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UNIVERSITY OF CAPE TOWN



DEPARTMENT OF SOCIAL DEVELOPMENT

**An exploration of the motivation and opportunity seeking behaviours of
social entrepreneurs in Cape Town**

A minor dissertation submitted in partial fulfilment of the requirements for the award of the
degree of Master of Social Science in Social Development

by

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Firstly, I thank the Almighty for all His Blessings and for making the completion of this work and degree possible.

This thesis is dedicated to my parents and my two brothers, Admire and Paul Chirinda. I would like to acknowledge my father for being a great inspiration in my life and for his support in all my endeavours. Thank you all for believing in me and helping me to unleash my potential. May this thesis be an inspiration to my brothers and ignite a passion for learning and furthering their academic careers.

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DEDICATION

This thesis is dedicated to my parents:

Mr. Onias Chirinda and my late mother, Ms. Eunice Shupikai Dhliwayo

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ABSTRACT

This research study of the motivation and opportunity-seeking behaviours of social entrepreneurs in Cape Town was conducted among fifteen social entrepreneurial organisations in Cape Town during the months of June, July and August 2010. The results of this qualitative research show that there are various factors that motivate people to become social entrepreneurs, such as the desire to make a difference in other peoples' lives and provide innovative solutions to existing social problems.

The results of the study also indicate that there are various factors that enable one to recognise opportunities and respond accordingly to the environment. Additionally, the results reveal that the social entrepreneurs have mixed feelings about the different Acts of Parliament that impact on social entrepreneurship, and their effects on the creation of an enabling environment that facilitates the growth of social enterprises in South Africa. The findings also point to the limited knowledge that the interviewees have about the policies and support structures that are at their disposal. Effective inter-sectoral collaboration between the government, civil society and the private sector is highly recommended as a strategy to improving social service delivery in South African communities. Another recommendation is that Ashoka (global organisation that is funded by various donors that works as a catalyst for systemic change; supports and promotes social entrepreneurship), decentralises its services - such as workshops and events - to beyond the Johannesburg area, thereby making them more accessible to social entrepreneurs in smaller towns.

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CHAPTER ONE

INTRODUCTION

1.1 Social entrepreneurship context

Increasingly in the development field today, individuals and organisations are taking it upon themselves to promote socio-economic development in their communities (Dees, 2007). National governments and donor organisations have formulated programmes that are implemented in partnership with local communities for the purposes of addressing social and economic challenges. However, interventions by both public and private sectors have largely failed to adequately address these challenges, which has in turn opened up opportunities for social entrepreneurs. These social entrepreneurs initiate economic and social profit-oriented developmental activities to address the socio-economic needs of local communities, using the social, economic, cultural and human capital available at community level (Dees, Martin and Osberg, 2007). There is thus evidence of growing interest in the subject of social entrepreneurship as an emerging discipline that aims to find solutions to a variety of socio-economic and environmental challenges (Brock, 2008).

This study examines the motivation of social entrepreneurs, specifically in Cape Town, in starting up social enterprises rather than purely entrepreneurial businesses with a profit-making motive. More specifically, it seeks to identify the motivating factors that drive social entrepreneurs to set up social enterprises and how, in the first place, they recognise opportunities. The study also explores peoples' reasons for promoting development and change, as well as their motivation to search for and access the required means and resources for realising their goals.

The research was conducted among fifteen social entrepreneurs in Cape Town during June, July and August 2010. This report documents the process and outcome of the research journey.

1.2 Rationale for and significance of the study

There are many economic, social and environmental challenges that face South African society. Poverty, HIV and AIDS and increasing economic inequalities are but a few, and these need to be overcome (United Nations Economic & Social Council, 2008). Current

public debate has been on finding solutions to these challenges: one solution is social entrepreneurship, which references individuals or organisations who regard challenges as opportunities that can be exploited in a financially profitable and sustainable manner (Dees, 2007; Mair and Martí, 2006). Social entrepreneurship has thus emerged as an interesting phenomenon in the development arena.

It is yet unclear as to why there has been a marked increase in an interest in social entrepreneurship. There is, however, little information about what it is that drives individuals to initiate social enterprises, or whether these enterprises can indeed meet some of the challenges associated with globalisation. This study aims to help fill this information gap by establishing why individuals are motivated to embark on social entrepreneurship; the difficulties they face; the rewards they can derive; and what support, if any, they receive, from both public and private institutions. It is hoped that the study will contribute to a better understanding of social enterprises and their impact on the development of communities (Dees, 1998).

This research is significant because it looks at what motivates people beyond economic gain and thus could help convince the South African government to promote social entrepreneurship as a strategy for service delivery. The assumption is that, an understanding of peoples' motivation to address social problems, which are, or have not been addressed by the state, may lead the government to develop policy guidelines and invest in structural support mechanisms which promote social entrepreneurship in the battle against poverty (Dhesi, 2000). Other service delivery structures in both private and public sectors could also learn from social entrepreneurs.

Furthermore, this research will also provide the information useful for the development of policy guidelines for up-and-coming social entrepreneurs. It will furthermore serve as a resource from which tertiary educational institutions can draw in order to inform the development of new courses and modules on the topic; help equip students with the ability to take up social entrepreneurship as a career choice; and provide data that will assist social development practitioners to identify potential social entrepreneurs and help to channel their interests.

1.3 Problem statement

Social venture capital has been described as a form of venture capital investing that provides capital to businesses deemed socially and environmentally responsible (Skoll Foundation, 2008). With the rise in the availability of this kind of capital, it is becoming increasingly important to identify social entrepreneurs and to quantify the social value and benefits they bring to society (Dees and Anderson, 2003). However, research on the motivations and opportunity-seeking behaviours of social entrepreneurs is lacking (Morris and Kuratko, 2002). Much research has been conducted on the characteristics and typologies of social entrepreneurs, particularly in western countries. A fundamental question that has received little attention is the ‘initiating factors that get entrepreneurial activity underway’ (Verwey, 2005:39). The author states that while much is known about sources and types of opportunities, how to leverage resources, and what the characteristics and boundaries of social entrepreneurship are, much less is understood about what motivates an individual to pursue a social entrepreneurial activity, a question that this research seeks to explore. By investigating social entrepreneurial motivation and opportunity recognition, this study seeks to contribute to a growing body of literature on social entrepreneurship.

1.4 Main research questions

The questions that the study seeks to answer are:

- How do social entrepreneurs understand the meaning of the term ‘social entrepreneurship’?
- What motivates people to become social entrepreneurs?
- What motivates social entrepreneurs to remain social entrepreneurs?
- What processes do social entrepreneurs go through to find, recognise and respond to opportunities to set up a social enterprise?
- What challenges do social entrepreneurs experience in setting up a social enterprise?
- What are the views of social entrepreneurs on the factors that lead to the creation of an environment that supports and promotes the establishment of social enterprises?

1.5 Main research objectives

The following research objectives are formulated from the research questions presented above:

- To explore social entrepreneurs’ understanding of the term ‘social entrepreneurship’.

- To explore the motivation of social entrepreneurs for starting up social entrepreneurial ventures.
- To explore the processes that social entrepreneurs go through to identify, recognise and respond to opportunities.
- To identify the problems that social entrepreneurs experience in setting up social enterprises.
- To identify the factors in the environment that promote or hinder the establishment of social enterprises.
- To formulate recommendations focussing on the development and support of social entrepreneurs.

1.6 Concept clarification

Due to the nascent nature of this sector and the controversy around terminology, this section will seek to clarify the main concepts in the study. Concept clarification involves the ‘analysis of the key concepts in the statement, relating the problem to a broader conceptual framework or context’ (Mouton, 1996:5). The concepts are defined and explained in alphabetical order.

Entrepreneur

Someone who is opportunity oriented and always searches for change, responds to it, mobilises resources and moves them to higher levels of productivity (Dees, 1998).

Another definition of entrepreneurship by Barringer and Ireland (2006:5) describes entrepreneurship as ‘the process by which individuals pursue opportunities without regard to the resources they currently control’. In this study, an entrepreneur refers to a person who sets up a business or businesses taking on greater than normal financial risks in order to do so.

Enabling environment

Thindwa (2001:3) defines an enabling environment as ‘a set of interrelated conditions such as legal, bureaucratic, fiscal, informational, political, and cultural that impact on the capacity of development actors to engage in development processes in a sustained and effective manner’.

Non-governmental organisation (NGO)

The definition of an NGO has varied due to the diversity of organisations found in the global NGO sector. This diversity comes from the differences in ‘size, scope of activities, duration, objectives, cultural contexts, legal statuses and ideologies amongst other things’ (Princen and Finger, 1994:6). A few definitions that are relevant to the study follow.

The term ‘non government organisation’ refers to organisations (i) not based in government; and (ii) not created to earn profit (Collier, 2000). According to Aall (2001:367) NGOs are defined as ‘private, self-organising, not-for-profit institutions dedicated to alleviating human suffering, or to promoting education, health, economic development, environmental protection, human rights and conflict resolution or to encouraging the establishment of democratic institutions and civil society.’

The Republic of South Africa, Department of Social Development (1997:2) defines an NGO as a non-profit organisation that is ‘a trust, company or other association of persons established for a public purpose; and the income and property of which are not distributable to its members or office bearers except as reasonable compensation for services rendered’ (Non-Profit Organisations Act 71 of 1997: Section 1 (x)). In this study, NGO refers to any development-oriented organisation that is not part of government.

Social entrepreneur

Ashoka, the global leading association of social entrepreneurs, which originated in the United States of America in 1980, defines social entrepreneurs as individuals with innovative solutions to society’s most pressing social problems. They are ‘ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change’ (Ashoka Innovators for the Public [n.d.]).

The Schwab Foundation for social entrepreneurship defines social entrepreneurs as ‘people who drive social innovation and transformation in various developmental fields’. Thus a social entrepreneur, like a business entrepreneur, builds strong and sustainable not-for-profit organisations or companies, which are set up as not-for-profit organisations or as companies. This study will use the Ashoka definition of social entrepreneurship as the research made use of Ashoka fellows.

Social enterprise

The most comprehensive and widely used definition of a social enterprise was published by the British government in a 2006 document 'Social enterprise: a strategy for success' which defines a social enterprise as 'a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners' (2006:7).

1.7 Ethical considerations

Ethics refers to 'a set of moral principles which is widely accepted, and which offers rules and behavioral expectations about the most correct conduct towards experimental subjects and respondents, employers, sponsors, other researchers, assistants and students' (De Vos et al., 2005:57). According to Babbie and Mouton (2005), the main ethical issues in social research are voluntary participation, no harm to the participants, anonymity and confidentiality, not deceiving subjects, and issues related to data analysis and research data reporting. Ethics clearance was obtained from the University of Cape Town's (UCT) Department of Social Development, as required by the University's Research Ethics Committee.

McLaughlin (2007) distinguishes between ethical issues that are important before the research commences, during the research, and after data collection has been completed. This section will focus on ethical considerations that were taken into account before the research commenced and how these ethics were applied during the research.

1.7.1 Informed consent

Babbie and Mouton (2005) and Trochim (2001) state that the researcher must obtain informed consent from participants before he/she participates in a research project. The researcher informed prospective participants both during the process of recruiting participants (telephonically and via e-mail) and at the beginning of each interview about both the goals and the procedures of the research. Participants are supposed to receive adequate information so that they give their informed consent to participate. Clearly, they should be psychologically capable of making a decision relating to their participation (Babbie and Mouton, 2006). In this study, participants were asked to give consent for their participation in the form of an email.

1.7.2 Voluntary participation

This refers to the willingness of an individual to participate in research, as no one should be forced to participate (Babbie and Mouton, 2006). When setting up appointments with the participants as well as at the beginning of each interview, the researcher confirmed that each of the fifteen interviewees was participating voluntarily and emphasised that they were free to withdraw at any time. None of the participants withdrew from the research. The participants were neither coerced nor rewarded for their participation.

1.7.3. Avoidance of harm and debriefing of participant

Research should never harm the people being studied (Babbie and Mouton, 2006), either physically or emotionally, which may happen when dealing with victims of abuse (Strydom, 2002). The nature of this particular study precluded risk of harm, thus pre-interview preparation of participants and debriefing of participants were not necessary.

1.7.4 Competence of researcher

The researcher is ethically obligated to ensure that he/she is competent and adequately skilled to undertake the research project (Strydom, 2002). The researcher acquired the necessary interviewing skills as part of her undergraduate studies and during previous research projects. Two pilot interviews were conducted to enable the researcher to refine her interviewing skills and the questions in the interview schedule.

1.7.5 Anonymity and confidentiality

Anonymity refers to a situation in which a researcher cannot identify a given response with a given respondent (Babbie and Mouton, 1998) Confidentiality refers to ‘the boundaries surrounding shared secrets and to the process of guarding these boundaries’ (Bok, 1983:25). In this research, anonymity could not be guaranteed completely because the information obtained from respondents about their social enterprises is also available on the Internet. However, only the first names of the participants were used, and they felt comfortable with this.

1.7.6 Deception of participants

This refers to concealing one’s identity as a researcher and lying to participants about the purpose of the study (Babbie and Mouton, 2006). The researcher was very clear about the

goals of the research and how the information would be used, and did not withhold information in an attempt to manipulate or deceive the participants.

1.7.7 Access to the findings

The participants were made aware that the study was mainly for academic purposes. They would have access to the research report through the University of Cape Town's Library service. In addition, the findings would be published as a journal article.

1.7.8 Analysis and reporting

According to De Vos et al. (2005), researchers should strive for accuracy and objectivity in report writing. The researcher therefore has an obligation to report both positive and negative findings (Babbie and Mouton, 2006). The findings were submitted to the researcher's supervisor in the UCTs' Department of Social Development as a research report. A plagiarism declaration has been attached to the report to show that the researcher has acknowledged all sources of information used to conduct the study and to compile the report.

To deal with biases, the researcher used reflexivity, which will now be discussed.

1.8 Reflexivity

Reflexivity is 'the practice of researchers being self-aware of their own beliefs, values and attitudes and their personal effects on the setting they have studied and self-critical about the research methods and how they have been applied' (Payne and Payne, 2004:191). According to Miller and Brewer (2003:259), reflexivity 'requires a critical attitude towards data, and recognition of the influence of such factors as the location of the setting, the sensitivity of the topic, power relations in the field and the nature of the social interaction between the researcher and the researched'.

The researcher's non-South African status might have contributed to not fully understanding all the social and political implications of the local environment. However, her extensive reading on the topic of social entrepreneurship within the South African context and receiving supervisory guidance helped overcome this challenge. As a University of Cape Town student who had been exposed to seminars and lectures on social entrepreneurship, the researcher had her own perceptions of the subject, particularly with regard to the challenges

its practitioners face. Pre-conceived ideas of these challenges could have influenced the formation of the questions that were to be asked during the interviewing process. However, reading literature and asking open questions that allowed the participants to provide their own perceptions and experiences helped to overcome this limitation. In addition to this, the researcher made use of bracketing, a process of suspending and laying aside what is known about the subject under study allowing one to perceive all the facets without preconceived ideas –‘the researcher’s own knowledge and presuppositions are said to be ‘bracketed’ so as not to taint the data’ (Crotty, 1998:83). Bracketing helped her understand the perceptions of the social entrepreneurs in relation to their motivation and opportunity-seeking behaviours from their point of view and to understand their unique experiences without imposing her own ideas on these.

1.9 Problems encountered during the research

One of the major challenges the researcher faced was obtaining a sample for the study. Potential participants were difficult to pin down as social entrepreneurs are busy and often travelling. On a number of occasions, the researcher travelled to different Cape Town sites after being assured that participants would be available to meet with her, only to find that they were not available, or that they did not fit the profile she required. It took the researcher six weeks to obtain half the sample she had initially planned to interview.

The fact that most plans do not turn out as smoothly as one would like is the overwhelming reality of research. An example of this is that when the researcher started the research project, she planned to interview participants at the times that they specified. However, the researcher had to adjust this timetable and work at the times in which the participants were available. This led to the interviews being conducted over a period of one and half months, making the researcher miss her October 2010 deadline for completing the research.

The fact that the interviews coincided with the World Cup tournament also presented challenges. Most of the participants had indicated their availability during the World Cup. However, some saw the World Cup as an opportunity for social entrepreneurial work and were occupied at that time, which meant that the interviews had to be rescheduled.

Other problems experienced included noise in the venues, as most of the participants preferred to be interviewed at their workplaces. Most of the participants did not have access to office space, such as meeting rooms or boardrooms. Most of the interviews were conducted in offices shared with the rest of their staff. The consequence of this was that the background noise from the other staff made the recordings partially inaudible. This meant that the researcher struggled to pick up some of the participants' responses during the transcription process.

The type of venue also influenced the length of the interviews: interviews held at the participants' homes, for instance, took much longer than those conducted at their offices did. The participants interviewed at their houses were more relaxed as they were not working on that day. The participants whose interviews were conducted at the office appeared to be in a hurry as this was during their working hours and some had other meetings to attend.

The first interview question i.e. *Could you please briefly describe the history of your organisation and what it does?* also posed a challenge, because most of the participants spent much time replying to that question therefore lengthening the interview period. The researcher thought of changing the question in the initial stages but did not do so as she felt that it would put the participants at ease and give them the opportunity to share information about their organisation. Understanding the history and background of the social enterprise from the social entrepreneur's perspective helped the researcher learn more about the social enterprise as most of the participants provided information that was not available on the Ashoka website or their respective social enterprises' websites.

Another challenge was that of the age difference between the researcher and the participants. All fifteen participants were older than the researcher. Furthermore, they were of a higher status in terms of their job rankings, with all participants being founders, co-founders and directors of organisations. This made the researcher feel intimidated. However, with time, the researcher became more comfortable interviewing participants who were older and more experienced than she was. The participants were welcoming and created an environment in which the researcher felt sufficiently confident to apply her interviewing skills, such as summarising, reflecting and paraphrasing without feeling intimidated.

1.10 Report structure

The report is structured as follows:

Chapter 1: Introduction

This chapter is an introduction to the study framework. It introduces the research topic and discusses the rationale, significance and problem statement for the study. Furthermore, it highlights the key questions the research hopes to answer and defines the objectives of the study. Various social entrepreneurship concepts are explained in order to gain a clearer understanding of some of the terms used in the study. The chapter also raises the ethical considerations applicable to this study and offer the researchers' self-awareness in the section on reflectivity. The chapter ends by presenting the challenges experienced by the researcher in an effort to present the researchers' experience during the study.

Chapter 2: Literature review

Chapter 2 is a discussion of literature that has been written on social entrepreneurship. The chapter relates what is currently known about the field of social entrepreneurship.

Chapter 3: Research methodology

This chapter describes the methodology used in this study, looking specifically at the research design, sample size, data collection method, data collection tool, data analysis and data verification. Limitations of the research methodology are discussed in this section.

Chapter 4: Presentation of findings

This chapter offers a presentation of the research findings. The information gathered through the interviews is analysed and presented in relation to each research question theme.

Chapter 5: Conclusions and recommendations

This chapter offers conclusions based on the analysis of the findings with appropriate recommendations for the development and support of social entrepreneurs.

The next chapter is a detailed review of the literature, presenting a thematic exploration of the key areas that are linked to the objectives pertaining to the current study and the context of the topic.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter will give an overview of the literature review conducted prior to the empirical data collection phase of the study. The literature review is organised thematically, exploring key areas that are linked to the objectives of this study. As this is a relatively new research field not much literature pertains directly to social enterprises in the South African context. Fortunately, since the social enterprise model spans two well-established areas of research: the small business sector and the voluntary or NGO sector, it is possible to draw literature from these two fields, as well as international research on social entrepreneurship.

In this chapter, then, the literature in the social entrepreneurship field will be explored in order to contextualise this study and to provide a framework for understanding current practices. The first step will be to explain the origins and different theories of entrepreneurship and to conceptualise social entrepreneurship more specifically. Motivations for starting up social enterprises will also be examined, making use of different entrepreneurial motivation models. Opportunities for social entrepreneurship will be explored, the main types of challenges facing social enterprises, as well as its benefits. A comparison of social enterprises, commercial enterprises and NGOs will be made. Finally, the policy and legislation framework of the social entrepreneurship sector and the organisations that render support to social enterprises in South Africa will be overviewed.

The concept of entrepreneurship is not a new phenomenon: it dates back to the 18th century (Kuratko and Hodgetts, 2007). Entrepreneurship originated in French economics and came from the French word '*entrepredre* which means to take into one's own hands' (Roberts and Woods, 2005:46). The concept of entrepreneurship is multifaceted. The next section looks at the different historical and current theories in order to gain a better understanding of this, as well as trying to answer the question of what makes a social entrepreneur. A definition of the concept will then be given, based on a combination of the different characteristics that a social entrepreneur might have.

2.2 Characteristics of social entrepreneurship

Several authors have written on the concept of social entrepreneurship. For the purposes of this research, four main theorists who try to establish the typical traits of an entrepreneur will be examined. These are Jean Baptiste Say, Joseph Schumpeter, Peter Drucker and Bill Drayton.

Jean Baptiste Say, a 19th century French economist, writes on the trait of value creation (Peredo and McLean, 2006). Say sees social entrepreneurs as people who create social value through the 'shifting of economic resources from a place of lower productivity to that of higher productivity' (Dees, 1998:1). In other words, social entrepreneurs are resource mobilisers who invest their resources in order to achieve large transformational change through the expansion of their services.

Joseph Schumpeter, a 20th century French economist, argues that social entrepreneurs and entrepreneurs in general, possess the quality of being innovative. He sees entrepreneurs as creative thinkers who are able to take an idea and revolutionise it so that it brings change (Drayton and Rizvi, 2006). In his analysis, Schumpeter 'strongly links entrepreneurship to innovation' (Burns, 2007:63). Bolton and Thomas (2000), as cited in Burns (2007) echo Schumpeter's view of entrepreneurs as creative thinkers by placing emphasis on the significance of creativity in the process of innovation. Creativity is thus seen as the starting point for turning something into reality through innovation. Innovation is viewed as one of the key functions of the entrepreneurial process because, according to Kurakto and Hodgetts, (2007:155), innovation constitutes 'the processes by which entrepreneurs convert opportunities into marketable ideas and the means by which they become catalysts for change'. However, innovation is not only about the generation of new ideas or new mechanisms for addressing a particular problem. Although the origin of an idea is important when initiating an entrepreneurial venture, what is most important is the entrepreneurs' ability to take that idea and bring it to life by means of taking direct action to execute her/his plans (Dees, 1998).

Peter Drucker echoes Says' notion of value creation (Dees, 1998). However, Drucker amplifies this idea to include a focus on opportunity as an element of entrepreneurship (Dees, 1998; Peredo and McLean, 2006). He sees entrepreneurs as people who are able to recognise

and seize an opportunity regardless of their circumstances (Baets and Oldenboom, 2009). This analysis does not necessarily require entrepreneurs to cause change as suggested by authors such as Drayton and Rizvi (2006). Instead, entrepreneurs exploit opportunities that come with change, such as globalisation, which has brought about several changes in technology (Dees, 1998). When change occurs, entrepreneurs are able to tap into it and see how they can initiate projects that will help people to adapt and cope with this change (Peredo and McLean, 2006).

Both social and commercial entrepreneurs enjoy taking risks, have a high tolerance for ambiguity and know how to manage the outcomes of risk-taking as learning experiences (Burns, 2007).

In order to succeed, entrepreneurs need to have a vision and flair (Drayton, 2006). A clear vision provides direction, creates meaning for stakeholders within the organisation, energises others and creates a common identity (Burns, 2007). Flair is the ability to be in the right place at the right time (Burns, 2007). Entrepreneurs need to be innovative at the right time because ‘innovation before its time can lead to business failure’ (Burns, 2007:39).

Based on the above, entrepreneurship can be viewed as a process that involves knowledge, information, innovation, change, creativity, risk and uncertainty (Drayton and Rizvi, 2006). All these aspects imply that social entrepreneurs are multi-faceted, multi-talented individuals, and that what sets them apart from other people is their distinct ability to mobilise resources to produce business from opportunities (UlhØi, 2005).

2.3 Conceptualising social entrepreneurship and social entrepreneurs

As part of an exploratory study into the motivations and opportunity-seeking behaviours of social entrepreneurs, it is important to develop an understanding of the literature around the field of social entrepreneurship. Most of the literature considered was derived from entrepreneurship textbooks. This is because social entrepreneurship adopts an economic and commercial model. In terms of their personal character, social entrepreneurs have the characteristics of the commercial/business entrepreneur coupled with a social focus, and share some similar characteristics with the traditional entrepreneur (Baets and Oldenboom, 2009). The term ‘social entrepreneurship’ emerged in the 1980s, mainly from the works of

Drayton, the founder of Ashoka, the leading global association of social entrepreneurs which originated in the United States of America (Ashoka Africa, 2008). Although the term was coined at that time, it has yet to be clearly defined (Dees, 1998).

Social entrepreneurship is a type of entrepreneurship that is now recognised internationally as a strategy for addressing poverty (Dees, 1998). It has been embraced by the World Economic Forum (World Economic Forum, 2006), and it has led to the creation of international organisations, such as Ashoka Innovators for the Public and the Schwab Foundation, both of which are devoted to investing in social entrepreneurs across the globe (Ashoka Innovators for the Public [nd.]). Social entrepreneurship operates in areas where traditional philanthropic mechanisms and government-based support structures for allocating resources have failed (Baets and Oldenboom, 2009). Social entrepreneurs bridge the gap between the business and public sectors, which is why they are often connected to the non-profit or so-called third sector (Dees, 2009). The third sector seeks to serve communities and society rather than generating company profits, thus fuelling inequality (Dees, 2007). Unlike commercial entrepreneurs, whose main motive is profit generation, social entrepreneurs combine the business element and volunteer sectors whilst still meeting the needs of their target populations (Martin and Osberg, 2007).

Social entrepreneurs are seen as vehicles for development, which means they are driven by social problems (Dees, 1997). They combine their social and environmental mission with business practices (Alter, 2007). Some may further focus on inclusive governance, employee ownership, fair compensation and community service (Alter, 2007). These additional criteria, although they do provide a picture of what social enterprises can look like, are not defining characteristics. It is important to understand what sets social entrepreneurs apart from commercial entrepreneurs. This will be done by highlighting some of their key characteristics.

Social entrepreneurs are classified as entrepreneurs because they possess significant entrepreneurial characteristics (Kaplan and Warren, 2007). Cool and Vermeulen (2008) state that the shared term 'entrepreneur' implies that commercial and social entrepreneurs have certain aspects in common. Kaplan and Warren (2007:137) define the commonly shared entrepreneurial characteristics as including the 'passion to seek new opportunities, [and] the manner in which they pursue opportunities with enormous discipline'. Pursuing only the very

best opportunities, a strong focus on execution, and their engagement with the energies of everyone in their domain have also been highlighted as the common characteristics shared by social and commercial entrepreneurs (Kaplan and Warren, 2007). In as much as there are shared characteristics, it is important to note the differences too. A significant one is that commercial and social enterprises have different missions and distinctive spheres of operation (Baum, Frese and Baron, 2007).

As an increasing number of social entrepreneurs become well-known, people try to find a common thread that sets them apart from others, particularly commercial entrepreneurs. Several studies have been conducted to identify the characteristics of successful social entrepreneurs but none of these has been able to pinpoint the exact personality and behavioural traits that will make someone emerge as a successful social entrepreneur (Harper, 2005). For the purposes of this research, the following characteristics identified by various authors will be discussed.

Social entrepreneurs are people with a desire to achieve: they are very committed to their vision and put in long hours in order to establish a successful venture (Burns, 2007). They also possess a nurturing quality, as seen in the manner in which they take charge and watch over their ventures right from conception until they become financially sustainable (Van Aardt et al., 2008). They are also reward-oriented, in that they want to be rewarded for their efforts through societal recognition and respect (Drayton and Rizvi, 2006). In addition, they are also excellence-oriented, wanting to achieve things that are outstanding and of quality (Burns, 2007). Social entrepreneurs are also good organisers and resource mobilisers, as they play an important role in bringing together all the components necessary for a venture to achieve its goals (Harper, 2005).

Research conducted by Baum, Locke and Smith (2001) into the characteristics of social entrepreneurs identifies further traits of social entrepreneurs. They found that entrepreneurs are visionaries, in that they know what they want to do and how they want to do it. Social entrepreneurs are tenacious, as they do not easily give up until they achieve their goal (Barringer and Ireland, 2006). According to Van Aardt et al. (2008), social entrepreneurs are characterised by pro-activity and the ability to plan ahead, as well as by a passion for work and a strong belief in it. They are able to identify opportunities and act on them to give life to their original ideas. The writings of Barringer and Ireland (2006) remark that dynamism,

execution, intelligence and the ability to turn an idea into a viable venture also characterise social entrepreneurs, as they are go-getters and energetic in pursuing their goals.

Studies by Roberts and Woods (2005) reveal that social and conventional/business entrepreneurs exhibit many similar characteristics. Similar characteristics that have been highlighted are ‘innovation, they possess high amounts of energy, tenacity and resilience and they are both driven by a vision which they remain passionately committed to’ (Roberts and Woods, 2005:50).

Although the characteristics discussed above would seem also to be typical of commercial entrepreneurs, Drayton (2006) argues that the differences in beliefs, backgrounds and experiences lead social and commercial entrepreneurs to perceive opportunities in different places, hence leading to differences in the manner they communicate their vision and at times the differences in how they operate. A comparison of these differences will be done in the next section.

2.4 Comparative analysis of social entrepreneurship, commercial entrepreneurship and the non-governmental organisations

In this section, the differences between social entrepreneurs, commercial entrepreneurs and the non-governmental organisations (NGOs) are compared. The following key variables are used, namely, mission, profit, ownership and accountability. The differences are also presented in the table as shown in Appendix A.

2.4.1 Mission

While social entrepreneurs, commercial entrepreneurs and some NGOs apply innovation and have a market orientation, what distinguishes each group is the ‘domain within which they operate’ (Pirson, 2009:251, as cited in Spitzeck et al., 2009). This domain is determined by their motivation and purpose (Roberts and Woods, 2005). The latter is usually expressed in the organisation’s mission statement. Thus, the nature of the mission can be seen as the core of what distinguishes social enterprises from either commercial business or other socially responsible businesses (Dees, 1998). Social entrepreneurs aim to fill some gaps left unattended by the private and the public sectors. Social entrepreneurship is different from corporate social investments which are business strategies designed to minimise the social

burden of business activities while pursuing profit maximisation (Borzaga and Defourney, 2001). It is also different from civil society intervention, which creates social value without pursuing financial gain and profit from entrepreneurial activities (Mair and Martí, 2006). In social entrepreneurship, the income earned is directly tied to the mission which is to address a social need. In contrast, the mission of NGOs is to create a solution that focuses not only on the problem but addresses the root causes of social ills, while commercial entrepreneurs strive to address a financial need and maximise profit generation for the owner (Pirson (2009) as cited in Spitzeck et al., 2009).

The ways in which these groups of entrepreneurs communicate their vision also highlights fundamental differences. For commercial entrepreneurs, it is the creation of value for customers who are willing and able to pay (Roberts and Woods 2005). In contrast, both social entrepreneurs and NGOs do not seem to reduce their mission to that of simply creating private value benefits for individuals (Dees, 1998). Instead, they adopt a people-centred approach in which people are placed at the heart of the development process (Martin and Osberg, 2007).

2.4.2 Market orientation

Market orientation is another key feature that differentiates social entrepreneurs, commercial entrepreneurs and NGOs (Pirson, 2009, as cited in Spitzeck et al., 2009). Understanding social value is critical to understanding social enterprises, since this is the key characteristic which differentiates them from other businesses (Dees, 1998). While wealth is only a means to an end for social entrepreneurs, in commercial entrepreneurship wealth creation is a way of measuring value creation because they are subject to market discipline (Burns, 2007). Thus, while commercial entrepreneurs' success or failure is determined by the ability to generate profit for the owners, social entrepreneurs are driven by a double bottom line, a virtual blend of financial and social returns (Boschee and McClurg, 2003). It should be noted that in social entrepreneurship, profitability can be a goal, but profits are used to expand the services in an effort to achieve large transformational changes rather than to distribute profits to shareholders (Martin and Osberg, 2007).

2.4.3 Ownership

Another key variable that can be used to differentiate between a social enterprise and a business enterprise is the issue of ownership. Individual community members who identify a

special need often start social entrepreneurial ventures. Although social enterprises and NGOs come in all shapes and sizes, what is common among the two is that the individuals or communities that initiate these projects turn their talents to a social cause (Spitzeck et al., 2009). In NGOs, services are often surrendered to communities and as community members take ownership, power is decentralised (Nzimakwe, 2008). On the contrary, in commercial entrepreneurship, ownership remains in the hands of shareholders (Kaplan and Warren, 2007).

2.4.4 Accountability and performance measurement

The importance of monitoring and evaluation has grown for social enterprises, business enterprises and NGOs, especially as a tool for accountability and ascertaining the success of any intervention. Austin et al. (2006:3) propose that ‘performance measurement of social impact will remain a fundamental differentiator, complicating accountability and stakeholder relations’. Traditionally, social value has been measured using models which quantify and calculate financial value for the social activities of the organisation. However, authors such as Austin et al. (2006) and Nzimakwe (2008) argue that these economic approaches provide an incomplete depiction of the work of social entrepreneurs and NGOs because national economic indicators do not fully represent human development. So, in order for social entrepreneurship and NGOs to regain their original meaning, the authors suggest that it is important to find new non-financial tools for measuring and monitoring social impact.

Other authors attempt to measure the impact of social entrepreneurship and NGO activities in communities by using a non-financial approach, trying, instead, to consider the ability of the social goods that social entrepreneurs and NGOs produce to meet basic human needs. For the purposes of this research, Max-Neef et al’s (1991) nine fundamental human needs, as well as Sen’s (1999) capabilities approach, will be used in an effort to understand the possible impact that services rendered by social entrepreneurs have on communities.

Literature demonstrates that social enterprises, NGOs and commercial/business enterprises have some distinct commonalities and differences. The central objective of entrepreneurs in the business sector is the ‘attainment of economic returns’, whilst social entrepreneurs and NGOs share a common denominator in that ‘they do not operate for the purpose of profit’ (Sharir and Lerner, 2006:7). It is also important to note that the differences between social

and commercial entrepreneurship are not dichotomous. They can be plotted on a continuum, ranging from purely social to purely economic. Despite the similarities, social enterprises, commercial enterprises and NGOs differ in terms of their scope of activities, areas of operation and background to their formation (Sharir and Lerner, 2006). It is important to analyse how social enterprises, NGOs and commercial enterprises are understood in terms of their role in social development and the development theories that will be reflected in this research. In the next section, a brief contextualisation of social entrepreneurship in social development will be provided.

2.5. The role of social entrepreneurship in social development

Social entrepreneurship has a role to play in advancing social development in South Africa, which is in the grips of its first economic recession in 17 years, connected to the current global recession (Marais, 2010). South Africa has seen millions of jobs being lost (Grobler, 2011).

According to the World Business Council for Sustainable Development and SNV (2007), the role of social entrepreneurship in stimulating growth, job creation, poverty alleviation and improving standards of living has been recognised over the past few years, both internationally and in South Africa. Owing to the low economic growth, high unemployment levels and dire poverty in South Africa, social entrepreneurship can be acknowledged as an alternative solution to service delivery and community development. Social entrepreneurship activities have been seen to generate significant changes in the social, political and economic contexts of poor and marginalised groups, thus contributing to social development (Chand, 2009). There are many other positive social returns which are pursued by social enterprises which generate significant changes in the social, political and economic contexts of poor and marginalised groups. For these reasons, social entrepreneurship can be seen as a distinct approach; a way of catalysing social transformation and development that is independent of any sector (Weerawardena and Mort, 2006).

South Africa has high levels of economic poverty, mainly caused by unemployment, which often leads to a subsistence poverty, whereby people and families are not able to meet their basic subsistence needs (Max-Neef 1991). Extended unemployment can lead to a pathology, where the unemployed person reaches their 'lowest self-esteem and a state of apathy' (Max-

Neef 1991:19). In this state, a person may face subsistence problems or guilt for being unable to provide for their families and the unsettling of other fundamental needs. Productive work or employment allows people to meet their subsistence needs more effectively, which in turn empowers them to pursue other fundamental needs and to reduce other poverties which they may be facing (Max-Neef, 1991; Sen, 1999). Thus creating employment must be seen as a priority, and a vital social endeavour.

This section has focussed on employment because job creation is one of the most important social needs in South Africa (Grobler, 2011). There are, however, many other positive social returns pursued by social enterprises which generate significant changes in the social, political and economic contexts of poor and marginalised groups (Chand, 2009). These returns, which seek to improve peoples' human needs and advance their human capabilities, will be discussed in the section below, which seeks to highlight the interplay between social entrepreneurial activities and development in the light of two development theories chosen for this study.

In the next section, the development theories of Sen (1999) and Max-Neef (1991) are discussed.

2.6 Sen's human capabilities approach

One might be interested in asking whether social entrepreneurs have a role to play in increasing or improving human capabilities? This section will look at Sen's (1999) capability approach in relation to social entrepreneurship.

According to Sen (1999:3) development is 'a process of expanding the real freedoms that people enjoy'. Conversely, development requires the removal of 'unfreedoms' in a person's life, for instance poverty, racism, or a lack of access to clean water. Sen (1999:39) argues that the expansion of human freedom should be viewed as the primary means to development. Development is thus viewed as part of freedom. Sen (1999) considers five types of freedoms essential in achieving development. These freedoms are interconnected and the lack of one freedom can lead to the lack of another, consequently hindering the process of development (Sen, 1999:3). These freedoms are: (i) political freedoms, (ii) social opportunities, (iii) transparency guarantees, (iv) economic facilities and (v) protective security (Sen, 1999:3).

Although Sen (1999) highlights five freedoms, this study will focus on two i.e. social and economic opportunities and how social entrepreneurs can create these opportunities.

Social entrepreneurs focus on creating social opportunities in their effort to address social problems in communities. Social opportunities refer to ‘the arrangements that society makes for education, health care and so on which influence the individual’s substantive freedom to live better’ (Sen, 1999:39). These freedoms allow individuals to survive and to participate in economic activities that in turn promote development. The lack of these social opportunities could lead to poor health care and a concomitant inability to work, thereby hindering economic activity and inevitably, promoting a cycle of poverty. Midgley’s (1995) approach to social development encourages the harmonising of policies and programmes that promote development through education, health care, housing and public works.

South Africa has seen the rise of social enterprises that provide these social opportunities. The Ashoka website indicates that social entrepreneurs work in various areas of culture, education, economic justice, development, housing, education, environment, health, law, policy and advocacy, youth development, religion and social services (Ashoka Innovators for the Public [n.d.]). This shows that social enterprises are contributing to aid development by either providing these services or making them more accessible to marginalised members of the community.

Economic facilities refer to ‘the opportunities that individuals respectively enjoy to utilize economic resources for the purpose of consumption, or production or exchange’ (Sen, 1999:38-39). These opportunities refer to one’s ability to access assets or one’s entitlement to assets, as well as to an individual’s or family’s economic entitlement. In developing countries, such as South Africa, economic facilities are very difficult to access for those who are poor (Bhorat and Kanbur, 2006). However, social enterprises have played a role in putting in place programmes that allow the disadvantaged to have access to them. In South Africa, social enterprises have been working with individuals and organisations to relieve poverty and unemployment through self-help work and micro-enterprises, as well as by providing adult basic education for those who did not have the chance to go to school (Alter, 2007). This assists people to enhance their economic opportunities (Nzimakwe, 2008). Access to education, for instance, provides opportunities for gainful employment and earning

an income that increases the chances of accessing economic opportunities and purchasing certain services.

2.7 Max-Neef's human needs theory

A theoretical framework that will be used together with Sen's human capabilities approach is Max-Neef's fundamental human needs theory. Both Max-Neef et al and Sen are of the view that economic growth as a measure of development is insufficient, because, unless people's quality of life improves, true development has not taken place (Peet and Peet, 2000). One way of measuring quality of life is to assess the 'possibilities people have to adequately satisfy their fundamental human needs' (Max-Neef et al., 1991:16). The nine fundamental human needs are subsistence, protection, affection, understanding, participation, idleness, creation, identity and freedom (Max-Neef et al., 1991). Each of these needs occurs at four different levels, i.e., being, having, doing, and interacting. If one's human needs are to be fully met, all needs must be considered as essential and equal (Max-Neef et al., 1991).

The argument developed by Max-Neef et al and Sen is that any human need which is not adequately satisfied reveals a human poverty. In other words, poverty is not simply a financial or economic imperative (Davids et al., 2005; Sen, 1999). For example, poverty of subsistence, poverty of affection, or poverty of security can occur when the related needs are not met. When such poverty extends beyond a threshold it leads to a pathology or sickness (Max-Neef et al., 1991).

The relevance of these two theories to the field of development is the idea that development should seek to bring about positive change. (United Nations Development Programme, 2010) Eradicating the above-mentioned poverties and improving quality of life through providing access to satisfiers is one type of development (Max-Neef et al., 1991). An understanding of multiple poverties and the role that satisfiers can play in meeting several needs at once provides a critical perspective on development that does not rely on a monolithic understanding of it in a purely economic or financial sense (Sen, 1999). The purpose of social enterprises is to effect developmental change by eradicating various poverties (Alter, 2007). Social entrepreneurs are important agents of development because they are able to generate most of their own income while targeting specific groups of disadvantaged people and meeting their felt needs. Social enterprises, furthermore, seek to produce social value while

generating their own income to ensure long-term sustainability (Alter, 2007). Social value can broadly be defined as something that facilitates human development and that brings positive change to an individual or a community (Alter, 2007).

The fundamental human needs approach to development holds that poverties are caused by lack of access to satisfiers, and that facilitating access to these satisfiers improves people's quality of life (Max-Neef et al., 1991). This theory proposes that social value can be measured by the ability of an activity or product to meet fundamental human needs through the provision of access to satisfiers. From a developmental perspective, the greater the ability of an activity to improve quality of life, the more social value is created (Sen, 1999)

Each social entrepreneur pursues different social goals, with varying levels of priority. These activities could include 'education, access to markets, services for low-income groups, food projects or employment of disenfranchised groups' (Alter, 2007:16). Each activity has a different ability to act as a satisfier, and it will therefore produce differing levels of social return. Every social entrepreneurial activity also has a unique opportunity to add considerable value to the lives of its staff through the work environment it creates (Aiken, 2007; Dees, 2007). This opportunity must be matched by a motivation to improve the lives of people.

Different individuals are motivated by different circumstances and factors and a desire to access different satisfiers to start a social enterprise that benefits and adds value to the quality of life of people. These motivations to improve peoples' lives have been seen to have an impact on development, both at individual and community level. The next section of the chapter will attempt to define the various reasons that lead to individuals taking up social entrepreneurship.

2.8 Motivation for starting up a social enterprise

Studies by Murphy and Coombes (2009) on entrepreneurial motivation indicate that, although there is evidence that individuals are often the energisers of the entrepreneurial process, this alone does not fully explain the various factors and variables that motivate individuals to start up social enterprises. These authors acknowledge that there is limited research that explicitly provides the linkages between individual behaviours and social enterprise venture/firm outcomes. Entrepreneurial motivation is defined as 'motivation that is

directed toward entrepreneurial goals (e.g goals that involve the recognition and exploitation of business opportunities)' (Baum and Locke, 2004, as cited in Baum et al., 2007:93). A literature search for information on social entrepreneurship motivations was conducted, and reference in this section of the chapter will be made to entrepreneur motivation models, as well as the career motivations, that are well established in academic literature (Baum et al., 2007).

As indicated in the writings of Harper (2005) the benefits of becoming an entrepreneur serve as motivators for people to become social entrepreneurs. Such benefits include independence, which comes from taking decisions about the social enterprise and not having to follow orders or to observe working rules and regulations set by the owner of a business venture. Another motivator can be the satisfaction that comes from being a social entrepreneur – social entrepreneurs are often people who turn hobbies or skills into their own venture. Starting one's own organisation or venture can boost one's self-esteem. A sense of accomplishment that comes from knowing that one has created something valuable that brings social value to other people, can also be a motivator to start a social enterprise.

Push-and-pull factors

Several studies have been conducted in Western countries on the push-and-pull factors that drive people into social entrepreneurship and entrepreneurship in general (Burns, 2007). The results of these studies indicate that pull factors such as the need for autonomy, income and wealth, challenge, recognition and status, are what motivates people to start up a business (Burns, 2007). However, these studies also indicate that push factors, such as unemployment, disagreement with management, a lack of alternatives, and challenging the status quo also play a role in motivating one to start up either a commercial or social entrepreneurial venture (Burns, 2007).

Although entrepreneurship research shows that there are multiple push-and-pull factors – internal and external causes of the creation of new entrepreneurial ventures – research on the psychology of entrepreneurship states view entrepreneurship as fundamentally personal (Baum et al., 2007). These authors support the fact that personal attributes have an effect in motivating people to become social entrepreneurs. Attributes such as stamina (ability to work long hours, particularly in the beginning phase of setting up an enterprise), commitment, dedication and opportunism are needed both for setting up and for running an enterprise. In

addition, these authors mention motivation to excel, the ability to bounce back and be persistent in tough times, and a tolerance of risk, ambiguity and uncertainty, as some of the attributes that can facilitate the start up and influence the success of the venture.

Studies that have looked at career choice in management and entrepreneurship show that other personality factors such as ‘intelligence, special abilities, preferences, values, approaches to work and general adaptability’ influence career choice and motivate social entrepreneurship (Özibilgin and Malach-Pines, 2007:1). These studies also identify situational factors, such as the social and economic status of parents, religious background, home atmosphere, parents’ approach to encouraging creativity among their children, and the general economic situation as factors that influence career choice (Özibilgin and Malach-Pines, 2007). Even though the personal attributes of the entrepreneur mentioned above serve as the direct stimulators of entrepreneurial activity, factors such as the ‘environment and characteristics of the organisation’ also stimulate entrepreneurial activity (Baum and Locke, 2004, as cited in Baum et al., 2007:95). Environmental external factors, such as market forces and the economy may advance, limit or discourage entrepreneurial activity (Kuratko and Hodgetts, 2007). These external factors do not have a direct impact on entrepreneurial activity as much as internal factors do (Baum et al., 2007; Barons, 2007). Rather, they encourage such activity if the factors are favourable and discourage it if they are unfavourable (Baum and Locke, 2004, as cited in Baum et al., 2007).

Other drivers of social entrepreneurship include altruism, community engagement, generosity, compassion, leisure and volunteerism (Durieux and Stebbins, 2010). Three of these have been identified as common in inspiring people to take up social entrepreneurship, namely, altruism, community engagement and generosity.

In addition to the need for motivation, the social entrepreneurship process also involves numerous other activities, such as identifying opportunity, innovation and risk taking (Dorado, 2006; Martin and Osberg, 2007). For the purposes of this research report, the activities have been clustered around two distinct processes: motivation and opportunity recognition. Having discussed motivation, the focus moves to opportunity recognition. It is particularly important to look at the latter because ‘entrepreneurship whether traditional or social begins with opportunities’ (Murphy and Combes, 2008:3).

Social enterprises are derived from the discovery of opportunity (Murphy and Coombes, 2009). Dorado (2006:11) defines entrepreneurial opportunities as those ‘situations in which new goods, services, raw materials, markets and organising methods can be introduced through the formation of new means, ends, means-ends relationships’. However, in as much as it is important to note that both social entrepreneurial and commercial entrepreneurial opportunities share some characteristics of this definition, as do their agents, the distinctive quality of social entrepreneurial opportunities is that they are ones that solve social problems (Dorado, 2006; Dees, 2007).

Opportunity is dependent on the situation (Harper, 2005). Barringer and Ireland (2006:28) define an opportunity as ‘a favourable set of circumstances that creates the need for a new product, business or service’. Opportunities fall into two classes, namely, internal and external (Mariotti, 2007). An internal opportunity comes from a hobby, interest or passion, whereas an external opportunity is generated from outside circumstances that one notices, such as changes in laws, situations or trends (Mariotti, 2007). As shown in the writings of Mariotti (2007), opportunity recognition consists of various steps. The first step is one that makes possible the observation and study of current trends to determine whether they offer scope for creating opportunities. The ability to recognise the possibility of opportunities arises from the individuals’ conviction that their idea can be part of the solution to the problem, changes in laws, situations or trends. Inventions of new products, competition and technological advances also present opportunities for entrepreneurs. The authors state that the best opportunities often combine both internal and external opportunities. In addition, Barringer and Ireland (2006:28) argue that an opportunity has four essential qualities: it must be ‘attractive, durable, timely and anchored in a product, service or business that creates or adds value for its buyer or end user’.

What then makes some people better able to recognise opportunities than others? Researchers have identified several factors in this regard (Barringer and Ireland, 2006; Mariotti, 2007). Prior experiences in industry, cognitive factors, pattern recognition and alertness, availability of social networks and creativity have been identified as some of these (Kaplan and Warren, 2007).

The Five Factor model of personality suggests that individuals who are open to experience, imaginative, curious and with an ability to adopt to changing circumstance are more likely to explore novel ideas (Baum et al., 2007). Moreover, the openness dimension reflects

individual tendencies to consider external information, being prepared to be influenced and adjust one's beliefs. Barringer and Ireland (2006:13) echo this notion, calling it 'entrepreneurial alertness', a sixth sense that enables social entrepreneurs to see opportunities which others miss.

The location in which one decides to set up a social entrepreneurial venture has also been identified as a factor that influences access to opportunities and their identification (Dorado, 2006). A location that is in an environment that is enabling, supportive and has free flowing information channels will be a crucial factor in setting up social enterprise ventures. The social entrepreneur may also have access to privileged information and be aware of the diverse characteristics of a location (Dorado, 2006). Because opportunity recognition is at least partially a cognitive process, it is also influenced by the individual's critical judgment and preference for gathering non-confirming information (Kuratko and Hodgetts, 2007). Furthermore, change in the economic, political or technological arena, also creates opportunities that can be exploited by entrepreneurs to create value (Burns, 2007).

This section has discussed the motivating factors and the opportunity recognition process related to social entrepreneurship. The factors that facilitate the opportunity recognition process have been discussed. The next section is going to consider the skills that social entrepreneurs need in order to give life to their vision and identified opportunity.

2.9 Entrepreneurial skills

Drawing on the writings of Nieuwenhuizen (2008), a set of skills is needed in order for a social entrepreneur to succeed. The author identified three groups of competencies, namely proactiveness, achievement orientation, and a commitment to others. Proactiveness includes the ability to take the initiative and to be assertive. Achievement orientation is the ability to see and act on opportunities, to be efficient, to emphasise high-quality work, and to plan systematically. Entrepreneurs work with people. They cannot succeed if they work in isolation. As a result, they need to have a commitment to others. The author argues that in order for entrepreneurs to be successful they must be able to make personal sacrifices and to recognise the importance of establishing relationships.

The ability to network has also been identified as an important tool for entrepreneurs. Networks are defined as ‘patterned beneficial relationships between individuals, groups or organizations [that] are used to secure the critical economic and non-economic resources needed to start and manage a business’ (Nieuwenhuizen, 2008:114). Research studies have shown that relationships with other businesses contribute to the growth of an entrepreneur’s business because a network offers ‘practical assistance, emotional support, access to resources, access to new people and new markets, a sounding board for one’s ideas, as well as important information’ (Nieuwenhuizen, 2008:115). Networks are important for entrepreneurs because, unlike other business managers, entrepreneurs and their businesses exist in unsettling and turbulent conditions, and networks can provide a space for them to exploit gaps and opportunities in the economy through information sharing. This allows them to mobilise resources to exploit opportunities, because it involves ‘asking other people for money, labour, advice and effort’ (Nieuwenhuizen, 2008:115-116). Skills must be developed in related areas such as ‘communication, negotiation, influencing and leadership and assertiveness’ (Nieuwenhuizen, 2008:131). Apart from developing these skills, the social entrepreneur must have a thorough knowledge of his/her own needs and abilities, as well as knowledge of her/his chosen industry. Having this knowledge will help when having to ask for advice or to request financial support from networks, such as banks, legal attorneys or accountants.

Other authors that have written on entrepreneurship, social entrepreneurship and small business mention the importance of having management skills and business knowledge, which comprises knowledge of general management, finances, operations, marketing and administration (Van Aardt et al, 2008). From the researcher’s perspective, additional skills that are needed include an understanding of governance of organisations, people management, the ability to motivate others, proposal writing and information and communication technology skills to cope with the ever changing communication technology advancements.

A strong motivation, a good idea and recognised opportunities, and a plethora of skills are needed to start a social entrepreneurial venture but they are insufficient without the resources needed to underpin the start up venture. The next section highlights the resources that are needed by entrepreneurs (both commercial and social) in order to start up and sustain their ventures.

2.10 Resources needed for starting up a social enterprise

One needs to determine the types of resources required for implementing the plan and ensuring its success when setting up a social enterprise. The resources needed are dependent on the type and size of the enterprise (Burns, 2007). One of the most important resources required for starting up a business is the initial idea (Kaplan and Hodgetts, 2007).

The next step is to have a well-written business plan, which will provide the necessary benchmarks to evaluate progress (Kaplan and Hodgetts, 2007). The credibility of this business plan enables one to mobilise the required resources from institutions, such as government and banks (Burns, 2007). A good idea and a good business plan provide the blueprint that will guide the operations of the enterprise.

This research report has noted that social entrepreneurs exhibit similar characteristics to commercial entrepreneurs. Because social entrepreneurship is a branch of entrepreneurship that applies business practices similar to those applied by commercial entrepreneurs in most instances, social entrepreneurs have been found to need the same resources as commercial entrepreneurs (Dees, 2007). Van Aardt et al. (2008) identify four broad categories of resources that are needed in setting up and running a social enterprise, namely, operating resources, human resources, financial resources and technology resources, which are discussed in detail below.

2.10.1 Financial resources

Financial resources take the form of guarantees, loans and shares that more often than not can be converted into cash. Drawing from the writings of Burns (2007:116), financial resources can be gained through either 'borrowing resources or obtaining assets on lease or hire purchase'. They may also come from personal savings, contributions by friends and relatives, as happens with most entrepreneurs. Some entrepreneurs will take the risk of using their personal savings and sacrifice them to start up a social enterprise, despite the uncertainty of success. The main motivation in this regard is not financial gain but the need to see one's ideas put into action. Access to various forms of financial resources allows the entrepreneur to secure other categories of resources such as those mentioned below.

2.10.2 Operating resources

Operating resources refers to the ‘facilities that allow people to do their job’, such as buildings, offices and vehicles (Van Aardt et al., 2008:56). Depending on the type of enterprise, one may work out of one’s home, share space with an existing business or lease an office or storefront, with those in the informal sector operating from pavements.

2.10.3 Human resources

Human resources refer to the ‘personnel that are directly or indirectly involved in rendering services to the venture’ (Harper, 2005:15). This author states that all four categories as discussed in section 2.10 are equally important and emphasises the importance of people/human resources in entrepreneurship.

2.10.4 Technological resources

Technological resources support the production process, and include computers, the Internet and e-mail access which allows entrepreneurs to connect and network with others, as well as to monitor market trends and to market their products (Mariotti, 2007).

2.11 Challenges facing social enterprises

This section looks at factors that impede entrepreneurial activity. Social enterprises face three main kinds of challenges, all of which relate to their hybrid model and their pursuit of multiple returns (Alter, 2007). Dees and Anderson (2003) categorise the types of challenges experienced by social entrepreneurs into three. These authors state that the first group of challenges are those which arise as a result of the business-like structure of social enterprises. Challenges of the second type are related to social entrepreneurs’ ability to effectively measure and report on social returns. The third type is linked to the lack of funding for social entrepreneurs. These three groups of challenges will now be looked at in more detail.

The notion of operating on a commercial basis might seem ideal as it has the potential to achieve sustainability. However, the challenge is that, in the long run, it often pressurises and compromises the social agenda of social enterprises (Dees and Anderson, 2003). Another contradiction is that the successful generation of a surplus or profit, albeit when ploughed back into the social enterprise, leads to a critique that the lofty ideals of social responsibility are being sacrificed in chasing profits at the expense of the social agenda (Alter, 2007).

Dees and Anderson (2003) further assert that social enterprises are dependent on benevolent sympathisers and funders for their start-up capital and this requires that they show their benefactors value for the investment through clear and unambiguous benefits accruing from the investment that benefits disadvantaged and often vulnerable members of communities (Alter, 2007; Haugh, 2005). It is not always easy to show the impact of such investment as the nature of social enterprises is intimately linked to community enhancement, development and the improvement of livelihoods, which more often than not are invisible in the medium to long term (Emerson, 2003). Reasons for the inability to measure social enterprise impact and capacity include: difficulty in determining which indicators and factors to measure, limited financial resources to devote to this activity, pressure to rapidly show results that may compromise the capacity strengthening process, and failure at the very beginning of the social enterprise to specify capacity strengthening as an important result that deserves its own monitoring and evaluation component (Alter, 2007; Emerson, 2003).

According to Maas and Harrington (2007), one of the challenges facing entrepreneurs (social and commercial) is a lack of funding. They say that although there are people aspiring to be entrepreneurs, they are often drawn aback because of lack of start up capital. The authors argue that because of the unavailability of funds, many social entrepreneurs are underfunded. This hampers sustainability and the social impact they can make. There is need for government and corporate to increase funding for social entrepreneurs by making available seed funding. An example is that of South African Breweries Kick Start Program that provides seed funding to young entrepreneurs and this has seen an increasing number of young entrepreneurs emerging in recent years.

Having highlighted the challenges that social entrepreneurs face, the next section will look at the policy and legislative framework: different Acts of Parliaments and policies that are available for social entrepreneurs in South Africa. It is critical to investigate the existing policies because the policy and regulatory framework has been identified as one of the environmental factors that are instrumental in creating opportunities for social entrepreneurs (Barringer and Ireland, 2006).

2.12 Policy and legislative framework

The support given by the policy and legislative framework is vital for the growth and development, as well as for the success and failure of social enterprises in South Africa. The

policy environment in most countries, including South Africa, lags behind the social enterprise sector, with very few governments having policies for dealing with social entrepreneurs and working in partnership with them (Schwab Foundation, [n.d.]). Many social enterprises across the world face challenges, such as difficulties in start up, tax disadvantages and accessing capital (Steinman [n.d.]). This section examines some of the policies and laws that ensure support for social entrepreneurship, at both national and provincial levels:

- Small Business Act 102 of 1996
- Companies Act No 71 of 2008
- Tax Laws Amendment Act No 30 of 2000
- Non-profit Organisations Act No 71 of 1997
- Basic Conditions of Employment Amendment Act No 11 of 2002

2.12.1 National Small Business Act No 102 of 1996

The emergence of the National Small Business Act of 1996 is an indication that the South African government realised the importance of developing entrepreneurship and small businesses (Republic of South Africa, 1996). The policy was formulated against a background of problems and challenges faced by small to medium enterprises (SMEs). Part Two, Section 2.3 of the National Small Business Act, highlights some of the challenges that this policy seeks to address, such as the legal and regulatory environment, access to markets, finances, reasonably priced business premises, appropriate technology and the acquisition of skills (Republic of South Africa, Department of Trade and Industry, 1996).

The primary objective of the development of the National Small Business Act is to create an enabling environment for small to medium enterprises (Republic of South Africa, Department of Trade and Industry, 1996). It sets out to facilitate greater equality of income, wealth and income opportunities. Other objectives include the creation of long-term jobs, stimulating economic growth, strengthening cohesion between social enterprises, as well as levelling the play fields between bigger enterprises and small enterprises.

2.12.2 Companies Act No 71 of 2008

The implementation of the new Companies Act No 74 of 2008 is the result of the corporate law reform in South Africa which involved a complete review of the Companies Act. It aims to strengthen corporate governance in South Africa, giving legal backing to the

recommendations included in the King Report 3 (Steinman [n.d.]). There are two types of companies, namely, a profit company and a non-profit company. A profit company is incorporated for the purpose of financial gain for its shareholders, while a non-profit company (NPC) is incorporated for public benefit and its income and property are not distributable to its incorporators (The South African Institute of Chartered Accountants, 2006).

The Act provides a framework for the establishment of a Financial Reporting Standards Council to advise on requirements for financial record keeping and reporting by companies. Auditing protects the interests of stakeholders and increases the credibility of financial reporting. This is particularly applicable to social enterprises that are registered as Section 21 Companies. Section 21 companies are companies that are registered to provide services and do not intend to make, or to be judged by, the profits that they make [Steinman, [n.d]]. Social enterprises are required to perform annual financial audits under Section 21 (Republic of South Africa, Department of Trade and Industry, 2010) which provides a framework for the operation for social enterprises as well as monitoring and evaluation mechanisms such as conducting audits to ensure transparency and promote accountability around management of funds.

2.12.3 Tax Laws Amendment Act No 30 of 2000

This section will focus on the South African Revenue Services (SARS) policy on tax exemption for the non-profit sector. The Tax Laws Amendment Act No 30 of 2000 came into operation on 15 July 2001. It introduced two concepts: ‘public benefit organisation (PBO) and public benefit activity’ (SARS, 2007). Public benefit activities are categorised as welfare and humanitarian, health care, land and housing, education and development, religion, conservation, environment and animal welfare organisations (SARS, 2007). This has led to the introduction of the *Tax exemption guide for public benefit organisations in South Africa* (SARS, 2007).

Section 18A of the Income Tax Act is the one that is most applicable to social enterprises. Section 18A makes provision for tax deductibility on donations and prescribes the instances in which a non-profit organisation will qualify for tax deductibility on donations (Steinman, [n.d.]). Under this section, in order for an organisation to qualify for tax exemption, its sole purpose must be to carry out public benefit activities (SARS, 2007). Surpluses must be used

to expand services and to achieve large transformational changes, which span several geographical locations. The funds of the organisation may not be distributed directly or indirectly to any person (SARS, 2007). On dissolution of the organisation, funds may not be distributed to any individual or tax-paying entity (SARS, 2007). This section is considered important because provision of special tax advantages reduces the costs of gifts by reducing tax liabilities that the donor would otherwise have to bear (Steinman, [n.d.]; SARS, 2007).

2.12.4 Non-Profit Organisations Act No 71 of 1997

Based on the fundamental principles of the Bill of Rights, the Non-Profit Organisations Act has a bearing on the development of social enterprises in South Africa (Republic of South Africa, Department of Social Development, 1997; Steinman, [n.d.]). This Act serves three main purposes: that of ‘enabling organisations to establish themselves as legal structures, regulating the way in which such legal structures operate and provision of tax and other incentives that allow the sector to achieve sustainability’ (Steinman, [n.d.]). By extension, it also establishes an administrative and regulatory framework within which social enterprises can conduct their affairs.

2.12.5 Basic Conditions of Employment Amendment Act No 11 of 2002

The Department of Labour has requirements about minimum wages and basic working conditions. The Basic Conditions of Employment Act No 75 of 1997, amended as Act No 11 of 2002, is applicable to social enterprises as they employ people. This Act serves as the legislation that gives effect to the right to the fair labour practices enshrined in section 23 (1) of the Constitution of the Republic of South Africa. The Basic Conditions of Employment Act works towards advancing social justice and economic development. It is important to have such legislation to prevent workers from being exploited.

Section 2.12 of this research report has looked at the regulatory framework while focusing particularly on policies and laws that have an impact on the establishment and development of social enterprises in South Africa. The next section will look at the support services that are available for social entrepreneurs in South Africa and how they foster the establishment of an environment that supports the development of social enterprises.

2.13 Support services available for social entrepreneurs

In order for social enterprises to flourish, they need support. This section looks at the organisations that offer support to social enterprises in South Africa. Research has shown that social entrepreneurs often shun support primarily because they 'value their independence and freedom to make their own decisions, and because they tend to perceive the decisions and suggestions of other people as interference' (Van Aardt et al., 2008:41). These authors argue that sharing information with different sources can benefit the social entrepreneur by solving problems and increasing objectivity. The sources of support available to social entrepreneurs discussed below can be divided into four main categories, personal, institutional, professional and financial sources.

2.13.1 Personal sources of support

According to Mariotti (2007) and Van Aardt et al. (2008), personal sources of support include the social entrepreneur's personal knowledge and skills base, family and friends, and business and other associates. This system will provide support in difficult times. Friends and relatives can provide both financial and emotional support when starting the venture. Other entrepreneurs provide information about how to start a business and how to solve problems. The support of other entrepreneurs is important, because many problems are common to prospective entrepreneurs and by sharing information, entrepreneurs can learn from the experiences of others.

2.13.2 Institutional sources of support

Institutional sources of support are 'sources of support provided by the government and related organisations, by professionals and business associations, and by educational institutions' (Van Aardt et al., 2008:44). As this research examines the experience of the fifteen Ashoka participants, it will look at the support that Ashoka gives to social entrepreneurs in South Africa. The support from government and other institutions will also be discussed.

2.13.2.1 Ashoka Innovators for the Public

Ashoka is a global organisation that is funded by various donors that works as a catalyst for systemic change. The organisation has more than two thousand fellows across the globe. The Southern African programme, initiated in 1990, has about 155 members from South Africa,

Botswana, Mozambique, Zimbabwe and Zambia (Ashoka Innovators for the Public [n.d]). In South Africa, Ashoka operates from Johannesburg.

Information gathered from the Ashoka website shows that Ashoka provides financial and professional support to social entrepreneurs whom they identify as having a high social impact on communities. Secondly, it brings together communities of social entrepreneurs operating in different fields to leverage their impact, scale their ideas, and disseminate their best practices. Finally, Ashoka helps by building infrastructure and financial systems that are needed to support the growth of the social entrepreneurship field, and it helps to spread the idea of social entrepreneurship globally (Ashoka Innovators for the Public [n.d]).

Support is offered to social entrepreneurs throughout their life cycle. Upon selection as an Ashoka fellow the social entrepreneurs enter a robust learning environment and gain access to programmes that support their efforts (Ashoka Innovators for the Public [n.d]). Ashoka's selection criteria is based on five elements against which all fellows are selected. These elements are the novelty of the idea, the social impact of the idea, creativity, entrepreneurial quality and ethical fibre (Ashoka Innovators for the Public [n.d]). The support services offered by Ashoka include:

- Individual mentoring, exposure and media support
 - A three-year living stipend, which allows the fellows to focus on building their organisation and spreading their ideas on a full time basis
 - A variety of business development services, consultancies and legal advice
- Access to group collaborations and funds, which allows fellows to meet other fellows, explore potential partnerships, combine expertise and develop joint projects (Ashoka Innovators for the Public [n.d]).

2.13.2.2 The Small Enterprise Development Agency (SEDA)

Established in December 2004 through the National Business Amendment Act No 29 of 2004 as an agency of the Department of Trade and Industry, SEDA aims to strengthen support for small to medium enterprises in South Africa. Such support includes access to finances and expanding market opportunities for specific categories of small to medium enterprises. In addition, SEDA aims to localise small business support through a grid of SEDA coordinated information and advice access points. SEDA's role involves initiating a national entrepreneurship drive, expanding education and training for small businesses and co-funding

minimum business infrastructure facilities in local authority areas across the country (Republic of South Africa, Small Enterprise Development Agency, 2010). SEDA has received a great deal of criticism since its inception, including allegations of incompetence. In addition, critics of the agency such as Fortuin (2008) point out that SEDA has a broad public mandate but appears to be selective about the people it supports. Its focus is more on small business enterprises that are profit-oriented, than on the social enterprise sector that is not for profit.

2.13.3 Professional sources of support

Drawing on the writings of Van Aardt et al. (2008:52), professional sources of support refer to ‘persons or groups with specialized qualifications and experience that could support the entrepreneur in starting and managing the business venture’. Examples include support offered by professionals such as accountants, consultants and lawyers. Business consultants provide help to entrepreneurs during the process of developing the business plan. They also provide information technology that enables entrepreneurs to communicate in the digital world as well as to market their businesses. Lawyers provide professional support with regard to legal aspects, such as business contracts, labour legislation and regulations. One needs sound information on the financial markets and financial position of the business in order to be able to make sound decisions. The accountant’s role is to gather information on the state of the financial markets as well as to prepare financial statements that allow the entrepreneur an opportunity to see how the venture/business is performing financially. However, it must be noted that, apart from organisations such as Ashoka, social entrepreneurs (at least in South Africa) are still to organise themselves as an organisation that advocates for their ‘right’ to receive institutional support from various sources, be it private or public. This lack of collective and self-organised support could simply be emanating from the ethos of social enterprise: the desire to be independent, a decision maker and to not follow another person’s orders (Harper 2005).

2.13.4 Financial sources of support

Financial support is sourced from financial institutions, including banks (Van Aardt et al., 2008). Banks provide the necessary start-up and/or running capital to support the business venture. This requires entrepreneurs to present a business plan that the bank will analyse. This requires the entrepreneur to present a ‘bankable project’ and guarantee success in some respects that will not only enable her/him to pay back the loan but survive in the business

environment (Van Aardt et al., 2008; Harper, 2005). Banks also support social entrepreneurs through providing management and investment advice and financial services, as well as linking entrepreneurs to relevant conferences and seminars (Steinman, [n.d.]).

In summary, the sources of support listed in the categories above all play an important role at various stages of the business venture because they provide access to resources, information, support structures, networking opportunities, funding, education, training and help with the registration of the business (Burns, 2007 ; Van Aardt et al., 2008).

2.14 Summary

This chapter has provided a framework for understanding the origins and conceptualisation of social entrepreneurs and social entrepreneurship. Cognitive as well as situational motivational factors relating to passion, the need to create social value, a need to change the world and a need for independence have been discussed. The chapter has highlighted different sources of entrepreneurial opportunities as well as some of the challenges faced by social enterprises, such as being business-like and measuring social impact. The benefits of social enterprises have been presented, as has an analysis of how social enterprises differ from commercial enterprises and NGOs. A conceptual framework was developed by looking at the human capabilities theory of Sen (1999) and the human needs theory of Max-Neef (1991). Finally, selected South African policies at a national level which facilitate or hinder the development of social entrepreneurs and sources of support available to for social entrepreneurs have been highlighted. The following chapter presents the research methodology of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

One can, in conducting research adopt one of three approaches: qualitative, quantitative or mixed (Babbie and Mouton, 2006). This chapter will present the research design, including research methodology, and sampling, and data collection method, analysis and verification. The inherent limitations of the study will also be discussed.

3.2 Research design

Babbie and Mouton (2006) define a research design as a plan of how the researcher intends to conduct the research. Kumar (2005:84), similarly, describes it as ‘a plan, structure and strategy of investigation so conceived as to obtain answers to research questions or problems’. The current study is qualitative in nature, thereby allowing ‘the researcher to derive meaning from the participants’ perspective’ and for the acquisition of an insider’s point of view while maintaining the analytic perspective or distance of the researcher (De Vos 1998:242).

This research was also exploratory, its aim being to gain insight into the motivation and opportunity-seeking behaviours of social entrepreneurs in Cape Town. Exploratory studies are used to make an initial investigation into unknown areas of research (Terre Blanche, Durrheim and Painter, 2006), thereby allowing the acquisition of data in an open, flexible and inductive manner. Terre Blanche et al. (2006), as well as Babbie and Mouton (2006), are of the opinion that exploratory studies emphasise insight and comprehension. They follow open and flexible research strategies. What it is that drives social entrepreneurs in South Africa to leap into social rather than commercial entrepreneurship and how they recognise opportunities has not been investigated in depth, as it has in countries like the United States and Britain. The researcher’s choice of the exploratory research method allowed her to gain insight into a relatively new topic of research for South Africa, of the type that places heavy emphasis on informants, literature reviews, interviews and case studies. The study included fifteen participants with whom semi-structured interviews were conducted in order to gain better insight and understanding of their motivation and opportunity-seeking behaviour.

This approach is appropriate for this study as research participants can be best understood within their natural setting rather than in an artificial setting of surveys or experiments (Rubin and Babbie, 2005). The data gathered, therefore, was based purely on their individual experiences and the meaning it has for them.

Since qualitative research enables the researcher to explore a relatively new area, the researcher can during the research process create a research strategy that best suits his or her research (De Vos, 2005). This enabled the researcher to come up with a research design suited to this particular study. The sampling strategy of this study will now be discussed.

3.2.1 Sampling

Sampling refers to the procedure of selecting specific cases to include in a research study (Rubin and Babbie, 2005), and is necessary for many reasons, including reducing the cost and time required for collecting data on the whole population and for analysing that data (Horn, 2009).

The study consisted of fifteen participants who are social entrepreneurs registered with Ashoka: Innovators for the Public, an organisation that has had over two thousand registered fellows over the last three decades (Ashoka Africa, 2008). The motivation for using Ashoka over other organisations, such as the Schwab Foundation, is that Ashoka has more registered social entrepreneurs in South Africa. Furthermore, Ashoka's Fellows allowed the researcher to select participants from a range of social entrepreneurs in different fields with different periods of operation. The researcher chose to limit the number of participants, because 'in-depth' interviewing can be time-consuming, thus fifteen participants seemed a practicable number. The limitation of pre-setting a maximum number of interviews is acknowledged in section 3.3 on the limitations of the research methodology.

Selection criteria

To understand the researcher's journey in this study, the process the researcher went through to recruit the fifteen participants needed for the study will be described. The research used three non-probability sampling techniques: purposive sampling together with snowball sampling, and availability sampling (Creswell, 2007 and Strydom (2005) cited in De Vos et al, 2005). The sampling methods will be described and presented below in the order in which they were applied.

Because the researcher had difficulty finding the fifteen participants needed for the study she used purposive sampling alongside snowball and availability sampling, discussed above, to ensure that she obtained the number of participants required for the study (Babbie, 2004). Three key variables informed the selection criteria for this study, namely, geographic location, number of years of operation, and field of operation.

At the purposive sampling stage, the researcher began to identify participants once she had received permission from the University of Cape Town's Department of Social Development to go ahead with the research. The Ashoka offices in Johannesburg were not as forthcoming as the researcher had hoped, so she turned to Ashoka website to identify potential participants. The researcher purposively chose one main geographical location, namely Cape Town, in which to conduct the research. When making this choice she took accessibility and transport costs into consideration.

A second criterion for selection was that all social entrepreneurs needed to have been operating for at least five years. The underlying assumption was that experienced social entrepreneurs would be able to contribute more than those who were relative novices, as the first few years are often spent on setting up the venture. A third criterion was that they needed to be either founders or co-founders of the social enterprise. The researcher hoped that this would yield rich data, particularly in relation to the first question, *'Could you please briefly describe the history of your organisation and what it does?'* The researcher assumed that the founders and co-founders would have a greater knowledge of the establishment of the social enterprise and would be able to share information that was not made available on the Ashoka website. This assumption was confirmed in interviews in which the social entrepreneurs were able to give details of their entry into and personal experiences of social entrepreneurship.

In the purposive sampling stage, when the researcher was trying to narrow her research focus, she looked for social entrepreneurs that fell within a specific sector, namely those operating in the youth development sector. However, this did not materialise because the sector of youth development appearing on the Ashoka website could not provide the fifteen participants needed for this study. It was at this point that the researcher decided to draw social entrepreneurs from different sectors. In the end, the sample comprised social entrepreneurs who were registered as Ashoka Fellows from different sectors such as health, education, economic development, women empowerment, and disabilities.

Gender and population group were not part of the selection criteria. Gender balance was not considered because the purpose of the research was not to conduct a comparative study between female and male social entrepreneurs, but rather to focus on the social entrepreneur as a person.

Purposive sampling

The first stage of sampling included a consideration of the social entrepreneurs the researcher could include in the research. Here the researcher used a purposive sampling approach (Babbie and Mouton, 2006). This sampling method selects elements for a specific purpose (Gomm, 2008). Purposive sampling is 'based entirely on the judgement of the researcher, in that a sample is composed of elements that contain the most characteristic, representative or typical attributes of the population' (Strydom (2005) cited in De Vos et al., 2005:202). For this study and based on the researcher's judgement and her supervisors' recommendation, the researcher purposefully targeted social entrepreneurs who are Ashoka Fellows.

The researcher recruited seven participants using purposive sampling, namely, one identified by Ashoka Johannesburg offices and six whose details were obtained from the Ashoka website. Although the researcher was given names of two social entrepreneurs by Ashoka, one did not qualify, as he indicated he would participate in the study only if the researcher paid him five hundred rand deposit. The researcher eliminated this participant from the list because participation in the study needed to be voluntary and gratis. The researcher e-mailed the seven recruited participants with a draft outline of the research topic and then approached the Ashoka fellows who were accessible- those whose phones and e-mails were working.

Snowball sampling

After successfully recruiting seven participants using purposive sampling, the researcher resorted to snowball sampling because the Ashoka office was not as helpful as she had hoped and she needed to reach the target of fifteen participants. Snowball sampling is a non-probability sample in which the researcher asks the initial elements, usually people, to refer other potential candidates for inclusion in the sample (Gomm, 2008). The process is repeated until the sample grows to the researcher's desired size (Babbie, 2004).

This sampling method is often used in hidden populations that are difficult for researchers to access (Gomm, 2008). It uses recommendations to find people with the characteristics that are considered useful for the specific research (Babbie, 2004). Thus further conversations

with the seven participants recruited in the purposive sampling stage led to the researcher getting referrals to other Ashoka contacts, who were then contacted telephonically and via e-mail. One of the participants also assisted the researcher with an updated list of contact details. Using this list and the snowball sampling method the researcher managed to recruit a further eight participants, making fifteen participants, who then gave their written consent to participate in the research in the form of an e-mail.

3.2.2 Data collection

Data collection method

Face-to-face, in-depth interviewing was the method used to collect data for the research. This was a one-on-one interaction where the researcher explored the social entrepreneurs' individual opinions of the research topic at hand (De Vos, 2005). The rationale was that participants would be free to tell their story without any interruption. According to De Vos (2005), face-to-face interviewing involves the undertaking of a close, detailed conversation with a participant by making use of a set of questions or subjects. By using a face-to-face, in-depth interviewing approach, the researcher hoped to obtain rich primary data. The researcher made sure that the participants did not feel intimidated or subordinate. A relaxed and informal environment was advocated in accordance with the guidelines enshrined in Babbie (2004). The interviews took place in different venues including participants' homes, offices and gardens.

The interviews varied in length with the longest interview taking 2 hours and 18 minutes. The shortest interview was 33 minutes and 29 seconds. The total time for all fifteen interviews was 16 hours, 49 minutes.

Data collection instrument

A semi-structured interview schedule was used in a flexible way to guide the interviews (Greef, 2005 (De Vos, 2005)). The schedule was made up of a set of predetermined and open-ended questions, and was constructed using the research objectives as the guideline. It allowed the researcher to gain a comprehensive description of a participant's viewpoint about a particular subject (De Vos 2005). The flexibility of this method also allowed the participants to raise other issues that the researcher had not thought of previously.

This approach allowed the researcher to control the line of questioning (Creswell, 2009), which is especially useful for an exploratory study, and to follow up on aspects that emerged during the course of the interview. Ruane (2005) stresses that in interviews (structured or unstructured), the interviewer must be able to listen actively, to probe, and to keep the participant on track. This proved difficult, particularly with regard to the first question, which required participants to give a brief history of their organisation and what it does. This was because the researcher failed to control the interview in this initial stage. She felt uncomfortable asking the participants to be brief, as she feared this could frustrate the participants and thus affect the interviewing environment. The researcher's fear of not wanting an intervention to impact negatively on the interview led to some interviews being longer than an hour. However, had she been more confident she could have been more effective in controlling the flow of the interview.

Data collection apparatus

Data was recorded electronically through the use of a dictaphone. The permission of the participants was sought beforehand. The use of a dictaphone was an advantage to the researcher as it captured the interviews accurately (De Vos et al, 2005) and also allowed the researcher to concentrate on establishing a rapport with the participants. The data collected served as a verbatim account of the interview. Written notes were also used to record non-verbal cues from the participants

3.2.3 Pilot study

Strydom (1998:179) defines a pilot study as a 'dress rehearsal to the actual investigation' which assists in identifying potential problems that could be encountered during the main study (Strydom, 2002). It allows the data collection tools to be tested for possible problems using a small sample of participants (Terre Blanche et al, 2006). Two pilot interviews were conducted to test the interview schedule and to identify any limitations in the research questions. Two participants who did not form part of the main study were asked to participate. Both were fellows from the Schwab Foundation, another American-based non-profit organisation that provides platforms for social entrepreneurs at the country, regional and global level.

After listening to the first pilot interview recording and getting feedback from the supervisor, the researcher identified some gaps, particularly around her need to sharpen her skills in probing, reflecting and summarising (Strydom, 2002), which could be attributed to her lack

of experience. In order to address this, she conducted a second interview which helped her to improve her interviewing style. The pilot interviews also helped the researcher to fine-tune the questions asked and to gain confidence.

With the help of her supervisor the researcher made changes to the first section of the interview schedule which dealt with both the participants' and the social enterprises' background information. The researcher had initially set questions for this section and she later changed section A into a table, with specific categories of field of operation being listed alphabetically. This made it quicker for participants to identify the relevant areas.

3.2.4 Data analysis

Data analysis strategy

Data analysis is defined as a 'process of bringing order, structure and meaning to the mass of collected data' (De Vos, 2002:239). As described by Creswell (1998:170), data analysis involves 'collecting and recording data, managing data, reading and memoing data, describing, classifying and interpreting as well as representing and visualising'. In analysing data, the steps of Tesch (1990) as cited in De Vos et al (2005), and Creswell's (2007) data analysis spiral guided the researcher.

The researcher transcribed all the interviews, a process that entailed listening to each interview and typing it out word for word. Tesch's (1990) data analysis method requires the researcher to read the transcripts several times over. She read the transcripts several times to become familiar with the information and during this process she made memos and looked at the similarities and differences emerging from the data (Creswell, 2007). She also made marginal notes on the transcripts, which helped, in the initial process of exploring and analysing the data (De Vos et al, 2005).

The researcher went on to classify information by grouping together similar responses, a process described by Creswell (2009) as taking apart text or qualitative information and looking for categories, themes or dimensions of information. Here, the researcher utilised abbreviations and colours to code categories and themes. She identified themes, categories and sub-categories which fell in line with the main research objectives (Creswell, 2007). She continuously examined the information, comparing and categorising the data, and breaking the categories down into fewer and more inclusive terms. This manual process enabled her to

analyse the results as well as to develop an initial awareness of issues that came up in the interviews. The themes that emerged from this data analysis are presented in chapter four of this research report.

3.2.5 Data verification

According to Morse, Barrett, Mayan, Olson and Spiers (2002:9), verification refers to ‘the mechanisms used during the process of research to incrementally contribute to ensuring reliability and validity’ and, thus, the rigour of a study. All research, whether qualitative or quantitative, has to be evaluated in this way. According to Morse et al. (2002), rigour refers to researchers’ adoption of verification strategies and self-correcting mechanisms (at each stage during the research process) to ensure reliability and validity in the analysis of qualitative data. Lincoln and Guba (1985, cited by Morse et al., 2002:2) substituted reliability and validity with the parallel concept of ‘trustworthiness’, comprising four aspects: ‘credibility, transferability, dependability and conformability’. The data verification mechanism of credibility, which was applicable in this study, will be discussed below.

Credibility

According to De Vos (2005) as cited in De Vos et al (2005:346), credibility refers to demonstrating that the inquiry in a study was conducted in such a manner that the subject was accurately identified and described. Here, credibility was ensured by using a qualitative approach to determine the subjective perceptions of social entrepreneurs in Cape Town. The selection criteria used were that all social entrepreneurs needed to have been operating for at least five years, and to be either founders or co-founders of the social enterprises. The researcher hoped that by interviewing the founders and co-founders rich data would be generated, particularly in relation to the first question ‘*Could you please briefly describe the history of your organisation and what it does?*’ As stated earlier, the assumption was that the founders and co-founders would be able to share more information than their employees about the establishment of the social enterprise and would be able to share more information about their journey and personal experiences of social entrepreneurship with the researcher.

Golafshani (2003:5) states that “to ensure reliability in qualitative research, examination of trustworthiness is crucial. Ensuring credibility in research is important because it enables others to use the researchers’ data with confidence. This section will look at what steps the researcher took to put credibility into action. Making use of the semi structured interview

schedule allowed the researcher an opportunity to use open-ended questions in the interview process in an effort to encourage authentic responses. The use of open-ended questions ensures credibility of the responses because they allowed the participants to express their opinions without being influenced by the researcher (Breakwell et al, 1998). Using open-ended questions also afforded the researcher the opportunity to discover the responses that the participants gave spontaneously, thereby avoiding the bias that may have resulted from suggesting responses to the participants. Asking open-ended questions and probing where necessary also resulted in a more diversified set of answers, adding to the richness of the responses (Golafshani, 2003).

In addition, the researcher recorded all observations carefully and precisely using a dictaphone and a notebook to record the non-verbal cues. In order to give the readers insight into the research journey and process, the researcher also described all phases of data collection and analysis as presented in section 3.3.6. In discussing the findings, the researcher tried to be as objective as possible in describing and interpreting what she had seen and heard from the participants. This is important because bias may arise from a “lack of information on the actual way in which the recorded data was collected” (Bless et al, 2006:136).

The limitations of the study will now be clarified.

3.3 Limitations of the research methodology

According to Fouché (2005) as cited in De Vos et al. (2005:118), ‘potential limitations are often numerous, even in the most carefully prepared research’. Limitations of the research methodology of the current study will now be briefly highlighted.

3.3.1 Research design

Exploratory studies rarely provide satisfactory answers to the research questions as their findings are only a true representation of the respondents interviewed and not the larger population that they have been selected from (Babbie and Mouton, 2006). Thus, the researchers’ findings might not fully represent views of all social entrepreneurs in Cape Town. In addition to this, a qualitative research approach is prone to researcher bias because the researcher may focus more on certain topics than on others during the interview process and the participants may tell the interviewer what they think he/she wants to hear (Babbie and

Mouton, 2006). Despite these limitations, a qualitative approach was ideal for this study because it enabled the researcher to obtain rich data from the participants while using their frame of reference and understanding of their motivation and opportunity-seeking behaviours.

3.3.2 Sampling

In view of the fact that the researcher plays an active role in the sampling process, bias can easily manifest (Terre Blanche et al., 2006). Purposive sampling is dependent on the researchers' judgement, which means that not all participants have an equal chance of being selected, and thus the data obtained via this non-probability sampling, may not be generalised to the larger population (Babbie and Mouton, 2006). However, the selected participants had the potential of giving rich data because of their years of experience in the field. It is also worth noting that the researcher did not choose qualitative research design for purposes of representativity, but for the quality of responses the research design can produce. The limitation in this case is thus not the number of participants interviewed, but rather that the researcher did not continue interviewing until she reached data saturation as she set a pre-determined maximum of 15 interviews.

There was a racial and gender imbalance, with a majority of the participants being white males. This research was however interested in social entrepreneurs as persons, regardless of their race. Nonetheless, this dimension warrants further exploration: see recommendations for further research in Chapter 5.

3.3.3 Data collection instrument

Semi-structured interviews are defined as 'interviews that are organized around areas of particular interest while still allowing considerable flexibility in scope and depth' (De Vos et al., 2005:292). In this study, the interview schedule was meant to be used by the researcher only as a guide. However, in the first few interviews, due to her lack of confidence, she used the interview schedule rigidly without probing. As a result, she missed some information that the participants could have shared had she been able to probe further

3.3.4 Data analysis strategy

This time-consuming process demanded some skill and rigour so that the analysis could be thorough and critical. Analysing qualitative data is complex, especially if much rich data is

obtained, as it may be difficult to identify the most important themes. It is also possible that some key issues were unintentionally excluded. In this study, the researcher found the analysis of the first research question '*How do social entrepreneurs understand the term social entrepreneurship?*' to be complex. This was mainly because the participants had different understandings of the term, with some of them even challenging the origins of the term. To counter this, she sought assistance from her supervisor and studied data analysis methods. In addition, qualitative data analysis is subjective, so this might result in the researcher bringing out themes with which she is more familiar, thereby contaminating the data. To counter this limitation, the researcher used Tesch's (1990 in De Vos 1998) method of data analysis and Creswell's (2007) data analysis spiral as a guideline to ensure that the themes were representative of the data collected from the research.

3.3.5 Researcher

According to Greef (2005) cited in De Vos et al. (2005), the quality of the interview depends mainly on the skills of the researcher as an interviewer. These skills include establishing rapport, listening skills, probing and reflecting. If the researcher is unable to interview well, data that is not rich and useful for the research might be produced. To counter this limitation, the researcher conducted two pilot interviews, received training in interviewing skills, and gained interview experience during her second- and third-year field placements. As the research progressed, the researcher became more comfortable with the research topic and with the interview schedule, thus allowing her to feel more confident to ask fewer questions and to probe as and when necessary. The researchers' supervisor also gave guidance during the research process to ensure that the research was conducted as rigorously as possible.

3.4 Summary

This chapter presented the qualitative research design adopted for this study. The sampling method, data collection method, tools, pilot study, data analysis and data verification have been discussed in order to give a clear picture of how this study was planned and conducted. Limitations to the study have also been discussed in this section.

The following chapter is a presentation of the research findings and discussions.

CHAPTER FOUR

DISCUSSION OF FINDINGS

4.1 Introduction

The research findings of this study will be found in this chapter, which also offers a profile of the participants and the social enterprises which formed part of the research sample. A framework for analysis will be constructed based on the main objectives of the study. The findings that are analysed will be discussed according to the structure of this framework. The findings will be compared and contrasted with the views of various authors (Chapter Two: Literature review). The data collection process generated findings on selected recommendations of the participants, but the researcher has chosen to reflect these recommendations in Chapter Five, the final chapter on conclusions and recommendations.

4.2 Profile of the participants and social enterprises

Fifteen social entrepreneurs who are registered as Ashoka Fellows in Cape Town were selected according to certain criteria (Chapter Three). Information was obtained by interviewing each of the social entrepreneurs. Since participants indicated that they were comfortable with using their names, this study will list the profile of participants, making use of their first names.

Information for the profile of the participants and their social enterprises, presented in Table 1 below, was gathered mainly from the interviews, but was supplemented from information sourced from the annual reports and websites of the enterprises. The profile provides an outline of the mission, objectives and the main programmes of the enterprise and when the organisation was established. The aim is to provide the reader with a sense of what the sample group consists of and the context in which the participants were operating. Although race and gender did not form the selection criteria, the researcher included them to develop the profile of the fifteen participants who made up the research sample.

Table 1: Profile of participants and social enterprises

PARTICIPANTS' NAME	ORGANISATION	GENDER	POPULATION GROUP	YEAR ESTABLISHED	FIELD OF OPERATION	LOCATION /SUBURB BASED
Janice	COMACare	F	W	2005	Health and human rights	Observatory
Marcus	Childrens' Resource Centre	M	C	1983	Social movement for children	Rondebosch
Tamzin	Greater Good SA	F	W	1998	Women empowerment, youth development; learning and education, economic development	Plumstead
Tim	Community Exchange system	M	W	2000	Community development	Rondebosch
Lane	Community Action towards a Safer Environment (CASE)	F	C	2001	Youth development, learning/education, drug and substance abuse, gender-based violence	Hanover Park
Mitchell	Mothers2mothers	M	W	2001	HIV/AIDS/STDs	City Centre, Cape Town
Noel	Open Africa	M	W	1995	Women's empowerment, environment, economic development	Claremont
Laurie	Centre for Conflict Resolution	M	W	1968	Conflict resolution	Rondebosch
Kwesi	Centre for Advanced Studies of African Society	M	B	1996	Indigenous language development	Rondebosch
Chris	Self -Help Manenberg	M	W	2003	Early childhood development, women empowerment, youth development, learning/ education, drug and substance abuse	City Centre, Cape Town
Shona	ShonaQuip	F	W	1992	Disabilities	Plumstead
Hudson	Social Development Resource Centre (SDRC)	M	W	2000	Social development, community development	Pinelands
Johnny	Extra Mural Education Project (EMEP).	M	W	1993	Education, child and youth development	Observatory
Charles	Innovation Shack	M	W	2005	Research, develop, finance, and launch new social entities	Gardens
Lillian	Mhani Gingi	F	B	2004	Skills training for rural women & stokvels	Pinelands

KEY: F=Female; M=Male; W=White; B=Black; C=Coloured

4.3 Framework of analysis

The following table lists the themes, categories and sub-categories that emerged from the analysis of the findings in relation to each research objective.

Table 2: Analytical framework

RESEARCH OBJECTIVE	THEMES	CATEGORIES	SUB-CATEGORIES
To explore social entrepreneurs' understanding of the term social entrepreneurship	Meaning of social entrepreneurship	Behavioural Characteristics	<ul style="list-style-type: none"> • Innovation • Ability to recognise opportunities • Visionary • Risk takers • Hardworking
		Personality Characteristics	<ul style="list-style-type: none"> • Range of personalities • Passionate • Tenacious
		Operating model characteristics	<ul style="list-style-type: none"> • Hybrid model • Not for profit
To explore motivations for starting up social entrepreneurial ventures	Motivating factors	Push factors	<ul style="list-style-type: none"> • A need to challenge the status quo • Influence of previous job and education experience
		Pull factors	<ul style="list-style-type: none"> • Need for independence from employer • Need for achievement/recognition • Need to contribute to the community • Altruism • Influence of family role models • Spirituality

RESEARCH OBJECTIVE	THEMES	CATEGORIES	SUB-CATEGORIES
To explore the processes that social entrepreneurs go through to find, recognise and respond to opportunities	Opportunity recognition process	Problem identification and idea generation	
		Appropriate timing	
		Giving the venture visibility	
		Structuring	
To identify the problems that social entrepreneurs experience in setting up social enterprises	Challenges	Accessing resources	<ul style="list-style-type: none"> • Access to funding • Getting skilled and committed personnel
		Legislature and regulatory environment	
		Social entrepreneurship field	<ul style="list-style-type: none"> • Invisibility of sector • Measuring social impact
To identify the factors in the environment that promote the establishment of social enterprises	Sources of Support	Personal sources	<ul style="list-style-type: none"> • Family and friends • Networks/ business partners
		Professional sources of support	
		Institutional sources of support	<ul style="list-style-type: none"> • Government • Small Enterprise Development Agency (SEDA) • Private sector • Ashoka
		Financial sources of support	<ul style="list-style-type: none"> • Banks • Donors • Government
	Policy and legislation	Companies Act No 71 of 2008 NPO Act No 71 of 1997 Tax Laws Amendment Act No 30 of 2000 Basic Conditions of Employment Amendment Act No 11 of 2002	

4.4 Meaning of social entrepreneurship

The discussion of this theme is linked to the first objective, which is to explore the social entrepreneurs' understanding of the term social entrepreneurship.

It was important to explore the social entrepreneurs' understanding of the term 'social entrepreneurship' and to ascertain whether their definition is in line with academic literature. When asked, three participants indicated that they had difficulty in defining the term and with how social entrepreneurship is defined in literature:

You can find it in many different ways and I'm sure if you do a search on the Internet, you will find different definitions.

So, I've got a bit of a problem with this whole term of social entrepreneurship, but some of us have come to work within that broad category, because the people who want to understand what we are doing, they come from that position, but I also think we need to look at what that actually means and why we call what used to be revolutionaries or social activists, community activists, today we call them social entrepreneurs.

These findings point to the difficulties that these participants experience in defining what is a complex term. This is in agreement with Dees (1998) who views the concept of social entrepreneurship as a multifaceted and dynamic phenomenon, and states that because of its complexity the term remains without a common definition. The researcher, in response to the participant who sees himself as a social activist, is of the opinion that the kind of actions taken by social entrepreneurs today are similar to what social and community activists of yesteryear used to do.

While three participants had difficulty defining the term social entrepreneurship, the other twelve participants described social entrepreneurship in terms of behavioural and personality characteristics that social entrepreneurs present, and these will be discussed below.

4.4.1 Behavioural characteristics

4.4.1.1 Innovation

Four participants understood a social entrepreneur to be someone with the ability to be innovative:

It's social entrepreneurship because it's about the actual way people engage with the problem, the way they recruit it, the way they interact with the problem, the way they begin to interact with the problem. This is the entrepreneurial part of it for me. Entrepreneurial means a new way of thinking, not just the doing.

Somebody who is involved in support of communities but who develops original methods and systems for providing support of some kind for such communities'.

These characteristics can be found in the writings of several authors and theorists who have written on social entrepreneurship. Innovation has been identified by Joseph Schumpeter, the 20th French economist, as one of the qualities of social entrepreneurs (Dees, 1998; Drayton and Rizvi, 2006). Social entrepreneurs are seen as creative thinkers who are able to take an idea and revolutionise it so that it brings change. Not only is innovation about creative thinking, it is also viewed as a key function of the social entrepreneurial process because it constitutes the 'process by which social entrepreneurs convert opportunity into a marketable idea and the means by which they become catalysts for change' (Kuratko and Hodgetts, 2007:155).

4.4.1.2 Ability to recognise opportunities

Another defining characteristic identified by two participants was the ability to recognise opportunities as an element of social entrepreneurship:

An entrepreneur is someone who sees an opportunity in the conventional economy.

I wanted to create opportunity for change, for other parents, for people with disabilities themselves, [inaudible]. It was all about finding opportunities for making things better, smarter, efficient, higher impact.

This finding is supported by the writings of several authors who point to the ability to recognise opportunity as a defining characteristic of social entrepreneurs (Baets and Oldenboom, 2009; Drayton and Rizvi, 2006). These authors state that social entrepreneurs are able to recognise opportunities regardless of their circumstances, and that they often turn adversity into opportunity. These findings also point to the role that social entrepreneurs play in improving and expanding human freedoms (Sen, 1999). By setting up her social enterprise that makes equipment for people with disabilities, the researcher sees the participant as contributing towards human development by removing barriers that inhibit people with disadvantages from participating in the community such as access to equipment.

4.4.1.3 Visionary

Three participants indicated that social entrepreneurs are characterised by the vision they have:

And how a vision is important as it is the one that guides and gives you direction into fulfilling the thing that you have a passion for whether it's environmental awareness or children, social movements or anything that somebody might be passionate about.

I had what was a huge vision, I said let's think like splendours of Africa in a continuous network of routes from Cape to Cairo, then I formed Open Africa.

Drayton and Rizvi (2006) and Burns (2007) emphasised that social entrepreneurs are characterised by having a vision, one which provides direction, creates a common identity, creates meaning and energises others. It is the nature of the vision and how it is communicated that sets social entrepreneurs apart from conventional entrepreneurs.

4.4.1.4 Risk takers

Five participants mentioned risk taking as a characteristic that helps in defining a social entrepreneur:

I had to give up my job and sacrifice not getting a salary for a while which was very hard. So for eighteen months I basically didn't get a salary while we were trying to set up and that was hard because we had to sell our house and step down a bit.

You have to be prepared to risk everything. I have had my house on the market several times. You have to be prepared to give it your all. And that's the kind of state of mind which I think is almost like a spiritual journey too.

These findings indicate how some of the social entrepreneurs in this study were willing to step far out of their comfort zone. This characteristic of risk taking is in line with the writings of Burns (2007) and Dees (1998). These authors view social entrepreneurs as people that enjoy taking risks, have a high tolerance for ambiguity, and manage the outcomes of their risk taking as learning experiences.

4.4.1.5 Hardworking

Two participants presented the ability to work hard as a behavioural characteristic that helps in understanding the term social entrepreneurship:

You have to be able to [inaudible]; you have to be willing to work very hard.

I am up at five and I am on my e-mail and I am working long before the office opens and I am working long before it starts and I have got to work hard in a way. I can't work according to office hours so I have to be constant. It's like a gardener, you are constantly watching that your plants are growing, to whatever [inaudible], their life schedules and their types, but you are constantly fiddling with them, moving around. So you also have to be able to...[pause] I would say you have to be able to rise to the challenge in a way of being sort of a lonely pioneer thing, as well as being able to work well with groups, and that's different qualities. I also say, live closer to your office. You have to be willing to run a marathon at a very fast pace.

Studies have identified social entrepreneurs as people with a desire to achieve, thus they work hard and put in long hours to ensure the success of their venture (Burns, 2007). The researcher thinks that any understanding of social entrepreneurs is incomplete without a discussion about the influence of personality traits.

4.4.2 Personality characteristics

In an effort to gain a better understanding of the defining characteristics of social entrepreneurship, the researcher asked questions around the personality characteristics of social entrepreneurs.

4.4.2.1 Range of personalities

Three participants mentioned that there was no clear understanding about what personality traits one needs to become a social entrepreneur:

All types, I don't think there is anything that would be [pause]. I mean introverts and extroverts.

Ja, it's very difficult to say about their personalities. In fact, in terms of personality categories, you could have all types. You could have someone who's very quiet and introverted but who is concerned about society. Ja, it's I don't know if there is anything that could say that could [inaudible], like some kind of box category you could apply to all the social entrepreneurs.

This is supported by several studies that have been conducted to identify the characteristics of successful entrepreneurs (Baron, 2007; Kaplan and Warren, 2007). None of these have been able to pinpoint the exact personality and behavioural traits of social entrepreneurs.

4.4.2.2 Passionate

Six participants emphasised the importance of passion as one of the defining characteristics of social entrepreneurs:

You wouldn't be a social entrepreneur if you really weren't passionate about it.

I think a social entrepreneur is passionate about some value and the passion that I feel is of significance and everybody is of significance in my world. I wish social entrepreneurs would be passionate about something else, but that passion makes them open their eyes to look who is particularly not being valued and respond to them.

These findings are supported by Kaplan and Warren (2007) who identify social entrepreneurs as people that exhibit an extremely high level of passion and commitment to their ideas.

4.4.2.3 Tenacious

Four participants identified tenacity as a defining characteristic of social entrepreneurs:

I think tenacious or persevering, I think you know you can't give up easily. I think being willing to fail, being willing to re-consider.

So risk taking, patience and having the tenacity to wait until you actually achieve your dream and not just expect like when you have an idea, you have to wait for it until it actually grows and see it into action rather than giving up.

The above findings that point to tenacity as a defining behavioural characteristic of social entrepreneurs are in alignment with Barringer and Ireland (2006) who identify social entrepreneurs as people that remain steadfast in achieving their vision.

In summary, as these quotes show, social entrepreneurs are characterised by innovation, ability to recognise opportunities, vision, risk and uncertainty, hard work, passion and tenacity. Although social entrepreneurs share the same characteristics with commercial entrepreneurs, what sets them apart is the nature of their vision and how it is communicated (Roberts and Woods, 2005). While commercial entrepreneurs' vision is to maximise profit, the vision of social entrepreneurs is to maximise social profit by improving the lives of communities (Dees, 1998). Other characteristics not mentioned by the participants but highlighted in the literature review include value creation and distinct ability to mobilize resources. All these aspects imply that social entrepreneurs are multi-talented individuals.

4.4.3 Operational model characteristics

Social enterprises can also be defined by the model that they adopt, i.e. either for-profit, not-for-profit or a combination of both.

4.4.3.1 Hybrid model

Five participants indicated that they adopted both a for-profit and not-for-profit model, thus making them hybrid enterprises:

It's never been about making money for the sake of making money. It's about making money to grow the services, to impact stronger on the communities that you want to serve and also having the tools to be able and the power and the control to be able to influence policy and government change for better in the future, and you can't do that if you have a capped hand, begging for charitable donations. You can't have the capacity to drive the changes forcefully if you are always on the back foot, waiting, ooh will I get funding next year?

It is evident from the findings that some social entrepreneurs in this study chose a for-profit structure not because they wanted to get rich, but because they saw it as a better model to achieve their mission. These responses are supported by Boschee et al. (2003) who state that although social entrepreneurs who adopt a for-profit model make money, cash streams are directly re-invested in their social mission. This ability to balance profit making and achieving the social mission has been identified as something that sets social entrepreneurs apart from commercial entrepreneurs.

4.4.3.2 Not -for- profit

Ten participants mentioned that social entrepreneurship is not for profit and that their profits were not measured in monetary, but in social value, terms:

It is about people and peoples' social issues, like social justice and social economic issues and psychosocial issues. It kind of places people first instead of money.

It's about making money in order to grow the services, to impact stronger on the communities that you want to serve.

The above findings concur with Martin and Osberg (2007) who are of the opinion that not all social entrepreneurs are driven by a profit motive. Other writers, such as Boschee et al. (2003) and Peredo and McLean (2006), suggest that the issue of profit should not be ignored because social entrepreneurs need money to be sustainable. Although there were some

participants that indicated that they adopted the for-profit model, what makes these social entrepreneurs different from commercial entrepreneurs is that profit making is not a key priority and profits are invested in expanding the services and achieving large transformational change.

4.5 Motivating factors

There are various push-and-pull factors that motivated the fifteen participants to pursue social entrepreneurial ventures. The participants were asked about their motivation for starting up a social enterprise as well as for staying in the field of social entrepreneurship. It is important to note that the participants tended to discuss their motivations for starting up and staying in social entrepreneurship in an integrated fashion, so it was not possible for the researcher to differentiate motivations in the analysis, hence the findings in respect of both of these are presented together in this section.

4.5.1 A need to challenge the status quo

Two participants shared how they were motivated by their need to challenge the manner in which problems were being addressed:

I started to look at things and then I thought well, how does, how do you change the kind of control of economic power in this country, you know? The traditional solution I, or you would have a socialist revolution, or something like that, and you destroy the capitalist class.'

One of my big motivations was since I was young I didn't quite believe the world is what God intended, whatever that means, so my sort of focus has always been how do I make it better and when I started doing this, it was really just myself and I started initially consulting and starting to learn more about the field and what were the things that were missing.

Social entrepreneurs are people that bring about social change by challenging the status quo. Because they are unconstrained by tradition, they are better able to come up with new ideas that challenge the traditional way in which a particular problem is addressed (Burns, 2007).

4.5.2 Influence of previous job and education experience

Three participants shared how their previous careers had influenced their decision to step into social entrepreneurship:

Certainly in my professional life, working with the Truth and Reconciliation Commission and seeing the level of violence and trauma that our country was in and now that just isn't being dealt with. I think that really, from a professional side, it really opened my eyes to see that there is desperate need to help people heal in our country.

I had always been somebody who had been involved in sort of youth organizations and I was very sporty and play [inaudible], I started teaching physical education. I went to the local school in the Hout Bay harbour where I stay and I said to them, I can teach English and I can start a physical education department and I could start an extra-mural department.

Based on the above findings, the researcher is in support of the view expressed by the participants that the social entrepreneurs' previous experiences could have given them insight into the nature of the social problems that communities face. For example, by working for the Truth and Reconciliation Commission, the participant might have gained insight into the levels of violence that still exist in South African communities and hence developed the motivation to start up an enterprise that attempts to address the trauma emanating from this violence.

4.5.3 A need for independence from employer

Two participants indicated that they chose to go into social entrepreneurship because of their need for independence:

So, it's the constraints of having to do a job in a certain way because it's the way it has always been done.

I can say that many people go into government; they are very much constrained by hierarchy and red tape. And we have no status in this hospital but by not having status, we have gained incredible freedom. I don't have to go through any particular

hierarchy which gives us a lot of freedom to be creative where other people in government end up having to report through a structure.

The above findings point to the need for independence from an employer as a motivating factor and are supported by studies by Burns (2007) on push-and pull factors that drive people in Western countries into social entrepreneurship and entrepreneurship in general. These studies highlight the need for autonomy as a factor that drives people into social entrepreneurship.

4.5.4 Achievement and the need for recognition

Five participants indicated that they were motivated to pursue social entrepreneurial ventures because of the sense of achievement and gratification it brings to them. Some of the findings point to the achievement and gratification subsequent to becoming a social entrepreneur:

It's just very exciting that this thing has grown and every time we get a registration from a new country or from a new place where they wanna start off these things, for me that's just very exciting, you know?

I think it's a values thing, and that value is that you get more pleasure from seeing people develop than from having. I mean you need a basic amount of money but very quickly it's more rewarding to see people growing and developing that to have more money in the bank.

The findings above indicate how social entrepreneurs are people that are reward-oriented in that they want to be rewarded for their efforts through recognition and respect. In addition, starting one's own venture has been associated with boosting one's self-esteem. A sense of accomplishment that comes from knowing that one has created something valuable that brings social value to other people can provide affirmation and motivation (Harper, 2005).

4.5.5 Altruism

Two participants openly expressed their need to make a change in society and their unselfishness traits as motivating factors:

They want a better society and in some way or another they want to introduce something or make someone's life better in some way and there's an infinite variety of ways you can improve life.

I am motivated by the social thing. I mean the money thing is not really important to me, you know. I don't mind living in a tent, you know, as long as it, my motivation comes from other things you know, from seeing the effects of the system, seeing the people benefit and so on.

These findings concur with research studies conducted by Durieux and Stebbins (2010) on the psychology of social entrepreneurship. These authors view it as a fundamentally altruistic practice, thus people engage in it because they are compassionate and generous.

4.5.6 Influence of family

Three participants shared their experiences of how family and personal problems had influenced their decision to undertake a social entrepreneurial venture:

I think definitely the Ashoka process was very good, it actually made me realise that it was something that has been happening my whole life from the start, from my parents, although we never would have called it that or thought about it but it was something in my life experiences, what was taught to me and what was modelled to me. It kind of all led me down to this path and I have always been encouraged to think outside the box and to connect with all kinds of people of different cultures.

When my daughter was born I was told to put her in a home and that's how bad it was. We weren't given any option. When we were eventually given a chair to put her in, it was made out of cupboard boxes and it was folded and painted blue and was put in a pram so that she wouldn't fall over and I just believed that there must be better ways for kids with disabilities who cannot sit upright to sit up and look ahead of them and do something and improve their function, so I started building equipment for her

that would allow her to sit upright that wasn't a piece of cupboard box and it was from making those chairs that she could stand upright because she hadn't got the muscles to stand, that I started realizing that I would have to push her around forever and she would never be able to go wherever she wanted to so we built an electric chair so that she could drive wherever she wanted to be. She couldn't sit up properly; she couldn't use her hands properly. We had to build the chair so that she could solve the problems around her personal disability and the effect that it had on her muscles and coordination.

The above quotes point to family situational factors, such as the support of parents who encouraged their children to be innovative, and general economic and social situations that have also been identified by Özbilgin and Malach-Pines (2007) as factors that influence and motivate social entrepreneurship.

4.5.7 Spirituality

A motivating factor that came out of the interviews which was not discussed in the literature review, mainly because not many authors that the researcher consulted mentioned it was the influence of their spirituality on social entrepreneurs. One participant mentioned spirituality as a motivating factor:

So it's different things that motivate people but ultimately I believe that it is that vision, whether you are working with animals or children or the forest or food security or whatever. But it is ultimately that vision, I believe that gives you that energy, because if you don't have that vision, that's why there are people with nothing that drives them. They don't have a vision; they don't have a dream [inaudible], I think it's also about spirituality. This vision mustn't just be earthly things, and I am not just talking religion, I'm talking about spirituality.

The researcher understands from the above quote that this particular participant viewed social entrepreneurship not as a temporary activity, but rather as something more permanent, and that comes from deep within the individual.

It is evident from the above quotes that there are a number of motivating factors that drove the participants to pursue social entrepreneurial ventures. These range from the need for

autonomy, challenge and recognition, to situational factors, altruism, community engagement and generosity (Burns, 2007). Positive situational factors such as the presence of family role models have been identified as encouraging social entrepreneurial activity. However, in the case of the social entrepreneurs in this study, some were able to turn their dreams into reality even when the conditions were unfavourable, such as the participant who was motivated to become a social entrepreneur in a bid to find solutions related to her child's disability. This is an indication of how social entrepreneurs are people who see opportunity where others see adversity.

4.6 Opportunity recognition process

One of the main research objectives was to explore the process that social entrepreneurs go through to identify, recognise and respond to opportunities. In order to fulfil this objective, the researcher formulated questions that helped probe around the social entrepreneurs' opportunity-recognition process.

4.6.1 Problem identification and idea generation

Five participants emphasised the need to conduct research during the opportunity-recognition process:

I mean initially we started so [inaudible] I had been running a consulting business and started gathering all this different information and then basically spent my evenings starting to develop it.

Then I did three months' research where I checked, oh I must have checked two hundred million websites. Oh my, that's just what it felt like, to see what information was there about coma and then I phoned the Department of Health, Department of Justice and various departments to find out if there were any organisations doing this work.

Conducting research has been identified by these participants as the first step to identifying opportunities. This finding is echoed by Mariotti (2007) who points out that in order to recognise an opportunity, social entrepreneurs must be able to observe and study current trends and see how they can create opportunities.

4.6.2 Appropriate timing

Two participants pointed to the importance of appropriate timing in the opportunity-recognition process:

I mean there are situations; there are circumstances that are very timely. We started this in 2001 when all the Preventing Mother-To-Child Transmission (PTMCT) programmes were rolling out across the country and across the world, so it was very timely. If you wanted to start it now, it was wrong, you would have missed your moment. If we had done it five years earlier, no one would have been ready for it. So, sometimes, timing is everything. Sometimes it's just having the right people in the right place.

Harper (2005) sees opportunity as something that is dependent on situation. One of the essential qualities of an opportunity, as identified by Barringer and Ireland (2006), is that an opportunity must not only be attractive but also be timely.

4.6.3 Giving the venture visibility

Four participants mentioned the need for marketing as part of the opportunity-recognition process that helped them gain visibility and hence facilitated the recognition of other opportunities such as funding:

So we sold the idea and the people started setting up groups. That was in 1979 and eventually we decided, let's have a physical presence, the Childrens' Resource Centre and so on and so on.

I created a website so that we became visible, virtual reality first.

The findings above show that the opportunity-creation process begins with generating a promising idea, but it is important to develop that idea into an attractive opportunity and marketing is one of the strategies used to achieve this. In order to market, social entrepreneurs need to have access to technological resources such as computers and the Internet. Not only do these resources support the production process, they also allow social entrepreneurs to give their ventures visibility, to network with others and to monitor market trends (Harper, 2005).

4.6.4 Structuring

Four participants shared knowledge about setting up a structure in order to turn the recognised opportunity into reality, as well as to give the social enterprise legitimacy and visibility:

Getting the organisation registered, getting the board and the bank account and all those legal procedures to have a formal NGO set up and then employ staff slowly as funding developed.

Setting up the organisation to give effect to the idea and that required designing plans and programmes and projects and hiring staff and running an organisation.

These findings point to the structural processes of social entrepreneurship. Part of the opportunity-recognition process requires social entrepreneurs to be efficient and emphasise high quality work. It also requires social entrepreneurs to work and to plan systematically in setting up their ventures. This is supported by Aardt et al. (2008) and Nieuwenhuizen (2008) who make it clear that, in order to set up a structure, social entrepreneurs may make use of different sources of support including professional sources, such as lawyers who can provide assistance with regard to legal aspects, for example, getting the organisation registered. In addition, the structuring process also requires identifying the right personnel to work towards achieving the mission and objectives of the venture.

In summary, the above findings point to the general approaches social entrepreneurs use to identify opportunities such as research, to identify the idea, mobilise resources and establish a structure to give life to the original idea. Critical to opportunity- recognition is the ability to respond to opportunity at the right time and to be able to mobilise appropriate resources. Social entrepreneurs are known for their intrinsic ability to effect this (Nieuwenhuizen, 2008). The next section will discuss the challenges social entrepreneurs in this study faced at different stages of their social entrepreneurial journey.

4.7 Challenges faced by social entrepreneurs

The fifteen participants presented the challenges they had experienced at different stages of their social entrepreneurship journey, from the initial stage of conceptualising the idea, to setting up and to the running the enterprise.

4.7.1 Access to resources

There is a range of resources required by social entrepreneurs to operate their ventures. Factors such as the field of operation and size of the social enterprise help in determining the type and amount of resources needed. The challenges the participants faced in accessing different types of resources will be discussed below.

4.7.1.1 Access to funding

Eight participants raised a concern about the challenges they faced in accessing funding:

That was probably the biggest challenge, finding money.

I mean we are in a world which is resource constrained, where there is only so much money on the table.

Nieuwenhuizen (2008) identified a lack of access to funding resources as a challenge that makes it difficult for social entrepreneurs to access other categories of resources, including human and technological resources. A lack of funding has a trickle-down effect on social entrepreneurs because financial resources allow them to access other categories of resources, and without funding, entrepreneurial activity is restricted.

4.7.1.2 Getting skilled and motivated personnel

Four participants stated that getting skilled and motivated personnel to work in their social enterprise presented as a challenge:

And I think another difficulty of course is finding the right kind of people, in particular at an early stage of a social enterprise. You know, you can't have people who are saying what is my job description and this is my box and no, but that's not my job because this is my job description. I mean, you know, you had to go from cleaning the toilets to presenting to a CEO.

Trying to find the leadership, you know leaders within the organisation to develop and run systems that we are putting in place, trying to create a culture within the

organization that supports the spirit of what we want to do, being aware of the changing external forces.

The findings above indicate that one of the challenges some social entrepreneurs faced was finding motivated personnel with the right attitude. Some of the participants pointed to the fact that they found it difficult to recruit personnel that shared their motivation. Coupled with this, a lack of funding has the potential to exacerbate this problem because people get demotivated when they are not well remunerated (Harper, 2005).

4.7.2 Legislation and regulatory framework

Two participants pointed to the level of inflexibility and the red tape within the legislation and regulatory framework which hindered social entrepreneurial activity:

So it's the bureaucracy and stupidity around the policies and the lack of thoughtfulness around the way that the departments interact with each other. We were getting into a lot of financial trouble earlier this year because government wasn't paying us money they owed us.

The availability of a flexible regulatory framework has been identified as instrumental in advancing social entrepreneurial activity (Kuratko and Hodgetts, 2007). However, it could well be that government policies and the regulatory business environment limit or discourage social entrepreneurial activity in South Africa.

While this section focuses on the problems faced the participants at various stages of their social entrepreneurial journey, there were two participants who were of the opinion that the South African business environment was friendly in comparison with other countries:

There are fewer barriers here to implementation than you expect in the US or the UK where there are far more rigid more rules, more boundaries, more legal constraints. So I think there is a certain freedom here to try and think creatively around problem solving.

I think in fact you see more clearly there are more advantages here, because there is an infrastructure which works, telephones work, Internet works, electricity is

generally 99% functional. It all makes the running of an office more efficient than you can find anywhere in Africa.

It would appear from the above quotes that there is more potential for social entrepreneurs to flourish in South Africa as compared with other African and European countries which appear to have a more rigid constraint in their business environment. South Africans should exploit this.

4.7.3 Social entrepreneurship field

The participants also highlighted challenges that come as a result of being in the social entrepreneurship field as discussed below.

4.7.3.1 Measuring social impact

Three participants pointed to the difficulties in measuring social impact as a challenge they faced:

It's always a struggle because of the nature of our organisation. It's not stuff that you can see until you meet the people. You know it's not like we are putting up clinics. We are trying to create healing and personal change'.

We're not very good at assessing which social entrepreneurs are really making a profit. You know, if someone is making money, it's fairly easy to measure but how do you measure the profit of the social entrepreneur because it's people profit and we're not good at measuring that.

It is not always easy to measure the impact of social enterprises as their profits do not come in monetary terms but in social value creation. The inability of the sector to measure its social impact impacts negatively on it as far as accessing funds from financial institutions is concerned as they use financial returns to measure impact (Alter, 2007).

4.7.3.2 Invisibility of sector

Two participants raised concerns about the invisibility of the social entrepreneurship sector:

I think it's the invisibility of the sector. I think the government doesn't realise how dependent on social entrepreneurship it really is. So they tend to see us as an add on or an unnecessary fly in the ointment rather than being a necessary partner.

This is a very important sector, ah, but it has not got a voice actually.

The combination of lack of access to funding, challenges in getting appropriate personnel and the sectors' inability to measure social impact present major challenges which impede the operations and visibility of the social entrepreneurial sector. Having highlighted the main challenges as presented by the participants, the next theme will look at factors that constitute an enabling environment, one that fosters the development and growth of social enterprises.

4.8 Sources of support

The study also sought to find out what kind of support social entrepreneurs needed in order to flourish.

4.8.1. Personal sources

Six participants were able to share how they had benefited from personal sources of support such as family, friends and networks:

I must also say this was not an individual effort, what I have done is really just take the whole thing forward. There were a lot of people especially parents, my wife, my then wife, other parents.

But it required a lot of emotional support and people kind of encouraging along the way so family, close friends and the initial donor list was just if you wanted to run a holiday club all funded by family and friends who donated groceries. Those were the initial resources and definitely the emotional support more than the financial support.

These findings point to how family and friends served as a strong support base for some social entrepreneurs in this study. This finding is in line with the writings of Van Aardt et al.

(2008) and Mariotti (2007) who state that family and friends provide not only emotional support during difficult times, but also assist with financial and knowledge/information resources. This source of support appears to be the one most used by social entrepreneurs in this study, particularly in the initial stages of setting up their social enterprises.

4.8.2 Professional sources of support

Some participants stated that they made use of professional sources of support in their social enterprises:

The first thing I did was I appointed a group of what I regarded to be eminent thinkers, people with academics, peer conservationists and sociologists.

I am not sure because we have a financial accountant who looks after some of our stuff.

They have been extraordinarily helpful and connected us with outside legal assistance.

The findings of this study show that professional sources of support come in different forms such as accountants, consultants and lawyers. These sources provide social entrepreneurs with support, such as business contracts, labour legislation and regulations. Accountants provide information on the financial position of the business and on the state of the financial markets, and they prepare financial statements that allow the entrepreneur to see how the venture/business is faring (Harper, 2005). Professional sources of support combined with others contribute to the effective functioning of social enterprises.

4.8.3 Institutional sources of support

Institutional sources of support refer to support offered by either government or private institutions to facilitate the development and growth of social enterprises.

4.8.3.1 Government support

When it came to government support, most social entrepreneurs articulated their disappointment:

They support the big capitalists, the people who [inaudible], the big factory owners, the people who run the food industry. They are robbing our people and they support those people and make it easy for them. Fifa has just run a multi-billion rand operation, they got tax free exemption.

Other participants indicated that there is little support being offered to social entrepreneurs from the government. This was mostly attributed to a lack of understanding on the importance of the field of social entrepreneurship within government:

The support within South Africa is actually really poor. We don't do much in terms of raising support in this country because there isn't much money and the notion of social responsibility isn't being very well developed here. We do far better in Europe, the UK and the US. So in terms of efforts for money, we devote most of our efforts to raising money outside the country.

The findings show that some of the participants in this study had trouble soliciting support from the South African government despite the availability of the policy and legislation discussed in Section 2.12. This lack of cooperation, according to one participant, could be attributed to the narrowly defined job descriptions of most people working in government that inhibit them from thinking outside their portfolio. They tend to overlook issues such as social entrepreneurship. Because of this frustration caused by the lack of cooperation and understanding of social entrepreneurship within government, some participants have turned to European countries for support.

Three participants were of the opinion that social entrepreneurs do not necessarily need support or an enabling environment because social entrepreneurs are people who can thrive in any environment:

We don't need government support and social entrepreneurs that are looking for government support have missed the fact totally. We are not looking for any favours. We are addressing problems that government ought to be addressing but isn't.

They should leave us alone. We don't want them to interfere with us. We don't want them to stimulate social entrepreneurship. They need to leave civil society alone in

this respect. They must go on with their primary function, which is to provide people with basic security, meet the welfare needs of people in greatest need. As far as NGOs are concerned and social entrepreneurs, leave us alone.

I would say social entrepreneurs need to be entrepreneurial where, that's the whole point. It's almost like a contradiction to say that they need an enabling environment. The whole point is that they are generating original ideas regardless of the circumstances. So you can get social entrepreneurs in a prosperous democracy and you can get social entrepreneurs in an oppressive environment or poverty-stricken environment. So entrepreneurs are responsive to their environment, regardless of whether an environment is enabling or not.

Their responses concur with the literature that points to the social entrepreneurs' ability to adapt to situations as a quality that makes them succeed (Niewenhuizen, 2008). The social entrepreneurs' adaptability to changing circumstances, coupled with a range of skills is what enables them to discover new opportunities and explore novel ideas (Murphy et al, 2008).

Whilst some social entrepreneurs in the current study indicated the kind of support they needed from government, other participants felt government had no role to play in facilitating the growth of social enterprises in South Africa.

One participant indicated a concern about the government stealing the ideas of social of entrepreneurs, hence her lack of trust in government:

As has happened before and with us, we [inaudible], they acknowledge what you do but they run away with your idea and call it their own. So, give the NGO credit and work alongside with them to develop the idea and not kind of tick in your box because we have done something great.

The findings indicate some participants' distrust in and level of disappointment with the governments' lack of support for social entrepreneurs. The researcher is of the opinion that a lack of trust could inhibit the development of effective partnerships between government and social entrepreneurs. Having voluntary and business sectors working in partnerships with government departments and their agencies, and with communities, is central to

government's tackling the social and economic problems that South African communities face (Midgley, 1995). However, in a culture of mistrust, any initiative like this could be stifled.

4.8.3.2 Small Enterprise Development Agency [SEDA]

SEDA is a government institution that aims to strengthen support for small to medium enterprises in South Africa, including help with access to finances and expanding market opportunities for specific categories of these enterprises (www.seda.org.za). One participant indicated that they had benefited from the support service offered by SEDA:

The only one that we've used successfully, quickly and efficiently is SEDA. They were extremely helpful when we were going through our first sort of growth phase from five staff to twelve staff that sort of period. They really were helpful and also the person in charge of the SEDA I could just phone them. They sent us experts. So at that stage we were manufacturing all our products in my garage and they sent somebody to look at the management and sent somebody to help me with the brochure for our products, somebody did help us with financial statements that sort of thing'.

One participant had a criticism of SEDA which questioned the agency's effectiveness:

We tried to work with SEDA, with very little success. They would appear to have capacity problems. I don't know if they have capacity to do what they were set out to do.

Although SEDA's aims are noble, since its inception its structure has received criticism related to lack of capacity and corruption. This impacts on its functioning, and explains its failure to deliver its objectives as set out by the Department of Trade and Industry (Fortuin, 2008).

4.8.4 Private sector

Other participants spoke about the support that the private sector could be offering in an effort to foster the growth of social enterprises in South Africa. The private sector could assist by imparting a range of skills that are needed to operate and sustain a social enterprise:

They should be taking social entrepreneurs into the boardroom to see how a board meeting is conducted. They should be teaching them about financial planning. I had a mentor from Old Mutual who is a financial manager in the province. He taught me presentation skills, to be short and sharp. He looked at how you manage your board, how you manage your management team.

One participant was against the notion of getting support from the private sector:

I don't want to go around begging, because that is what it means. Because some of these terrible people run big business. In fact, I don't go to them; it's a matter of the way they steal from the poor people. Must I go to Tiger Company who have been charged several times for over-charging people for food? Then I must go to some big business person who wants to ask me all sorts of stupid questions about all sorts of things.

The responses above show the different views the participants had in relation to the types of support they could receive from the private sector. While some felt they could benefit from the private sector because it has structures in place that social entrepreneurs could use to their benefit, others indicated a level of resistance towards getting support from the private sector. The researcher is of the opinion that some participants' rejection of support from the private sector could emanate from the way in which big business communicates their vision and maximises profit at the expense of the poor.

4.8.5 Ashoka

All 15 participants mentioned that they as Ashoka Fellows had benefited from Ashoka in one way or another. Some participants spoke about the financial support they had received from Ashoka:

So, I am an Ashoka Fellow for the kind of work that we are doing globally now, trying to replicate SASEX and effectively what that does is introduce you to quite a wide network of people and they also pay a stipend on a quarterly basis.

I suppose the main thing has been the financial support. What the funding from Ashoka has done is it allowed us over the last three years just to raise this thing to a whole new level you, know.'

The benefits that one receives from Ashoka are dependent on the level of operation of the organisation. One participant mentioned that Ashoka support services seem most suitable for social entrepreneurs who are just starting off.

Two participants shared in detail how they had benefited from the networking opportunities that Ashoka provides:

It was more of a network. So really just connecting with other fellows and giving advice. If the organisation needed legal advice, I could go through the Ashoka route and see who people recommended or who people use and see how, bookkeeping or those kinds of things and being able to open up the circle and asking questions to those who had been through that before.

Although the participants acknowledge the support that they have received from Ashoka, some had some criticisms about the organisation and how it operates:

It is definitely with the financial support that helped a lot for that time frame but I think that the South African offices have been disorganised.

So although it sells itself as more than that, I haven't experienced it as more than that. Of course I am very grateful for the funding or we wouldn't have survived at all. But it's all based in Joburg. Anything that happens is based in Joburg and I challenge them a bit because they are not living up to their vision.

I have been quite disappointed in some ways because I thought it was gonna be much more about bringing entrepreneurs together and providing entrepreneurs with a platform and it's basically funding.

Although participants acknowledge that they benefited from the funding and networking opportunities offered by Ashoka, there were some who felt that Ashoka was not living up to

its marketing promises, and that there was room for improvement in relation to the expansion of its services.

4.8.6 Financial sources of support

All fifteen participants in this study had received financial support from various sources such as the government, banks, donors and Ashoka:

We are still getting some funding, this is probably the last year from people like the Ford Foundation, who have been sort of initial investors. Interestingly there are very few South African foundations that have supported our work, only friends if you like, three or four key South African foundations, which hopefully is something that's gonna change as SA business recognises the value of social entrepreneurship.

The guy who is the present director has done quite a lot. He went over to Germany and Sweden and various places to attract more funding. We managed to get enough through the universities and the Danish money and a bit from local government.

Financial sources of support are important in ensuring that social entrepreneurs access other resources that help in their operation. The findings above indicate that there are social entrepreneurs who appear to be getting more support from overseas organisations than South African-based institutions. In summary, the findings above point to the various sources of support that are needed in order for social entrepreneurs to flourish. These sources are mainly personal, institutional, professional and financial (Van Aardt et al., 2008). Although some participants shun some sources of support, such as that from the government and the private sector, there are others that acknowledge the need for different sources of support to underpin the start up and operation of their social enterprises.

4.9 Policy and legislation

This study sought to identify different Acts of Parliament and policies that inform the work of social entrepreneurs in South Africa. Social entrepreneurs apply different policies in their work, depending on their field of operation.

4.9.1 Companies Act No 71 of 2008

Three participants indicated how the Companies Act No 71 of 2008 was applicable to their enterprises:

So I mean, we set up as a trust and a Section 21 Company [inaudible], and those are the two that we feature.

The Companies Act defines what a company is and what it is required to do to be a company and how you've got to register yourself and you have to have articles of association which are normal things of a company and what happens when the company disbands and there's all sorts of things about liability, you know. If monies are spent and if money's owing and who's indebted for these things and who's responsible for things if things fail and how you've got to set up. You've got to have the board and what the board consists of and you've got to have annual general meetings.

Two participants emphasised the promotion of legitimacy, accountability and transparency as some of the values that the different Acts and policies aimed to promote:

Just because you are a not-for-profit company doesn't mean the company is not formulated properly. And you've got to have proper audits of your [inaudible], you've got to keep accounts in the first place.

I suppose that the main thing is the legitimacy that it confers on you and it does force you to [inaudible], that's not a nice word but I mean it's good that you do have proper audits [inaudible]. I mean it's a price, that's a benefit because you need to be squeaky clean and you need to be, no use pronouncing that all, pretending that you have these high moral values and then behind the scenes, you just kind of have people making money backhand and buying themselves big cars'.

The social entrepreneurs in the current study are presented by the above findings as people that accept responsibility in respect of their ventures, and practise financial, legal and moral accountability (Kaplan and Warren, 2007).

4.9.2 Non-profit Organisations (NPO) Act No 71 of 1997

It was important to ascertain whether participants were aware of the NPO Act 71 of 1997 in order to understand the impact it had as a regulatory framework for social enterprises. When asked about the NPO Act 71 of 1997, seven of the fifteen participants indicated that they were aware of the Act, which provides a framework for governance and operations for non-profit organisations. The three quotes below reflect the views of the seven participants:

Both of our organisations are registered as NPOs. So we maintain, for example, our annual audit and reporting to the NPO directorate.

I don't know what the Act says but I know in terms of registration and maintaining your NPO registration, you have to have an auditing process annually, an AGM process, board members and those kind of structures, basically the governance and the financial structures that should be in place are dictated by the NPO registration, the NPO authority. And you also have to submit those reports to the National Department of Social Development.

We had to register as an NPO which meant we had to show our trust documents. We had to show our constitution. We had to show our financial statements. We had to show our governance structure. We had to fill in a form, which explained who we are, and that we are not for profit. We had to send our open waiver application.

Even though some of the participants had a limited knowledge of the NPO Act, it can be seen from the quotes above that seven participants knew about the registration process. What they said correlates with what the NPO Act states about this process. The Act stipulates that once an NGO has handed in two copies of its constitution and other relevant documents, the directorate must '(a) issue a certificate of registration in the applicant's name on the prescribed form which must include a registration number, (b) send the certificate and a certified copy of the registered constitution to the applicant and (c) advise the applicant of the date on which its name was entered in the register' (South Africa, 2005).

However, when probed further, it was clear that eight of the participants did not have much knowledge of the NPO Act No 71 of 1997:

Look, my limited experience as I have tried to explain to you. I don't know what Act it is, 97 or 2007.

As a result of the lack of knowledge about the NPO Act, the researcher was unable to establish how many social entrepreneurs in this current study were registered in terms of this Act.

One participant indicated a lack of knowledge of the NPO Act No 71 of 1997 due to the fact that he utilises professional sources of support in the form of lawyers to do the policy work:

I don't know. You know that sort of work is done for us by a lawyer; you know who knows more about these things.

When discussing the NPO Act, two participants identified some difficulties that they faced in relation to it:

I think it is fair enough but there is a difficulty in that the same Act, that you have to do certain things to qualify for section 18(a) exemption, and there is the difficulty here.

This highlights that, although the NPO Act has several advantages, some clauses in the Act present challenges for some of the social entrepreneurs in this study. As one participant noted in the quote, below, they used external help with the registration process. However, other social entrepreneurs without the same type of resources might not be able to do so:

I mean we have a friend that's close to both the NPO Directorate and SARS and so we got our registrations relatively easily [inaudible], but we had the ability to do that. I think it's very difficult for a lot of more grassroots organisations who don't necessarily have those kinds of networks.

In summary, although some of the participants knew of the NPO Act No 71 of 1997, it was evident that only seven were aware of the details of the Act and the registration process.

Participants noted that there were benefits to registering as an NPO, namely, easier access to tax exemption; legitimacy when applying for funds; and becoming a legal entity. They also identified challenges to the registration process that included a lack of access to resources, bureaucratic delays at government offices and the tedious reporting requirements. The next section will present findings with regard to the Tax Amendment Act No 30 of 2000.

4.9.3 Tax Laws Amendment Act No 30 of 2000

The Tax Laws Amendment Act No 30 of 2000 allows social entrepreneurs easier access to funding and tax exemption. This was evident through the following quotes:

We got a tax exemption and we got returns on tax. We got claim, we had to pay quite a lot of money when we bought this building, which was a donation from a German funder. We got VAT charged. That you pay. We claimed that back a few years after we actually paid. And it's again something that we fought for as NGOs that there must be tax exemptions so we are able to get money back.

I know that's relevant but I don't really remember the details now. But let me give you an example. We didn't have to pay tax on income that we generate because we are a non-profit organisations. That income stayed in the organisation and wasn't distributed as profit.

It is clear from the above quotes that the Tax Amendment Act 30 of 2000 had an impact on the operation and development of the social enterprises in this study as they had tax-free donor funds to run their social entrepreneurial programmes.

Two participants showed a lack of knowledge on the Tax Amendment Act 30 of 2000:

Well, I am not sure of that because we have got a financial accountant who looks after some of our stuff.

We have a tax consultant who calculates all the taxes. We have to pay per year and the personal taxes, pay as you earn. That's who does that sort of work.

Two participants identified challenges related to the Income Tax Amendment Act 30 of 2000:

Well, there is a thing that we are exempted from tax, which took us a long time by the way. Otherwise, it's not really effective. The social security department like Social Development they are supposed to help us but it's not working.

The conclusion from this finding is that although this Act is in place and is meant to benefit social entrepreneurs, some participants in this particular study see the Act as having clauses that can stifle social entrepreneurial activity.

4.9.4 Basic Conditions of Employment Amendment Act of 2002

Only two of the fifteen participants indicated how labour laws were applicable to their enterprises:

The labour laws were quite useful in the sense of there are quite [inaudible] a lot of rights of work, of employees, um, and quite respectful ways of dealing with disputes and all that kind of stuff, so we used that a lot.

Well, I suppose it depends on your sector but I know we fall within the Department of Labour. We are employing somebody, so we have to look at the labour legislation

The findings show that these two social entrepreneurs were mindful of the labour laws and regulations that protect the interests of their employees.

In summary, the above findings indicate which parts of the policy and legislative framework discussed in section 2.12 of Chapter 2 the participants were aware of. Also shown is that different Acts and policies are applicable to different enterprises, depending on the enterprises' field of operation. While different social enterprises in this study would link with different SETAs, depending on the field in which they operate, at the same time they all have to comply with the Basic Conditions of Employment Amendment Act since they all employ people.

4.10 Limited knowledge of policies

Two participants claimed to lack knowledge of all the policies whilst a third was not aware that there were any policies in place. It was interesting to note that of these, one participant was of the opinion that the laws did not apply to his social enterprise:

No awareness. I don't mean to be difficult, we just don't fight at that level at all and I think again partly because we work in nine countries and you know, we are incorporated in three, we are incorporated in the UK and the US and here. You know, it's just we are more of a multinational than a South African entity so that the actions in any individual country are of less interest to us than if we were specifically headquartered and centred here.

No, I don't know. Are there any?

In summary, national legislation, including the Income Tax Act, Companies Act and the NPO Act that is available for social entrepreneurs seem to be unknown to eight of the participants. Although five participants had knowledge of the NPO Act, three of the Income Tax Act and five of the Companies Act, that was as much as they knew of or had experience of national legislation. It is of concern that the founder and co-founders of the social enterprises in the current study appear unfamiliar with the details of the different Acts of Parliament mentioned above. This seems to be because of their reliance on external sources of professional support, such as lawyers who do the compliance work. Information sharing and education about these Acts may be needed.

4.11 Conclusion

This chapter presented the findings of the study. It first highlighted the profile of the participants and then presented the framework for analysis and proceeded to present a discussion of the findings related to each of the research objectives. The following chapter presents the conclusions and recommendations.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The researcher is expected to consider and summarise the research results and conclusions within the framework of the original research questions, the research problem and the South African context of social entrepreneurship. This research aimed to answer the following questions:

- How do social entrepreneurs understand the meaning of the term social entrepreneurship?
- What motivates people to become social entrepreneurs?
- What motivates social entrepreneurs to remain social entrepreneurs?
- What processes do social entrepreneurs go through to find, recognise and respond to opportunities to set up a social enterprise?
- What challenges do social entrepreneurs experience in setting up a social enterprise?
- What are the views of social entrepreneurs on how an enabling environment can be promoted for the establishment of social enterprises?

This chapter will serve as a final evaluation of the research process. Conclusions and recommendations that are drawn from the findings will be offered. The recommendations will include suggestions for further research in the area of motivation and opportunity-seeking behaviours of social entrepreneurs in Cape Town. Each of the research objectives was met, and what follows will attempt to back up this claim.

5.2 Conclusion

To explore social entrepreneurs' understanding of the term 'social entrepreneurship'

The findings show that the participants found the concept of social entrepreneurship to be one that is relatively new, multi-dimensional and with no clear universal definition. Social entrepreneurship is expressed in a number of fields including education, welfare, spirituality, health and disability. A definition of social entrepreneurship can be drawn from the characteristics that combine vision, innovation, resourcefulness, risk taking and value creation. Social entrepreneurship draws from and builds on practices from the conventional

field of business/commercial entrepreneurship and the players in both exhibit many similar characteristics. There are however, key variables that distinguish social and commercial entrepreneurs. These are the mission of the enterprises, ownership, profit and accountability. Although there are some participants that indicated that they adopted a for-profit model or a hybrid model (a combination of both for profit and not for-profit), the findings indicate that the social entrepreneur's primary purpose remains the creation of social value. Based on these findings, it is evident that social entrepreneurs are individuals who take the initiative to spot and address important social problems. They create social value and exhibit the vision, innovativeness and drive to implement their ideas for change.

To explore the motivation for starting up social entrepreneurial ventures among social entrepreneurs in Cape Town

There were a number of push-and-pull factors that drove the participants to pursue a social entrepreneurial activity. The need to make a difference, the need for independence, and a concern for community are three of the motivating factors. The participants also mentioned that their being able to identify an opportunity gap and to channel their energies into changing people's lives is a self-fulfilling experience that also served as a motivation. Not only was this a motivation, but two participants indicated that social entrepreneurship presented an opportunity for personal healing and growth. Previous work experience and the presence of family role models also served as contributing factors to the decision to embark on the social entrepreneurship journey.

The majority of the social entrepreneurs in the study were deeply concerned with socio-economic development, poverty reduction and sustainability-related issues. The findings reflect that the participants were driven by the South African context, as the motivation for creating social value was directly relevant to the specific context of each social entrepreneur. These findings reflect that social entrepreneurs are driven by the desire to address the social problems which surround them (Dees, 1998).

The motivation to become and to remain a social entrepreneur can be different and participants tended to conflate them. However, some of the motivations presented for both those embarking on, as well as those staying in, the field of social entrepreneurship included the need to see their idea become a reality. Their seeing the growth of the social enterprise also motivated some participants to remain in the field. In addition, the social and economic

impact that the social enterprise brings to the community was presented as a motivation for remaining in the field for some of the participants.

To explore the processes that social entrepreneurs go through to find, recognise and respond to opportunities

The participants in the current study mentioned that the journey of the social entrepreneur starts with an idea and a vision. The vision was considered an important element as it serves as the blueprint for what is to follow. In addition to a recognised opportunity and a good idea, social entrepreneurs in this study indicated that they also needed many skills to start their enterprises. However, they mentioned that it is resources needed to start up an enterprise that are crucial. Further, these resources are dependent on the type and size of the social enterprise. The four broad categories of resources necessary to give life to the social entrepreneurs' vision are operational, human, financial and technology resources. Also important was the marketing of their ideas. All the participants had websites. In fact, the Internet was one of the sources the researcher used to get information about specific social enterprises during the sampling process. Websites offer a competitive advantage and online marketing, and are necessary if one wants to increase local and global exposure.

To identify the problems that social entrepreneurs experience in setting up social enterprises

The participants in the current study highlighted several challenges they faced at different stages. In this particular study, access to financial resources and the invisibility of the social entrepreneurship sector were the most frequently listed challenges. Another was the recruitment of personnel who shared the same motivation and enthusiasm to see the vision and idea become a reality.

The participants also highlighted obstacles such as the legislative and regulatory environment. They stressed that South African legislation is strict, thereby hampering entrepreneurial activity. Some of the participants indicated that external environment (over which they have no control and which includes taxation, regulation and laws) were major hurdles to be overcome to ensure the survival and growth of many social entrepreneurs. It is thus evident that there are many factors which may potentially inhibit the development of social enterprises in South Africa. These include legal, regulatory and taxation rules. In

relation societal attitudes towards social entrepreneurship play an important role in fostering or hindering the development of social enterprises in South Africa.

To identify the factors in the environment that promote the establishment of social enterprises

The study revealed that some of the participants were uninformed about legislation and policies or procedures associated with dealing with social entrepreneurs, particularly at governmental level. There was an acknowledgement that some of the Acts and regulatory instruments known to the participants were enabling as they give legitimacy and promoted accountability, but that others are still seen as inflexible, and that the government needs to provide more support for social entrepreneurs. Legislation enabling access to financial resources was highlighted as contributing to an enabling environment.

The effectiveness of the research methodology adopted for the current study

Although not without limitations, the qualitative research methodology adopted was appropriate for this study as it yielded rich data as presented and analysed in Chapter 4. Conducting in-depth, face-to-face interviews allowed the researcher to enter the worlds of the participants to explore their motivation and opportunity-seeking behaviours.

5.3 Recommendations

The researcher asked the participants what was needed to foster an environment that facilitates the growth and development of social entrepreneurs (see Interview schedule: Appendix B). In order to differentiate the recommendations made by the participants from those made by the researcher, the different recommendations are indicated by a P (for participants), and an R (for researcher).

Recommendation 1: The need for partnerships

There needs to be inter-sectoral collaboration in which the South African government sees social entrepreneurs as invaluable resources that should be harnessed as necessary partners rather than as an add-on or a threat. To bolster this partnership, government should source research data that is gathered by social entrepreneurs or organisations like Ashoka. Social entrepreneurs are by nature out-of-the-box, creative, lateral thinkers and are normally

visionary, analytical and problem solvers. Their input should be included when departments hold workshops and brainstorm solutions to social, economic and environmental challenges.

As part of this partnership, the government should support further research in the field of social entrepreneurship in order to assess the different needs in this sector. This research data could be helpful in informing the development of government policy. This information, together with the input, involvement and collaboration of social entrepreneurs, can assist government in designing support structures tailored to meet the different needs of social entrepreneurs (R and P).

Recommendation 2: Development of policy tailored towards social entrepreneurs

Policy makers have a role to play in designing policies that are tailored to aid the development of social entrepreneurs. Government must establish specific enabling environments (legal, fiscal, regulatory) needed for social entrepreneurs (depending on the form that their initiatives take). For example, social enterprises that take the form of associations or co-operatives need an ad hoc legal status and regulatory measures designed in order to allow them to fulfil their social and economic goals while pursuing medium and long-term sustainability (R).

Recommendation 3: Development of a policy document on the practice and teaching of social entrepreneurship

It is recommended that the South African Department of Basic Education (DBE) develop a policy document on a long-term strategy for social entrepreneurship education which should not be confused with business entrepreneurship education. This could be achieved through developing a policy document on the practice and teaching of social entrepreneurship, thus entrenching it in the school education system and making it part of the education culture (P). This document should provide guidelines and strategies for educators on how they can work on creating an environment that fosters the growth of social entrepreneurs at an early age. Social entrepreneurship should be taught in schools and be considered a possible career opportunity (R and P). The participants indicated that if the country were to create a culture of social entrepreneurship, it should become part of a revised national curriculum while new methodologies should contain a social entrepreneurship component would be incorporated into various academic disciplines (P).

Recommendation 4: Improvements and expansion of Ashoka services

Ashoka needs to make its services more accessible to its fellows based in South Africa's smaller towns. While participants recommended that Ashoka establish offices in major cities, what might be more feasible is that services and events be decentralised and held in other parts of the country. This could work towards helping Ashoka become more responsive in supporting its fellows who find it difficult to commute to Johannesburg to attend Ashoka events (R and P).

Apart from providing funding and networking opportunities to established social entrepreneurs, it is recommended that Ashoka expand its services to assist prospective social entrepreneurs. (P).

Ashoka could provide support to emerging social entrepreneurs by creating a mentoring structure through which successful social entrepreneurs help those that are starting out. It would be important to match social entrepreneurs who operate in a similar field so that they can share ideas and help grow their ideas. The more-established social entrepreneurs could serve as an example and an inspiration to emerging social entrepreneurs (R and P).

Recommendation 5: Recognition of social entrepreneurs

It is recommended that both the government and the private sector work towards promoting the recognition and visibility of social entrepreneurs in South Africa and that lessons are drawn from developed countries like the United Kingdom and the United States of America in this regard (R). Given that social entrepreneurs pursue and contribute towards addressing social, economic and environmental challenges, each government department responsible for these development sub-sectors could have a programme office dedicated to promoting, recognising and providing support to emerging as well as prospective social entrepreneurs.

Recommendation 6: Further research

Areas that have not yet been subjected to intense academic study in the field of social entrepreneurship were identified from the literature review and research findings contained herein. It is recommended that further research be conducted in the following areas:

- The potential impact of social entrepreneurship in South Africa on advancing social development (R).

- Exploring the spiritual journey of social entrepreneurs and spirituality as a motivating factor (P).
- Exploring the disparities that exist among male and female social entrepreneurs as well as any correlation between race and opportunity recognition or access to resources.
- Researching/documenting and disseminating best practices developed and implemented by social entrepreneurs (local and international) (R and P).
-

Social entrepreneurs respond to social, economic and environmental problems and if they are able to add value through their activities as effectively as these findings claim, then further research can only strengthen this sector and should thus be considered a priority.

5.4 Conclusion

The main conclusions of the research and the researchers' and participants' recommendations were presented in this chapter. Recommendations providing practical strategies of what can be done to foster an environment that facilitates the growth and development of social entrepreneurs were directed at the government, the Department of Basic Education, and Ashoka Innovators for the Public, as well the private business sector. Recommendations were also made in respect of areas for future research in the field of social entrepreneurship in South Africa.

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APPENDICES

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Appendix A: Differences between social entrepreneurship, commercial entrepreneurship and non-governmental organisations

KEY VARIABLES	SOCIAL ENTREPRENEURSHIP	BUSINESS/CONVENTIONAL ENTREPRENEURS	NGOS
Sociality- Mission	Motivated to address social need	Motivated to address financial need	Driven by moral terms, with a desire to achieve social justice
	Socially responsible	Driven by might the need to maximise profits	Promote people centred development in which people are at the heart of development
	Mission adapted to create and sustain social value.	Creating profitable operations resulting in private gain	Focus on specific problems in specific communities and not on systemic or societal root causes of problem (Dees, 2001)
	Creating social value for public goods		
	The social enterprise offers a significant benefit to the community or a specific group of people.		
	Motivated to address the root of social ills and not just focussing on the problem		
	Social enterprises are usually launched by citizens with a collective vision, but may be led by an individual.		
	Decision-making in the social enterprise is not limited to capital-ownership but engages many other stakeholders.		
	There is no/little profit distribution outside of the organisation.		
	Driven by moral terms, with a desire to achieve social justice		
	Thinks beyond a community to solving the problem at a national or sometimes even international level		

KEY VARIABLES	SOCIAL ENTREPRENEURSHIP	BUSINESS/CONVENTIONAL ENTREPRENEURS	NGOS
Market orientation- Profit/ Resource mobilisation	Wealth is just a means to an end.	'At all cost' philosophy in which profit generation is a key priority	They also run earned income business ventures
	Finances are tied to social mission.	Success or failure measured by financial results	Surplus is ploughed back into the organisation – creation of value for everyone.
	Profitability is also a goal but not the only goal/main focus	Success or failure determined by ability to generate profits	They often offer subsidised services for those that cannot afford them, so people are not turned away because of a lack of income.
	Benefits for people who cannot afford to pay	Focus on wealth creation	Non-profit value limits NGOs from tapping into the same capital markets as social entrepreneurs, which can affect the way in which they remunerate their workers (rely on volunteers) who get paid stipends
	Social impact profit the gauge of value, not profit	Private benefits for individuals	
	Profits ploughed back into expansion of mission values	Creation of value for customers who are willing and able to pay	
	Non-profit value limits social entrepreneurs from tapping into the same capital markets as social entrepreneurs, which can affect the way in which they remunerate their workers.	Creation of value for customers who are willing and able to pay	
	Philanthropy, voluntarism and government subsidy are welcome but are not central (Boschee & McClurg, 2003, 2003)	Offer market related competitive salaries to their employers	
	Apply business principles in a social context, which helps them to minimise costs whilst maximising returns		
	The social enterprise engages in the production of goods and services as its primary means of generating income. A minimum amount of paid work is available.		
Those who initiate the social enterprise			

	assume a significant level of economic risk.		
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University of Cape Town

KEY VARIABLES	SOCIAL ENTREPRENEURSHIP	BUSINESS/CONVENTIONAL ENTREPRENEURS	NGOS
Ownership	Private, self-governing	Constituted of owners and shareholders	Private, self governing, autonomous
	The social enterprise has a high level of autonomy from government authorities and other organisations.	Often high levels of bureaucracy for big corporate	Organised by communities/individuals
	Organised by individuals/communities to address a specific social problem.	Reports to shareholders	Community ownership of projects as services are surrendered to communities in society
	Intersectoral collaborations, which allow them to use resources effectively and to leverage limited resources.		Rely on voluntarism
	Take direct action to address the problems and reliance on activism is low		Partnerships with government and private sector
	Social enterprises display a participatory nature and may include representation and participation by clients.		Levels of bureaucracy depend on whether it is an international, national or local NGO. Local NGOs are often characterised by flat bureaucracies with a small staff composition.
Accountability	Exhibit a heightened sense of accountability to constituencies served and for outcomes created	Accountable to owner/s, shareholders.	Account to donors and communities they work with. Hold regular meetings with members' representatives, staff
		Hold regular meetings to account for company's performance	
Performance Measures	Social purpose creates challenges for measuring performance. This is due to "non-quantifiability, multicausality, temporal dimensions and perceptive differences of the social impact created" (Austin et al., 2006:3).	Can use quantifiable performance indicators, such as market share, customer satisfaction and quality of services	Social purpose creates challenges for measuring performance. This is due to "non-quantifiability, multicausality, temporal dimensions and perceptive differences of the social impact created" (Austin et al., 2006:3).

Table compiled by researcher drawing on a range of sources, all of which are included in the list of references.

Appendix B: Interview schedule



**UNIVERSITY OF CAPE TOWN
DEPARTMENT OF SOCIAL DEVELOPMENT**

MSocSc (SOCIAL DEVELOPMENT)

INTERVIEW SCHEDULE

This interview schedule serves as a guide to collect information for the study on the topic:

**‘AN EXPLORATION OF THE MOTIVATION AND OPPORTUNITY SEEKING
BEHAVIOURS OF SOCIAL ENTREPRENEURS IN CAPE TOWN’**

Introductory information to be shared with the participant

The study is being carried out under the auspices of the Department of Social Development (UCT) and with the kind consent of participants involved. With your permission, this interview will be recorded in order to have an accurate record of what has been said. Your identity as well as the name of your organisation will only be revealed in the transcription and in any publication with your authorization.

I am a Masters student in the Department of Social Development at the University of Cape Town. This research is in partial fulfilment of the requirements of the MSocSc (social development) programme. The primary purpose of this research is to generate knowledge in the field of social entrepreneurship, particularly around the motivation and opportunity seeking behaviours of social entrepreneurs in Cape Town.

Section A: Background information on the participant and the social enterprise

Name of participant:		Gender	<input type="checkbox"/> Male	<input type="checkbox"/> Female
Contact details:	Telephone:	E-mail:		
Physical address:				
Name of organisation:				
Field of operation: (tick)				
1. HIV AIDS/ STDS				
2. Early Childhood Development				
3. Women Empowerment				
4. Youth Development				
5. Disabilities				
6. Learning/ Education				
7. Environment				
8. Drug and Substance Abuse				
9. Gender- Based Violence				
10. Economic Development				
Other:(please specify) _____				
Year of establishment				
List of communities served (names)				

Section B: (Understanding) Definition of social entrepreneurship

- Please briefly describe the history of your organisation and what it does.
- What is your understanding of the term social entrepreneurship?
- Based on this understanding of social entrepreneurship, what defines your organisation as a social enterprise? (*probe around characteristics of a social enterprise*)
- How would you differentiate between a social enterprise, a commercial enterprise, a social service provider, and an NGO? (*probe into what the participant thinks these entities have in common and what the participant thinks makes them different*)
- Is your social enterprise venture for profit, not for profit, or a hybrid of the two above, meaning that it combines the characteristics of both a 'for profit' and a 'not for profit' model?
- Could you please explain why your social enterprise is based on this particular approach? (*based on answer given to above question whether the social enterprise adopts a for profit, not for profit or hybrid approach*).

Section C: Motivations

- What is your understanding of what motivates people to become social entrepreneurs?
- What motivated you to become a social entrepreneur? (*probe whether there was anything specific that happened*)
- What motivates you to stay in the field of social entrepreneurship?
- Has your motivation changed in any way since you started off (*probe response*)

Section D: Social entrepreneurial behaviour in general

- In your view, what are typical behavioural characteristics of social entrepreneurs?
- What do you perceive to be the personality characteristics of social entrepreneurs?
- What in your view do you see as the behaviours and attitudes that make social entrepreneurship succeed?

Section E: Opportunity (seeking and?) recognition

- What needs were you intending to address through the creation of a social enterprise? (*probe around the original ideas around the need to set up a social enterprise*)
- How did you go about establishing the social enterprise and transforming your ideas into action? (*probe the interface between the setting up of the social enterprise and implementing the project idea organization*)
- What specific resources did you require to set up your social enterprise (*probe around resources such as finances, marketing, human resources*).
- How and where did you acquire these resources?
- What kind of skills do you think one needs to start a social enterprise? (*probe around each skill mentioned*).

Section F: Challenges

What challenges did you encounter when setting up the social enterprise? *probe around categories of challenges, including: finances, marketing, infrastructure, legislation/policy/regulations, entrepreneurial approach, community acceptance, stakeholder support*)

- What do you see as critical challenges currently facing prospective social entrepreneurs in South Africa (*probe around finances, lack of role models, skills shortage etc*)

Section G: support mechanisms for social entrepreneurship

- What Government support enables the establishment and operation of social enterprises?
- What other sources of support (apart from government support) are available to people setting up social enterprises? (*probe around Ashoka and other support*)
- In what ways (if any) have any of these sources of support benefited you and your organisation?
- How, in your view, could all these sources be of greater assistance to social entrepreneurs who are just starting out?.

Section H: Policy and legislation

- Which South African Act(s) of Parliament do you know of that apply to social enterprises nationally?
- What sections (if any) of the Companies Act No 74 of 2008 apply to your organization?
- What impact (if any) has the Income Tax Act No 58 of 1962 had on your organisation?
- In what ways (if any) is the Non-Profit Organisations Act No 71 of 1997 applicable to your organisation?
- In what ways (if any) is Public Benefit Organisation status applicable to your organisation?
- In what ways have you found these Acts (or any others) enabling?
- In what ways (if any) do you think these Acts are an obstruction to the flourishing of social enterprises in South Africa?
- What changes do you think should be made to relevant Acts of Parliament to address the challenges to social entrepreneurship in South Africa?

Section I: Enabling environment

- What do you view as the characteristics of an ideal enabling environment for the fostering of social entrepreneurial development in communities in South Africa? (*probe around social, legal, economic, political environment?*)
- In your view, what is the role of the government (*local, provincial and national*) in enabling and facilitating the growth of social enterprises in South Africa? (*probe around perceptions of current role and the role the participant thinks government should play*)
- What role do you think the private sector should play in facilitating the growth of social enterprises in South Africa?
- In your opinion, what are the three most important things that should happen in South Africa to motivate people to become social entrepreneurs?
- What else (if anything) would you like to bring to my attention on the subject of “Motivation and Opportunity Seeking Behaviours of Social Entrepreneurs in Cape Town”?

THANK YOU FOR PARTICIPATING IN THIS RESEARCH