

Resource mobilisation and pricing for Social Enterprises: The impact of marginalised versus better-resourced locations

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ABSTRACT

Democratic South Africa continues to slowly undo the adverse impacts of the Apartheid era where resource access was championed along racial lines as a consequence of Apartheid Spatial Planning which resulted in greater resource accumulation and distribution to the white minority at the cost of the majority black, coloured and Indian population. Social Enterprises (SEs) play a crucial role in tackling the country's social challenges within the South African ecosystem alongside other sector players. The mobilisation of resources is a critical success factor for any SE to realise their objectives as these resources facilitate the organisation's operations leading to positive value creation. Despite their value add, SEs face significant resource constraints in pursuit of their mandate.

The objective of the research was to investigate through the geographic lens the key resources that SEs require to carry out their mandate and how these SEs mobilise these resources and price for their goods and services amidst the challenge of resource constraints. 15 SEs in South Africa were interviewed as part of the research located in Gauteng, Western Cape, and Mpumalanga provinces.

The study highlighted relationships as the most important resource for SEs in South Africa and a gateway resource that facilitates access to other resource types. Furthermore, the establishment and leveraging of relationships was the most important strategy adopted alongside building credibility, aligning incentives through shared value, scavenging, shapeshifting bricolage, and optimisation. Finally, the research found that SEs adopt mostly discounted and value-based pricing as part of their financial resource mobilisation to a greater extent and absorption pricing to a lesser extent. The influence of geography had a positive and negative impact on both resource mobilisation and pricing strategies adopted by SEs with the location of the SE negatively impacting pricing charged to customers from marginalised areas on the one hand for some service offerings but justifying higher prices charged for services by some SEs based in better-resourced areas on the other hand. To guide managers a conceptual framework was developed which integrated pricing and resource mobilisation within the context of South Africa where the effects of Apartheid-based spatial marginalisation are still evident today.

KEYWORDS

Social Enterprises, Resource Mobilisation, Pricing, Geography, Location

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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CHAPTER 1. INTRODUCTION TO THE RESEARCH PROBLEM

1.1. Introduction

Poverty, unemployment, and inequality continue to pose a significant threat to society in South Africa, with the location still representing a significant marker of poverty due to the legacy of apartheid (The World Bank, 2018). South Africa has largely maintained the same apartheid-based spatial segregation patterns which have seen distinctive patterns of marginalised areas and better-resourced areas along racial lines dating back from the apartheid days (Hamman & Horn, 2010). Policies that were enacted before and during the apartheid years resulted in racial separation with Indians, coloureds, and blacks being moved further away from the main economic areas and restricted in their access to quality education and health services (Capuzzo, 2015; Leibbrandt, Woolard, & Woolard, 2009). Today, this translates to longer commutes and higher commute costs for those who stay far away from the city centres with public transport users spending on average 107 minutes for trains and 84 minutes by bus (Kerr, 2015; Statistics South Africa, 2020a). In addition, rural settlements threaten the health of their inhabitants with Visser & Ferrer (2015) finding that local government has been unable to respond to requests for better housing due to infrastructure constraints, accounting for significant backlogs.

Limited access to resources along racial lines pre-1994 has also created a workforce with racially skewed and spatial features with Leibbrandt et al (2009) finding that location and education has adversely impacted employability and income-earning power for the marginalised groups in South Africa. Unemployment has worsened in South Africa exacerbated by the Covid-19 pandemic which has seen unemployment increase to 32,6%, rising to 46,3% when factoring in youth unemployment (Statistics South Africa, 2021). In addition to the high levels of inequality (Gini coefficient of 0,68), whilst 5,5% of South Africa's population's access to food is reported to be inadequate and a further 11% of households are at risk of hunger (Statistics South Africa, 2019, 2020, 2021).

The South African government's response to social challenges facing the country has been mixed. In a bid to address the negative impacts of the past, the government

enacted the Black Economic Empowerment (BEE) in 1998 and later the Broad-Based Black Economic Empowerment (B-BBEE) in 2004 however, this policy has been criticised for being partisan and benefiting black middle class at the expense of historically disadvantaged members of the society (Mueller-hirth, 2016). Furthermore, the government established departments such as the Department of Social Development (DSD) which is mandated to contribute towards reduction of the of poverty, alongside other government programs and initiatives within the public sector aimed at contributing towards tackling social challenges such as unemployment and inequality. These organisations include The Jobs Fund and the Expanded Public Works Program (EPWP). (Department of Public Works & Infrastructure, Department of Social Development, Jobs Fund, 2021). Looking at the current crisis, the government in response to the Covid-19 pandemic, availed a R155 billion stimulus package, resulting in the distribution of 146,936 food parcels, disbursement of special and top-up grants to 5,26 million and 13,81 million people respectively (Auditor-General South Africa, 2020). Despite these positive steps, the government has fallen short in their efforts to tackle the country's social challenges as evidenced by the adverse statistics on crime, poverty and inequality. Furthermore, across government, R7,44 billion was lost to fruitless and wasteful expenditure over the last 3 years (Auditor-General South Africa, 2021).

Other non-public interviewees have also not achieved the desired impact in tackling these social challenges. A look at the private sector and other market interviewees such as Non-Governmental Organisations (NGOs) highlights shortcomings on social and environmental issues with little impact of Corporate Social Responsibility (CSR) activities (Seda & Ismail, 2020). Furthermore, corruption within the private sector and NGO space have adversely impacted the social efforts (Bracking, 2014; Kang'ethe & Manomano, 2014). The level of trust afforded to charities has declined sharply as a result of various scandals which has impacted their operations (Hyndman, Liguori, & McKillop, 2020).

A gap has been created in South Africa due to the shortcomings of the various market players. The inability to sufficiently deal with the socio-economic challenges has seen the emergence of Social Enterprises (SEs) whose dual mandate has enhanced their social value creation through increasing employment opportunities and economic inclusion of youth and women (Agrawal & Hockerts, 2019; Lovasic & Cooper, 2020).

There is limited consensus on the definition of SEs. Some authors have defined them as organisations who structure their business model in response to a social or environmental issue, while others see them as organisations that create social value, combine a market and social purpose whilst managing financial limitations (Bacq & Janssen, 2011; Haigh, Walker, Sophie, & Jill, 2014; Sarac, 2021).

The structure of the SEs has seen them classified as a form of hybrid organization which has come with associated challenges to mobilise resources. This is due to the dual mandate between commercial and social & or environmental aims (so called double bottom line) (Doherty, Haugh, & Lyon, 2014). This dual mandate presents challenges such as limited access to financial resources due in part to restrictions on charging high prices and mission drift which impacts their legitimacy (Agrawal & Hockerts, 2019; Levine, Kogut, & Kulatilaka, 2012). The pricing mechanisms that SEs adopt to generate revenue creates ethical dilemmas as they tend to serve the poor and marginalised members of the community, and yet must still generate sufficient revenue to enhance their financial sustainability (McMullen & Bergman, 2018).

1.2. The Research Problem

Resource constraints faced by SEs in different locations has the potential to shape resource mobilisation strategies adopted by SEs in South Africa. This is due to the influence of location on the ability and nature of resources that organisations can access. Literature has highlighted the latent benefits that location brings to an organisation through enhanced knowledge networks due to positioning within a cluster where geography serves as an enabler to the firm advantage (Bagley, 2019). Furthermore, Knoblen (2011) found that location dynamics can serve as a platform to access different resources to provide organisations with a greater competitive advantage. The variation in available resources based on location may thus influence the resultant strategies that SEs may employ to tackle the resource constraint challenge.

Research has confirmed that despite the role of social value creation by SEs, they face significant resource constraints in pursuit of their social mandates (Desa & Basu, 2013). This challenge of financial resource constraints was found in Turkey, a country that faces similar economic vulnerabilities like South Africa, such as threats to economic and public sector governance and unemployment (World Bank, 2014). In a 2019 report on the status of Social Enterprises in Turkey 129 SEs were surveyed and the researchers found that 76% of their respondents faced barriers to financing (British Council, 2019). Within the South African context, research into 258 Social Enterprises in South Africa by the British Council in partnership with Simanye highlighted access to financial resources, with 50% of respondents noting limited access to investor networks, 75% highlighting they receive no grant funding and a majority of the respondents noted challenges with recruiting staff and accessing skilled resources (Lovasic & Cooper, 2020). The resource constraints were also confirmed by the 2018 GIBS study of 453 SEs which highlighted that access to resources was the key challenge faced by SEs in South Africa. 39% noted challenges obtaining donations and grant funding, 36% highlighted access to premises and equipment while 34% indicated obtaining the right skills as a challenge (GIBS Entrepreneurship Academy, 2018). To counter the adverse impact of resource constraints, SEs engage in various strategies such as bricolage to make do with the resources that they have whilst also investing in revenue-generating activities to finance market-based and social outcomes. (Desa, 2012; Moizer & Tracey, 2010).

Uncompetitive pricing strategies limit the potential revenue that SEs could bring in which adds to their resource constraints from a financial resource perspective. The Base of the Pyramid (BoP) type SEs targets the poor and adopt a discounting pricing strategy offering goods and services at affordable prices (Hockerts, 2015). This was also confirmed by Hudon, Labie, & Reichert (2020) who found that socially-based Micro Finance Institutions (MFI) due to pressures serving the poor sacrifice high margins so that they can charge affordable prices as part of their social mandate. To counter the negative impacts of charging lower prices SEs sometimes cross-subsidise by charging higher prices to wealthier customers or charging different prices for customers in different locations or exercising strategies such as Pay What You Want (PWYP) (Hockerts, 2015; Mendoza-Abarca & Mellema, 2016).

The operating environment adversely impacts resource mobilisation for SEs. According to Visser (2011), SEs in South Africa experience an environment that is narrow-minded which leaves them isolated as few instructional frameworks provide support for Social Entrepreneurship in the country. Furthermore unlike the United Kingdom, which recognises SEs under the Community Interest Company (CIC) legal structure, there is no specific policy of legislation for SEs in South Africa, neither is there a defined legal form (Defourny & Nyssens, 2010; Littlewood & Holt, 2015). The lack of clarity on the legal form of SEs leaves them having to position themselves either within the for-profit or non-profit category, which adversely affects resource mobilisation as they must secure scarce resources in an environment that has not yet fully embraced them as distinct types of organisations (S.Y. Lee, Shin, Park, & Kim, 2018). To counter these challenges, SEs practice decoupling mechanisms to separate the market and social-based logics by creating separate legal structures and or business practices (Kannothra, Manning, & Haigh, 2017).

Furthermore, the environment in which SEs operate makes the application of full market principles difficult further putting a strain on their resources (S. Y. Lee et al., 2018). The South African environment has further been impacted by a general decline in international donor funding (Littlewood & Holt, 2015).

SEs are further constrained in accessing resources due to threats to their legitimacy with further downstream impact on access to other resource types. The risk of losing their legitimacy due to mission drift arises when SEs begin to favour market outcomes over the social outcomes (Agrawal & Hockerts, 2019). The loss of legitimacy impacts the resource mobilisation as the SE is viewed as untrustworthy adversely affecting their ability to secure more resources thus exacerbating their resource constraints (S. Y. Lee et al., 2018). The constrained financial resource access adversely affects their human resource access, as SEs struggle to pay employees market rates (Doherty et al., 2014). Unable to procure the best skills in the market, their original objective to create social value is restricted, impacting the attractiveness of the Social Enterprise to socially inclined investors (Liu, Takeda, & Ko, 2012). According to Doherty et al (2014) the adoption of dual pricing mechanisms, leveraging volunteers, and new legal forms are all mechanisms that hybrid organisations like SEs may adopt to tackle challenges related to mission drift and the resultant resource constraints.

South Africa's historic resource disparities based on location offer a unique opportunity for investigation into the resource constraint challenge. It is unclear whether South Africa-based SEs from marginalised areas offer alternative approaches to SEs from better-resourced areas in their resource mobilisation and pricing strategies. In addition, it is not known whether the location of SEs may align with some of the solutions offered in the literature or offer alternative new approaches to tackle the resource constraint challenge within the specific domains of the location from which the SEs are based.

1.3. Research Objectives

This research study's main aim was to explore how location influenced resource mobilisation and pricing by SEs in South Africa. The research through the selection of SEs for the study investigated organisations along geographic lines to identify overlaps and differences in the resource mobilisation strategies adopted by SEs based on their location. The objectives of the study are summarised as follows:

- 1) To identify key resources that SEs require to operate their businesses in South Africa.
- 2) To identify resource mobilisation strategies adopted by SEs who are based in marginalised areas and contrast those with SEs who are based in better-resourced areas.
- 3) To understand how SEs, price their goods and services as part of their financial resource mobilisation strategies.
- 4) To obtain a deeper understanding of the influence of location on pricing strategies adopted by SEs.

1.4. Significance of the research

The decline in donor funds according to Jayawarna, Jones, and Macpherson (2020) has created undue pressure for traditional non-profit organisations to become hybrid organisations pursuing some market interests in addition to their social interests to diversify income streams (Chikoto & Neely, 2014). Furthermore, the addition of corporate social responsibility activities in traditional businesses is creating elements

of hybrid organisations where they must manage dual logics of pursuing commercial targets while achieving social impact(Littlewood & Holt, 2015). The study of the strategies employed by SEs to mobilise resources in the face of significant resource constraints in an emerging market like South Africa represented a key contribution to research and answered calls by various authors to extend resource mobilization strategies by SEs in emerging economies (Hota, Qureshi, & Mitra, 2019; Jayawarna et al., 2020). The research added key insights to not only other emerging SEs but other organizational types that are slowly transitioning to become hybrid organisations in South Africa.

SEs' critical role in addressing underserved societal needs become important given the current persistent social challenges to understand further and provide a framework through which both the private and public sectors can partner with these important organisations to scale the impact of their current efforts. Finally, resource mobilisation is an important phase for a business before combining the acquired resources to develop capabilities which are then utilised to exploit market opportunities(Sirmon, Hitt, & Ireland, 2007). Successful resource mobilisation enhances value creation and provides a lever for organisations to attain competitive advantage(Kellermanns, Walter, Crook, Kemmerer, & Narayanan, 2016).

The research provided new insights into spatial marginalisation and illuminated the impact of segregation and policy-led resource reallocation. The research provided greater depth of the "two South Africas" by analysing resource mobilisation strategies along the previous racial and current wealth distribution lines, a key feature of the spatial distribution of the population in South Africa given the legacy of apartheid and the apparent correlation of geography to the high levels of inequality. The conclusion of resource mobilisation by SEs in South Africa would be too generalised in the absence of analysing the specific nuances related to geography with a specific focus on the influences of location on strategy formulation. In addition, the research provides greater scope for analysis of strategies adopted in marginalised areas in other parts of the world such as Favelas in Brazil, Kibera in Nairobi, Dharavi in Mumbai, and Neza in Mexico and how SEs in such areas can draw on lessons from their South African counterparts and adopt some of these strategies for their own environments.

1.5. Benefits to practice

The research provided a platform for local budding entrepreneurs seeking to establish SEs to extract ideas on available strategies to employ to mobilise their resources they will require for their start-ups. The spectrum of SEs engaged covered start-up to established SEs enabling prospective SEs to possess a full picture of the resource mobilisation efforts at key phases of the business.

The research provided a case for SEs from marginalised areas to adopt an abundance mindset and see potential in the resources at hand and leverage those resources to realise their mandates. The role of networks for both SEs from marginalised areas and SEs from better-resourced areas was highlighted despite key differences from the networks leveraged. In addition, the potential for SEs from better-resourced areas to serve as potential knowledge hubs through which upcoming SEs from marginalised areas can draw on for their inputs into their operations through networking-based interactions facilitated by key stakeholders such as the government and private sector was explored.

The lack of defined legislation for SEs means that the scope of the research covers not only SEs but other organisations such as NPOs and Private sector entities can draw on some the strategies that SEs utilised to also aid in their resource mobilisation strategy formulation. Internationally the research illuminated strategies that are relevant within the developing economies but goes further by indicating country-specific nuances that may be adopted in economies that have similar wealth divides along geographic lines.

The research on the pricing strategies also provided valuable insight into the pricing strategies adopted as part of resource mobilisation and provided input into the marketing function for many organisation types on how pricing could be tailored to an increasingly social conscious client base. The insights from SEs from marginalised areas and how they price provided unique data contrary to existing research on spatial marginalisation and its influence on pricing while the pricing mechanisms from SEs from better-resourced areas provided an important parallel to enhance more nuanced analysis of pricing mechanisms adopted by SEs within the

context of location. Research also provided a platform for the government to better understand Social Enterprises in South Africa, their resource constraints and response and where the government could play a role in capacitating these invaluable organisations who complement its mandate to solve the country's social problems. The research aimed to provide a greater platform for government to inform the crafting of legislation that recognises this organisation type within the South African environment.

1.6. Scope of the Research

The scope of the study was restricted to the study of Social Enterprises in South Africa. These were defined for the this study as hybrid organisations that seek to achieve social mandate and commercial aims(Moizer & Tracey, 2010). The former denotes a clear social aim by the organisation as part of the primary reasons for its existence while the latter denotes the pursuit of market objectives as evidenced by the organisation having some commercial streams of revenue as part of its financial inflows.

Resources for this study included tangible or intangible assets which include human, organisational, financial, physical and relationship capital that is utilised by a company for value creation(Kellermanns et al., 2016). Resource mobilisation included structuring which entailed the accumulation and acquisition of resources to be utilised for bundling and leveraging(Sirmon et al., 2007). Thus this study was concerned with how SEs acquire and accumulate the resources their organisation needs and does not extend to how these resources are then used in the firm to develop capabilities and how these capabilities are exploited in response to market opportunities. The narrow scope answered the call to investigate this first phase of resource mobilisation and aimed to develop a greater depth of knowledge around this area.

The geographic context for this study partly relied on the Living Standard Measures (LSMs) wherein marginalised areas referred to areas predominantly occupied by the population in the LSM category of 1 to 4 who are characterised as those with the least access to wealth, minimal access to services, while better-resourced areas will

denote those that are occupied by the population in the LSM category of 5-10 which are mostly suburban, with the most access to wealth(Ntloedibe & Ngqinani, 2020). References to geography for this study will be grounded within the sub-context of location.

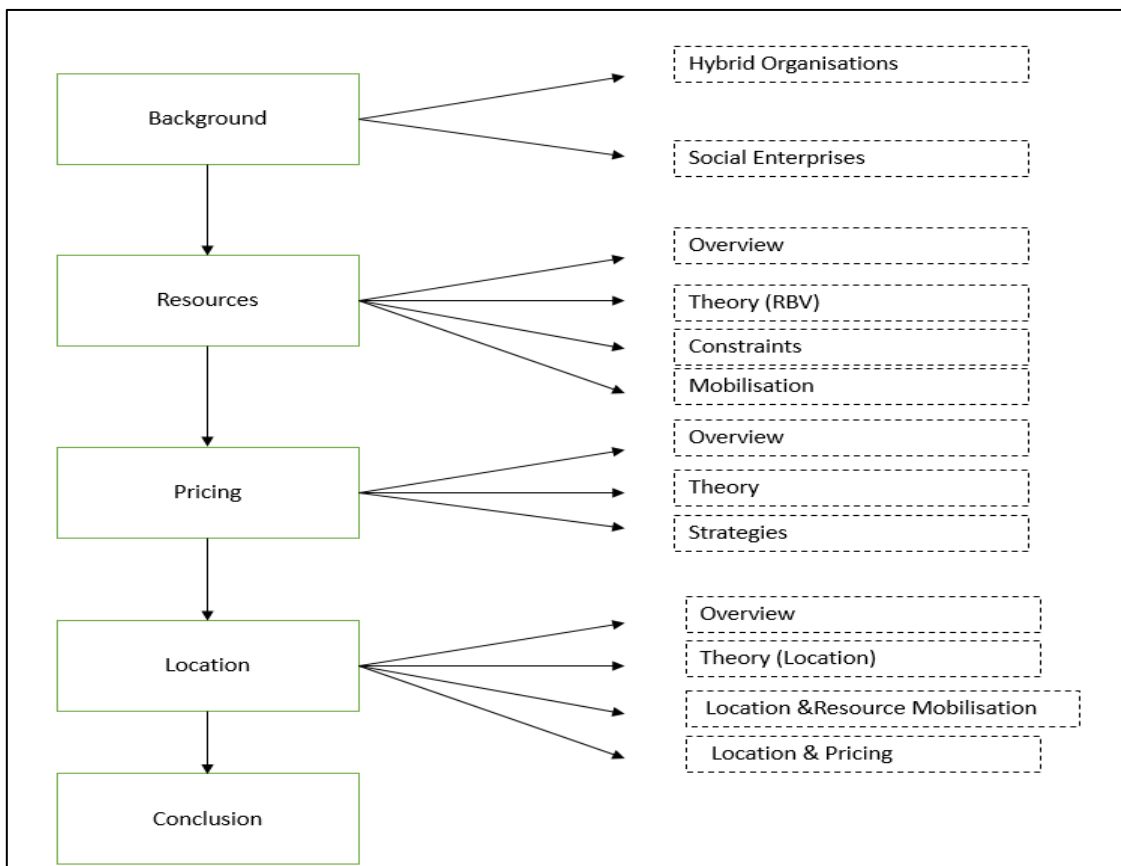
Strategy for this research is defined as value creation through the pursuit of different but aligned activities, involving trade-offs in what can and cannot be pursued to realise the organisation's objectives(Porter, 2014).

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter aims to explore the existing literature on resources, resource mobilisation, pricing and location-based literature to provide the context of geography. The chapter commences with the discussion of the background of Hybrid Organisations and SEs, followed by investigation into exiting literature on resources and resource mobilisation before closing with pricing strategies and the influence of location on resource mobilisation and pricing. The figure below summarises the structure of this chapter.

Figure 1: Literature Review Structure



2.2. Hybrid Organisations (HOs)

2.2.1. Defining HOs

HOs are organisations with business models anchored on a social or environmental matter and often develop specific complementariness between their aims and skills sets to ensure they manage antagonistic assets (Haigh et al., 2014). The Private and Public sector have created a market gap through underperformance which has created fertile ground for the formation of HOs (Alberti & Varon Garrido, 2017). HOs have also been defined as organisations that span across private, public or non-profit forms resulting in the need to manage conflicting institutional logic (Doherty et al., 2014).

Hockerts (2015) provides a further classification of HOs into Work Integration Social Enterprise (WISE), Base of the Pyramid (BoP) and, Fair Trade (FT) Hybrids. WISE target the excluded labour market players to bring them back to conducting productive activities, BoPs targets the members of marginalised and excluded communities through the provision of essential services and finally, FT lean on cross-subsidisation mechanisms through levying of a premium to socially-conscious clientele.

2.2.2. HOs and Resource Mobilisation

HOs structure their business models to enable the pursuit of profit-making activities and reduce the sustainability risk. This was the view shared by Haigh & Hoffman (2014) who found that HOs create a symbiotic relationship between their social and economic logics and emphasise the creation of social value as a key competitive advantage as opposed to the control of the resources that create the social value.

Hockerts (2015) offers a slightly different view around the mechanics of how HOs structure their business models where he points to HOs developing asset complementarities, emphasise the simplicity of features of assets through removing non-core features and lean on partnerships as a mechanism to obtain advantages in distribution.

Although resource mobilisation has been studied for HOs, there are still calls to look into how HOs' resource requirements are satisfied and how they use their hybridity to innovate and exploit resources (Doherty et al., 2014). Under the umbrella of HOs

are Social Enterprises (SEs) which will be investigated in detail in this research report. The next section provides a brief overview of the specifics of SEs.

2.3. Social Enterprises

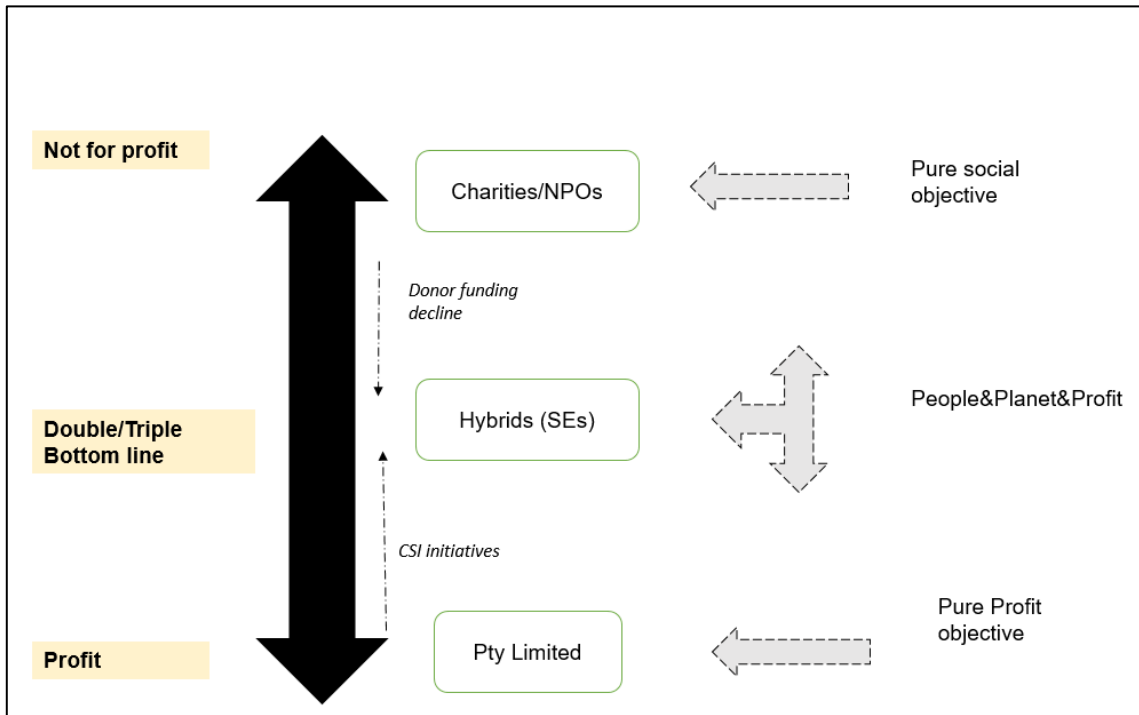
2.3.1. Defining Social Entrepreneur and Social Enterprise(SE)

During the inception of the phenomenon of a social entrepreneur and SEs extensive research was conducted into defining these two concepts with numerous definitions put forward (Hota, Subramanian, & Narayanamurthy, 2020). The authors note that the former is an individual that creates social value as a consequence of exploiting an identified and evaluated opportunity intending to reinvest profits into the pursuit of the social mission as opposed to personal wealth. SEs are defined as organisations that create social value, leveraging on market-based mechanisms to tackle financial challenges using various resources(Bacq & Janssen, 2011). From a South African perspective, the Industrial Development Corporation (IDC) defines SEs as organisation that apply market-based solutions to social and environmental issues(Social Enterprise,n.d.)

2.3.2. Features of Social Enterprises

There is consensus that SEs pursue dual logics. This view is shared by Doherty et al (2014) who identifies the commercial and social logic being the two logics that SEs pursue. Santos provides a slightly different take by highlighting that SEs emphasis value creation as opposed to value capture. To illuminate the positioning of SEs the Figure 1 below outlines the spectrum of hybridity.

Figure 2: Hybrid Spectrum



As shown above whereas SEs pursue dual mandates, traditional charities pursue social goals entirely while on the other end of the spectrum would be the traditional organisation which purses only pure commercial logic with profit maximisation for shareholders being the target. The decline in donor funding and CSI initiatives in South Africa are resulting in the encroachment into the hybrid space by private companies, charities, and or NPOs.

2.4. Social Enterprise: South African context

2.4.1. Operating Environment

SEs participate in tackling social challenges in South Africa. Unemployment currently stands at 32.6% with youth unemployment currently at 36.3%. South Africa has one of the highest Gini co-efficient in the world of 0,68 underlying the significant inequality in the country (Statistics South Africa, 2021; The World Bank, 2018). As highlighted the private sector and the government have not been able to tackle the challenges facing the country leaving a gap for the SEs in the country to participate despite the absence on clear policy and legislation(K. Visser, 2011).

SEs tend to take the legal form of Non-Profit Organisations (NPCs), Non-Profit Organisations (NPO), Section 21 organisations, For-profit organisations (co-operatives and private organisations), and hybrid structures by combining objectives between a private company and NPC (Littlewood & Holt, 2015). The size of the firm, requirements from funders, the business model, and targeted beneficiaries influences the choice of legal structure adopted by SEs (Bertha Centre - UCT GSB, 2016). Research in South Africa has also found that the non-profit legal forms face restrictions in terms of regulations, and tend to reinvest their surpluses into their organisation as a consequence of the legal forms that they adopt (Bertha Centre - UCT GSB, 2016).

2.5. Resources

2.5.1. Defining Resources

Within the context of the firm, the presence of control by the firm and the output as a result of the use of resources in the form of greater firm effectiveness and efficiency underlines the premise of how resources are defined by some authors. This view is shared by Barney (1991) who define resources as falling within the context of assets, capabilities, process, information and knowledge which must satisfy the control and output criteria highlighted. The definition is broad spanning between the tangible and the intangible as, Barney (1991) notes that a firm requires both to realise efficiency and effectiveness and crucially, must control those resources to achieve said output. Control denotes not only the ability to benefit from a resource but also direct the usage of a resource and restrict others from benefiting and or directing the usage of the resource (International Accounting Standards Board, 2018). An alternative view of the outcome of control of resources is that the control results in value creation and competitive advantage as opposed to effectiveness and efficiency (Kellermanns et al., 2016). Huang & Knight (2017) gives a broader expected outcome when defining social resources where they state that the impact of social resources is the realisation of a reward by one partner as a consequence of exchange with another partner. Finally, Knoben, Oerlemans, & Rutten (2008) provide another perspective by highlighting that resources that are important to the firm are internal, resources from

an organisational and territorial embeddedness, and those that come from the firm's geographic position. The next section looks at the role of resources.

2.5.2. Role of Resources for SEs

Resources are important as they directly contribute to the positive performance of a firm. According to Marshall, Meek, Swab, & Markin (2020) resource access increases start-up persistence due to the contribution towards greater entrepreneurs' well-being and resultant self-efficacy which both account for greater future gains by the entrepreneur. This role of resources to greater firm performance was also shared by Andersén (2021) who found the positive relationship between uncommon, valuable and unique resource access and better firm performance. In providing more insight on the link between resource access and performance, Huang & Knight (2017) concerning financial resources note the role of these resources in funding the development of new products, funding marketing activities, and securing skilled human capital needed by an organisation. Further insight was provided on the financial resources by highlighting the need for a sound business model which demonstrates financial sustainability (Pal & Altay, 2019). In addition, resource access also generates informational advantages which contribute to greater competitive advantage and allow a firm to identify market opportunities faster (D'Oria, Crook, Ketchen, Sirmon, & Wright, 2021).

Another important resource for SEs was human capital resources. The importance of human resources as a facilitator of transfer of knowledge was elevated by Ko & Liu (2015) who found that commercially experienced staff enhances the knowledge collected by an SE which will feed into the business model development of the SE. In addition, they found that SEs can benefit from connections that those experienced staff would have developed in the business world with further experience in managing other SEs enhancing the ability of the SE to solidify future collaborations with other SEs.

Concerning social networks as a resource Galeotti & Goyal (2009) note that leveraging networks reduce resource waste and increases greater revenue generation for the firm. Another perspective supporting the role of resources to increase firm performance is the ability of access to diverse and numerous resources to increase the ability of a firm to deal with the competition and variations in demand

for goods and services (Sirmon et al., 2007). The author goes a step further in underlining that resource access must be supported by resource management to increase firm success. According to Peng (2001), for start-ups resourcefulness is itself a critical resource that positions them to compete with larger organisations as they are constrained in their ability to access tangible resources.

In assessing critical success factors of SEs in Bottom of the Pyramid environments, Pal & Altay (2019) found infrastructure as a critical resource and the need for SEs to innovate by leveraging existing infrastructure to deliver service in those environments. This too was confirmed by and Alamene, Ikpeumoh, & Sylva (2021) who looked at critical success factors for SEs in Nigeria and found the importance of infrastructure as an enabler of an SE's processes and capabilities. Despite extensive research on the role of resources towards firm performance, there is still limited understanding of how resources are conceptualised and resource access by ventures (Marshall et al., 2020). In addition, there have been calls to assess human resources acquisition within different natural and cultural contexts (Newman, Mayson, Teicher, & Barrett, 2018). The next section will look at the theoretical perspectives on resources and resource mobilisation

2.6. Theoretical perspective to Resource Mobilisation

Resource-Based View (RBV)

RBV provides a theoretical framework to explain superior firm performance through the leveraging resources available to the firm. RBV notes that organisations rely on tangible and intangible resources that must be heterogeneous and immobile to create competitive advantage (Barney, 1991; Wernerfelt, 1984). In addition, Barney (1991) identifies the need for resources to be Valuable, Rare, Inimitable, and Non-substitutable (VRIN) to enhance the firm's ability to obtain a competitive advantage and better compete against other organisations in the market through value capture. The author also notes the presence of socially complex relationships as an example of a resource that satisfies the inimitable requirement. According to Peng (2001), the presence of organisational learning may also be a tacit resource that enhances a firm's competitive advantage. The VRIN framework was later changed to VRIO

framework by replacing the N with organisation which denotes the ability to exploit resources or capability (Barney, 1997).

Since 1997 due to initial criticism of the theory, RBV has been extended to factor external influence on the firm competitive advantage. Dyer & Singh (1998) extended the RBV looking at the extension of resources beyond internal boundaries of the firm by adding inter-organisational specific resources that enhance the competitive advantage of the firm. These were identified as firstly relation-specific assets which were jointly owned and provided benefits to both parties, secondly knowledge sharing to facilitate learning and exchange with partners so long as knowledge spillovers from partners exceed the value of advantage lost due to sharing of knowledge by the firm, thirdly leveraging the partner's complementary capabilities in a manner that generates greater value (rents) for both than individually, and finally effective governance which the authors viewed as an enabler of the willingness of partners to engage due to its positive influence on minimising transaction costs and enhancing efficiency. Dyer & Singh (1998) cite third-party enforcement of contracts, and self-enforcing agreements as such examples of effective governance to align incentives for cooperation.

Lavie (2006) provides an extended RBV view of the firm highlighting the role of alliances amongst organisations to unlock resource benefits thereby rendering the initial requirement for imitability irrelevant. In addition, according to Lavie (2006) proprietary resource development is enhanced through alliances between organisations together with enhanced learning which will then transfer the inimitability of a resource from the actual nature of the resource but to the nature of relationships between the different organisations through their alliance.

More recently authors such as Aye & Theingi (2019) and Rahman (2015) found a direct relationship between networking and competitive advantage of SMEs in Myanmar (Yangon) and India respectively as an extension to the RBV Theory.

The RBV Theory was initially a response to theories such as Porter's 5 forces (1980) which looked at firm performance from the external point of view. The original RBV theories initially took an inside-out view but through extension of research now cover both internal and external views providing a base for which SEs internally can decide on which critical resources their organisations need to mobilise or look outward to

identify potential alliances to leverage to mobilise those specific resources to better compete with the private organisations and traditional charities who are encroaching within the hybrid space(Chikoto & Neely, 2014). In addition, once mobilised, organisations need to exploit those resources or capabilities in a manner that creates competitive advantage in the marketplace. Resource scarcity calls on SEs to improve their capabilities with the internal resources at their disposal while leveraging alliances to manage the problem of resource constraints and achieve realise their social mandate. Despite evidence of the role of resources to enhance competitive advantage for an organisation, there remain challenges resource constraints challenges for SEs. The next section explores the underlying drivers of these resource constraints.

2.7. Resource constraints

2.7.1. Key drivers of resource constraints

Financial resource constraints.

Authors have found that SEs face exclusion from capital markets access unlike commercial enterprises which contribute to a lack of financial resources (Abhi, 2017). Phillips & Johnson (2010) attribute this exclusion to SEs not being funding ready and lacking the capacity to adequately absorb the funding if made available due to inadequate financial literacy. Levine et al (2012) identified the lack of profitability by SEs as contributing to their limited access to finance when assessed in traditional financial markets together with their inability to charge market prices due to their hybridity. The theme of inadequate pricing is also highlighted as researchers have found that in Bottom of the Pyramid populations, SEs are perceived as providing free goods and or services which adversely impacts their ability to commercially price and enhance their sustainability through greater revenue flow (Hota et al., 2019). This results in financial statements that are unattractive for funders, which is exacerbated by the lack of comparability between previous investment activities into SEs in this market as compared to other business markets, further limiting the available information to aid investors to make sound investment decisions(Seda & Ismail, 2020).

Human Resource & Skills constraints

SEs lack the commercial skills required to run an SE and manage its hybrid business model (Agrawal & Hockerts, 2019). This view was also supported by Davies, Haugh, & Chambers (2019) who after looking at the attraction of skills by SEs found that network-based recruitment impeded the growth of the SE if there was a lack of sufficient skills in that network. Doherty et al (2014) provide a view of the reasons behind the skills deficiency in SEs noting that, funding constraints, result in SE struggling to attract skilled resources as they tend to pay below-market rates. Another perspective is offered by Liu et al (2012) who notes that tensions between employees and volunteers in SEs whose mission has drifted towards commercial aims contributes to SEs having to trade-off financing higher salaries versus recruiting and training volunteers which creates a vicious cycle where the SE is unable to create the requisite value to attract resources from investors due to the skills deficit.

Other resource constraints

There is acknowledgement that SEs operate in difficult environments which are associated with insufficient infrastructure (Atiase, Mahmood, Wang, & Botchie, 2018). This is supported by The Worldbank Group (2017) who notes challenges that SE faces in scaling up and developing sustainable business models as being hampered by weak infrastructure. In looking at cluster development of SEs, Jammulamadaka & Chakraborty (2018) also found that areas with fewer SEs lacked organisational infrastructure required to deliver social welfare. Amid these constraints research that sheds light on critical resources for SEs in South Africa could provide intel on non-generic resources that SEs in South Africa have had to rely on to operate in resource-constrained areas.

2.7.2. Resource challenges in South Africa

Constrained access to finance

Funding is a critical resource constraint for SEs in South Africa. This is a view shared by Littlewood & Holt (2015) who attribute this constraint to the lack of specific SE engagement in the existing legal and policy framework manifesting in greater challenges in unlocking Enterprise and Supplier Development Funding. Another contributor to constrained access to finance as a resource has been the general

decline in international donor funding (Littlewood & Holt, 2018). Lovasic & Cooper (2020) attribute the funding constraints to a general lack of awareness of the SE in South Africa, mismatch between supply and demand of funding, low economic growth which is constraining demand for SEs' goods and services, and finally, SEs not being investment-ready.

Constrained Access to Human and Infrastructure resources

SEs in South Africa are constrained with accessing critical skills they need to operate their organisations. Lovesick & Cooper (2020) found that access to skills was a key barrier to the growth of SEs in South Africa based on a survey conducted of 258 SEs. This view was also confirmed by the The Worldbank Group (2017) who flagged a weak human capital market and infrastructure on top of lack of access to networks and information as challenges that SEs in South Africa face hampering their ability to scale and develop sustainable models. Although there is extensive literature on resources and constraints, Marshall et al. (2020) called for further investigation into venture resource access and the progression of that access over the life of the organisation. The next section will look at the various resource mobilisation strategies adopted by SEs around the world.

2.8. Social Enterprise Resource Mobilisation Strategies

2.8.1. Bootstrapping

Current research indicates that SEs practice resource bootstrapping as mobilisation strategy. This involves the replacement of an expensive resource with a cheaper resource (Varughese & Metilda, 2017). It is also a mechanism to share resources at minimal cost for the firm (Jayawarna et al., 2020). In assessing financial bootstrapping for small businesses in general, Winborg & Landström (2001) found that most used second-hand equipment, negotiated the best deals with suppliers, withheld senior manager's salaries, delayed supplier payments and borrowed equipment from other organisations as part of the bootstrapping techniques. Jayawarna et al. (2020) found different social-oriented bootstrapping techniques that UK based SEs use to what Winborg & Landström (2001) had found. Firstly, building legitimacy to differentiate themselves and attract resources from the targeted

resource owner, secondly using persuasion to convince resource holders to provide underutilised or unwanted resources, and finally creating resource communities through social resource exchanges through the pooling of resources and soliciting resource in exchange for future reciprocation. As this research was confined to only social-oriented types of bootstrapping, Jayawarna et al (2020) called for research into other types of bootstrapping while, Winborg & Landström (2001) called for expansion of scope to cover businesses that were now in the establishment phase as opposed to the start-up phase as well as investigation into different types of bootstrappers such as relationship-oriented boot-strapper affected by geographic location through focusing on different aspects of a location and use of personal networks.

2.8.2. Bricolage

A resource mobilisation strategy entails the use of available resources at hand such as skills, physical resources, ideas at a particular point in time (Baker & Nelson, 2005). Bricolage is further divided into internal and network bricolage where the former is specific to the use of resources within a firm while the latter leverages existing networks to use the resources available in those networks (Tasavori, Kwong, & Pruthi, 2018). Desa & Basu (2013) found a greater prevalence of this strategy in both resource-scarce areas where SEs do not have prominence in the area (necessity-based bricolage) however they also found that the adoption of bricolage is also out of choice where an SE sees an opportunity to use bricolage to create greater value out of existing resources at hand (ideational bricolage). Examples of identified activities where repurposing existing materials, using volunteers, encouraging the use of self-taught skills on the job (Desa & Basu, 2013). Some of these findings were confirmed by (Tasavori et al., 2018) who also found that SEs in the UK, tended to also repurpose and enhance their existing products to enhance the social value, reconfigure resources at hand to develop new products, tap into new markets with their existing products, and leveraged their networks to enhance the use of their current resources to enhance their current products, and create new products for existing and new markets.

Both authors called on further research into the use of bricolage in developing countries who are characterised by greater resource constraints while Desa & Basu

(2013) called for further studies into the resource mobilisation using bricolage and optimisation for organisations in different stages of their lifecycles. Furthermore researchers have called for an examination of whether the combination of different resource mobilisation strategies such as bricolage, bootstrapping and strategic alliances leads to enhanced collaborations, or network sharing amongst SEs (Janssen, Janssen, Fayolle, & Wuillaume, 2018).

2.8.3. Optimisation

According to Desa & Basu (2013), optimisation is a resource mobilisation strategy that entails the use of standard resources with demonstrated capabilities for their intended purpose. The authors found US-based SEs adopt this strategy when they are relatively well known and are operating in environments with greater resources whereas those less well known in resource-scarce environments tended to adopt bricolage. Examples of optimisation practices found by Desa & Basu (2013) included the purchase of standard materials off-the-shelf, recruiting skilled workers relevant for the job at hand relying on their formal education and prior experience. Garud & Karnøe (2003) found that optimisation did not allow for progressive learning on the enhancement of resources at hand and tend to result in the diminishing of resources at hand, unlike bricolage which leads to enhanced learning and improvement of capabilities.

2.8.4. Enhancing Social Partnerships

Long-term partnerships or relationships with key stakeholders such as other NGOs, local associations, and informal groups enhance access to information and networks enabling better resource mobilisation. This was found by Ciambotti & Pedrini (2019) whose research into SEs in Kenya found the leveraging of partnerships to gather information on customers, penetrate new markets and, access funding as well as free training for employees. Littlewood & Holt (2015) also found evidence of SEs leveraging key partnerships in South Africa which have revolved around the Broad-Based Black Economic Empowerment (B-BBEE) which for South Africa and SEs is a mechanism to crowd in financial resources through encouraging investment into SEs as larger organisation improve their B-BBEE rating through investing and supporting black-owned SEs together with formalising relationships with strategic partners such as Tourism Enterprise Partnership (TEP) and the Impact Amplifier who

crowd in impact investors, corporates and other joint ventures. The study conducted by GIBS Entrepreneurship Academy (2018) found that SEs in South Africa tend to rely on a combination of different sources to raise the financial resources required for their activities by accessing different stakeholders through partnerships. A different role of key partnerships was found by Doherty et al (2014) who found that HOs tend to use key relationships to innovate and create better mechanisms that overcome barriers to resource access. Researchers have called for more work to be done to understand how SEs can sustain relationships with key stakeholders as part of their resource mobilisation and whether such partnerships enhance the firm's competitiveness and contribute to its success(Doherty et al., 2014; Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010).

2.8.5. Social Networking

Networking through key activities such as running social initiatives and events fosters relationships with external stakeholders through alignment of the SE's social mandate with the goals of the external stakeholders enhancing the resource mobilisation process. Ciambotti & Pedrini (2019) found that SEs who networked with government, and local associations were able to access more structured networks which enhance their access to market data and customer insights and key regulations and industry trends. This view was also confirmed by Clough, Fang, Bala Vissa, & Wu (2019) who found that entrepreneurs engage in proactive networking to establish new ties through the use of referrals or reaching out to strangers to draw in more resources as key information tend to flow through networks. The use of networks to access knowledge and greater market access was also confirmed by Folmer, Nederveen, & Schutjens (2018) in their study. In addition, the authors also found that SEs leveraged professional networks to build their legitimacy through seeking endorsement from key stakeholders with standing in the market and thus enhancing their ability to mobilise resources. Finally, researchers also found that organisational success was based on the SE obtaining local knowledge, networks and, community embeddedness to foster greater levels of trust and resource access(Hota et al., 2019). What is not fully understood in research is how entrepreneurs engage in proactive networking behaviour to seek new resources (Clough et al., 2019). A key aspect of financial resource mobilisation is the pricing

strategies adopted to generate revenue from the commercial activities conducted by SEs. This will be explored next.

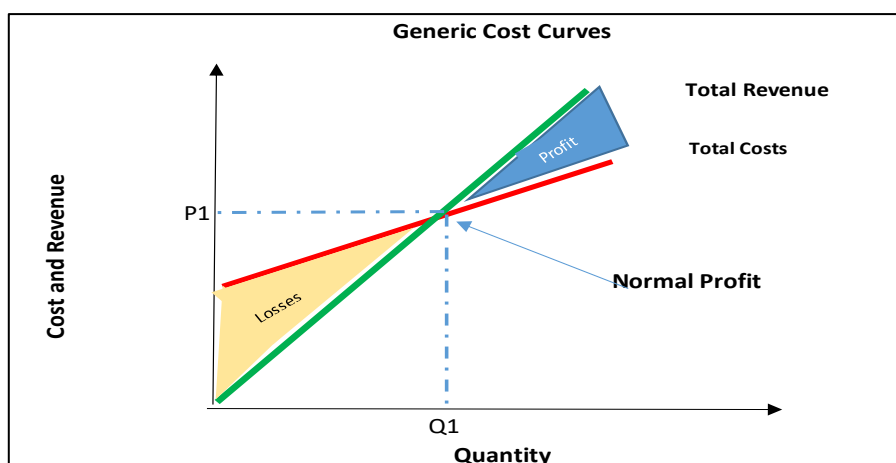
2.9. Pricing within the Social Context

2.9.1. Defining pricing and its importance

As part of the financial resource mobilisation, pricing plays a key role in generating revenue for a company and is one of the most important marketing decisions of an organisation (González-Benito & González-Benito, 2004). Price plays a role in capturing the cost of consumption (allocative role) or sending a signal of the quality or prestige associated with a good or service (informative role) (Erickson & Johansson, 1985; Lichtenstein, Ridgway, & Netemeyer, 1993). The latter role which views pricing as a signal of value is also shared by Pitt, Berthon, & Morris (1997) who underlines that the price communicates or sends signals to customers of how they should view the product from a customer value and company objective perspective.

Pitt et al (1997) provide a detailed overview of different pricing mechanisms based on two main groups and three sub-groups. The pricing strategy adopted by organisations tend to fall within two broad categories: *cost-based* and *market-based* with the former placing greater importance on covering costs to mitigate against losses while the latter is focused on the customer and uses the price to reflect the value a consumer is obtaining from a product or service. The figure below illustrates the cost-based pricing model.

Figure 3: Generic Cost Curves



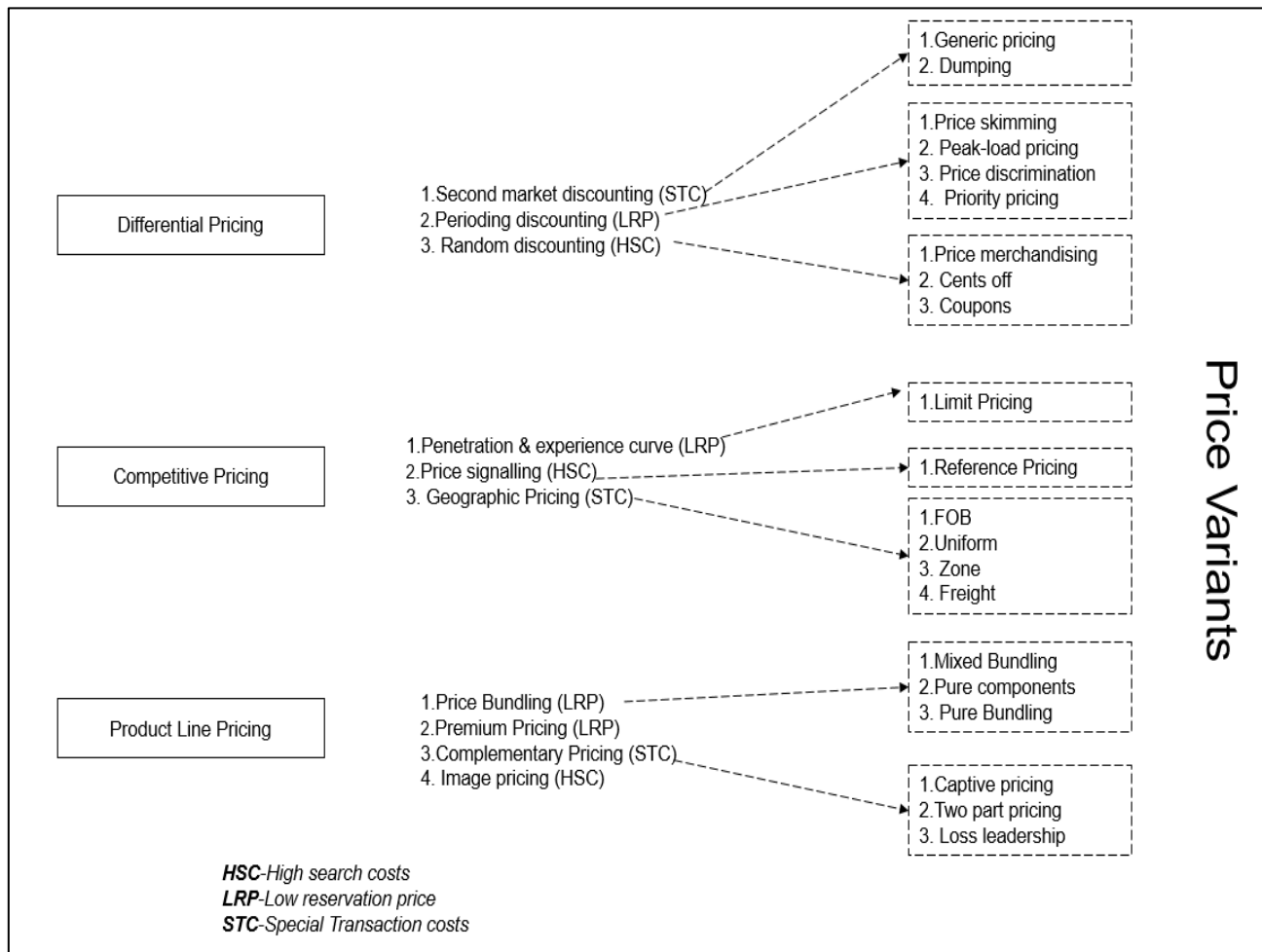
The organisation aims to target prices that ensure that at a minimum the Total Revenue Equals Total Costs using a cost-based pricing methodology. The market-based pricing methodology looks at market dynamics in formulating the price such as value-based pricing which is based on the consumer perception of the value of a product or service and their willingness to pay based on assessing competitor prices as a reference price(Ren, Rong, Lu, Liu, & Ross, 2020).

Price changes can be influenced by three main dimensions: risk, competitor behaviour, or appetite for flexibility. The first pricing dimension is either risk assumptive or risk-based where the former sees organisations only change prices out of absolute necessity while the latter sees organisations test new pricing mechanisms(Pitt et al., 1997). Secondly, price changes can also be assessed based on company behaviours where organisations who practice *reactive pricing* specifically change prices based on competitors, while *proactive pricing* represents organisations taking a more active role in being the first to change pricing in the market. Finally, organisations can also either *standardise* by adopting a single price for a product/or service without any influence on the environment or customer or *flexible* where prices for the same good or service are altered based on the market, environment or consumer(Pitt et al., 1997).

Under the main and sub-groups identified by Pitt et al (1997) are different pricing mechanisms adopted by organisations. The cost-based pricing mechanisms include cost-plus and absorption pricing which involves a company adding a mark-up on product costs, and the other sees pure cost recovery with no mark-up(Sammut-Bonnici & Channon, 2014). Market-based pricing includes price skimming, freemium pricing, loss leader pricing, penetration pricing, and prestige or value pricing(Tellis, 1986)

The table below outlines the framework of cost and market-based pricing mechanisms

Figure 4: Pricing Strategies (Tellis, 1986)



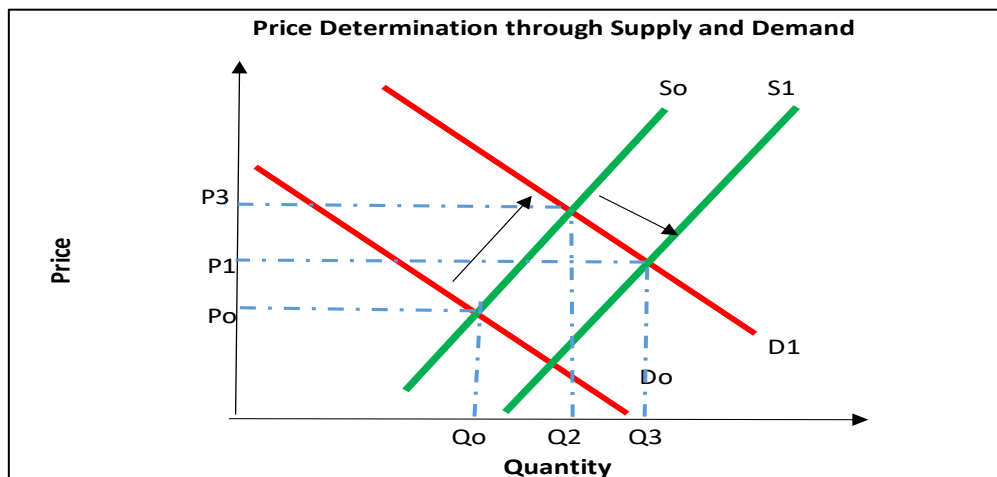
As shown above, there is extensive knowledge in the literature of the different pricing strategies that commercial organisations pursue in search of profits. The categorisation of prices by Tellis (1986) takes a slightly different approach to the categorisation by Pitt et al (1997) however there are some intersections in the various pricing strategies adopted by commercial organisations. Tellis (1986) outlines three main groups as shown: *Differential* (Flexible pricing according to Pitt) where different prices are charged for the same brand, *Competitive* (reactive/proactive) pricing where the competitor's position is used as a basis to price and *product line pricing* dominant in the retail space and is used to take advantage of mutual dependencies. According to Tellis (1986) the key drivers of a pricing strategy are the objectives of the organisation and the characteristics of the consumers or end-users based the high search costs (HSC), low reservation price (LSP) or high price sensitivity, and

specific transaction costs (STC) such as costs of travel and switching costs. The next section will look at pricing from a theoretical perspective.

2.10. Pricing: Theoretical Perspectives

According to the law of supply and demand, demand reflects the desired quantum of product or service by a consumer at a given price in a competitive market while the supply shows the quantum of a product or service offered in the market based and reflects the willingness to supply at a given price based on the demand situation (Silberling, 1924). Below is an illustration of the interaction of demand and supply

Figure 5: Demand and Supply Curve



As shown above, the price is therefore an indication of supply and demand based on the interaction of the supply curve (S0) and Demand curve (D0). An increase in the demand shifts the curve from (D0) to (D1) resulting in price increases from (P0) to (P1). Suppliers then respond to increased demand shown by the movement from (S0) to (S1) resulting in a decrease in the price from (P1) to (P2).

Leveraging the Resource-Based View, researchers have found that they possess of generating rents through value creation aided by the development of internal resources and capabilities that meet the VRIO framework is insufficient on its own to capture the targeted rents. The setting of the correct prices is what plugs the gap to enable the firm to capture those targeted rents (Dutta, Zbaracki, & Bergen, 2003). The authors argue that the price-setting process is a complex process that involves competitor benchmarking, price strategy development, price analysis, and securing

commitment to new prices from consumers and, therefore, argue that the process of setting prices is therefore a capability in itself that can be leveraged to generate value by an organisation. The next section will look at pricing from an SE perspective and what has been understood in the literature to date.

2.11. Pricing: Strategies for SE

2.11.1. Internal and External pressure to charge low prices

SEs tend to adopt a hybrid model consisting of revenues derived through the sale of goods and services (market-based) and philanthropic funding (non-market sources) such as grants, donations etc.(Staicu, 2018). SEs face pressure to charge lower prices for their products or services. This view is supported by Hudon, Labie, & Reichert (2020) who indicate that despite the implications of increased interest rates on the financial position of SEs in the micro-lending space, these organisations face ethical dilemmas as their customers are poor. Basharat, Hudon, & Nawaz (2015) support the importance of pricing in strategic decisions made by all organisations, but however flags its sensitivity when viewed within the context of SEs due to ethical dilemmas. The theme of SEs providing goods and services at affordable prices is also echoed by Hockerts (2015) who found that hybrid enterprises tend to deal with poor customers and thus charge lower prices. McMullen & Bergman (2018) also found that SEs face pressure to not be perceived as exploitative which impacts their ability to charge fair market prices.

2.11.2. Optimal pricing strategy for SEs

According to literature, the process of setting a maximum price for commercial businesses entails considering the supply, demand and market size at various price points, while setting a minimum price involves estimation of production costs and competitor benchmarking, with the final release price somewhere in between this spectrum (McMullen & Bergman, 2018). There is lack of clarity on what is the best pricing strategy that SEs should employ given the different dilemmas that they face in the sector they operate due to tensions that arise from their hybridity (Doherty et al., 2014).

An additional pricing strategy that was proposed in the literature was the Pay What You Want Pricing (PWYWP) which allows each customer to set any price for goods and services that the SE provides including a zero price (Mendoza-Abarca & Mellema, 2016). The authors argue that this pricing strategy enables simultaneous economic and social value creation, greater reach in terms of beneficiaries previously excluded due to the price, minimises the stigma of receiving charity by allowing consumers to pay what they can, and provides opportunities for customers to show their SE support. Variations to the PWYWP also include offering minimum and maximum prices, suggested prices to mitigate prices that may be unsustainable for the firm while also communicating the product or service's value (Johnson & Cui, 2013).

Other authors note that for SEs, prices are set below the price ceiling due to the pursuit of a social mission, hence price skimming (setting the maximum possible price to extract profit) is unlikely with SE leaning more towards penetration pricing (setting a low price to drive volume) (McMullen & Bergman, 2018). SEs practice cross-subsidisation by compensating for low prices charged to their poor customers, using funders and or wealthier clients (McMullen & Bergman, 2018).

McMullen & Bergman (2017) highlighted the perils of SEs lowering their prices in a price war and the adverse effects that would have on society should they price themselves or their competitors out of business. Furthermore, SEs face the challenge of trading in commodities that consumers view as free or a gift of nature (McMullen & Bergman, 2018). Thus although there is agreement from authors of the tendency of SEs to charge lower prices, there are calls by researchers to shed more light on the process which SEs undergo to set prices as it remains unclear and the circumstances which influence the pricing strategies that SEs choose amid the dilemmas that they face such as charges of exploitation in the communities where they serve the need to realise social missions in their respective locations, while being financially sustainable (McMullen & Bergman, 2018). The next section will look at the role of location and how it interplays with resource mobilisation and pricing in general for SEs and within the context of South Africa.

2.12. Location and its influence on resource mobilisation and pricing

2.12.1. Motivation of Business Location decisions

Having understood what is known in the literature regarding the pricing strategy that SEs adopt as part of their financial resource mobilisation, the research looked to explore what is known in the literature regarding the influence of location on those two themes of pricing and resource mobilisation beginning with what motivates location decisions by organisations.

Various authors have seen location as influenced by various drives such as costs related to logistics, production and customer demand, and the availability of skills in an area (Adler & Florida, 2020). Martyniuk-pęczek (2017) found in reviewing SMEs in Poland how the migration of citizens out the city centre with ambitions to establish businesses influenced the development of businesses in specific areas outside of the core cities pulled by living conditions as well the availability of suitable logistics services rather than costs. In reviewing site locations for factories across the world based on existing models in the literature, Owen & Daskin (1998) found that profitability and set-up costs were key drivers in the location by businesses of factory operations thus aligning with Adler & Florida (2020) on finance-based motivations driving location decisions. Knoblen (2011) found that proximity to inter-organisational relationships and regional features were drivers in location decisions for organisations and further confirmed the role of location in unlocking resources and providing organisations with a competitive advantage and that organisations that relocate perform better than organisations that do not relocate. The author further called for research into location-based behaviours. Thus, in conclusion, there are various drivers for why organisations locate in various location with the overwhelming reason being financial-based motivations.

2.12.2. How location was pre-determined by State Policy in South Africa

Tracing back the history of South Africa pre-1994 a pattern of segregation has always been prevalent and forms one of the foundations for inequality in South Africa with black Africans isolated from the urban core of society under conditions of great social danger (Capuzzo, 2015; Hamman & Horn, 2010). Key events in South Africa's history provide ample evidence of the reallocation of resources along racial lines with the

white minority being located in the more resourced areas to the detriment of the black majority who were forcibly removed and resettled in marginalised areas. According to Capuzzo (2015), In the mid-1960s, the Xhosa were disposed of their land when during the occupation by the British in the Cape Town, during the 1830s the British limited the freedoms which included access to live, work or move effectively excluding them from economic participation. Key events such as diamond and gold discovery in Kimberly and Witwatersrand in 1867 and 1884 respectively did not benefit the black population who found themselves working for less wages than the white minority with no participation in the ownership of the mines(Thompson, 2000). Key legislation such as the Mines and Workers Act of 1911 cemented the exclusion through the reserving of certain jobs for the white minority(Capuzzo, 2015).

2.12.3. The cementing of geographic (location) lines

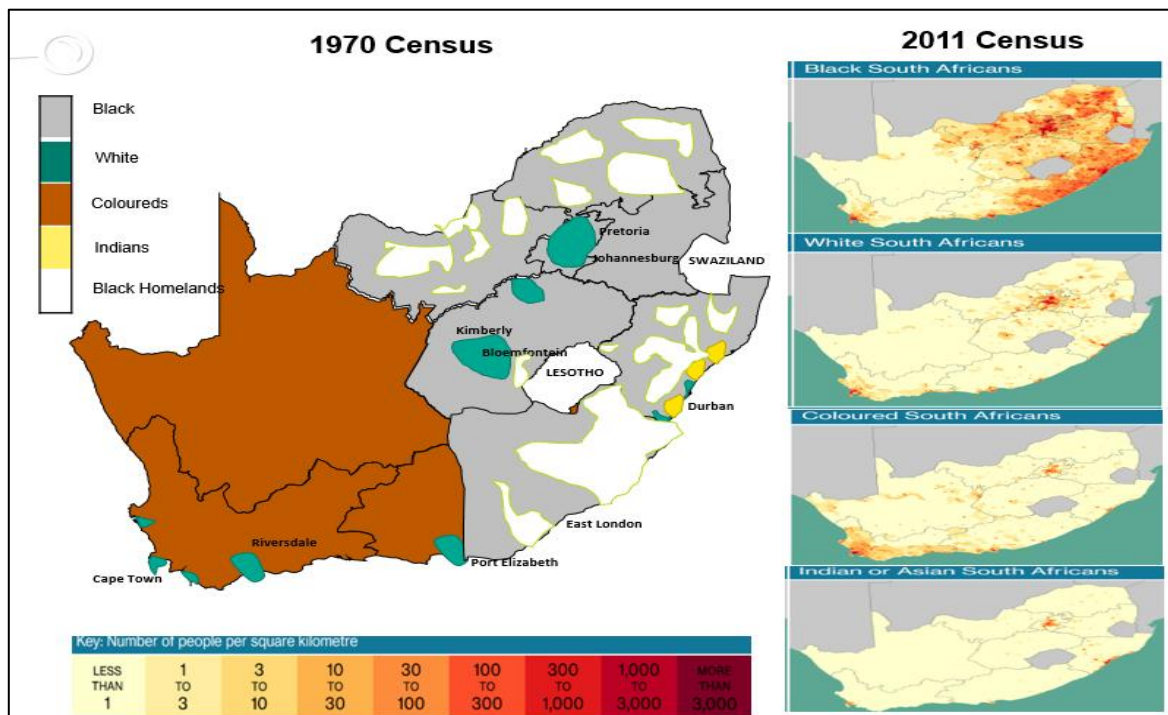
Following on from the exclusion was the cementing of economic fortunes along geographic lines. Through the various legislation the governments of that time formalised the allocation and distribution of resources across geographic nodes. The Natives Land Act of 1913, reserved more than 90% of the land for the white minority and removed without compensation Africans and forced them to occupy reserves that had scarce resources(Capuzzo, 2015). The establishment in 1948 of Apartheid further cemented the separation and segregation along racial lines with acts such as the Population Registration Act, Reservation of Separate Amenities Act and, the Bantu Education Act of 1953 ensuring infrastructure access and education access would be different between the white minority and the black majority(Capuzzo, 2015).

2.12.4. Legacy of Apartheid Spatial planning remains

Despite the repealing of apartheid legislation and granting of freedoms to previous segregated groups, the legacy of the effects of spatial planning during the apartheid years and prior remain. Although previous dominated white occupied areas have seen some racial shifts, the prior black African occupied areas remain unchanged(Hamman & Horn, 2010) The author Miraftab (2012) finds evidence that the policies being adopted in Cape Town have served only to cement the historic framework of spatial planning and segregation through disproportional urban development and or redevelopment, political citizenship and leverage discussions on public safety to unevenly benefit the elite through development actions. Hamman &

Horn (2010) have also found similar trends of structural segregation among the white and black populations mostly and to a lesser extent coloured and Indian communities. An analysis of SA census side by side provides visual confirmation of these findings as shown in Figure 6 below. Furthermore, Nawa (2018) like Hamman & Horn (2010) found uneven cultural infrastructure in favour of urban areas formerly occupied by whites as opposed to black townships and rural areas.

Figure 6: Race concentration 1970 South Africa vs 2011 (Alexander, 2018; University of Texas, n.d.)



As shown above, despite the transition from Apartheid, by and large, the spatial distribution and concentration along racial lines remains largely the same between pre and post-independence. The areas occupied by the majority remain historically resource-poor areas while those where the white minority occupy remain resource-rich. According to The World Bank (2018) the poverty levels are predominant in rural areas with the Eastern Cape, Limpopo, and KZN showing significantly higher poverty levels than Free State, Western Cape, and Gauteng. These provinces were also the areas that predominantly had the “homelands” during apartheid that were characterised by poor delivery of service and infrastructure resources. In concluding Hamman & Horn (2010) calls for more context-specific analysis to confirm whether their findings are consistent in other geographic contexts. The next section provides some theoretical background on location decisions.

2.13. Theoretical Perspectives on Location,

The study will be located in part within the theory of Location of Industries as put forward by Weber (Friedrich, 1929).

2.13.1. Theory of Location of Industries and Further theory development

According to Friedrich (1929), the location of industries was driven by regional factors and agglomerative and deglomerative factors. The authors note that industries tended to locate where the cost of transport was at its lowest unless the location was superseded by an area with greater cost savings in terms of labour versus the increased transport costs. Secondly, the location was based on complementarities which brought advantages by being in the location (agglomerative) e.g. water access or the converse wherein advantages were derived from decentralising from that specific location (deglomerative) e.g. taxes or land values. Although some of the assumptions of this theory have been subject to criticism, it still retains some value today as subsequent theories have not been thorough.

Further developments moved away from demand based on least-cost analysis to leveraging theory of monopolistic competition (Carrier, Schriver, & Heinrich, 1968). This approach was based on uniform procurement and processing costs, with variations being on price-based distances between customers and suppliers with the former being located in different locations as opposed to centrally as posited by Weber. Sellers located near buyers as a means of exerting control and competitors' choice of location were driven by demand. The authors found that the location of plants was based on personal factors, cost minimisation, and revenue maximisation, and the certainty of data used to predict the profitability into the future.

The extended RBV brings the geographic aspect to resource mobilisation and provides an intersection between the location-based theory and the resource-based theories through the introduction of Territorial Embeddedness which is the degree to which organisations maintain inter-organisational relationships (Knoben, 2011). The authors found that distance of inter-organisational relationships and regional characteristics played an important part in influencing relocation decisions, and found the role of location dynamics in resource access and greater competitive advantage.

Thus summarising location theory points to cost and market dynamics being the key driver of location decisions, with the latter being mostly related to customer demand and interrelationships amongst other factors.

Applying these theories to SEs implies that the location decision for SEs' operations is influenced by economic reasons being minimising costs to deliver their service so that they can manage their scarce resources or is influenced by other secondary reasons such as complementarities or deglomerative reasons. Furthermore, the existence of demand for the products and or service they sell may influence their location decisions. Looking at the South African context, the effects of apartheid cannot be understated, and the role of state policy in influencing location decisions directly (through apartheid and other segregation laws) or indirectly (through the economic effects of those state policies on the ability of organisations to make move away from their original locations. The research will look to unpack these influences in greater detail. The next section looks at the interplay of location and resource mobilisation by SEs as captured in the literature.

2.14. Location and Resource Mobilisation by SEs

Geography creates a boundary that enables the analysis of the social entrepreneurship structure through the interactions between social actors within a specific area (Smith & Stevens, 2010).

2.14.1. The location of an SE plays a role in resource access.

Jammulamadaka & Chakraborty (2018) found that initial enterprises attract a pool of resources which acts as a crowding mechanism to draw other SEs towards the same area resulting in clustering. In addition, the pool of financial, human, and social capital influenced the location of SEs. Smith & Stevens (2010) support this view as they found that geographic proximity influenced the strength of relationships with donors as greater proximity with donors limits the need for greater monitoring by the donor given the visibility of the impact of the donor funds in use due to their proximity to the SE. In addition, Eversole, Barraket, & Luke (2013) found that greater proximity of SEs in local communities, and their targeted work addressing those needs enhanced their ability to mobilise latent resources. Thus literature supports the view that

resource access is influenced positively by geography, however, there remains limited work on comparison between overlaps and similarities in strategies adopted to mobilise these resources along geographic lines.

2.14.2. Location plays a key role in the success of the SE

Smith & Stevens (2010) found that social bicolour type SEs tend to focus on their local community due to greater opportunities for interaction with key actors and stakeholders, greater access to skills and knowledge which provided the greatest platform for the SE to succeed. This view is supported by Eversole, Barraket, & Luke (2013) who found through their case study analysis of SEs in rural Tasmania in Australia that SEs generated social capital as a result of their close relationship and embeddedness in the local communities which contributed to their success evidenced by improved food security, job creation and local economic stimulation. The relationship between greater proximity and success of the SE was further highlighted by Hota, Mitra, et al (2019) who observed that the key to the success of the organisations they investigated was the development of networks, community embeddedness, and greater local knowledge. Thus evidence from literature points to the positive role between location and the success of the SE mediated by other factors such as embeddedness, network development and enhanced skills, and knowledge of the community.

2.14.3. SEs locate where the poverty is

The location of an SE tends to be influenced by where the social issue is prevalent. This view was shared by Eversole, Barraket, & Luke (2013) who found the link between the work conducted by SEs and how it was embedded in local contexts and based on close relationships held with local communities. Contrary to this view Fruttero & Gauri (2005) found that there was an insignificant relationship between where the social challenge (e.g. poverty) was and the location of the organisation. They found that NGOs tend to locate in areas where others have established programmes if this leads to them attracting more funding. Thus the funders and their measures of performance such as geographic coverage offered greater incentives to locate organisations than the actual prevalence of a social challenge. Jammulamadaka & Chakraborty (2018) concurs with this view after finding that resource access was a key motivator for location of social enterprises which resulted

in clustering around available resources by many social enterprises. Thus given their mandate to tackle social challenges, SEs may embed themselves in communities where the problem lies, however, there are other factors in play that influence the geographic location of SEs. Jammulamadaka & Chakraborty (2018) acknowledge that the geographic dimension remains understudied and call on further research to understand this dimension within the context of SEs and whether they are located. The next section will tackle the literature views on location and pricing as an extension to resource mobilisation analysis.

2.15. Location and Pricing

2.15.1. Costs tend to increase based on geography

Trade costs increase as one moves beyond the main geographic area (I. Lee, 2010). This view is complemented by (Adler & Florida, 2020) who found that entrance by large organisations in a local area tend to increase wage levels in the area as well as prices for local goods. Thus geography may have cost implications for businesses which may then be translated into higher prices for goods or services.

2.15.2. Organisations price discriminate based on location.

Area-specific market factors influences firms to charge different prices for each location (Sammut-Bonnici & Channon, 2014). Davis (2021) found that competition was one such local condition that results in price discrimination were private universities where cross-subsidising in-state students through increased aid while charging out-of-state students a higher price, to compete against the public university which charged below market tuition fees.

2.15.3. Location and pricing for SEs

There has been little research has been published on the influence of geography on pricing by SEs. (Moellmann & Thomas, 2019) found cost savings and performance benefits in an SE moving its manufacturing from the USA to East Africa due to localisation and reduction in shipping costs which translated to reduced selling prices and greater profit margins. This research aims to provide insight into SEs pricing looking from a geographic (location) perspective. The research will look at general

business literature as a reference to obtain insights on the influence of location on pricing by SEs.

2.16. Conclusion on Literature Review

The importance of resources was highlighted alongside the existence of the research problem of resource constraints and offered insights on how these constraints could be elevated in certain areas of South Africa. From a theoretical perspective, the Resource-Based View offered the general theoretical home for the study and outlined the role of resources that satisfy the VRIO framework as a driver for competitive advantage for organisations. What is yet to be fully understood in the literature is the conceptualisation of resources and a more focused understanding of resource access by organisation with calls for more investigation into understanding this phenomenon (Marshall et al., 2020).

There is extensive knowledge on resource mobilisation strategies adopted by SEs who are mostly based in developing countries which took the form of bricolage, optimisation, networking and, bootstrapping amongst others. Literature did not offer much spatial-based resource mobilisation analysis as most studies looked at the SEs within the country without taking a step further in breaking down regional specific nuances or other within the country location dynamics and their interplay with the resource mobilisation strategies adopted. Literature called for a greater understanding of resource mobilisation strategies by SEs in developing countries as well influences of choices of strategies adopted by SEs and interactions. Specifically, there have been calls for research to understand the various strategies and the impact of those interactions on collaborations and network sharing; how entrepreneurs engage in proactive networking behaviour to seek new resources; how SEs can sustain relationships with key stakeholders as part of their resource mobilisation and whether such partnerships enhance the firm's competitiveness and contribute to its success and how bricolage manifests in developing countries (Clough et al., 2019; Desa & Basu, 2013; Doherty et al., 2014; Janssen et al., 2018; Meyskens et al., 2010; Tasavori et al., 2018).

Looking at pricing, there is extensive knowledge of the various pricing strategies that commercial-based organisations adopt, what is scant is the strategies that SEs adopt as part of financial resource mobilisation. This research answers the calls by McMullen & Bergman (2018) to investigate further the pricing process adopted by SEs and how they formulate the final release price.

The history of South Africa and the state policies adopted have had a significant influence on the spatial dynamics of this country. Resource allocation was for a long time driven by racial motivations with white minority benefiting from access to more and better resources than blacks, coloureds and Indians. Amid this SEs have emerged in South Africa taking on the shape and form of the current limiting legal and policy environment. This dynamic where resource access remains delineated along geographic lines provides an opportunity to be more specific in the assessment of resource mobilisation in South Africa by SEs amid resource constraints by targeting SEs based in marginalised areas and those in better-resourced areas to compare and contrast how their location shapes their resource mobilisation and pricing strategies in response to calls by Hamman & Horn (2010) to investigate more context analysis to confirm consistency with their findings. The next chapter then goes into the Research Questions that this research will look to answer in response to gaps in the literature.

CHAPTER 3: RESEARCH QUESTIONS

3.1. Introduction

The literature reviews highlighted evidence of a research gap into the resource mobilisation strategies adopted by SEs in emerging markets. This gap goes further with limited research on geographic-specific analysis of research strategies within a country and the overlaps between one specific area of a country and the strategies adopted and another.

3.2. Research Questions

The questions below sought to delve deeper into resource mobilisation by SEs in South Africa along geographic contexts

3.2.1 Research Question 1: What are the key resources required by Social Enterprises?

The question aims to obtain a general understanding of the resources that collectively all SEs place great importance on to carry out their social missions from a South African context. The question is foundational and builds into research question 2 but beginning to respond to calls by Marshall et al (2020) to unpack venture resource access and given the spectrum of SEs to be targeted which will include young and more mature SEs may also provide some insights on progression in which resources are of more value when SEs mature from the start-up phase.

Marginalised areas include areas where the majority of people classified in the Living Standards Measure (LSM) 1 to 4 are located such historic townships, inner-city, informal settlements, rural and peri-urban areas while LSM 5 to 10 begins of transition into areas that are better-resourced areas. (Ntloedibe & Ngqinani, 2020).

3.2.2 Research Question 2: What are the overlaps and differences in the strategies employed to mobilise resources by Social Enterprises based in marginalised areas and those based in better-resourced areas?

This research question builds on research question 1 but begins to bring a geographic lens to the analysis and aims to understand the similarities and

differences between strategies employed by SE based on where they are located as inequality and resource access is still defined based on geography and thus strategies adopted are worth investigating for similarities and differences (The World Bank, 2018). This question responds to calls from Hamman & Horn (2010) to extend the spatial analysis to confirm the trends they found when investigating Tshwane. In addition from a resource mobilisation perspective, answers calls by various authors to understand resource mobilisation further covering aspects such as how entrepreneurs engage in proactive networking behaviour to seek new resources; how SEs can sustain relationships with key stakeholders as part of their resource mobilisation and whether such partnerships enhance the firm's competitiveness and contribute to its success; how bricolage manifests in developing countries (Clough et al., 2019; Desa & Basu, 2013; Doherty et al., 2014; Janssen et al., 2018; Meyskens et al., 2010; Tasavori et al., 2018).

3.2.3 Research Question 3: How do Social Enterprises set prices for their goods and or services as part of their resource mobilisation strategy?

The question narrows down from question 2 and looks at pricing as part of the financial resource mobilisation strategies SEs to mobilise revenue. This question responds to gap in the literature on the overall pricing process and optimal pricing strategies for SEs as highlighted by (McMullen & Bergman, 2018). Furthermore, the question will look to answer the calls by Johnson & Cui (2013) to investigate the existence of biases towards a minimum price in a Pay What You Want (PWYP) pricing strategy in a non-commercial context by investigating this further should the researcher identify SEs that adopt the PWYP strategy as part of their pricing strategies. The question will also look at key influences that affect the price-setting process by SEs as part of the overall comprehensive understanding of how SEs price for their goods and services.

3.2.4 Research Question 4: How does geography influence pricing decisions for SEs from marginalised areas and better-resourced areas?

This question builds on both questions 2 and 3 by extending resource mobilisation analysis based on location and extending the gap identified by McMullen & Bergman

(2018) to further narrow down on pricing and looking at the influence of location on the pricing decisions made by SEs given South Africa's context. The researcher sought to uncover how the location of the SE, its beneficiaries, and customers played a part if any in how the SE priced for goods and or services. The understanding of this aspect enables contextual pricing decisions to be made resulting in less disconnect between the prices charged and the context with which an SE finds themselves and their targeted end-users or customers. This in turn should improve the ability of the SE to mobilise financial resources to respond to the challenge of resource constraints and add further insights from developing countries(Desa & Basu, 2013).

CHAPTER 4: RESEARCH METHODOLOGY

4.1. Introduction

This chapter provides details on the research methodology adopted for this study. Qualitative exploratory approach was utilised to obtain an understanding of the resource mobilisation and pricing strategies by SEs in different locations to respond to the resource constraint challenges. Qualitative research enabled the researcher to obtain meaning as built by individuals through their interface with the world (Merriam, 2002). Although research in developed countries had been conducted, there was limited research in developing economies and less so on different geographic contexts within one economy. This informed the use of this approach. Data collection was made through semi-structured interviews to ensure that at a minimum all research questions were sufficiently addressed, whilst also providing a degree of flexibility to enable the research to extract other key data. The researcher adopted thematic analysis after cleaning the data post the interview engagements. The research design was carried out within the confines of inherent limitations of the approach taken. This chapter will shed more light on key elements of the research methodology.

4.2. Research Design & Approach

4.2.1. Research design

This research study aimed to understand how SEs mobilise resources in the face of critical resource constraints by investigating the strategies they employ which include pricing strategies and the motivation behind the chosen strategies along geography lines. The literature reviews highlighted gaps in knowledge related to developing countries. In light of this, an exploratory study was conducted as it enabled the researcher to obtain new insights, exercise curiosity using various tools such as the interview guide for guidance (Tracy, 2013). Research on SEs is still relatively new and the exploratory research design seeks to add to the body of knowledge by gathering new discernments specifically on resource mobilisation. There is limited research on how SEs in South Africa are impacted by the geography (i.e. where their SEs operate from and where their beneficiary/end-user comes from) and how this

shapes the different strategies that SEs employ to mobilise resources. The literature review found that the research was country-specific without investigating further into the within-country-specific nuances. This research looked to plug that gap by looking at SEs who operate from two different spectrums of the economy and the similarities and differences in the strategies they employ to mobilise resources and price for their goods and services. Other research in developed countries had taken on a quantitative design given how developed the knowledge base was in those economies. For example Desa & Basu (2013) were able to conduct empirical tests on an available database of social venture applications for 202 ventures available in the USA whereas Mitra et al (2019) adopted a similar qualitative approach (going the case-study route as opposed to phenomenology adopted for this report as a strategy) as they were investigating SEs in a developing country in India where knowledge of SEs resource mobilisation strategies was not yet fully understood. Ciambotti & Pedrini (2019) also used the qualitative approach when investigating hybrid resource mobilisation in Kenya as the knowledge of these strategies in that country was relatively unknown.

4.2.2. Research Philosophy

The study placed reliance on the experiences of interviewees (Social Entrepreneurs and Senior Managers) and extracted data from those experiences factoring a certain level of interviewees' subjectivity in sharing those experiences (Rashid, Rashid, Warraich, Sabir, & Waseem, 2019). Thus the interpretivism philosophy was adopted for this study as it ensured that the line of examination remained open to enable the researcher to extract new insights. Interpretivism enabled the researcher to understand how the interviewees interpreted their experiences of resource mobilisation from their perspective (Merriam, 2002). These insights formed the foundation for the researcher to answer the research questions. This philosophy aligns with qualitative research as qualitative research enables the discovery within a given set of specific occurrences (Rashid et al., 2019).

4.2.3. Research Approach

The researcher used mostly induction with some minor elements of deduction for the coding process. There were elements in the research questions which was extensively well known in the literature for which a conceptual framework could be developed. Research question 3 and 4 related to pricing, for which extensive strategies have been researched in the literature for commercial-based businesses with a gap lying in how those strategies translate in the SE context. Hence the researcher used these well-known pricing strategies as a foundation to adopt deductive coding as part of the data analysis once data had been collected. Research Question 1 (RQ1) and 2 (RQ2) however represented areas specific to SEs in South Africa that is not currently well understood and thus the researcher approached those questions using a bottom-up approach through induction given that it enabled the understanding of events and their attachment of meaning to said events through the eyes of humans as a consequence of their experiences (Saunders & Lewis, 2018). The greater research rested on the experiences of Social Entrepreneurs and senior managers on the research mobilisation process by SEs and price-setting mechanisms adopted within specific geographic contexts consistent with the inductive approach. The research aimed to gather data to establish new concepts or theories on resource mobilisation and to a large extent looking at RQ1 and RQ2 did not entail testing of developed hypotheses or theory as a purely deductive approach would have done. Thus a more inductive approach with certain elements of deduction was utilised. Induction aligned with the selected research design and philosophy and responded to the identified gap in the existing theory to explain resource mobilisation from SEs who are based in not only a developing country but a country that can be further analysed along geographic lines given its history.

4.2.4. Research Strategy

The research involved the collection of data through semi-structured interviews followed by thematic analysis of the data. The researcher engaged with Social Entrepreneurs and or senior managers in SEs with the intent to extract data based on their experiences and their interaction with a specific phenomenon. The

phenomenological strategic sphere was used given that study aimed to irradiate a specific occurrence through the perception of different actors in the absence of preconceptions or hypotheses (Lester, 1999). This strategy was selected as it is an effective approach to illuminate individuals' experiences and perceptions to arrive at a degree of certainty through the reduction of anything outside of personal consciousness (Groenewald, 2004). The phenomenon under investigation is how individuals experience resource mobilisation within the South African context and the influence of those experiences on geography. The researcher sought to only confine the data collected on a specific phenomenon to the interviewees' experience without developing any hypothesis or preconceptions. This approach marries the approach conducted by Jayawarna et al (2020) when they investigated a new phenomenon of resourcing behaviour.

4.2.5. Timeframe

Due to time constraints, the study adopted the cross-sectional timeframe which will see the research collecting data once-off at a single point in time (Saunders & Lewis, 2018). The researcher collected data as part of the research between August 2021 and October 2021 to meet the submission deadline in early November 2021. A longitudinal study provides a potential future area of further research to trace the changes in the strategies adopted by SEs to mobilise resources over a longer period.

4.3. Research Methods

4.3.1. Population

The entire case from which a sample is drawn is known as the Population (Taherdoost, 2018). South Africa does not have a legal framework for SEs, therefore SEs can register as for-profit non-profit or a hybrid of the two through using two separate legal vehicles (Littlewood & Holt, 2015). The British Council researched Social Enterprises in South Africa and based on their definition were able to solicit survey responses from 88 organisations whom they defined as Creative Social enterprises and 258 Social Enterprises (Lovasic & Cooper, 2020). A study conducted

in 2018 by GIBS estimated that there were tens of thousands of organisations that could meet the definition of a Social Enterprise (GIBS Entrepreneurship Academy, 2018). The population was made up of Social Enterprises located in South Africa. The qualifying criteria for participation were organisations primarily pursuing a social mandate in South Africa while generating revenue from market activities. The researcher neither had the time nor resources to collect data from the entire population, hence reduced the number of cases by applying a sampling technique (Taherdoost, 2018). This will be explored in more detail below.

4.3.2. Sampling Method

Sampling of the population was utilised in light of the time and resource constraints that inhibited the researcher from collecting data from the entire group of SEs in South Africa. According to Saunders & Lewis (2018) the sample is a representative subgroup of the population which enables the researcher to make inferences of the greater population. To enable researcher a level of discretion to exercise judgment in the selection of interviewees, non-probability purposive sampling was used for this research (Goliath, Farrington, & Saunders, 2014). Purposive sampling enables the identification of specific research interviewees that are likely to have experienced the phenomena under investigation (Tracy, 2013). This was augmented with snowball sampling as the researcher used the identified interviewees to refer similar SEs they knew to be part of the research study thus increasing the size of the sample.

Sourcing SEs to interview

The researcher leveraged his network of SEs through work relationships and previous partnerships with SEs during the researcher's current employment within in government, leverage the GIBS network for current or prior students who can refer SEs to the research to participate in the interview. The researcher shared the consent statement to clarify to potential networks exactly what kind of research interviewees, the researcher was after. Furthermore, the sharing of the draft consent statement also allowed prospective interviewees to not only understand the objectives of the research but to also understand whether the selection criteria. Once individuals in networks provided potential SEs who fit the requirements, the researcher approached the SEs' website as well as found other supplementary information

online together with the referring individual's knowledge of the SE to identify whether that organisation could potentially fit the criteria. To complement leveraging networks the researcher relied on snowballing, to encourage interview interviewees to connect the researcher to other SEs that could participate in the research (Taherdoost, 2018). Interviewee number 1 for example referred the researcher to Interviewee 8, while Interviewee 3 referred interviewee 6 and finally, interviewee 4 referred the researcher to Interviewee 10, 11, and 12 while the balance of the interviewees was sourced from the researcher's networks.

The researcher sampled 15 SEs with 7 SEs being based in marginalised areas and 8 being based in better-resourced areas. The researcher also considered the quality of data collected throughout the data collection process and the level of data saturation reached before drawing the line on the final number of SEs targeted (Fusch & Ness, 2015). This was achieved during the interview process as the researcher took notes of key themes that seemed to be emerging and during the data preparation process where the number of codes established gradually reduced from interviewee number 1 to interviewee number 15 as common themes began to emerge. The SEs selected were based on the following selection criteria:

- 1) SE must have been incorporated and operating in South Africa,
- 2) SE could take any legal form (NPC or NPO or For-profit) given the lack of specific legal form for Social Enterprises in South Africa (Littlewood & Holt, 2015),
- 3) SE had to possess dual logics of social and commercial logics with primary logic being social. This could manifest in the actual funding model which relied on a combination of commercial and non-commercial funding or the primary mandate of the organisation which had to be socially embedded regardless of the financial model in place being commercial.
- 4) SE had to be located in either better-resourced areas or be based in the marginalised areas such as townships, rural areas and peri-urban areas.

In thinking about the classification of interviewees based on geography, the researcher relied on prior knowledge and the general economic circumstance of specific areas within each main province. This was supplemented by evidence gathered online on the history of the area and current spatial and economic

information related to the area in formulating a classification of whether the area was classified as marginalised or better-resourced areas. Before securing interviewees the researcher provided further clarity telephonically to potential interviewees where required on the selection criteria.

4.3.3. Unit of Analysis

The Unit of Analysis was the views of the founders and senior managers from the interviewed SEs as captured in the interviews and text data from the transcripts. These individuals have intimate knowledge of the strategies that SEs employ to mobilise resources as they form part of the executive management of the business and are thus the key decision-makers in the organisation concerning aspects which affect the resourcing of those organisations including the pricing.

4.3.4. Measuring Instrument

The researcher utilised semi-structured interviews as the chosen instrument to collect data. This instrument was also used by Jayawarna et al (2020) in their qualitative study looking at the bootstrapping resource mobilisation strategy for 14 SEs in the UK. The interview enabled the building of a holistic snapshot, reporting views of interviewees, and allowed the researcher to analyse the in-depth information within the context of the participant's social life (Alshenqeeti, 2014). In addition, a semi-structured interview enabled the key aspects of the questions to be addressed while providing the interviewees enough flexibility to freely to express their views and experiences related to the chosen subject of the study (Barrett & Twycross, 2018). An interview guide (Annexure A) was created based on the main research questions. The researcher developed sub-questions for each main research question to ensure that different elements of the main research question were adequately captured during the interview processes. In addition, the interview schedule provided a guiding framework to ensure that the interviews covered the critical areas related to the targeted research questions. The longest interview was 1 hour 15 minutes while the shortest interview was 27 minutes. The average length of all the interviewees was approximately 45 minutes.

4.3.5. Data Collection

The use of semi-structured interviews to collect data aligned to the exploratory research methodology as the researcher was able to respond and adapt during the process of data collection as a consequence of greater understanding, ability to clarify and summarise material and obtain feedback on the accuracy of how the data had been interpreted (Merriam, 2002).

Pre-Interview process

In light of the Covid-19 restrictions and to ensure the maintenance of social distancing measures, interviews were conducted virtually using Zoom and Microsoft Teams. Before the interviews, the researcher developed an interview guide aligned to the research questions, obtained ethical clearance, and leveraged on existing networks to identify SEs that potentially meet the selection criteria. A consent statement was sent to interviewees for interviewees for signature before the interview. The researcher also used these documents to solicit permission to record the interview process to enable easier transcribing during the data analysis stage. Some interviewees however were not always able to sign and send the consent form before the interview. To mitigate against this challenge, the researcher would repeat the elements of the consent statement at the start of the interview and also specifically mention the commencement of the recording of the interview in case there were any objections. No objections were made by the 15 interviewees. Signed consent forms were then sent through after the interviews had been conducted.

Interview process

The researcher ensured adequate connectivity to enable a seamless interview to be conducted virtually. The first interview held with Interviewee 15 however resulted in connectivity challenges as the participant was travelling during the interview. A second interview was thus scheduled at a more suitable time. This interview thus has part 1 and part 2 which the researcher analysed together in the process. In addition, before commencing the interview, the researcher reconfirmed the permission to record the meeting by notifying them of the intent to start the recording before commencing with the recording. The researcher utilised the interview guide to ensure

that all key questions were addressed and adjusted the interview questions adding or removing further probing questions based on the flow of the discussion. The researcher ensured that the interview ran naturally and was intentional in creating an atmosphere where the participant felt uninhibited and was able to do most of the talking while the researcher listened (Alshenqeeti, 2014).

On completion of the interview, the recordings were renamed in line with the recommended naming convention, safely stored on the researcher's laptop with backups saved on an external hard drive to reduce the risk of data loss.

4.3.6. Data Analysis

Step 1: Data cleaning

The researcher uploaded the recordings on Otter.ai software, which is a software that can convert audio recordings into text data. The researcher then listened to the recording on Otter.ai and edited the text in cases where the software had incorrectly translated the spoken record into written text. The researcher did not solicit the services of another person to carry out the transcribing as the researcher wanted to use the process of transcribing to internalise the interviewees' responses as this could prove invaluable during the data analysis and report writing phase as the researcher would better recall discussions held in the interviewees by effectively participating in the interview a minimum of two times (actual and via the recording and transcribing process). In addition, the researcher ensured that all identifiers that could be associated with the participant's organisation were removed in the naming of the audio records and transcripts. The researcher then replayed the recording again and compared it with the edited text before exporting the output to Microsoft Word. All transcripts were downloaded to the researcher's laptop, renamed as per recommended naming convention and back-ups made to an external hard drive, and on google drive.

Step 2: Grouping and Coding

Final transcripts were uploaded on Atlas.ti software which is a qualitative data analysis tool that enables analysis of data such as video, graphic, audio, and text ("What is Atlas-ti," 2021). As the researcher sought to analyse text data extracted during the data clearing stage, this software was deemed to be appropriate. In addition, the ease of use of the software and its ability to cross-reference different interviews was a factor in the researcher using the software as opposed to manual processes such as using Microsoft Word or Excel. Using the software, the researcher developed and assigned unique codes based on responses to the research questions from transcripts. First the researcher developed six groups (RQ1, RQ2, RQ3, RQ4, General and Themes). As the researcher went through the data and created sub-codes, these were then assigned to the six groups. The development of codes followed the Mutually Exclusive and Collectively Exhaustive (MECE) framework. This entailed the identification of data that are related to ensure that there is no overlap in the assigned codes, while ensuring that all data when consolidated will address the aims of the research entirely. All codes which did not satisfy these criteria would be consolidated into other codes until MECE is achieved for the final codes.

Given the extensive literature on pricing strategies, the researcher developed codes for the various pricing strategies identified during the literature review (Annexure B). During the coding process, the researcher would then allocate relevant text data into the already set-up codes when addressing data related to pricing strategies adopted. Examples of pre-developed codes were *Absorption pricing*, *discounted pricing*, *differentiated pricing* and, *penetration pricing*. Any new additional codes would be established at that point and appropriate text data allocated to the new codes. Once coding was complete, the researcher commenced with thematic analysis. This will be explored next.

Step 3: Thematic Analysis

Once coding was complete important insights were developed from the data a process known as thematic analysis (Nowell, Norris, White, & Moules, 2017). This entailed the researcher identifying, and analysing, organising and, reporting identified themes to produce dependable and discerning findings (Nowell et al.,

2017). The codes assigned were the source of the emerging themes that the researcher used to answer the research questions. The researcher adopted the inductive methodology as put forward by (Gioia, Corley, & Hamilton, 2013). This involved the researcher continuously moving between theory and the interview data to enable easier linking between qualitative data and theory. A similar approach was adopted by Ciambotti & Pedrini (2019) when they investigated hybrid organisation resource mobilisation strategies in Kenya. The Interviewee also adopted a two-phased approach to thematic analysis. Phase 1 consisted of developing themes as already outlined from the coded data. The researcher allowed for some time (3 weeks) before revisiting the data to redo the thematic analysis. The researcher extracted the 4 main code groups related to the research questions and each code group used Microsoft Excel to assign themes afresh. Once complete the researcher then compared the assigned themes with original themes assigned in Atlas.ti. This exercise resulted in the emergence of a new theme “*shapeshifting*” for RQ2 and “*No impact*” for RQ4 which the researcher had not picked up in phase 1. Refer to (Annexure C) for the output from the use of Gioia et al (2013)’s inductive method.

4.4. Quality Control

The selection of the qualitative approach using the semi-structured interview as the measuring instrument creates issues of validity, reliability, generalisability, confirmability and, authenticity (Treharne & Riggs, 2015). Validity looks at the accurate measurement by the data collection method, the strength of the findings, and whether they represent the true depiction of the data collected (Treharne & Riggs, 2015). Furthermore, linked to validity, transferability looks at whether the data collected and analysed can be generalised to other research sceneries (Tracy, 2013). Threats to validity include the choice of subjects not being representative of the population, negative effects of the data collection process on the interview interviewees (Saunders & Lewis, 2018). A third issue that affects the quality of studies is reliability or dependability which looks at the consistency of findings emanating from data collection and analysis. This uses the third party test and assesses whether a third party in possession of the data collected would reach the same conclusions (Treharne & Riggs, 2015). Dependability is impacted by errors

and biases such from both the interviewee and interviewer perspective (Saunders & Lewis, 2018). Fourth, confirmability is concerned with the absence of the researcher's bias and the prevalence of the participant's responses in the research findings and finally, authenticity looks at the variation in the views outlined by the researcher and the ability of the views to have the potential to influence change (Treharne & Riggs, 2015).

4.4.1. Controlling for validity (credibility) issues

The selection of the interview interviewees ensured that there was sufficient coverage of different SEs in different social settings. The networks used to source the SEs were fundamentally different, the sectors the SEs are based on were different and the sample size was significant to enhance coverage and obtain a more balanced reflection of the population. The researcher remained neutral in all the engagements to manage for the interview participant feeling the need to provide the interviewer with a biased view of the questions posed. In addition, the researcher provided up to 90 minutes per interview. This was to enable interviewees to have sufficient time to express their views in the absence of time pressures.

4.4.2. Controlling for reliability (dependability) issues

The subject error consists of participants offering different insights due to the impact their settings at the time of the collection of the data (Saunders & Lewis, 2018). The researcher controlled for subject error by providing different prospective times for the interviewees to schedule for the interview. This ensured that the interviewees selected times they would be available and able to participate in the research in the absence of other distractions. In addition, only founders or senior members of the management team with in-depth knowledge of the SEs were interviewed. In addition, interviews were recorded and transcripts were made available to allow for easy auditing of the path taken by the researcher to reach the research conclusions and also mitigate the risk of observer bias by ensuring the researcher was able to consistently refer back to recordings and transcripts as part of the checks to ensure their interpretation was sound.

4.4.3. Controlling for generalisability (transferability) issues

To control for transferability issues, the researcher provided a “thick description” of the findings through a detailed description of the findings and their relevant context (Treharne & Riggs, 2015). This also entailed the researcher describing in detail, how interviewees were selected and linking the findings back to other literature reviewed from other environmental contexts.

4.4.4. Controlling for Confirmability and Authenticity

The availability of the recordings and transcripts and their submission to the research committee enhance the confirmability of the data by allowing for verification and auditing.

4.1 Ethical considerations

The study was conducted cognisant of ensuring that the ethical considerations were top of mind for the researcher. Before the collection of primary data, the researcher sought and obtained ethical clearance from the research committee (Annexure D). This entailed the submission of the draft consent statement and planned research methodology. To achieve ethical research, the researcher ensured that he had obtained informed consent by ensuring that all interviewees were informed of the research expectations, the planned usage of data, their ability to withdraw from the research, and their rights to access the information (Fleming, 2018). All interviewees were required to have signed the consent statement articulating the purpose of the study and the rights that the interviewees had as part of their involvement in the study. Where the interviewee had not signed the consent statement before the interview, the research reconfirmed the outcomes of the research and notified the participant of the intention to record. No objections were received.

Neutrality was maintained during the interview and the researcher respected the interviewee's views on the questions raised. All interviewees were treated with respect, without any predispositions or prejudice and were allowed to speak and respond freely to the questions posed. In addition, the researcher provided clarifying questions where the participant was unsure of what the question was asking of them.

All recordings of the interviews were renamed and removed and stored securely in the researcher's external hard drive. This was to ensure that the interviewees'

anonymity was maintained in the stored data files. In addition, the researcher ensured that they safeguarded access to the user name and password for the Otter.ai software where the recordings were uploaded as part of the transcribing exercise.

4.5. Research Limitations

The Qualitative study has inherent limitations as they have not been empirically tested which affects the ability to extend it to greater populations (Atieno Pamela, 2009). This research was restricted to 15 SEs, of which 8 were from Gauteng. There was no representation from the Eastern Cape, Limpopo, Northern Cape, Northwest, or Free state and therefore did not capture some of those provinces' specific geographic contexts this makes qualitative studies including this one difficult to generalise (Almeida, Superior, Gaya, Queirós, & Faria, 2017). In addition, semi-structured interviews are prone to some level of bias from both the interviewee and interviewer perspective. (Alshenqeeti, 2014). In the case of the interviewee may omit important information which affects the quality of data provided, while the interviewer due to their background from the perspective of the interviewee (researcher is a government employee) may respond in a particular way bearing in mind who the interviewer is (Alshenqeeti, 2014). A further limitation was that the research was based on a cross-sectional timeframe and therefore did not capture the progression and evolution of strategies adopted by the SEs over time. The analysis of SEs at different phases of their life cycle based on the age of the organisation while providing some insights on potential age-specific strategies could not provide sufficient mitigation for entity-specific strategic evolution of a longer period.

4.6. Conclusion

The table summarises the research design adopted for this study:

Table 1: Research Design for Study into SEs in South Africa

Research Design and Methodology	Approach Adopted for this Study
Research Design	Exploratory
Research Philosophy	Interpretivism
Research Approach	Induction with elements of deduction
Research Strategy	Phemenology
Timeframe	Cross Sectional
Population	Social Enterprises in South Africa
Unit of Analysis	SEs' views
Sampling Method	Purposive and Snowball
Sample Size	15
Data Collection	Semi-Structured Interviews
Data Analysis	Thematic Analysis

The next chapter will outline the findings that emanated from the research methodology and design outlined in Table 1 above.

CHAPTER 5: PRESENTATION OF FINDINGS

5.1. Introduction

Chapter 4 delivered an outline of research design and methodology that was adopted by the researcher to collect data to respond to the research questions developed in Chapter 3. This chapter outlines the results from the data collected from the SEs based in different locations within South Africa. The researcher relied on different source data to plot the interviewees according to Living Standards Measures (LSM). The chapter then reports on the findings and attempts to categorise those according to two main categories: better-resourced areas (LSM 6 to 10) and marginalised (LSM 1-5).

5.2. Profile of interviewees

The primary differentiator for SEs for this study was organisations who primarily pursue social missions and whose financial model largely involves a combination of commercial funding and non-commercial funding. 12 of the 14 Interviewees had a combination of commercial and non-commercial funding. The former denotes revenue from the sale of goods and or services while the latter refers to cash injections from grants, donations and other philanthropic sources. The 2 that do not have both commercial, and non-commercial funding were selected because of the unique social role they play within the SE ecosystem. Interviewee 4 aims to uplift SEs through structured holistic business development. Their current funding model is commercial as they are funded by donors to provide the service to SEs while Interviewee 14 has interesting insights as to why he has not pursued non-commercial funding in his social entrepreneurial journey despite being open to the idea. This will be explored when responding to research question number 1 and provides an alternative view on the financial resources aspect. The interviewees were sourced using work networks, and other academic networks and although some are based in one area, others have multiple branches across the country. Thus the interviewees provide the research with sufficient geographic spread across the country. Given the context of the study being along geographic lines, the next section provides some further details on the classification used for the interview interviewees from a geographic context.

Geographic profile

The table below outlines some background to the critical characteristics of different locations from where the SEs were based in South Africa. The classifications are based on the definitions per the National Draft Spatial Framework.

Table 2: Summary of Geo-Classifications

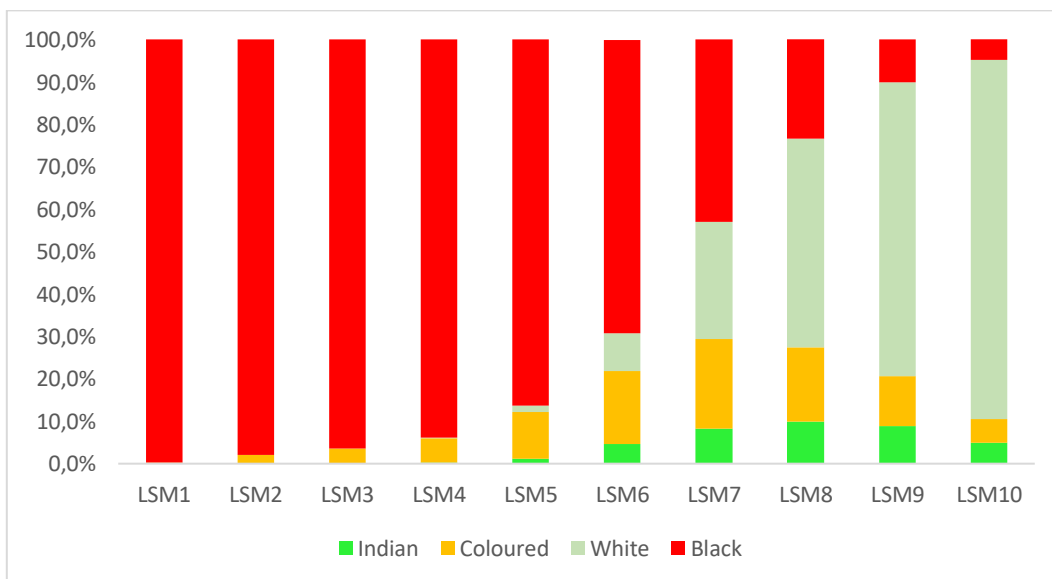
Geographic classification	Summary of the Geo-Classification
Urban	<p><i>“Referring to, located in or constituting a city. Urban areas are characterised by (1) large communities living at high residential densities, (2) a variety of employment opportunities, and (3) high-intensity business and commercial areas”</i>(Department of Rural Development and Land Reform South Africa, 2018,p.18).This consists of both commercial and residential.</p>
Rural	<p><i>“Generally regarded as areas outside cities and towns. Economic activity in these areas is in most cases intrinsically tied to natural resource use and/or beneficiation, and consists of agriculture, fishing, forestry, nature conservation, eco-tourism and mining. In South Africa, there are rural areas that are densely populated, but without (1) the distinct and diverse nodal areas of dense economic activity in the secondary and the tertiary sectors, or (2) the amenities typically associated with urban areas, which is a remnant of colonial and Apartheid spatial planning and the creation of Bantustans”</i> (Department of Rural Development and Land Reform South Africa, 2018,p.16). This consists of both commercial and residential.</p>
Township	<p><i>“Residential townships established during the colonial and apartheid eras for temporary occupation by Black South Africans on the outskirts of towns and cities. These were also referred to as ‘locations’”</i> (Department of Rural Development and Land Reform South Africa, 2018,p18). This consists of both commercial and residential.</p>
Suburb	<p>There is no universally accepted definition of a suburb as there are different dimensions such as location, environmental characteristics,</p>

	transportation, political, social-cultural spheres. For this study, suburbs are primarily low-density residential areas, usually within urban areas but also can be located outside central cities.
Inner-City	This denotes the core or central districts of the Central Business District. In the Johannesburg context, this would include areas such as Braamfontein, Braampark, and Hill brow.
Industrial	This denotes an area largely comprised of businesses that are in the manufacturing space. It can largely be viewed as a commercial area as opposed to a residential.

Race Profiles and Universal LSMs

The table below outlines the Race profile versus the Universal LSMs

Figure 7: Race Profiles and Universal LSMs (Department of Government Communication and Information Systems, n.d.)



Based on the table above, the researcher obtained data from the 2011 Census on the racial mix for the areas where the SEs are based. The research then aligned the LSM table above with the racial mix from the census data, to infer the LSM based on the population ratio of white: non-white. The split of the races according to white vs non-white follows from the apartheid legacy where there was a geographic separation of the population was based on the same racial split. Most of these areas have relatively maintained more or less the same mix although other races have

been able to move into areas that were predominantly reserved for the white population in South Africa. The table below outlines the profile of the interview interviewees based on Geographic classifications.

Table 3: *Geographic Classifications for interviewees*

No	Geo- Classification	% White vs % Non- white ^(“Census 2011,” n.d.)	Location/Province	Inferred LSM	Group
1	Urban (Suburban)	60%:40%	White River MP	8	BR
2	Urban (Suburban)	39%:51%	West Dene GTG	7	BR
3	Urban (Suburban)	24%:86%	Midrand GTG	6	BR
4	Urban (Suburban)	84%:26%	Lakeside WC	10	BR
5	Urban (Inner-City)	0,4%:99,6%	Hill brow GTG	1	MA
6	Urban (Industrial)	20%:80%	Thornton WC	6	BR
7	Urban (Suburban)	61%:39%	Bryanston GTG	9	BR
8	Rural (Township)	1%:99%	Elansdoring LMP	1	MA
9	Urban(Township)	1%:99%	Alexandra GTG	1	MA
10	Urban (Inner-City)	2%:98%	Durban Central KZN	1	MA
11	Urban (industrial)	33%:67%	New German GTG	7	BR
12	Urban (Township)	1%:99%	Khayelitsha WC	1	MA
13	Urban(Suburban)	36%:64%	Roodepoort GTG	7	BR
14	Urban (Township)	1%:99%	Alexandra GTG	1	MA
15	Urban (Inner-city)	10%:90%	Newtown GTG	4	MA

The Geo-Classifications were based on the review of each of the location using available internet data, including the colonial history behind each area which influenced the spatial planning. The researcher then referred to the definitions shown in Table 2 to then classify each interviewee into the Geo-classifications shown above between Better-resourced (BR) group and Marginalised Areas (MA) group.

Table 4: Detailed Profile of Participants

Participant	Position	Race	Gender	SE Sector	Social Issue	Staff #s	SE Yrs	Commercial Revenue %	No of revenue streams
1	Senior Manager	Black	Male	Financial Services	Poverty	354	12	56%	3
2	Founder	Black	Female	Film Production	Social Exclusion	2	7	20%	1
3	Senior Manager	White	Female	Healthcare	Health access	371	11	15%	3
4	Founder	White	Male	Education	Education	2	2	100%	1
5	Senior Manager	Indian	Female	Youth employment	Unemployment	470	10	10%	1
6	Founder	White	Female	Clothing Retail	Unemployment	- **	3	80%	1
7	Senior Manager	White	Female	Fin-Tech	Unemployment	80	12	30%	3
8	Senior Manager	Black	Male	Healthcare	Health Access	200	27	20%	5
9	Senior Manager	Black	Male	Education	Education	7	15	20%	1
10	Founder	Black	Male	Healthcare	Health Access	4	3	43%	1
11	Founder	Black	Female	Manufacturing	Education	5	5	20%	1
12	Founder	Black	Male	Tourism	Crime	13	5	85%	1
13	Founder	Black	Male	Healthcare	Health Access	5	4	10%	1
14	Founder	Black	Male	Fitness & Wellness	Health Access	2	5	100%	1
15	Founder	Black	Male	Diversified	Unemployment	26	13	60%	4

** Data Unavailable

The interviewees will thus be divided into two groups based on the LSMs. Group 1 will cover interviewees in the LSM1 to 5 categories which are the marginalised areas while Group 2 will Cover LSM 6 to 10 category which is more resourced areas as shown above. The table above provides some background information on the nature of SEs that the research was able to collect data from.

5.3. Findings: Research Question 1

What are the key resources required by Social Enterprises?

This was a foundational question aimed to obtain a brief understanding of the most important resources for SEs regardless of where they were located from a geographic perspective. This question built into Research Question 2 which sought to then delve deeper into how those resources were mobilised and the strategies that the SEs employed and provide a platform for similarities and differences based on the location of the SEs. The emerging themes are shown in Table 5 below.

Table 5: RQ 1 Summary of Themes

Theme	Summary of the Theme	Interviewee Frequency
Relationships	This refers to instances that they interview mentioned the importance of relationships and partnerships	15
Financial resources	This refers to instances that they interview mentioned the importance of financial resources	12
Human resources	This refers to instances that they interview mentioned the importance of human resources	12
Infrastructure resources	This refers to instances that they interview mentioned the importance of Infrastructure as a resource	11

5.3.1. Relationships

The role of relationships as a resource was highlighted by all interviewees as a central resource to aid SEs to realise their social mandate. Through partnerships, SEs can access resources by tapping into those partners' networks and or drawing from that partner directly to obtain critical resources. Some relationships were of a personal nature where SEs leveraged their family as a key resource:

Interviewee 14: (MA): *I've also have Tumelo and my mom who is the guy who was speaking to you before I went on now, right? They're the ones that have been helping me as well in terms of hands you know what I'm saying, yeah.*

Some of the relationships that SEs had developed into formalised partnerships mostly with the public sector given the symbiosis between government mandate and social mandate that SEs pursue:

Interviewee 12 (MA): *“At the national level, we have a relationship with the government, they are saying that they will pay for our employees, starting in November for the next 18 months, all 10 of them”.*

The theme of relationships was highlighted in the formal sense again, however cutting across multiple partners the SE who has now grown into a sizeable organisation employing more than 100 people, highlighted the role of partnerships and how their own role in the ecosystem has changed in terms of tackling the social problem of unemployment from the time they first started:

Interviewee 5 (MA): *“we're operating in a broader ecosystem, the way we look at it now is what needs to be done in the system, who is best placed to do that, and what is our role in relation to that, that means that partnerships do become critical, focusing on working with other organizations aligned in terms shared objectives and values”.*

Finally, the strength of relationships was highlighted by an interviewee who is based in a more resourced area in the Western Cape where the interviewee was able to tap into their extensive network:

Interviewee 4 (BR): *we have individual partnerships or relationships with a lot of the coaches, we work with.*

The need for partnerships and key relationships was a central theme for all SEs irrespective of their geographic orientation, with the realisation that there was greater strength in working with others by leveraging their capabilities.

5.3.2. Financial Resources

Unsurprisingly, the majority of the SEs highlighted that financial resources were very important to enable the SEs to carry out their various missions. Financial resources were seen as an important resource from which other resources would flow only preceded by key partnerships which mediated access to financial resources required to acquire most of the other resource types. Extracts of the interviews highlights this point:

Interviewee 8 (MA): *“Obviously for us the financial part. It's very important because that's what helps us to acquire all the other ones, the human capital, and the equipment.”*

This point was echoed by an SE who hails from a more resourced area in Gauteng regarding the role of not only funding but related partnerships with funders:

Interviewee 3 (BR): *“So I think, the most critical at this point in time would be the funder itself. So your partners provide the funding, whether it's now or in the future, you have those partners with which you wouldn't have been able to achieve what you do. And if you want to scale, you'll still need them as partners. So absolutely, the corporates and the government funders are critical’.*

An interesting view was shared by one of the interviewees who despite the role of funders and funding as a resource, felt the conditions that are sometimes associated with funding did not justify immediately perusing funding for their business:

Interviewee 14 (MA): *“So as a business, you must be able to acquire and retain your clients. That's why I'm saying in terms of funding, we would want funding for something else. so there's a lot of things that you can get in the business. But then we don't want certain conditions. hey, please repost us this because our brand doesn't affiliate with certain artificial things.”*

5.3.3. Human Resources

A common theme was the people element, which was flagged by most of the SEs as being core to their operations. The reasoning for the importance of Human resources was to enhance the delivery of the social service as highlighted below:

Interviewee 6 (BR): *“Human resources, very important. You know, have internal staff members we have a very high-touch program, as well as other external contractors, coaches, and mentors, and facilitators.*

This was also confirmed by another Interviewee:

Interviewee 10 (MA): *“Well, human capital to be quite honest, Because I don't know since I mentioned human capital it means also skills”.*

In addition, some of the interviewees highlight the necessity of getting help on board in order for the business to operate better:

Interviewee 11 (BR): *“And then the people. I mean, if I can say, I can't do this by myself, it's impossible. In the beginning, obviously, it's one person wearing different hats. But you can only do that for so long.*

Finally, one of the SEs interviewed highlighted the role of intellectual capital and the resultant creativity and how it sets them apart from other organisations.

Interviewee 15 (MA): *I think one of the greatest resources that we have is intellectual capital, our creativity, ability to stretch without breaking and our ability to think differently, I know, when people talk about resources, they will be talking about financial resources, but I think creativity is the greatest differentiator for us, and it's something that allows us to really be innovative.*

5.3.4. Infrastructure

Another resource that emanates from the gateway resources of partnerships and finance is infrastructure, which was highlighted by most SEs as crucial. This resource included Information Technology related infrastructure as well as physical infrastructures such as building and materials and equipment. One of the SEs highlighted the IT as the backbone of their operations to successfully assess the impact of their interventions on the small businesses they assist,

Interviewee 7 (BR): *“The back end of the technology. So without the technology, you can’t measure, not one jot. What the technology did was allowed this massive return on investment. So because you could measure adoption, retention, fall-off product usage, you could measure the disciplines in the business, you really could see the impact of your philanthropic investment in a way that was meaningful and allowed you to adjust and transition.*

while other SEs provided feedback on the role played by infrastructure in their operations and how they deliver the service to underprivileged children in the township:

Interviewee 9 (MA): *“I would say space, because currently we have housed 20 kids and due to space issues, we can’t house more. And at the preschool, at least we have like, we used to have like 120 to 160 but due to COVID that has been impacted a bit.*

An interesting sub-theme under infrastructure was the need to for data as a key resource this was echoed by a number of interviewees from both Group 1 and Group 2. There was an acknowledgment that despite its importance, the cost of data for customers to access services was an inhibitor underlining the importance of data:

Interviewee 13: (BR) *I think the data and is very important, particularly from also the clients. I mean, because our clients are in the rural areas. Some of them are in the townships and data bites, not just for us for them as well.*

The cost element was also echoed by interviewee 4, and the need to support their clients with data access:

Interviewee 4 (BR): *“For us to be able to provide the coaching and training to them, often we have to provide data to them, if they’re in, you know, if they’re at an early stage where they’re not sort of revenue positive and still struggling to make ends meet,”*

Finally, data was highlighted by an Interviewees whose business is based in the township but relies on online accessibility:

Interviewee 13 (BR): *“data in terms of access to the internet, reliable access to the internet, particularly now that you’re working from home and this old remote story, you need a lot more data now”.*

Interviewee 14 (MA): *“it’s data and it’s having like access to internet basically and also having like your mobile phone or a computer”.*

Thus for both groups, infrastructure was a key operations enabler to enable them to successfully carry out their social mandate.

5.3.5. Conclusion on Research Question 1

Based on the data collected and analysis SEs collectively place great importance on relationships as a gateway resource to unlock the other key resources such as financial resources, human resources, and infrastructure resources. The nature of resources varies from personal, family, community, private sector, public sector, and international relationships.

5.4. Findings: Research Question 2

What are the overlaps and differences in the strategies employed to mobilise resources by Social Enterprises based in marginalised areas and those based in better-resourced areas?

The aim of the question was to build on question 1 and understand the similarities and differences between strategies employed by SE in marginalised areas and better-resourced areas. The table below illustrates the interaction between Resource Question 1 and Resource Question 2 by showing the main resources (between Financial resources (FR), Human Resources (HR), Infrastructure resources (IR), and Relationships (RSP) that SEs collectively felt were important and the strategies employed for those resources including the count of the number of SEs that utilised a strategy to obtain a specific resource type.

Table 6: *Resource Mobilisation Strategies by SEs in South Africa*

Strategy (S)	Tactics (T)	Operations (O)	Group No	FR	HR	INF	RSP	
Building Relationships	1.Network-based recruitment, 2.leveraging existing formal and informal partnerships,3.networking,	1.Advertising on WhatsApp groups to networks for jobs, 2.General advertising, 3.Approaching government, 4.Entering competitions, 4.Offering jobs positions to family members, 5. using third parties to fundraise, 6. resource sharing, 7.referrals, 8.approaching key associations and traditional leaders	MA	7	✓	✓	✓	✓
		BR	8	✓	✓	✓	✓	
Building Credibility	1. Showcasing 2. Demonstrating Good Track record, 3. Demonstrating Good Governance	1. Running pilots, 2. Entering competitions and RFPs 3.Using PR companies 4. Advertising on website & social media 5. Pitching 6. Developing portfolio of evidence/achievements 7. running programs on behalf of third parties 8. doing Demos 9. commissioning external evaluation of SE programmes	MA	7	✓	✓	✓	✓
		BR	7	✓	✓	✓	✓	
Create Shared Value	1. Align Incentives with Partners during negotiations	1. Offerings S18A certificates for donations, 2. Presenting SE as viable option for CSI/BEE funding, 3. Creating multiple legal structures to suit the funder (NPO, Trust, Pty)	MA	6	✓	✓	✓	✓
		BR	6	✓	✓	✓	✓	
Positioning	1. Positioning of SE or products in the Market	1. Locating centrally 2. Locating operations within Community 3. Clustering 4. Making products/services accessible 5. Head office and satellite office structures	MA	4	✓	✓	✓	✓
		BR	7	✓	✓	✓	✓	
Scavenging	1. Access Free infrastructure, labour and funding	1.Using Volunteers 2. Leveraging Partnerships 3. Accessing Free resources 4. Third Party Sponsorships 5. Leveraging Family	MA	5	✓	✓	✓	✓
		BR	5	x	✓	✓	✓	
Optimisation	1. Use traditional methods of mobilising resources	1. Procuring infrastructure from traditional channels, 2. Using recruitment agencies and advertising to get skilled workers, 3. Running assessments as part of recruitment, 4.Hiring locals from communities where S.Es are operating	MA	4	x	✓	✓	x
		BR	4	x	✓	✓	x	
Bricolage & Bundling	1. Using resources at hand internally or within existing networks 2. Enhancing Capabilities	1. repurposing home garage as a gym 2. using own funding and family funds 3. using customers' expertise for free 4. Using word of mouth advertising 5. Being resourceful with resources at hand 6. Using family members as free labour 6. Assembly of different components	MA	4	✓	✓	✓	✓
		BR	1	✓	x	x	x	
Shape Shifting	1. Experiential Learning 2. Pre-emptive Measures	1. Creating multiple legal vehicles to cater for stakeholders (NPOs, Trusts, Pty) 2. Business model redesign 3. Ambidexterity	MA	3	✓	x	x	x
		BR	2	✓	x	x	x	
Insourcing & Leasing	1. Leverage existing relationships	1. Internal promotions 2. Internal training and development 3. Leveraging networks to lease infrastructure	MA	0	x	x	x	x
		BR	3	x	✓	✓	✓	

As shown above, the central strategy based on the themes was building relationships and it was used to mobilise all 4 main resources identified as part of Research Question 1. Each of the strategies that emerged from the main themes will now be explored in more detail.

5.4.1. Building Relationships

As part of resource mobilisation, SEs tend to leverage on their relationships which they invest in to secure critical resources they require. Broadly four relationship groups were identified from the interviews: public sector relationships, private sector relationships, international relationships, and local or family relationships.

Public sector

SEs have used relationships with government to mobilise financial resources through accessing grants, as well as accessing skills:

Interviewee 1 (BR): *“So we rely on grants and loans from the government. So it's useful for us to have these sorts of partnerships because the government mandate is all too often intertwined and aligned with our mandate”*

Interviewee 12 (MA): *We also had, assistance from the government in terms of accommodating everything, the whole, application process, the interview processes as well attracting the skills that were required.*

Private sector

In addition, partnerships with the private sector has also assisted SEs with obtaining financial and human resources by leveraging their relationships:

Interviewee 4 (BR): *“it comes from existing relationships and networks that we have within the sector. Because the coaches, mentors, technical experts that we bring in, it's just, social capital that we have to be able to bring those people on board”.*

Interviewee 5 (MA) *it really was the executive and like our founders who are collectively responsible for fundraising as we understand the business best we can*

sell the business best. A combination of things that helped in terms of the success of that. The one is obviously relationships.

International

Other SEs have also relied on their founder's networks to establish relationships with international funders, and other international organisations to assist in the financial resource mobilisation:

Interviewee 8 (MA): *You see, so in those relationships with potential funders, it's very important, like, for us, most of our funding is actually coming from the Netherlands and also the UK. So we actually have relationships with some fundraising organizations that do fundraising for us.*

Finally, when established relationships with community organisation has also been used by SEs to leverage some extra hands assist the SEs in carrying out their mandate while also using those relationships to gain acceptance within the community that they operate.

Local/Community Relationships

Interviewee 9 (MA): *"With the church, they come in, you know, every weekend, to come to stay with the kids at the orphanage have prayers, and now and then you get volunteers from them as well, who will come in, just do the charity work".*

Interviewee 1 (BR): *"As a matter of fact, before we start operations in any new location, we start by meeting up with the traditional leadership of that area, and we introduce ourselves, and we basically request the leadership to give us and grant us the permission to operate there with the intention of benefiting that community".*

The research also found that SEs invested in networking to mobilise resources. Networking manifested into relationships which resulted in formalised partnerships and resource mobilisation:

Interviewee 13 (BR): *"the networks in the business were not as strong. So what we did then was attend these conferences and competitions. The end game is not actually to win It's actually to sell the brand and also sell yourself so that people remember you"*

Interviewee 6 (BR): *“Over time, it's using our networks, which is something that we've had to relook at over time. which has been really useful as people approach us all the time wanting to mentor or wanting to coach or bring their time”.*

Despite facing resource constraints one of the SEs from a less resourced area invested significantly into networking to secure future business:

Interviewee 12 (MA): *“So we've done a lot in terms of trying to get organizations' networks, to get our organization involved in those, and then selling our services there. These networks are not in Khayelitsha you'll never find them here; they are outside the Khayelitsha. So it is a bit of a sacrifice that one needs to do. I remember we had to go to Tokai and this place is just trying to beyond Tokai we had to use an Uber for going there and coming back, it costs R800, that is the amount of money that we use, just to go to a network”*

An analysis of the two groups showed that both leveraged different relationships to mobilise resources. The Marginalised Areas group tends to rely on community networks and public sector relationships with the exception of interviewee 8 who leaned on its founder's roots in the Netherlands to unlock funding through those relationships. The better-resourced group's relationships spanned across the community, private and public given the difference in the networks they established which enabled them to increase their scope and pools of potential resources. The next strategy based on the theme was building credibility.

5.4.2. Building Credibility

One of the resource mobilisation strategies adopted by SEs was building credibility as a way to attract more resources for their organisations. This was built using various mechanisms such as building a track record of performance, partnering with relevant stakeholders, signalling commitment:

Interviewee 5 (MA): *a track record was critical. And I think the principle of which we were founded was let's do first and then talk”*

One of the SEs involved in tourism tours in the township and providing former gang members a way out through partnerships leveraged these ex-gang members who had been in prison to build authenticity and credibility:

Interviewee 12 (MA): *“we want guys (from prison) because it's all about engaging an audience, engaging kids and also engaging the visitors from abroad”.*

Another SE's actions signalled commitment and built their credibility to attract resources:

Interviewee 11 (BR): *“So that's how we started. and the fact that there was some work that I had already done and that I was willing to put so much money. Whenever I pitched for funding, those things just proved my commitment and also I was doing an MBA contributed to my credibility as a person who is serious about starting the business”.*

To operationalise the building credibility theme or strategy, some SEs participated in a number of events to showcase what they were doing, leveraged their website to attract resources (clients, donations), and invested in unconventional programs as part of branding and marketing to showcase their work.

One of the interviewee invested in a choir to showcase the organisation:

Interviewee 8 (MA): *“In terms of the intangibles they were at the Americans has got talent over the last two years. They did well there which on its own it's a brand which we have built over the years”*

Some SEs participate in competitions, pitching for business and calls for proposals as a means to show case their work:

Interviewee 10 (MA): *“fundraising competitions, enabled us to purchase the equipment we need”.*

Interviewee 2: (BR): *“we pitch sometimes for competitions. We've won money in that way”.*

Other organisations showcased their work using word of mouth at great personal cost and sacrifice:

Interviewee 14 (MA): *the first two years, my business was really about getting myself out there. I didn't have any digital platform or any social media, so I use word of mouth I would stand at the robots every Saturday and tell people, hey, I'm training people this is the address.*

While others also utilise traditional methods such as advertising, websites and other social media in a bid to show-case their work and attract the resources they require:

Interviewee 9 (MA): *“And we also have a website as well, where people reach us through there”.*

Interviewee 12 (MA): *“we’ve come to a realization that the online space is where we need to be, we need a partner that understands that space, that can also assist us into better market our organization”*

5.4.3. Creating Shared Value

Another interesting strategy utilised by SEs was the alignment of interests in the messaging that they did by elevating the shared value aspect. This created win-win scenarios that enabled them to mobilise the resources they required.

One of the SEs was quite intentional in the nature of support they provided their customers whom they provide with mentorship, technology, and loans to facilitate their growth and secure revenues for their SE in the process:

Interviewee 7 (BR): *“You have to allow people to transition, you have to take people who have typically not had the best role models, and then become both mothers, mentors, and manager well”.*

Another SE who had faced challenges with securing human resources from the market via university students decided to turn to unemployed family members who would be grateful for the work and add value to the business at the same time:

Interviewee 11 (BR): *“So when they (university students) left, and I thought okay, I will just hire my relatives and help my family as opposed to ungrateful people”.*

Another SE was active in providing a solution for large retailers and an additional benefit of B-BBEE scorecard points. This mutual benefit signalled enabled them to secure a key partnership for their organisation and the resources that came with it:

Interviewee 6 (BR): *“So the logistics solution, you know, retailers didn’t know what to do with all the post-consumer waste as it takes up space in a warehouse. So we’re providing logistical solutions for them. As well, as obviously, mutually beneficial with the BEE scorecard for Enterprise Development which is very much part of what we do”.*

Finally, when one looks at an SE from a less resourced area, the researcher found similar messaging which was aimed at using shared value as a resource mobilisation strategy

Interviewee 12(MA): *“a unique selling point for us, it is the fact that when people come to our organization, not only are they doing this thing for the enjoyment, they're also positively contributing to society”*

5.4.4. Positioning

The research also provided some insights related to positioning as a means of mobilising resources. SEs employed strategies to adequately position their operations, goods, and services in the market.

One SE initially did demonstrations at schools for the benefit of students learning about science, however, they immediately realised that positioning their solution was limiting their ability to attract clients, so they switched the positioning by making the product more accessible:

Interviewee 11 (BR): *“Because I was going to the school once and I was doing the science experiment, it's not enough. So then I thought to create a portable science kit. and make it small and impressive in such a way that anyone willing to get hold of it, is able to get hold of it”*

Other SE invested significant time and effort to travel position their product in the correct client segment and the importance of correct location:

“Interviewee 13 (BR): *in the early years, I was working through the dusty townships of dryness, big time to find business, sometimes you travel for two hours just to get a place to find out find business or clients*

Interviewee 13 (BR): *“So for example, you set up an office in Soweto, we will have a wealth of people and abundance of human resources, just by being there if you are in Roodeport and a person has to take six taxis to get to you it's a problem.”*

As part of the positioning SEs tend to localise their resource mobilisation: One SE noted their clients' recruitment strategy

Interviewee 6 (BR): *People that they employ from the communities have a similar kind of vision in terms of what they are they have in their clinics themselves as well.*

5.4.5. Scavenging

An interesting finding related to resource mobilisation was the adoption of strategies to access as many free resources as they could to carry out their mandates. These included financial resources, key equipment or infrastructure, and human resources. This strategy enabled the SE to mobilise resources without incurring additional costs to do so.

Interviewee 6 (BR): *“we approached the City of Cape Town about giving us some space. And they did, they gave us like a sort of triple garage-sized space of a boy's home so we had free space for a year”.*

Another pre dominant sub-theme was the strategy employed by organisations from better-resourced areas to access Enterprise Development Funding, and other related B-BBEE funding.

Interviewee 2 (BR): *“we also tap into enterprise development funds. They (Vodacom Innovator Trust) bought us equipment, given us COVID funding given us funding for marketing.”*

Interviewee 1 (BR): *“this trust, primarily receives funds from organizations, the huge organizations that are also looking to align with broad-based economic empowerment programs”.*

Interviewee 6 (BR): *“And they also need to adhere to the Broad-Based Black Economic Empowerment scorecard so whatever the retail partners donate to us, they can claim Enterprise Development points on that scorecard”*

One of the SEs was significantly seeded by the government during its first two years of operation and has since grown over the last 12 years to be a key market player:

“Interviewee 5 (MA): *“We got grants from government, the Jobs Fund being the most significant and then Gauteng province subsequent to that”*

There was also a tendency for SEs to leverage volunteers to get extra hands and mitigate their costs:

Interviewee 8 (MA): “Yeah, in terms of volunteers, we work with a church in the Netherlands so they organize for us students who go into a gap year where they will just want to come to Africa and assist in a way that they can”.

5.4.6. Bricolage, Optimisation and Bundling

This section combines various sub-themes that emerged as resource mobilisation strategies. This included bricolage where the SE used the resources at hand to deliver service and mobilise resources, optimisation which involved the use of standard resources for a specific capability, and bundling where SEs combined different resources to create new capabilities:

Bricolage

One SE leveraged their clients’ expertise to secure resources and converted their grandmother’s garage to create a facility to conduct personal training sessions:

Interviewee 14 (MA): “I was always asking my clients, okay, if you're an accountant, I'll ask them they'll teach me come here my boy, let's teach you how to do invoices. If you're a lawyer, come here, my boy, let's teach you how to make temporary employee contracts”

Interviewee 14 (MA): “So I use my grandma's garage, and I turned it into a backyard gym right”

One of the interviewees captured the issue of mindset as a pre-cursor to successfully adopting:

Interviewee 15 (MA): “How should the future be like question really is for me that helps one to understand the untapped social entrepreneurs’ kind of mindset, because we are system shapers. Social entrepreneurs are people that actually don't wait for government, private sector, because we solve problems where the private sector has failed, where government has failed, where your traditional charity organizations have failed, where academia failed”.

Optimisation

In some instances, SEs adopt optimisation as a resource mobilisation strategy to acquire standard resources which do not need any modification as they have the inbuilt capabilities:

Interviewee 8 (MA): *“We need laboratory scientists, medical doctors. Yeah, those are high-level skills. Which we have to compete in the labour market with commercial entities”.*

Interviewee 6(BR): *“the staff that we brought on board have come through traditional methods, advertising, both internally and externally”* and then referring to infrastructure needs

Interviewee 6(BR): *“has pretty much gone through your normal traditional channels, we have worked very closely with organizations that would be prepared to provide us with preferential pricing”.*

Bundling

Interviewee 7 (BR): *“we procure bits and pieces from China, and we procure bits and pieces from South Africa. And then we assemble the hardware and we enable the software linked to the hardware, which is in turn linked to the cloud”.*

5.4.7. Shapeshifting

Shapeshifting for this study encapsulates the reorganisation, restructuring, repositioning, and demonstrating Ambidexterity to enhance resource mobilisation. Either as a consequence of the legal structure which does not have a specific legal home for SEs the study found an interesting new strategy that SEs adopt to structure or restructure their organisations to better access resources.

The motivations for shapeshifting through the creation of a new legal vehicle (a trust) were pre-emptive in preparation for potential resources and in recognition of the context of South Africa and in some cases as captured by one SE:

Interviewee 4 (BR): *“To be honest, the registration of the trust was twofold. Firstly, it's sort of pre-emptive measure. So in anticipation that we may, one day hit the radar*

of a philanthropic Foundation, where their mandate is to only grant for non-profit entities, we figured we would need that”.

This SE also added another motivation:

Interviewee 4 (BR): *“it was also part of our empowerment structure where, again, myself as a, as a white male, 100% shareholder is not really not just from a practical point of view, but just generally, it's not the right thing to have in South Africa. The beneficiaries of that trust are all black entrepreneurs, and the percent of the entrepreneurs are female, that the trust will become a 25% shareholder of the PTY. So it becomes a virtuous circle, so all the entrepreneurs who receive the benefit of our training and programs in return, become indirect shareholders”*

Interviewee 15 learnt through experience which was the optimal structure to enhance resource mobilisation for their organisation:

Interviewee 15 (MA): *“So, I refused actually, when we're registering the company to say, we are not going to be an NGO or NPC, we are going to help them. I can't be an NGO and want to help NGOs that, so i opted for a hybrid organization, a Pty limited, because I was very aware, I want to be a private company. But there were tax implications, we burned our fingers a little bit there had to fix stuff got to organize ourselves a little bit better. Then I registered a trust, which was a better option where we had trustees”*

In addition to actual restructuring Interviewee 15 also used experiential learning to reposition his organisation as part of the resource mobilisation process:

Interviewee 15 (MA): *“we convened all the stakeholders, we had a learning forum, to look into what are the key things that we're learning out of this, what we learned was that there are four things that entrepreneurs require, it's not just training and out of all of this stuff, we realized that our mandate now has to change as an organization, we cannot only just offer the training, we need now to actually step up the game and actually become an ecosystem builder”*

Interviewee 15 further added the need to ambidextrous as part of resource mobilisation shaping the messaging depending on their audience:

Interviewee 15 (MA): *“also had to shift a little bit away from the definition of social entrepreneur, because I used to be called a social entrepreneur, and that also confuses the space a little bit because you need to understand what language do people speak on the other side, if I'm going to become heavy social talk, and I won't be able to connect with the people I'm talking to.”*

Other times shapeshifting was a product of experiential learning influenced by partnerships and balancing dual outcomes through creating a symbiotic relationship between the two processes:

Interviewee 7 (BR): *“we're actually a hybrid organization, so the commercial business has always operated at the base of the pyramid. So we've always operated in the commercial market. and so that's always been their customer base. and then when we started the Jobs Fund program, it became much more about the philanthropic side of the process and we could see that commercially, what happens is that when you do all the heavy lifting related to philanthropic work, there is a commercial output for both customer and business”.*

5.4.8. Insourcing and Leasing

Some minor resource mobilisation strategies included insourcing and leasing which entailed internal promotion of existing staff and leasing of critical resources required:

Interviewee 1(BR): *“So we have an internal promotion program, whereby we believe in promoting our staff internally. So if there's a higher position rather than going outside, we rather look internal, say, our best performers”*

Interviewee 2 (BR): *“I have sort of people that I mentor, because we have a film and TV work readiness Bootcamp for employed filmmakers. So also tap into that from time to time”,*

5.4.9. Conclusion on Research Question 2:

As shown in Table 6 there are a number of strategies that SEs employ with some specific strategies dominant in the group based in well-resourced areas such as insourcing, leasing and optimisation versus strategies such as bricolage and

shapeshifting which were more dominant in the group from marginalised areas. The next question will look at how SEs collectively price of goods and services.

5.5. Findings: Research Question 3

How do Social Enterprises set prices for their goods and or services as part of their resource mobilisation strategy?

The question aims to zone in on financial resource mobilisation by exploring price-setting strategies adopted by SEs to mobilise revenue as part of the overall financial resource mobilisation strategy. The question will also look at key influences that affect the price-setting process by SEs as part of the overall comprehensive understanding of how SEs price for their goods and services. As the research on different pricing strategies is fairly advanced, the researcher adopted a deductive coding methodology to highlight the different pricing strategies adopted. It is important to note that some SEs had more than one product or service that they provided and adopted different pricing methodologies depending on the product/service in question. Thus the report will show some SEs appearing in different thematic areas. The table below highlights the common themes:

Table 7: RQ 3 Summary of Themes

Central Themes	Summary of the Theme	Interviewee Frequency
Discounted Pricing	This was the main theme under-pricing where the interviewee mentioned a final price strategy that encompassed discounting to the end user regardless of whether it was cost-based, differentiated, value-based, regulation-based or experimental.	14

Differentiated Pricing	This was a second central theme where the interviewee mentioned that the final price strategy incorporated charging different prices to different consumers.	13
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Table 8 :RQ 3 Summary of Sub-Themes

Sub-Theme	Summary of the Theme	Interviewee Frequency
<i>Cost-Based Pricing</i>	This theme looks at instances where the interviewee mentioned the establishment of costs plus a margin which either included or excluded an overhead recovery rate.	8
<i>Value-Based Pricing</i>	This theme looks at instances where the interviewee mentioned a process that entailed establishing a price grounded on the valuation attached by a customer.	8
<i>Regulation-Based Pricing</i>	This theme looks at instances where the interviewee mentioned a price-setting process that was driven by regulation.	3
<i>Absorption-Based Pricing</i>	This theme looks at instances where the interviewee mentioned a price-setting process that entailed pure cost recovery.	3
<i>Experimentation-Based Pricing</i>	This theme looks at instances where the interviewee mentioned a price-setting process that was	1

Sub-Theme	Summary of the Theme	Interviewee Frequency
	unconventional and largely experimental.	

5.5.1. Discounted Pricing Strategy

SEs are not charging market-related pricing in the most, and settle for discounted prices as the final release price. The motivations for the discounted prices vary from SE to SE as will be explored shortly. When one assesses the two groups, Group 1 (MA) from the marginalised areas tended to be influenced by the community they served and what they deemed affordable to them while Group 2 (BR) from more resourced areas tended to have different motivations for charging a discounted price. The first SE highlighted market penetration and also their location or rather context as the reason behind a discounted price:

Interviewee 12 (MA): *“when we started out, we priced very low very low, such that we had quite a number of clients coming, but we did not necessarily see good profits”.*

Interviewee 9 also confirmed:

Interviewee 9 (MA): *“No, they actually still feel we are very cheap as compared to any other organization around”.*

As part of the pricing the SE would also benchmark against competitors but always arriving at a discounted price:

Interviewee 12 (MA): *“we'll look in a different network and look at what other competitors are pricing and then we would say okay, if this is the standard pricing, on average, we're going to price maybe R50 lower, because we are still new and we are based in the townships.”*

The need to penetrate the market and build the brand was also confirmed by another Group 1 SE who was providing personal fitness training in the townships at a significantly discounted price:

Interviewee 14: *“I started charging R20, R30 for personal training per session, you know, what I'm saying just to get the look and feel and just to build the brand”*

Another SE from Group 1 also underlined the influence of subsidisation on the price that they set noting the pricing is more of a token:

Interviewee 8 (MA): *“we don't vary our prices at all and our prices for that are heavily subsidized for primary care, childcare programs, where we charge its mainly just a token It's not that much”*

An SE from Group 2 highlighted that the affordability to the client was the main motivator for the final discounted price set:

Interviewee 3 (BR): *“we also didn't want to instead disincentivize her from making more revenue by charging her a fee based on the more revenue that she paid. So we did it on the basis of what was affordable to the nurse”*

Another SE from Group 2 also concurred with Interviewee 12 in that they felt they needed to penetrate the market and so took a knock on the actual market value of their service:

Interviewee 4 (BR): *“And we then said, okay, well, let's try and find what we think is a reasonable percentage of that budget for us to retain, as our fees. And we did that, and to be honest, we probably suffered as a result of that, because it was hard for us to cover our costs, doing that but as a sort of new business, you just need to get clients on the books.”*

Finally, other influences on the discounted pricing strategy were highlighted as volume of business a client brought as well as securing strategic partnerships:

Interviewee 5(MA): *“we might be more flexible on fees, there might be a strategic partner, or sometimes it would give us volume, right”.*

Thus the theme of discounted prices was the central theme for the majority of the interviewees, the motivations for those prices differed. There were similarities and differences between the two Groups on the motivations behind the discounted release price.

5.5.2. Differentiation Pricing Strategy

An interesting sub-theme was that SEs adopted differentiated prices as part of their price-setting strategies. This was also based on different factors for different SEs from both Group 1 and 2. In some instances the final price would be a discounted

price consistent with the central theme however, in other instances, the final pricing would be a market-based price.

The source of the clients and what competitors were charging in those market segments influenced one of the SE's differentiated pricing strategies:

Interviewee 12 (MA): *"we had also now we were using different tourism networks, you know, so it a different network, who would price know, at a different price based on what other you know, competitors were pricing"*

The nature of the market segment also influenced another SE:

Interviewee 8 (MA): *"if you are local, we have a different price, if you're hiring us from the US, definitely we charge a different price".*

While the location of the clients was a driver for the differentiation pricing strategy for another SE from Group 2:

Interviewee 7 (BR): *"we would just charge different prices. So there's no way you can charge the same pricing in the Eastern Cape and Cape Town as you can in Gauteng".*

Another factor was the performance of the client, where different prices would be linked to the revenue:

Interviewee 3 (BR): *"Very successful clinics don't get charged the moon, you know, but you have an upper cap in terms of network fee, but that you could have a differential in the process. So it could be linked, to revenue at some point".*

The absorptive capacity to pay was also a motivator in charging different prices:

Interviewee 11 (BR): *"If an organization wants to buy for the school, then I charge them higher because they've got the money. But only like, 15% higher".*

Finally, the volume of business a client brought as well as securing strategic partnerships also plays a part in the different prices being charged:

Interviewee 10 (MA): *"okay, we've been focused on b2c basically business to customer. Now we are focusing mainly on business to business and different clients so you do them a discount, basically maybe a 5% discount 10% discount, but obviously that is based on the numbers".*

5.5.3. The Root of the Final Release Price

Although the actual release price where either a combination of a discounted price and differentiated price or in some cases a market-based price the root mechanisms or processes that SEs undertook were grounded in either the cost, value, recovery regulation, and experimentation.

5.5.3.1. Cost-based Pricing

The starting point of establishing a price seemed to be an estimation of the costs of servicing the customer. This included direct and indirect cost estimation and an allocation of overheads before adding a margin on that price:

Interviewee 4 (BR): *“And the way you arrive at an hourly rate, usually in the world of business service provision, or consulting is you take a salary cost, plus an overhead recovery plus a profit margin. and that's built into your hourly rate and we do try to apply that”.*

This was also confirmed by Interviewees 8, 2, and 13:

Interviewee 8 (MA): *“So our approach, I think in all our pricing our approach is cost plus we start with our costs then we put a mark-up”*

Interviewee 2 (BR), Interviewee 3 (G3): *“So is it that so do you guys like to estimate your costs and then you add a margin on top? Interviewee 2&13: “Yes”*

It was interesting to find out, that despite the inaccuracy of the pricing methodology, some SEs would still adopt it. There is no science as to what percentage to charge as a mark-up on the cost:

Interviewee 6 (BR): *“So we look at charging a processing fee of like 20% of the retail value. It's not 100% accurate”.*

So in terms of process SEs would set these prices and then adjust them upwards or downwards depending on the customer (differentiated pricing and discounted pricing). The starting point for some SEs in the price-setting process is always establishing the cost.

5.5.3.2. Value-based Pricing

Value-based pricing denotes pricing based on a customer's willingness to pay. Some SEs used a combination of value-based pricing and cost-based pricing. In that sense as shown above, a Value-based price could be viewed as an extension of the cost-plus pricing methodology:

Interviewee 7 (BR): *“So it was a combination of things, what the market could absorb, and what the cost was”.*

Interviewee 5 (MA): *“But in deciding what we would charge a particular employer, the factors that went into deciding how much it would be is obviously what price point is the market prepared to bear”.*

Other SEs were quite clear on some of the products or services that they priced that the value they created was the most important determinant to the pricing approach adopted:

Interviewee 3 (BR): *“we have a value statement that shows them If they (customers) didn't have us, these are the costs they would have to incur, which would far exceed the network fee that they pay us.”*

Interviewee 12 (MA): *“we look at the amount of work that we do, and we like, for the amount of work that we do, and the credibility and everything that we've done, so far we are worth this much”.*

An interesting perspective was provided by one of the SEs regarding the extent to which some customers perceive value being provided that is also coupled with their ability to pay where they would offer more than the price. This was predominant in the Group 1 SEs where customers almost added a premium/ tip to the SE given that they come from marginalised areas:

Interviewee 8 (MA): *“Then you have some clients, which can pay. You charge them a high they don't even care and they would want to even to pay more. So for those ones who will get you we can charge more.”*

Interviewee 12 (MA): *“with internationals, sometimes we get people who feel that we are pricing super less. we've had experiences where people tip us more than the money that they paid for the tour”.*

Interviewee 14 (MA): “so most of my clients really honestly by faith, could sense the fact that this guy is still young, he needs to grow. So they would set the target. No bra I can't pay you. R50 is too small. Yeah, I will pay you R100. Let me pay you R150, I'm good with R200 so the prices depend on the client and how a client values my work”.

In addition, Interviewee 15 highlighted the role of building a track record of excellent work as a mechanism to create value to the point where the SE has the flexibility to charge whatever price that the customer perceives as matching their valuation:

Interviewee 15 (MA): “when you're selling value and you're selling something that people want price is not a problem. We sell value and the reason why we sell value is because we're so good at what we do”.

5.5.3.3. Regulated Pricing

This pricing approach is anchored in terms of regulations which provide a pricing range for organisations to price for their goods and services. Another theme that came up with 3 SEs was the role of governing bodies in providing pricing guidelines that SEs must comply with:

Interviewee 1 (BR): “Pricing that we charge on the capital that we advanced to clients, yeah, it's regulated by the National Credit Authority”.

Interviewee 7(BR): “So we've learned that in fact, the 30% is totally appropriate. You can't even convince me otherwise. So that was based on the NCR.”

Interviewee 2 (BR): “Usually, because of the standard industry rates for freelances that we need to adhere to”.

There were no Group 1 SEs whose pricing was driven by regulations.

5.5.3.4. Absorption Pricing

This pricing process involves matching the costs incurred with the price set to recover only the cost without an additional margin being realised. The group based in better-resourced areas adopted the same approach as the group based in marginalised areas. There were no significant differences in the approaches adopted:

Interviewee 3 (BR): “So the work that we do in terms of registration, supply chain management, you know, any anything that we may do on behalf of the nurses, that's the main revenue stream from the nurses on all other recoveries, it's simple cost recovery.”

Interviewee 13(BR): “Yeah, firstly, we looked at our costs, and we said let's cover our costs. That was in the beginning how we approached it and said it doesn't matter what everyone else is charging, we just need to at the bare minimum break-even from a cost point of view”.

Interviewee 8(MA): “So for us, in such situations, what we want to do is to cover all our costs, to be able to recover our costs”.

Interviewee 9 (MA): So we checked the organisations, which were supporting us financially per month to help us, you know, reach the monthly budget. So we would price based on that.

5.5.3.5. Experimentation Pricing

This is unconventional pricing which follows a more trial and error based on what the organisation thinks the price will be. This leads to either over or undercharging for services. There was only 1 SE who flagged the experimentation process. The researcher felt this was a valuable insight given how unconventional it was from what the rest of the Interviewees were charging.

Interviewee 13 (BR): “Anyway, so what we did is we started high in summary it is through experimentation. So we say we think R50 is the number, right uneducated. And then we advertise for a week or two. and then we see how many people come through, willing to buy. So that's essentially our strategy where we start, we experimented in that respect to get to the right price.”

5.5.3.6. Conclusion on Research Question 3

SEs interviewed highlighted that the starting point of their pricing process was a combination of cost factors and market-based factors such as regulations, competitor activity and ability to absorb the price by customers. The final release price for the most part was a discounted price due to issues such as affordability, SE mandate, and volume of business brought by customers. SEs also adopted value-based pricing in some situations especially after they had built a track record of quality service delivery to justify those prices. There was consistency for both SEs from marginalised areas and from better-resourced areas in applying differentiated pricing strategies by varying prices based on the customers they served.

5.6. Findings: Research Question 4

How does geography influence pricing decisions for SEs from marginalised areas and better-resourced areas?

This question is an extension of Research question 3 by going deeper into pricing and investigating one of the core constructs from a pricing perspective. This question sought to assess the influence of geography on the pricing decisions made by SEs. The researcher sought to uncover how the location of the SE, its beneficiaries, and customers played a part, if any in how the SE priced for goods and or services. The understanding of this aspect enables contextual pricing decisions to be made resulting in less disconnect between the prices charged and the context with which an SE finds themselves. This in turn should improve the ability of the SE to mobilise financial resources to respond to the challenge of resource constraints. The emerging themes were cost driver, affordability, and trust:

Table 9 :RQ 4 Summary of Themes

Theme	Summary of the Theme	Interviewee Frequency	MA	BR
Geography was a cost driver	This theme looks at instances where the Interviewee mentioned the role of geography on costs to	10	4	6

	service clients or their operating costs.			
No Impact	This theme looks at instances where the interviewee highlighted that geography (location) had no impact on their pricing decisions	5	2	3
Affordability	This theme looks at instances where the interviewee mentioned the role of affordability from the client's perspective based on where they come from on the pricing decision made by an SE.	4	4	0
Trust	This theme looks at instances where an interviewee mentioned the influence of geography on trust and perception by customers and how that drives prices upwards or downwards.	1	1	0

5.6.1. Geography was a cost driver

A number of the interviewees highlighted that the location of their enterprise did not have an influence on the prices they charged from a conceptual perspective, however were servicing a customer called for greater logistics, the increased costs would influence their pricing decisions. The SEs from well-resourced areas seemed to be more influenced by geography mostly as their targeted end-users were located in marginalised areas which then increased their logistics costs:

Interviewee 4 (BR): *“So I don't think the core pricing of our core services in terms of our fees would be affected by geography, here. But the cost to the client, in terms of some of those direct sort of travel expenses would have an impact.”*

The related cost to service customers and its influence on pricing was echoed by Interviewee 13:

Interviewee 13 (BR): *“And then I mean, we are a nationwide operation. So for example, we have customers in Khayelitsha. So how do we make sure that we service those customers in Khayelitsha, and then you have to factor that into the pricing because at some point, it's a cost to deliver those cards, they make sure those cards are there.”*

Another interviewee from Alexandra Township offered a different perspective by highlighting the benefit of their location when the researcher asked the participant whether they would charge the same price if they were located in a more upmarket suburb as opposed to the township:

Interviewee 9 (MA): *“Definitely not because obviously, on the other side (Sandton), rental is just gonna be high, everything that's gonna be high, the rates are just gonna be high”.*

This too was highlighted by an SE from a better-resourced area:

Interviewee 11 (BR): *“No and I'll say again it's because one it's because we where we are located it's not I mean if I were to be in a shopping centre for instance I mean our kits would go up but where we are the rent is pretty reasonable you know”*

Thus in general SEs from better-resourced areas tend to have their pricing influenced by geography due to the additional logistical and or operating costs associated by basing an organisation in a specific location. The next theme that was established is the affordability theme. This will be explored next.

5.6.2. No Impact

The research found that geography sometimes did not affect pricing decisions in terms of influence changes to prices upwards or downwards. This view was shared by Interviewee 3 in explaining why geography (location) should not matter or affect the price:

Interviewee 3 (BR): *“we've taken the view that we are a social franchise, in order for us to not confuse our patients in any way. It doesn't matter whether you go to a clinic in Limpopo, or when in the Eastern Cape, the price for a clinic service is the same, the only difference, you see another nurse's face”*

The nature of the delivery model was also confirmed by Interviewee 5 in explaining why there was no impact of geography (location) on pricing.

Interviewee 5 (MA): “I don't think it influenced the pricing decisions. And I think, for us, it's more about where are the opportunities, rather than where are the beneficiaries. So how do we get opportunities in close proximity to the beneficiaries? Or if not, how do we make that possible?”

Finally, the ability of the SE to work anywhere was a factor in them outlining how geography (location) did not affect their pricing:

Interviewee 11 (BR): “I could do the same thing from the garage at home I could do it but it's just a residential area just won't work but if I really wish like bootstrap I could absolutely still do this from home from my garage to honest with you”

5.6.3. Affordability

The beneficiaries that some of the SEs serve come from poor communities and hence the location of their operations close to those communities while solving for some problems such as logistics costs as well as positive emersion to funders through emersion within communities, creates other problems for SEs as they are unable to competitively price due to the market which they serve. The location of the customer and or operations of the SE did not only influence pricing from a cost perspective only but also from an affordability perspective as flagged by Interviewee 8:

Interviewee 8 (MA): “Our location in terms of our pricing, like for the community services has obviously a negative impact because we can't charge even the normal fair prices because we are serving a poor community. But then when it comes now to the other commercial services, it doesn't matter much but what matters is the location of the client hired in the Netherlands or in the US, we definitely charge differently.”

This issue of affordability is also highlighted by Interviewee 10 when asked about whether geography had an influence on pricing:

Interviewee 8 (MA): “I would say yes, because I mean, again, we are trying to make emergency medical care accessible to all. So the township we are targeting those areas, so you can't charge them like you're charging medical aid.”

This point was also echoed by Interviewee 1 and 14 when asked how pricing would be influenced by geography:

Interviewee 1 (BR): *“Probably in the sense that we wouldn't charge so much, we are developmental and that means that we have a different pricing approach to people in developing communities”,*

Interview 14 (MA): *“so people in Alexandra are not as fortunate as people in certain areas, you know what I'm saying so the R20 for them was like a bargain and then a good affordance for the terms of training”.*

Thus based on the data collected the cost to service a client, the direct costs incurred by the SE and the affordability of the customer based on where they were based influenced prices positively and negatively in terms of setting a high or low price for goods, and or services. The final theme that emerged is that of trust based on location. This will be explored in the next section.

5.6.4. Trust

Another SE operating in the tourism sector highlighted an insightful point related to the influence of geography on the ability to set a release price. The SE noted how location, influenced trust levels in consumers and their perception of value. Although this was not mentioned by other SEs the researcher found that to be insightful and that flagged it for inclusion in the report. Below are a few extracts from the interviews underlining these themes.

Interviewee 12(MA): *“It's crazy and nobody complains when they are in town.so, being positioned, where we are to an extent limits, the amount of money that you're able to charge. I mean, within this whole tourism space that I work in, I have a friend who is based in Woodstock (mid-tier suburb), the guy charges for a township tour R800.If I charged that kind of money, I would scare off all my clients. I know this other guy, who also does, tours he is positioned in Constantia (upmarket suburb) a fancy place and the guy is not scared to charge R5000 for township tours and then he comes and he pays us R500 for us to do that tour because his position there in that sense of space, you know, the people trust that he is worth that much, even though he is not going to not to do the tour himself. if I would charge R5000 just like he does, for that tour, I'll never get any clients. So location is always important”.*

The SE also provided further insight to drive the point on the impact of location on perception of value due to trust issues.

Interviewee 12(MA): "You know, we're in the township, there's an expectation that you need to charge super less because of how people do things, in the townships, people want they want more for less, people are not afraid to cough up R50 to buy a cup of coffee at Starbucks but would be puzzled to buy a coffee for R15 in a local coffee shop. Why even though the quality might be the same?"

5.6.5. Conclusion on Research Question 4

In conclusion, location plays a part in the pricing decisions of SEs to a large extent. SEs from better-resourced areas are generally affected by increased logistics costs that they build into the price. SEs from marginalised areas are affected by location mainly due to the nature of customers they serve in those areas who are unable to afford the services in the absence of significant discounting below market prices. Location-based customer perception of value also affects pricing for SEs.

5.7. Conclusion

The findings of chapter five highlight the role of relationships as a key resource and as a gateway to facilitate further resource mobilisation of critical resources such as finance, human, and infrastructure. Performance, networking, building credibility, fostering trust all work to create strong relationships, which in turn fosters formalised partnerships and unlocks resources. In the absence of strong formal relationships, some SEs lean on their community or local relationships where they have acceptance and credibility to mobilise resources. SEs' dual mandate and where they operate affects their pricing strategy with SEs tending to offer discounted prices as a final release price for consumers. The need for the social impact which is influenced by the location of clients and their economic situations pushes SEs to offer discounted prices. To counter the negative influence of discounted prices, SEs tend to cross-subsidise the poor by exercising differentiated pricing so that the wealthy customers and or donors and grantmakers subsidise the poor customers.

CHAPTER 6: DISCUSSION OF RESULTS

6.1. Introduction

In chapter five the research summarised key findings related to the four research questions based on the interviews conducted with 15 SEs. For research question 1 that was relationships as a gateway resource, For Research Question 2, the main findings were related to building relationships as a gateway resource and building credibility and creating shared value were the key resource mobilisation strategies that were used by both SEs from marginalised areas (MA) group and from better-resourced areas (BR) group). This chapter will look to contextualise the findings by analysing what came out of the literature review in Chapter 2. The outcome of this chapter will be to assess the research objectives through the lens of the findings and existing literature as articulated in the literature review. The chapter will be structured per research question in the same manner as the previous chapter.

6.2. Research Question 1

What are the key resources required by Social Enterprises?

6.2.1. Relationships as a gateway resource

Relationships are the gateway resource for SEs interviewed because it is through relationships that other resources can be leveraged and sometimes at no financial cost to the SE. The research highlighted that there are different levels of relationships that SEs take advantage of as part of their resource mobilisation efforts which include family ties, community relationships, formalised partnerships with government, private sector and other organisations that are part of the civil society. SEs used these family relationships to extract cheaper human resources (Interviewee 14 and 11) by using family members and friends to assist them in their business. SEs also leverage community relationships to gain acceptance into a community before establishing branches there (Interviewee1), leverage government for financial and infrastructure resources (Interviewee 12, 7, 5, 3,), leverage international partnerships to access new networks and financial resources (Interviewee 8,5,1 and 15) and leverage private sector and civil society for financial resources, infrastructure and

human resources (Interviewee 5, 4, 3,7). When assessing SEs in marginalised areas (MA) vs better-resourced areas (BR), the nature of the relationships leveraged were different with the SEs in marginalised areas flagging the family relationships and government partnerships as their key resources, while the SEs from more resourced areas tended to have more relationships with key private sector, international and public sector partners.

The importance of relationships as a resource was confirmed by Kellermanns et al (2016) whom entrepreneurs placed greater emphasis on relationship capital with included key partners as a complement to their internal resources. Linked to that are social networks that emerge from relationships were highlighted by Galeotti & Goyal (2009) as a key enabler for revenue generation by the firm through reduction of waste through leveraging information and knowledge sharing. From a theoretical perspective, these findings confirm the extended RBV framework findings by Dyer & Singh (1998) on the role of relational-based resources such as knowledge sharing and complementary capabilities. The findings outline the critical importance of creating more opportunities for networking and relationship building given the great emphasis placed on relationships by SEs.

6.2.2. Financial resources unlock access to external human resources and infrastructure resources.

Financial resources unlock other resources

Huang & Knight (2017) highlighted the role of financial resources (specifically equity capital) in financing product development, marketing, and human capital. The interviews conducted confirmed this role of SEs underlining the role of financial resources (which included equity finance through grant funding and own funding) and debt finance) as an enabler to acquire other resources such as human resources and infrastructure resources that SEs have not been able to mobilise without financial outlay. In addition, financial resources were seen as critical for scaling for growth in addition to enabling initial access to other resource types. This too aligned with views shared by Marshall et al (2020) who saw financial capital (whether investor funds or own funds) as an enabler to the financing of product development, business

operations, and marketing needs of the organisation. Linking this to the RBV, financial resources align to O in the VRIO framework as it's through financial resources that organisations like SEs facilitate the exploitation of available resources. The research saw evidence of this as Interviewee 7 used finance to import components from China and locally before exploiting those resources through the assembly process to then create their Point of Sale device which generates revenue for their organisation.

It should be noted however that some SEs while acknowledging the role of financial resources did not want undue pressure from funders as a resource provider in a manner that compromised their ability to realise their mandate. Interviewee 5 was intentional in rejecting CSI funding for that reason, while Interviewee 11 refused funding awarded from the IDC while Interviewee 14 was clear on the importance of funding, but one that is not attached with unreasonable conditions with the interviewee not being keen to dilute their brand with other affiliate brands as a condition for accessing funding. Thus the appropriateness of financial products from funders holds more weight than simply availing finance for SEs as the financial product must align with the SE's mandate to garner enough uptake from SEs. Linking this to the RBV, perhaps flexibility or ambidexterity is an intangible resource to add to the list of resources that are Valuable given that it can be used to exploit opportunities, very organisation specific making it rare and difficult to imitate and it enables the agility to exploit resources by SEs in South Africa(Barney, 1997).

Human resources as a core resource to drive operations

While financial resources enabled the acquisition of market-based human resources and infrastructure, human resources were viewed as the core resource which enabled the SE to actually deliver their service. Human resource teams were seen as agents who interacted with the customers or beneficiaries as the last mile deliverers of service (Interviewee 1,6,11). Intellectual capital and innovation were also seen an important resource to deliver the service, build credibility and trust enabling the SE to crowd in more resources through information sharing and collaboration (Interviewee 15). This is aligned with the findings by (Ko & Liu, 2015) on the role of human capital as a facilitator of knowledge transfer and enabler of collaborations. In addition, Peng (2001) highlighted resourcefulness as a tacit

leveraged human resources that start-up organisations can leverage to compete with larger organisations. This too was confirmed by Interviewee 15 as an invaluable resource which they had leveraged during the course of their business life. The new insight gained from the research was the deliberate use of local resources by SEs not so much for their skills but for their general acceptance within the community and ability to “speak the language” of those communities. Interviewee 1 provided this insight clearly in talking about their localisation approach to human resource acquisition highlighting that:

“Interviewee 1(BR): So it’s a strategic approach to say we hire people who are conversant with their environment, conversant with the cultural demands that are placed on the type of service that we’re as we offer it. And we found that to be useful”.

Localisation can thus be itself a resource that feeds into the territorial embeddedness aspect that was highlighted as an extension to the RBV theory perspective by (Knoben, 2011).

Infrastructure

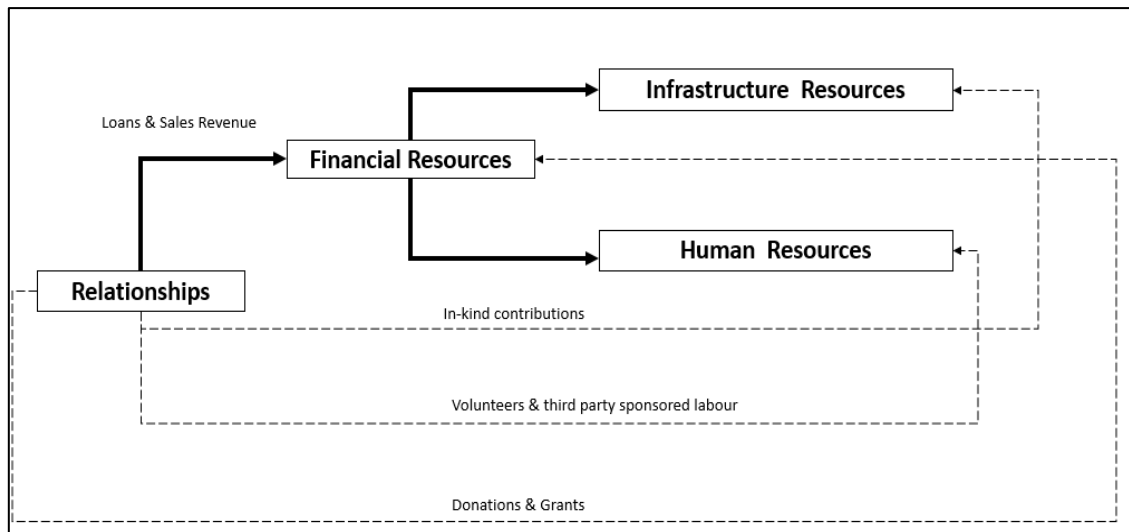
The research found that SEs placed great importance on physical infrastructure as part of their service delivery (buildings, equipment etc.) as well IT infrastructure (Online related infrastructure and related back-end technology) consistent with the critical success factors identified by Pal & Altay (2019) and (Alamene et al., 2021). The positioning of the research project within the time of the Covid-19 Pandemic unsurprisingly saw SEs from better-resourced areas and marginalised areas outlining the role of data as an enabler of accessibility by the SEs to their customer base and accessibility by customers to the SE’s products or services. Critically interviewee 12 (based in a marginalised area of Khayelitsha) highlighted the importance of their business having an online presence to showcase their business to potential clients and extend the reach of the business while interviewee 14 (based in Alexandra) saw access to data and the internet as critical to delivering service and maximising the client’s value. In the current operating environment infrastructure, especially IT infrastructure is almost critical for an organisation to sustain a competitive advantage as infrastructure can be an enabler for coordinating key firm capabilities through marketing and distribution (Sirmon et al., 2007). Based on the

research there were no specific additional contributions to the RBV theory from an infrastructure resources point of view.

6.2.3. Conclusion on Resource Question 1

The figure below illustrates the findings on research question 1:

Figure 8: Resource Preference by SEs in South Africa



As shown above, relationships as a resource unlock financial resources which manifest through grants, loans, and sales revenue looking at the commercial side. These financial resources are then used to finance the acquisition of infrastructure resources and human resources. Additionally, relationships as a resource unlocks “non-market” resources such as in-kind contributions in the form of free access to infrastructure which Interviewee 6 benefited from, volunteers and third party sponsors which interviewees 1,3,6,8,10,12 and 15 all benefited together with donations and grants which the likes of interviewees 6,7,5 and 9 were able to unlock for their businesses.

In conclusion, whereas literature elevated the role of financial resources as important for SEs, the research findings highlighted that preceding access to financial resources was the role of relationships as a gateway resource that facilitated access to financial resources to acquire the required human and infrastructure resources or in instances where no financial outlay was required, relationships provide a platform to access “free” resources through donations, in-kind contributions and accessing volunteers or government-sponsored employees as shown above. The contribution

to the RBV theory includes the inclusion of localisation and ambidexterity as intangible resources specific to the South African context that satisfy the VRIO framework and serve to enhance the competitive advantage of SEs that can exploit such resources. Researchers could thus explore these two constructs further to add more insight into the RBV Theory.

For practitioners, the role of relationships as a key resource was elevated in this study. There can be no doubt that each individual and business in South Africa possesses this resource through networks of friends, family, co-workers, neighbours, and other networks. The critical skill is the ability to harness one's relationships to better mobilise resources. This cuts across all organisational types and is not restricted to SEs. The next section will look at Research Question 2.

6.3. Research Question 2

What are the overlaps and differences in the strategies employed to mobilise resources by Social Enterprises based in marginalised areas and those based in better-resourced areas?

This research question built on the foundational question RQ1 and thus began to expand on the identified resources by exploring how SEs mobilised the critical resources identified.

6.3.1. Networking and building relationships

Networking and an enabler of building relationships

The research report outlined similarities between the adoption of networking as some resource mobilisation strategy by both SEs in better-resourced areas and those in marginalised areas. Evidence however suggested that those from marginalised areas did not have strong networks that they could leverage the bulk of their resource needs, and thus had to invest in active networking activities (such as commuting to conferences, participation in competitions) to tap into new networks and additional resources such as financial resources and coaches. The use of networking is confirmed by findings by Ciambotti & Pedrini (2019) who identified networking as a key resource mobilisation strategy to unlock access to information. Clough et al

(2019) also confirm the research findings on the role of networking to establish new ties while Folmer et al (2018) confirmed the role of networking to build legitimacy highlighted by Interviewee 13, whose participation in competitions was not only aimed at winning but marketing their organisation to build more credibility.

The findings underline the need for intentional fostering of networking opportunities, investment in educating small businesses of the importance, and mechanics of networking and also creating more opportunities for SEs and other small businesses to network with better-resourced organisations and stakeholders outside their local spheres. As opposed to direct subsidies to small businesses, for example, indirect subsidies may be provided such as critical departments subsidising cost of transport and or tickets for these businesses to be able to attend these networking events and foster new relationships. From a theoretical point of view, Aye & Theingi (2019) found a direct relationship between networking and the competitive advantage of SMEs in Myanmar (Yangon) as an extension to the RBV Theory. The influence of community based networks such as those leveraged by Interviewee 1, or family networks leveraged by Interviewee 11 and 14 could be empirically tested as a contribution to the RBV from an African and South African context. The research highlighted that the strategy of scavenging by leveraging these family networks to source key resources enabled the SEs to survive their initial growth phase and reduce pressure on their financial resources.

Building relationships

Following on from research question 1, which highlighted relationships as an important resource, the central theme for research question 2 was building and leveraging relationships as a strategy to unlock critical resources that the SE required. Both SEs from better-resourced areas and marginalised areas invested in building relationships and leveraged those relationships to access funding support as part of their resource mobilisation. In addition, some SEs from marginalised areas leveraged the government infrastructure for support in their human resource mobilisation.

The research findings confirm findings by Ciambotti & Pedrini (2019) regarding the leveraging by SEs of partnerships to access funding and new customers. From a South African perspective, the leveraging of B-BBEE by SEs as articulated by

Littlewood & Holt (2015) was confirmed by SEs from both resource groups through accessing enterprise development funding through partnerships between SEs and the private sector. New insights from the research were that the nature of relationships differed between the two SE groups. SEs from better-resourced areas had better networks from a resource perspective, more formalised relationships, and thus were able to tap into private sector resources better than marginalised area based SEs who placed heavy reliance on family, community, and government-based relationships to gather the resources they needed. Theoretically, the findings support the views of the role of alliances from the perspective of firm-based relationships in enhancing competitive advantage as captured by (Lavie, 2006). The research also highlighted other types of alliances such as alliances with communities, traditional leaders, and personal alliances which were leveraged outside of firm-specific alliances as an enabler of resource mobilisation. These could be empirically tested and contribute towards the extension of the RBV.

The implication of this finding is that greater investment needs to be made in fostering relationships and educating small businesses on the role of leveraging existing relationships and building new relationships. There is a tendency for organisations to fixate on accessing finance, however, fostering relationships enhances easier access to finance which unlocks other critical resources.

6.3.2. Accessing Freebies (“Scavenging”)

As part of resource mobilisation, SEs will not shy away from accessing free resources to augment resources that they need to finance using the financial resources they accumulate. This cut across both SEs from better-resourced and marginalised areas. The scale of free resources was larger for better-resourced SEs as they had more formalised partnerships. Interviewee 6 was able to secure free space from the City of Cape Town based on their formalised relationship, whereas interviewee 8 secured volunteers to complement their human resource staff. Other SEs were able to tap into free software to reduce the financial pressure that comes with utilisation of available funds for procurement while they carry out their mandates.

Literature on bootstrapping provides some insight into this strategy that was adopted by South African-based SEs. Ciambotti & Pedrini (2019) found that SEs used their partnerships to access free training services for their employees while Winborg & Landström (2001) noted that SEs accessed underutilised or unwanted resources by persuading resource owners which somewhat aligns with how interviewee 6 was able to access a building for free for a year. In addition, this strategy touches on aspects of network bricolage highlighted by Tasavori et al (2018) who highlighted the leveraging of networks to tap into resources available in those networks. We see evidence of this especially in human resource mobilisation where there was a greater tendency from SEs from both resource groups to leverage their networks to mobilise volunteers and third party sponsored skilled resources that they required for their businesses.

Scavenging is also a skill that an organisation could leverage and is in part a function of relationships. This research underlined the value derived from scavenging, difficult to imitate, and difficult to place a cost on it as it is an intangible resource that other firms wouldn't be able to easily replicate. Finally, as shown in this study, firms were able to exploit scavenging as a resource to enhance their competitiveness through free access to resources, and thus freeing up capital to finance other capabilities. Scavenging could thus be an extension to the RBV as another important intangible resource facilitated through relationships.

The implication of practice is that, linked to the theme on relationships, investment in relationships generates information which may include accessing free resources. Thus SEs must invest in building relationships to open their organisation to accessing free resources that can assist them in realising their mandate. From a policy perspective, the creation of environments where SEs can interact and share information provides a platform for exchanges which may unlock more resources for SEs. In addition, there must be recognition of in-kind contributions as part of the Enterprise Development funding's scoring criteria. This incentivises resource-rich organisations to contribute in-kind resources which may benefit SEs.

6.3.3. Building credibility, showcasing, and shared value

Building Credibility

The research found broadly that SEs in both resource groups adopted a strategy to build credibility adopting approaches highlighted by Jayawarna et al (2020) which include projecting an acceptable image, signalling social value, and conducting differentiation activities. Both SE groups used this strategy with SEs from marginalised more active in using this approach as opposed to those in better-resourced areas who were further down the road in terms of their size and resource base. One of the SEs (interviewee 5) focused on creating tangible results utilising the resources that they had initially mobilised. This resulted in the generation of a tangible proof of concept, which built credibility to unlock further resources for scaling. In addition, the utilisation of resources to build authenticity of service (interviewee 12) and the investment of their own funds (interviewee 11) provided a signal of risk-sharing to resource providers and commitment which built the credibility of their organisations.

Showcasing as a lever to build credibility

Consistent with aspects highlighted by Jayawarna et al (2020) showcasing was quite a common strategy that SEs from both resource groups employed to demonstrate their capabilities, enhance their credibility in the market, and also signal the work that they were doing. One SE (Interviewee 8) utilised their choir as a marketing instrument on the one hand but also as a social change mechanism through developing people from poor backgrounds to participate in the commercially marketable choir to better their lives. SEs in the study also engaged in showcasing via pitching their models, participating in competitions, using word of mouth as a tactic, and leveraging their websites. The aim was to build enough credibility to attract resources for the SE either directly through accessing prize money or in the long run by attracting resource owners to invest in the SE.

Creating shared value

The investment in creating win-win scenarios as part of the resource mobilisation process, unlocks resources from resource providers consistent with the leveraging of social networking strategy used by SEs in Kenya to align the social goals of the

SE with the resource provider(Ciambotti & Pedrini, 2019). The research provided insights into the utilisation of this strategy in SEs from both better-resourced and marginalised areas. SEs intentionally not only signalled this shared value and win-win scenarios to resource providers but also infused that aspect in their operations to build credibility and cement their relationships with those resource providers. Interviewees 6,2,11,6, and 3 all tapped into either B-BBEE funding or CSI funding with the contributors obtaining points for their scorecard and the SEs obtaining access to financial and infrastructure resources. Interviewee 15 was especially strong at creating shared value by partnering with a number of local and international partners in creating win-win scenarios which held them in good stead and resulted in a pipeline of more programs for which they could generate financial resources through referrals from partners they had interacted with.

6.3.4. Bricolage, Optimisation, Insourcing and Leasing

Consistent with the literature on bricolage, the research found that SEs both who were based in marginalised areas tended to adopt bricolage while those in more resourced areas tended to use optimisation relying on traditional means to procure standard resources(Desa & Basu, 2013). Those SEs from marginalised areas tend to make the best of their situation, by converting the resources at hand to unlock more resources and realise their mandate consistent with the findings of (Ciambotti & Pedrini, 2019). Underpinning the adoption of this strategy was the abundance mindset of these founders possessed. An interesting strategy that could extend theory on network bricolage with respect to accessing skills was the strategy employed by interviewee 14 who leveraged their customer's skills and used those skills to improve the ability of the SE to deliver service to that customer and future customers thus creating a vicious cycle of resource inflow (ecosystem type of network bricolage). A critical requirement noted for SEs from marginalised areas was the possession of the right mindset in order for SEs to be able to successfully utilise bricolage as articulated by interviewee 4:

Interviewee 4 (BR): *“people come from those marginalized communities, those sort of resource scarce, communities, or under resourced communities, have to have an*

abundance mind set, so that they're able to look around them, and see resources that they might not allow, that people might not ordinarily see, as resources”.

Interviewees 2 and 3 utilised an approach similar to the cluster development strategy identified by Ciambotti & Pedrini (2019) which involves taking advantage of the potential of the supply chain by leveraging their supplier relationships to get better terms with supplies as part of their optimisation strategy.

Insourcing and Leasing

The tapping into previous head office resources by Interviewee 3 or the internal promotion of staff utilised by Interviewee 1 as well the access to leaded resources by Interviewee 3 are consistent with aspects of network bricolage as captured by Tasavori et al (2018) as these strategies involved identifying resources at hand within existing networks and tapping into those resources.

6.3.5. Positioning

The role of geography and positioning in resource mobilisation was confirmed in the research, where it was found that SEs positioned their products or services and operations to improve their ability to mobilise resources and minimise costs as part of resource preservation. This was for example through locating centrally to improve logistics and flow of human resources, locating within the community to enhance access to locally embedded resource staff consistent with findings on the influence of territorial embeddedness by (Knoben 2011). The findings from the research related to the positive influence of proximity to resource access confirm the findings by Eversole et al (2013) on the role of the proximity of SEs in local communities to mobilise latent resources. The research found that those SEs from marginalised areas tend to locate within their communities and thus were embedded in those communities. While this unlocked some resources (especially human resources) it restricted their sphere of influence beyond those communities with those SEs having to plug into networks in more resourced areas. When analysing the SEs from better-resourced areas the findings confirm findings from Fruttero & Gauri (2005) who found an insignificant relationship between the location of the organisation and the social issue contrary to Eversole et al (2013)'s findings. In addition, the cost minimisation

objective aligns with Friedrich (1929) who found that cost minimising is a strong influence behind the location of industries.

The research suggests that where SEs come from marginalised areas they locate in close proximity to the social issue whereas those SEs from better-resourced areas did not necessarily locate their main operations in the areas where the social issues were but would setup satellite branches to have a presence in those areas. Logistics and greater accessibility played a greater role in influencing the choice of location for SEs from better-resourced areas than the actual social issue, complemented by their greater resource pool to position satellite offices if required.

The implications for practice are that the targeted support for SEs in marginalised areas should look no further than the historically poor areas such as townships, rural and peri-urban areas because these organisations will be based in those areas. In addition, given that SEs based in better-resourced areas tend to have satellite offices in these historically poor areas there may be opportunities to integrate efforts by SEs from the two backgrounds allowing for the formation of synergies and potential resource exchange partnerships.

The extended RBV by Knoblen (2011) is supported by the findings from this research as positioning was used to unlock more resources by SEs. An interesting insight from analysis of the influence of geography on pricing (see section 6.5.3) saw trust and customer perception influencing pricing positively and negatively which directly affects revenue generated from a financial resource mobilisation perspective. Thus while territorial embeddedness has a positive effect on resource access, trust and customer perception may moderate resource access by an SE based on the customer perception of value as informed by the SE's location. This aspect could be investigated further as an addition to the RBV extension as outlined by (Knoblen, 2011).

6.3.6. Shapeshifting

An interesting strategy was identified through this research that in part is a function of South Africa's Social Enterprise policy and legal framework. The research highlighted "shapeshifting" as a strategy that entailed SEs structuring and

restructuring their organisations in preparation for accessing financial resources in the future (Interviewee 4), or as a consequence of partnership with a key stakeholder (interviewee 7's partnership with the government) and due to experiential learning of the landscape that the SE operated (Interviewee 5 and 15). The research highlighted that SEs create for-profit and not-for-profit structures to tap into donor funding and other international funds that may have specific needs or limitations in the types of organisation they can support (Kannothra et al., 2017). Levine et al (2012) highlighted a lack of profitability as a constraint in accessing traditional markets, thus the separation of the social aspects from the commercial aspects of their organisations by Interviewees 4 and 7 effectively enables the commercial side to mitigate against this lack of profitability by standing as a commercial venture within a Pty structure which is able to tap into capital markets which was a challenge raised by Abhi (2017) leaving the social aspect of the venture in an NPO/NPC structure which is able to offer section 18 certificates for donations. In addition, shapeshifting enables SEs to mitigate against the perils of hybridity as outlined by Hota et al (2019) which relates to SE unable to competitively price adversely impacting their revenue generation and sustainability. Using shapeshifting, SEs can use the commercial venture and present it as such to justify competitive or market-based pricing.

Lavie (2006)'s extension of the RBV identified enhanced learning through alliances between organisations. Shapeshifting as a strategy adds to this learning by adding experiential learning as a precursor to organisational evolution to enhance its capabilities and leverage more resources as the research saw with Interviewees 15 and 5 who consistently evolved over the years to become an ecosystem type of organisation that has harnessed all the learnings as a resource that have come from their experiences and shapeshifted to feed the needs of their operating environment. Pre-emptive shapeshifting by Interviewees 4 and 7 is also a function of experiential learning through scanning of the environment and reading the signals in the market and through interactions with the government in the case of interviewee 7. Empirically testing through quantitative studies, the relationship between shapeshifting and resource mobilisation and access should be the next step in the theory development for researchers.

Finally, for practioners, harnessing lessons should be an active strategy that organisations intentionally pursue as an input into future strategic development.

Restructuring and reengineering organisation to take advantage of those lessons is a strategy that can unlock value and enhance greater resource mobilisation. Littlewood & Holt (2015) bemoaned the lack of defined legal and policy framework for SEs in South Africa such as CICs in the UK. The use of multiple structures could be averted from a cost and management perspective if a separate legal structure was developed for SEs that still enjoy the ability to provide section 18 certificates while having the flexibility to have a profitable income statement and strong balance sheet to enhance access to capital markets.

6.3.7. Conclusion

Table 6 in chapter 5 outlined the main strategies adopted by both resource groups of SEs and the key activities underpinning those strategies. The outcome of this research question provided key insights and areas that could be investigated further by future researchers as extensions to the RBV theory. This includes insights from the shapeshifting, scavenging and building relationship strategies. The results of the findings also provide insights for practitioners to adopt to leverage these strategies for other organisational types beyond the SE organisational form and interventions by the government to enhance the ability of SEs to flourish within the South African environment. The next section will look at research question 3.

6.4. Research Question 3

How do Social Enterprises set prices for their goods and or services as part of their resource mobilisation strategy?

Research question 3 aimed to uncover the pricing strategies that SEs adopted as part of the financial resource mobilisation. Based on the findings SEs tend to utilise discounted pricing strategies to mobilise revenue as part of their overall financial resource mobilisation strategies. The starting point of the pricing process tend to the costs of the business or market-based factors; however, the pricing journey is then influenced by different factors before arriving at a final release price to charge to customers.

6.4.1. Cost-based and Market-based foundations of the pricing process.

Based on the responses from the interviews, SEs tend to start the price-setting process by looking at either their costs with the aim being to set a release price that ensures that revenue generated is sufficient at a minimum to cover their costs. This is consistent with Pitt et al (1997) who provided a cost-based pricing mechanism as one of the two main pricing methodologies alongside market-based pricing for general organisations to adopt. Furthermore, it confirms literature from Tellis (1986) who highlighted that prices tended to be a reflection of cost plus an acceptable margin and was affected by different customer segments (differential pricing), consumer characteristics, consumer transaction costs and the legal environment. There was limited literature on the foundations of the pricing process, however the tendency by SEs to lean on the cost-based methodology could be expected given the dual mandate that SEs pursue where they must attempt to balance their social mandate through a funding model that pushes their organisation towards greater financial sustainability (Doherty et al., 2014). The inability to adequately cover their costs adversely impacts the sustainability of the organisation as a result of diminished revenue flow due to the SE charging discounted prices consistent with findings from (Hota et al., 2019).

The overwhelming majority of SEs (11 out of 15) started from a market-based perspective as opposed to a cost-based perspective when commencing the pricing process. The starting point for 3 out of the 11 SEs was regulated pricing based on the National Credit Regulator and Other Industry Regulators consistent with Tellis (1986), however, from that point the ability or capacity of the client to absorb the price was factored next as opposed to the SE's costs. At a general level, rooting the pricing process from a market-based perspective was confirmed by Pitt et al (1997), however the fact that most SEs were less inclined to start from their actual cost position is contrary to the view by McMullen & Bergman (2018) who found that the setting of a minimum price commenced with the estimation of production costs with some competitor benchmarking. On the contrary, SEs tended to place heavy reliance on what the market perceived as an acceptable price based on affordability influenced by the economic setting of most their client base.

Two extremes were found in Interviewee 13 and 15. Interviewee 13 commenced their pricing through an experimentation system of trial and error by setting an initial “uneducated” price and then testing the market response and adjusting upwards or downwards until they found an optimal price but equally, they had the cost in mind in their experimentation with a view to land on a release price that at a minimum covers their costs. Interviewee 15 provided critical insight on the perception of some SEs which is contrary to literature by highlighting their obsession with doing good work and creating value as the foundation of their pricing journey. According to Interviewee 15, once the value was created through a reputation of excellence the pricing discussion became irrelevant and the SE could charge maximum prices based on a value premium. This contradicts McMullen & Bergman (2018) who noted that price skimming was unlikely for SEs with greater emphasis on penetration pricing to get a foothold in the market.

6.4.2. Price changes and setting of final release price.

Discounted price

The majority of the literature found that SEs tend to face pressure to charge low prices with the main drivers being ethical dilemmas, fear of being accused as exploitative, and the economic status of the clients being poor (Hockerts, 2015; Hudon et al., 2020; McMullen & Bergman, 2018). This view was confirmed in the research where despite numerous starting points by SEs in the initial process of pricing, the final release price tended to be a discounted price. In addition, the research also confirmed the influence of the economic position of the clients and the as a key driver in setting a discounted release price consistent with Tellis (1986)’s view of how characteristics of consumers affect the pricing decisions. 13 out of 15 SEs’ final release price were discounted prices in line with the literature. Other insights were provided on the drivers of a final discounted price beyond the literature review. These included competitor benchmarking which placed further downward pressure on SEs to charge lower prices, the developmental mandate of the SE, customer’s financial performance, and geography. Interviewee 8 touched on aspects of Pay What You Want Pricing (PWYWP) as outlined by Mendoza-Abarca & Mellema (2016) when looking at one of the customer segments which comprises extremely

poor members of the community who access health services. Interviewee 8 highlighted that the price was more of a token:

Interviewee 8 (MA): *“But the challenge is that we are operating in a very low-income area so the majority of patients they can’t afford the service, so we have a price but it’s highly subsidized because we charge even less than 50% of what you pay outside. That applies also to some of the programs like our sports program, we’ve got a gym where we are charging R70 a month and when you go to commercial gyms, you pay something between R500 to R700 a month. So is just a token in most to secure a commitment from the participant We also have pre-schools where we charge just a token to make sure that the parents are committed. Otherwise, it’s not really profit-making”.*

This kind of PWYWP adopted by Interviewee 8 is more socially driven (value creation) and is not really looking to enhance value capture by the SE which is contrary to Mendoza-Abarca & Mellema (2016)’s views as it is a pricing strategy that enhances value capture by increasing the number of beneficiaries who otherwise would have been excluded by being flexible in allowing them to pay what they want.

Cross-subsidisation through differentiated prices and absorption prices

The research confirmed the cross-subsidisation strategy as one of the key pricing strategies adopted by SEs as highlighted by Hockerts (2015) and McMullen & Bergman (2018) who noted that SEs lean on Funders and wealthier customers to cross-subsidise the poorer customers. 7 SEs (Interviewees 2,4,5,8,11,12,15) in the research used differentiated pricing as their cross-subsidisation strategy by charging wealthier customers higher price and poorer customers a lower price. What played into the minds of the SE charging the price was the affordability of the end user, location, and demonstrated ability to pay based on client’s performance and economic circumstance. In addition, the research found that customer specifications influenced the final release price based on the cost of providing the service. In addition, the need to secure a strategic partner was also a factor in the SE offering

different prices where the SE was prepared to charge a lower price to cement strategic partnerships consistent with the influence of customer characteristics by (Tellis, 1986)

Although literature was clear on cost-based vs market-based pricing methodologies, there was little evidence in the literature on absorption pricing being adopted by SEs. This insight was interesting given the financial challenges that SEs face in of pursuit their social mandate such as exclusion from capital markets, lack of profitability, negative impact of lacking charging commercial prices (Abhi, 2017; Hota et al., 2019; Levine et al., 2012). Yet despite these challenges, SEs still can afford to charge prices equal to their cost without building a margin which would reduce their sustainability risk. The research indicated that SEs applied a long-term view by prioritising the affordability for the customer over short-term sustainability (interviewee 3) where the survivability of the customer, in the long run, would translate to the sustainability of the SE. It should be noted that those SEs that practised absorption costing had more than one product or service offering and whether thus also able to cross-subsidise the non-gains of absorption pricing with the gains in other market-based pricing strategies.

Experimental Pricing could be added to the pricing strategies put forward by Tellis (1986) as an additional market-based strategy used during market entry alongside penetration pricing. From a theoretical perspective, the research confirmed the RBV extension by Dutta et al (2003) and concurs with the view by the authors regarding the complexity of the pricing process and that the ability to price is a capability in itself. The pricing decision was found to be a complex one faced by SEs which involved a lot of iteration by most SEs as they went along. The consequence of that is that the inability to harness this capability means that SEs are leaving a lot of value on the table due to not having adequate knowledge on how best to price their goods and services. The research found evidence of the complex pricing process through extensive competitor benchmarking done by SEs (interviewees 2,7,9,10,11,12,13) negotiating prices and changes to prices with consumers (Interviewees 3,6, 7). The implication of the outcomes of this report indicates that pricing is a capability that must be developed through training and mentorship of SEs so that SEs can exploit this capability to enhance the value capture aspect of their dual mandates.

6.4.3. Conclusion on Research Question 3

The results from the analysis of the research question found that there were consistencies in the literature. SEs' price-setting process commenced with consideration of costs and external market dynamics while the release price tended to be below market prices with evidence of cross-subsidisation as indicated by McMullen & Bergman (2018), however, there were instances where SEs exercised price-skimming as a value-based pricing methodology contrary to literature in instances where SEs were experimenting during initial entry into the market with pricing in the market and also when an SE has built sufficient credibility in the market-based on a track record to justify setting high prices for their services. This research provides new insights into the price-setting process and contributes to research into price-setting process by SEs in South Africa as part of their resource mobilisation efforts.

6.5. Research Question 4

How does geography influence pricing decisions for SEs from marginalised areas and better-resourced areas?

The findings on the research question were that 5 of the SEs (3 from BR group and 2 from MA group) were not impacted by geography in their pricing. The reasons offered were that the delivery model of the SEs were such that location became irrelevant to those SEs regardless of whether they were from marginalised areas or better-resourced areas. Some of the SEs highlighted their business could be conducted online from anywhere (interviewee 11) hence the reason why location did not feature as an influence on their pricing. Next, we will outline the themes that emerged where SEs were impacted by geography.

6.5.1. Logistics costs built into the pricing

The overarching theme on the influence of geography on pricing was that SEs look at the cost of delivering service-based on the location of the customer versus their

own location and price in that cost in the final release price that they charge to customers. This is consistent with the views by I. Lee (2010) who found greater trade cost and price dispersion of certain goods and services as one moved beyond the main geographic region. In addition, the cost perspective aligns with some of the findings by Adler & Florida (2020) related to the influence of new entrants on the cost structure of a specific location. SEs highlighted the additional logistic costs as influencing their ability to price for goods and services. SEs from better-resourced areas were impacted more than SEs from marginalised areas. This was in part due to the additional logistics costs that SEs from better-resourced areas had to incur to tackle the social challenges which were normally located in marginalised areas. Some SEs had to establish satellite branches at greater operational costs within those marginalised areas which they would factor into the pricing. SEs from marginalised areas were able to experience cost savings as outlined by Moellmann & Thomas (2019) by locating their operations within the communities where the challenges are.

6.5.2. Price discrimination based on geography

Consistent with Sammut-Bonnici & Channon (2014), the research found evidence of SEs discriminating based on geography by charging different prices based on the location of the client. Interviewee 8 highlighted the location of their client in general rural and poor resourced areas meant they had to offer lower affordable prices. Interviewee 7 also confirmed that they price differently based on where their customers are based, however, the reason there was due to the greater or varying cost of service delivery. It should be noted however that despite the influence of geography on prices (increasing prices), the final release price was still a discounted price to the final customer consistent with findings from McMullen & Bergman (2018) of the tendency for SEs to charge lower prices for their goods or services.

6.5.3. Trust and perception

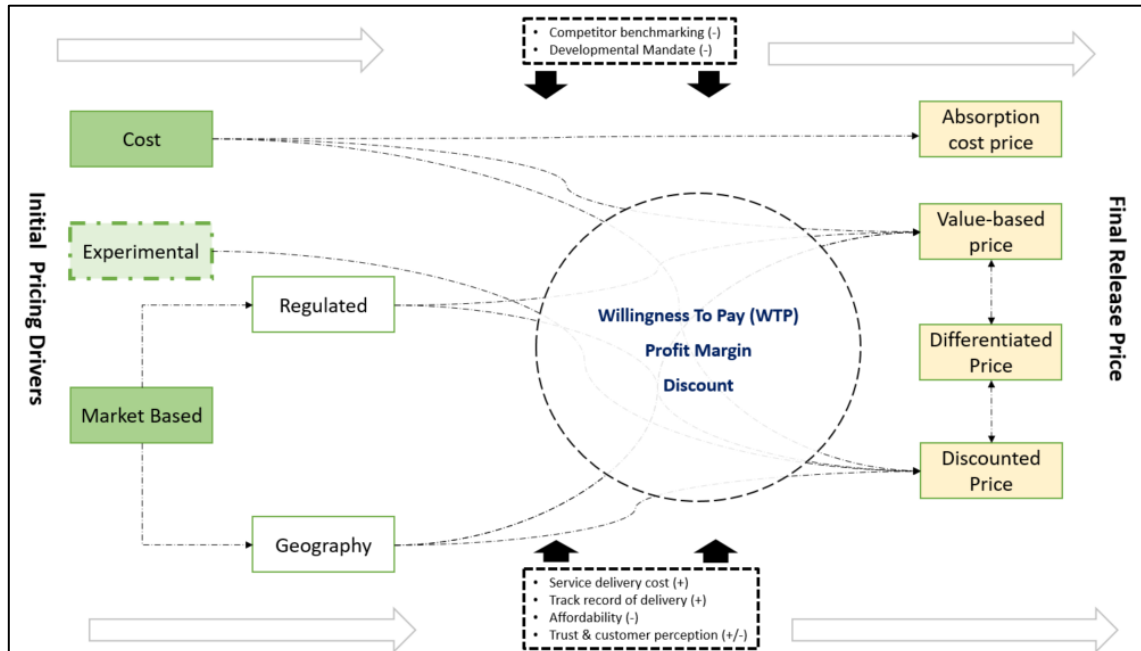
Price plays a role in capturing the cost of consumption (allocative role) or sending a signal of the quality or prestige associated with a good or service (informative

role)(Erickson & Johansson, 1985; Lichtenstein et al., 1993). Although literature pointed to the role of the price in signalling quality of the service, new insight was provided by the research where geography created a perception in customers' minds of value in the product or service. Interviewee 12 based in the township (marginalised areas) highlighted the influence of geography as a signal of quality where SEs in his networks who stayed in more resourced areas (upmarket suburbs) were able to charge higher prices for the same service and even sub-contract interviewee 12 to render the service because of the perception of quality based on where those SEs' operations were located.

6.5.4. Conclusion on Research Question 4

The figure below illustrates the overall findings on the issue of pricing as captured for both Research Question 3 and Research Question 4:

Figure 9: SE Pricing Strategies model



In summary pricing decisions mostly commenced from either market-based influences or cost-based influences, however, sometimes SEs experimented as part of their initial pricing process. From a cost-perspective there was a pure cost-recovery resulting in an absorption cost price at no additional margin. From a market a based perspective, regulations such as (NCR and other industry regulations)

played a part in the maximum release price charged while geography affected the cost structure of the SE on one hand or the nature of customers in that area. The key mediators between the initial price and the final release price that also impacted cost-based and market-based initial prices was the willingness to pay by the customers, an estimate of a profit margin by the SE, and an appropriate discount to customers. These three were influenced positively or negatively from a pricing point of view by the developmental mandate of the SE, competitor prices, cost of service delivery, track record of delivery by the SE, the affordability by customers and customer perception. This manifested in either a value-based price or a discounted price which would vary depending on customer segments (differentiated price).

The research largely confirmed the views in the literature regarding the role of geography in the setting of prices, with SEs practicing location-based price discrimination largely influenced by logistics-related costs of delivering goods and services. Interesting insights obtained were the role of customer trust based on the location of SEs and the perceived value of the service customers attached to SEs in better-resourced areas which translated into their greater willingness to pay for services and higher prices being charged for the same service. In terms of additions to the theory of locations, the issue of customer perception of value due to location is a potential aspect that may influence a location decision aside from costs as outlined by Weber (Friedrich, 1929). Organisations in specific industries such as motor dealerships, cosmetics making location decisions must also conduct research into customer perceptions of the location and how they perceive the value of the goods or services that are offered to them based on where the organisation locates their operations.

6.6. Conclusion

The chapter presented the main findings concerning existing literature. The findings indicated that relationships were the most important resources which unlocked financial resources and other resources such as human resources and infrastructure. Although literature from Galeotti & Goyal (2009) and Kellermanns et al (2016) confirmed the importance of relationships as a resource alongside financial and

human resources, its place at the apex of the resource base for SEs in South Africa was elevated as an outcome of this research.

The theme of relationships found its way in the resource mobilisation strategies adopted by SEs from both resource groups alongside other strategies such as building credibility, accessing freebies, bricolage, optimisation, and positioning. This largely confirmed literature on strategies adopted in other localities internationally and regionally with specific differences specific to South Africa and resource area that the SE was based (Ciambotti & Pedrini, 2019; Clough et al., 2019; Desa & Basu, 2013; Jayawarna et al., 2020)

Finally, looking at pricing, as outlined by McMullen & Bergman (2018) the research confirmed the tendency of SEs to price below market prices leaning on penetration pricing, however new insights into value-based pricing were contrary to existing literature which found that SEs that have built enough credibility in the market practised price skimming and or prestige pricing. Overall geography plays a role in the pricing and resource mobilisation process for SEs in South Africa manifesting in price discrimination from a pricing perspective as outlined by Sammut-Bonnici & Channon (2014) and influencing operational positioning to enhance resource access from a general resource mobilisation strategy as outlined by Eversole et al (2013) but showing less inclination for better-resourced SEs to locate their main operations where the social issues are prevalent which contradicts Eversole et al (2013) but confirms the findings by (Fruttero & Gauri 2005).

CHAPTER 7: CONCLUSION

7.1. Introduction

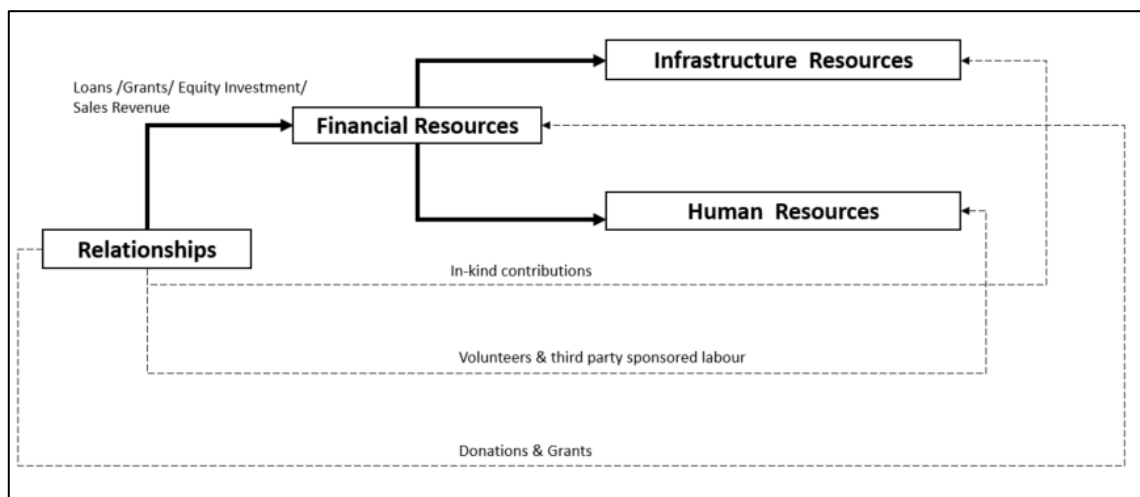
This chapter summarises the key findings based on the data collected and analysed and provides some limitations and linked to that provides some recommendations for future research.

7.2. Summary of Findings

This research sought to obtain an understanding of SEs' resource mobilisation strategies amidst the challenge of persistent resource constraints. The study compared resource mobilisation between SEs from marginalised areas and those from better-resourced areas. The study further investigated the pricing strategies adopted by SEs as part of their resource mobilisation strategies.

As outlined in Chapter 6 Research question 1 established that like the importance of relational capital for entrepreneurs as outlined by Kellermanns et al (2016) relationships were a gateway resource that provided SEs with access to the other resources. The model from the findings is reproduced below:

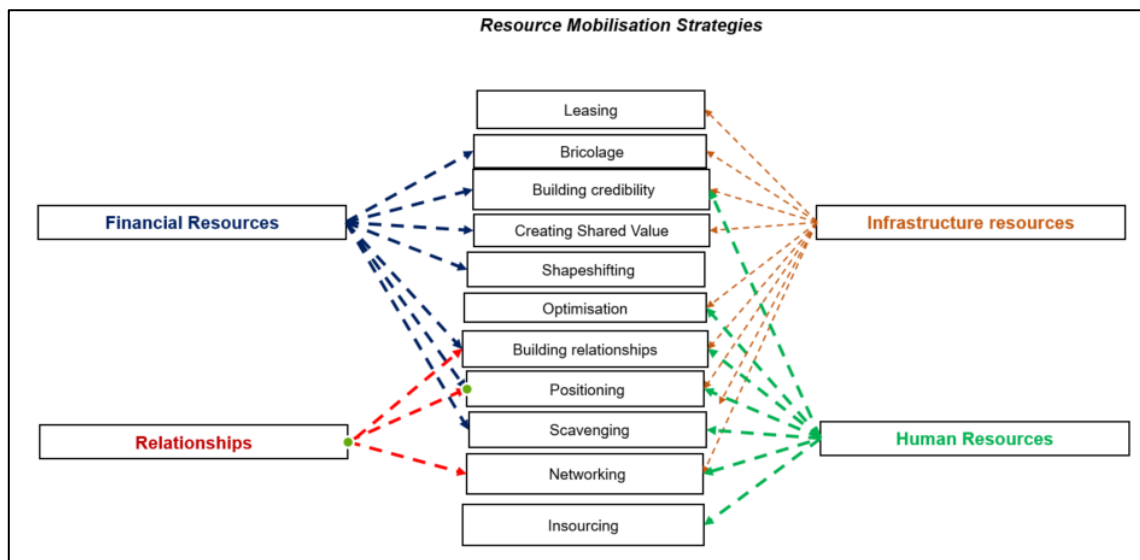
Figure 10: Part 1 of the Integrated Model



The key resources identified by SEs as important resources were relationships, financial resources, infrastructure, and human resources. Relationships facilitated access to market-based and non-market-based resources such as free access to infrastructure resources through in-kind contributions, access to volunteers and donations.

Research question 2 built from Research question 1 and began to explore the strategies to mobilise resources that were pursued by SEs from two groups being marginalised areas and better-resourced areas. The predominant participants were from Gauteng with some representation in Mpumalanga and Western Cape. The figure below summarises the interplay between the resources identified by SEs as important and the strategies that were adopted to mobilise those resources

Figure 11 Integrated model part 2:RM strategies adopted by SEs

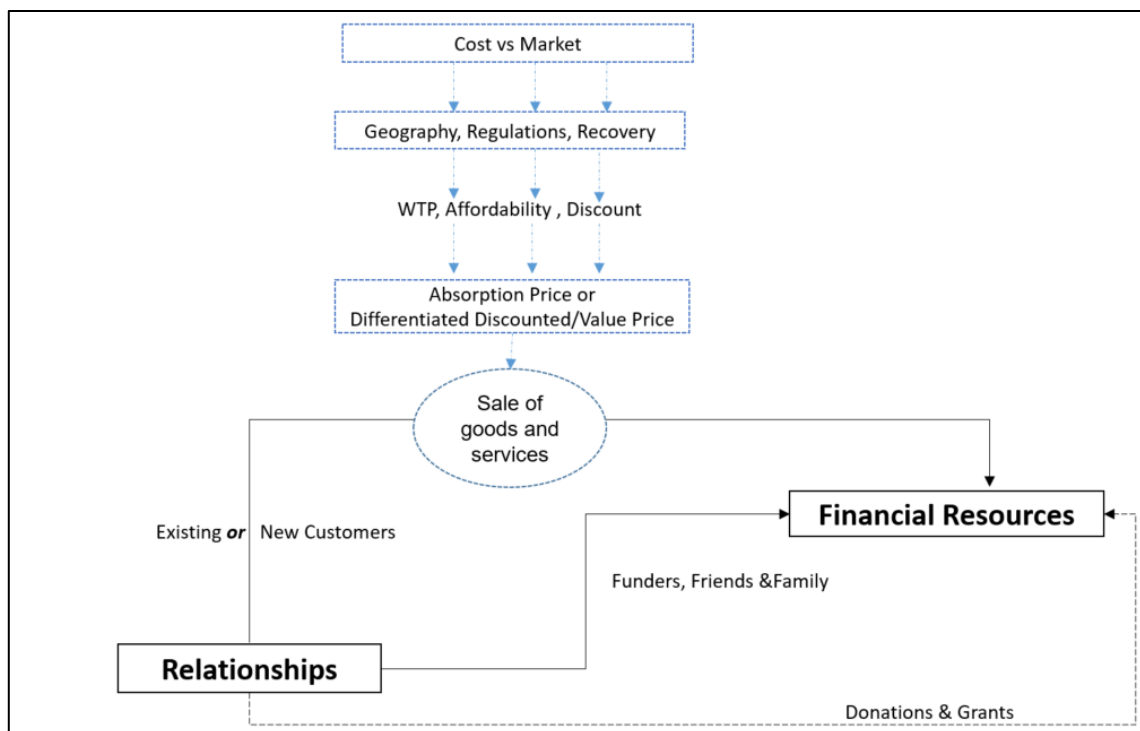


As shown above, SEs adopted different strategies to mobilise different resources however there were greater connections between strategies adopted by SEs and other tactics that were in play before these strategies were affected with consistencies in the strategies adopted such as bricolage, optimisation, building credibility, and networking to existing literature (Ciambotti & Pedrini, 2019; Desa & Basu, 2013; Jayawarna et al., 2020; Tasavori et al., 2018).

Finally, Resource Questions 3 and 4 looked at pricing strategies and the influence of geography on those pricing strategies as part of financial resource mobilisation. The key findings from the research were the adoption by SEs of cost-based and market-based pricing strategies. The theme of discounted pricing was dominant as predicated by McMullen & Bergman (2018) however other evidence of value-based pricing and also experimental pricing also emerged contrary to the existing literature on SE pricing. Finally, geography influenced the pricing from the main perspectives being: cost-based as outlined by Moellmann & Thomas (2019). affordability and

customer-perception perspective. There were cost implications that informed some of the SE's location decisions with those SEs from marginalised areas experiencing cost savings by remaining in the communities they served while those from better-resourced areas incurring greater costs to service communities given their location outside those communities. For both the discounted price and the value-based price, SEs practised price discrimination based on the nature of the customers and the location's conditions (Sammut-Bonnici & Channon, 2014; Tellis, 1986). This is summarised below

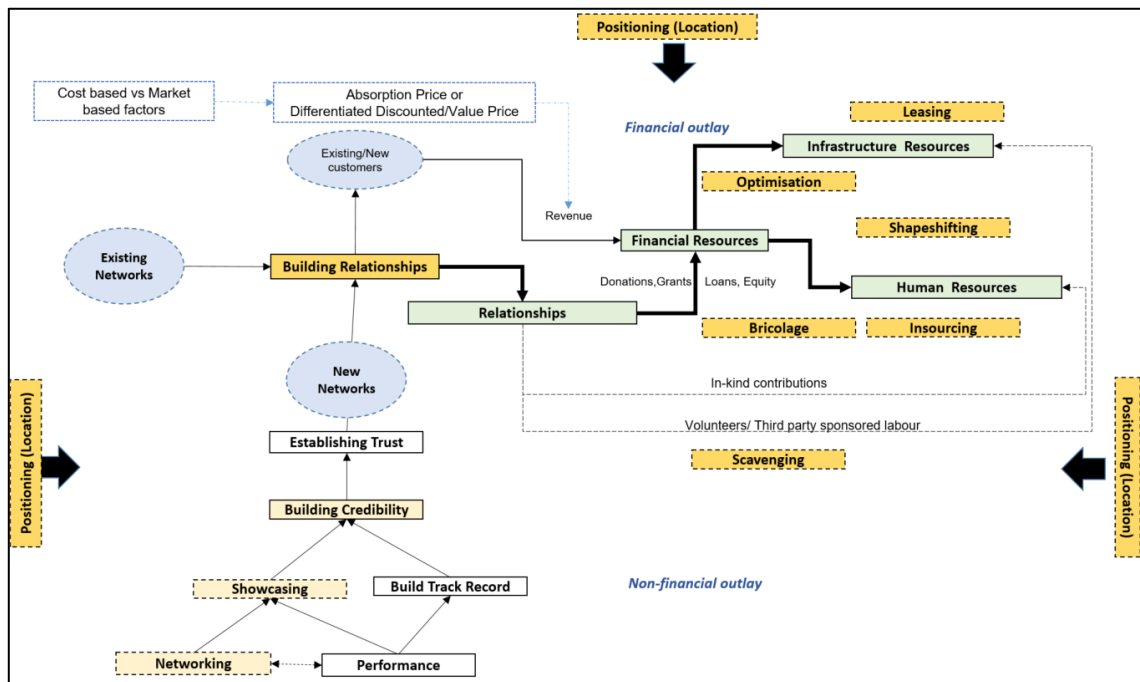
Figure 12 Integrated Model Part 3: Pricing strategies for Finance RM



As shown above, relationships facilitate the retention of old customers or the addition of new customers which results in the sale of goods and services, these depend on the release price charged by the SE. The price is influenced by either the location of the SE, regulations, or whether the price is a cost recovery. Furthermore, the SE must consider customers' willingness to pay, whether they can afford the price set, and any discount to offer before landing on a price. This price can take the form of a differentiated discounted price or value-based price or absorption price.

Looking at Research Question 1 to 4 an integrated model can thus be presented for resource mobilisation by SEs capturing key insights from the research. This is reflected in the Figure below

Figure 13: Integrated Resource Mobilisation Framework



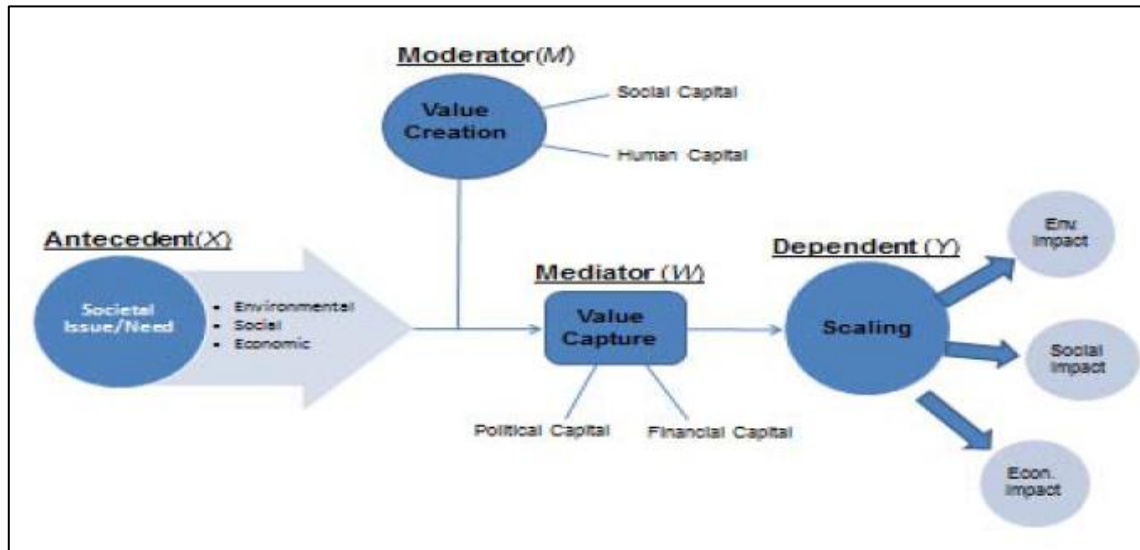
An SE and or other organisation type that seeks to mobilise resources must leverage their existing networks and immediate relationships and invest in key activities or strategies to integrate into new networks. This will entail above all ensuring superior performance by their organisations to create value by building a measurable track record with measurable results. This performance must be accompanied by active networking. The research indicates that key events, competitions, and conferences are the potential avenues where SEs can showcase their work secure funding in prize money or establish new networks by building sufficient credibility based on the work showcased and the track record of solid performance demonstrated. This results in greater trust in the market which facilitates the fostering of new relationships to access resources either at market value or in some instances below market value in the form of in-kind contributions, volunteers, and in some cases third-party sponsored labour or donations.

As part of resource mobilisation the location or position is an ever-present influence on the scale at which the SE will be able to mobilise resources. Proximity to the social issue being targeted provides access to local-based labour resources that have extensive knowledge of the area and its people thus enhancing the credibility of the SE and likely increasing its acceptance within the community. Strategic partnerships with local associations and traditional authorities in some cases enhance that acceptance within a community. The cost of locating in close proximity tend to be accessibility to the SE as more of the social issues are in the heart of marginalised areas which follow the same geographic nodes as outlined during the Apartheid era. This implies that SEs where resources allow must have some presence in these areas for greater credibility, but must maintain the main operations in areas that facilitate greater access to resources through easier logistics. By having a satellite presence within the communities and main operations outside of the community the SE is able to extract maximum value from positioning within the market through territorial embeddedness.

Once relationships have been leveraged, SEs can access financial resources from existing and new customers or funders, friends, and family. For customers, cost-based and market-based factors influence the ability of SEs to set final release prices, with the findings highlighting that either SEs charged an absorption price to recover their costs, a differentiated discounted price, or value price depending on cost and market factors already outlined. These financial resources from revenues together with funds from fundraising can then be used to acquire infrastructure and or human resources using various strategies such as optimisation, insourcing, and leasing. Further relationships can be leveraged to unlock “free resources” such as volunteers using network bricolage. Finally, through shapeshifting, the SE can reorganise their organisational capabilities to take advantage of their experiential learning and enhance their ability to mobilise more resources in the future.

The model can be used beyond SEs for other organisational types to harness more resources to realise their mandates. It builds on existing frameworks such as the framework by Day & Jean-Denis (2016) shown below.

Figure 14: RBV Framework



While the framework above identifies social, human, political and financial capital, it leaves infrastructure as a resource and also does not provide sufficient resource mobilisation strategies to enhance the value capture and value creation as illustrated above. The proposed framework developed takes this framework shown above further.

7.3. Contribution of Study

The research into resource mobilisation in developing economies had been highlighted by authors as an area that needed to be explored further to identify whether known strategies were being utilised, new strategies unique to the environment, and the conditions that those strategies were being adopted (Hota et al., 2019; Jayawarna et al., 2020). This included the pricing strategies that SEs were employing as part of their financial resource mobilisation (McMullen & Bergman, 2018). This research answers those calls by other researchers by illuminating the resource mobilisation strategies adopted, the pricing mechanisms used, and how geography influences both aspects. The study intended to demonstrate that South African SEs may be based within the borders of South Africa, but are far from homogenous with the apartheid legacy still looming large on their resource base depending on where each SE was based. The issues of spatial marginalisation and

the impact on resource mobilisation by SEs from marginalised areas were highlighted in this study.

Finally, the study identified contributions to the RBV and Theory of Locations for further investigation as part of the contribution to the research community which include the addition of community-based and family networks, experiential learning, ambidexterity, localisation, scavenging and intangible resources that satisfy the VRIO framework, and the role location-based customer perception influencing location decisions. The study further provided details on pricing strategies adopted by SEs which was a gap that had been outlined in the literature as warranting further investigation (McMullen & Bergman, 2018).

7.4. Recommendations

The study puts forward the following recommendations

Enhance skills development in networking, relationship leveraging and pricing process

The Business Development curriculum and training need to include relationship building and networking. The role of these skills within the SE environment was highlighted as critical in unlocking resources for SEs in South Africa. The ability to network cannot be taken for granted as this skill will differ from organisation to organisation. This should extend to other small business types in South Africa. Further pricing is a complex but invaluable capability that must be taught to SEs to enhance their value capture capabilities and contribute towards them attaining competitive advantage (Dutta et al., 2003).

Invest in networking events in marginalised areas.

Conferences and or networking events tend to be located in better-resourced areas, with SEs from marginalised areas being excluded from these critical events due to either not hearing about them or facing insurmountable costs to access these key events. Organisers of such events must find ways of locating some of these events in marginalised areas to allow for those SEs to be able to plug into these key networks of fellow SEs from better-resourced areas.

Zero-rating and indirect subsidies

SEs indicated data as a critical resource to enable them to carry out their mandates. The cost of data remains high for SEs from marginalised areas. Indirect subsidies in the form of data access could be explored by the government as part of the packages of support for SEs.

Legislation and policy must be more intentional in recognising SEs

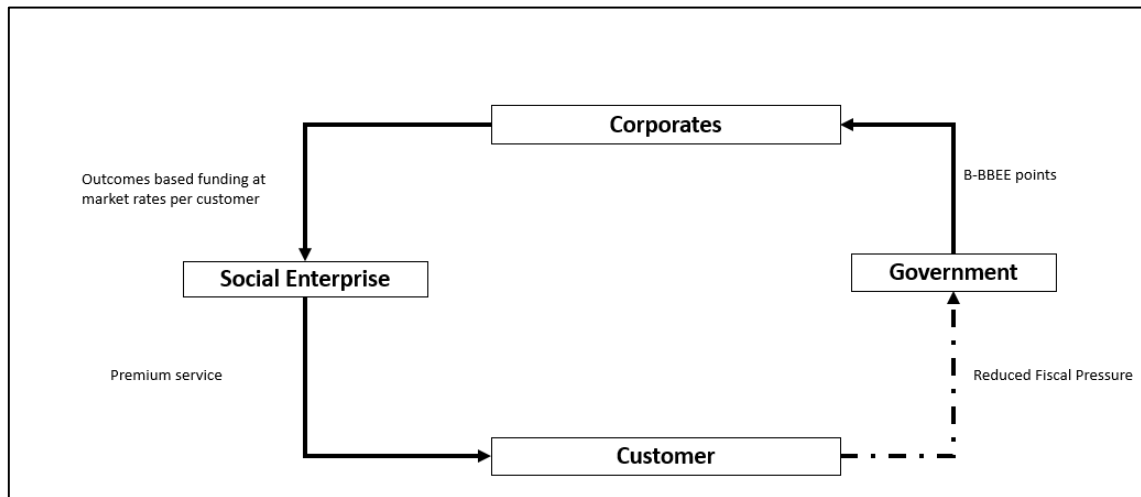
SEs engaged had to slot into different legal structures through the shapeshifting strategy due to the absence of an appropriate legal structure that best represents these unique business models. As highlighted by previous authors, SE is still absent in formal policies which affect the ability of the markets to understand them and better support them (Littlewood & Holt, 2015). Government must follow the practice from international countries where SE-type legal structures were introduced such as the Social Purpose Corporation (SPC), Benefit Corporation (BC) in the USA (Thomas Reuters Foundation, 2017). This not only allows easier analysis of these organisations but also allows better-informed tax and other legislation to suit these kinds of organisations.

Revise the B-BBEE codes to create a win-win-win-win model

The challenge of SEs being pressured by circumstance into charging discounted pricing was highlighted in this study. This comes at a cost to their sustainability in the long run. South Africa and all its social challenges require these organisations to work alongside other stakeholders. A revision of the B-BBEE codes could allow for SEs to redesign their business model to separate those that pay for their services versus those that benefits to ensure that the challenge of affordability which exerts downward pressure on SEs is averted. Although the application of this will depend on each model, B-BBEE legislation could be more creative by allowing the private sector corporates to score points based on financial contributions to SEs who would have rendered a tangible service for poor beneficiaries. These private sector corporates get the B-BBEE points, the SE gets a market-based revenue for their services from corporates with more financial resources, while the end-customer gets the best service offered by a fully capitalised SE and the government gets a sound

partner working alongside them to tackle social challenges thus creating a win-win-win-win model as illustrated below.

Figure 15: Win-Win-Win-Win (W4) Model



An alternative addition to the B-BBEE legislation would be to include in-kind contributions by corporates as counting towards BEE points. This incentivises the transfer of surplus resources from big corporates to SEs who need them.

7.5. Limitations

Although 15 SEs were engaged as part of this research study and were located in most of the provinces in South Africa, they may not be a representation of the greater South African SE landscape given that there were no SEs from the Free State, Northern Cape, Northwest or Limpopo. There may be specific nuances within the country's geographic locations which may influence SEs resource mobilisation in a manner not captured by this research. In addition, the role of the relationship between the strategies identified and their impact on firm competitive advantage was not tested using quantitative methods to validate the link between strategies adopted, resources mobilised and the SEs gaining a competitive advantage. Another limitation lies in that; the organisations were at different phases of their life cycles this too may have influenced resource mobilisation strategies adopted in addition to the location of those organisations.

7.6. Suggestions for Future Research

An extension of research into SEs located in the Free State, Northern Cape, Northwest, and Limpopo could provide greater insights on resource mobilisation which are specific to those areas. In addition, an extension to the outcomes of the study is recommended using quantitative methods. Family and community networks, shapeshifting, scavenging, experimental pricing, localisation, customer location-based perceptions as independent variables could be tested versus competitive advantage as a dependent variable as an extension to the RBV. In addition, research can also explore the role of customer trust or perception on pricing strategies adopted by SEs.

Further studies could be conducted on the role of location-based customer perception on businesses' location decisions as an extension to the Theory of Locations.

This study was cross-sectional due to time constraints. A longitudinal study may provide more information on the evolution of strategies employed to mobilise resources and price over a longer period of time and the factors that influenced that evolution. Another study could look at the founder themselves and the extent to which their backgrounds and networks influenced the resource mobilisation strategies adopted.

Although the research looked at SE resource mobilisation from a geographic lens, future research can look at resource mobilisation based on the phase of the business cycle such as start-up, growth, and mature to understand the evolution of strategies at each phase of the organisation's lifecycle.

In addition, the relationship between geography and resource mobilisation could be looked at empirically using quantitative methods as the next step in the development of research.

Finally, to extend the depth of research, studies could focus on one resource type for example human resources or financial resources, and so on and explore specific strategies for that resource type.

7.7. Conclusion

The research aimed to investigate key resources that SEs in South Africa required as part of their operations. This included an investigation into the influence of geography on the resource mobilisation strategies including pricing by SEs. The distribution of poverty and inequality along geographic lines as alluded to in the World Bank report was confirmed, with the legacy of Apartheid still impacting positioning and resource access for organisations such as SEs in South Africa. The study aimed to shed more light on the “two South Africas” with a view to ensure that key stakeholders such as the government and the private sector players design targeted solutions for SEs and not incorrectly develop policies using a blanket approach given the different circumstances that SEs from marginalised areas face from those SEs who are based in better-resourced areas. The research outlined opportunities for these two groups to leverage off their lessons, network, and partner to achieve greater impact and tackle the mounting social challenges that the country faces alongside government, private sector, and civil society. South Africa is one of the most unequal societies in the world, its problems run deep and the solutions to its challenges must come from all stakeholders if these challenges are to be sufficiently addressed.

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APPENDICES

APPENDIX A: INTERVIEW SCHEDULE

Semi structured Interview schedule

Background questions

1. Age, gender and race of founder?
2. History and background of organisation including motivations for starting or involvement in a Social Enterprise, length of time in operation? What was the motivation to locate your operations in the are you operate?
3. Who the intended beneficiaries are and whether they are located?

Research Question 1: What are the most important resources that your organisation requires to carry out your social mission??

- a) *What are the most important resources that your organisation requires to carry out your social mission?*

Research Question 2: What are the overlaps and differences in the strategies employed to mobilise resources by Social Enterprises in the different geographic locations?

- a) How did you raise funding to start the business and how do you raise funding you need now?
 - *What's the % split between commercial and philanthropic funding?*
 - *Has this evolved since you started the business?*
 - *Why did u use those methods/techniques to raise funding?*
 - *What were some of the key challenges?*
 - *Has where you are located or where your beneficiaries are located influenced your ability to fundraise or generate revenue (if so how)?*
- b) How do you source the staff you require for your business and do u use volunteers?
 - *Has this evolved since you started the business?*
 - *Why did u use those methods/techniques to raise funding?*
 - *What were some of the key challenges?*
 - *Has where you are located or where your beneficiaries are located influenced your ability to get staff or volunteers on board (if so how)?*
- c) How do you source materials and other infrastructure for your business?
 - *Has this evolved since you started the business?*
 - *Why did u use those methods/techniques to raise funding?*
 - *What were some of the key challenges?*
 - *Has where you are located or where your beneficiaries are located influenced your ability to get equipment and other infrastructure on board (if so how)?*
- d) Do you rely on any networks and key partnerships outside of your funders? If so how did you go about securing those networks or partnerships?
 - *Has this evolved since you started the business?*
 - *Why did u use those methods/techniques to raise funding?*

- *What were some of the key challenges?*
- *Has where you are located or where your beneficiaries are located influenced your ability to establish key partnerships and networks (if so how)?*

Research Question 3: How do Social Enterprises formulate prices for their goods and or services as part of their finance resource mobilisation?

- a) How do you organisation **determine the prices to** charge customers for goods and or services that you provide and what are the key factors that influence the price you charge?
- b) Did you start high or low and gradually decrease/increase prices?
- c) Do what other competitors charge influence the pricing process?
- d) Do you charge different customers different prices?
- e) Do you charge different prices at different times based on changes in demand at different times?
- f) What **influences the decision to change the prices** for your business?
- g) Have you faced resistance to the prices you charged given that your organisation may be seen within a social lens?

Research Question 4: How does geographic location influence the SE's pricing decisions?

- a) How has where your SE is located affected how you price for goods and services?
- b) How does where your customers are affect how you prices for goods and services?
- c) Does location influence any decision related to changes in prices?

Concluding Question

- a) Do you have any additional information that you feel may be of value to this research?
- b) Are you comfortable with me getting hold of you in the future to clarify any information you have provided in this interview?

APPENDIX B: CODE LIST

Absorption Costing	Geography & RM	Price changes
ACCESSIBILITY	Geography General	Price Skimming
Adverse Selection	Geography & Pricing	Pricing Dilemmas
ADVERTISING	HR Challenges	Regulated Pricing
AFFORDABILITY	Hrm	RELATIONSHIPS
Benchmarking	Human Resources	revenue generation challenges
BRICOLAGE	Infrastructure Resources	SHAPESHIFTING
BUNDLING	INNOVATION & BRAND REPOSITIONING	SHARED VALUE
Cost Driver	insights	SHOWCASING
Cost-Plus Pricing	Intangible RM	Social Resources
CREDIBILITY	irm	SRM
Cross subsidisation	Leveraging	SUSTAINABILITY
Culture&Behaviour	LOCALISATION	
DELIVERY MODEL	Loss Leader or Discounted pricing	
Differentiated pricing	Market based challenges	
Dual Mandate	Network RM	
EFFECTIVENESS	NETWORKING	
Financial Resources	Networking challenges	
FREEBIES	Networks Resources	
freemium pricing	Operating Model	
FRM	OPTIMISATION	
Funding challenges	Partnership Resource Mobiliation	
General Pricing Strategy	Penetration Pricing	
General RM	Prestige/Value Pricing	

APPENDIX C: EXTRACT OF THEMATIC ANALYSIS (RQ2)

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Code Group	Code 1	Code 2	Theme	Interviewee	Group
RQ2	IRM	Traditional procurement	Optimisation	5	G1
RQ2	HRM	localised hiring (localisation)	Optimisation	8	G1
RQ2	HRM	Internal promotion	Insourcing	1	G2
RQ2	HRM	Upskilling through training	Insourcing	1	G2
RQ2	HRM	Use of Volunteers	Freebies	8	G1
RQ2	HRM	Networks based recruitment	Relationships	5	G1
RQ2	HRM	Credibility Based recruitment	Relationships	5	G1
RQ2	FRM	Leverage partnerships	Relationships	5	G1
RQ2	FRM	Leverage partnerships	Relationships	5	G1
RQ2	IRM	Third Party Sponsorship	Freebies	8	G1
RQ2	FRM	Leverage partnerships	Relationships	5	G1
RQ2	FRM	Leverage partnerships	Relationships	8	G1
RQ2	HRM	Internal promotion	Insourcing	2	G2
RQ2	HRM	Internal promotion	Insourcing	3	G2
RQ2	HRM	Traditional Recruitment	Optimisation	8	G1
RQ2	FRM	Networking sessions	Relationships	8	G1
RQ2	HRM	Third party sponsorship	Freebies	10	G1
RQ2	FRM	Third Party Sponsorship	Freebies	10	G1
RQ2	FRM	Networking sessions	Relationships	8	G1
RQ2	IRM	Network based procurement	Optimisation	9	G1
RQ2	HRM	Traditional Recruitment	Optimisation	12	G1
RQ2	HRM	Third party sponsorship	Freebies	12	G1
RQ2	HRM	DEL recruiting	Relationships	9	G1
RQ2	HRM	localised hiring (localisation)	Optimisation	1	G2
RQ2	HRM	Using Family	Freebies	14	G1
RQ13	FRM	Location of operations	Positioning	5	G1
RQ14	IRM	Location of operations	Positioning	5	G1
RQ7	HRM	Location of operations	Positioning	8	G1
RQ6	FRM	Location of operations	Positioning	10	G1
RQ8	FRM	Location of operations	Positioning	12	G1
RQ2	FRM	Leverage partnerships	Relationships	9	G1
RQ2	FRM	Onlending	RGA	1	G2
RQ2	FRM	Networking	Relationships	10	G1
RQ2	FRM	Align incentives	Shared Value	1	G2
RQ2	ORM	Networking sessions	Relationships	10	G1
RQ2	HRM	Networks based recruitment	Relationships	12	G1
RQ2	IRM	leveraging partnerships	Relationships	12	G1
RQ2	FRM	Nework Fees	RGA	5	G1
RQ2	FRM	Developing a Good Track Record	Building Credibility	5	G1
RQ2	FRM	Demonstrate Good Governance	Building Credibility	5	G1
RQ2	FRM	Showcasing	Building Credibility	5	G1
RQ2	FRM	Align incentives	Shared Value	2	G2
RQ2	FRM	Showcasing	Building Credibility	8	G1
RQ2	ORM	Networking sessions	Relationships	12	G1
RQ2	IRM	Showcasing	Building Credibility	8	G1
RQ2	FRM	Align incentives	Shared Value	2	G2
RQ2	FRM	Service based revenue	RGA	4	G2
RQ2	FRM	Align incentives	Shared Value	3	G2

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Code Group	Code 1	Code 2	Theme	Interviewee	Group
RQ2	FRM	Developing a Good Track Record	Building Credibility	8	G1
RQ2	FRM	Showcasing	Building Credibility	9	G1
RQ2	FRM	Showcasing	Building Credibility	10	G1
RQ2	FRM	Fees	RGA	6	G2
RQ2	FRM	Leverage partnerships	Relationships	15	G1
RQ2	IRM	Showcasing	Building Credibility	10	G1
RQ2	FRM	Showcasing	Building Credibility	12	G1
RQ2	FRM	Networking	Relationships	15	G1
RQ2	IRM	Align incentives	Shared Value	3	G2
RQ2	FRM	Align incentives	Shared Value	4	G2
RQ2	FRM	Developing a Good Track Record	Building Credibility	14	G1
RQ2	FRM	Selling science kits	RGA	11	G2
RQ2	FRM	Self financing	Bricolage	8	G1
RQ2	HRM	Leveraging partnerships	Relationships	14	G1
RQ2	FRM	Align incentives	Shared Value	5	G1
RQ2	FRM	Licensing content	RGA	2	G2
RQ2	FRM	Align incentives	Shared Value	6	G2
RQ2	IRM	Align incentives	Shared Value	8	G1
RQ2	FRM	Leverage partnerships	Relationships	1	G2
RQ2	FRM	Leverage partnerships	Relationships	1	G2
RQ2	FRM	Showcasing	Building Credibility	14	G1
RQ2	ORM	Networking sessions	Relationships	1	G2
RQ2	FRM	Demonstrating Creativity & Innovation	Building Credibility	15	G1
RQ2	FRM	Network Fees	RGA	3	G2
RQ2	FRM	Showcasing	Building Credibility	15	G1
RQ2	FRM	Word of Mouth Advertising	Bricolage	14	G1
RQ2	HRM	Networks based recruitment	Relationships	2	G2
RQ2	FRM	Showcasing	Building Credibility	2	G2
RQ2	HRM	Using Volunteers	Freebies	15	G1
RQ2	FRM	Showcasing	Building Credibility	3	G2
RQ2	FRM	Align incentives	Shared Value	9	G1
RQ2	FRM	Networking	Relationships	2	G2
RQ2	FRM	Showcasing	Building Credibility	3	G2
RQ2	ORM	Networking sessions	Relationships	2	G2
RQ2	FRM	Align incentives	Shared Value	10	G1
RQ2	FRM	Service based revenue	RGA	9	G1
RQ2	FRM	Leverage partnerships	Relationships	3	G2
RQ2	IRM	Repurposing	Bricolage	14	G1
RQ2	FRM	Developing a Good Track Record	Building Credibility	3	G2
RQ2	FRM	Marketing & PR	Building Credibility	4	G2
RQ2	FRM	Service based revenue	RGA	8	G1
RQ2	FRM	Showcasing	Building Credibility	4	G2
RQ2	FRM	Align incentives	Shared Value	11	G2
RQ2	FRM	Tour services	RGA	12	G1
RQ2	FRM	Showcasing	Building Credibility	4	G2
RQ2	FRM	Showcasing	Building Credibility	7	G2
RQ2	IRM	Resourcefulness	Bricolage	15	G1
RQ2	FRM	Changed target market	Shapeshifting	14	G1
RQ2	FRM	Location of operations	Positioning	1	G2
RQ2	HRM	Location of operations	Positioning	3	G2

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Code Group	Code 1	Code 2	Theme	Interviewee	Group
RQ2	FRM	Location of operations	Positioning	4	G2
RQ2	HRM	Location of operations	Positioning	6	G2
RQ2	HRM	Location of operations	Positioning	7	G2
RQ2	FRM	Location of operations	Positioning	11	G2
RQ2	IRM	Location of operations	Positioning	11	G2
RQ2	HRM	Run Assessments	Optimisation	1	G2
RQ2	HRM	Use of Volunteers	Freebies	1	G2
RQ2	HRM	Use of Volunteers	Freebies	3	G2
RQ2	FRM	Leverage partnerships	Relationships	3	G2
RQ2	FRM	Leverage partnerships	Relationships	3	G2
RQ2	FRM	Demonstrate Good Governance	Building Credibility	6	G2
RQ2	HRM	Traditional Recruitment	Optimisation	3	G2
RQ2	IRM	Leasing	Leasing	2	G2
RQ2	IRM	Traditional procurement	Optimisation	3	G2
RQ2	IRM	leveraging partnerships	Relationships	3	G2
RQ2	IRM	Leveraging free resources	Freebies	3	G2
RQ2	FRM	Align incentives	Shared Value	11	G2
RQ2	IRM	leveraging partnerships	Freebies	3	G2
RQ2	IRM	Importing and traditional procureme	Optimisation	7	G2
RQ2	FRM	Developing a Good Track Record	Building Credibility	6	G2
RQ2	IRM	Network based procurement	Optimisation	11	G2
RQ2	IRM	Leveraging free resources	Freebies	4	G2
RQ2	FRM	Align incentives	Shared Value	12	G1
RQ2	FRM	Showcasing	Building Credibility	6	G2
RQ2	IRM	Networking	Relationships	3	G2
RQ2	FRM	Self financing	Bricolage	11	G2
RQ2	HRM	Location of operations	Positioning	13	G2
RQ2	FRM	Location of operations	Positioning	13	G2
RQ2	IRM	leveraging partnerships	Relationships	3	G2
RQ2	HRM	Networks based recruitment	Relationships	4	G2
RQ2	FRM	Networking	Relationships	4	G2
RQ2	FRM	leveraging partnerships	Relationships	6	G2
RQ2	HRM	Networks based recruitment	Relationships	6	G2
RQ2	FRM	Leverage partnerships	Relationships	7	G2
RQ2	HRM	Networks based recruitment	Relationships	11	G2
RQ2	FRM	Leverage partnerships	Relationships	11	G2
RQ2	IRM	Developing a Good Track Record	Building Credibility	6	G2
RQ2	FRM	Showcasing	Building Credibility	11	G2
RQ2	FRM	Showcasing	Building Credibility	11	G2
RQ2	FRM	Sold music developed at bootcamp, IRGA		15	G1
RQ2	ORM	Networking sessions	Relationships	11	G2
RQ2	FRM	Expriential Learning & Adoption (sha	Shapeshifting	15	G1
RQ2	HRM	Networks based recruitment	Relationships	13	G2
RQ2	FRM	Ecosystem-Based model	Shapeshifting	15	G1
RQ2	FRM	Self financing	Bricolage	13	G2
RQ2	HRM	Use of Volunteers	Freebies	6	G2
RQ2	FRM	Transitioning to become a Systems C	Shapeshifting	5	G1
RQ2	FRM	Transitioning to become an NPO	Shapeshifting	4	G2
RQ2	IRM	Align incentives	Shared Value	15	G1
RQ2	IRM	Leveraging free resources	Freebies	13	G2
RQ2	ORM	Networking sessions	Relationships	13	G2
RQ2	FRM	Hybridisation	Shapeshifting	7	G2
RQ2	FRM	Showcasing	Building Credibility	13	G2

APPENDIX D: ETHICAL CLEARANCE APPROVAL


**Gordon Institute
of Business Science**
University of Pretoria

Terrence Kaswa <20803126@mygibs.co.za>

Ethical Clearance Approved
1 message

Masters Research <MastersResearch@gibs.co.za> 23 August 2021 at 14:13
To: "20803126@mygibs.co.za" <20803126@mygibs.co.za>
Cc: Masters Research <MastersResearch@gibs.co.za>

**Online Information
Sessions**
MBA, PDBA, Specialised Masters, PMD>>



**Gordon
Institute
of Business
Science**
University
of Pretoria

**Gordon Institute
of Business Science**
University of Pretoria

**Ethical Clearance
Approved**

Dear Terrence Kaswa,

Please be advised that your application for Ethical Clearance has been approved.
You are therefore allowed to continue collecting your data.
We wish you everything of the best for the rest of the project.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

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