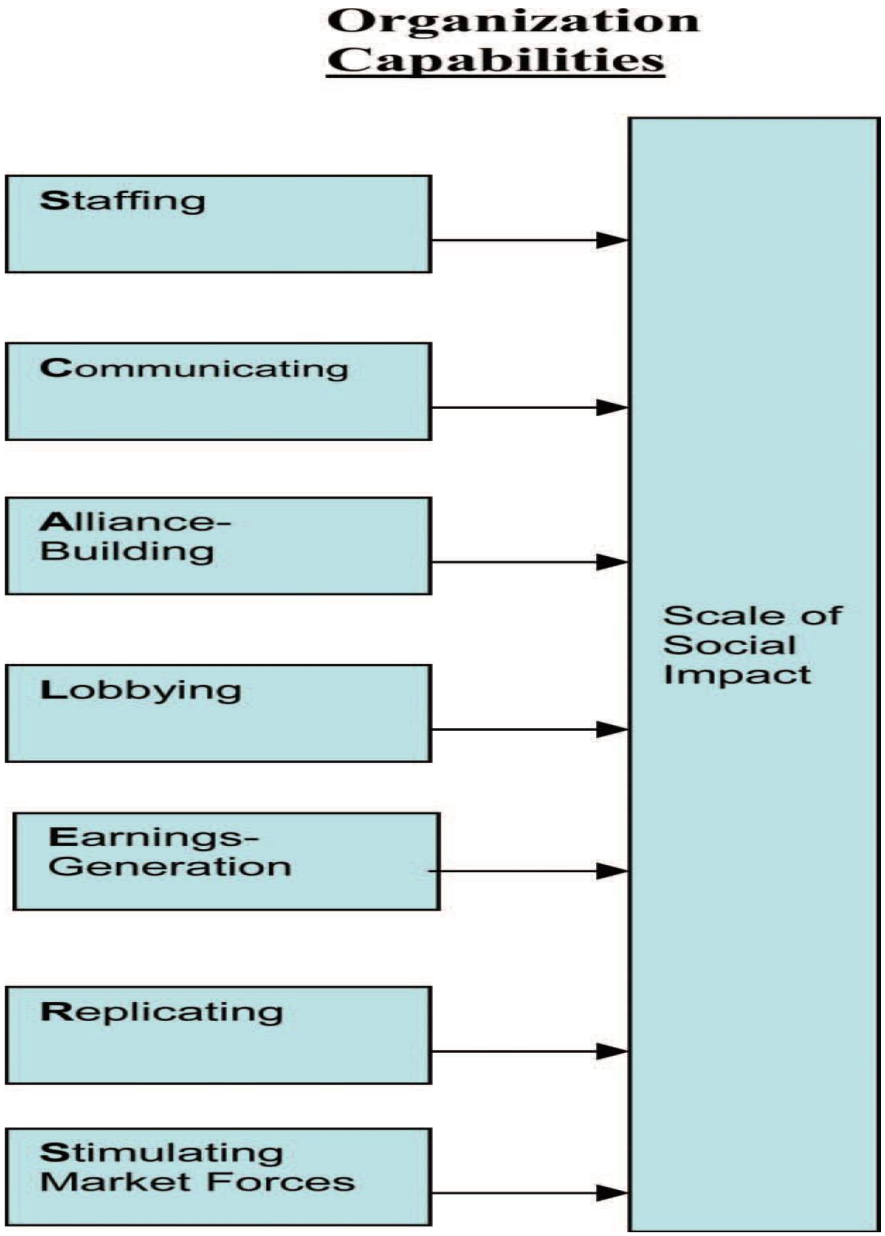


Figure 2: The SCALERS Model

(Bloom & Smith, 2010, p. 128)

Prior work on the scaling concept has focused on how internal policies and people inside the organisation can affect the growth of social enterprise. There has been a recent shift, highlighting the importance of the interactions with their external ecosystems, as the factors that assist the scaling of entrepreneurial organisations (Bloom & Smith, 2010). The creation of alliances to acquire resources and political support; changing behaviour of beneficiaries and influencers by building on market incentives and the ability to capitalise on current economic and social trends to appeal to the attention of investors and building momentum for their

missions, are some of the crucial levers to pull in order to scale the social enterprise (Sherman, 2005).

2.3 Strategic Alliance Building

The success of social entrepreneurship is dependent on developing effective models for creating direct and indirect social impact. The social impact model would include key strategies and considerations of the relationship mix between mission and activities, competition and co-operation, pricing, fund-raising and growth plans (Sherman, 2005). While strategy is key, what is even more important is that growth is often dependent on having the necessary resources to develop and execute a growth strategy (Bloom & Smith, 2010). The SCALERS model combines literature from the different forms of capital and literature from the organisational capabilities. It views each of the elements in the model as an organisational capability to create, develop and maintain different forms of capital, which in turn, can be used to grow or scale social impact of social entrepreneurial organisations (Bloom & Smith, 2005).

For the purposes of this study, the focus is on strategic alliance-building, as this refers to the partnerships forged by the organisation which include coalitions, joint ventures, branching, franchising and other linkages to bring about desired social changes (Horoszowski, 2013). The value of this construct is derived from the recognition that the organisation can obtain benefit by unifying its efforts instead of trying to do things by itself. Strategic alliance-building is explicitly about the theory of social change that argues that forming relationships with other organisations assists with access to additional resources that will affect the development and implementation of the social innovation. Therefore, the organisational capability of strategic alliance-building enables the social entrepreneurial firm to scale as an enterprise, with the help of other organisations (Bloom & Smith, 2005).

The above discussion leads to the development of hypothesis 1.

H1: *There is a positive relationship between social venture acquisition, in the form of strategic alliance-building as a means of scaling social enterprises.*

2.4 Earnings Generation

Social entrepreneurs need access to finance in order to grow their organisations. Theory has been mostly on non-profit social organisations and how they have recently had to adopt new revenue providers because there is a growing uncertainty with resources becoming scarce and the traditional sources of income, such as donor funding, depleting (Froelich, 1999). This is consistent with resource dependence theory, where there is a need to modify the locus of their dependence to develop alternative sources of revenue by being involved with commercial activity (Froelich, 1999). Sherman (2005) extends this argument by pointing out that there is more likelihood for new ventures with more capital to survive, grow and become profitable and that images of success lead to the perception of legitimacy. Social ventures are characterised by uncertainties and information asymmetries that enable entrepreneurial opportunities and therefore make it a challenge to acquire the resources needed to exploit those opportunities (Sherman, 2005).

Amongst some of the approaches to overcoming these financing challenges for profit-seeking entrepreneurs is a form of partnering that aligns the interests of the entrepreneur and the investor and is an option (Sherman, 2005). Although a form of exchange venture to service the social goal remains critical, there may be a need to partner with a profit-seeking partner who may plough back some of their profits to the good cause (Peredo & McLean, 2006). The goal of profitability would weigh very closely, if not equally, to the objectives of environmental and social benefits (Peredo & McLean, 2006).

Sherman (2005) argues that the entrepreneur needs to consider financing requirements from the perspective of debt versus equity (or donations) and lists examples of sources of funds available to profit-seeking entrepreneurs including, suppliers and trade credit, commercial banks, government loan programmes, Research and Development (R&D) limited partnerships, venture capital, private equity placements, public equity offerings and other government offerings.

Social entrepreneurship challenges in acquiring financial resources are further exacerbated by the fact that if they operate as non-profits, they cannot distribute

residual financial returns and are not able to raise equity financing. If they cannot develop earned income models that cover operating costs, they will always require financial resources for start-up, growth, and on-going operations (Sherman, 2005). Further to this, the external environment of social entrepreneurship is less likely to have an abundance of financial incentives that will attract funders or investors, employees, and suppliers to support their venture. The persuasion for support and engagement with the scaling strategy is often an appeal to altruism, compassion, volunteerism, and social value creation (Bloom & Smith, 2010).

The United States has developed a concept called Low Profit, Limited Liability Companies (L3C) and these can accept equity and loans from foundations through Programme Related Investments (PRIs), as well as from private investors. The ownership of a L3C can be structured to accommodate different levels of risks associated with the returns expected from them. Founders in the L3Cs are able to retain ownership and control over their ventures and this makes them different to non-profit organisations (Florin & Schmidt, 2011).

The driver of scale that the SCALERS model refers to as Earnings-generation, is one that purports to effectively overcome the challenges discussed above in that it deals with the organisation's capability to generate a stream of revenue or funding that exceeds its expenses (Bloom & Chatterji, 2009). The higher the value on this construct implies that the firm has no trouble paying its bills and funding its activities. Earnings-generation that is derived from earned income efforts, donations, grants, sponsorships, membership fees, investments, or other sources, enables the social entrepreneurial firm sufficient financial capital to scale its enterprise. This implies that the more successful the organisation is in generating earnings, the more likely it will have access to the required financial resources or growth capital that they need to scale their social enterprise. The social sector is characterised by very limited growth in capital markets and therefore the organisation's capability on the earnings generation element becomes critical for their ability to scale (Bloom & Smith, 2010).

Research has singled out financing (sometimes referred to in literature as resource, capital, funding, grants, earnings generation, social finance, etc.) as the

fuel to the scaling of social impact. Although different research uses different terms, earnings generation has been argued to be most commonly recognised in literature as the driver of scaling of social enterprises (Han & Shah, 2020). The challenge of acquiring funds often limits the scaling of the social enterprise and therefore, the impact that can be achieved (Han & Shah, 2020). An alternative view however, is that private funders have shown a preference for funding innovations and 'breakthrough ideas' as opposed to funding social enterprise scaling (Scheuerle & Schmitz, 2016).

This therefore leads to the second hypothesis that:

H2*: There is a positive relationship between social venture acquisition, in the form of earnings generation, as a means of scaling social enterprises.*

2.5 Conceptual framework of hypotheses

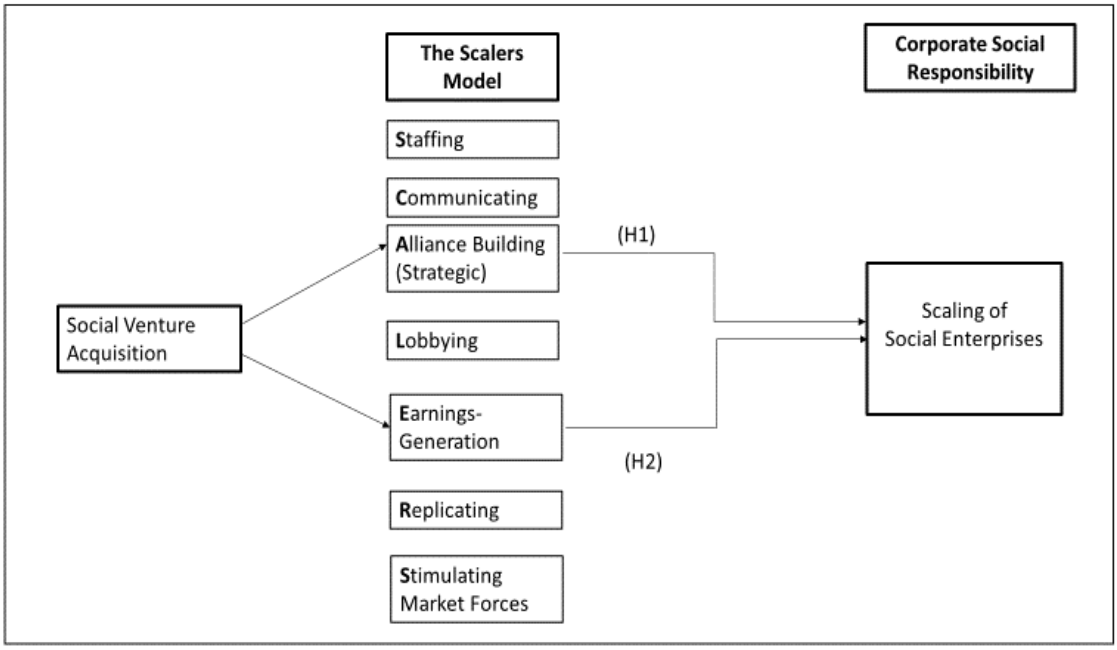


Figure 3: Conceptual Framework

(Source: Own work)

2.6 Summary of Literature Review

Table 1: Summary of literature review on Corporate Social Responsibility, scaling of social enterprises

Author(s)	Focal entrepreneurial phenomenon	Locus of entrepreneurship	Relationship between entrepreneurship phenomenon and strategy
Carroll and Shabana (2010)	Corporate Social Responsibility	Corporate management, leader/venture manager	Corporate Social Responsibility strategy can be extended to accommodate social entrepreneurship
Carroll (2009)	Corporate Social Responsibility	Top and Senior Managers, leader / venture manager	Drivers of strategy
Sherman (2005)	Scaling Social enterprises (SR)	Not specified	Drivers of social entrepreneurial ventures
Bloom and Smith (2010)	Scalers Model and social entrepreneurship	Not specified	SCALERS model in social entrepreneurship
Froelich (1999)	Access to Finance	Owners and shareholders	How non-profit organisations raise finance.
Florin and Schmidt (2011)	Hybrid Venture arena	Individual/organisational members	Social Entrepreneurship and the creation of Shared Value
Bacq et al. (2015)	Entrepreneurship and Innovation	Social enterprises	Social entrepreneurship bricolage and scaling

Source: Adapted from Ireland, Covin and Kuratko (2009, p. 22).

2.7 Conclusion of Literature Review

The chapter started by reviewing literature contextualising the overlap between Social Entrepreneurship and Corporate Social Responsibility by looking at the two sub-fields separately and how literature suggests a collaboration between the

two sub-fields in order to achieve scaling of social impact. This was followed by definitions and literature review of the different theories that exist in the interpretation of scaling of a social enterprise and the existence of a SCALERS model as a framework of identifying organisational capabilities for social enterprises that lead to scaling of the enterprise.

This section was followed by the definition and examination of the two independent variables from the SCALERS model, namely, strategic alliance building and earnings generation as these have been identified as related to venture acquisition for further analysis by this study. The conceptual framework was presented depicting the direct relationship between the two independent variables and the dependent variable, being the scaling of the social enterprise.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter comprises the detail of the research methodology and design that were applied in the research. The research methodologies covered include data screening, sampling and the population, data collection, data analysis, reliability, and validity testing. Methodologies applied for testing the hypotheses discussed in the literature review are also discussed.

3.2 Research Paradigm

The study employed a quantitative methodology as it was an attempt to provide some level of precise measurement of phenomena such as behaviour, opinions and attitudes (Cooper & Schindler, 2014). Quantitative methods, after the measurement, then quantify relationships amongst variables and from then, are able to describe, predict and/or explain phenomena (Cooper & Schindler, 2014).

3.3 Research Design

The design was cross-sectional quantitative research in nature because of the collection of data on more than one case but at a point in time or a snapshot of a single time period (Bryman & Bell, 2017; Cooper & Schindler, 2014). The cross sectional quantitative design has at best, the ability to determine the strength of relationships based on probability although the ideal would have been for the study to try and determine causality (Cooper & Schindler, 2014).

The research was conducted by utilising an on-line self-administered survey. Most quantitative studies utilise surveys and they are considered the best suited method of collecting data for those kinds of studies (Field, 2009). The questions are structured around the concepts that are being measured and they are targeted questions.

The advantages of this design was that it made respondents who were otherwise not easily accessible, accessible, and it was also cost effective in that the researcher was able to cover a larger geographical area without incurring extra costs and there were no additional staff requirements (Cooper & Schindler, 2014).

The disadvantage of this method was the low response rate; the interviewer not being available to explain or probe further and therefore the survey needed to be short and concise (Cooper & Schindler, 2014). Another disadvantage was that the researcher could not design a long questionnaire because on-line respondents generally do not complete long questionnaires and therefore there is a limit to the amount of information that the researcher can obtain and therefore limits the ability to dig deeper in any topic (Cooper & Schindler, 2014).

3.4 Population and Sample

3.4.1 Population

The population for research purposes is defined as consisting of all the persons that a researcher wants to study, and it has also been described as represented subjects within the whole population from whom the researcher intends to make extrapolations and inferences (Young, 2006; Cooper & Schindler 2014). In other words, aggregates of gathered components from which a conclusion can be made, make up a population (Cooper & Schindler, 2014).

The target population of this research was individuals who identify themselves as social entrepreneurs operating in the South African economy. These included founders and owners of social enterprises with a social purpose/mission aimed at mitigating or reducing a social or environmental problem; addressing a market failure and generating social value (Alter, 2007).

3.4.2 Sample and sampling method

There is no universally applied definition of a social enterprise and South Africa in particular, does not have a legal structure for social enterprises. A social entrepreneur in South Africa would be an individual or a group of individuals who found a non-profit or private for-profit company (Venter & Urban, 2015). The absence of the legal framework poses a challenge in that there is an absence of a database that would be exclusively for social entrepreneurial enterprises. The sampling frame therefore targeted individuals that form part of practitioner networks like the Social Enterprise Academy Africa (SEAA), and members of learning hubs such as the Bertha Centre for Social Innovation and Entrepreneurship (BCSIE) who are founders of social entrepreneurial

enterprises. (Littlewood & Holt, 2015). Members of support programmes like those run by the likes of Tshikululu's development and advisory programmes were also included (Trialogue BIS, 2019).

A random non-probability sampling methodology was employed (Cooper & Schindler, 2014). The non-probability sampling method was used because it enabled the researcher to use their judgement to select which respondents could be selected for the study based on their suitability (Zikmund, 2003).

The following criteria were used to identify social entrepreneurs:

- The participant should consider themselves a social entrepreneur
- The social entrepreneurial enterprise needed to have a social purpose/mission (Alter, 2007).

Although the practitioner networks mentioned above were contacted via email and telephonically to assist in sending emails on to their databases and the letter that explained in detail the aims of the study with the request to participate, there was no guarantee of responses from the intended respondents. The non-response of entrepreneurs has been cited as common in entrepreneurship research (Shook et al., 2003).

The sampling frame had to be extended beyond just the social entrepreneurial networks. The researcher had to draw from a larger population and then include a screening question to eliminate those who were not social entrepreneurs (Cooper & Schindler, 2014). The researcher then included question 13 as the screening method. If the answer to the question was other, the responses were eliminated from the survey. The study therefore utilised other platforms like LinkedIn and WhatsApp to get more participants.

One of the disadvantages of using the non-probability sampling method is that the generalisability of research findings is limited (Cooper & Schindler, 2014).

The ideal number of respondents would have been 160 based on the number of items in the research instrument (Field, 2013). The intention was however to target 400 responses based on the non-responses experienced in

entrepreneurial research in South Africa. An excess of 400 questionnaires were distributed via emails, LinkedIn and WhatsApp social platforms. Due to the response rates being slow and time constraints to complete the study, the survey had to be stopped at 199 responses and out of those, only 158 could be utilised.

3.5 The research instrument

The data was collected through an on-line self-administered survey. The on-line self-administered questionnaire provides confidentiality, it is objective, quick and efficient (Cooper & Schindler, 2014). It also allows for flexibility for the respondents to respond at a time convenient to them and without any interference from the interviewer (Cooper & Schindler, 2014). Survey findings and conclusions are projectable give the researcher the ability to project to a large and diverse number of populations and on-line surveys allow for rapid collection of data (Cooper & Schindler, 2014). The disadvantages of the on-line surveys include: a low response rate, participant responses can be skewed and issues of computer security (Cooper & Schindler, 2014).

The measuring instrument was a multi-item scale instrument consisting of five to six questions per construct. An ordinal scale instrument was used to measure the constructs because it offers some classification and order but no distance. It is a determination of greater or lesser value (Cooper & Schindler, 2014). A 7-point Likert scale questionnaire was used and the answer options ranged from Strongly Disagree, Disagree, Somewhat Disagree, Neither Agree nor Disagree, Somewhat Agree, Agree to Strongly Agree. The Likert scale is popular because of its ease and speed to develop. Compared to other scales, Likert scales are considered to be superior in terms of reliability and at providing a wider range of data (Cooper & Schindler, 2014).

The measuring instrument was adapted from the Bloom and Smith (2010) SCALERS research which based its constructs on the original SCALERS model by Bloom and Chatterji (Bloom & Smith, 2010). The instrument was modified to add some items based on prior literature guidance (see Appendix A) and a covering letter introducing the research was attached (Appendix B).

Table 3 is the summary of the measurement tool and its constructs.

Table 2: The Measurement instrument

Description of construct	Variables/ Dimensions	Sourced from	Prior reliability and validity issues
Social Venture acquisition in the form of Strategic Alliances - Independent Variable (IV1)	1. Partnerships with other organisations 2. Not going alone in pursuit of new opportunities 3. Joint action 4. Franchising 5. Joint Ventures	Bloom and Smith (2010) Sherman (2005) Horoszowski (2013)	Construct validity is an area for further development
Scaling Social Enterprises (DV)	6. Progress in problem alleviation 7. Capability scaling up to address mission 8. Expansion of number of individuals served 9. Expansion of geographic area served. 10. Transferability to other locations. 11. Ability to serve potentially large groups of people.	Bloom and Smith (2010) Sherman (2005) Horoszowski (2013)	Common method variance problems because of self-report data.
Social Venture Acquisition in the form of earnings generation (IV2)	12. Revenue streams from products and services 13. Donors and funders as sources of revenue 14. Sustainable finance 15. Investors 16. Programme related investors	Bloom and Smith (2010) Sherman (2005) Froelich (1999) Peredo and McLean (2006)	Construct validity is an area for further development

(Source: own work)

The questionnaire was distributed to entrepreneurs and owners of businesses who regarded themselves as social entrepreneurs or regarded their enterprises as being driven by a social or environmental mission.

The hypotheses were tested through multiple regression analyses.

The measuring instrument also included descriptive data in the form of demographics including age, gender, level of education, size of their business, province located, length in business and age of the business.

3.6 Procedure for data collection

The survey was a cross sectional research and Qualtrics, an on-line questionnaire design tool with the capability of distributing and capturing data, was utilised. The survey ran on the Qualtrics tool from November 2020 until February 2021. In field research, the most commonly used method of collecting data is the use of questionnaires (Field, 2013).

The link to the survey was sent via direct emails to the contact persons from the identified network groups like the Social Enterprise Academy Africa (SEAA), and the Bertha Centre for Social Innovation and Entrepreneurship (BCSIE), WhatsApp messages and the LinkedIn platform. There was a reluctance from the identified network bodies to share their databases, however they were willing to forward the messages via email and WhatsApp groups. The follow-up weekly emails was therefore also done via them and they were encouraged to also distribute further to other social entrepreneurs in their networks. The SEAA also shared the research cover letter and the link through their newsletter and put a reminder in the subsequent newsletter to try and solicit more responses. The response rate was still very slow and not ideal and this was a result of many social entrepreneurial organisations being resource constrained in terms of both money and time (Bloom & Smith, 2010). The Covid 19 environment is also argued to have negatively affected many small businesses in South Africa and that may have affected responses.

It is therefore difficult to confidently state the number of entrepreneurs to whom the questionnaire was distributed because of the reliance on the contact persons at the different organisations, open platforms like WhatsApp and LinkedIn.

The response rate is summarised in table 4 below:

Table 3: Type of respondents

Respondents	Frequency	Percentage	Data
Social Entrepreneurs	158	79%	Usable
Non-social entrepreneurs	10	5%	Excluded
Incomplete	31	16%	Missing data
Total Responses	**199**	**100%**	

(Source: Primary data)

Table 3 shows the type of respondents who completed the survey. Out of a total of 199, 10 responses were disqualified because they indicated that mission of their businesses did not fall in the domain of social entrepreneurship by choosing Other for Question 13. Thirty-one had missing data especially on the questions that were measuring the constructs and could therefore not be used.

The data was collected following the steps below:

[1] Identified contact persons of the different organisations were sent emails with a formal letter containing the detail of the study and the request for their organisation's participation through access to their databases.

[2] Those who indicated that they would be willing to assist by means of distributing the survey were sent the information letter (Appendix B) that explained the study and the link to the survey.

[3] Some indicated a preference to distribute the survey by means of the WhatsApp platform and the covering letter and link were sent to them via a smartphone.

[4] The consent section formed part of the survey that was preceded by the introduction and explanation of the study. If the respondent did not consent, then their responses would be disqualified.

[5] Weekly follow-ups were done to try and improve the response rate.

3.7 Data screening

The following section details how researcher performed the screening and analysis of the collected data. Data needs to be edited, coded, and converted for appropriate analysis through classification and reduction methods (Cooper & Schindler, 2014).

3.7.1 Data cleaning

The data that was collected by the Qualtrics tool was exported to IBM SPSS version 27. Data was first screened to remove all the incomplete and empty columns. The columns that are automatically recorded by Qualtrics e.g. date of completion and IP addresses were all removed from the data set for ease of analysis.

The data was then checked for missing values and this was done by using frequency tables. Unlike incomplete questionnaires, missing data may be caused by an instance of the respondent inadvertently missing out questions or uncertain about which answer to choose. Frequency tables are able to show missing data per variable, so the decision was taken to remove all responses with missing data instead of using means to replace the missing values. This was taken based on the size of the sample. Removing missing values would not make the sample too small for analysis.

3.7.2 Data Coding and Reshaping

The next step was to name the variables as this makes it easier for the researcher to read and analyse the data. The naming of the variables was based on what the research instrument suggested in terms of the grouping or blocks of the research instrument. Missing data for the demographic variables was not deleted as this would make the analysis of response per variable possible.

The coding of the responses was also checked because this had already been done in Qualtrics. The checking preformed this instance was to check if there were any reverse questions that would need to be coded to reflect such and also to check that all the variables were numerically coded and none were string variables that would make it difficult to analyse statistically (Field, 2009).

3.8 Data analysis and interpretation

After the data was screened and cleaned, the analysis could be performed on the IBM SPSS version 27 tool. Data analysis involves analysing the data and then interpreting the results of the analysis. The data to be analysed was quantitative in nature and therefore needed to be looked at both graphically for general trends and eventually analysed by fitting statistical models (Field, 2009).

Descriptive statistics assists in checking the normal distribution of the data. Descriptive analysis was conducted to condense and summarise raw data such that it describes relationships between variables in a sample (Kaur et al., 2018). Central tendencies, namely the mean, median, etc., were calculated for the independent variables and dependent variables. To capture variability within the data set, standard deviations, ranges and variance test were conducted for the dependent and independent variables (Kaur et al., 2018).

The Exploratory Factor Analysis (EFA) was used to test for the validity of factor loadings of the variables because literature suggests that there needs to be more empirical data to confirm the constructs of the SCALERS model on diverse samples (Bloom & Smith, 2010). The relationship between the two IV's and the DV was done by conducting a correlation analysis. There was also a multiple regression analysis conducted to determine the direction and significance of the relationship between the variables (Field, 2009).

3.8.1 Descriptive Statistics

Data was analysed through descriptive statistics as this analysis is critical prior to testing hypotheses (Cooper & Schindler, 2014). Data visualisation in terms of frequency tables and percentages helps the researcher to start gaining insights from the patterns that they observe.

The ***central tendency*** statistics utilised by the researcher included means, medians and these helped analyse the distribution of the data. This analysis gives the researcher insights in terms of the rate at which the data points recur within the distribution and therefore the ability to measure the patterns that are repeated the most (Field, 2013). The visualisations of these measures are commonly in the form of tables and/or bar graphs for qualitative data and for quantitative data, histograms are most commonly used for ease of interpretation (Kaur et.al., 2018).

Outliers*,* which are datasets that fall outside the range of other observations and which may be extreme need to be analysed as they may influence the measures of central tendency or bias the parameters (Field, 2013; Kaur et al., 2018). The outliers are normally detected by means of using box plots as they are simple to compute and understand (Field, 2013). SPSS marks extreme outliers by means of asterisks.

Standard deviation - The standard deviation analysis tests for the spread and the extent of the distribution of the values of the data points around the mean. A higher standard deviation implies a wider spread of observations (Field, 2013).

Variance is the measure of the degree of the average of the squared differences between data points and the mean. The variance is a way to describe to what degree a distribution is spread out. It is also the standard deviation squared (Field, 2013).

The item statistics performed on SPSS provides the descriptive statistics mentioned above which are the mean, standard deviation, and sample size.

Skewness and Kurtosis: Skewness measures the symmetry of the data distribution whilst Kurtosis measures the distribution peaks (Field, 2013). When the skewness and kurtosis measures are close the zero, that is an indication of normal distribution of the data.

3.8.2 Exploratory factor analysis

Factor analysis is a method of trimming down the representation of the structure that underlies correlations amongst the variables being measured. It is a statistical process to assist the researcher to empirically identify constructs and not only rely on intuition and theory (Fabrigar & Wegener, 2012). The EFA specifically assists the researcher if there are no expectations or a preconceived structure about the number of common factors and the manner in which those same common factors will influence the measured variables. Before the EFA is performed, the sample size becomes a prerequisite because the EFA is done to identify the composition of the association between the variable and the respondent (Fabrigar & Wegener, 2012).

Sample adequacy was performed on SPSS by analysing the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) for the overall total data set and Bartlett's Test of Sphericity for each variable. KMO > 0.5 indicates sample adequacy and the significance of the Bartlett's test of <0.5 indicates that factors are suitable for data reduction (Field, 2009).

The EFA was performed and data was reduced to summarised variables and a correlation matrix was produced. The factor extraction method chosen on SPSS was the principal component analysis (PCA) and is popularly a default selection in many statistical software platforms (Field, 2009). The reason for its popularity is that it has been applied successfully as a means of affording a superior description of data (Kayser & Tank, 2006) and as a technique of reducing data in event related (ERP) studies that gather large quantities of measurements (Dien et al., 2007). It is used commonly to decompose ERP datasets into constituent components (Dien at al.,2005). Despite its limitations in terms of correlation and overlap of components, it has still been reasonably successful in ERP studies, especially when applied judiciously (Dien et al., 2006). Promax with Kaiser Normalization rotation was selected in order to make the interpretation of the results easier for the researcher. The Promax rotation, available in SPSS, is an oblique rotation which has gained popularity because of its ability to be adequately applicable to many contexts and allows for easy interpretation (Field, 2009).

3.8.3 Measurement model validation through CFA

The research made use of theory suggested measurement constructs for the SCALERS model (Bloom & Smith, 2010). The Confirmatory Factor Analysis (CFA) is commonly used by a researcher when there is an exact and precise number of variables that make up a factor. In reality, however, theory is often not supported by a sufficiently high level of confidence of the precision of the number of factors that will influence the variable (Fabrigar & Wegener, 2012).

The CFA was also performed to further test the hypothesis about the structure of the factors and the model fit that was suggested by the EFA. SPSS AMOS V23 was used to perform the CFA in order to determine the identification of the model, estimations and fit and modifications (Field, 2009).

3.9 Validity and reliability of research

Validity is a test of how an instrument accurately measures a concept that it is designed to measure and reliability refers to the extent to which the measuring instrument consistently produces the same result when replicated on the same sample on different occasions (Heale & Twycross, 2015). The measurements of reliability and validity are performed to try to mitigate for error of measurement (Field, 2009). In this study, validity and reliability testing was applied to the constructs of earnings generation, alliance building and scaling of social enterprises.

3.9.1 External validity

External validity is the extent to which the data produces research results that can be generalised across different periods, settings and samples, in other words, is the researcher measuring what is intended to be measured (Cooper & Schindler, 2014).

3.9.2 Internal validity

Internal validity is the extent to which the research instrument is designed to measure what it purports to measure (Cooper & Schindler, 2014). Tests for internal validity include content validity, construct validity and criterion-related

validity. Construct validity for this study would be testing for the validity of the alliance building, earnings generation, and scaling of social enterprises as these consist of a number of items each. Construct validity also tests for convergent and discriminant validity (Cooper & Schindler, 2014).

3.9.3 Reliability

Internal consistency

Internal reliability is commonly measured by assessing the consistency of use of research instruments for capturing data on the constructs (Field, 2009). It is also an assessment of the extent of accuracy and precision of measurement scales specifically, multi-item scales (Cooper & Schindler, 2014; Field, 2009).

The Cronbach's Alpha test was used to assess the reliability of the items in terms of their mutual exclusivity but at the same time their collectively exhaustive nature (Bryman & Bell, 2017). A Cronbach alpha of > 0.8 indicates excellent internal reliability and consistency of a scale that is made up of multiple items (Field, 2009).

Item total statistics was also analysed on SPSS to check for scale variance and the Cronbach alpha if item deleted. None of the items had a corrected item-total correlation of less than 0.2 as that would have meant that their correlation with other items is low. There were no items with a Cronbach alpha greater than the overall alpha if item deleted so all items were retained (Field, 2013).

Before hypothesis testing was undertaken, assumptions testing for normality distribution, outliers and correlations were done to check for any violations. Normality distribution assumption testing tests that the data is normally distributed and the violation of this assumption means that the rationale behind the hypothesis testing is flawed (Field, 2009). Correlation testing was performed to test if all variables are significantly positively correlated (Field, 2009).

3.10 Ethical considerations

The ethical considerations considered and taken into account when the research was being conducted were:

- The study benefits were explained up front to the participants.
- The participant's rights (including the right to privacy and refuse to participate) were explained and the protections offered by participating.
- After being informed of the study, consent was sought from the participants and this was included on the first section of the survey.
- This study made sure that data was gathered in an ethical manner by obtaining participants' informed consent, not wasting participants' time with long questions that were not going to be useful and clarifying the importance of this research.
- Participants were notified through the consent form that the research data would be stored for five years for further analysis and destroyed thereafter (Cooper & Schindler, 2014).

Furthermore, the researcher ensured that the participants understood their role, knew that they are not obliged to participate and were assured that their information would be kept confidential and anonymous (Cooper & Schindler, 2014). Lastly, the researcher applied for ethics clearance from the Wits ethics committee and got approval before administering the questionnaire. See attached copy in Appendix C.

3.11 Conclusion

This chapter was a presentation of the research methodology covering the research paradigm and design. This research was based on a quantitative cross-sectional design. Data was collected by the use of self-administered on-line questionnaires and the respondents were social entrepreneurs. Practitioner network organisations that were identified for the purposes of sampling were approached for their members to participate in the study. The sample population was social entrepreneurs in South Africa. The sample size was made up of 199 respondents and out of those, 158 were usable.

The data was collected through the use of Qualtrics and then exported to IBM SPSS V27. The data was then screened and edited to ensure its integrity and quality before analysis. The descriptive analysis was done to test for any

violations of assumptions. The reliability and validity tests of measurement scales were performed. Factor analysis was performed by using the EFA and CFA (SPSS AMOS V27) before performing the inferential analysis (regression, t-test). Ethical considerations were discussed in the last section of the chapter.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The purpose of this chapter is to present the results and their analysis from the research. The results start by outlining the preparation, cleaning and coding of the data. The descriptive analysis, including the demographic profile of the sample, is presented next. This is followed by the presentation of the reliability test results, factor analyses and model fit. Lastly, the chapter includes a presentation of the regression analysis results which show if the hypotheses are supported or not.

4.2 Data Preparation and Cleaning

4.2.1 Data cleaning involved the following steps:

1. Data was exported from the Qualtrics survey tool to SPSS.
2. Columns that contained unnecessary identifiers were removed (e.g. date of completion; time stamps and IP addresses).
3. The data was filtered for all respondents who were not social entrepreneurs and their responses were deleted from the data.
4. Frequency tables were run to identify missing values and 31 responses had missing values. These were removed from the data. The result was 158 usable responses which was the final sample.
5. Missing data for the demographic information were not removed from the sample as this would not affect the analysis of the variables.

4.2.2 Data Coding

1. The data had already been coded on Qualtrics as per the seven-point Likert scale: Strongly Disagree=1, Somewhat Disagree=2, Disagree=3, Neither Disagree nor Agree=4, Somewhat Agree=5, agree=6, and Strongly agree = 7.
2. Variables were coded with acronyms to make the analysis easier.
3. All variables were numerically coded such that they appear as scale and not nominal for ease of statistical analysis.

4.2.3 Missing Value Analysis

A missing value analysis was done and all missing values were removed. Missing values could have been substituted by a process where when there is high correlations within a file, the missing value can be substituted with approximations that surpass the mean (Field, 2009). There was no need to impute any missing values as the sample number was still sufficient to continue with the analysis.

4.3 Descriptive Statistics

4.3.1 Demographic profile of respondents

The following section is the analysis of the demographic profile of the 158 social entrepreneurs in the sample. The demographic profile includes gender, age distribution, level of education, size of the business, age of the business, length in business and the province from which the business operates.

Gender Distribution

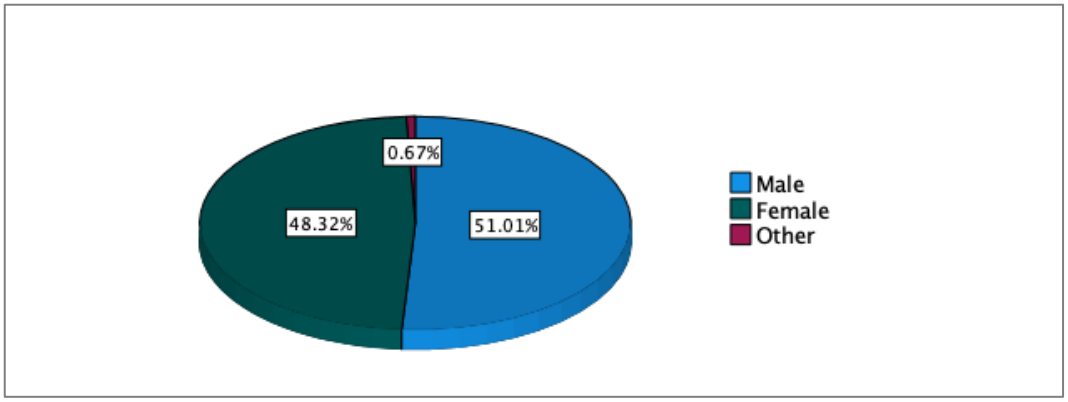


Figure 4: Respondent Gender

Source: primary data

Figure 4 shows that there is a marginal difference in the gender of the respondent with males being a slight majority (51%) compared to females (48%) and the rest of the respondents having chosen other (0.67%)

Age Distribution

Figure 5 is a graphical representation of the age group of the sample respondents.

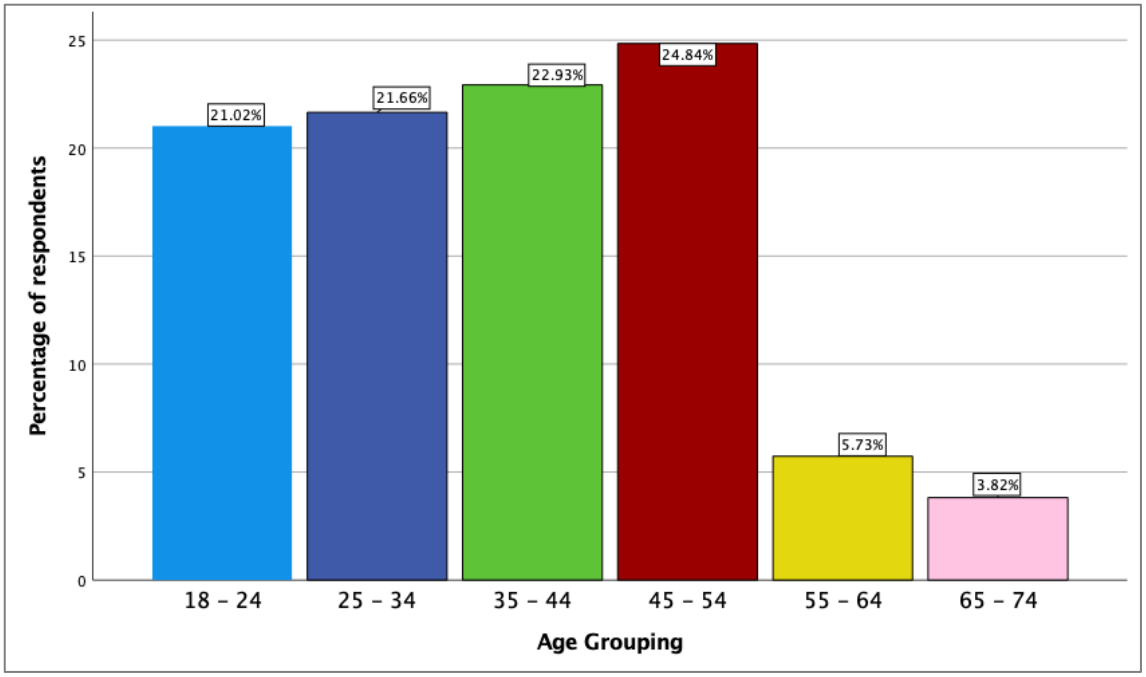


Figure 5: Respondent age grouping

Source: primary data

The highest age category of the respondents belongs to the 45 - 54 age group (25%), closely followed by the 35 - 44 age group (23%) and then slightly behind in the 25 – 34 and 18 – 24 category at 22% and 21% respectively. The lowest representation is in age category 65 – 74 which is 4%.

Level of Education

Figure 6 is a table that shows the highest level of education attained by the respondents.

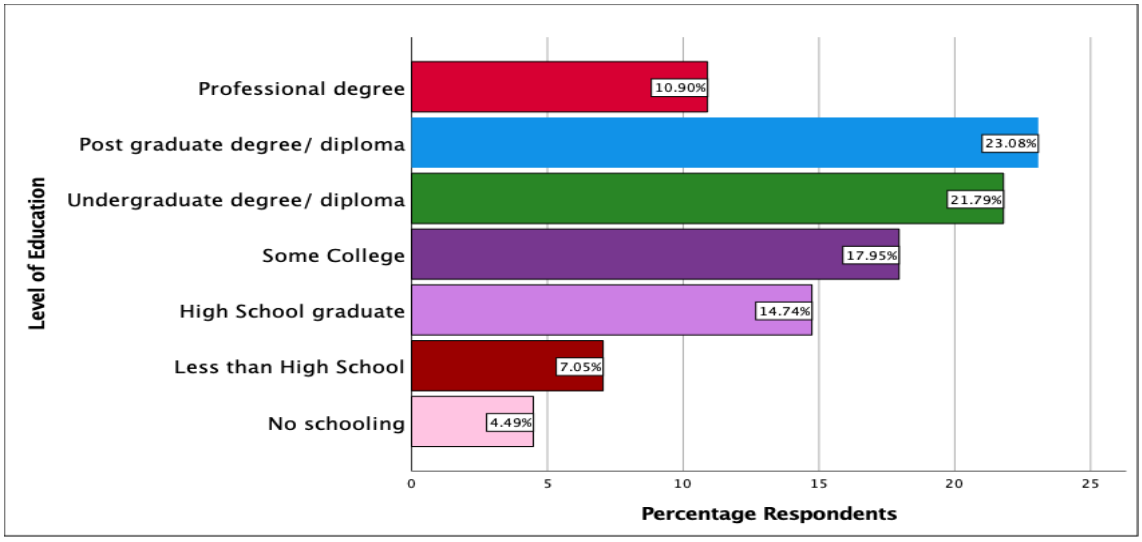


Figure 6: Respondent level of education

Source: primary data

The analysis in Figure 6 shows that the majority of the respondents, a collective total of 56%, either had a professional degree (11%) or a post-graduate degree/ diploma (23%) or an undergraduate degree or diploma (22%). 4.5% had no schooling at all.

Size of the business

Figure 7 shows the size of the businesses that the social entrepreneurs run.

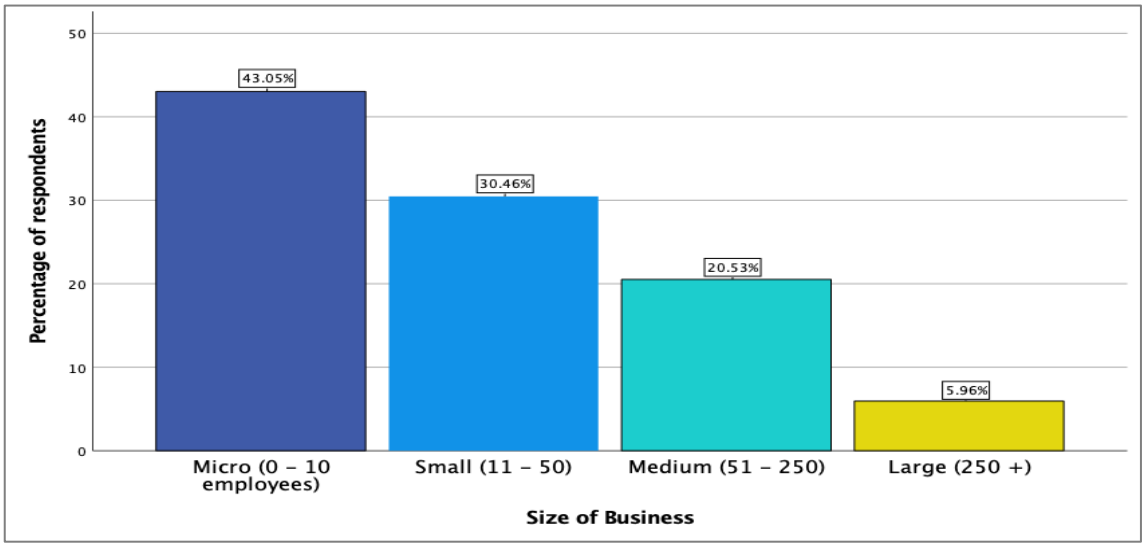


Figure 7: Size of the business

Source: primary data

The business size chart shows that 43% of the respondents businesses were micro businesses with (0-10 employees) and 31% belonged to the small business category of (11 – 50 employees).

Age of the business

Figure 8 is an indication of the different age group categories of the businesses.

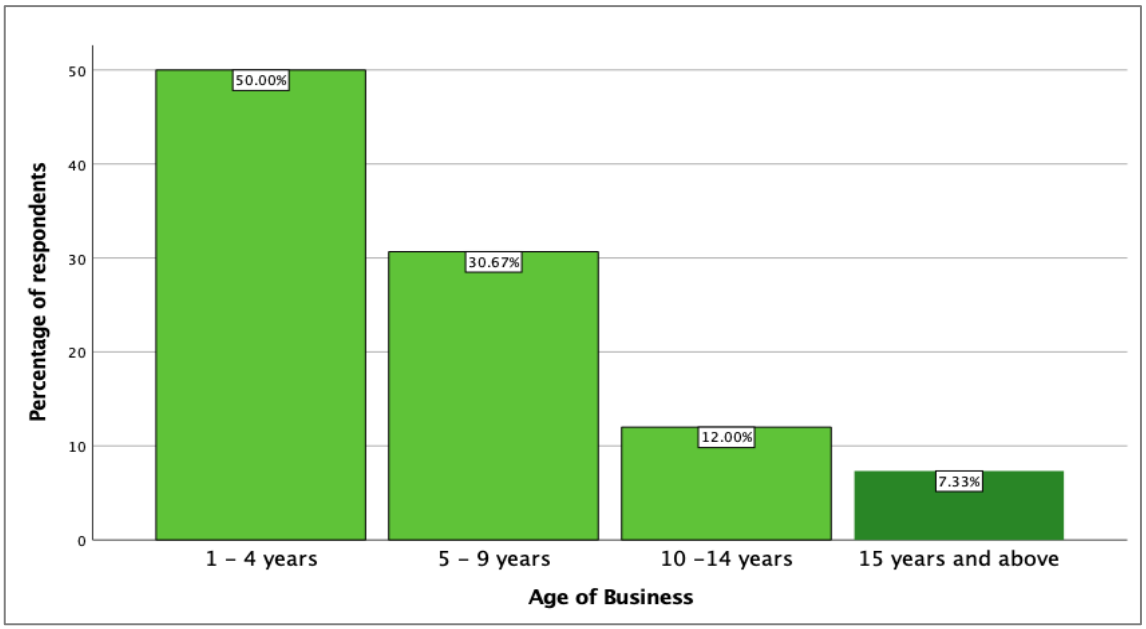


Figure 8: Age of the business

Source: primary data

Half of the respondents' businesses (50%) are in the 1- 4 year category, followed by the 5-9 year age of business category at 31%. The vast majority of businesses in the sample (81%) are below 10 years of existence.

Length in Business

Figure 9 shows the years that the social entrepreneurs has been in business.

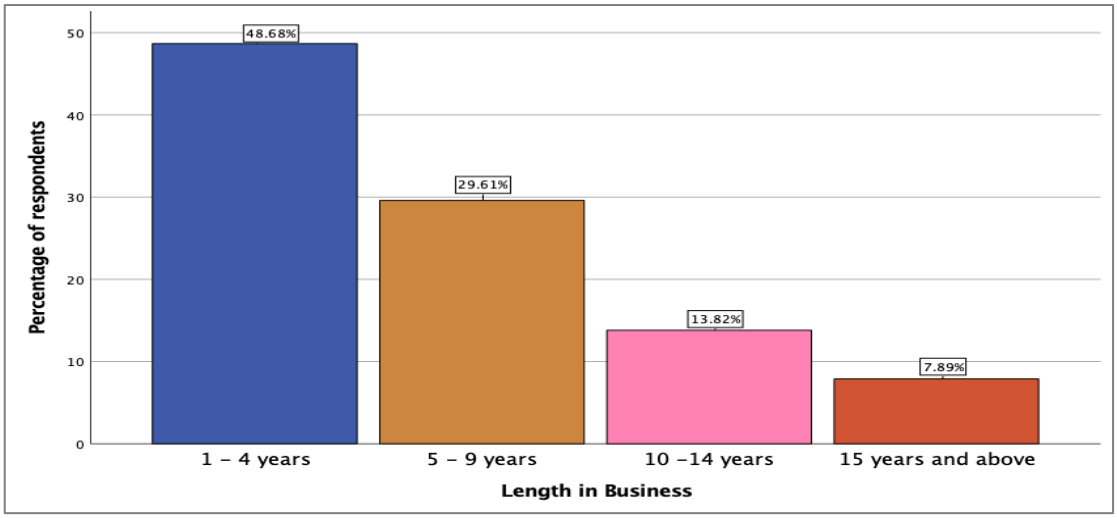


Figure 9: Length in business

Source: primary data

79% of the social entrepreneurs in the sample have been in business for less than 10 years. 49% have been in business for 1 – 4 years and 30% have been in business for 5 – 9 years. Only 8% indicated having been in business for 15 years and above.

Province in which the business operates

Figure 9 is a representation of the geographic location in terms of which South African province the business operates from.

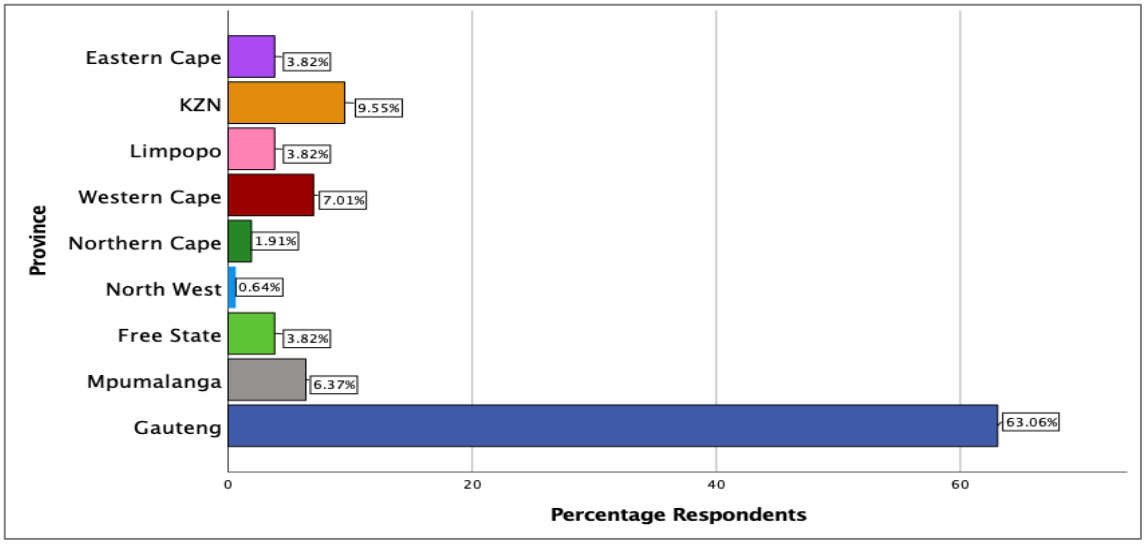


Figure 10: Age of the business
Source: primary data

63% of the respondents indicated their businesses as operating from the Gauteng province. This was followed by 10% from the KwaZulu-Natal (KZN) province and the least represented province was the North West which had less than 1%representation.

4.4 Exploratory factor analysis (EFA)

The EFA is an analysis aimed at investigating the degree of the correlation of items to the appropriate factor (Field, 2013). The purpose is to determine how many distinct constructs are accounted for by a pattern of correlations (Fabrigar & Wegener, 2011). In other words, the factor analysis is done to assess how many distinct constructs are assesses by a set of measures (Fabrigar & Wegener, 2011).

4.4.1 Factor loadings

Factor loadings provide estimates of how strong and in which direction of influence does each of the common factors have on each examined measure (Fabrigar & Wegener, 2011). The initial factor analysis showed two factors with Eigen values of 1 and higher. The two factors' cumulative value was 59% which is acceptable but not ideal. There is an option to the researcher to retain Eigen values higher than 0.7 (Field, 2009).

Table 5 below depicts four factors that were extracted and included all factors with Eigen values greater than 0.8.

Table 4: Factor Loadings

Factor Loadings		Factor 1	Factor 2	Factor 3	Factor 4
Scaling of Social Enterprises	Q5_1	.648			
	Q5_2				
	Q5_3		.520		.470
	Q5_4				.825
	Q5_5		.929		
	Q5_6		.616		
Strategic Alliance Building	Q6_1	.836			
	Q6_2				

	Q6_3		.612		
	Q6_4			.747	
	Q6_5			.882	
Earnings Generation	Q7_1	.903			
	Q7_2	.729			
	Q7_3	.617			
	Q7_4			.545	
	Q7_5			.743	

Source: primary data

The four factors each have variables and these variables' substantive importance can be determined by their loading value. For a sample size of 158, an optimal loading would be a score of 0.7 and greater with between 3 and 5 variables loading for each factor and a moderate loading is 0.4 to 0.7 which still possess good explanatory power of the factor (Fabrigar & Wegener, 2011). Loadings of 0.4 were already suppressed as they are identified as weak and therefore highlighted in red in table 5.

Factor four was therefore eliminated because it contained only two variables, one of the variables being a cross-loading and low loading value and that would leave the factor with one variable loading.

On the Venture Acquisition factor, two out of four items recorded the most significant loadings (Q7-1 and Q7-2). Question 6_1 also carried a significant loading under Venture Acquisition and two variables were moderate (Q7_3 and 5_1). Scaling of social enterprises had a range of loadings from strong to weak, with Q5_5 having the most significant weight and question 5_3 having a moderate loading. Strategic Alliance building had the least number of variables, however they had optimal loadings (Q6_4 and 6_5) at 0.747and 0.882 respectively.

4.4.2 Kaiser-Meyer-Olkin and Bartlett's test

A KMO of 0.885 indicates that the sample size and the set of variables are adequate for factor analysis. The acceptable limit of KMO is 0.5 (Field, 2009). The Bartlett's test of sphericity was performed to measure the adequacy of the inter-correlation matrix and table 6 below shows significance at 0.00.

Table 5: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.885
Bartlett's Test of Sphericity	Approx. Chi-Square	1047.827
	df	78
	Sig.	.000

Source: primary data

4.4.3 Total Variance Explained

The calculation of the factor was done by employing the principal component analysis method with the Promax and Kaiser normalisation rotation method. The Kaiser normalisation method aids in computing the Eigen values from unreduced or reduced correlation matrices then just simply computing on the commonly used rule is the "Eigen-Value-greater-than-one-rule" (Fabrigar & Wegener 2011). Table 7 shows three factors which had an eigenvalue stronger than 0.8 and the total accumulative variance of 65.9% which is the total variance explained by the constructs.

Table 6: Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.238	47.985	47.985	6.238	47.985	47.985	5.346
2	1.577	12.129	60.114	1.577	12.129	60.114	4.141
3	.914	7.028	67.142	.914	7.028	67.142	3.996
4	.661	5.088	72.230				
5	.603	4.639	76.870				
6	.526	4.043	80.913				
7	.487	3.749	84.662				
8	.456	3.509	88.170				
9	.415	3.194	91.364				
10	.362	2.785	94.149				
11	.330	2.541	96.689				
12	.223	1.718	98.407				
13	.207	1.593	100.000				

The scree plot is a graphical representation of the constructs that were extracted as depicted in figure 11

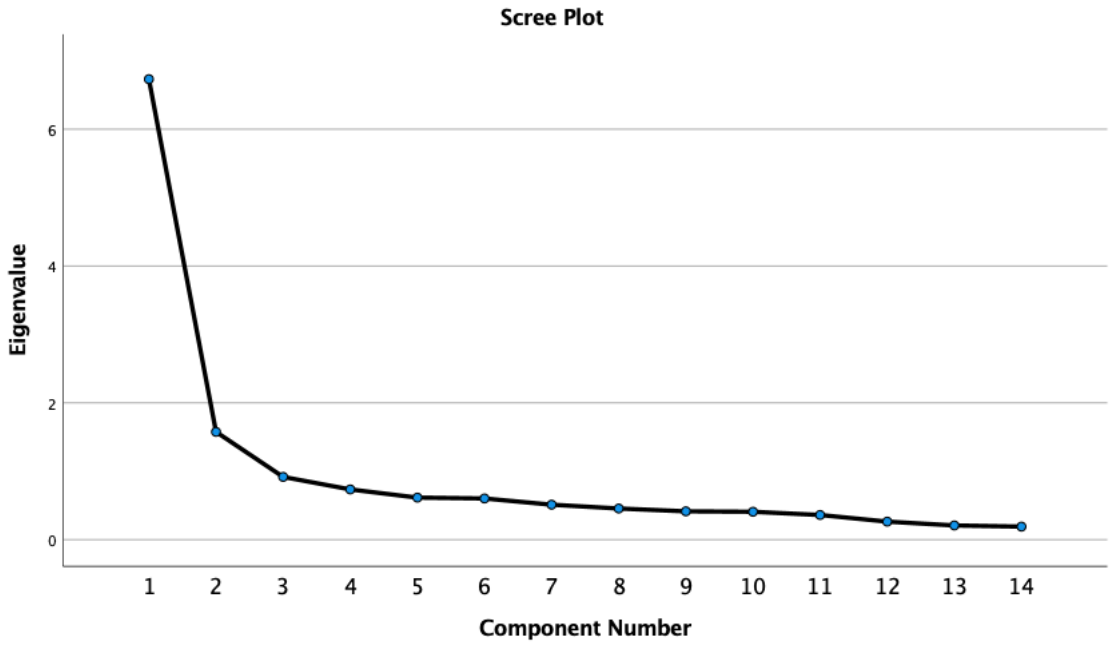


Figure 11: Scree Plot – Principal Axis Factoring

Source: primary data

4.4.4 Rotated Component Matrix

Table 8 is a depiction of the rotated pattern matrix that depicts the conversion of variables from high to low and after the removal of the loadings of less than 0.4 and those that were cross-loading. Factor 1 variables relate to Venture Acquisition, factor 2 converge to Strategic Alliances and factor 3 converge to Scaling of Social Enterprises.

Table 7: Rotated Component Matrix

	1	2	3
Q7_1	.826		
Q6_1	.780		
Q7_2	.699		
Q7_3	.698		
Q5_1	.628		
Q5_2	.527		

Q6_5		.851	
Q6_4		.806	
Q7_5		.781	
Q7_4		.590	
Q5_5			.941
Q5_6			.680
Q6_3			.605

Source: primary data

4.5 Reliability of Measurement Scales

The reliability analysis is performed to ascertain if the measure is a consistent reflection of what the construct measures (Field, 2009). A reliability analysis was performed to test for internal consistency of the measures by using Cronbach's alpha. The higher the Cronbach's reliability alpha, the higher the reliability of the measurement scale. A Cronbach alpha of 0.7 and higher is considered very good. A further analysis of the Cronbach's alpha was also performed to show the Cronbach's alpha if the item is deleted and the corrected item-total correlation.

4.5.1 Reliability of Earnings Generation factor

After completing a factor analysis to validate the measures, each construct was checked against the Cronbach alpha to determine its reliability. The reliability score for the Venture Acquisition construct was a good alpha value at 0.871 that was above 0.7.

Table 8: Item-Total Statistics - Earnings Generation

EG	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Q5_1	25.09	49.890	.662	.474	.848	
Q5_2	25.01	53.146	.635	.428	.853	
Q6_1	25.25	49.627	.668	.464	.847	
Q7_1	24.94	50.811	.678	.491	.845	0.871
Q7_2	25.54	48.250	.646	.464	.853	(6 Items)
Q7_3	25.03	49.706	.732	.540	.836	

Source: primary data

Table 9: Inter-Item Correlation Matrix - Earnings Generation (EA)

EA	Q5_1 S	Q5_2	Q6_1	Q7_1	Q7_2	Q7_3
Q5_1	1.000					
Q5_2	.561	1.000				
Q6_1	.542	.505	1.000			
Q7_1	.541	.434	.509	1.000		
Q7_2	.434	.491	.478	.597	1.000	
Q7_3	.560	.532	.611	.576	.570	1.000

Source: primary data

All inter-item correlations in table 10 above indicate a correlation with their respective scales as they are all greater than 0.3. This means that there is convergent validity.

4.5.2 Reliability of Strategic Alliances Factors (SA)

The reliability score of the strategic alliances construct was also very good at 0.807.

Table 10: Item-Total Statistics Strategic Alliances

SA	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Q6_4	14.92	19.732	.565	.334	.793	
Q6_5	14.25	21.499	.593	.366	.773	
Q7_4	14.53	19.983	.675	.517	.734	0.811
Q7_5	14.51	20.532	.676	.503	.735	(4 items)

Source: primary data

EG	Q6_4	Q6_5	Q7_4	Q7_5
Q6_4	1.000			
Q6_5	.466	1.000		
Q7_4	.446	.550	1.000	
Q7_5	.516	.465	.664	1.000

Source: primary data

Inter-item correlation at >0.3 reflects convergent reliability.

4.5.3 Reliability of Scaling of Social Enterprises Factors

The reliability alpha of the scaling of social enterprises was also adequate at just over the cut-off of 0.7. Corrected item correlation is not less than 0.3 which means that all items could be retained.

Table 11: Item-Total Statistics – Scaling of Social Enterprises

Scaling	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Q5_5	10.41	9.589	.641	.413	.689	
Q5_6	10.65	8.037	.624	.399	.691	0.785
Q6_3	10.94	7.990	.600	.362	.723	(3 items)

Source: primary data

Table 12: Inter-Item Correlation Matrix (Scaling of SE)

Scaling	Q5_5	Q5_6	Q6_3
Q5_5	1.000		
Q5_6	.578	1.000	
Q6_3	.542	.526	1.000

Source: primary data

Table 12 also displays convergent reliability.

4.6 Descriptive Statistics

There was also testing if the data is normally distributed and if the assumption of normality is violated, the rationale behind the hypothesis testing is flawed (Field, 2009).

Table 13: Descriptive analysis of earning generation; strategic alliances and scaling of social enterprises

		Mean			Skewness		Kurtosis		
	N	Stat	Std Error	Std Deviation	Stat	Std Error	Stat	Std error	Range
Earnings generation	158	30.1709	.66798	8.39638	-.629	.193	-.471	.384	36
Strategic Alliances	158	19.3987	.46484	5.84289	-.409	.193	-.690	.384	24
Scaling of Social Enterprises	158	15.9873	.33004	4.14850	-1.035	.193	.540	.384	18
Valid N (listwise)	158								

Source: primary data

Table 13 is a depiction of the summary of aggregated scores for the major constructs. Earnings generation had the highest mean at 30.17 and strategic alliance and Scaling of social enterprises constructs had lower means at 19.39 and 15.98, respectively.

The skewness is mostly negative but smaller than 3 as cut-off is 3 and therefore this assumes normal distribution. Kurtosis scores of lower than 7 also assume normal distribution and the scores of all the factors were much lower than 7 (Field, 2013).

A further test of normality was performed by developing frequency tables as this is a recommended technique for the commencement of variable analysis in hypotheses (Nardi, 2018).

4.6.1 Earnings generation Factor (6 Items)

Table 14: Scale item frequencies for earnings generation

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
We have made significant progress in alleviating the problem	8.2%	7.6%	3.2%	5.1%	22.8%	31.0%	22.2%
We have scaled up our capabilities to address the problem.	4.4	5.1	7.0	8.2	20.9	38.0	16.5
We have built partnerships with other organizations that have been win-win situations for us and them	3.8	14.6	6.3	9.5	13.3	31.6	20.9
We have generated a strong stream of revenues from products and services that we sell for a price	5.1	6.3	7.6	5.1	15.8	37.3	22.8
We have cultivated donors and funders who have been major sources of revenue for us	8.2	16.5	6.3	8.9	13.9	25.9	20.3
We have found ways to finance our activities that keep us sustainable	1.3	10.8	10.1	8.9	13.3	30.4	25.3

Source: primary data

4.6.2 Strategic Alliances Factor (4 Items)

Table 15 illustrates the scale item frequencies for strategic alliances.

Table 15: Scale item frequencies for strategic alliances

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
We have considered franchising	8.9	16.5	8.9	12.7	9.5	24.1	19.6
we have considered forming joint ventures	4.4	8.2	5.7	10.1	16.5	31.0	24.1
We have identified investors who have been willing to fund our growth strategies	4.4	11.4	8.9	8.9	21.5	24.1	20.9
We have identified Programme Related Investors	2.5	12.7	6.3	15.2	17.7	25.9	19.6

Source: primary data

4.6.3 Scaling of Social Enterprises Factor (3 Items)

Table 16 illustrates the scale item frequencies for scaling of social enterprises factor.

Table 16: Scale item frequencies for scaling of social enterprises

	Strongly disagree	Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Agree	Strongly agree
Our work and approach is transferable to other locations	1.9	3.2	4.4	8.9	15.8	36.7	28.7

Our organization's approach allows us to serve potentially large groups of people	5.7	6.3	4.4	3.2	19.6	31.6	29.1
We have accomplished more through joint action with other organizations than we could have by flying solo.	3.8	9.5	8.2	10.8	16.5	24.7	26.6

Source: primary data

4.7 Outliers Testing

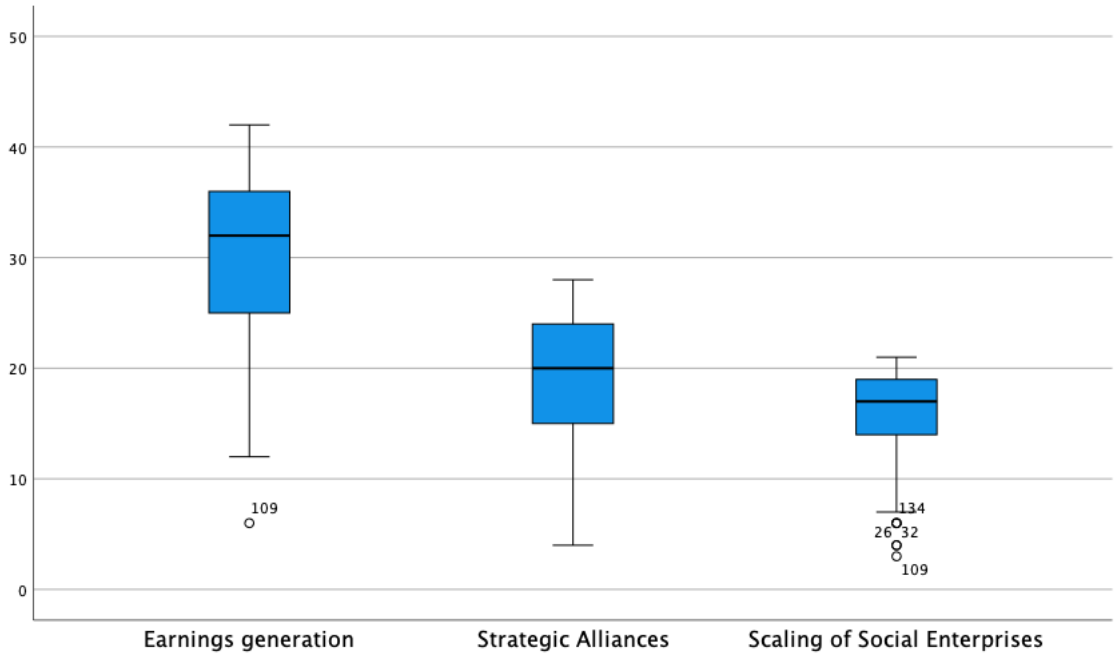


Figure 12: Outliers

Source: primary data

The graph above shows no evidence of abnormal outliers as there are asterisks.

4.8 Correlations of the scale items

The next assumption test before regression analysis is to determine linearity between the dependent and independent variables (Tabachnick & Fidell, 2003). This is done by running a Pearson correlation test and the correlation alpha being the value of significance (Field, 2013). A correlation analysis was conducted to test for correlations between the venture acquisition, the strategic alliances, and the scaling of social enterprise factors.

Table 17: Pearson's Correlation of scale items

Factor		Earnings Generation	Strategic Alliances	Scaling of Social Enterprises
Pearson Correlation	Earnings Generation	1.000	.615**	.684**
	Strategic Alliances	.615**	1.000	.437**
	Scaling of Social Enterprises	.684**	.437**	1.000
Sig. (2-tailed)	Venture Acquisition	.000	.000	.000
	Strategic Alliances	.000	.000	.000
	Scaling of Social Enterprises	.000	.000	.000
N	Venture Acquisition	158	158	158
	Strategic Alliances	158	158	158
	Scaling of Social Enterprises	158	158	158

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

Source: primary data

Table 17 above confirms the collinearity amongst the constructs.

- Earning generation is positively associated with Strategic Alliances and Scaling of Social Enterprises
- Strategic alliances is positively associated with earnings generation and Scaling of Social Enterprises and
- Scaling of Social Enterprises is positively related to Earning Generation and Strategic alliances.

Low correlation co-efficients assist with multi-collinearity avoidance.

4.9 Validity of the scales

A CFA was conducted to determine whether there was a relationship between the variables and their latent constructs. In other words, the CFA is a tool to

validate the model constructs. The CFA was conducted using AMOS V26 to test the measurement model.

Variances with low standardised regression weights were excluded (Field, 2013).

4.9.1 Model used:

EG	Earnings Generation	=	Q5_1, Q5_2, Q6_1, Q7_1, Q7_2, Q7_3
SAB	Strategic Alliance Building	=	Q6_4, Q6_5, Q7_4, Q7_5,
SSE	Scaling of Social Enterprises	=	Q5_5, Q5_6, Q6_3

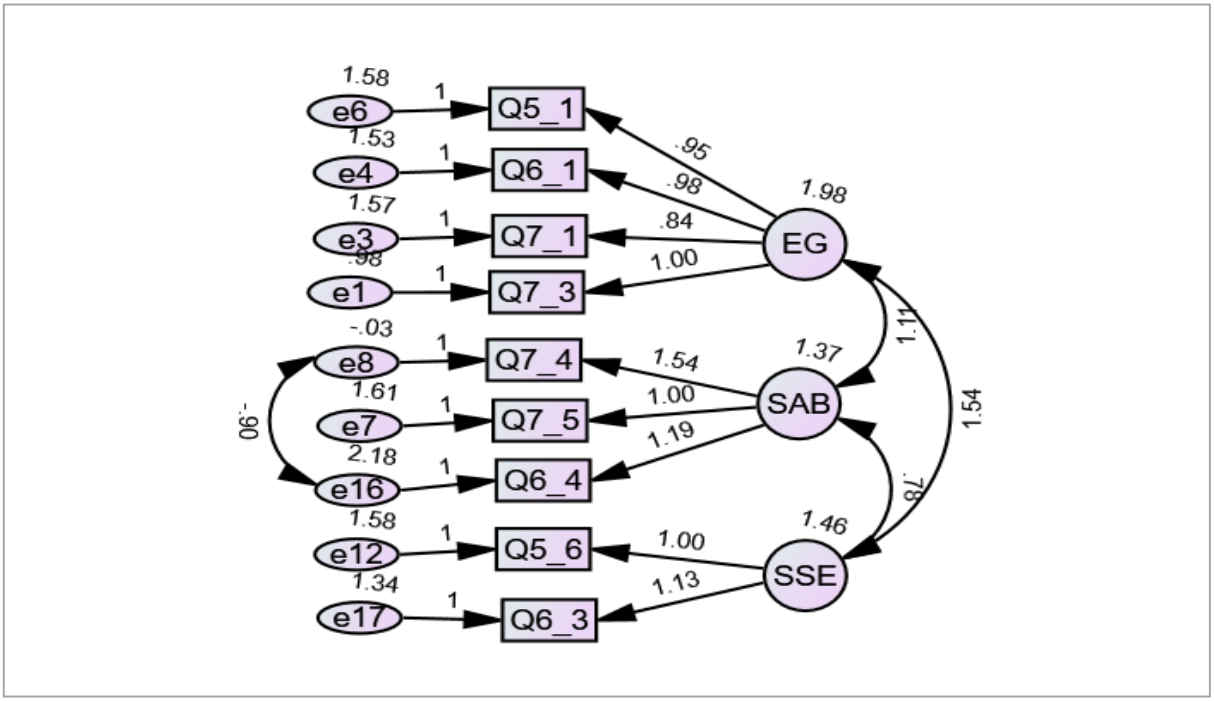


Figure 13: Scaling of social enterprises, strategic alliance building and earnings generation CFA framework

Source: primary data

The model in figure 13 above illustrates the confirmatory factor analysis model depicting the relationships between the constructs and the variables that make them up.

4.9.2 Model Fit Summary

The Chi-square = 24.694, df=23 and p=0.366 indicates a good fit as the p value is >0.05 and means that there are significant differences between the covariances.

Table 18 below displays the different fit indices that were evaluated to test the model fit. The Comparative fit index (CFI) value was 1.074 which indicates a good fit (Parry, 2017). The GFI of 0.967 also indicates a good fit as the CFI needs to be ≥ 0.9. The IFI of 0.997 also shows a good fit since the cut-off point is > 0.9 for a good fit. The Root Mean Square Error Approximation (RMSEA) was 0.022 also indicates a good fit as the closer the values are to 0 the better the model fit. RMSEA that indicates a good fit needs to be <0.08 (Parry, 2017). With the removed variables, the statistics show that the data is a good fit for the hypothesised constructs.

Table 18: Fit indices

CMIN					
Model	**NPAR**	**CMIN**	**DF**	**P**	**CMIN/DF**
Default model	22	24.694	23	.366	1.074
Saturated model	45	.000	0		
Independence model	9	636.857	36	.000	17.690
RMR, GFI					
Model	**RMR**	**GFI**	**AGFI**	**PGFI**	
Default model	.130	.967	.935	.494	
Saturated model	.000	1.000			
Independence model	1.309	.376	.220	.301	
Baseline Comparisons					
Model	**NFI Delta1**	**RFI rho1**	**IFI Delta2**	**TLI rho2**	**CFI**
Default model	.961	.939	.997	.996	.997
Saturated model	1.000		1.000		1.000
Independence model	.000	.000	.000	.000	.000
RMSEA					
Default model	.022	.000	.070	.783	

Independence model	.326	.304	.348	.000

Source: primary data

Table 19: Regression weights

		Estimate	S.E.	C.R.	P	Label
Earnings Generation	Q7_3	1.000				
	Q7_1	.840		.093	9.038	***
	Q6_1	.975		.098	9.972	***
	Q5_1	.948		.098	9.710	***
Strategic Alliance Building	Q7_5	1.000				
	Q7_4	1.544		.213	7.240	***
	Q6_4	1.195		.211	5.669	***
Scaling of Social Enterprise	Q5_6	1.000				
	Q6_3	1.129		.145	7.785	***

Source: primary data

Table 19 shows p values of the items in the scales as >0.05 which signals that all the items are significant to form this model.

Table 20: Covariances

			Estimate	S.E.	C.R.	P	Label
EG	<-->	SAB	1.108	.235	4.709	***	
EG	<-->	SSE	1.544	.258	5.989	***	
SAB	<-->	SSE	.776	.192	4.042	***	

Source: primary data

Table 20 shows that the factors covary significantly ($p < 0.05$) which further proves the fit of the model.

4.10 Graphical Frequency distributions

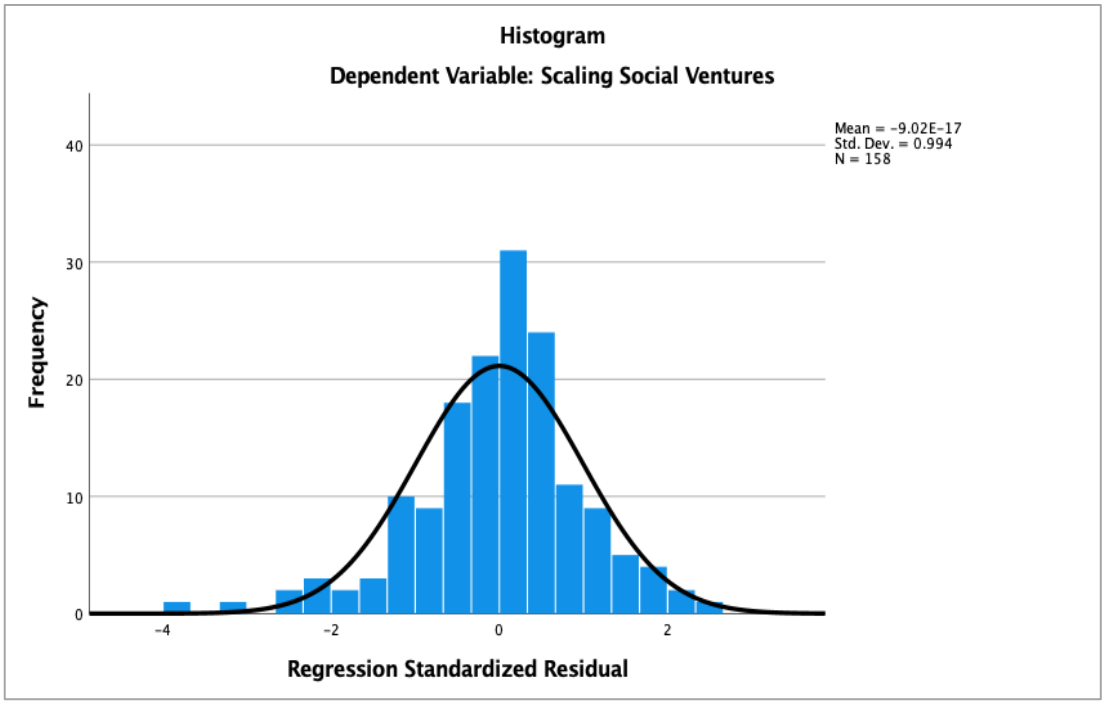


Figure 14: Histogram

Source: primary data

Figure 14 above, is a histogram depicting the normal probability plot. This represents a normal ditribution and the points represent observed residuals.

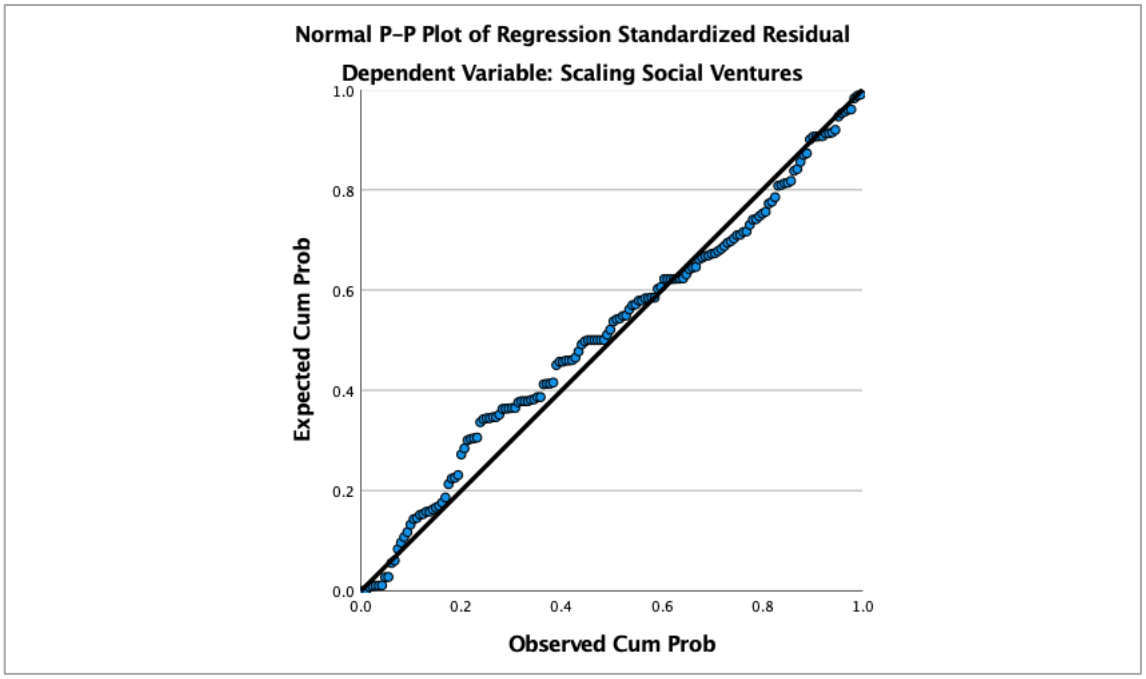


Figure 15: Plot of regression

Source: primary data

The assumption testing represented by figure 15 is that of normality of errors and figure 16 below is homoscedasticity. This analysis is concerned with determining if the residuals run along the correlation line equally (Field, 2009). Figure 15 above confirms that the assumption was met because the residual points indeed run across the regression line and the two figures together confrim the consistency of observations.

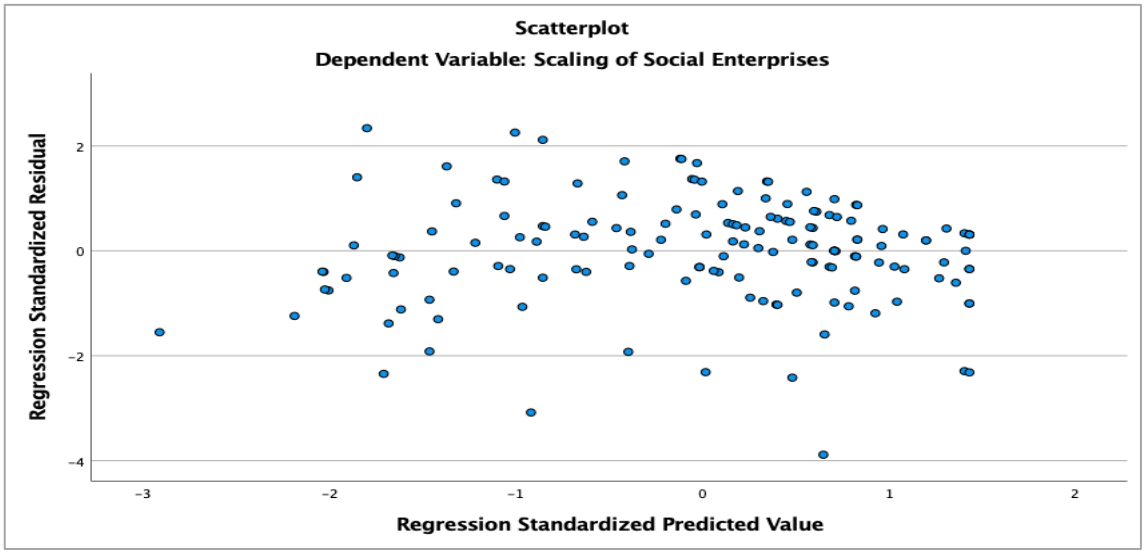


Figure 16: Scatterplot

Source: primary data

4.11 Hypothesis Testing

The hypothesised conceptual framework revisited as illustrated by figure 17 shows how there is a positive relationship between strategic alliance building (H1) and Scaling of Social enterprises. Hypothesis two (H2) states that there is a positive relationship between earnings generation and scaling of social enterprises.

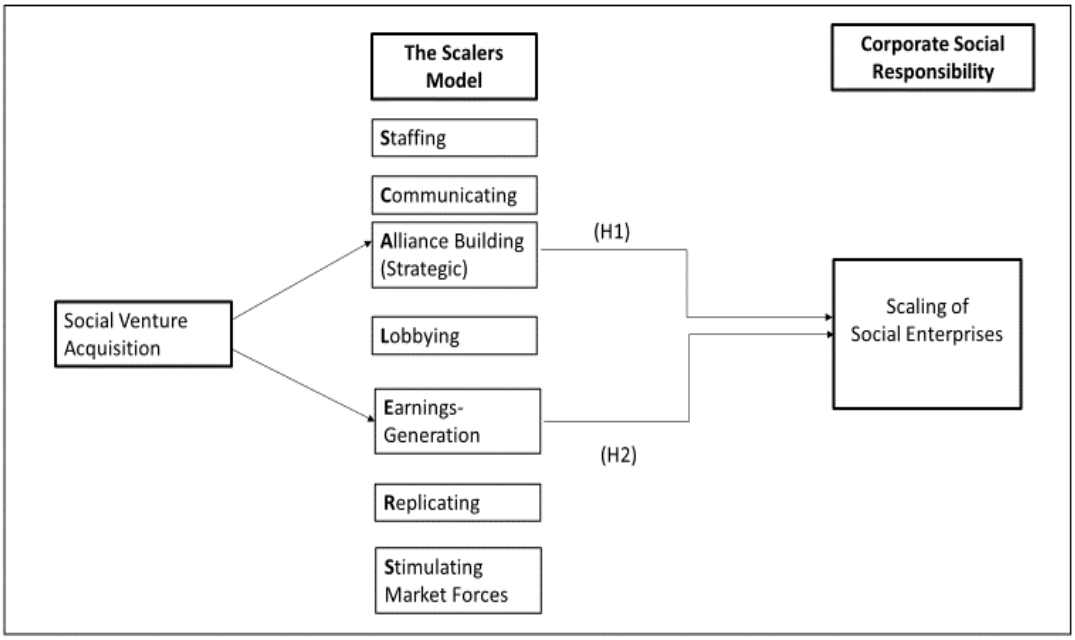


Figure 17: The hypothesised conceptual framework

(Source: primary data)

Table 21: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.684[a]	.468	.462	3.04393	1.803

a. Predictors: (Constant), Strategic Alliances, Earnings generation

b. Dependent Variable: Scaling of Social Enterprises

Source: primary data

Table 21 shows that there is a relationship between the dependent variables and the independent variables. A cut-off of 30% (R square 0.3) or more variance explained by the independent (predictor) variables proves that a relationship exists. The R square of .468 in table 21 above translates to the predictor variables being able to account for 47% of the dependent variable. A Durbin-Watson score of 2 is an indicator that the errors are not correlated, therefore the score of 1.803 is close to the 2 cut-off and can be interpreted as that the errors are not correlated.

4.11.1 Results pertaining to Hypothesis 1

H1: *There is a positive relationship between social venture acquisition, in the form of strategic alliance-building as a means of scaling social enterprises*

Table 22: Coefficients for Strategic Alliance Building-Scaling of Social Enterprises relationship

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	5.667	.968		5.852	.000	3.754	7.580		
	Strategic Alliance B	.019	.053	.026	.356	.723	-.085	.123	.622	1.607

a. Dependent Variable: Scaling of Social Enterprises

The co-efficients in table 22 above (B = 0.19, β = 0.026, t = 0.356 and p-value = 0.723 > 0.05) indicate a positive but non-significant relationship between strategic alliance building and scaling of social enterprises. There is no statistically significant relationship between strategic alliances and scaling of social enterprises, therefore the hypothesis that there is a positive relationship is supported however the relationship is not statistically significant.

4.11.2 Results pertaining to Hypothesis 2

H2*: There is a positive relationship between social venture acquisition, in the form of earnings generation, as a means of scaling social enterprises.*

Table 2: Coefficients for Earnings Generation-Scaling of Social Enterprises relationship

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	5.667	.968		5.852	.000	3.754	7.580		
	Earnings generation	.330	.037	.668	8.997	.000	.258	.402	.622	1.607

a. Dependent Variable: Scaling of Social Enterprises

The analysis of Table 23 above shows a positive and significant relationship between Earnings generation and Scaling of Social Enterprises (B =0.330, β = 0.668, t-value = 8.997, p-value = 0.000 <0.005).

This therefore supports H2 that there is a positive relationship between Earnings Generation and Scaling of Social Enterprises.

4.12 Summary of the results

The sample of the research, after cleaning the data was 158 social entrepreneurs who were mainly from the Gauteng province of South Africa. The gender representation of the sample was marginally more males (51%) than females. The sample was also characterised by a high level of education with 74 % of them having post matriculation qualifications, 34% of them having attained post graduate degrees.

The analysis of the constructs and scales' reliability was performed, and a reliable factor structure and measurement model of the hypothesised SCALERS model was confirmed. The exploratory and confirmatory factor analysis was performed

and a measurement model with three factors, two predictor (strategic alliance building and earning generation) and one outcome (Scaling of social enterprises) variables was produced. The CFA revealed a model fit of the identified factors. The correlation analysis was performed to test the nature of the relationships that exist amongst the constructs. The strength, size, direction and how significant the correlations revealed that there was a significant correlation.

The tests for normality revealed normal distribution and a regression analysis was done. Hypothesis 1 that there is a positive relationship between social venture acquisition in the form of strategic alliance building and scaling of social enterprises was not supported. The relationship is positive but not statistically significant. Hypothesis 2 that there is a positive relationship between social venture acquisition, in the form of earnings generation and scaling of social enterprises, was supported.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter is dedicated to explaining the findings that are detailed in the previous chapter of this research report with a specific focus on how they relate to the literature review. This is a critical synthesis of prior information as presented in the preceding chapters with the analysis of the data as presented in Chapter 4 that therefore seeks to systematically go through specific factors of results, step by step.

The first section is a focus of the demographic breakdown of the sample, in this case, the breakdown information pertaining to the social entrepreneurs' age brackets, their gender, their level of education, the size and age of their businesses, length in business, age of the business and the location of their business. The focus of this section is only on key findings with reference to literature and the specific sample frame of this study.

The next section is findings as they relate to the research questions that the study sought to address and the findings against hypotheses from the study, compared to the literature review. This section is therefore a critical discussion of the findings from the statistical analyses as they pertain to the hypotheses of the study.

The last section is a summary of the findings from the sections of the chapter in terms of the holistic findings from the interpretations of the findings.

5.2 Demographic profile of respondents

The sample characteristics are discussed as they may be key to the findings of the study. The demographic information may provide insights as to the influence that a particular characteristic may have had on the research findings.

5.2.1 Population sample

The research had a total sample size of 199 respondents and out of those, 158 were usable and complete. This was made up of social entrepreneurs who considered themselves as entrepreneurs and their organisations had a social or

environmental mission. Social entrepreneurs adopt a mission of creating and sustaining social value (Venter et al., 2015). The absence of a legal structure for social enterprises in South Africa adds to the universal challenge of identifying social enterprises. There is a still smaller number of social entrepreneurs compared to their commercial counterparts (Bloom & Smith, 2010).

5.2.2 Gender

The age distribution of the respondent's demographics show a split of 51% male and 48% female. There is a larger male entrepreneurial activity incidence in South Africa (Herrington et al., 2016). The ratio of male to female entrepreneurial activity is improving -12.5 male: 8.2 female entrepreneurs in 2017 to 10.9 male: 9.6 female entrepreneurs in 2019 (GEM-SA, 2019).

5.2.3 Age distribution

The age group with the highest representation was 45-54 at almost 25% followed by the 35-44 group at 23%. This finding is in line with the GEM-SA (2019) report that reported a shift in entrepreneurial activity from 7.5% in 2017 to almost double (14.3%) in the age group 45-54 years in 2019. Prior to that, the 2016 GEM report had this age group at 28% of early stage entrepreneurial activity (Herrington et al., 2016). This is in part supported by the notion that a number of social entrepreneurs have had prior experience, either in social work or related fields, but will often leave their lucrative careers because of a pull to make a difference (Venter et al., 2015).

5.2.4 Level of education

Most of the respondents indicated their level of education to be at a postgraduate/ diploma level (23%), followed by undergraduate degree/ diploma at 22%. Collectively, 55% of the respondents fall under the categories of professional degrees, post graduate degrees/ diplomas and undergraduate degrees/ diplomas. This is much higher than the findings of the GEM report that states that the majority (64%) of the South African adult population falls below the category of basic education and further education (Kelley et al., 2012). Social entrepreneurs may well have to be more educated as they play multiple roles in

their enterprises including *inter alia* innovators, strategist, policy makers and mentors because of their scarce resource challenges (Venter et al., 2015).

5.2.5 Age and Size of business

74% of the sample indicated their business size as micro (i.e. 0-10) employees and small (11-50) and 80% fall in the 1 – 4 (50%) and 5-9 year age of business categories. This supports the notion that entrepreneurs in South Africa grow at a very slow pace and the failure rate is high (Mike & Penny2016). This is in line with the notion that social enterprises struggle to grow (Corner & Kearins, 2021). This pattern of results suggests length of time since founding can have an effect on the SCALERS (Bloom & Smith, 2010).

5.2.6 Location of business

The overwhelming majority of respondents were based in the Gauteng province since this province had most of the respondents at 63%. A very few respondents were based in the rural provinces and yet that is where the highest need of social entrepreneurial activity would be because of the amplification of the wicked problem. Wicked problems that social entrepreneurs try and alleviate are symptoms of another problem and are highly interconnected e.g. poverty is often associated with higher incidences of child labour (Venter et al., 2015). Experience in other parts of the world indicate that social entrepreneurship seems to develop in environments that are resource constrained, such as villages and rural areas that are in need of social entrepreneurial innovations and solutions directed at alleviating these challenging and persisting problems (Bacq et al., 2015. However, in South Africa, developed provinces are better resourced to enable growth for the social enterprises.

5.3 Reliability of the scales

The descriptive analysis was followed by the analysis of the validity and reliability of the scales that were used in the research. The reliability of the scales had previously been tested in several studies of the SCALERS model (Bloom & Chatterji, 2009; Bloom & Smith, 2010; Bacq et al., 2015; Cannatelli, 2017), the studies have been mostly exploratory and still need further confirmation (Cannatelli, 2017). The reliability of the scales needed to be tested further and

not rely on the Bloom and Smith (2010) study that had a limited number of variables (3) for each of the constructs and therefore providing an opportunity for improvement.

Scaling of social impact has been identified as one of the key, and most important, dependent variables in social entrepreneurship research and yet past studies aimed at measuring and explaining the construct have been inconsistent (Bacq et al., 2015.).

The reliability of each of the constructs in this study were measured to address the concerns above and the facts that some of the variables that literature had suggested belong to a particular contract, were shifted and moved around when the EFA was performed. The earnings generation construct was initially made up of the variables (Q7_1; Q7_2; Q7_3; Q7_4; Q7_5). After removal of variables with low loadings; removal of cross loadings and performing rotations, the variables that made up the construct earnings generation were variables (Q7_1; Q7_2; Q7_3; Q6_1; Q5_1 and Q5_2). The Cronbach alpha of the construct earnings generation came out at 0.871 and this is considered high reliability (Field, 2009). The above necessitated a further test for convergent validity which confirmed the correlation of variables at greater than 0.3. The item-total statistics to check if the removal of any of the variables would result in a higher Cronbach confirmed that the removal of any of the variables would not improve the Cronbach's alpha score.

The variables that originally made up the construct strategic alliance building were (Q6_1; Q6_2; Q6_3; Q6_4 and Q6_5) and after the EFA was performed, the suggested variable make up was (Q6_4; Q6_5; Q7_4 and Q7_5). The Cronbach's alpha indicated high reliability at 0.807 (Field, 2009). Removal of any items would result in a lower Cronbach alpha score and inter-item correlation was all greater than 0.3 which indicated convergent reliability.

The construct scaling of social enterprise was originally made up of variables (Q5_1; Q5_2; Q5_3; Q5_4 and Q5_5) and the following factors converged under it (Q5_5; Q5_6 and Q6_3). The Cronbach alpha of this construct indicated

adequate reliability. The removal of any variable would not improve the Cronbach alpha; therefore, all the items were retained. The inter-item correlation matrix also indicated convergent reliability at greater than 0.3 for each of the variables.

5.4 Validity of the scales

The constructs tested for validity were earnings generation; strategic alliance building and scaling of social enterprises. Literature suggests a need for more empirical work to be done to assess construct validity complementing the initial development and testing that researchers in the field of social entrepreneurship continue to do (Bloom & Smith, 2010). Further tests for validity in different environments and country samples will assist in avoiding single-culture bias of the constructs (Cannatelli, 2017).

5.4.1 External Validity

External validity is referred to as the generalisability of the research conclusions to wider populations and across populations in different contexts and settings (Cooper & Schindler, 2014). A high degree of external validity reflects that the findings of the study can be generalised and be applicable to different groups of people and other situations. Research on scaling of social enterprises has been limited and has largely been conducted by means of theoretical and comparative case studies (Bloom & Smith, 2010; Cannatelli, 2015). Over time, with newer numerous large scale quantitative replicative studies in new geographical areas, validity and reliability is improved by employing and relying on more developed sophisticated measurement techniques (Cannatelli, 2015).

The sample of this study also pointed to the majority of the respondents being from the Gauteng province whose socio-economic development, resource constraints and culture artefacts are different to the poorer and rural provinces.

5.4.2 Internal validity

The EFA was performed and confirmed three factors/ constructs, namely the earnings generation, strategic alliance building and scaling social enterprises. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy KMO score was 0.885 which indicated that the sample size and set of variables were adequate. The

adequacy of the inter-correlation matrix was also adequate for factor analysis. Factor loadings were adequate with the variables that were retained scoring 0.5 and higher and the three factors explained a total of 66% of the variance amongst factors.

The scales from the rotated matrix were made to accept Eigen values greater than 0.7 which is acceptable (Field, 2009). Bloom and Smith's (2010) SCALERS study also had Eigen values that emerged being near or greater than one.

5.5 Research Question 1

Research Question 1: To what extent can venture acquisition, in the form of strategic alliance-building, be positively related to the ability of the social enterprise to scale?

The research points to a positive but not a statistically significantly relationship between strategic alliance building and the scaling of social enterprises.

The first hypothesis which was a prediction that there is a positive relationship between venture acquisition in the form of strategic alliance building and scaling of social enterprises is supported by the research findings, albeit not statistically significant. This finding suggests that forming strategic alliances with other organisation does not guarantee scaling of the social enterprise.

5.5.1 Comparison with literature

Venter et al. (2015) posit that strategic alliance building is one of the organisational capabilities that can be used to drive scalability and growth of social entrepreneurial enterprises. Organisations that score high on the strategic alliance building engage in strategic alliance building with other organisations to access resources to develop, implement and scale their impact (Smith et al., 2014). It explicitly requires the social enterprise to develop various forms of relationships with other organisations to develop and implement a theory of social change such that it is able to scale its social impact (Bloom & Smith, 2010). Most social entrepreneurs who are successful have mastered the skill of mobilising groups and individuals to form alliances around a cause. They work in a

collaborative manner to chiefly access financial capital by getting all the alliance partners to contribute towards scaling (Bloom & Chatterji, 2009).

The empirical studies however remain inconclusive about the relationship between strategic alliances and scalability or growth. Although there have been a number of studies that have focused on alliance building especially for social entrepreneurial enterprises, there is still no understanding of how it impacts those that adopt social missions compared to those that innovate for social benefit (Cacciolatti et al., 2020). The finding above is in line with the Bloom and Smith (2010) study that also found marginal support for the effect of alliance-building on scaling of social impact as a separate variable. Research has traditionally mainly focused on the reasons why social ventures enter into strategic alliances and have often based their reasoning on resource based logic when there could be further explanations that take into account other factors, such as decision making processes by the entrepreneur that are influenced by psychological and cognitive factors.

Theory that has been integrated in prior studies of alliance-building has been the social network and the resource-based view of firms (Di Guardo & Harrigan, 2012). The emerging theories in social innovation have been found to be largely inconsistent in terms of strategic alliances (Cacciolati, et al., 2020). Cacciolati et al. (2020) suggest that the type of different strategic alliances (equity options vs non-equity options) may contribute differently to social enterprises at different levels of development and will therefore have different effects. This suggests the early stages of theory development but what seems to be gaining relevance by strategy scholars is the inclusion of the sub-field of sociology literature amongst researchers in strategic alliance topics (Di Guardo & Harrigan, 2012). The finding in this study that the relationship between strategic alliance building and scaling of the social enterprise is not significant finds support from these prior studies that have found that alliance building and innovation studies remain fragmented with several emerging sub-fields but lacking a definitive dominant theory (Di Guardo & Harrigan, 2012).

Early work on the SCALERS model was based on multinational enterprises (MNEs) and the traditional theories emanating from this early research does not seem to be necessarily applicable to the dynamic, resource challenged and just challenging world of social enterprises, especially at start-up phases (Cacciolatti et al, 2020). Bloom and Smith (2010) also point to the fact that the insignificant relationship between strategic alliance building and scaling of the social enterprise may have been the reflection of the character of the population sample and also the lack of heterogeneity.

The development of strategic alliances may have been affected by contingencies, such as that they operate in an environment that does not have good potential allies to partner with to achieve social change and scale. Strategic allies that are purported to be supporting controversial causes, e.g. legalisation of drugs, may make strategic alliances a less important driver of scale and make other SCALERS more significant drivers of scaling (Bloom & Chatterji, 2009).

5.6 Research Question 2

Research Question 2: To what extent is venture acquisition, in the form of earnings generation, positively related to the scaling of social enterprises?

H2*: There is a positive relationship between social venture acquisition, in the form of earnings generation, as a means of scaling social enterprises.*

The hypothesis that there is a positive relationship between social venture acquisition in the form of earnings generation and scaling of social enterprises was supported. Research findings point to a positive and significant relationship between earnings generation and scaling of social enterprises.

Social enterprises that achieve a high value on the earnings generation construct, implies that they do not have any challenges of funding their activities and paying for their own bills. Their organisational capability to generate a stream of revenue that exceeds their expenses is high. The more organisational capability the social enterprise possesses to generate earnings, the more financial resources it will access in order to achieve scale (Bloom & Chartteji, 2009). These organisations

would have been able to earn income from their financial capital efforts which would include investments donations and other forms of funding to enable them to scale. This is a particularly essential organisational capability in the social sector because of the limited growth in capital markets (Bloom & Smith, 2010).

5.6.1 Comparison with literature

The Bloom and Smith (2010) study confirms the findings of this research where it found that the earnings generation construct had the highest effect compared to the other SCALERS. Earnings generation, such as income and trading activities and investments, contribute significantly to scaling and growth, thus making the social enterprise self-sustaining (Blundel & Lyon, 2015).

The findings of the positive and significant relationship between earnings generation and scaling of the social enterprise is premised on strategic management literature which posits that scalability, social innovation and growth are a result of the resources that the firm has and its organisational capabilities. This view finds its theoretical basis on the resource-based view framework of firm theory (Day & Jean-Denis, 2016). The resource-based view perspective explains how resources in social entrepreneurial organisations are used to achieve the goal of scaling out and one of the most important resources is finances (Gras & Lumpkin, 2012). Strategic theorists suggest that proper resource management and organisational capabilities, such as earnings generation, are strongly associated with financial capital (Gras & Lumpkin, 2012). Generation of earnings capacitates the entrepreneurial organisation to replicate the venture (Day & Jean-Denis, 2016). There is a suggestion to include economic theory as this would better explain the development of financial capital which is a crucial element that is required in scaling of social impact and thereby creating value for communities and beyond (Day & Jean-Denis, 2016). The implications of the strategic management literature are that there could possibly be a causal relationship between the strategic steps undertaken to create social value and the ability to capture the value (Day & Jean-Denis, 2016).

Bloom and Smith (2010) found that although there seems to be reciprocity amongst each of the SCALERS, earnings generation on its own was found to impact scaling strongly. Other studies on influencers of scaling have found that

whether the organisation is scaling wide or deep, the social enterprise needs to pursue both profitability and the mission that they are addressing simultaneously. (Zhao & Han, 2020).

Although a strong construct on its own, for most organisations there is however evidence of reciprocity between earnings generation and the other SCALERS. The organisations' ability to generate earned-income will make them effective at e.g. alliance-building, staffing, communicating and replicating. An organisation that is effective at staffing could also cause increased earnings (Bloom & Chartteji, 2009). It may therefore be situational antecedents that make the earnings generation construct more significant in some organisations and not in others. In situations where a social enterprise has abundant financial resources committed to their scaling efforts, the other scalers will receive more attention in terms of the enterprises' ability to scale (Bloom & Chartteji, 2009).

Another situational contingency at the opposite end of the spectrum is the notion of bricolage. Studies on resource poor innovators have found that the social entrepreneurs are able to achieve breakthrough innovations with very little debt. They are able to achieve scale through bricolage behaviour as they are capable of surviving in any economic context, be it austere or munificent (Bacq et al., 2015). Earnings generation in these social enterprises will not be a driver of scale at all but the breakthrough innovations will be the drivers to create, grow their firms, and ultimately, scale their social impact (Bacq et al., 2015). Earnings generation activities require impact investors with large supporting patient capital investments and some commercial viability in the medium term. This is already a challenge in the social investment sector where most of these studies have been conducted (Bloom & Smith, 2010). Therefore, in developing economies, earnings generation capability might not be as strong a SCALER as bricolage would be.

5.7 Conclusion

This research findings are an indication of what the literature review in Chapter 2 indicated in terms of the necessity for more theoretical and empirical studies to be conducted in the scaling of social enterprises context. The SCALERS framework has provided a normative framework for capabilities that social

entrepreneurial enterprises need to be in possession of in order to be able to scale their impact or innovations. There however, needs to be more large scale quantitative studies to improve the nature of the measurement tool and its reliability and validity. The Eigen value rule was not strictly adhered to and cut off at 1 but had to choose factors closest to 1 to improve the cumulative percentage of the factors.

To answer research question 1: To what extent can venture acquisition, in the form of strategic alliance-building, be positively related to the ability of the social enterprise to scale. The answer to this question is inconclusive from the research findings. Whilst there is a positive relationship between strategic alliance building and scaling of the social enterprise, the study found it to be statistically insignificant.

The answer to research question 2: To what extent can venture acquisition, in the form of earnings generation, be positively related to the scaling of social enterprises, the study found a significant and positive relationship between the two variables. This is in line with prior literature that found earnings generation to have the highest effect on scaling.

Because of the lack of emergent theory on which combination of capabilities work better or which ones need to be prioritised by an enterprise, it is imperative for more large-scale research to be undertaken in order to build on the capabilities for scaling, especially for emerging economies.

CHAPTER 6: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter, as the final chapter of the report, starts with the researcher's conclusions of the study. It then goes on to discuss the implications and recommendations. The limitation of the study are also reported and the chapter concludes with suggestions for future research.

6.2 Conclusions of the study

Scaling up of social enterprises remains the most promising yet challenging issue in both research and practice (Zhao & Han, 2020). The need for rapid scaling and replication of successful social innovations as solutions for addressing the developmental societal problems suggests a requirement for urgent and more research in order to close the empirical and conceptual gaps of understanding scaling.

In order to gain a deeper understanding of the drivers of scaling, this study was aimed at replicating research but focused on the two drivers of scale, namely, earnings generation and strategic alliance and their relationship with scaling in a South African context. This will hopefully contribute to empirical evidence needed in the social sector for both policymakers and practitioners to build theoretical frameworks and strategic decision-making for impactful investment in order to alleviate some of the developmental challenges that continue to plague South Africa.

The overall conclusion of the study is that social enterprises that have a capability of generating income through trading activities and investments will increase their ability to scale their activities and impact. This is supported by previous research (Bloom & Chatterji, 2009; Smith et al., 2014; Bloom & Smith, 2010) that found that the higher the organisation has access to financial capital, the higher its ability is to access other resources that are crucial for success and scaling.

The organisational capability to form strategic alliance has been found by the study not to be significantly related to the ability of the organisation to scale as

predicted by the SCALERS model (Bloom & Smith, 2010). Prior research (Corner & Kearins, 2021) has not been able to establish conclusively the significant relationship between strategic alliance building and scaling of the social enterprise.

6.3 Implications and Recommendations

6.3.1 Implications and recommendations for practitioners

CSR through CSI and B-BBEE investments and social entrepreneurship and innovation has been identified as a possible mechanism to address the complex developmental challenges that the government by its shortcomings, has failed to address at the pace that is needed to effect social change. This study contributes to empirical evidence that aims to create a better understanding of drivers of growth and scale of social impact. Scaling of social enterprises is assumed to be the answer to bringing social change (Zhao & Han, 2020). Understanding the drivers of scaling impact remains key as a way of addressing the "wicked problems". The implications from this study point to a positive relationship between investing in social enterprises to scale the social impact.

Steenman and van Rooij (2012, p. 7) state the recommended definition of a social enterprise in South Africa as "*A social enterprise's primary objective is to ameliorate social problems through a financially sustainable business model, where surpluses (if any) are principally reinvested for that purpose".* The financial stability that they recommend would be derived from business development services and from preferential procurement practices of large enterprises and government. Such strategic decision-making needs to be made by assumptions based on proper empirical research. The study's intention was to address the problem of the social entrepreneur's failure to leverage CSR strategies, including CSI investments and small business development support, and of large organisations failing to make empirically informed decision of investing for scaling in order to succeed at social change.

For the social entrepreneur, the study suggests that earnings generation is a capability that needs to be developed and leveraged when growth and scale are

under consideration. That therefore forms part of a framework that can be developed to start predicting which organisational capabilities are related to successful scaling (Cannatelli, 2017).

The findings of the study also led to the question of whether the measurement of growth and scaling as a construct and the dependent variable was valid in all contexts and geographies. Literature and previous research (Bacq et al., 2015; Bloom & Smith, 2010) has depended on self-reporting which is a common practice in management, organisational sciences and entrepreneurial research, and has been conducted in mainly Anglo-Saxon contexts which may result in common method bias and fail to take into consideration varying interpretations of scale and contextual dynamics characterised by historic and cultural antecedents (Desa & Koch, 2014; Blundel & Lyon, 2015).

Whist there are still gaps in empirical evidence, the study suggests that investments in social enterprises will have a positive impact in their ability to scale and therefore address market and governmental failures for social change. Strategic alliance building needs more replicative studies in order to gain a deeper understanding of the contingencies and moderating effects that need to be present for it to have a significantly positive impact on the scaling of a social enterprise.

6.3.2 Implications and recommendations for policy makers

The findings of the study point to a need for policy and institutional support of investments and trading activities of social enterprises based on their potential to innovatively address the pressing social problems in South Africa. There is a common understanding in South Africa that the social enterprises would adopt a market related response to the social mission they are addressing and that they would be making a surplus or profit and those profits would be reinvested. (Steenman & van Rooij, 2012).

Policy changes recommended would that be, first of all, that there be a legal framework for social enterprises. The absence of a legal framework poses a challenge for further research in terms of ensuring that the sample is indeed

enterprises that are registered as social enterprises. This also discourages investment from potential social investment capital markets as there is no guarantee of a return. The legal framework that allows for recognition of these enterprises could be adapted from the United Kingdom's Community Interest Companies (CiC's) (Steenman & van Rooij, 2012).

Taxation legislation currently does not encourage profit as normal tax applies for any profits in excess of R150 000. This legislation needs to change to a different taxation structure to incentives earnings generation for social entrepreneurs.

The legal framework for the recognition of social enterprises would also pave the way for their inclusion in the B-BBEE legislation as beneficiaries of business development services and preferential procurement.

These policy change recommendations promote a government intervention that is solution-driven to drive the achievement of an efficient social sector. Funding of scaling of social impact research can be legitimised through such policy framework as it has been found that collecting data for social enterprises is expensive and it can discourage potential future research by interested parties.

6.3.3 Implications and recommendations for academics

Whilst there is consensus that scaling is one of the most important and relevant topics in social entrepreneurship, the study findings point to gaps in the explanatory power of the constructs, individually and collectively (Cannattelli, 2015). The study suggests a need for the replication of the study in new geographical areas in order to validate academic knowledge and understanding of the SCALERS model. There are design and methodological gaps as evident from both the EFA and the CFA. There is, in all likelihood, an effect of the SCALERS on one another and also synergies amongst them (Bloom & Charteji, 2009). This may have affected construct boundaries and validity and warrants further research.

More research and replication of the SCALERS model will allow for the identification of moderators and the specific conditions that make the relationship

between the scaling and one of or all or a combination of the independent variables (the seven SCALERS) most relevant and thereby setting boundaries for the theory of scaling (Cannatelli, 2015). This also assists with additional and further development of the measures and constructs that have a relationship with scaling which may not be currently included in the SCALERS model, such as bricolage. Bricolage may be of even more relevance in times of uncertainty and resource shortages that would be experienced in times of catastrophic emergencies such as those caused by the Covid 19 pandemic.

There needs to be a concerted effort to collect data on social entrepreneurship and their ability to scale on a large scale coupled with cross-sectional and longitudinal studies so that evidence of causality between variables can be determined. This may need dedicated funds so that a database can be established and these organisations could be followed over time.

6.4 Limitations of the study

The difficulty in identifying social ventures could have potentially affected the sample frame. Social entrepreneurship is still occurring at a considerably lower incidence level compared to commercial entrepreneurs. Accessibility to social entrepreneurial organisations to conduct a large-scale quantitative research like this one is a limiting factor. This is compounded by the lack of a legislative framework in the South African context. A larger sample would be ideal for a study of this nature.

The subjective perspective and common method bias (Bacq et al., 2015) could also have an effect as the measure of the scaling construct was a questionnaire that was completed by entrepreneurs themselves. There was no cross-referencing of any objective measures or a comparison against social enterprises that have scaled successfully.

The generalisability of the study to a broader population of South African social entrepreneurs could also be a challenge, based on the fact that the majority of the respondents reported their enterprises as operating in the Gauteng province.

The Covid-19 environment may also have had an effect on the slow rate of responses as was reported by the managers of hubs and network organisations that were approached to assist with distributing the questionnaire.

6.5 Suggestions for further research

The more there are large scale replicative studies on the SCALERS model, the more scale development and construct validity will be achieved.

Under which conditions are the SCALERS capabilities, individually, a combination of one or more or collectively, positively related to scaling of social impact.

The situational contingencies of the SCALERS model in social entrepreneurship.

The relationship between Bricolage and scaling of social innovations.

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APPENDIX A: RESEARCH INSTRUMENT



Social venture acquisition to achieve scalability of social enterprises

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Start of Block: Start of Block: SURVEY INSTRUCTIONS

Q1 WITS BUSINESS SCHOOL

Dear Entrepreneur

My name is Sane Bukula and I am a MM-Entrepreneurship and New Venture Creation student at the Wits Business School and as part of my thesis I am need to collect data from social entrepreneurs.

I will appreciate it if you can spare me approximately 8 - 10 minutes of your time and complete the questionnaire below on the effect of venture acquisition in the form of strategic alliances and earnings generation on achieving scalability of social enterprises

Please be assured that your responses will be kept completely confidential. Your participation in this assignment is voluntary. You have the right to withdraw at any point during the study, for any reason, and without any prejudice. If you would like to contact the supervisor/lecturer in the study to discuss this research, please feel free to do so.

By clicking the button below, you acknowledge that your participation in the study is voluntary, you are 18 years or older of age, and that you are aware that you may choose to terminate your participation in the study at any time and for any reason.

Please note that this survey will be best displayed on a laptop or desktop computer. Some features may be less compatible for use on a mobile device.

- ○ I consent, begin the study (1)
- ○ I do not consent, I do not wish to participate (2)

End of Block: Start of Block: SURVEY INSTRUCTIONS

Start of Block: Start of Block: DEMOGRAPHIC DATA

Q2.1 What is your gender

- ○ Male (1)
- ○ Female (2)
- ○ Other (3)

Q2.2 What is your age

- ○ 18 - 24 (1)
- ○ 25 - 34 (2)
- ○ 35 - 44 (3)
- ○ 45 - 54 (4)
- ○ 55 - 64 (5)
- ○ 65 - 74 (6)
- ○ 75 - 84 (7)
- ○ 85 or older (8)

Q2.3 What is your level of education?

- ○ No schooling (1)
- ○ Less than High School (2)
- ○ High School graduate (3)
- ○ Some college (4)
- ○ Undegraduate degree/ diploma (5)
- ○ Post graduate degree/ diploma (6)
- ○ Professional degree (7)

End of Block: Start of Block: DEMOGRAPHIC DATA

Start of Block: Start of Block: BUSINESS INFORMATION AND EXPOSURE

Q3.1

What is the size of your business

- Micro (0 - 10 employees) (1)
- Small (11 - 50) (2)
- Medium (51 - 250) (3)
- Large (250 +) (4)

Q3.2 In which province is your business located

- Gauteng (1)
- Mpumalanga (2)
- Free State (3)
- North West (4)
- Northern Cape (5)
- Western Cape (6)
- Limpopo (7)
- KwaZulu Natal (8)
- Eastern Cape (9)
- Outside South Africa (10)

Q3.3 How long have you been in business?

- 1 - 4 years (1)
- 5 - 9 years (2)
- 10 - 14 years (3)
- 15 years and above (4)

Q3.4 What is the age of your business

- 1 - 4 years (1)
- 5 - 9 years (2)
- 10 - 14 years (3)
- 15 years and above (4)

Q13 What is the social purpose / mission of your enterprise

- Mitigation or reducing a social or environmental problem. (1)
- Addressing market failure (2)
- Generation of social value (3)
- Not Applicable (4)
- Other (5)

End of Block: Start of Block: BUSINESS INFORMATION AND EXPOSURE

Start of Block: Start of Block: MEASUREMENT SCALES DESCRIPTIONS

Q4. The next questions are 7 point Likert scales with Strongly Disagree=1 and Strongly Agree=7. Indicate the extent to which you agree or disagree on the following statements.

End of Block: Start of Block: MEASUREMENT SCALES DESCRIPTIONS

Start of Block: Start of Block : Scaling of Social Enterprise

Q5

Thinking about the last three years of operations of your organization, please indicate how strongly you agree or disagree with each of the following statements, assuming each statement starts with the following phrase: Compared to other organizations working to resolve similar social problems as our organization . . .

Please indicate to what extent you agree or disagree with each statement:

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
We have made significant progress in alleviating the problem (1) (1)	○	○	○	○	○	○	○
We have scaled up our capabilities to address the problem (2) (2)	○	○	○	○	○	○	○
We have greatly expanded the number of individuals we serve (3) (3)	○	○	○	○	○	○	○
We have substantially increased the geographic area we serve (4) (4)	○	○	○	○	○	○	○
Our work and approach is tranferable to other locations (5) (5)	○	○	○	○	○	○	○
Our organization's approach allows us to serve potentially large groups of people (6) (6)	○	○	○	○	○	○	○

End of Block: Start of Block : Scaling of Social Enterprise

Start of Block: Start of Block : Venture Acquisition in the form of Strategic Alliance Building

Q6 Please indicate to what extent you agree or disagree with each statement: Compared to other organizations working to resolve similar social problems as our organization . . .

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
We have built partnerships with other organizations that have been win-win situations for us and them. (1) (1)	○	○	○	○	○	○	○
We rarely try to 'go it alone' when pursuing new initiatives. (2) (2)	○	○	○	○	○	○	○
We have accomplished more through joint action with other organizations than we could by flying solo. (3)	○	○	○	○	○	○	○
We have considered franchising (4) (4)	○	○	○	○	○	○	○
we have considered forming joint ventures (5) (5)	○	○	○	○	○	○	○

End of Block: Start of Block : Venture Acquisition in the form of Strategic Alliance Building

Start of Block: Start of Block: Social Venture Acquisition in the form of Earnings Generation

Q7 Please indicate to what extent you agree or disagree with each statement: Compared to other organizations working to resolve similar social problems as our organization . . .

	Strongly disagree (1)	Disagree (2)	Somewhat disagree (3)	Neither agree nor disagree (4)	Somewhat agree (5)	Agree (6)	Strongly agree (7)
We have generated a strong stream of revenues from products and services that we sell for a price (1) (1)	○	○	○	○	○	○	○
We have cultivated donors and funders who have been major sources of revenue for us. (2) (2)	○	○	○	○	○	○	○
We have found ways to finance our activities that keep us sustainable. (3) (3)	○	○	○	○	○	○	○
We have identified investors who have been willing to fund our growth strategies (4) (4)	○	○	○	○	○	○	○
We have identified Programme Related Investors (5) (5)	○	○	○	○	○	○	○

End of Block: Start of Block: Social Venture Acquisition in the form of Earnings Generation

APPENDIX B: CONSISTENCY MATRIX

Research objective: To examine the relationship between venture acquisition in the form of strategic alliance-building and earnings generation as and the scaling of social enterprises to achieve greater social impact.							
Research aim	**Literature Review**	**Hypotheses**	**Research questions**	**Variables (independent variables and dependent variables)**	**Source of data**	**Type of data**	**Analysis**
Assessing the relationship between social venture acquisition in the form of strategic alliance-building and the scalability of social enterprises for greater social impact	Bloom and Smith, 2010 Sherman 2005 Horoszowski, 2013 Kumar, 2010 Bacq et al.,, 2015	There is a positive relationship between social venture acquisition, in the form of strategic alliance-building and the scaling of the social enterprises (H1)	What is the relationship between social venture acquisition in the form of strategic alliance building and the scaling of social enterprises?	**IV 1**: Social venture acquisition in the form of strategic alliance-building **DV**: Scaling of social enterprises	On-line survey instrument: Questions 6 (1 – 5) Questions 5 (1 - 6)	Ordinal data (7 point Likert Scale)	Analysis on descriptive statistics, correlation and linear regression.

Research objective: To examine the relationship between venture acquisition in the form of strategic alliance-building and earnings generation as and the scaling of social enterprises to achieve greater social impact.							
Research aim	**Literature Review**	**Hypotheses**	**Research questions**	**Variables (independent variables and dependent variables)**	**Source of data**	**Type of data**	**Analysis**
Investigating the relationship between social venture acquisition in the form of earnings generation and the scalability of social enterprises.	Bloom and Smith, 2010 Sherman 2005 Froelich, 1999 Peredo and McLean, 2006	There is a positive relationship between social venture acquisition in the form of earnings generation and scaling of social enterprises.	What is the relationship between social venture acquisition in the form of earnings generation and scaling of social enterprises?	**IV 2**: Social venture acquisition in the form of Earnings generation **DV**: Scaling of social enterprises.	On-line survey instrument: Questions 7(1–5)		

APPENDIX C: CONSENT



Consent Form / Section on the Questionnaire:

Title of project: Social venture acquisition, in the form of strategic alliance building and earnings generation as a means of achieving scalability of social enterprises.

Name of researcher: Sane Bukula

Dear Entrepreneur,

My name is Sane Bukula and I am a MM-Entrepreneurship and New Venture Creation student at the Wits Business School and as part of my thesis I am need to collect data from social entrepreneurs.

I will appreciate it if you can spare me approximately 8 - 10 minutes of your time and complete the questionnaire below on the effect of venture acquisition in the form of strategic alliances and earnings generation on achieving scalability of social enterprises.

Please be assured that your responses will be kept completely confidential. Your participation in this assignment is voluntary. You have the right to withdraw at any point during the study, for any reason, and without any prejudice. If you would like to contact the supervisor/lecturer in the study to discuss this research, please feel free to do so. My supervisor is Prof Boris Urban and his email address is boris.urban@wits.ac.za, and contact number is +27 11 717

3762

By clicking the button below, you acknowledge that your participation in the study is voluntary, you are 18 years or older of age, and that you are aware that you may choose to terminate your participation in the study at any time and for any reason.

Please note that this survey will be best displayed on a laptop or desktop computer. Some features may be less compatible for use on a mobile device.

I consent, begin the study

O I do not consent, I do not wish to participate

End of Block: SURVEY INSTRUCTIONS

APPENDIX D: ETHICS CLEARANCE

UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

SCHOOL OF GRADUATE SCHOOL OF BUSINESS ADMINISTRATION ETHICS COMMITTEE
CONSTITUTED UNDER THE UNIVERSITY HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: WBS/BA1192518/332**
PROJECT TITLE	Social venture acquisition, in the form of strategic alliance building and earnings generation as a means of achieving scalability of social enterprises.
INVESTIGATOR	Mrs Sanelisiwe Bukula
SCHOOL/DEPARTMENT OF INVESTIGATOR	MM (Entrepr & New Venture Creation)
DATE CONSIDERED	09 October 2020
DECISION OF THE COMMITTEE	Approved unconditionally
RISK LEVEL	LOW RISK
EXPIRY DATE	30 JUNE 2021

ISSUE DATE OF CERTIFICATE 27 October 2020 **CHAIRPERSON** _____
(Dr MDJ Matshabaphala)

cc: Supervisor: [redacted] Prof Urban

DECLARATION OF INVESTIGATOR

To be completed in duplicate and **ONE COPY** returned to the Chairperson of the School/Department ethics committee.

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

Sano Bukula
Signature

27 / 10 / 2020
Date

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES