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Assessing the potential of social entrepreneurship to increase the economic participation of the youth – the case of South Africa

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Abstract

This research aimed to assess the potential of social entrepreneurship to contribute in increasing the economic participation of the youth in South Africa. With South Africa experiencing high levels of youth unemployment and characterised by a population “youth bulge”, an economically excluded youth impedes the economic development plans of the country. Therefore all economic sectors in South Africa should be assessed for the potential to increase the economic participation of the youth to aid the delivery of the economic development goals.

The research was conducted using a qualitative research methodology as the nature of the research problem lent itself to more descriptive and rich answers. The field of social entrepreneurship is also relatively new and the data available for quantitative analysis is limited. The research found that social entrepreneurship has a potential to increase the economic participation of the youth but is failing to deliver results mainly as a result of legislation not recognising a legal entity for social entrepreneurial activities. The disparities in the definitions of key social entrepreneurship terms, lack of awareness about the sector and the challenges surrounding the sustainability of social enterprises do not render social entrepreneurship as an economic opportunity of choice for the youth.

Keywords

Social entrepreneurship

Social entrepreneur

Social enterprise

Economic participation

Youth

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

.....

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1. INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Introduction

As per the Youth Economic Participation Strategy (YEPS) (2012) high levels of youth unemployment plague South Africa and the African continent as a whole. The African Economic Outlook (AEO) (2012) states that the demand for youth employment is much lower than the available supply of youth employment. The report further presents findings that even though the levels of education amongst the youth in Africa are at an all-time high, the rate of growth in the African economies is insufficient to provide for the high demand of the “world’s youngest population” by continent. This is despite the fact that in the last decade, many African countries have experienced high growth rates.

This research paper builds on the notion presented by the African Economic Outlook (2012) that the informal and rural sectors are key players in addressing and providing for the economic needs of the unemployed youth. The report recognises that these sectors are often not afforded the status to be key players in providing a solution to youth unemployment on the continent. In contrasting these two policy documents – the YEPS and AEO, from a country and continental perspective, there remains very little focus on the specific mention of social entrepreneurship as a solution to address youth economic exclusion.

This level of economic inactivity by the youth has an adverse impact on economies that have young populations, which is referred to as the ‘youth bulge’ (Youth Economic Participation Strategy, 2012). By addressing youth unemployment, and by so doing increasing the level of youth economic participation, the future risk and inherent burdens of the youth bulge are mitigated and minimised. “Disproportionately high unemployment figures for the youth highlight the importance of finding alternate ways of increasing youth participation” (Herrington, Kew and Kew, 2010).

One of the common areas of reliance for society, is for the public sector to provide economic opportunities to the youth via job creation, wage subsidies, social welfare grants and skills development initiatives. There is an increasing trend to move the focus from public sector solutions for increasing youth economic participation, to private and social sector solutions:

As social needs continue to increase while government and philanthropic donations, as well as other available resources, decrease. Using business tools to become sustainable is likely to be vital for the survival of many socially responsible organisations (Bosma & Levie, 2009, p.99).

Within the ambit of public and social sector solutions, falls the practice of social entrepreneurship. With the sole aim of creating sustainable business solutions for social ills, social entrepreneurship is being looked at as a solution to bridge the gap between public source solutions to social ills, and the philanthropic aid from the private sector. (Bosma & Levie, 2009).

Research presented by the University of Cape Town found that in South Africa people are increasingly looking away from 'government and civil society' as a solution to the issues that plague South Africa (Notten, 2010). Visser (2009) highlights that this upsurge in the recognition of the importance of social entrepreneurship is not limited to civil society. Governments are also recognising the ability for social entrepreneurship to tackle socio-economic ills. Ngonini (2013) recognises that, in as much as the debate on the definition of social entrepreneurship continues, "there is increasing recognition of their role in reorganising the boundaries between the private, public and voluntary sectors" (p.3).

In South Africa there is "an expectation that young people would be more active in social activities" (Herrington, Kew and Kew, 2010, p.103) considering the current social, economic and political landscape post democracy; but this does not appear to hold true.

Further to this it is alarming to note that there is a low prevalence of social entrepreneurs aged between the ages of 18 and 24, particularly considering that the bulk of matriculants in South Africa do not continue with post matric studies (Herrington, Kew and Kew, 2010).

It is of great concern that social entrepreneurship is not being viewed with interest as a means to create economic participation opportunities by the youth who are currently economically excluded.

In as much as there is common understanding on the differing perspectives of what constitutes a social entrepreneur and what qualifies as a social enterprise, this discourse is the source of challenges in the field of social entrepreneurship and:

Questions need to be asked on whether the rate of social entrepreneurship activity is in fact as low as is reported or whether there is still a lack of understanding of the term social entrepreneurship, and whether organisations that are working towards social good are under-represented or whether organisations that are for-profit are automatically excluding themselves from the area of social entrepreneurship. (Herrington, Kew and Kew, 2010, p.105).

In discussing the characteristics of social entrepreneurs, El Ebrashi (2013) presents a theory on the behavioural science of social entrepreneurship. He presents his findings in a model that describes the factors that influence the formation of the intention to be a social entrepreneur. He continues to propose that that this intention requires a 'triggering event' before the social entrepreneur embarks on an 'opportunity discovery' for forming a social enterprise (El Ebrashi, 2013). The findings talk to the common discussion of the differentiating factors in the characteristics of social entrepreneurs versus business entrepreneurs.

Visser (2011) highlights that the most commonly recognised types of social entrepreneurship activity in South Africa originates from non-governmental-organisations (NGOs) in the decade and a half before the country took on democratic rule.

This period was characterised by NGOs who were steered by brave leaders whose only objective was to support noble causes for “disadvantaged and disenfranchised communities” (Visser, 2011, p.234).

These actions are defined as the “pursuit of social goals” (Visser, 2011, p.234) and are the founding principles of most of the organisations that are currently active in social entrepreneurship in South Africa. It is therefore not surprising that there exists confusion as to what constitutes a true social entrepreneurship venture in South Africa, even within the boundaries of the global discourse on the subject area. With the myriad of old and recent NGOs in South Africa it would appear that there is great potential for these organisations to move into the social entrepreneurship arena.

The GEM (Global Entrepreneurship Monitor) 2009 report on social entrepreneurship highlights that South Africa does not report a high level of social entrepreneurship activity compared to other efficiency-driven economies. Wherein the GEM report uses three categories of economic development to classify countries using their gross domestic product (GDP) per capita alongside the measure of how factor-driven is the country, which measures how much of a country’s exports constitutes primary goods. Therefore countries will either be categorised as (lowest being factor-driven with a high component of primary goods exports); factor-driven, efficiency-driven or innovation-driven. Another way in which efficiency—driven countries are described is the term of ‘developing economy’. In addition, the report also highlights, that there is a positive correlation between social entrepreneurship activity and economic development in a country.

The report makes a case that “individuals in wealthier economies, having satisfied their basic needs, may have greater resources (material, skills and time) to channel into addressing social needs.” (Herrington, Kew and Kew, 2010, p.99). This is coupled with the reality that the opportunity cost for going into social entrepreneurship in developing economies is commonly higher than that which is found in developed economies.

Visser (2011) refers to this as the “cost of social entrepreneurship” (p.237) being higher in developing countries. The report also found that society in South Africa “expects companies to contribute to social and environmental concerns” (GEM, 2009, p.104).

These reasons, amongst many, are high contributors to the low prevalence of social entrepreneurship in South Africa.

1.2. Research purpose

This research paper aims to investigate the extent to which social entrepreneurship can serve as an aid to increase the economic participation of the youth in South Africa. The increase in economic participation of the youth in South Africa is a topical issue which, from a custodianship perspective, resides under the Department of Public Enterprise. The Youth Economic Participation (YEP) Strategy of 2012 was finalised at the end of December 2012 and is part of the South African government’s suite of legislation and policies directed for the development of the youth in the country.

With South Africa’s high levels of youth economic exclusion and a high prevalence of social ills, this research seeks to understand if social entrepreneurship, propelled by the very victims of these social ills, can be a tool to address the two issues of economic exclusion and eradication of social ills faced by countries in the developing world.

This research paper seeks to understand the extent to which public and private sector youth development agencies can leverage off social entrepreneurship. In this way, social entrepreneurship would be a vehicle to deliver on the objectives of youth development through increased levels of economic participation. The aim of this research is to gain a deeper understanding of social entrepreneurship as a means to increase economic participation, which would hopefully serve as a guide to global policy makers.

1.3. Research problem

The research problem is framed by an understanding of the need for growth and inclusive development in South Africa:

Research has shown that women and young people in South Africa are more affected by unemployment. It is therefore of concern that this discrepancy is also notable in socially entrepreneurial organisations and it is imperative that future research develops an understanding of why young people and women are less involved in these organisations than their peers in other African and Latin American countries. (Herrington, Kew and Kew, 2010, p.106).

This finding is further supported by data from the Quarterly Labour Force Survey, Quarter 1, 2014 wherein the unemployment rate amongst women is 27% amongst women versus 23.7% amongst men in South Africa. The unemployment rate amongst the youth is 53.2% in the age bracket of 15 to 24 years of age and is 29.5% amongst the youth in the age bracket of 25 to 34 years of age.

Both unemployment rates in the two youth age brackets are the highest unemployment rates in the total surveyed labour force, aged between 15 and 64 year of age. Therefore the argument for exploring social entrepreneurship as a means to address youth unemployment is based on the current plight of the unemployed youth in South Africa.

Visser (2011) presents further on the point of a positive correlation between social entrepreneurship activity and the level of economic development. In his paper, Visser articulates the reason for this as “once the basic needs of individuals have been met nations are in a position to turn to the needs of those who do not possess the same levels of wealth” (p.237). This argument can be further distilled to the domicile of social entrepreneurs, wherein the rate of social entrepreneurship activity reports higher in urban dwellings versus rural dwellings.

This is based on the same notion as the level of economic development of a country, in that the opportunity cost of being a social entrepreneur for rural dwellers is higher than that experienced by urban dwellers.

The measure of social entrepreneurship activity is influenced by demographic elements such as gender, age and education. The GEM 2009 special report on social entrepreneurship reports that males are more commonly the founders of social enterprises as compared to females. This general finding holds true for South Africa, but differs in that other countries present a narrower gap between male and female social entrepreneurs for social entrepreneurship, than they do for business entrepreneurship. This finding on the differing levels of social entrepreneurship activity between females and males is linked to education. There is positive correlation between an individual's level of education and their ability to view themselves as adequate to establish a business. These low levels of confidence are most evident in women in South Africa which directly impacts their ability to initiate social entrepreneurship ventures (Herrington, Kew and Kew, 2010).

Linked to the data that women and the youth represent the biggest numbers amongst the unemployed population in South Africa, this further highlights the concern of social entrepreneurship not being viewed as a means to escape economic exclusion. A research proposition is made by Herrington, Kew and Kew (2010) that the explanation for low participation of South African youth could be as a result of "a lower level of social awareness" or due to substandard education levels or low confidence levels in their abilities. The "potential for small and medium businesses to contribute significantly to employment creation and economic growth is well recognised" (Ngonini, 2013, p.4). Therefore this research paper seeks to find some of the answers to the observations made, to understand the undisputed recognition that social entrepreneurship should be playing a more active role in increasing the economic activity of the economically excluded youth.

What remains unresolved though, is the extent to which social entrepreneurship has the potential to deliver a positive solution to increase the economic participation of the youth.

Some of the key enablers for social entrepreneurship to deliver results are closely linked to the enabling environment required to stimulate social entrepreneurship. Ngonini (2013) identifies that when social entrepreneurs are given proper backing, they have the ability to be important contributors and complementary partners in addressing social problems. The enabling environment creates social value and economic value or a social enterprise. The economic value created by social enterprises is aided by the type or structure of the social enterprise.

Mair and Marti (2006) state that “social entrepreneurship takes on multiple forms, depending on socio-economic and cultural circumstances” (p.42). Yorke (2011) explores the reality that South African social entrepreneurs encounter when assessing the ‘appropriate structure’ for their social enterprises. Yorke (2012) continues to propose that due to an absence of a distinguishable legal structure to accommodate social enterprises in South Africa, it is common to find social entrepreneurs operating multiple legal structures. This has a ripple effect in terms of these structures pursuing and securing funding due to the lack of distinguishable legal recognition for social enterprises.

Figure 1: Legal incorporations and their consequences

Legal Incorporations and their Consequences	For-Profit	Non-Profits
Can sell goods and services	Yes	Yes
Can receive grants	Often ineligible	Yes
Can take out debt	Yes	Yes (often self-limited)
Can issue equity	Yes	No
Can receive tax exempt status	No	Yes
Can receive donor tax exempt status (section 18.a)	No	Yes
Can make profits	Yes	Yes
Can distribute profits to directors and/or shareholders	Yes	No

Source: Breslauer, 2011

Financing for social enterprises in South Africa does not enjoy the same array of options as can be found in developed countries. Concepts such as impact investing are growing in popularity. Combs (2014) describes impact investing as “investing for both financial and social return” or “making money while influencing positive change” (p.12). Developed countries have access to several formats of impact investing with social entrepreneurship being one of these formats. Some of the commonly known examples of impact investing are the Bill and Melinda Gates Foundation and W.K. Kellogg Foundation (Combs, 2014).

The first empirical study on social entrepreneurship in South Africa was conducted by Boris Urban (Urban, 2008). In his paper he spoke to the challenges of funding for social enterprises, saying that there are “many instances where it is impossible to obtain start-up funds without demonstrating proof of concept together with commensurate abilities required to execute such an initiative” (p.348). In South Africa, where banks require a credit history before loaning funds, this excludes a large percentage of previously disenfranchised people, and those who are currently ‘unbanked’.

The social value creation enabling factors include the social capital that the social entrepreneur owns. Mair and Marti (2006) describe social capital as “actual and potential assets embedded in relationships among individuals, communities, networks and societies” (p. 41). They further categorise social capital into three categories namely; “structural capital”, “relational capital” and “cognitive capital” (Mair & Marti, 2006, p.41). The two categories which they deem relevant to social entrepreneurship are structural capital and relational capital. Structural capital is described as “the potential or possibilities that the social entrepreneur has to access information, resources and support” (Mair & Marti, 2006, p.41).

It is vital to comprehend the structural category of social capital and:

How it can be built, increased and, most importantly, maintained, since it is one of the factors that will determine whether and to what extent social entrepreneurs are able to solve and alleviate social problems, and elevate them to the public sphere. (Mair & Marti, 2006, p.41).

Relational capital has to do with the “quality of relationships, such as trust, respect and friendliness” (Mair & Marti, 2006, p.41). It is also propositioned that “when trust is built up between parties, they are more eager to engage in cooperative activity” (Mair & Marti, 2006, p.41). A great depiction of social capital from a relational perspective is the Grameen Bank credit system. The system is built on small clusters of creditors who share common characteristics. They in turn serve as collective guarantors to their fellow cluster members’ loans and by so doing this creates relational capital in that trust and respect become guiding principles to foster solidarity within the group. This relational capital does not only vest within and between the group members but also exists between the group and Grameen Bank.

The South African narrative for social entrepreneurship has the potential for additional empirical studies, to explore further the most common types of social entrepreneurship operating in the country.

This will empower these ventures to grow and be economically viable. The focus on economic viability is not in sacrifice of social entrepreneurship's primary goal of creating social value. Yet the efforts to create social value will fall short without viable plans to generate revenues to support these social enterprises. The potential for social entrepreneurship to contribute further to addressing youth unemployment in a positive way needs to be explored further than the current studies have presented.

1.4. Research objectives

This research paper seeks to understand the extent to which government and public sector youth development agencies can leverage off social entrepreneurship to increase the levels of youth economic participation. The aim of this research is to gain a deeper understanding of social entrepreneurship as a means to increase youth economic participation, which would hopefully serve as a guide to policy makers globally.

The first research objective is to understand the background and contributing factors that give rise to social entrepreneurs. Some of the issues that are explored are the business skills required to form financially-sustainable social enterprises. The research also examines some of the reasons as to why individuals choose social entrepreneurship over business entrepreneurship. This research also explores the challenges and rewards facing social entrepreneurs in South Africa.

The second research objective explores the potential that social enterprises have to create jobs for the youth. Within this area, the research probes the financial viability of the jobs created by social enterprises. In addition the required facilitating environment for social enterprises to create jobs is explored and also whether an incentive exists for social enterprises to create jobs.

The third research objective builds further on the second objective by concentrating on youth unemployment. Herein, the research explores the viewpoint of the youth in recognising social entrepreneurship as a viable and sustainable source of employment. Lastly this research objective also explores the viewpoint of government in acknowledging the potential that social entrepreneurship has in addressing youth unemployment.

The fourth research objective explores the conditions and factors that deliver success for social enterprises. The research seeks to ascertain the definition of success from a social enterprise perspective.

To facilitate success for social enterprises, the research investigates the expectations that social enterprises have of the private sector and government in creating a conducive environment for success. An investigation is also made into the most common types of social enterprises that are currently found in South Africa to assess the reasons for this choice and the impact that this may have on the success of the social enterprise.

The fifth and final research objective assesses the commonly held characteristics amongst social entrepreneurs. The research investigates the demographic profile of the typical social entrepreneurs in South Africa. The influence of education and economic background on an individual's choice to become a social entrepreneur.

2. LITERATURE REVIEW

2.1. Introduction

The research thrusts identified in chapter one were distilled to derive the main areas on which to focus the literature review. One of the guiding dynamic in this literature review is the relative infancy of the field of social entrepreneurship. Choi and Majumdar (2014) estimate that the field of social entrepreneurship has been in existence for three decades. This infancy is reflected in the assertion by Mair and Marti (2006) who highlight that there is a myriad of definitions for social entrepreneurship and they differ based on the conceptual explanation. They continue to make the critical differentiation in the commonly used terms by stating that:

Definitions of social *entrepreneurship* typically refer to a process or behaviour; definitions of social *entrepreneurs* focus instead on the founder of the initiative; and definitions of social *enterprises* refer to the tangible outcome of social entrepreneurship. (Mair & Marti, 2006, p.37).

With clarity on the three terms commonly used under social entrepreneurship and also to avoid erroneous interchangeable usage of the terms, the literature review aims to find the emergent discussions based on these three terms. This will be followed by a literature review of the subtopics that will explain the economic participation of the youth which will be concluded by a presentation of the South African narrative for the research problem. The literature review is subdivided into the following list of discussions:

- Social entrepreneurship
 - Social entrepreneurs
 - Social enterprises
 - Success factors for social entrepreneurship
- Economic participation of the youth
 - Unemployment and economic exclusion

- Youth employability
- Entrepreneurship and employment

2.2. Social Entrepreneurship

Karanda and Toledano (2012) highlight that the methods in which social entrepreneurship is applied in practice and academics accommodates levels of variation. This accommodation of variation results in multiple definitions of social entrepreneurship which are a function of the person, time and place in which social entrepreneurship is being referred to (Karanda & Toledano).

Visser (2011) holds a view that social entrepreneurship is not constrained to only arise in a prescribed industry or defined type of venture but instead social entrepreneurship should be understood to represent the consolidation of all organisations whether they operate in the public, private or informal sector. Therefore the area of practice wherein social entrepreneurship emanates should not in itself include or preclude such activity to be defined as social entrepreneurship.

Makhlouf (2011) states that even though the concept of social entrepreneurship has been present for some time, there are several definitions of social entrepreneurship in literature. Some vary as wide as having the distinguishing factor of whether a social enterprise has been created to be used to address the social evil at play. This would separate pioneers for social rights from those individuals that formed social enterprises to fight such injustices.

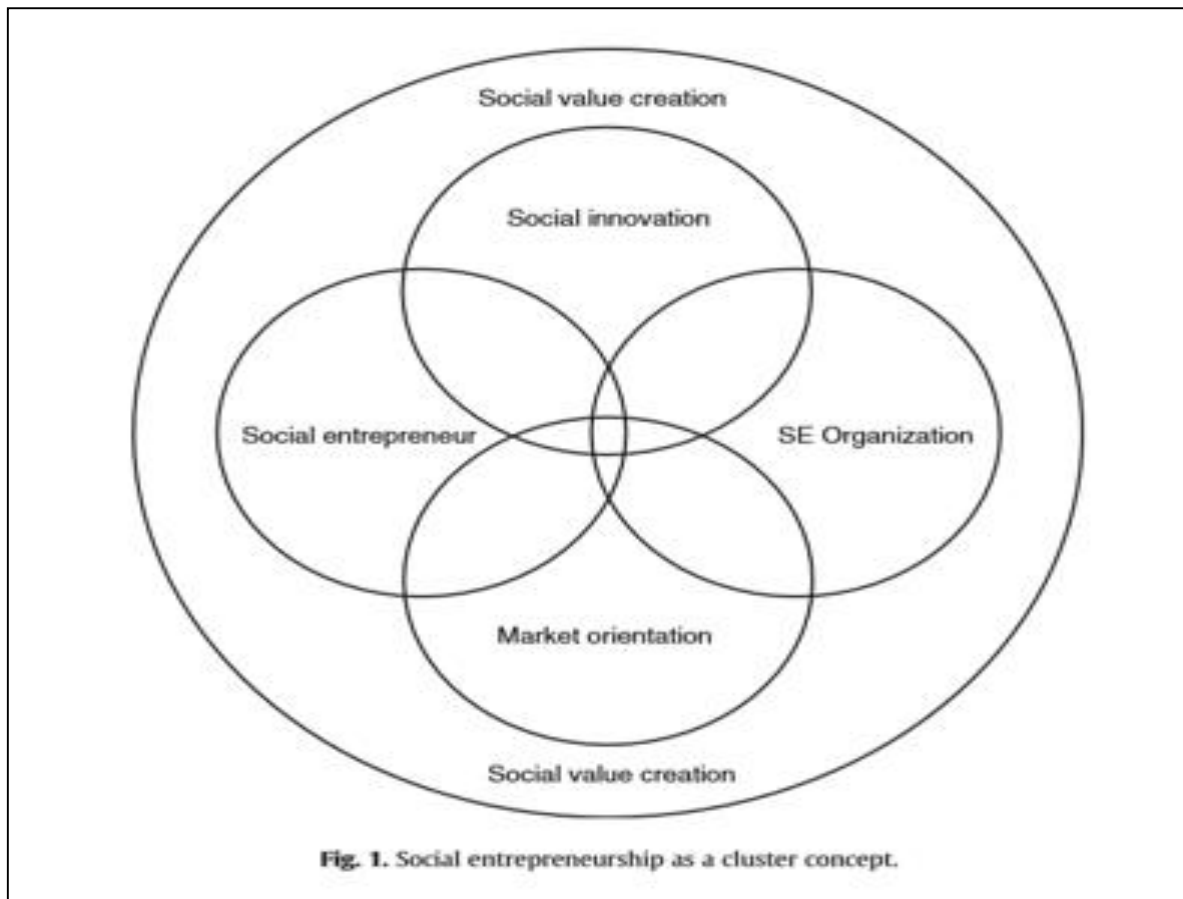
Dees (1998) ventures that social entrepreneurship has gained different meaning with different people with a salient view that social entrepreneurship has close association to not-for-profit (NPO) as originating legal structures or as the structure of choice for social entrepreneurs. Those that incorporate a socially responsible perspective to their business model are also considered under this definition.

Dees (1998) further describes social entrepreneurship incorporating the relationship between incorporating a social mission using business orientated means coupled with innovation and the drive. This description is even likened to the entrepreneurial skills of start-up ventures found in Silicon Valley.

The theme of using innovative business methods to address social problems or achieve social wealth are echoed by Zahra *et al.* (2009). In addition they are also of the sentiment that a new venture does not necessarily need to be established to house the pursuit of this social impact and that existing organisations if managed in an innovative manner are also able to deliver social impact. Urban (2007) describes social entrepreneurship a process which in itself becomes the propeller for delivering social change and these efforts vary in form based on the surrounding socio-economic and cultural conditions that the social entrepreneurship is exposed to.

The above examples of different definitions for social entrepreneurship speak of a field of practice that has been in existence for a few decades but one for which there does not appear to be accord as to what encompasses social entrepreneurship nor does a plan to resolve exist. With due consideration to the gaps that exist in social entrepreneurship literature, Choi and Majumdar (2014) propose for “conceptualising social entrepreneurship as a cluster concept” (p. 373) by so doing they envisage that firstly the cluster concept “would compel researchers to explicitly state which of the sub-concepts they emphasise in their understanding of the concept” (p.373). Secondly the cluster concept would serve as a canvas for future research into social entrepreneurship and also house current and past research on this subject area. Coupled to this second point would be the resultant inherent acknowledgement that the individual sub-concepts in the cluster framework warrant extensive research. The diagram that follows is their proposed resolution to the definition dichotomy for social entrepreneurship.

Figure 2: Social entrepreneurship as a cluster concept

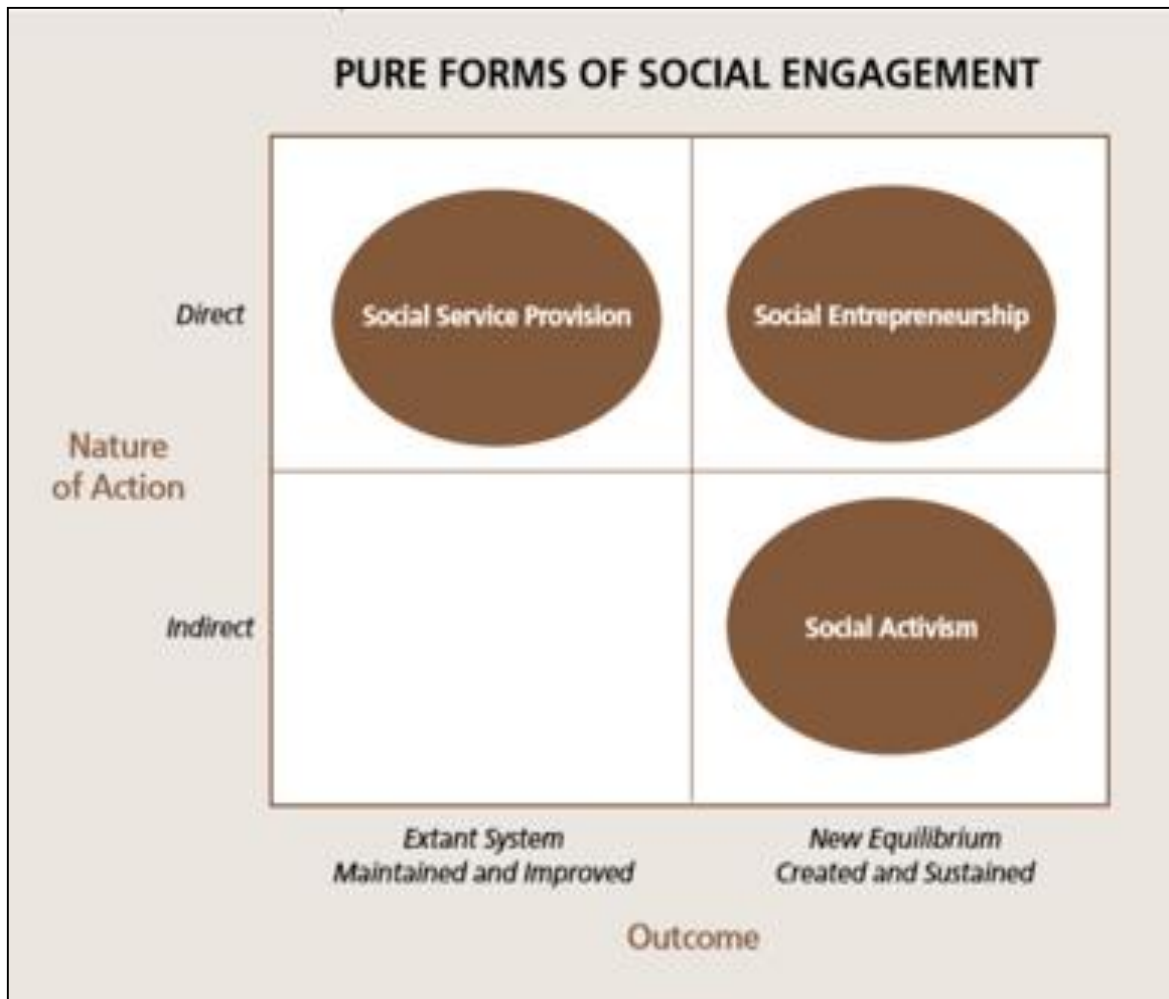


Source: Choi & Majumdar, 2014

Martin and Osberg (2007) view social entrepreneurship as a type of entrepreneurship only differing from business entrepreneurship because of the importance placed by the social entrepreneur on their social mission, the business and social approach that they use to address the social problem. They use this distinction to separate social activists from social entrepreneurs, with the existence of a social enterprise under social entrepreneurship being the biggest differentiator between the two concepts. They are supported by Martin and Osberg (2007) who feel it is necessary to separate the two types of “socially valuable activity” (p.38) which they feel should not be clustered with social entrepreneurship activity.

The first activity is what Martin and Osberg (2007) refer to as social service provision and their view is that the initial context to create the social venture is no different from that which originates social entrepreneurship but rather they view the outcomes of the two ventures as different. The second activity group is “social activists” which is deemed different to social entrepreneurship as the goal of the activity is to influence as opposed to acting towards addressing a social problem. The model Martin and Osberg (2007) created to represent the three broad distinctions is referenced below.

Figure 3: Pure Forms of Social Engagement



Source: Martin & Osberg, 2007

Jiao (2011) in his paper on “A conceptual model for social entrepreneurship directed toward social impact on society” makes a proposition that as much as there may be different schools of thought on the definition of social entrepreneurship, they are aligned in their assertion that the main goal and purpose of a social entrepreneurship venture is to find a solution to a social problem and acts to fill the breach that exists between business and social activity. Jiao further argues that the real issue is not the definition of social entrepreneurship, which he states as having evolved with increased levels of clarity, but rather the absence of a conceptual model that illustrates the interlink between the antecedents and consequence of social entrepreneurship.

The literature indicates that there is no clear definition of the term ‘social entrepreneurship’. The schools of thought are united in that the social mission remains elevated as the primary goal of social entrepreneurship. The discord arises on whether the existence of a social enterprise defines social entrepreneurship and whether the type of the venture used to address a social mission in itself defines whether the venture forms part of social entrepreneurship or not.

2.2.1. Social Entrepreneurs

El Ebrashi (2013) makes a claim that the first time that the phrase ‘social entrepreneur’ was made mention of was in 1972 by Joseph Banks. Banks employed the phrase in his ground-breaking publication called ‘The Sociology of Social Movements’ to “describe the need to use managerial skills to address social problems as well as to address business challenges” (p.188). This builds on the dynamic that that social entrepreneurship as a tool for social entrepreneurs is not limited to only social ventures but can also be found in use by other forms of business.

2.2.1.1. Profile

Sen (2007) describes the qualities of a social entrepreneur using the description as per Ashoka, “the largest network of social entrepreneurs worldwide with nearly 3000 Ashoka Fellows in 70 countries” (<https://www.ashoka.org/about>). “A social entrepreneur is a visionary who changes the pattern of how society operates. They have the same qualities of a business entrepreneur: vision, creativity, pragmatism, innovation, determination” (p.539). Furthermore another interesting perspective is that the Ashoka definition suggests that social entrepreneurs “are typically not socially responsible business leaders, directors of enterprises promoting sustainable development, managers of established non-profit organisations, ideologues or theoreticians” (p.540). Dees (1998) also supports this view by saying that not all leaders in the social sector have entrepreneurial capabilities.

Sen (2007) continues to purport that social entrepreneurs take on the task of acting as agents of change in the social sector. The following qualities for social entrepreneurs are listed with related examples from the past and present (Sen, 2007):

1. “A social entrepreneur creates a radically new solution to a social problem with the potential to revolutionise a whole sector” (p.539), wherein Florence Nightingale and Muhammad Yunus are used as model social entrepreneurs to have demonstrated this quality in their respective field of healthcare and micro-credit respectively. Mary Montessori is also mentioned for creating a radical new solution in the education sector with a revolutionary teaching technique which resulted in a global network of Montessori schools.
2. “Social entrepreneurs have powerful new ideas that change systems globally” (p.540). To expand on this point the example of an Ashoka Fellow from Brazil named Rodrigo Baggio is used. Baggio created a programme called ‘Bridging the Digital Divide’ in 1996.

This programme succeeded to close the digital divide that excluded the inhabitants of the slums in Brazil from the radical changes in digital technology that was happening around them.

3. “Social entrepreneurs show committed vision and inexhaustible determination as they seek to change an entire system” (p.540). Jeroo Billimoria an Ashoka Fellow petitioned the Indian Department of Telecommunications to set up a toll-free crisis call centre to handle requests from children that were displaced, abused, hurt or facing some form of danger children. This was in a response to solve a social need that was at the time not being satisfied by the relevant government departments.

The service has scaled to more than 60 cities in India and handles in excess of 1.5 million telephone calls per annum. This innovation has influenced the view of the general public about children (Sen, 2007, pp. 539-540).

As per Dees (1998) the social entrepreneur’s title as a change agent encompasses the following actions:

1. Adopting a mission to create and sustain social value (not just private value),
2. Recognising and relentlessly pursuing new opportunities to serve that mission,
3. Engaging in a process of continuous innovation , adaptation, and learning,
4. Acting boldly without being limited by resources currently in hand, and,
5. Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created. (Dees, 1998, p. 4)

Drayton (n.d.) defines a true social entrepreneur as a person that:

Has an almost magical ability to move people, a power rooted in exceptional ethical fibre.

He or she is always asking people to do things that are unreasonable – and people do them...they have the gift that brings the greatest happiness in the world, the gift of being able to give at the highest level. (Drayton, n.d., para. 7).

The submission made in this instance is that social entrepreneurs are individuals who have the ability to give or devote of their lives at a level higher than ordinary. These individuals are guided by high morals and they are relentless in seeing to the needs of those are afflicted by some form of a social ill and they take on a life purpose to change the world. This also asserts that the giving done by these social entrepreneurs is received gratifyingly by the beneficiaries of the social mission and this brings about a positive change in their emotional well-being. Makhoulf (2011) highlights qualities such as good communication and organisational skills as vital to success as is the proneness to high risk taking and comfort to operate in an environment with low levels of certainty.

The literature presented suggests that social entrepreneurs are altruistic agents of change who are not deterred by surrounding challenges in their pursuit of delivering on their social missions. They are devoted to delivering social impact in the lives of their beneficiaries and they receive gratification when this is achieved. They are radical visionaries, who are innovative and are dedicated and committed to their social cause. The literature also suggests that having and pursuing a social mission does not prove entrepreneurial, business leadership, management potential or deeply entrenched ideology. Even though similarities in terms of driving personality traits exist between social and business entrepreneurs, social entrepreneurs do not always possess business like acumen. The inability to surmount the inherent risks linked to the low levels of certainty of operating as a social entrepreneur are sometimes the reasons for failure.

2.2.1.2. Comparison to business entrepreneurs

El Ebrashi (2013) distinguishes a social entrepreneur from a business entrepreneur based on that the primary focus of the entrepreneur is the attainment of a social mission. This does not dismiss the social value of business entrepreneurs but merely highlights the relative priority placed by each entrepreneur on the creation of social value. Social entrepreneurs therefore measure their ability to create social value by the social impact that they create by “measuring the benefits acquired by people whose urgent needs are not being met by any means”. This is referred to as the measure of social impact which is viewed as the ultimate definition of success for a social enterprise.

Mair and Marti (2006) differentiate social entrepreneurs from business entrepreneurs by saying that the “main difference lies in the relative importance each gives to economic wealth creation versus social wealth creation” (p.39). Choi and Majumdar (2014) in their explanation of what a social entrepreneur is seem to take a clinical approach by moving away from the highly emotive descriptions of social entrepreneurs. They simply refer to social entrepreneurs as individuals that initiate and operate a social purpose organisation as criteria to be defined a social entrepreneur.

Dees (1998) view social entrepreneurs as being a type of an entrepreneur, a species that is differentiated by its principal social mission. This over-arching focus on the social mission therefore has an impact on how social entrepreneurs pursue and make decisions on prospects. The creation of wealth is only a facilitating result for social entrepreneurs in contrast to business entrepreneurs who measure their value creation indivisible from their wealth creation results.

Drayton (n.d.) notes that one of the noteworthy fundamental distinctions between social entrepreneurs and business entrepreneurs is that all social entrepreneurs are interested in proliferating the interest in social entrepreneurship to the general public.

The term previously used to describe social entrepreneurs as a local change makers is used again as a descriptor of social entrepreneur in that they do not aspire to capture markets as is the case with business entrepreneurs.

Seelos and Mair (2005) draws a parallel by stating that social entrepreneurs like business entrepreneurs identify and undertake to exploit what others miss in instances where one can deliver innovative solutions to systems. The difference would be in the systems of choice between the social and business entrepreneurs.

They continue to emphasise that unless boundaries are firmed as to what qualifies as part of the social entrepreneurship scope then this in itself may cloud the ability to delineate the traits that are unique to social entrepreneurs when compared to business entrepreneurs. Social entrepreneurs are also differentiated from business entrepreneurs in that they build “new models for the provision of products and services that cater directly to the social needs underlying sustainable development goals such as the MDGs (Millennium Development Goals)” (p.244).

The literature is consistent in presenting that the priority given to social value versus economic value is always higher for social entrepreneurs as compared to business entrepreneurs. This does not preclude business entrepreneurs from pursuing social impact but their decision are always guided and measured by the economic value or wealth that is to be derived. One piece of literature clarifies this point by saying that the existence of a social purpose organisation will be the determinant. Social entrepreneurs on the other hand measure the ultimate success of their social enterprises by the social impact achieved in changing the lives of their beneficiaries. This achievement also serves as personal gratification for the social entrepreneurs.

Social entrepreneurs and business entrepreneurs are said to carry the same traits with regards to passion and the visionary pursuit of innovative means to cater to an unattended need in their respective areas of practice.

The stark difference between the two is that social entrepreneurs are said to not always possess the business acumen required to be enterprising in their pursuit of catering for their social mission through business methods.

2.2.1.3. The role of social capital in becoming a social entrepreneur

Karanda and Toledano (2012) in their analysis of the South African social entrepreneurial landscape highlight that social impact in this context is characterised by achieving both the social entrepreneurs social needs and those of the community that the social entrepreneur shares “common values and religious ideas” (Blum, 1998; Kwame, 1983; Rossouw, 1997; Smith-Hunter, 2007 as cited in Karanda & Toledano, 2012). This tight link of the social entrepreneur and the communities of the beneficiaries of the social mission highlights a unique identity which differs from that which is found in more developed communities (Karanda & Toledano, 2012).

Thompson and Doherty (2006) proposition that “social ‘capital’ is defined as something of perceived benefit to individuals or communities, which others may term ‘social value’”(p.361). They continue to include the “value of networks” (p.361) as a phrase that is often associated with the “definition of social capital” (p.361). Urban (2007) terms social capital as “relationships and networks from which individuals are able to derive institutional support. Social capital is cumulative, leads to benefits in the social world and can be converted into other forms of capital” (p. 349).

The importance of social capital as an influencer and determinant of success for social entrepreneur is presented by Jiao (2011) who asserts that human capital and social capital operate as “direct antecedents” at an individual level. These individual level factors are moderated by the impact of the “desirability and feasibility” of both the individual’s social capital and human capital on their social entrepreneurship potential. General environment factors at an institutional and social level are “direct antecedents” that have a bearing on the existence of social entrepreneurs. The consequence of social entrepreneurship in the model is social impact (Jiao, 2011).

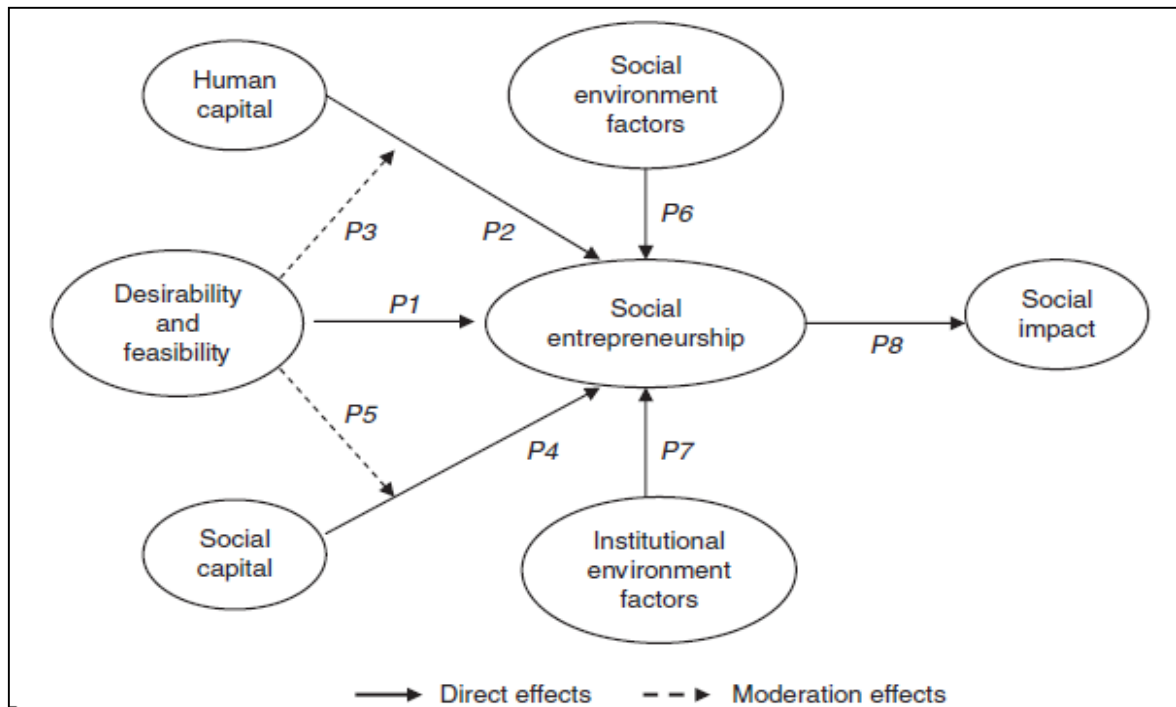
Therefore Jiao suggests that social capital forms part of the direct precursors to an individual becoming a social entrepreneur.

Leadbeater (1997) as cited in Jiao (2011) suggests that the social capital in the social networks of a social entrepreneur are vital to launching the social entrepreneur's social mission. Therefore this social network ultimately has a bearing on the success of the social entrepreneur (Jiao). Jiao concludes in putting forward a proposition that:

Social capital is positively related to social entrepreneurship. The more social capital a social entrepreneur has, the stronger the drive to start the new social entrepreneurship activities [and] social capital is positively related to survival rates. Social ventures founded by social entrepreneurs with higher levels of social capital will [have] higher survival rates than those with lower levels of social capital. (Jiao, 2011, p.137).

The reason for singling out this precursor is linked to the proposition made by Karanda and Toledano of the typology of social entrepreneurs that are found in South Africa who present notable characteristics of a personal attachment to the communities which they serve. Linked to the literature presented above which highlights the general importance of social capital for social entrepreneurs, the research will endeavour to assess just how great a significance social capital is for one to become a social entrepreneur in South Africa.

Figure 4: A research model for social entrepreneurship



Source: Jiao 2, (2011)

Mair and Marti (2006) recognise both the positive and negative elements of social capital. They also view social capital as a three pronged phenomenon. They categorise social capital into three categories namely; “structural capital”, “relational capital” and “cognitive capital”. The two categories which they deem relevant to social entrepreneurship are structural capital and relational capital. Structural capital is described as “the potential or possibilities that the social entrepreneur has to access information, resources and support” (p.41).

It is vital to comprehend the structural category of social capital and “how it can be built, increased and, most importantly, maintained, since it is one of the factors that will determine whether and to what extent social entrepreneurs are able to solve and alleviate social problems, and elevate them to the public sphere” (p.41). Relational capital has to do with the “quality of relationships, such as trust, respect and friendliness” (Mair, Marti, 2006, p.41).

It is also propositioned that “when trust is built up between parties, they are more eager to engage in cooperative activity” (p.41). Mair and Marti (2006) introduce the idea of embeddedness in social entrepreneurship wherein they imply that “it is impossible to detach the agent (social entrepreneur) from the structure (community, society, etc.)

2.2.2. Social Enterprises

Thompson and Doherty (2006) define social enterprises as “organisations seeking business solutions to social problems” and that they “need to be distinguished from other socially-oriented organisations and initiatives that bring (sometimes significant) benefits to communities but which are not wanting or seeking to be businesses” (p.362). They also list the following qualifying criteria for a social enterprise:

- They have a social purpose
- Assets and wealth are used to create community benefit
- They pursue this with (at least in part) trade in a market place
- Profits and surpluses are not distributed to shareholders, as is the case with a profit-seeking business
- Members or employees have some role in decision making and/or governance
- The enterprise is seen as accountable to both its members and wider community
- There is either a double or triple-bottom line paradigm. The assumption is that the most effective social enterprises demonstrate healthy financial and social returns – rather than high returns in one and lower returns in the other. (p.362)

El Ebrashi (2013) describes the “most important criteria for qualifying as a social venture is establishing the organisation to create a certain social impact and measure the success of the organisation based on the achievement of this social impact” (p.199).

El Ebrashi continues by saying “for social entrepreneurs, the ultimate result of the social enterprise is to create sustainable change in the lives of people, and this change should be on a community level rather than on an individual level (i.e. social impact rather than outcomes)” (p.202).

Frances (2008) cited in Herrington, Kew and Kew (2010) wherein he asserts that “the concept of a social entrepreneur should not include individuals that rely on philanthropic donations or government grants, even if these individuals are innovative in how they deliver a service or manage their resources” (Herrington *et al*, p.98). Therefore holding the view that social enterprises are not charity organisations.

2.2.2.1. Types

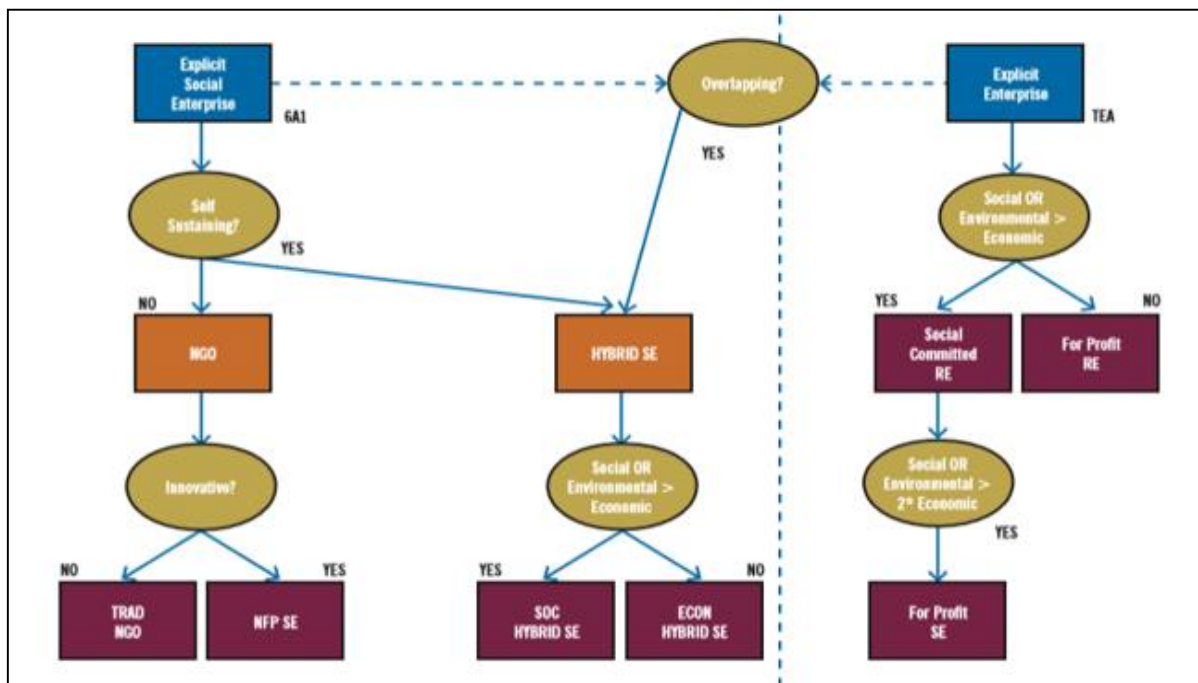
Mair and Marti (2006) propose that the type of social enterprise created “is typically dictated by the nature of the social needs addressed, the amount of resources needed, the scope of raising capital, and the ability to capture economic value” (p.39). Dees (1998) reflects on the commonly held opinion that social entrepreneurship can only be associated with “not-for-profit organisations starting for-profit or earned-income ventures,...anyone who starts a not-for-profit organisation,...business owners who integrate social responsibility into their operations” (p.1). Dees (1998) asserts that “social entrepreneurs look for the most effective methods of serving their social missions” and this can be done via “innovative not-for-profit ventures...for-profit community development banks and hybrid organisations mixing not-for-profit and for-profit elements” (p.1).

Sardana (2013) lists some of the suggested types of social enterprises as “non-profit organisations, no loss-no profit companies, business at the base of the pyramid (BOP), social business companies, social enterprise, creative capitalism, conscious capitalism” (p.120).

Sardana (2013) lays criticism on the emergence of non-governmental organisations (NGOs) that attracted substantial amounts of public funding from governments in their efforts to service the wellbeing of people which in turn deterred this NGOs from pursuing efforts to make themselves “self-sufficient and self-sustaining” (p.120).

Terjesen, Lepoutre, Justo and Bosma (2009) use “social mission, revenue model and innovativeness as identifiable variables” (p.38) to classify social entrepreneurial ventures. This they refer to as “developing the social entrepreneurship spectrum” (p.38).

Figure 5: Basic methodology to identify individuals involved in social entrepreneurship



Source: Terjesen, Lepoutre, Justo & Bosma (2009)

The Global Entrepreneurship Monitor (GEM), 2009 Report on Social Entrepreneurship (Terjesen *et al.*, 2009) identified three main categories of social enterprises:

1. Innovative and social-value creating activities in the context of non-profit or public-sector organisations
2. Community-based enterprises created to serve a collective social agenda; and
3. For-profit organisations seeking to explore opportunities to solve social problems. (p.10)

Based on these three categories the GEM Report fused in “social mission, revenue model and innovativeness as identifiable variables” (p.38) to create the different resultant subcategories of social enterprises.

The first category above was termed as NGOs. These NGOs were split between:

Traditional NGO...that achieves its missions by relying on more established practices or targeted customers and not-for-profit social enterprises...that although dependent on government, aid or membership –based revenue sources, combines its social mission with an innovative approach in achieving its goals. (p.38).

Terjesen *et al.* (2009) termed the second category as “hybrid” social enterprises. These are “organisations that self-identify as a social organisation while receiving at least five percent of their revenues from the sales of services or products or identifying themselves as a regular business as well” (p.38). The “hybrid” social enterprises were split between two categories named; “economically orientated hybrids” and “socially orientated hybrids” (p.38). Where the “economic objectives are numerically more important than social and environmental objectives” these were grouped as “economically orientated hybrids...and socially oriented hybrids are those organisations for which the reverse is true” (p.38).

The third category was termed “socially committed regular enterprises”. Like Mair and Marti (2006), Terjesen *et al.* (2009) agree that those ventures that place a greater focus on the creation of economic value versus the creation of social value should not be part of the social enterprise definition. Therefore if an organisation exhibits behaviour of placing higher importance on social or environmental value, even though they themselves may not identify with the label of being a social enterprise, Terjesen *et al.* (2009) recognise these enterprises as “socially committed regular enterprises” (p.39). From this group emerged another subset of “for-profit social enterprises” (p.39) which were regular enterprises that place twice the level of importance on social and environmental value as they did on economic value.

2.2.2.1.1. The social business

Yunus (2008) describes the social business as having an organisational structure identical to a business enterprise.

“Like other businesses, it employs workers, creates goods or services, and provides these to customers for a price consistent with its objective” (p.28). Yunus (2008) continues to clarify that “the company itself may earn a profit, but the investors who support it do not take any profits out of the company except recouping an amount equivalent to their original investment over a period of time” (p.28).

Even though the clear parallels are drawn between the social business and the business enterprise, Yunus (2008) affirms that the social business still operates under the directive of its social cause and has the opportunity to take on the role of a global change agent. With that said, the social business is in no way viewed as a charity and is operated like any other business enterprise. It also has the same obligation to recoup its full capital and operating costs while pursuing its social mission by “charging a price or fee for the products or services it creates” (p.28). These are just some of the elements that clearly distinguish a social business from any form of a charity organisation (Yunus, 2008).

Yunus (2008) highlights that the “social business is a subset of social entrepreneurship” because “all those that run social businesses are social entrepreneurs but not all social entrepreneurs are engaged in social businesses” (p.35). The social businesses are split into two typologies. The first type is:

Companies that focus on providing a social benefit rather than on maximising profit for the owners, and that are owned by investors who seek social benefits such as poverty reduction, health care for the poor, social justice, global sustainability, and so on, seeking psychological, emotional, and spiritual satisfactions rather than financial reward. (p.32)

The second type is actually a business enterprise that is:

Owned by the poor or disadvantaged. In this case, the social benefit is derived from the fact that the dividends and equity growth produced...go to benefit the poor, thereby helping them to reduce their poverty or even escape it altogether. (p.33).

2.2.2.2. Comparison to business enterprises

Austin, Stevenson, Wei-Skillern (2006) articulate the difference between a social enterprise and a business enterprise by referencing the context that has brought about the business venture. In this regards they state that “what might be deemed unfavourable contextual factor for market-based commercial entrepreneurship could be seen as an opportunity for a social entrepreneur aiming to address social needs arising from market failure” (p.16). They continue to proposition that there are four different factors that convey the difference between social enterprises and business enterprises. These factors are listed as; market failure, mission, resource mobilisation and performance measurement (Austin *et al.*, 2006).

The first difference of market failure propositions that “market failure will create differing entrepreneurial opportunities for social and commercial entrepreneurship” (p.3).

The second difference is described as the “differences in mission will be a fundamental distinguishing feature between social and commercial entrepreneurs that will manifest itself in multiple areas of enterprise management and personnel motivation” (p.3). The third distinguishing factor of resource mobilisation is explained in the proposition that “human and financial resource mobilisation will be a prevailing difference and will lead to fundamentally different approaches in managing financial and human resources” (p.3). The last factor of performance measurement is suggested to “remain a fundamental differentiator, complicating accountability and stakeholder relations” (p.3) when measuring social impact.

Makhlouf (2011) discussed the notion of profit making in social enterprises as one that does not preclude these social entrepreneurs from pursuing same as long as social impact remains the number one goal and deliverable and if profits are derived as a by function and with an intent to capacitate the enterprise with an increased ability to serve its social mission and goals then so be it.

And your conclusion is?

2.2.3. Success factors for social entrepreneurship

Dees (1998) finds that “markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay” (p.3) wherein all these elements are viewed as vital for social entrepreneurship to thrive. “The survival or growth of a social enterprise is not proof of its efficiency or effectiveness in improving social conditions” (p.4).

2.2.3.1. The social entrepreneur

Mair and Marti (2006) make mention that the decision made by the social entrepreneur in terms of the type of social venture to pursue is often influenced by “the nature of the social needs addressed, the amount of resources needed, the scope of raising capital, and the ability to capture economic value” (p. 39).

Seelos and Mair (2005) ties his argument of the disparity between “human needs” and the services and products that companies decide to launch to market. This brings about a dichotomy when looking at social entrepreneurs who cater to simple unmet social needs because “these potential customers are willing but unable to pay for products and services that would satisfy their needs” (p.241) which means that these social companies face even bigger challenges in terms of their financial sustainability. Therefore the type of social need to be catered to and the choice of enterprise to deliver the social mission have a bearing on the success of a social entrepreneur.

It is also important to note Seelos and Mair (2005) wherein they say that “most social entrepreneurs do not even know they are one until they receive an award or are recognised by organisations” (p.244). This highlights the altruistic characteristics of complete devotion and relentless pursuit of social impact without high regard for financial rewards of social entrepreneurs who ultimately measure their success by the social impact received by the beneficiaries of the social entrepreneur’s mission (Drayton, n.d.).

The presence and ability to build social capital is another success factor for social entrepreneurs as suggested by Jiao (2011) and Karanda & Toledano (2012). They both suggested the absence of social capital to have detrimental effects on the survival of a social entrepreneur’s social mission and social entrepreneurship aspirations.

Dhesi (2010) propositions that age, wealth status and education all have an influence on the success of a social entrepreneur. As mentioned earlier by Dhesi, the older an individual the higher the chances of success as a social entrepreneur. The link to wealth relates to the increase in chances of success and Dhesi views this as a necessary condition to become a social entrepreneur.

Yunus (2008) also makes mention in the next section of the potential for future social businesses to come from wealthy retirees. Education is linked to skills levels and the inherent access to existent networks of social capital.

2.2.3.2. Social Enterprises

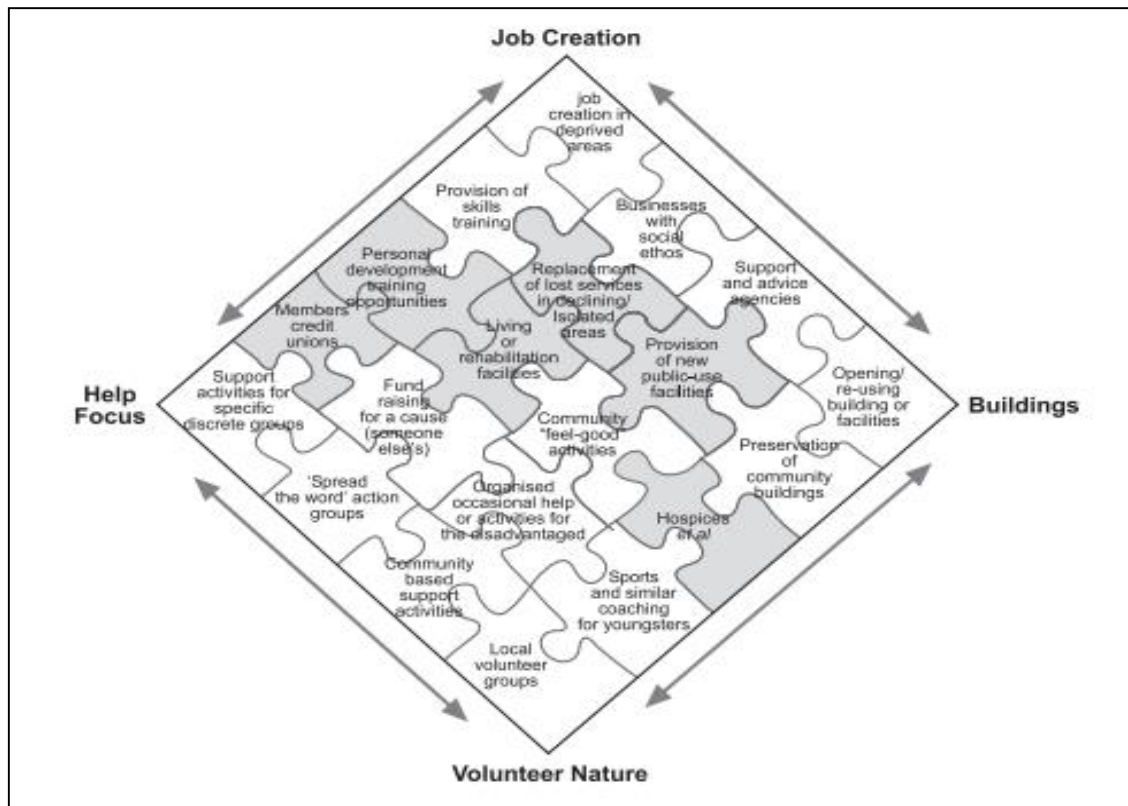
Sharir and Lerner (2006) identified eight constructs that determine the success of social enterprises as follows (in order of importance):

- The entrepreneur's social network
- Total dedication to the venture's success
- The capital base at the establishment stage
- The acceptance of the venture idea in the public discourse'
- The composition of the venturing team, including the ratio of volunteers to salaried employees
- Forming co-operations in the public and non-profit sectors in the long-term
- The ability of the service to stand market test
- The entrepreneurs' previous experience. (p.1)

Thompson (2002) creates a model wherein he presents four variables that "have been used to create the framework for a new map of the world of the social entrepreneur" (p.422). These themes are presented in Figure 2 below as:

- "Job creation
- Utilisation of buildings
- Volunteer support
- Focus on helping people in need." (pp.421-422).

Figure 6: The social entrepreneurship map



Source: Thompson (2002)

Weerawardena and Mort (2006) present findings from their research in a multidimensional model that recognises the different elements that facilitate the success of social enterprises. The model has six dimensions:

- “Environmental dynamics
- Innovativeness
- Proactiveness
- Risk management
- Sustainability
- Social mission” (p.30)

The literature presented has identified the following common themes as the key determinants of success for social enterprises:

- Job creation which was highlighted to stem mainly from volunteer work as the ratio between salaried and volunteer workers was a key success factor for social enterprises (Thompson, 2002)
- Focus on delivering impact (Weerawardena & Mort, 2006; Thompson, 2002; Sharir & Lerner, 2006)
- Sustainability of the social enterprise (Weerawardena & Mort, 2006)

2.2.3.3. Sustainability models

Yunus (2008) points the relative newness of the social business concept as per his definition and provides some guidance as to where the future prospects lie for new social businesses:

- Existing companies of all shapes and sizes will want to launch their own social businesses.
- Foundations may create social business investment funds, operating parallel to but not separate from their traditional philanthropic window
- Individual entrepreneurs who have experienced success in the realm of profit-making businesses may choose to test their creativity, talent, and management skills by establishing and running social businesses
- International and bilateral development donors , ranging from national aid programmes to the World Bank and the regional development banks, may choose to create dedicated funds to support social business initiatives
- Governments may create social business development funds to support and encourage social business
- Retired persons with wealth to spare will find social businesses an attractive investment opportunity to pursue

- Young people fresh out of college or business school may choose to launch social businesses rather than traditional profit-making businesses, motivated by the idealism of youth and the excitement of having an opportunity to change the world. (pp.39-40).

Seelos and Mair (2005) suggest that “the interfaces between social entrepreneurship, corporate social responsibility (CSR) efforts, and public institutions offer great potential for discovering new forms of collaborative value creation” (p.245). They continue to proposition that the rollout plans for CSR initiatives could benefit from collaborating with social enterprises to create a facilitating environment that will increase the credibility and value of the initiatives. This collaboration with corporates through their CSR funding avails a new funding avenue for social enterprises away from “purely philanthropic sources of capital” (Seelos & Mair, 2005, 245). The social enterprise would not only gain financially but would also create a gateway to tap into the “corporate knowledge, managerial skills, and capabilities to implement social entrepreneurial efforts” (p.245).

2.2.4. The South African narrative

The landscape that social entrepreneurship operates under in South Africa is indisputably one of multiple dynamics wherein the efforts by government to fill the social deficit gap are known to not have the capacity required to address the social problems. Coupled with the issue of government capacity, there is also a drive to lower the dependency levels on social grants and welfare. This environment is also placing the existence of NGOs under threat. (Urban, 2008).

The status of social entrepreneurship having a positive impact on the vital development areas of South Africa has received recognition from government, donors and society (Corporate Social Responsibility, 2011; Masendeke & Mugova, 2009; Urban, 2008 as cited in Karanda & Toledano, 2012).

They continue to say the “political, social, economic and cultural forces have influenced the evolution and form of the social enterprises in this area [South Africa]” (Karanda & Toledano, p.204).

Herrington, Kew and Kew (2010) in their analysis of the 2009 GEM Special Report on Social Entrepreneurship (Terjesen *et al.*, 2009) to distil the narrative for the South African social entrepreneurship landscape made some key findings. South Africa’s level of social entrepreneurship activity (SEA) is halfway between its peer group countries in the GEM report. The majority of the social enterprises were “nascent organisations” which meant that they were newly launched enterprises. Even though for both business entrepreneurship and social entrepreneurship there lies a great proportion of men that are more likely to launch entrepreneurial ventures as compared to women but the instance is almost double in the case of social enterprises. There is also a positive relationship between a person’s level of education and their appetite for SEA. When it came to age the report presented an interesting observation in that the bulk of the countries in the report presented a greater appetite for SEA in the age group 18-24 whereas in South Africa this age group presented the lowest appetite for SEA.

Dhesi (2010) notes the significance of age in researching social entrepreneurial activities of individuals. The proposition made by Dees is that age serves as an indication of the experience of an individual and this facilitative effect of age could be viewed as the manifestation of what is referred to as “life-cycle effects” (p.708). This is reflected in the view that those that are elderly would have passed the phase of their lives wherein they have high levels of obligation towards their families therefore are able to dedicate of themselves in social entrepreneurial activities (Dhesi, 2010).

The comparison of rural and urban dwellers interest in SEA shows a lower interest by rural dwellers in SEA as compared to the urban dwellers.

The proposition made is that albeit the levels of social problems are higher in rural settings than they are in urban settings in South Africa, there appears to be a higher opportunity cost to taking up SEA to address these issues for the rural dwellers compared to the opportunity cost faced by urban dwellers. (Herrington, Kew and Kew, 2010).

Herrington *et al.* (2010) also notes that “the relatively strong indication that South African society expects companies to contribute to social and environmental concerns could be seen as a reason why the rate of social entrepreneurship is so low in South Africa” (p.104). Another key element presented is the possibility that the level of social entrepreneurship may be slightly higher than reported due to the prevailing misunderstanding of the term social entrepreneurship wherein the suspicion is that organisations that are traditional for-profit ventures but have a primary social goal are not classifying themselves as social enterprises.

2.3. Economic participation of the youth

2.3.1. Unemployment and economic exclusion

Mlatsheni and Leibbrandt (2011) in their paper “Youth unemployment in South Africa: Challenges, concepts and opportunities” are of the view that employment is a crucial aspect in the graduation of the youth to adulthood. On the same token they liken this transition to that of a move from dependence to independence. They also highlight the potential danger of delays in this transition stating that “unsuccessful or prolonged transitions from school to work impose high psychological and social costs far in excess of the loss of income associated with the unemployment”.

Scarpetta, Sonnet and Manfredi (2010) state that:

For disadvantaged youth lacking basic education, failure to find a first job or keep it for long can have negative long-term consequences on their career prospects that some experts refer to as scarring.

Beyond the negative effects on future wages and employability, long spells of unemployment while young often create permanent scars through the harmful effects on a number of other outcomes, including happiness, job satisfaction and health, many years later. (p.4)

Sen (2000) view that “investigating the reach of the idea of social exclusion, it is useful to examine the specific role of economic events” (p.18). One of the best examples of social exclusion as a result of economic events is the concept of “long-term unemployment”. Sen (2000) uses the example of high occurrences of unemployment in modern day Europe as being the one factor that has on its own caused the highest impact on the increase in social exclusion.

Mlatsheni and Leibbrandt (2011) state that the educated youth in developing countries such as South Africa are not automatically assured of employment based on their educational qualifications. They pose the constraint in the labour market as that of an economy that “does not generate enough formal sector jobs to absorb new labour market entrants” (p.119). They find that the bulk of the jobs in the informal sector are a function of necessity compared to entrepreneurial ventures that are a product of identified market opportunities. They also found that the ventures borne out of necessity are more likely to fail and linking this to the finding that the bulk of jobs created through entrepreneurship are through the necessity borne informal sector business, this results in vicious circle of perpetual social exclusion of the unemployed youth.

2.3.2. Youth employability

Marock (2008) paper on “Youth employability in South Africa” explores the qualifying competencies to enable the economic participation of the youth with reference to research performed in South Africa and elsewhere in the world. Marock discusses the dialogue surrounding the absence of a uniform definition for employability.

The meaning is said to “vary depending on culture, level and type of economic development and employer norms” (Marock, p.5) with a constant evolution through the years. The research findings in Marock found communication to be the most important soft skill when it came to employability of the youth. Alongside communication; an attitude of “willingness to do the work, reliability, honesty and trust” (p.21) were also found to be key. Further to this literacy and computer skills summarised the technical capabilities necessary to increase employability. Lastly, dress code, professionalism and practical experience were also a plus for prospective employees.

2.4. Entrepreneurship and employment

The creation of decent work and eradicating the inequality gaps in the South Africa society is heavily dependent on a reform of the country’s economy to increase its capacity and ability to deliver results for a higher labour absorption rate and an increase in the growth rate of the economy (Ngonini, 2013).

Herrington, Kew and Kew (2010) say that “entrepreneurial activity is considered to be an important mechanism for economic development through job creation, innovation and its welfare effect” (p.9).

Ngonini (2013) views that the “potential for small and medium businesses to contribute significantly to employment creation and economic growth is well recognised” (p.409). Social enterprises are also viewed as having “profound effect in promoting employment, creating local wealth and simply coming to the rescue of the excluded population...social entrepreneurship cannot be separated from the links to economic and social development” (p.408).

2.5. Conclusion of literature review

The literature review has ventured to build on the research purpose, problem and objectives presented in Chapter one with an aim to highlight the key literature concepts that will drive the research process. A theme approach was used to categorise the literature under three different areas of research.

The literature review process was ushered in with an introduction that highlighted the key take outs from chapter one. The three themes for the literature review were; social entrepreneurship, economic participation of the youth, entrepreneurship and employment. Under social entrepreneurship the literature review attempted to define and explore past and current debates on the key areas of who is a social entrepreneur and how different or similar are these individuals from business entrepreneurs in an effort to find a launch position for the research questions to be presented in chapter three.

Social entrepreneurship is a new concept in South Africa and has been subject to multiple translations which influence both the identity of social entrepreneurs in the field and the types of social enterprises that can be seen. The impact of the absence of a legal entity for social enterprises was presented as having a negative impact on the development opportunities for social enterprises with regards to sourcing funding and running sustainable ventures that are able to employment beyond volunteerism.

Characteristics related to personality traits were found to be similar between the social and business entrepreneur. Distinct differences arose when comparing the enterprising potential and business acumen skills of social entrepreneurs versus business entrepreneurs, wherein it has been suggested that social entrepreneurs in South Africa are not highly entrepreneurial.

The concept of social capital arose as a key factor for the emergence of social entrepreneurs as propositioned by Jiao (2011) and also mentioned to be a contributing factor to the success of becoming a social entrepreneur and also the

success of the social mission. Karanda and Toledano also highlight the significance of social capital by linking it to the typology of social entrepreneurs that are found in South Africa who present notable characteristics of a personal attachment to the communities which they serve and through which they define their personal success. Linked to the literature presented above which highlights the general importance of social capital for social entrepreneurs, the research will endeavour to assess just how great a significance social capital is for one to become a social entrepreneur in South Africa, survive as a social entrepreneur and for their social mission to succeed.

Therefore the literature makes some subtle suggestions that the sector has the potential to increase the economic participation of the youth but the literature is not conclusive at an aggregated level but is rather suggestive when assessing the individual contributors to the success of the social entrepreneur and social entrepreneur. In contrast against the current rhetoric of social entrepreneurship in South Africa, the research questions will be guided by this literature review to assess whether the potential really exists and what more needs to be done to translate this potential to results.

3. RESEARCH QUESTIONS

3.1. Introduction

This research paper explores the juncture between social entrepreneurship and the rescue of the economically excluded youth that face challenges of employability. This exploratory research aims to decipher the potential for the public and private sector to utilise social entrepreneurship as a means to address youth unemployment.

This research is built on five research objectives which lay the foundation for the research questions, which were answered through the data collection and analysis.

The research objectives are listed as follows:

- Understand the background and contributing factors that give rise to social entrepreneurs.
- Explore the potential that social enterprises have to create jobs for the youth.
- Investigate if there exist a relationship between social entrepreneurship and youth unemployment by exploring whether the youth look to social entrepreneurship as a source of employment. This objective also seeks to ascertain whether government views social entrepreneurship as a vehicle to curb youth unemployment.
- Determine the conditions and factors that deliver success for social enterprises.
- Assess the commonly held characteristics amongst social entrepreneurs, and also ascertain the common types of legal structures used to house social entrepreneurship activities.

3.2. Research questions

Saunders and Lewis (2012) describe the composition of a decent research question as follows:

A suitable research question is one that reflects the fact that you have thought about what fits the specifications and meet the standards set by the examining institution; provides a clear link to the relevant literature, and promises fresh insights into the topic you have chosen (p.19).

Based on the research objectives and literature review presented, the following research questions will be explored in pursuit of fresh insights to support the argument for this research (Saunders & Lewis):

Question 1:

Why do people become social entrepreneurs?

Question 2:

In what way are social enterprises able to create jobs?

Question 2:

Do social enterprises have an impact on youth unemployment?

Question 3:

What are the factors of success for social enterprises?

Question 4:

What are the typical characteristics of social entrepreneurs?

4. PROPOSED RESEARCH METHODOLOGY

When deciding on a research strategy, there are two main options to choose from. The first is qualitative research, which according to Daft (1983), is focused on deriving an understanding of a specified observation. It is presented that those that opt for qualitative research methods contend that direct immersion in organisations and employing the human sensory attributes to decipher organisation phenomena are vital for unearthing fresh knowledge (Daft, 1983). The second is quantitative research which is concerned with quantifying the specified observation(s) which are founded on some body of theory. Quantitative research finds its foundation in the assumption that “social reality is concrete, measurable phenomenon” (p.539). To ensure a successful quantitative research study it is key to ensure data “reliability, validity and accurate measurement” (p.539).

The purpose of this research was to derive an understanding of the potential for social entrepreneurship to increase the economic participation of the youth in South Africa. In selecting a research method to assess this potential, the research was conducted using a qualitative research methodology because the nature of this type of research problem lends itself to more descriptive and rich answers. The field of social entrepreneurship is also relatively new and the data available for number crunching is limited.

Long, White, Friedman and Brazeal (2000) are of the view that the selection of a research method is based on beliefs that the researcher has regarding the fundamental form of the research targets. This research began based on the view that the understanding of the research objectives shall be based on the perspectives of multiple individuals and organisations. Therefore this reliance on perspectives, indicates that the data would be subjective in nature and it therefore directed the research towards qualitative research methods.

4.1. Research Design

4.1.1. Design Chosen

Based on the emerging nature of the subject under discussion, this research report was preceded by an exploratory study of the research topic. This was done in an effort to “seek new insights, ask new questions and to assess topics in a new light” (Saunders & Lewis, 2012, p.110). Merriam (2002) refers to a qualitative research design called ‘interpretive qualitative approach’. This research design was an inductive process that was also extremely descriptive in form.

Due to time constraints it was necessary to apply a cross-sectional research methodology. This meant that the data gathering process would occur using a snapshot approach, in which data was collected during a single point in time, as opposed to gathering and observing the data over a period of time (Saunders & Lewis, 2012). This is because of the limited amount of time available for data collection, which prevented a comparative study over time, however this research will be able to be replicated in future, allowing for a longitudinal study to be completed at a later stage (Saunders & Lewis).

4.1.2. Reasons for Choice

Exploratory research, by definition, is suggestive of a funnelling process, in this way, the research begins with a wide scope of ideas under exploration (Saunders & Lewis, 2012). As the research continues, the wide scope becomes narrower and more focussed (Saunders & Lewis). Coupled with an interpretive design, this research established - through an inductive process - how individuals understood, and had experienced, the research themes discussed in this study (Saunders & Lewis). Based on the interpretive research design, this research was able to establish common themes that arose from the exploratory and interpretive research.

4.2. Scope

The scope of the research was based on the five research questions as stipulated in chapter three.

4.3. Population

The population for the purpose of this research report has been defined as social entrepreneurs, 18 years and above, who have an active, registered, social enterprise in South Africa. The population included; for profit, non-profit; and hybrid businesses that define their ventures as a form of social entrepreneurship.

Data shows a low prevalence of social enterprises in South Africa, which has led Herrington, Kew and Kew (2010) interrogate this further. It is evident that there is a dichotomy between this low prevalence of social enterprises and the large need for such enterprises in South Africa. Herrington et al. (2010, p. 105), ask whether “there is still a lack of understanding of the term of entrepreneurship, and whether organisations that are working towards social good are under-represented, or whether organisations that are for-profit are automatically excluding themselves from the area of social entrepreneurship”. Karanda and Toledano (2012) share this view in the paper on “Social entrepreneurship in South Africa: a different narrative for a different context” wherein they highlight that there are many social entrepreneurship practitioners in developing countries such as South Africa that are not describing themselves as such. Based on this it was not easy to apply strict qualifying criteria for defining the social entrepreneurship population owing to the infancy of the sector as discussed in chapter one and the resultant variation in definition of what is a social entrepreneur as discussed in chapter two.

4.3.1. Population and reasons

The reason social entrepreneurs were specifically selected for this research, was driven by the research questions. These questions focused on social entrepreneurship as a driver for increased economic participation of the youth in the economy.

The literature had already confirmed that small and medium business entrepreneurship has the potential to, and actually does, create employment (Ngonini, 2013). Therefore there was no need to include business entrepreneurs as part of the population.

The outcomes of social entrepreneurship are different from traditional entrepreneurship, and measurement of those outcomes is also different” (El Ebrashi (2011, p. 189). It would therefore be limiting to draw inferences from business entrepreneurs and apply them to social entrepreneurs, as the literature clearly states that these two groups do not operate from the same perspective. This is true both in terms of the reasons and motivating factors for starting a business venture.

In the case of South Africa, Yorke (2011) found that the tools used for the sustainability of social enterprises differ vastly from those used by general enterprises, hence the choice to focus solely on social enterprises as the target population. The choice not to apply age restrictions on the population was to ensure that the data collection for this exploratory research would not be limited to a subset of the social entrepreneurs. This is as the research explored the potential of social entrepreneurship in general to uplift economically excluded youth, and this ability is not limited to youth social entrepreneurs.

4.4. Unit of analysis

The initial thinking was to tap into the different formal bodies that support and house social entrepreneurs in South Africa, such as the Africa regional office for Ashoka. “Ashoka is the largest network of social entrepreneurs worldwide, with nearly 3,000 Ashoka Fellows in 70 countries putting their system changing ideas into practice on a global scale” (<https://www.ashoka.org>). Ashoka provides seed capital, professional services guidance, and access to a global network of social entrepreneurs to those social entrepreneurs that have been selected as Ashoka fellows. The Junior Chamber International (JCI) was included in the purposive sample.

JCI is an organisation of “young active citizens creating positive change” wherein they “analyse local challenges, collaborate with community partners, conduct projects to find solutions and evaluate results to ensure sustainability” (<https://www.jci.cc>).

Examples of formal social entrepreneurship networks that reside under the custodianship of tertiary academic institutions are; the Center for Social Entrepreneurship and the Social Economy (CSESE) at the University of Johannesburg, and the Social Entrepreneurship Programme (SEP) at the Gordon Institute of Business Science. Social entrepreneurship academics and practitioners were interviewed and also assisted with referrals on topical literature on social entrepreneurship.

4.4.1. Unit and reasoning

The reason for including organisations such as Ashoka and the JCI into the purposive sample, was because these are social entrepreneurship and active citizenry organisations that are based in several countries. As such their reach and approach has a multi-dimensional output, influenced by their location. These organisations also house a data repository of social entrepreneurs, and social entrepreneurship research documents. The centers for social entrepreneurship at the University of Johannesburg’s CSESE and Gordon Institute of Business Science’s SEP have solid networks of social entrepreneurs on their databases, which were accessible upon request.

4.5. Sampling

4.5.1. Sampling technique chosen

As the sampling frame of all active social entrepreneurs in South Africa was unknown, non-probability sampling was employed in selecting an appropriate sample for data collection. Saunders and Lewis (2012) describe non-probability sampling as a process used when a researcher is not able to source a conclusive list of the total chosen population which was the case for this research.

The method of non-probability sampling employed was purposive sampling. Creswell (2008) affirms the choice of making purposeful selections of participants in line with the researcher's pursuit of answers to the research questions. The research implemented sampling instruments that increased the validity and reliability of the data collected to address the research questions. An element of snowball sampling was also applied as interviewees referred other practitioners that were not part of the initial sample selected for this research (Saunders & Lewis, 2012).

4.5.1.1. Reasons for choice

The research aimed to pursue a greater degree of clarity regarding the relationship between social entrepreneurship and youth economic participation. As a result, the research method of purposive sampling was chosen as it aided in making 'logical generalisations' based on the data collected from the purposive sample (Saunders & Lewis, 2012).

A "heterogeneous" purposive sample was chosen because the "sample... [had] sufficiently diverse characteristics to provide the maximum variation possible in the data collected". This keen interest in a heterogeneous purposive sample was based on the idea that "any patterns that emerge are likely to be of particular interest and value, representing key themes" (Saunders & Lewis, 2012, p.139).

4.5.2. Sample size

The research targeted a sample size of between eight and ten interviews with social entrepreneurs in South Africa that are based in the Gauteng and KwaZulu-Natal provinces. Ultimately, eight interviews were completed, of which six were conducted as face-to-face interviews in Gauteng and two were conducted telephonically with interviewees based in KwaZulu-Natal.

4.6. Research instrument/measurement

The exploratory research study was guided by the literature review performed above. In the exploratory phase, interviews were held with experts on the subject of social entrepreneurship, as well as with social entrepreneurship practitioners of varying experience.

The data collection phase of the research was conducted using a 'semi-structured interview' with the participants. This method lent itself to the collation of 'predetermined questions', which emerged from the salient themes in the literature review (Saunders & Lewis, 2012). The salient themes from the literature review were:

- Motivation to become a social entrepreneur
- The link between job creation and social entrepreneurship
- Test of a positive correlation between social entrepreneurship and youth employment
- Facilitating factors for social enterprise success
- General characteristics of social entrepreneurs

Long et al. (2000) discuss the common error made in not identifying the disparity that exists between the nature of research method chosen, and the research tools used. This research was conducted using a qualitative method that employed qualitative research tools such as interviews and quantitative tools were also used as a means to collate, analyse and summarise the data collected.

4.6.1. Interview guide design

The interview guide was designed to form a concise document, to aid the interviewer to conduct the interviews. Semi-structured interviews were conducted, which were audiotaped and the interviews were thereafter transcribed (Creswell, 2008).

Even though the interviews were audiotaped, Creswell (2008) recommended that a pre-determined protocol direct the interview. This included note taking, to mitigate data loss through potential technological malfunctioning. Interviewees were formally welcomed and thanked for participating at the start of the interview. A general overview of the research topic, linked to the research guide sequence, was shared with interviewees.

The interviewer presented the interview consent form, and read through all the detail with the interviewee, in pursuit of their consent. The option to audio record the interview was expressed upfront, and consent was secured before the start of the interview. To create a good ambience and sense of rapport, the interview began with a few demographic and background questions for the interviewee, before delving into the main interview questions. The interview guide contained five questions, and each question was accompanied by three to four probing questions (Creswell, 2008).

The interview questions were designed so as to be flexible, to be sequenced based on the participant being interviewed, some questions were even left out and some were added based on the flow of the interview with the participant. This semi-structured method complemented the exploratory research approach of this report. The freedom to modify the interview format as new “emerging concepts” arose during the data collection enriched the interpretive exploratory nature of this qualitative research as per Merriam (2002).

4.6.2. Reliability and validity

When conducting research, it is important to ensure that the research is both valid and reliable. “In pursuit of validity, exclusively qualitative studies often tend to disregard reliability” (Long et. al, 2000, p.195). This research was conducted in a manner which ensured that it was both valid and reliable.

Validity is “the extent to which (a) data collection method or methods accurately measure what they were intended to measure (b) the research findings are really about what they profess to be about” (Saunders & Lewis, 2012, p.127).

There are number of factors which can threaten the validity of research, and the two that were relevant to this research were; ‘testing’ which refers to any element of the data gathering process that could affect the interviewee, and which could permeate their behaviour. An example of such behaviour could be an interviewee digressing in order to impress the interviewer. The second factor is “ambiguity about causal direction”, which refers to the potential confusion during the data gathering and analysis process as to the “direction in which the flow of cause and effect runs” (Saunders & Lewis, 2012, p127-128).

Reliability is “the extent to which data collection methods and analysis procedures will produce consistent findings” (Saunders & Lewis, 2012, p.128). Reliability, like validity, is also affected by different factors. The two factors that had an impact on the data gathering process for this research were; subject bias, and observer error. Subject bias occurred in the instances where and interviewee provided unreliable information, thinking that providing the accurate information may bear a negative reflection on who they are. The second risk to the reliability of this research was observer bias. In the case of this research the observer is not necessarily limited to ‘different researchers’, but rather makes reference to the bias introduced by the interviewer asking the same set of interview questions but articulating them differently between different interviews therefore introducing bias into the data gathered and results obtained (Saunders & Lewis, 2012).

The interview questions were validated for both content validity and construct validity to ensure that the interview gathered data that was consistent with the research questions (Saunders & Lewis, 2012).

This was done by creating a consistency matrix that aligned the research question with the relevant literature review, followed by the interview question and probing questions, and lastly this was aligned to the data analysis method to be applied to the research question. The questions were also balanced between the different types of questions that can be used in an interview questionnaire such as; open, listed, categorised, ranked, rated, quantified and matrix questions (Saunders & Lewis, 2012).

4.6.3. Pre-testing

The interview questionnaire was piloted on a respondent that had common characteristics to those of the participants that would be used in the actual interviews. The researcher used a former employee of one of the social entrepreneurship organisations to trial the pilot test, after which the necessary amendments were effected, to derive the final questionnaire.

The pre-test was done using the interview guide as approved by the university's Ethical Clearance Committee. The aim of the pre-test was to ensure that the questions were exploratory in nature, and that they would not lead the interviewee into providing a biased answer. The interview questions also needed to solicit the correct data required to answer the research questions. Elements such as in-process challenges with the sentence structure of some of the questions, or the amount of time it took to answer the questions, all informed the changes that were made to the interview guide after the pilot interview (Saunders & Lewis, 2012).

Another important element of conducting the pilot interview also allowed for time to test different approaches for using the audio technology to capture good quality recordings for transcription. Changes such as the sequence and sentence structure of questions were amended after the pilot (Saunders & Lewis, 2012). The interviewee also learnt the importance of avoiding any location which has the potential to attract foot traffic, which would compromise the quality of the audio recordings and thereafter all interviews were conducted in closed meeting rooms.

4.7. Data analysis

Merriam (2002) discusses the concept of simultaneous data collection and data analysis for qualitative research designs. This concept allows for in-process modifications to the research instruments and tools to increase the validity and reliability of the research.

The concept basically allows for a researcher to make modifications as they progress with the data collection, and to not wait until the end to realise that there were limiting factors in the research instruments used. As a result, through the potential modification that occurs in-process, the reliability and validity of the data collected was enhanced. This concept allowed freedom to mitigate the risk during the data collection process. The identification of a need to modify the research instruments was done to test 'emerging concepts' on the remaining research units of analysis (Merriam, 2002).

Once the data gathering process was completed, the data was taken through a content data analysis. Saunders and Lewis (2012) describe content analysis of qualitative research data as a process by which one assesses the data collected for patterns to answer the research questions. They propose these steps to be followed in order to conduct the data analysis:

1. Develop meaningful categories or codes to describe your data.
2. Decide on the unit of data that is appropriate for your analysis and to which you will attach relevant categories.
3. Attach relevant categories to units (pieces) of your data. (Saunders & Lewis, 2012, p.194)

They also highlight that in the case of inductive analysis, the researcher progresses through the data analysis using a bottom up approach.

By this they mean that the analysis will transition from “specific observations and measures [quotes in Appendix 3], begin to observe patterns and repeated occurrences of phenomena [codes in Appendix 3] and formulate some speculative hypothesis [themes in Appendix 3]” (p.109). The choice between inductive data analysis and deductive data analysis, which is the process of analysing data and applying categories using categories identified from the literature review, is to be made by the researcher depended on the state of “development of the theory in the literature” (pp.108-109).

The themes that emerged from the inductive content analysis to answer the research questions were then ranked to determine the most salient themes. The results of the content analysis were represented in tables and were used as a basis to present the data and discuss the findings for the research questions.

4.8. Research limitations

Merriam (2002) discusses that the researcher becomes the primary research instrument for the attainment of research data and analysis, where qualitative research methods are employed. This limitation increased the probability for biases to develop in the data collection and analysis stages. The risks to data validity and reliability discussed in section 4.6.3 are an additional limitation to this research report. Creswell (2008) also cautions against the limitations that are associated with interviews as a data collection tool for qualitative research. Some examples are; data biases caused by the fact that “not all people are equally articulate and perceptive” and where data gathered in the interview includes “indirect information filtered through the views of interviewees” (Creswell, 2008, p.179).

5. Results

5.1. Introduction

This chapter presents the findings of the research conducted using the research methodology as per chapter four. The research methodology in chapter four detailed the methodology employed to collect the data and to perform the analysis on the data. For this exploratory research, the research methodology applied was qualitative research. To source the data for the research, semi-structured interviews were used in addition to secondary data from public sources such as the 2009 Global Entrepreneurship Monitor (GEM) Report on Social Entrepreneurship. The semi-structured interviews were conducted with eight social entrepreneurs of whom two were based in KwaZulu-Natal and six were based in Johannesburg. The GEMs report was sourced from an online research database (www.gemconsortium.org). The key findings of the data collection are presented using the research questions as articulated in both chapters three and four.

Questions on the demographic profile of the interviewees formed section one of the interview guide and these questions were used for the categorisation of the social entrepreneurs. The results are presented below:

Table 1: Demographic profile of interviewees

	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Interviewee 5	Interviewee 6	Interviewee 7	Interviewee 8
Gender	Male	Female	Female	Female	Male	Female	Male	Female
Age	34	34	28	60	36	26	23	28
Tenure as Social Entrepreneur	8	7	4	24	11	2	6	5
Type of Social Enterprise	Hybrid	Hybrid	For Profit	For Profit	For Profit	NPO	NPO	Hybrid
Social Enterprise main source of income	Yes	No	Yes	No	Yes	Yes	Yes	Yes
Previous formal employment	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Previous informal employment	No	No	No	No	Yes	No	No	No

The eight interviewees consisted of 63% females and 37% male respondents. The mean age of the respondents was 34 years of age. The average tenure of the interviewees as a social entrepreneur was 8.3 years.

Of the eight interviewees, 38% were practitioners in hybrid social enterprises, 38% were practitioners in for profit social enterprises and 24% were practitioners in not-for-profit organisations (NPO). Only 25% of the interviewees had a source of income outside of social entrepreneurship. All the interviewees started working in formal private and public sector organisations prior to pursuing social entrepreneurship. Only one interviewee had prior employment experience in the informal sector.

5.2. Research Question 1

Why do people become social entrepreneurs?

The research employed data analysis that delivered an inductive content analysis as explained in chapter four. The themes that emerged from the inductive content analysis to answer the question of why people become social entrepreneurs were then ranked to determine the most salient themes. This then suggested that these were the most poignant themes in explaining the driving forces that influence individuals to become social entrepreneurs. The results of the content analysis are represented in Table 2 below.

5.2.1. Research Question 1 results

Nine themes emerged from the content analysis of interview questions posed for the first research question. Table 2 shows that all (eight) interviewees perceive that the challenges of social entrepreneurship are a deterrent to becoming a social entrepreneur. Seven of the eight interviewees identified that there are positive factors that influence the decision to become a social entrepreneur. Six of the eight interviewees view the ability to create social capital through the ability to network as a key success factor in becoming a social entrepreneur. Five of the eight interviewees highlighted that the potential to achieve social impact whilst creating a livelihood for themselves was a key influence in making the decision to become a social entrepreneur. Four of the eight interviewees were driven by a personal urge into becoming social entrepreneurs.

The same number of interviewees deemed stakeholder buy in as vital to becoming a social entrepreneur. Themes identified by four or more interviewees were deemed to be significant.

Table 2: Research Question Data Analysis

Ranking	Why do people become social entrepreneurs?	Number of Respondents
1	Challenges of being a social entrepreneur	8
2	Positive side of being a social entrepreneur	7
3	The ability to network creates social capital which is key to becoming a social entrepreneur	6
4	Achieving social impact and creating a livelihood	5
5	Personal urge to become a social entrepreneur	4
6	Getting buyin from stakeholders is key to becoming a social entrepreneur	4
7	Not initially self-identifying as a social entrepreneur	1
8	Means to address unemployment	1
9	Short term pursuit of social entrepreneurship thereafter will pursue corporate career	1

5.2.1.1. Challenges of being a social entrepreneur

All the interviewees identified that even though they had made the decision to become social entrepreneurs, the decision was made despite the challenges they knew that they would face. This was expressed in the following interview transcript extracts:

- *“Articulating what you are doing, it’s not always easy to come with a nice packaged marketable package to send to the world because this is a multi-layered thing, so you seem unfocused and disorganised, logically it makes sense to you but how do you spit it out in that one-liner that mainstream market wants”*
- *“Challenges for me as far as social entrepreneurship is concerned is that it is such a new concept and when something is very new it does not get the support it deserves and the attention it deserves it does not have a support structure. So if you go to the small business ministry and you go there and say I am social entrepreneur they say what is that?”*

- *"The unpredictability of income, not just to the person, but also to the organisation or its initiatives is just one of the challenges which social entrepreneurs face. I struggled a lot, especially when starting up."*
- *"When you are working with these communities, there are so many expectations when you come in with a project and people expect so much. It is difficult to balance the two."*

5.2.1.2. Positive side of being a social entrepreneur

Seven of the eight interviewees identified that there were positive motivators regarding becoming a social entrepreneur. The interviewees mainly expressed that the positive influencers for becoming a social entrepreneur were related to the rewards of social entrepreneurship. This was expressed in the following interview transcript extracts:

- *"Being able to concretely affect someone else life is one of the best rewards personally."*
- *"The personal satisfaction and knowing that we are doing something positive that is one of the main rewards"*
- *"I feel yes my bank account may not have the zeros yet but I have made it and simply because I know what I know now and I know my journey, this is where I am going to go in terms of my goals and I know there are so many opportunities not only in South Africa but also in Africa"*
- *"The reward of doing what I am passionate about"*

5.2.1.3. Social capital is key to becoming a social entrepreneur

Six of the eight interviewees expressed that social capital created via the ability to network was a vital element in influencing the decision to become a social entrepreneur and sustain a successful business as was suggested by Jiao (2011) in chapter two. Furthermore the inability to create this social capital often rendered aspirations to become social entrepreneurs null and void, which was propositioned by both Jiao (2011) and Karanda & Toledano (2012).

This was expressed in the following interview transcript extracts:

- *"I think it is extremely important and I do not think enough start up social ventures realise this. I think to some extent many of us default towards it. It's almost like it provides a different kind of economic system that the mainstream entrepreneurial environment does not get."*
- *"Social entrepreneurs need to have the basic skills like any other entrepreneur like how to network and how to get resources, how to negotiate things which is often not the case. If they have that capacity then they can generate their social capital quite easily. "*
- *"What we need to do when starting a social enterprise is building that trust with people, if a person who is starting that social enterprise is known as someone who cares and someone who is willing to do something often they get credibility"*
- *"Just from having connections, or a network, can play an important role in being exposed to the people that you would need, if you are planning to start off a social enterprise"*
- *"It is a problem, I think that there are opportunities to network, but social entrepreneurs find themselves under so much pressure that they don't use the opportunities. Even the opportunities for training, they do not use them"*

5.2.1.4. Achieving social impact and creating a livelihood

Five of the eight interviewees were attracted into social entrepreneurship by the opportunities to achieve social impact in the communities that they had identified to serve. The added element of achieving the social impact and simultaneously creating an income for themselves influenced the decision to become a social entrepreneur. This was expressed in the following interview transcript extracts:

- *"I saw a burning need and when I figured out the answers to my questions I felt, but why does everyone else not see this and then I was like let me show*

them what I can do and then it when it all started.

Then you start seeing, oh I can make a buck 'or two out of this"

- *"Social entrepreneurs have seen a need in their society so they want to use their innovation but according to me I define a social entrepreneur as an innovator to bring about a solution to a problem in his or her community. So innovation and ideas for me are the driving force and this makes people wanting to start their own business"*
- *"Addressing a social problem but you have a sustainable lively hood"*

5.2.1.5. Personal urge to become a social entrepreneur

Four of the eight interviewees were driven by a deep sense of calling and purpose into becoming social entrepreneurs. These interviewees expressed a love for working with people and found social entrepreneurship to be a natural platform for them. This was expressed in the following interview transcript extracts:

- *"There has been a few times where I have had the opportunity to go back into corporate but it just did not feel right and coming back into this kind of sector the opportunities open up for me. I do believe that everyone has a life purpose or a calling regardless of your spiritual reference point for me this is it and this life is an extension of my calling. I think I have done things and achieved things that I have never imagined"*
- *"I have always had a passion for working with people"*
- *"The desire for something meaningful, something that will obviously be gratifying inwardly"*

5.3. Research Question 2

In what way are social enterprises able to create jobs?

The research employed data analysis that delivered an inductive content analysis which was summarised into frequency count tables to identify the salient themes in answer to the question of how social enterprises are able to create jobs. The results of the content analysis are represented in Table 3 below.

5.3.1. Research Question 2 results

Ten themes emerged from the content analysis of interview questions posed for the second research question, with only two themes proving to be significant. Table 3 shows that seven interviewees agree that social enterprises are able to create jobs using several mediums as aids in doing so. The same number of respondents agree that the jobs created by social enterprises are not permanent in nature. Themes identified by four or more interviewees were deemed to be significant, thus the rest of the research questions in this section failed to achieve this level.

Table 3: Research question two results

Ranking	In what way are social enterprises able to create jobs?	Number of Respondents
1	Social enterprises have the ability and are creating jobs through several mediums	7
2	Jobs created by social enterprises are not long term	7
3	Partnerships and collaboration with private and public sector are necessary to create jobs	3
4	Business skills are required to foster job creation	3
5	Job creation is a spin-off and not the main aim of social enterprises	3
6	Social enterprises do not have an incentive to create jobs	3
7	Funding is required to enable job creation	2
8	Social enterprises need to be built with scale in mind to enable long term job creation	2
9	Social enterprises must place greater priority on the business element rather than on the social impact element	1
10	Government creates an incentive for social enterprises to create jobs	1

5.3.1.1. Social enterprises have the ability and are creating jobs

Seven of the interviewees expressed that social enterprises do have the potential to create jobs.

Certain social enterprises may already be creating jobs, enabling jobs or serving as a training ground for individuals with an interest to pursue jobs in the private sector. This was expressed in the following interview transcript extracts:

- *"I think that social entrepreneurs are the best people to create jobs in this country and I think it is sad that people do not realise how many opportunities are there."*
- *"Yes they can. I think they can because as we grow because obviously when we start off there is no money but as we grow, we get bigger, we get a lot of money and we have the capacity to start hiring people"*
- *"I find that most social enterprises are actually enabling jobs because what they do is offer a service that would either create an employment for somebody if they are an entrepreneurship development organisation for instance they create entrepreneurs"*
- *"Social enterprises can create jobs. I think that they are in a better position to create jobs than others as people feel drawn – they will volunteer to work there and they get experience and they get into the labour market through social enterprises, it has a double whammy – it creates jobs and also provides skills for job seekers, and they build up skills to eventually go out to find a job."*

5.3.1.2. Jobs created by social enterprise are not long term

Seven of the interviewees notioned that the jobs created by social enterprises are not long term or permanent in nature and tended to take the form of either volunteer or temporary work. This was expressed in the following interview transcript extracts:

- *"The jobs in social enterprises these are part-time basis. The jobs are not sustainable they are not permanent there is no guarantee"*

- *"We cannot offer anything long term. As much as I am part of the organisation, I am also under the same situation. I am a permanent employee, but for as long as there is funding. Once there is no funding there is nothing that can be done. Yes, we can provide jobs, but for only for as long as the situation allows, as long as the money is there"*
- *"It will take the utmost dedication in a social enterprise or social project, for there to be jobs which are sustainable, long-term"*

5.4. Research Question 3

Do social enterprises have an impact on youth unemployment?

The research employed data analysis that delivered an inductive content analysis which was summarised into frequency count tables to identify the salient themes to answer the question of whether social enterprises have an impact on youth unemployment. The results of the content analysis are represented in Table 4 below.

5.4.1. Research Question 3 results

Twelve themes emerged from the content analysis of interview questions posed for the third research question, with only two themes proving to be significant. Table 4 shows that five interviewees were of the opinion that the youth does not view social enterprises as sources of permanent employment.

Four interviewees expressed that most of the youth do not know about social entrepreneurship. Themes identified by four or more interviewees were deemed to be significant.

Table 4: Research question three results

Ranking	Do social enterprises have an impact on youth unemployment?	Number of Respondents
1	The youth do not view social enterprises as sources of permanent employment	5
2	The bulk of the youth do not know about social entrepreneurship	4
3	Social enterprises have limited impact on youth unemployment	3
4	The youth are not well informed about social entrepreneurship as a career choice	3
5	Government does not support social entrepreneurship	3
6	Government partners with social entrepreneurs to address youth unemployment	3
7	Under resourcing impacts social enterprises' ability to impact youth unemployment	2
8	Collaboration to aid impact on youth unemployment	2
9	Government support of social enterprises in addressing youth unemployment varies depending on the level of understanding of officials	2
10	Limited resources therefore social enterprises want to find people with skills	1
11	Only those social enterprises that have employment creation as a main focus impact youth unemployment	1
12	Corporates are in a better position than social enterprises to impact youth unemployment	1

5.4.1.1. The youth do not view social enterprises as sources of permanent employment

Five of the interviewees agreed that the youth are not looking to social enterprises as a source of permanent employment. The interviewees expressed a view that the youth often equate jobs as those only emanating from the corporate sector and social entrepreneurship jobs are often viewed as temporary whilst one pursues finding a job in the corporate sector. This was expressed in the following interview transcript extracts:

- *"The youth might not view as a viable option they are not educated enough about social entrepreneurship and social enterprises. They see it maybe as a hobby or as a last resort because they cannot find a job so they will just go and volunteer, they do not see it as a job"*
- *"I often feel that is mistaken for volunteerism and that is maybe one of the factors that discourage young people from entering – especially young people that want an income and all of that. The view of social entrepreneurship being viewed as volunteering is an impediment and possibly hindering young people to be active participants in this industry"*
- *"We are not seeing it as such yet because the youth do not see it as work they do not see it as being employed or as a job so I think that as soon as we start making it look like a job because and not something that we do for fun, it is a career. We go to offices every day, we work"*

- *"No the reason being that most black people in the country see a job as being in corporate and that the only thing that they know is that for me to be in a job it has to be in corporate"*

5.4.1.2. The youth do not know about social entrepreneurship

Four of the interviewees agreed that a great proportion of the youth are not aware of what social entrepreneurship is. They also attributed this lack of knowledge to ill-informed perceptions held by the youth regarding social entrepreneurship. This was expressed in the following interview transcript extracts:

- *"The youth are not as aware as to what it is all about"*
- *"So the type of community engagement is still not social entrepreneurship. Neither is painting a classroom or giving food parcels – so your universities are getting it wrong. They have to focus on change, making every student a change maker. Somebody that will make a difference. Here is where we are losing the youth"*
- *"Not as a source of employment they would actually become the social entrepreneurs themselves."*

5.5. Research Question 4

What are the factors of success for social enterprises?

The research employed data analysis that delivered an inductive content analysis which was summarised into frequency count tables to identify the salient themes to answer the question of what the factors of success are for social enterprises. The results of the content analysis are represented in Table 5 below.

5.5.1. Research Question 4 results

Seventeen themes emerged from the content analysis of interview questions posed for the fourth research question, with six themes proving to be significant.

Table 5 shows that six interviewees were of the opinion that the private sector needs to provide financial support to social enterprises and the same number also agreed that legislation needs to recognise social enterprises as a legal entity for favourable tax systems. Five interviewees agree that the public sector is not doing enough to support social enterprises.

Five interviewees expressed that a great number of social entrepreneurs are setting up hybrid structures to take advantage of donor funding and to also have a legal entity that has the ability to generate limitless profits. NPOs and Section 21 companies were also identified as legal entity structures of choice for social entrepreneurs by five interviewees. Four interviewees highlighted that there is potential for the private sector to contribute towards social entrepreneurship in a manner that transcends cash donations. Themes identified by four or more interviewees were deemed to be significant.

Table 5: Research question four results

Ranking	What are the factors of success for social enterprises?	Number of Respondents
1	Private sector needs to contribute financial support	6
2	Create and formalise an entity (legal structure) for social entrepreneurs with tax benefits	6
3	The public sector is not doing enough to support social enterprises	5
4	Section 21 and NPOs are the legal structures of choice for social enterprises for tax reasons and the fact that it is easy to get an NPO	5
5	Hybrid structures (Pty Ltd + NPO) commonly provide a solution to circumvent the absence of a legal structure for social enterprises	4
6	Private sector has potential to contribute beyond money contributions	4
7	Social Impact	3
8	Sustainability factor	3
9	Challenge of how to measure performance of social enterprises	3
10	Success for a social enterprise is only when social impact has been achieved	3
11	Scale and sustainability will breed success	3
12	Skills capacity building	2
13	Donor funding	2
14	Including social entrepreneurship in educational material will increase awareness levels at an early age	2
15	Governance	1
16	Government is important is an active supporter of social enterprises	1
17	Lack of a united voice for social entrepreneurs to lobby government for reform changes impacting the sector	1

5.5.1.1. The private sector need to contribute financial support

Six of the interviewee's proposition that social enterprises require financial support from the private sector to enable success. Funding such as corporate social investment (CSI) spend was mentioned. Funding from finance institutions also emerged from the data analysis. This was further expressed in the following interview transcript extracts:

- *"Without the private sector, we would then be unable to carry on with the funding. On our own we do not have that money and we do not have the capacity – but in this case with the private sector coming in, we will provide the counterpart funding – so they do play a vital role"*
- *"They can contribute CSI towards social enterprises because you know what they do, you come in with a proposal and they explain and tell you this is how they will generate revenue to help sustain themselves, then they are think oh from CSI perspective this person wants to make money and then they don't give you funding"*
- *"I think the private sector, the requirement just from accessing money, just that process is quite challenging for many social entrepreneurs because we are playing on levelled field right now.
I think the private sector can be very much involved I think even venture capitalist can be involved in these things, we need money"*

5.5.1.2. Create a legal entity for social enterprises with tax benefits

Six of the interviewees suggested that legislation needs to be effected that provides for the setting up of a social enterprise as a legal entity. This was further expressed in the following interview transcript extracts:

- *"If we start looking at formalising an entity for the sector so if I look at in the UK you have a CIC (Community Interest Company) where if you can prove that you are making a difference in society you do have certain tax benefits and in the US there is also a sub category for social ventures."*
- *"Most social enterprises whether not for profit or not, they sub-contract the full profit entity to do all the work so then the money flows from the NPO to the full profit entity which ultimately links to shareholder value. So it is like money laundering and the King III codes on good governance is not clear on how the sector should operate."*

- *"I think there is a gap for legislation in terms of social entrepreneurs, because you cannot take equity if you want to scale up – you are stuck with the NPO model, which is often troublesome and cumbersome as you cannot take equity...because of various factors, we actually need to look at a model for social enterprises that is more flexible – we also need more flexibility for NPOs, not more legislation and more red tape than we have already, but we need to look at creating flexibility in the sector"*

5.5.1.3. The public sector is not doing enough to support social enterprises

Five of the interviewees feel that the public sector and government in particular does not recognise and reward social entrepreneurs. The development funding institutions are also not welcoming towards social enterprise.

This was further expressed in the following interview transcript extracts:

- *"Recognise that not only themselves can help society you need social enterprises and besides, business, government and civil society you need someone in-between all these things to be a catalyst towards social development because sustainability enables the catalyst effect"*
- *"I totally understand government's dilemma whether they prioritise social ventures versus a mainstream venture because why should the social venture have tax benefits over a mainstream entrepreneur because you are under cutting them in the market. I think government should keep anyone who engages with them accountable to excellent service even if you are a social venture so that is where I think we should be competing in the mainstream market"*
- *"Government in our industry is very arrogant and they are really frustrating"*

5.5.1.4. The private sector has a potential to contribute towards social entrepreneurship beyond monetary contributions

Four of the interviewees are of the opinion that there are opportunities for support from the private sector beyond just giving social enterprises money. This was further expressed in the following interview transcript extracts:

- *" I think there is such an opportunity for corporate to engage in a meaningful way"*
- *"They can obviously take some of the skills that they have in their company to help with something that a social enterprise would not have – say for instance with their accounting – for drafting up their annual reports and financial statements."*
- *"The knowledge that the private sector has in terms of managing a business and they have that knowledge and some of us are getting it as we go but we want the knowledge that they have, they know how to manage the finances, putting projections in place, putting systems in place such as human resources, I think that we can benefit a lot as social entrepreneurs"*

5.6. Research Question 5

What are the typical characteristics of social entrepreneurs?

The research employed data analysis that delivered an inductive content analysis which was summarised into frequency count tables to identify the salient themes to ascertain the typical characteristics of social entrepreneurs. The results of the content analysis are represented in Table 6 below.

5.6.1. Research Question 5 results

Six themes emerged from the content analysis of interview questions posed for the fifth research question, with three themes proving to be significant. Table 6 shows that five interviewees were of the opinion that the education background of an individual does play an influencing role in becoming a social entrepreneur.

Four interviewees agree that the age demographic for social entrepreneurs' points more to older adults than the youth. Four interviewee's proposition that those that are from a more advantaged economic background make up a big component of social entrepreneurs.

Table 6: Research question five results

Ranking	What are the typical characteristics of social entrepreneurs?	Number of Respondents
1	Education background does play an influencing role in the decision to become an entrepreneur	5
2	Typical demographic of social entrepreneurs leans more towards older age group	4
3	Social entrepreneurs are more likely to come from an advantaged economic background	4
4	There is no link between the economic background of an individual and their pursuit of social entrepreneurship	3
5	Education background does not play a role in the decision to become an entrepreneur	2
6	Social entrepreneurs are more likely to come from a disadvantaged economic background	1

5.6.1.1. Education background does play an influencing role in the decision to become an entrepreneur

Five of the interviewees notioned that there is a positive correlation between level of education and propensity to become a social entrepreneur. They felt that education provides capacity and enhances chances of success. This was further expressed in the following interview transcript extracts:

- *"I think educational background does have a link in a sense that it creates that level of awareness first for people. If you have been educated in a particular discipline and you see that particular discipline can serve you in a particular way you are a bit resourced at least unlike someone who has never been educated on a tertiary level because they now lack the capacity to be able to set particular goals"*
- *"When I think of people that are heading up different organisations, it is mostly people that have degrees and that have worked in different companies and they have now started something on their own and are now pushing for this type of work"*

"It always the educated ones that are the entrepreneurs which is sad and the ones that are not educated those are the ones that are not there and they are the ones that are affected. You would think that the ones that have no education would be the ones at the fore front because these are social issues that largely affect you. You would think that they would like to champion such organisations but maybe because they lack the education and know how and where to start and for me for instance it's different because I would know where you go and you can start something, like NPOs and educated people are always running and championing this."

5.6.1.2. Typical demographic of social entrepreneurs leans more towards older age group

Four of the interviewees highlighted that the typical age demographic of social entrepreneurs tends to be older people. This was further expressed in the following interview transcript extracts:

- *"You know what, it is anybody, but typically your huge social entrepreneur that makes an enormous impact is older – your bigger more successful ones that are ready to scale up and that can actually hold the hands of the younger ones are the older social entrepreneurs – the reason for this is that they have brought up their children and they are now seeking to make a difference."*
- *"Age wise, they not as young as I would like them to be the youngest is probably 25. In my organisation I am the youngest by far. It would be nice to have more young people."*
- *"Usually the president or the founder is someone older but the people that are running things are always younger "*

5.6.1.3. Social entrepreneurs are more likely to come from economically advantaged backgrounds

Four of the interviewees found there to be a positive correlation between a more advantaged economic background and becoming a social entrepreneur.

Some of the reasons provided pointed to individuals that have financial backing from spouses or trust funds which alleviates the financial pressures associated with social entrepreneurship. This was further expressed in the following interview transcript extracts:

- *"When you are a start up the first two years are so hard because you often need to have external income or you need a baseline or savings to live off while you are setting up, whether you are a social entrepreneur or mainstream entrepreneur you need that baseline money. We often underestimate how much money we need to carry on.
So quite typically people may setup their start up for six months or a year and then because of financial desperation you end up closing shop and going back to work. Whereas if you have that buffer of money that you can live off then you can persevere a bit longer until your social venture starts making money."*
- *"Young professionals who were working for a corporate and then they are in a stage in their lives where they feel like this is what they should be doing for whatever reasons"*
- *"Some of the guys that I was working with they would have a trust fund and therefore he is not concerned about getting a job he is concerned about making an impact in society so such people had some leverage in being a social entrepreneur"*

5.7. Conclusion of results

The results from the data analysed in this chapter which were based on the five research questions posed in this research paper have presented significant results.

The results in most instances have already shown consistency with the literature review presented in chapter two with some fresh insights presented which provide opportunities for future research. The main findings presented in this chapter as follows:

1. The reasons as to why people become social entrepreneurs stem from personal, societal, the desire to do good and also from a due consideration of both the negative and positive elements of being a social entrepreneur.
2. Social enterprises have an ability and are creating jobs using different direct and indirect mechanisms albeit the jobs created are not permanent.
3. As to whether social enterprises have an impact on youth unemployment the data presented findings that the youth view jobs in social enterprises as temporary in nature and they generally do not have a clear understanding as to what is social entrepreneurship.
4. The factors of success for social enterprises were attributed to the need for a legal entity to recognise social enterprises, assistance from the private sector and support from the public sector.
5. The typical characteristics of a social entrepreneurship were presented to have a positive correlation to high level of educations, older age groups and an advantaged economic background

The link between these results, literature review and insights drawn to answer the research questions will be presented in further detail in chapter six.

6. Analysis of results

6.1. Introduction

This chapter interrogates the results presented in chapter five, in conjunction with the theoretical background that was discussed in the literature review, presented in chapter two. The result of which is that insights have been drawn in answer to the research questions presented in chapters three and four. This has ultimately ascertained and clarified the potential that social entrepreneurship has to increase the economic participation of South African youth. The themes discussed above, that were deemed to represent significant results are then highlighted as the salient themes which lead to the answering of the respective research questions.

6.2. Research Question 1

Why do people become social entrepreneurs?

This research question explored the factors that encourage and deter an individual when making the choice to become a social entrepreneur. The interview questions used for question one were based on the literature review which identified the salient factors that influence the decision to become a social entrepreneur.

6.2.1. Challenges of being a social entrepreneur

In as much as making the choice to become a social entrepreneur is ultimately decided upon based on the encouraging factors, a prospective social entrepreneur is faced with several challenges present in the social entrepreneurship field when making the decision to become a social entrepreneur. This sentiment was supported by all the interviewees. The top challenges of being an entrepreneur were identified by the interviews as the following:

6.2.1.1. Lack of understanding regarding social entrepreneurship

The lack of understanding for what social entrepreneurship is was expressed to be one of the key challenges of being a social entrepreneur. Due to the emergent nature of the social entrepreneurship field, there is a lack of clarity in business and communities in terms of what this field represents and how it operates.

What is also interesting to note is that this lack of understanding was also said to apply to the very people that are referred to as social entrepreneurs. This difference in perception was suggested by Karanda and Toledano (2012) to stem from the flexibility afforded to the definition of social entrepreneurship in practice and academia. Therefore it would stand to reason that variation in understanding will not only be limited to those outside the sector but is also evident within players in the sector. As is indicated below, those engaging in social entrepreneurship are struggling to define the concept themselves.

- "So the fact that it is a new concept is a challenge on its own but we have to make sure that it becomes as a buzz word like small to medium enterprise (SME). SME's were also something that many people did not want to associate themselves with...we do not know what social entrepreneurship is including social entrepreneurs. So if you do not know what something is, how do you expect to make a difference?"
- "You get that mama who is doing amazing work...whose not necessarily recognised but firstly she is not getting access to the information about these awards [recognising social entrepreneurs] and secondly we roll up our sleeves and get to the work and do not think about the packaging so there are a lot of people who are social entrepreneurs who do not recognise that they are so they are not getting the opportunities of being one and getting the recognition that they deserve."

These individuals are simultaneously struggling to publicise the terminology and to build increased awareness of the sector.

The literature review touches on both of these elements relating to the understanding of social entrepreneurship. Firstly in terms of the negative impact that the lack of consensus around defining social entrepreneurship has on this field of practice; and also in the instances where people are referred to as social entrepreneurs, wherein they had not identified themselves as social entrepreneurs.

The disjuncture created by differing definitions of social entrepreneurship were also identified by Mair and Marti (2006) who state that “social entrepreneurship takes on multiple forms, depending on socio-economic and cultural circumstances” (p.42); which is likely to be the case in South Africa, with its plethora of socio-economic and cultural dispositions. As one of the most unequal countries globally, as well as nation that is characterised by diversity of language, ethnic groups, religions and cultures, there is much scope for social entrepreneurship to fail to be noticed.

Seelos and Mair (2005) capture this by saying that “most social entrepreneurs do not even know they are one until they receive an award or are recognised by organisations” (p.244). Therefore if one do not see oneself, or know about social entrepreneurship it can only be expected that they would not immediately have a full understanding of the concept. For this reason, it is important to increase awareness of social entrepreneurship, to publicise what it is, and how it operates.

6.2.1.2. Unpredictability of income to the social entrepreneur and social enterprise

Social entrepreneurs are faced with the dual challenges of unpredictable personal income and operational income to fund their social enterprises. This was expressed by two interviewees as follows:

- "You cannot just be a social entrepreneur alone because of the financial problems because if you get there and say you want money straight away then it is not for you, because you will be there and maybe for the first year you will not get an income and whatever little money comes in you will have to put it back into the company. So you will be poor and broke for a little bit before you start getting those rewards"
- The challenge is also that it is not financially very rewarding, but emotionally it is rewarding, knowing that you have made a difference"

Dhesi (2010) suggests that wealth status of an individual is a facilitating element for becoming a social entrepreneur. The above findings also make this suggested link between social entrepreneurship and financial status. Sardana (2013) makes a suggestion that this stems from NGO's which in the past were able to source big amounts of public funding to aid their work of improving the lives of those in need. This then created an environment where NGOs did not have an incentive to build themselves to be "self-sufficient and self-sustaining" (p.120). Based on the findings and the literature review, it appears that the move to branding many NGOs as social entrepreneurs may have been done without the clear acceptance of self-sufficiency and self-sustenance for the social enterprises, with regards to funds required to keep the social entrepreneur and social enterprise financially afloat. The funding that is available does not flow to social enterprises as they do not have the appropriate legal status, which will be discussed below.

6.2.1.3. Lack of start-up funding for social enterprises

The findings suggest that there is a lack of initial funding for start-up social enterprises. Great Capital (2011) in chapter one contrast the ability to source different forms of finance when comparing a for-profit and not-for-profit enterprise. They present that donor funding and grant funding is not possible to those operating for-profit legal entities with the contrary applying to NPOs. Some of the interviewees attributed this to instances where the social entrepreneur did not have access to philanthropic donations, or the backing of family and friends to fuel their venture as presented in the findings below. The data found that other funding avenues – such as traditional banks - were also not keen to fund start-up social ventures. The following interview extracts highlight these points:

- "Not a lot of people are willing to finance and give us money so that is the major one, the money. We will get money it will be once off and we cannot rely on that person to give us money the following year or the next month. So it is the money challenge"

- "There are areas where we do need start up finance as specially as a black entrepreneur you do not have the family networks that can invest in your business yes so lack of philanthropic money from senior entrepreneurs who want to invest in more junior start-ups"

Sharir and Lerner (2006) list the presence seed capital at the inception stage of a social enterprise as one of the determinants of success for a social enterprise. Therefore it stands to reason that this was mentioned as one of the deterrents to being a social entrepreneur by a significant number of the interviewees. If a social entrepreneur is unable to access start-up capital as a result of their socio-economic background or structural challenges in the funding sector, it greatly affects the ability to start, maintain or ensure that the enterprise is a success. Therefore the knowledge of this challenge may serve as a demotivating factor into becoming a social entrepreneur. As Dees (1998) pointed out, not all social entrepreneurs are entrepreneurial, which may serve as an explanation why many of the interviewees found the challenge of sourcing start-up funding as a deterrent as a result of their low levels of enterprising skills. Individuals may identify the need, and this is the driving factor to establish a social enterprise, but the business savvy and skills required to circumvent funding challenges may not be developed in these individuals.

6.2.1.4. Positive side of being a social entrepreneur

There was no doubt as to whether the positive attributes of social entrepreneurship outweigh the negatives or not. The interviewees clarified that even in the presence of a long list of challenges facing social entrepreneurship, they were still affirmed in their decision to become social entrepreneurs mainly due to the motivation they had to become social entrepreneurs, and the associated non-financial rewards of being one.

- *"The reward is the person that comes back to say thank you, you have changed my life, or you have made a difference, or what you are saying is making a difference. This is the biggest reward"*
- *"Being part of the community of people who are doing this"*
- *"It is getting that phone call from some who has benefitted from your work and may have lost touch with and I have gotten phone calls from people saying that I am here because of you and it's like wow, those are the moments that you cannot take away"*

These sentiments are well supported by the literature as Yunus (2008) describes the owners and investors of Type I social businesses – “companies that focus on providing a social benefit rather than on maximising profits for the owners” (p.32) - as being individuals who are “seeking psychological, emotional and spiritual satisfactions rather than financial rewards” (p.33). It would stand to reason that social entrepreneurs are driven and motivated into joining this sector for reasons that exist at higher level than mere structural challenges in the system in which they operate. Therefore this would suggest that social entrepreneurs have an ability to surmount environmental challenges in their pursuit to effect social impact in their chosen areas of practice. As such it is the internal, psychological, rewards that drive behaviour, as opposed to external, monetary reward.

6.2.1.5. The ability to network creates social capital which is key to becoming a social entrepreneur

The data presented high frequency counts for interviewees that viewed the ability to create social capital, as a positive influencer that creates confidence in one’s ability to become a social entrepreneur. The creation of this social capital was highly attributed to the ability of the social entrepreneur to network. The inability to dedicate sufficient time to building networks was associated with failure to create social capital. Social capital was also identified as having the ability to shift into other forms of value for the social entrepreneurs, examples of this were access to funding and other forms of economic support which would benefit the social entrepreneur.

- *"How do you build that when you are starting out your business, most of the time you do this out of passion and it takes a while for you to figure out the ropes"*
- *"I think it's extremely important and I don't think enough start up social ventures realise this. I think to some extent many of us default towards it. It's almost like it provides a different kind of economic system if you like, that the mainstream entrepreneurial environment does not get."*
- *"Yes sometimes they work so hard that they do not have time to network. So that is a big problem – the work ethic stinks – I am saying it wrong – their lack of self-management, taking care of sales and taking care of networks, taking care of their families. They are so obsessed with the problem that do it at a high cost to their private lives. So, networks do exist, but we do not see social entrepreneurs flocking to it – they are usually very busy, they are usually very alone, they are under-funded – they just do not have time to go around and sit through conferences"*

Thompson and Doherty (2006) support the views expressed by the interviewees that social capital does create value for the social entrepreneur. The data presented high levels of expectation to derive some form of value from networks created, but this begs the question of whether the social entrepreneurs are creating this social capital with a high level of awareness as to the value they wish to derive. Based on the research results attained in this study, it appears as though the social entrepreneurs are not aware of this value.

Urban (2007) shares the view of social capital having the ability to convert into other forms of capital for the social entrepreneur, this conversion was expressed in the data as the creation of an "economic system" that not even business entrepreneurs would be able to access. What continues to trend in the data findings are the generally low levels of business acumen in social entrepreneurs that renders them devoid of the ability to view things such as social capital as being key to their survival and success.

This in itself begs the question of just how entrepreneurial social entrepreneurs are?

Social capital is, however, not a simple construct. There are various elements within social capital that affect the way in which individuals are able to leverage this capital. In this way, there are various advantages to the social enterprise that are being lost through the inability to successfully access and exploit social capital. Mair and Marti (2006) view social capital as a social value creation enabling factor that a social entrepreneur can own. They continue to explain social capital as “actual and potential assets embedded in relationships among individuals, communities, networks and societies” (p. 41). The form of social capital that emerged from the data is structural capital, which is described as “the potential or possibilities that the social entrepreneur has to access information, resources and support” (p.41).

Another type of social capital that is presented in the data is what Mair and Marti (2006) refer to as relational capital, which they describe as the “quality of relationships, such as trust, respect and friendliness” (p.41). They further affirm this social capital by stating that “when trust is built up between parties, they are more eager to engage in cooperative activity” (p.41). The data presented high levels of awareness of the value of relational capital in successful social entrepreneurship. Mair and Marti (2006) are in support of the opinions expressed in the data that social capital is “one of the factors that will determine whether and to what extent social entrepreneurs are able to solve and alleviate social problems, and elevate them to the public sphere” (p.41).

6.2.1.6. Achieving social impact and creating a livelihood

The ability to achieve social impact, whilst simultaneously generating income, presented a significant frequency in the data analysis. The interviewees saw a burning social need that was underserved, and were able to find creative ways in which to deliver a solution to these social ills, whilst at the same time making money for themselves and dependents.

Bosma and Levie (2009) express being a social entrepreneur as a mechanism to close the void between efforts from the public sector to address social problems, and the philanthropic aid from the private sector. In this way social entrepreneurs are able to do well and create a livelihood for themselves. These views were expressed as follows by some of the interviewees:

- *“They see a need which is under served, there is a community or society which has a need and government is not serving that need or does not have the capabilities to and business does not serve that very need as well because it is not viable for them and therefore those people who are passionate and resilient will start a little something initially. It may be on a non-profit level but as they go along they realise that they can actually sustain it”*
- *“Personally I did it because I have always been passionate about new development and education and I think there is a social need that some people like us need to come up with innovative ways to bridge that and to make sure that there are no inequalities and if there are inequalities let us try to bridge that gap between the have and the have not’s”*

This theme was also very well represented in the literature with Dees (1998) highlighting that even though social entrepreneurs may create wealth, this in itself does not “affect how social entrepreneurs perceive and assess opportunities. Wealth is just a means to an end for social entrepreneurs. With business entrepreneurs, wealth creation is a way of measuring value creation.” (p.3). The findings are consistent with the literature in that social entrepreneurs are able to pursue both their passion for addressing social needs and also build a livelihood for themselves, but this is not done at the subordination of the social goal – which remains primary. This again reinforces the psychological motivating factors that drive social entrepreneurs.

6.2.1.7. Personal urge to become a social entrepreneur

The interviewees expressed views that stated that their decision to become social entrepreneurs was personally driven and influenced. The Behavioural Science theory of social entrepreneurship presented by El Ebrashi (2013) presents a model that elaborates on the factors that influence the formation of the intention to be a social entrepreneur. This theory highlights that the intention to become a social entrepreneur requires a 'triggering event' which steers an individual on a path of 'opportunity discovery' to start a social enterprise. Some of the influences cited in the data were; a deep sense of calling and purpose to be a social entrepreneur, the love to work with people, the influence of an individual's background, and the self-gratification derived from being a social entrepreneur.

- *"They become social entrepreneurs because I think it is in their blood...they want to make a difference and want to solve a social problem "*
- *"They are driven by a need to make a difference"*
- *"The way that one grows up or experiences life, there are things that would push or inspire one to act in the way they would to effect the context or situation in which they experienced or grew up in."*
- *"I feel there is an inward desire to co-create change in the space where one feels where they have had experiences"*
- *"They will do what they have to do, but on a high ethical ground"*

These views are supported by Drayton (n.d.) who refers to a true social entrepreneurs as those that:

Have an almost magical ability to move people, a power rooted in exceptional ethical fibre. He or she is always asking people to do things that are unreasonable – and people do them...they have the gift that brings the greatest happiness in the world, the gift of being able to give at the highest level (para. 7).

Therefore it seems that individuals become social entrepreneurs from an innate drive and passion to do so. This is not something that comes without firstly being gifted with the ability to effect social impact and also having a defined and focused social compass. This was very evident and well supported by the data which leads to the insight that social entrepreneurs are social entrepreneurs even before they declare themselves to be such. This also suggests that not everyone can become a social entrepreneur.

6.3. Research Question 2

In what way are social enterprises able to create jobs?

This research question investigated the various ways in which social enterprises are able to create jobs. The interview questions used for research question two were based on the literature review which identified the salient influences which foster or inhibit the social enterprise's ability to create jobs.

6.3.1. Social enterprises have the ability and are creating jobs through several mediums

The data suggests that social enterprises can, and are, creating jobs; have the ability to create or enable job creation; and that social enterprises are a good training ground for individuals who wish to later on pursue employment in the private sector. The potential for job creation is discussed by Ngoni (2013) who states that the "potential for small and medium businesses to contribute significantly to employment creation and economic growth is well recognised" is a start, but not the solution to the creation of jobs. The potential and ability for social enterprises to create jobs was expressed as follows in the data:

- *"I believe that there is that potential, it is potential because if social enterprises are well supported, it will be very easy for them to create jobs"*
- *"I think yes social enterprises can create jobs"*

- *“A definite yes (to job creation), primarily because these initiatives need and are coordinated by people”*
- *“Social enterprises can create jobs. I think that they are in a better position to create jobs than others as people feel drawn – they will volunteer to work there and they get experience and they get into the labour market through social enterprises, it has a double whammy – it creates jobs and also provides skills for job seekers, and they build up skills to eventually go out to find a job.”*

These opinions are also founded in literature wherein Ngonini (2013) indicates that social enterprises have a “profound effect in promoting employment, creating local wealth and simply coming to the rescue of the excluded population...social entrepreneurship cannot be separated from the links to economic and social development” (p.408). Even though there is literature that supports the school of thought that social enterprises have the ability to create jobs, this is not a view that is widely represented in literature which would suggest that this is not a broad based finding. What is of great interest is that the bulk of interviewees were more in support of the potential for social enterprises to create jobs as opposed to the proven ability to do so, which would support the low presence of literature that supports same.

A further consideration is that, due to the lack of clarity surrounding the precise nature and lack of public awareness of social enterprises, the actual job creation potential has not been studied in a meaningful way. The reality of those operations which should be classified as social enterprises may contradict, or reinforce the notions held by the interviewees.

6.3.2. Jobs created by social enterprise are not long term

Even though the data presented a finding that social enterprises have an ability to create jobs, the interviewees were almost unified in their view that this potential, or ability, did not produce jobs that were permanent in nature.

The data suggested that the sustainability of social enterprises needs to be established before permanent jobs can be created. The data also presented findings that suggested that the ability for social enterprises to create permanent employment is linked to the prevalent economic environment, and the social enterprise's ability to achieve scale under the prevailing market conditions. These are some of the observations expressed:

- *"Someone needs to do an upfront investment to make it easier for the social enterprise to be sustainable"*
- *"Sometimes it can be sustainable for a number of years, but often it depends on the donor funding. It also depends on the economic climate"*
- *"There are few organisations that have passed three years running who have a very solid model, which is well funded as well, which I know provide for sustainable jobs"*

This area of the research findings points to the absence of literature to provide further clarity on actual results achieved in the creation of employment by social enterprises. Furthermore there is a dearth of available data on whether those jobs tend to be more temporary or permanent in nature. The data collected in this research suggests that the potential for job creation exists, and where this potential is harvested to actual job creation, the jobs that are created are temporary in nature. However, as noted above, there is the potential for these temporary jobs to provide the skills and experience that are needed to later allow the individual to find permanent employment elsewhere. In the South African context of scarce skills and high unemployment levels, this is an additional positive result of social enterprises.

6.4. Research Question 3

Do social enterprises have an impact on youth unemployment?

The question of the potential that social entrepreneurship has to increase the economic participation of the youth, draws in closer to the topic of this research paper.

The research question employed research questions to delve further into assessing the current performance of social entrepreneurship in impacting youth unemployment. As high levels of unemployment are present amongst the youth in South Africa as per the Youth Economic Participation Strategy (2012), it would stand to reason that it is important to assess the current performance of social enterprises in providing jobs for the unemployed youth.

In the South African context, social enterprises are not a conventional economic sector. As noted above, it is an area which is ill-defined and poorly understood. Exploring non-conventional economic sectors as a means to address youth unemployment is also supported by Herrington *et al* (2010) wherein they state that “disproportionately high unemployment figures for the youth highlight the importance of finding alternate ways of increasing youth participation” (p.103). In a country like South Africa, with a youthful population, that generally lack education and opportunities, it is important to harness their productive capacity and use it in a positive way to further the developmental aims of the economy. This will assist in ensuring that the economy and country remain stable, as a large, disaffected youth group have the potential to create much instability and represent a burden for state structures, in terms of care.

When exploring social entrepreneurship as a source of employment for the unemployed youth, the data presented reservations regarding the potential for this sector to succeed in this area. This is mainly because the youth do not view social entrepreneurship as a source of permanent employment and the youth also does not seem to know a lot about social entrepreneurship. The positive note regarding this finding, is that it is not a case of social entrepreneurship being *unable* to create jobs, but rather the lack of awareness around the sector and thus its ability to create employment.

6.4.1. The youth do not view social enterprises as sources of permanent employment

As noted previously, there is “an expectation that young people would be more active in social activities” (Herrington *et al*, 2010, p.103) when one looks at the prevalent social, economic and political landscape of South Africa post democracy. Disappointingly this does not seem to be the case when the low numbers of social entrepreneurs aged between the ages of 18 and 24 are presented. The bulk of interviewee responses pointed to an apparently held perception by the youth that jobs in social entrepreneurship are not permanent in nature:

- *"When people get involved in social enterprise it is because they want to help out or they do not have an option so there is this person who has offered them a chance to be involved and make a bit of money so while I am with this person and looking for a job"*
- *"In my industry I do not think so...I do not work with a lot of young people and the few whom I have had the chance of mentoring did not really seem interested and if they were it was from a place of desperation and they would not even stay there and whenever they were okay they would leave it."*
- *"In terms of the youth seeing this as job creation, I do not think that they see social enterprises as opportunities for job creation and the reason why is because there is no support in terms of accessing public funds for support. Now if the youth see that there is no support they can never 'go to something they know there is no money' "*

It is of great concern that social entrepreneurship is not being viewed with interest as a means to create economic participation opportunities by the youth who are currently economically excluded. What is of even greater concern is that even some of the social entrepreneurs do not view jobs created in the field as worthy of permanency, the quote below highlights this observation:

- "I think maybe if they are educated and they know that it's something that could help build their skills and something that could help them get that job that they want one day"

If social entrepreneurs do not view jobs created in the sector as having the potential to spawn into long term career choices with jobs permanent in nature then it begs the question of whether the social entrepreneurship practitioners are sending the right messages to the youth they interact with regards to promoting careers in social entrepreneurship. Are social entrepreneurs able to see those that work in social enterprises as career builders in the sector or is the message still one that encourages and fosters a perception that social enterprises are training grounds for private sector prospective employees?

6.4.1.1. The bulk of the youth do not know about social entrepreneurship

This finding under the third research question is linked to the outcomes of the first research question, wherein findings were presented that related to the misalignment in understanding of social entrepreneurship. This factor, in itself, may distort the number of activities or research done in this area.

“Questions need to be asked on whether the rate of social entrepreneurship activity is in fact as low as is reported, or whether there is still a lack of understanding of the term social entrepreneurship, and whether organisations that are working towards social good are under-represented or whether organisations that are for-profit are automatically excluding themselves from the area of social entrepreneurship.” (Herrington, Kew and Kew, 2010, p.105).

Be that as it may, this challenge permeates to the extent that the sector is not well known by the youth, and may not be within their radar of opportunities explored when seeking economic participation opportunities such as jobs. This presented in the data as follows:

- *"The youth are not as aware as to what it is all about"*
- *"So the type of community engagement is still not social entrepreneurship."*

Neither is painting a classroom or giving food parcels – so your universities are getting it wrong. They have to focus on change, making every student a change maker. Somebody that will make a difference. Here is where we are losing the youth"

- *"Not as a source of employment they would actually become the social entrepreneurs themselves."*

Herrington *et al* (2010) support the above discussion by saying that the low level of participation of the South African youth in social entrepreneurship is linked to; “a lower level of social awareness” (p.103), substandard education levels or low confidence levels of the youth in their abilities.

This paper continues to expand on the literature and data presented in the findings, in saying that the lack of knowledge of social entrepreneurship is indeed linked to low levels of social awareness. It would appear that one does not need an education to be socially aware, this relationship between social awareness and education in terms of social entrepreneurship would render great insights as suggested by Herrington *et al* (2010). This would suggest that more needs to be done in the area of educating the youth at an early stage about social entrepreneurship, to increase the chances of them viewing the sector as a place to build a career.

6.5. Research Question 4

What are the factors of success for social enterprises?

This research question presented the highest number of themes in the data with 17 themes expressed by the interviewees, and six of these qualifying as significant. These six themes presented in chapter five have been aggregated into three main areas of discussion:

- The role of the private sector in aiding the success of social enterprises
- The role of legislation in recognising a legal entity for social enterprises

- The appeal to the public sector to support social enterprises

The question of what constitutes factors of success for social enterprises, is one that delivers a multitude of viewpoints dependent on the environment in which the social enterprise operates. This is evidenced in the plethora of constructs, dimensions and variables - and the list continues - in terms of how different literature on social entrepreneurship prescribe lists of words and phrases that define success for social enterprises. The salient findings for the fourth research question presented below highlight strong parallels with the success factors detailed in the work of Sharir and Lerner (2006), Thompson (2002) and Weerawardena and Mort (2006) to name a few.

6.5.1. The private sector needs to contribute financial support and has potential to contribute beyond monetary means

Two significant results presented in chapter five are combined in this analysis to discuss the contribution of the private sector in contributing towards the success of social enterprises. Social enterprises hold two extreme views in this regard, wherein one set of data presents strong views compelling for increased financial contributions from the private sector to aid their success. However, the alternate view posits that there exists an opportunity for the private sector to make contributions that go beyond merely donating money.

These views in favour of increased funding from the private sector are expressed below:

- "Also provide funding for projects and they [the private sector] can also hold the social sector accountable."
- "[the way that] they can contribute is corporate social investment (CSI) towards social enterprises"

The opinion that corporate social responsibility will aid the success of social enterprises is supported by Seelos and Mair (2005) who state that, “the interfaces between social entrepreneurship, corporate social responsibility (CSR) efforts, and public institutions offer great potential for discovering new forms of collaborative value creation” (p.245). This view feeds into the proposals for collaboration between the private sector and social enterprises presented under research question one. This collaboration is referenced by Seelos and Mair (2005) who suggest the rollout of collaborated CSR initiatives will carry increased levels of credibility for the corporates’ spend. This is due to the fact that this will be presented under the banner of the social initiatives of the social enterprise. This is referred to as a move away from “purely philanthropic sources of capital” (Seelos & Mair, 2005, p.245) and towards more effective and well-placed sources of funding.

This heavy reliance on corporate funds was also noted by Herrington, Kew and Kew (2010) where they note that there is a “relatively strong indication that South African society expects companies to contribute to social and environmental concerns could be seen as a reason why the rate of social entrepreneurship is so low in South Africa” (p.104). Therefore, due to the responsibility being assumed to lie with the corporates, people are less driven to effect change themselves. Furthermore, this also impacts the development of social conscious as detailed above, Due to the assumed primacy of corporates, the youth are content to wait until major corporations intervene.

The other school of thought presented in the data, is that of social entrepreneurs seeing that there is opportunity for corporates to assist social enterprises beyond just giving money. These views presented in the data as follows:

- "If we can find opportunities where private sector can engage in way that is meaningful for them as well beyond CSI then they will be involved in a more sustainable way."

Seelos and Mair (2005) list these non-monetary contributions from corporates to social enterprises as, “corporate knowledge, managerial skills, and capabilities to implement social entrepreneurial efforts” (p.245). However this has not been driven by social enterprises and it is easier for corporates to meet their social obligation through financial transactions than giving time. Again, there is a need for education relating to the social enterprise sector, and for greater publicity of the possibilities this sector holds. Furthermore, as will be discussed below, there is a need for a particular legal entity to be created, which would enable corporate South Africa to meet its targets, through engagement with social enterprise.

6.5.2. There needs to be legislation that recognises a social enterprise as a legal entity

The data presented in chapter five shows that a large proportion of the social enterprises were formed as NPOs and other social enterprises took a hybrid structure format, wherein they had registered both an NPO and a for-profit enterprise. This common trend emerged in the data, regarding the absence of a legal entity for social enterprises which served as a negative factor in the success of social enterprises. This view was expressed in the data as follows:

- *"The current legislation says that we cannot even register as a CC, it has to be a company so the expectation of that is way too high for small business and social enterprises"*
- *"Most social enterprises whether not for profit or not, they sub-contract the full profit entity to do all the work so then the money flows from the NPO to the full profit entity which ultimately links to shareholder value. So it is like money laundering and the King III codes on good governance is not clear on how the sector should operate."*
- *"We have been operating as a full profit for 3.5 years and corporates have come to us and said we want your service but we want to pay through the NPO so we can have that tax break (section 18A) we were then forced to sub contract to an NPO even though we didn't really need them"*

This administrative tussle created by the choice that social enterprises have to make, as to which legal entity structure will suit their funding and revenue generation model, stems from the absence of an appropriate and tailored legal entity. Dees (1998) supports this view by stating “social entrepreneurs look for the most effective methods of serving their social missions” and this can be done via “innovative not-for-profit ventures...for-profit community development banks and hybrid organisations mixing not-for-profit and for-profit elements” (p.1). However these solutions are not ideal, yet indicate the need for revised legislation.

Yorke (2012) also adds to the literature by noting that the absence of a legal entity for social enterprises in South Africa, leads to social entrepreneurs operating multiple legal entities. This catapults into these separate legal entities sourcing and securing funding in different formats owing to the unavailability of a legal entity to house social enterprises in South Africa. The absence of a legal entity for social entrepreneurs has also created an unintended negative consequence as expressed by Sardana (2013). Some organisations that refer to themselves as social enterprises yet operating as NGOs are solely reliant on funding from government organs to support their social causes (Sardana, 2013).

6.5.3. The public sector is not doing enough to support social enterprises

Another element that is deemed to be a facilitating factor for the success of social enterprises was the role of the public sector. The data presented findings that suggested that the public sector could do more to provide an environment that fosters the success of social enterprises. These views were expressed as follows:

- *"Making things like job funds available to assist social enterprises"*

- *"Allowing an environment for social enterprises to flourish and just putting out there that it is much more than a hobby. It is a job that is welcome that people should aspire to be at and it's not just a hobby and it is not just people that are doing it for fun, it's a job and we are helping them and offloading and seeing that there is a need that needs to be addressed."*
- *"The public sector in our industry is very arrogant and they are really frustrating"*

Yunus (2008), as part of his Sustainability Models For The Future Of Social Businesses, suggests that "governments may create social business development funds to support and encourage social business" (p.39), and also "international and bilateral development donors, ranging from national aid programmes to the World Bank and the regional development banks, may choose to create dedicated funds to support social business initiatives" (p.39). Therefore the role of the public sector in facilitating the success of social enterprises is well recognised, yet underdeveloped in South Africa.

The increase in stature and recognition of social entrepreneurship as a player in finding and delivering solutions for socio-economic problems is not only being done by civil society, but government is also beginning to follow suit in recognising the efforts of social entrepreneurship (Visser, 2009). What is interesting to note though is that even though government may be seen to be moving in this direction, there still appear to be challenges at all levels of government. This is due to the fact that government themselves are unclear on what constitutes social entrepreneurship, and the favour granted to social entrepreneurs varies according to the official in charge and their level of awareness.

- "Government knows NGOs that is why they focus on social development. Their own understanding of a social enterprise is probably that of an NGO that is running in some way or a group of men or women or people who come together and start a cooperative and doing some basic social service and they would fund it.
I do not know why government is spending money on this because to be honest they are not working."

These varying levels of awareness of social entrepreneurship in government are also impacted by the absence of a united voice, championing the cause of social entrepreneurs in South Africa. This was expressed by one of the interviewees as follows

"The social enterprises themselves, it's about time we speak with one voice, about time we put our energies together and come together and have a common vision because if we are not organised policies will always be made for us, if what we give to policy makers is something very solid and structured, and has direction. If we are directionless do we expect policies to change that, policies will come to add on what already does exist but if we don't have anything in place, that is going to be a very big challenge therefore the research highlights the demand exists for the government to increase its efforts to provide a facilitating environment for social entrepreneurs. Government is required to align its understanding of a social enterprise, with legislation that will create a legal entity to identify same. This legal paradigm shift will assist by removing the ambiguity relating to social entrepreneurship, in government and civil society. This ambiguity is also created by the lack of common understanding by social entrepreneurship practitioners as to what constitutes social entrepreneurship. As indicated by the respondent above, the formation of a common interest body to represent and govern social entrepreneurship in South Africa is of great importance and will also begin to create this paradigm shift in the practice of social entrepreneurship. Academic institutions such as the University of

Johannesburg and the Gordon Institute of Business Science, have an opportunity to spearhead and champion the creation of this nationwide body of practice.

6.6. Research Question 5

What are the typical characteristics of social entrepreneurs?

In researching this question, the data presented three significant themes that described the common characteristics of social entrepreneurs in South Africa. These themes are; the influence of the level of education in ones decision to become a social entrepreneur; the high prevalence of an older age group amongst current practitioners; and the positive correlation between an advantaged economic background and the pursuit of social entrepreneurship.

6.6.1. Education background does play an influencing role in the decision to become a social entrepreneur

As was found in the data analysis regarding the perception youth hold of social entrepreneurship as a source of employment; there appears to be a positive relationship between an individual's level of education and their ability to view themselves as adequate to establish a business. This was confirmed by the findings presented by Herrington, Kew and Kew (2010). Women in South Africa presented the lowest levels of confidence in their ability to start a social enterprise, compared to their male counterparts. This is also extremely worrying considering that women and youth present the lowest levels of unemployment in South Africa (Quarterly Labour Force Survey, Quarter 1, 2014).

- *"The better education the greater your chances of success, number one you need to package and sell it to a mainstream investor. So the finance background is important, access to market and being able to understand how markets operate becomes really important"*
- *"I would say if you are a specialist in your field of work there is a high chance for level of success. I mean it's also part of the reason that I have been able to quit and do this is because I have a marketable skill."*

- "It [education] is important because you need that technical background"

It therefore appears that higher levels of education increase the chances of success as a social entrepreneur. These high levels of education also translate and assist the individual with the confidence required to start up a business.

What is not clear from the data and literature is what level of education – high school, tertiary, etcetera- is sufficient to qualify as having enough of a positive influence in creating the confidence required to champion social entrepreneurship. This would be an interesting study to pursue, and to draw a correlation with the current education profile of the unemployed youth of South Africa.

Dhesi (2010) suggests that education has a positive impact on the success of a social entrepreneur. Education “impacts [an] individual’s potential to contribute through the use of social skills and knowledge. The educated person usually enjoy useful linkages outside their communities, that is, social capital” (Dhesi, 2010, p. 707). Therefore the findings and literature support the existence of a positive correlation between education and the success of a social entrepreneur.

6.6.1.1. Typical demographic of social entrepreneurs leans more towards older age group

The data presented that social entrepreneurs in South Africa tended to be older in age.

- *"Age wise, they not as young as I would like them to be the youngest is probably 25. In my organisation I am the youngest by far. It would be nice to have more young people."*
- *"Usually the president or the founder is someone older but the people that are running things are always younger "*

This finding is consistent with the data presented in the GEM 2009 Social Entrepreneurship report analysed by Herrington, Kew and Kew (2010) wherein they also found that South Africa had an anomaly of having a higher presence of social entrepreneurship activity in the older age groups compared to the youth which differed with the findings of countries of similar economic development as South Africa. This remains an area of potential research and the manner in which Herrington *et al.* (2010) proposition can be read as that it is not so much the high levels of social entrepreneurship activity present amongst the older age groups that should be of concern, but rather the reasons why the levels are so low amongst the youth are what should be researched further.

6.6.1.2. Social entrepreneurs are more likely to come from economically advantaged backgrounds

The data presented a positive relationship between the advantaged economic background of an individual and their appetite for social entrepreneurship. Several suggestions are made as to the reasons why this is the case, and amongst those reasons the following were stated by the interviewees:

- *"I am more inclined to say it is people that have the education and that bit of wealth and then move onto social entrepreneurship"*
- *"some instances the community background does not always matter however people coming from a well off background tend to have more time because they have some level of support in this business"*

Herrington *et al.* (2010) propose that "individuals in wealthier economies, having satisfied their basic needs, may have greater resources (material, skills and time) to channel into addressing social needs." (p.99). This is further explained by what is referred to as the higher "opportunity cost" experience by social entrepreneurs in developing economies in comparison to their developed economies counterparts. Visser (2011) also builds on this concept of opportunity cost for social entrepreneurship activity by naming it as the "cost of social entrepreneurship" (p.237)

being higher in developing countries. What this opportunity cost refers to, is the lost formal income in the first few years of a social enterprise, the effect on personal savings, and the impact on personal relationships.

Based on the data presented, and literature review, there does appear to be a trend in developing countries for those that have more to do more. Smith (1994) as cited in Dhesi (2010) refers to this as the “positive relationship between socio-economic status of individuals and their altruistic contributions to the well-being of the community”. Dhesi (2010) continued to suggest that the wealth status of an individual is a “necessary but not sufficient” facilitator for someone to become a social entrepreneur. What is interesting to note though is that some practitioners are starting to see a new trend developing with regards to wealth status and social entrepreneurship. For example:

People I have been talking to, who have been showing interest and stepping forward are black people in late twenties to early thirties. There is starting to be a shift away from white female whose husband supports her and who is the main breadwinner [the husband] and she had the financial backing from primarily inheritance money or support of spouse or partner. (Interview respondent #2).

When the description of social entrepreneurs in South Africa starts to fundamentally move away from these demographics, opportunity will avail for others that do not necessarily fit the afore historical description.

6.7. Conclusion of findings

Therefore based on the research objectives the findings present the following potential answers:

6.7.1. Research objective 1 which was to understand the background and contributing factors that give rise to social entrepreneurs

People become social entrepreneurs driven by an innate passion and desire to make a difference in people's lives by delivering social impact. This decision is often taken on the face of challenges in the sector that also serve as a deterrent to becoming and succeeding as a social entrepreneur. Social capital is a key determinant of succeeding in becoming and being a social entrepreneur. The findings also suggest that social entrepreneurs often do not have great business acumen required to deliver sustainable social enterprises that transcend heavy reliance on donors and grants.

6.7.2. Research objective 2 and 3 which explores the potential that social enterprises have to create jobs in general and for the youth

This findings suggest that the potential exists but the sector is currently not delivering on this potential. The far reaching effects on sustainability of social enterprises based on the absence of a legal entity for social enterprises creates a negative image for the sector which the youth still equate to NGOs. They therefore do not view the sector beyond a place that provides volunteer work or temporary work that they would pursue whilst they await placement in other sectors which they associate with permanent employment. The youth also have low awareness levels of the sector and are not aware of the opportunities available in the sector to rescue them from economic exclusion.

6.7.3. Research objective 4 which explores the conditions and factors that deliver success for social enterprises

This findings suggest the creation of a legal to identify social enterprises is the precursor for all success for the social enterprises as from this will stem standards and greater aligned awareness of what social entrepreneurship entails. Once people know more and have some form of confidence that the legislation recognises the sector then they will support the sector.

6.7.4. Research objective 5 looked at the commonly held characteristics amongst social entrepreneurs in South Africa

This findings presented a typology of social entrepreneurs that were said to be well aligned in terms of their previously mentioned altruistic commitment to social impact. There was also findings that there appeared to be a positive relationship between age, education, wealth and the facilitation of successful social entrepreneurial pursuits.

The literature in general supported the findings presented in chapter six and the conclusions drawn as a result thereof are presented in chapter seven.

7. Research conclusion

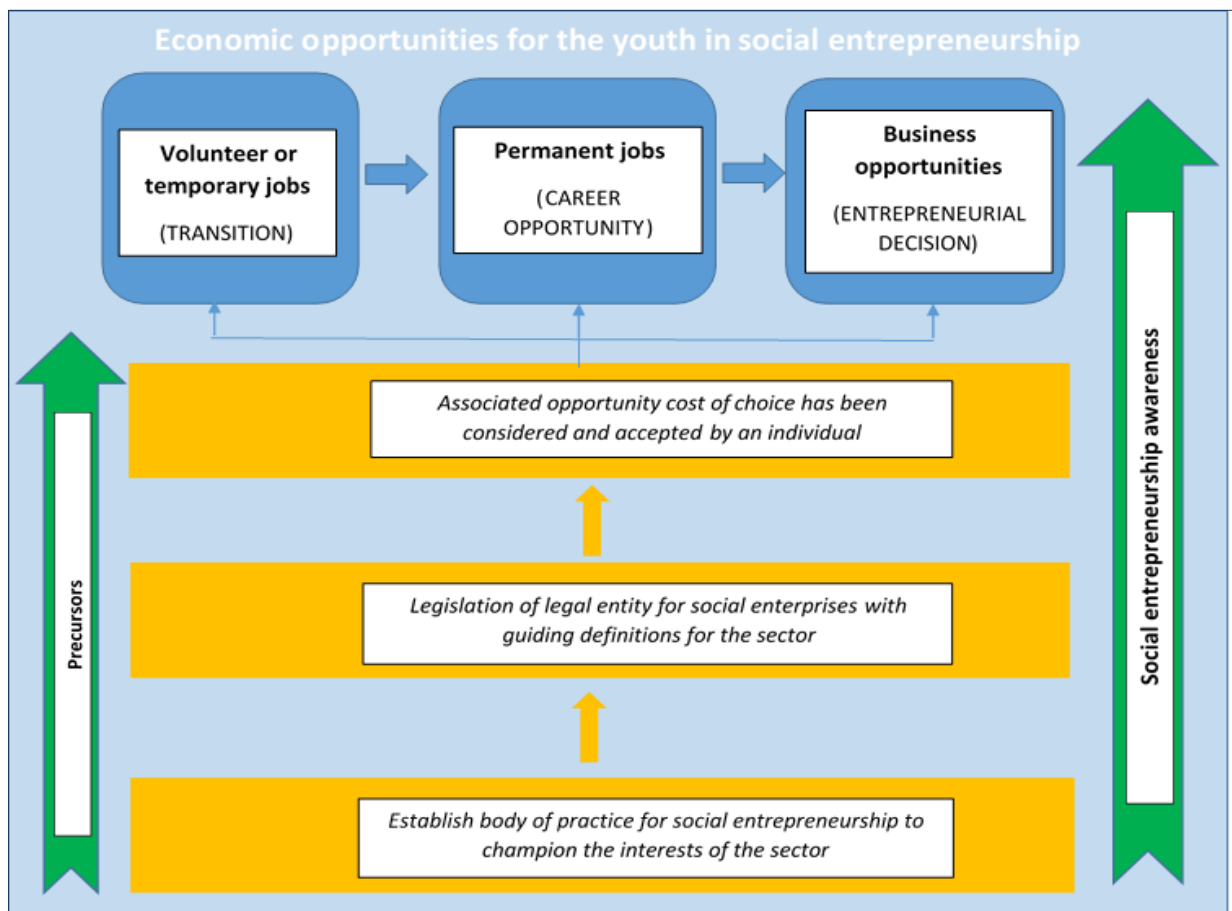
7.1. Introduction

In this concluding chapter the main findings of the research are presented. These findings are based on the literature review in chapter two, data presented in chapter five and the analysis completed in chapter six. Recommendations made to the major stakeholders in the social entrepreneurship field are based on the main findings of this research report. The limitations of the research are highlighted to the reader. In an effort to add to the existent body of knowledge on this topic, recommendations for future research are proposed.

7.2. Main findings

The main findings of the research have been developed into a conceptual model.

Figure 7: Economic opportunities for the youth in social entrepreneurship



The findings of the research have been compiled and analysed into a model that illustrates the relationship between the following elements that will facilitate the creation of economic opportunities for the youth in South Africa. The overarching theme is that the level of awareness of social entrepreneurship has to increase amongst the youth for them to view the sector as capable of availing sustainable economic opportunities for them. The current levels of awareness paint a picture of a sector that only produces volunteer or temporary work that the youth look to as a waiting station for opportunities in the private sector.

This stems from the current landscape of social entrepreneurship in South Africa wherein the sector is still fairly new in practice and there is not enough support to grow the sector both at a private and government sector level. The type of social entrepreneurship commonly practised in South Africa is still fairly social in nature influenced by the absence of a legal entity for social enterprises and the bulk of social ventures are housed under NPOs or so called hybrid structures. This has created in some instances heavy reliance on donor funding to keep the social enterprises afloat. This typology has unintendedly promoted a low enterprising trait in the sector and lowered its role in job creation in South Africa.

Social enterprises are constant having to form legal entity structures to best serve their venture model. This is all influenced by the absence of a legal entity that recognises social enterprises. This absence increases the disparities in understanding that are already existent in the sector as social entrepreneurs are creating different legal entity permutations to house and best serve their social missions. The creation of a body of practice to champion their concerns of the sector in South Africa and also serve as a guiding beacon for the public, private and civil society sectors on all matters related to social entrepreneurship.

The economically excluded youth would mainly form part of the civil society group who are not currently viewing social entrepreneurship as a source of economic participation.

The youth also do not fully comprehend what the sector is about and still associate it with the NGO sector. Therefore they link financial hardships with social entrepreneurship as they would NGOs. They are not being presented or are exposed to successful social enterprises as such even when they are aware of the sector they are not motivated to consider it for economic opportunities.

Inclusion of material on social entrepreneurship into the school and tertiary curriculum could assist to increase awareness amongst the youth. All these efforts will be in vain though as alignment on defining the sector presents as a precursor for all the strides towards increasing the status of the sector in the view of the youth.

Those social enterprises that have a product or service that deliver on a social need for beneficiaries that are not able to pay for it in full and require some form of subsidy to ensure achievement of social impact are some of the worst hit by the absence of the legal entity. The challenge comes in when they use a for-profit legal entity to register their venture because corporates are reluctant to give financial assistance as they are not able to receive a tax deduction for the funds donated to these for-profit social enterprises and corporates are weary of their pursuit for profit albeit a secondary goal to social impact. Similarly so they also struggle to source grant funding from public funding agencies for the reason that profit making has traditionally not been associated with social missions.

The disparity in definitions of terms used in the sector also presented in the findings as a lack of distinction between the founder of the social enterprise who took the entrepreneurial risk to form the business and those that choose careers in the sector but have not started a social venture. Distinction between these two individuals will also aid awareness education to the youth and highlight that it is not only about starting a social venture but there is potential for career opportunities via permanent employment in the sector.

The opportunity cost associated with social entrepreneurship also has to be considered and accepted as often individuals are deterred from the sector as they feel that other sectors have greater earning potential, especially in the instance under discussion of the youth that are economically excluded. Presented with an alternative sector opportunity there will be a reluctance to stay with a social enterprise when they can earn more and have greater surety of earnings.

7.3. Recommendations

The potential for social entrepreneurship to increase the economic participation of the youth is limited by the underlying dichotomies related to the definitions of social entrepreneurship, social entrepreneurs and social enterprises. Until these issues are resolved, any efforts to increase awareness levels of the sector to the youth will struggle to deliver results. This is because if the industry is not unified in its understanding and practices, recruiting outsiders will be difficult.

7.3.1. Legal entity for social enterprises

The legislation and enacting of a legal entity for social enterprises will assist with the governance of social enterprises in all respects, as per other legal entities recognised in South Africa. The process of writing the legislation that will govern the enactment of the legal entity will provide government and all related stakeholders with an opportunity to, at least, have a commonly understood and accepted standard to define some key terminology for the sector in South Africa. Challenges such as governance standards, potential to source private sector funding, and the generation of revenue and profits should be clarified using commonly accepted guidelines.

7.3.2. Education

The inclusion of social entrepreneurship material in the school curriculum will assist with increasing awareness levels at an early age, such that the field of social entrepreneurship has an increased chance of being viewed as a career path of choice by the youth.

Important to highlight that there is both an opportunity to be an employee in the sector by joining an already existing social enterprise and also opportunities for those that have an interest in starting their own ventures. This distinction is key to make to ensure that the sector is not only viewed from the entrepreneurial angle only but should ultimately transcend to be an employment provider as well.

7.3.3. Social entrepreneurship body of practice in South Africa

To pioneer the efforts to lobby government to pass legislation for the creation of a legal entity for social enterprises, a regulatory body needs to be formed to provide a platform for social entrepreneurs that will also be used to champion the interests of the sector in the future. This body could also serve as a research house into social entrepreneurship developments in South Africa and add to the body of knowledge on this topic.

7.4. Limitations of the research

7.4.1. Population

There is currently a challenge with finding one commonly used definition for a social entrepreneur in South Africa and the world. The research identifies that there was an unforeseen risk that some of the sampling units that did not fit the specification stipulated in chapter four, may have been included in the data collection process.

7.4.2. Sample size

The limited size of the sample could provide future research with an opportunity of increasing the sample size and have an opportunity to generalize the findings to the population, which this research was not able to do due to time constraints.

7.4.3. Data

The literature on social entrepreneurship in South Africa and other African countries is very limited which may have impacted some of the conclusions drawn owing to absence of relevant empirical studies to either support or dispute the findings.

7.5. Implications for future research

This research study could be considered for further research into the following areas:

- How entrepreneurial do social entrepreneurs need to be to succeed?
- Is there a link between the low prevalence of youth social entrepreneurs in South Africa and levels of social awareness amongst the youth?
- How powerful are bodies of practice in influencing a positive trajectory for economic sectors?

7.6. Closing remarks

Social entrepreneurship does have the potential to increase the economic participation of the youth but has not achieved much to date. The social entrepreneurship sector is still in its infancy in South Africa and globally and this can be deduced from the literature and interviews conducted with social entrepreneurship practitioners in South Africa. For the potential to convert to delivery there would need to be directed efforts from all private, civil and public sector players in support of the promulgation of legislation for the establishment of a legal entity for social entrepreneurial ventures.

The clarity that would permeate from the establishment of this legal entity will foster improved opportunities for financial support of social enterprises by both the private and public sector. In the instance of the private sector, the ability to contribute financial support to social enterprises that are incorporated as such and still attain tax benefits would attract funding to these ventures. There also lies an opportunity for private sector businesses to form commercial partnerships with social enterprises to deliver products and services that will bring a social benefit to the beneficiaries and deliver financial returns for the private sector investor and the social enterprise to name a few examples.

With increased levels of awareness drives to educate the youth about social entrepreneurship, there is an opportunity to sell both business and career opportunities in the sector as avenues to increase the economic participation for the youth. In that way the social entrepreneurship sector will join forces with the public, civil and private sectors to deliver solutions to rescue the economically excluded youth in South Africa.

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APPENDIX 1 – Interview Guideline

Interview Guide (date, place)

1. Introduction

Personal Introduction: My name is Hellen Mnguni and I am second year GIBS MBA student conducting academic research as part of the degree requirements for the completion of my MBA qualification.

I would like to thank you for affording me your time to participate in this interview which forms part of the data collection phase of my research project.

Indicate the purpose of the study: As per the Youth Economic Participation Strategy (2012) high levels of youth unemployment plague South Africa and the African continent as a whole. The African Economic Outlook (2012), states that the demand for youth employment is much greater than the supply of youth employment. Even though the levels of education amongst the youth in Africa are at an all-time high, the rate of growth in the African economies is insufficient to provide for the high demand of the “world’s youngest population” by continent.

This level of economic inactivity by the youth has an adverse impact on economies that have young populations often referred to as the ‘youth bulge’. There is an increasing trend to move the focus from public sector solutions to private sector solutions. Within this ambit falls the practice of social entrepreneurship. With the sole aim of creating sustainable business solutions for social ills, this paper seeks to understand and assess the extent to which social entrepreneurship can increase the economic participation of the youth by creating employment.

Research process: An explanation will be provided on how the paper will pursue an exploratory study of the research topic in an effort to “seek new insights, ask new questions” related to the topic. The research will make use of both interview sources from various social entrepreneurship representatives and also publicly available sources of data.

Interview process: In this section the interviewer will outline and detail the structure and flow of the interview to the interviewee. The interviewer will also ensure that the

interviewee is made aware of the value of their contribution to the interview and for this purpose the interview guide can be shared with the interviewee.

The interviewer will also highlight to the interviewee the use of electronic recording equipment as data capturing aids.

Interview consent: The interviewer will discuss the elements of the consent form and will request the interviewee to sign the form as agreement.

2. Interviewee background

To gain a sense of the demographics of the interviewee the following facts need to be established:

- (a) The gender of the interviewee
- (b) The age of the interviewee
- (c) The length of time as a social entrepreneur
- (d) The type of social enterprise that they are running
- (e) Are they running the social enterprise as the main source of income
- (f) Previous formal employment experience
- (g) Previous informal employment experience

3. Research Questions

Research Question 1: Why do people become social entrepreneurs?

- (a) *Probe:* What impact does social capital play in starting up social enterprises?
- (b) *Probe:* What business skills are required to form financially self-sustainable social enterprises?
- (c) *Probe:* Why did you choose social entrepreneurship over business entrepreneurship?
- (d) *Probe:* What are the challenges and rewards of being a social entrepreneur in South Africa?

Research Question 2: In what way are social enterprises able to create jobs?

- (a) *Probe:* How financially sustainable are the jobs that social enterprises create?
- (b) *Probe:* What do social enterprises require to enable job creation?

(c) *Probe*: Is there an incentive for social enterprises to create jobs? Please elaborate.

Research Question 3: Do social enterprises have an impact on youth unemployment?

(a) *Probe*: How can social enterprises impact youth unemployment?

(b) *Probe*: Are social enterprises viewed as viable and sustainable sources of employment by the youth?

(c) *Probe*: How does government view social entrepreneurship as a partner in addressing youth unemployment?

Research Question 4: What are the factors of success for social enterprises?

(a) *Probe*: How would you define success for social enterprises?

(b) *Probe*: What role does the private sector play in this regard?

(c) *Probe*: What role does the public sector play in this regard?

(d) *Probe*: What role does legislation play in this regard?

Research Question 5: What are the typical characteristics of social entrepreneurs?

(a) *Probe*: What is the typical demographic profile of social entrepreneurs in South Africa?

(b) *Probe*: Is there a link between social entrepreneurship and economic background of the entrepreneur? Please elaborate.

(c) *Probe*: Is there a link between social entrepreneurship and the educational background of the social entrepreneur? Please elaborate.

(d) *Probe*: What are the common types of social enterprises formed in South Africa?

4. Interview Closure

Additional Questions:

The interviewer will also check with the interviewee if there are any other points that they would like to share or if they have any questions they would like to pose that are of relevance to the research.

Closing comments:

Before closing the interview, the interviewer will clarify and find out if the interviewee is available to table further questions for clarity on points pertaining to the interview meeting. As formal closure of the interview, the interviewer will express gratitude to the interviewee for affording their time and assistance in participating in the interview. This will also be complemented with a thank you email.

APPENDIX 2 – Interview Consent Form



Dear Participant

Informed Consent Letter

I am conducting research to assess the potential of social entrepreneurship to increase the economic participation of the youth, with specific focus on South Africa. Our interview is expected to last no more than an hour, and will help me understand the following points:

- Ascertain whether social entrepreneurship is a viable option for the economically excluded youth in South Africa
- Investigate the factors that motivate entrepreneurs to pursue social enterprises.
- Explore the different types of social enterprises in existence in South Africa ascertain the level of youth involvement in these enterprises.
- Investigate the level of awareness for social entrepreneurship amongst the youth in South Africa.

Your participation is voluntary and you can withdraw at any time without penalty. Our interview will be audio recorded, and all data will be kept confidential. This research is in partial fulfilment of the requirement of my Master of Business Administration degree at the Gordon Institute of Business Science (University of Pretoria). If you have any concerns regarding this research, please contact me or my research supervisor. Our details are provided below.

Researcher: Hellen Mnguni

Research supervisor: Dr. Trevor Taft

Email: hellenmoipone@gmail.com

Email: trevor@cihp.co.za

Telephone: 083 267 3538

Telephone: 083 553 6318

Signature of participant: _____ Date: _____

Signature of researcher: _____ Date: _____

APPENDIX 3 – Data content analysis extract

Objectives	Research Question	Theme	Code	Quotes	Respondents
<p>The first research objective is to understand the background and contributing factors that give rise to social entrepreneurs. Some of the issues that are explored are the business skills required to form financially-sustainable social enterprises. The reasons as to why individuals choose social entrepreneurship over business entrepreneurship. The paper also explores the challenges and rewards facing social entrepreneurs in South Africa.</p>	<p>RQ1: Why do people become social entrepreneurs?</p>	<p>Achieving social impact and creating a livelihood</p>	Doing good and living well	"addressing a social problem but you have"	5
			"one of the reasons why people do social"		
			"they feel passionate about the problem a"		
			"it was that need that needed to be filled a"		
			"personally I did it because I have always"		
			"They don't need money to solve it – they j"		
			"driven by a creative way of looking at the"		
			"I saw a burning need and when I figured o"		
			"social entrepreneurs have seen a need in"		
			"you see a need in your society and you ar"		
		<p>Personal urge to become a social entrepreneur</p>	Saw a burning need that one could also make money from	"it was a natural platform for me" - R2	
			Natural Platform	"There has been a few times where I have l"	
			Deep sense of calling	"They become social entrepreneurs becau"	
			"assuming leadership" - R2		
			"in the way that one grows up or experienc"		
			"but sometimes something personal, a pai"		
			"They are driven by a need to make a differ"		
			"They will do what they have to do, but on"		
			Deep sense of purpose	"the desire for something meaningful, som"	
			Love to work with people	"I have always had a passion for working"	
		<p>Not initially self-identifying as a social entrepreneur</p>	Self gratification	"people become social entrepreneurs is fo"	
			Not self-identifying as a social entrepreneur	"For me, I have never really seen myself as"	
		<p>Means to address unemployment</p>	Unemployment	"because of joblessness, it's a reason why"	
			Desire to create employment for self and others	"looking for a job is bad for society as a s"	
		<p>The ability to network creates social capital which is key to becoming a social entrepreneur</p>		"just from having connections, or a netwo"	
			Power of networks to avail opportunities	"Whether you are an entrepreneur or a so"	
		<p>Getting buyin from stakeholders is key to becoming a social entrepreneur</p>		"social entrepreneurs need to have the bas"	
				"as an entrepreneur I am not saying that r"	
		<p>Short term pursuit of social entrepreneurship thereafter will pursue corporate career</p>		"I have partnered with people in the ECD in"	
				"so if you come into a structure this is alr"	
<p>Challenges of being a social entrepreneur</p>		"It is vital – I can say that for the majority"			
		"it took me getting to a point where I know"			
<p>Positive side of being a social entrepreneur</p>		"I think as human beings we inherently wa"			
		"I think one thing that we have to look at b"			
<p>Being self-employed: positive</p>		"You know we need to get the input and the"			
		"the value of networks is huge. Without th"			
<p>Moments when you get acknowledged by the beneficiaries of your work</p>		"So you get to build and improve on your s"			
		"most of the time you start off with nothing"			
<p>Connecting the right mix people and seeing reap benefits</p>		"I need to get to a place where...is able to r"			
		"The challenges as I said is access to capa"			
<p>Funding agencies not able to recognise social returns in investing in a SE</p>		"we don't have mentors the successors are"			
		"you cannot afford to put your vision into"			
<p>Personal satisfaction of doing something positive and impacting lives</p>		"the problem is as entrepreneurs we rely s"			
		"the social capital somewhere somehow b"			
<p>Running the social enterprise like a business</p>		"I think that civil society is quite fragment"			
		"I think that social entrepreneurs are not a"			
<p>Seeing beneficiaries of social enterprises giving back as well</p>		"but there are areas where we do need sta"			
		"not a lot of people are willing to financ"			
<p>Belonging to a community of like minded people</p>		"There is a lot of social capital within the"			
		"we don't have an environment which cele"			
<p>Being part of the voicebox on social entrepreneurship representing South Africa</p>		"other challenge is...the understanding of"			
		"articulating what you are doing, it's not a"			
<p>Managing high expectations on social entrepreneurial work</p>		"challenges for me as far as social entrep"			
		"so the fact that it is a new concept is a c"			
<p>Unpredictability of income to the entrepreneur and enterprise</p>		"if I define it my own way and another pe"			
		"also the legislature around our work is r"			
<p>Unpredictability of ideas coming to life</p>		"we always find that people that have star"			
		"I think the biggest challenge is that you s"			
<p>Starting out not knowing anything</p>		"the hardest thing I had to deal with in my"			
		"similar to that of a business entrepreneu"			
<p>Challenge of being a young individual in the industry</p>		"sometimes we need to fork out our mone"			
		"you can't just be a social entrepreneur al"			
<p>Unpredictability of expectations on social entrepreneurial work</p>		"the unpredictability of income, not just t"			
		"his wonderful brain and you are using it"			
<p>Managing high expectations on social entrepreneurial work</p>		"when you are working with these commu"			
		"being self-employed" - R6			
<p>Being part of the voicebox on social entrepreneurship representing South Africa</p>		"It's getting that phone call from some wh"			
		"I think on a daily basis the one thing that"			
<p>Connecting the right mix people and seeing reap benefits</p>		"The reward is the person that comes back"			
		"being invited to...other parts of the world"			
<p>Funding agencies not able to recognise social returns in investing in a SE</p>		"it's the ability to bring the right mix of pe"			
		"most funding agencies, even government"			
<p>Personal satisfaction of doing something positive and impacting lives</p>		"Funding agencies don't see beyond the m"			
		"The requirement basically what is requir"			
<p>Running the social enterprise like a business</p>		"personal satisfaction and knowing that w"			
		"The rewards it's making a difference" - R7			
<p>Seeing beneficiaries of social enterprises giving back as well</p>		"I feel yes my bank account may not have"			
		"the reward of doing what I am passionat"			
<p>Belonging to a community of like minded people</p>		"being able to concretely affect someone e"			
		"another challenge is running it like a con"			
<p>Being part of the voicebox on social entrepreneurship representing South Africa</p>		"So it's great to see them give back as well"			
		"being part of the community of people wh"			