



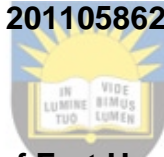
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**SOCIAL ENTREPRENEURSHIP AND POVERTY REDUCTION IN SOUTH AFRICA
THE CASE OF THE EASTERN CAPE PROVINCE**

By

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**Thesis submitted to the University of Fort Hare in fulfillment of the requirement of
University of Fort Hare
Doctor of Philosophy in Development Studies**
Together in Excellence

**Department of Development studies
Faculty of Management and Commerce**

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DECLARATION

I, Gebregziabher Gebreysus Fiseha, student number 201105862, hereby declare that the thesis entitled “Social entrepreneurship and poverty reduction in South Africa, the case Eastern Cape Province” is my own original work; and all the resources used have been acknowledged through complete references. I further declare that this thesis has never been submitted to any institution, university or college for purpose of obtaining a similar or any other qualification.

Signature----------date--25---/--11-----/--2019

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DECLARATION ON RESEARCH ETHICS CLEARANCE

I, Gebregziabher Gebreyseus Fiseha, student number 201105862, declare that I am fully aware of the University of Fort Hare's policy on research ethics and I have taken every precautionary step to comply with the regulations. I have obtained ethical clearance from the University of Fort Hare Research Ethics Committee and my ethical clearance certificate reference number is ONI031SFISO1.



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DEDICATION

I dedicated this thesis to my family, where I draw a great encouragement and inspiration. It is my wish that in future my children will draw inspiration from this thesis in their academic endeavors.



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ABSTRACT

Globally, poverty is a major social problem. Billions of people in developing countries, particularly sub-Saharan African countries including South Africa, continue to live in extreme poverty without access to basic needs (food, shelter, clean water and sanitation, health and education). The Eastern Cape Province has the highest number of the poor people in South Africa. The government strategies and policies to address the magnitude of poverty seem unlikely to lift the majority from poverty. Recently, however, social entrepreneurship has been recognized as the most important instrument in addressing the challenges of development (poverty, unemployment and inequality). Hence, this study was conducted to examine the role of social entrepreneurship in poverty reduction in Eastern Cape Province. A mixed research method was employed to achieve this objective. The population of the study targeted social entrepreneurs and their beneficiaries in Eastern Cape Province. The data were collected using semi-structured questionnaire from 265 social entrepreneurs and 120 social entrepreneurship beneficiaries. The participants were selected through purposive sampling technique since the population of social entrepreneurs and social entrepreneurship beneficiaries in the Eastern Cape Province is not well determined. The descriptive statistics and inferential statistics were used to analyze the data. The findings revealed that social entrepreneurship plays a crucial role in poverty reduction in Eastern Cape Province through creating employment opportunities, skill development, availability of goods and services such as financial loans. Therefore, the support for entrepreneurship culture is important for social entrepreneurship growth in order to enhance its contribution to poverty reduction. The study recommends that the government of South Africa and other

relevant stakeholders should create conducive environment for social entrepreneurs to flourish and grow in the country to reduce poverty significantly. The growth of social entrepreneurship can lead to substantial benefits for the marginalized and vulnerable segments of the society.



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KEYWORDS: Eastern Cape Province, Entrepreneurship, Poverty, Social entrepreneurship and South Africa

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LIST OF ACRONYMS

ADB	: Asian Development Bank
ADM	: Amatole District Municipality
AEDP	: Agricultural and Economic Development Program
ASEN	: African Social Enterprise Network
ASGISA	: Accelerated and Shared Growth Initiative for South Africa
BC	: British Council
BCMM	: Buffalo City Metro Municipality
BDS	: Business Development Service
BOP	: Bottom of Pyramid
BRAC	: Bangladesh Rural Advancement Committee
CIC	: Community Interest Company
COSATU	: Congress of South Africa Trade Union
CSOs	: Civil Societies Organizations
DBSA	: Development Bank of Southern Africa
DEA	: Department of Environmental Affairs
DEDEA	: Department of Economic Development and Environmental Affairs
DRDLR	: Department of Rural Development and Land Reform
DSD	: Department Social Development
DTI	: Department Trade and Industry
EC	: European Commission
ECRDAR	: Eastern Cape Rural Development and Agrarian Reform

ECSECC	: Eastern Cape Socio-Economic Consultative Council
EPWP	: Expanded Public Work Program
EU	: European Union
FEDUSA	: Federation Unions of South Africa
GDP	: Gross Domestic Product
GEAR	: Growth, Employment and Redistribution Strategy
GEM	: Global Entrepreneurship Monitor
GHS	: General Household Survey
HIV/AIDS	: Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
IDC	: Industrial Development Cooperation
IDP	: Integrated Development Plan
ILO	: International Labour Organization
IRS	: Internal Revenue Service
ISRDP	: Integrated Sustainable Rural Development Program
KSEPA	: Korea Social Enterprise Promotion Agency
LED	: Local Economic Development
LETS	: Local Exchange Trading Systems
LFS	: Labour Force Survey
LRP	: Land Reform Program
MCC	: Mondragon Corporacion Cooperative
MDG	: Millennium Development Goals
NCTU	: National Council of Trade Union
NDA	: National Development Agency

NDP	: National Development Plan
NGOs	: Non-Governmental Organizations
NGP	: New Growth Path
NMBMM	: Nelson Mandela Bay Metro Municipality
NPC	: Non-Profit Company
NPOs	: Non-Profit Organizations
NSE	: Network for Social Entrepreneurs
NYDA	: National Youth Development Agency
PBOs	: Public Benefit Organizations
PGDP	: Provisional Growth Development Program
RDP	: Reconstruction and Development Program
SAHRC	: South Africa Human Rights Commission
SAP	: Structural Adjustment Policy
SARS	: South Africa Revenue Service
SE	: Social Entrepreneurship
SEDA	: Small Enterprise Development Agency
SEFA	: Small Enterprise Finance Agency
SEPA	: Social Enterprise Promotion Act
SEU	: Social Enterprise Unit
SFS	: Societe Finalite Sociale
SME	: Small and Medium Enterprise

SSA : Statistics South Africa
UK : United Kingdom
UN : United Nation
US : United State
USA : United State America
WB : World Bank



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CHAPTER ONE

INTRODUCTION AND BACKGROUND OF THE STUDY

1.1 Introduction

The term *social entrepreneurship* (SE) was introduced in developed countries in the early 1970s (Ebrashi, 2013). However, the concept gained popularity in the 1980s, when the United State's (US) Ashoka foundation was established. The concept was also first introduced in South Africa when the US based Ashoka Foundation opened their offices in the country in 1991 (Littlewood & Holt, 2015). Since its inception, SE has been conceptualized in many ways. Various theorists, organizations and scholars have conceptualized SE in their own perspective. For instance, from the neo-liberal perspective, SE refers to risk takers by charismatic individuals who seek to bring innovative solutions to the existence of social problems. Their priority objective is profit and the institutional/social organizing frameworks to fight poverty and inequality (Ndhlovu & Ndinda, 2017). Further, Visser (2011), Littlewood and Holt (2015) and Noruzi, Westover and Rahimi (2010) perceive SE as a process, which involves innovative and combination of resources to pursue opportunities to address social problems and to meet basic needs. Social Entrepreneurship activity can occur within or across the non-profit, business or government sectors (Galera & Borzaga, 2009; Poon, 2011; Littlewood & Holt, 2015; Manyaka, 2017).

The legal frameworks informing and governing SE vary from country to country as well as region to region (Tanimoto, 2008; Noruzi *et al.*, 2010; Visser, 2011; Poon, 2011).

In South Africa, there is no specific legal structure for guiding SE activities. Therefore, social enterprises may take a different form of organizational structure as Non-Governmental Organizations (NGOs), cooperatives, trust and private company (Jeffer, 2006; Visser, 2011; Littlewood & Holt, 2015). However, regardless of the various forms of organizations, the main mission of SE is to achieve social objectives rather than personal wealth creation. Social entrepreneurs pursue social values, such as economic fairness, access to education, health, clean water and sanitation, equal opportunity, and environmental protection (Urban, 2008; Visser, 2011; Daniel, 2014; Kazmi, Hashim, Kee & Khan, 2016; Holmes & Sandhar, 2017).

Throughout the world, SE is recognized as a key driver for innovation and solutions to social problems (Jeffer, 2006; Poon, 2011; Defourny & Nyssens, 2012; Daniel, 2014; Moses & Olokundun, 2014; Holmes & Sandhar, 2017). This is because SE increases employment opportunities, economic competitiveness, social inclusion and cohesion, and provides goods and services. Some of the social services provided by SE include shelter, education, and health. Moreover, SE promotes social capital, sustainable development and balanced regional development. In other words, SE contributes significantly to the Gross Domestic Product (GDP) and job creation. For instance, the SE sector in the United Kingdom (UK) employs over two million people in the country and contributes to approximately £24 billion to the UK economy (British Council (BC), 2015). Meanwhile, in Brazil, SE plays a significant role in the employment sector. According to the United Nations (UN, 2014), there were over twenty-two thousands (22 000) of social entrepreneurs in Brazil in 2014, who were registered under the name of a cooperative; and they employed approximately 1.7 million people in the country.

Poverty is a global problem and it remains the major source of socio-economic problems in many countries of the world, particularly developing countries. The gap between the rich and the poor especially in accessing necessities such as education, health, and water and sanitation has been widening. This widening gap has resulted into many people being trapped in poverty and inequality. Worldwide, it is projected that one billion people are chronically undernourished and 2.4 million people die annually from preventable disease (Hanley & Garland, 2016). There are also approximately 1.1 billion people who lack adequate access to water and 2.6 billion people lack basic sanitation causing millions of fatalities due to illness and infection (Hanley & Garland, 2016).

The majority of the poor people are rural dwellers who live in sub-Saharan African countries, Latin American and South East Asia (Hanley & Garland, 2016). In response to the effects and impact of poverty in aforementioned areas and the world in general, various global initiatives, such as the Millennium Development Goals (MDGs) and market Liberalization were introduced. The MDGs were introduced in 2000, and 180 member countries of the United Nations signed their commitment to eradicate poverty, achieve universal primary education, promote gender equality and empower women, reduce child mortality, improve maternal health, combat HIV/AIDS (human immunodeficiency virus/acquired immune deficiency syndrome), malaria and other disease and ensuring environmental sustainability (Hanley & Garland, 2016; Seelos & Mair, 2005). However, despite these efforts, many countries still face high levels of poverty, hunger, mortality and illiteracy. In South Africa, interventions such as Reconstruction and Development Program (RDP), Growth, Employment and Redistribution Strategy (GEAR), Integrated Sustainable Rural Development Program (ISRDP), Land Reform Program (LRP),

Accelerated and Shared Growth Initiative for South Africa (ASGISA) and Agricultural and Economic Development Programs (AEDP) were introduced as well. In addition, there are the Expanded Public Works Programme (EPWP), the New Growth Path (NGP), Social Development Program (child support grant, disability grant and the old age pension) and National Planning Commission 2030, all meant to deal with ramifications associated with poverty.

The EPWP was introduced in 1994 for the purpose of creating jobs for unemployed people (Agholor & Obi, 2013). The aim of EPWP was job creation, infrastructure development and service delivery (education, health and house) as well as training and skills development. Since its inception in 1994, it has created more than 300 000 jobs in the country, with the majority being rural dwellers and mostly women. The GEAR was established in 1996 (Agholor & Obi, 2013). Its major objectives were job creation, acceleration of economic growth, reduction of inflation and the budget deficit. Furthermore, the GEAR focused on increasing gross domestic investment, foreign direct investment, and gross domestic saving.

The social welfare initiative in South Africa targets specifically the vulnerable groups, mainly the less privileged, the old, children, and people with disabilities. The old age pension has been the key poverty reduction strategy since the apartheid era. In post-apartheid, other grants such as children and disability were also introduced. Since the democratic dispensation, social grants have continued to be a major contributor to poverty reduction in South Africa (World Bank (WB), 2018). There has been an unprecedented expansion of social grants in South Africa in the last few years.

According to World Bank (2018), 17 million of South Africans have benefited from social grants. Children were the major beneficiaries of grants. The grant (child grant) was mainly used for basic needs, such as food, education, health and clothes. Social grants have proven successful in reducing extreme poverty in South Africa, with evidence pointing to approximately 7.9% in 2015 (WB, 2018). While these interventions make a difference in peoples' lives, their impact is not sufficiently large to lift millions of poor South Africans out of poverty and hunger in the long-term.

Like many other developing countries, poverty remains the major developmental challenge for South Africa (Phogole, 2010; The presidency office, 2014; Westaway, 2012). There is high prevalence of poverty in South Africa despite the government's efforts to undertake a number of measures for poverty alleviations. Many South Africans, especially the black majority continue to live in extreme poverty (Phogole, 2010; Westaway, 2012). Meanwhile, unemployment is one of the biggest hurdles for the country to achieve the national development goals of reducing poverty, inequality and inclusive growth. According to Statistics South Africa (SSA_a, 2017), the unemployment rate in South Africa had not yet significantly reduced. Many people in the country, especially the youth remain jobless.

In the South African context, the Eastern Cape Province has the highest poverty rate compared to the other provinces of the country (Westaway, 2012; Hamann & Tuinder, 2012; SSA_a, 2017). The province continues to be characterized by high levels of poverty, unemployment, inequality, HIV/AIDS, underdevelopment, poor physical infrastructure and huge service delivery backlogs (Westaway, 2012; Hamann & Tuinder, 2012).

Perhaps, this is because the Eastern Cape Province is made of the two largest former homelands in South Africa (Transkei and Ciskei) where poverty and unemployment remained most dominant for many years. The historical underdevelopments seemingly translate to today's high prevalence of poverty, with the majority without adequate access to basic needs, such as food, shelter, education, clean water and sanitation, and health (Phogole, 2010; Hamann & Tuinder, 2012; Westaway, 2012).

The socio-economic problems in Eastern Cape Province in particular and in South Africa in general, may be associated with the past apartheid government policies (Phogole, 2010; May, Sulla & Zikhali, 2016). During the apartheid era, the majority of black South Africans were neglected and segregated from accessing education, health, land, and business opportunities. For instance, the introduction of The Land Act of 1913 and 1936 restricted majority of black South Africans from land ownership (Westaway, 2012; The Presidency Office, 2014; May *et al.*, 2016;). The White minority owned approximately 83% of the agricultural land in South Africa, while the majority black South Africans owned the lesser percentage. The black South Africans minimally participated in the economic and political processes in their own country, and they were only perceived as sources of labour for the white owned farms and mines. Furthermore, most black Africans were banned from obtaining skills, jobs and were subjected to an inferior education, compared to their white counterparts. For instance, the expenditure on education for a white child was sixteen (16) times higher than that of black Africans (Department Trade and Industry (DTI), 2013).

The past decade global economic crisis in 2008-2009 has also had a negative impact on the South Africa economy (Ngandu, Altman, Cross & Jacobs, 2010; Westaway, 2012; May *et al.*, 2016). The effect of this crisis in South Africa economy contributed to low private investment, accelerated unemployment, inflation and poor economic growth. For instance, the economic growth in South Africa increased from 1.7% in 2016 to 1.9% in 2017 (almost zero in per capita terms). The country had also lost millions of jobs in different economic sectors (Ngandu *et al.*, 2010; Jonas, 2013). For example, the South Africa economy lost over 1.1 million jobs between the fourth quarter of 2008 and the first quarter of 2010 as the result of economic crisis (Ngandu *et al.*, 2010).

The contribution of the mining sector in the South Africa economy has greatly reduced over the past few years (May *et al.*, 2016). For instance, it declined steadily from 19% in 1994 to 17% in 2012 (May *et al.*, 2016). Meanwhile, the agriculture sector, which comprises of the forestry and fisheries, had declined in its contribution to the country's economy from 3% in 1994 to 2% in 2016. Based on this negative economic development trajectory, it is unlikely for the country to achieve the National Development Plan (NDP) vision of 2030, which is to create eleven (11) million jobs between 2011 and 2030. This will cut the current unemployment rate (27.7%) to 14%. However, according to the World Bank (2018), to achieve the employment target of the NDP, the economy would need to create 600 000 jobs per year, but the economy is barely managing to create half of that. Therefore, the question is how can poverty and unemployment be alleviated in South Africa?

There is a need for alternative strategies and policies to address the high prevalence of poverty and unemployment in South Africa. Among the many approaches and strategies, SE has proved as a potential approach to address poverty, hunger, unemployment, inequality and lack of basic services (Urban, 2008; Visser, 2011; Littlewood & Holt, 2015). Since SE creates employment opportunities, drive innovation (new products, services and markets), and provides social services (education and health) particularly to the vulnerable and marginalized groups (women, handicap and elderly people); and has the potential to increase investment, trade activities, and government revenue and capital accumulation its worthy to investigate its impact on poverty reduction especially in Eastern Cape Province.



Social entrepreneurship provides innovative solutions to socio-economic problems, such as food crises, energy problems, infrastructural inadequacies as well as health care problems (Moses & Olokundun, 2014). Furthermore, SE fights social exclusion, ignorance, illiteracy, crime, disease and gender discrimination (Visser, 2011). However, studies on SE and its role in poverty reduction in South Africa in particular and developing countries in general, are few (Urban, 2008; Visser, 2011; Moreno & Agapitova, 2017). Most of the studies on SE are conducted in developed countries, particularly western European countries and North American countries (UK, Canada and the US). This study, therefore, examine the role of SE and the extent to which it contributes to poverty reduction in the Eastern Cape Province.

1.2 Statement of the problem

South Africa as a country continues to face a number of developmental challenges, such as poverty, unemployment, inequality and HIV/AIDS burden. Of all, poverty is the most pressing social problem in South Africa. Many South Africans continue to face a difficult task of sustaining their livelihood, where many of them rely on government grants. According to SSA_a (2017), approximately 30.4 million South Africans were living in poverty by 2015. The majority of the poor are rural dwellers, particularly black South Africans, with women, youth, and children accounting for the highest number of poor in the country. This realization translates to the fact that there is a high number of people without access to basic needs, such as education, health, clean water and sanitation, and electricity particularly in rural areas. According to the Eastern Cape Socio-Economic Consultative Council (ECSECC, 2012), approximately 10% of South Africans rely on boreholes, rainwater, dams, rivers and streams for drinking water. Furthermore, the report showed that 26% of household in the country used pit latrines for toilets and 3% of households used buckets. There are many factors that causes poverty in South Africa. According to May *et al.*, (2016) and SSA_a (2017), poverty in South Africa is exacerbated by a highly skewed distribution of wealth, income inequality, low economic growth, poor service delivery, unemployment, underdevelopment and HIV/AIDS burden.

The unemployment rate in South Africa is one of the highest in the world. According to the SSA_a (2017), the unemployment rate in South Africa was recorded at 27.7% in the first quarter of 2017. The youth constitutes the highest portion of the unemployment rate in the country. Approximately 42% of the youth under the age of 30 are unemployed.

The unemployment rate in South Africa has worsened significantly over the last few years because of the economic recession. The world economic crisis in 2008 and 2009 had an adverse impact on the employment sector. The economy has lost millions of jobs, particularly to the manufacturing sector (Jonas, 2013). Moreover, HIV/AIDS also remains a major social problem in South Africa. South Africa has the highest HIV/AIDS rate in the world. According to the ECSECC (2012), there were approximately 6.3 million South Africans living with HIV/AIDS in 2010, which represented over 12.5% population of the country. Approximately, 3 millions of South Africans have died because of HIV/AIDS between 2002 and 2014, which accounted for 30% of the total death in South Africa in 2014 (SSA, 2015). This cause shortage of human skill and reduce man power in the country.



Meanwhile, the Eastern Cape Province continues to experience a number of socio-economic problems, such as poverty, hunger, unemployment, inequality, food insecurity and HIV/AIDS (Dzivakwi & Jacobs, 2010; ECSECC, 2012; Westaway, 2012; SSA_a, 2017). Eastern Cape has the highest rate of poverty in the country (Jonas, 2013; Westaway, 2012; SSA_a, 2017). According to SSA_a (2017), approximately 67% of the population in the Eastern Cape Province live below the poverty line. The high incidence of poverty in Eastern Cape Province may be attributed to the economic neglect of the former homelands Transkei and Ciskei that make-up the Eastern Cape Province today. Historically, there was very little or lack of economy and infrastructure development in the province. The Eastern Cape Province served as source of labour for the other provinces in the country.

There are millions of households in the Province who go to bed hungry each night despite the country being considered food secure at international level. Jonas (2013) indicated that there are approximately 78% of households in Eastern Cape Province, which are considered food insecure. For the majority of households in the Province, the immediate cause of poverty or food insecurity is lack of earned income. Majority of the poor households rely on remittances, pensions or grants as source of income instead of wages, salaries or profits. The SSA (2019) indicated that approximately 60% of households in Eastern Cape Province were relying on government grants for their source of income. The state of poverty is also associated to crime, HIV/AIDS, malnutrition, high dependency on social grant, migration, disease, violence and social chaos in the province. The Province has the highest unemployment rate in the country (Westaway, 2012; Jonas, 2013; SSA, 2015). The labour force survey released (LFS) by the SSA_a (2017) indicated that there was 32.2 % unemployment rate in the province in the first quarter of 2017. The youth accounted for the highest portion of the unemployment rate in the Province and approximately 70% of the unemployed people in the Eastern Cape Province are youth.

Therefore, a new approach is needed to tackle the socio-economic problems in South Africa in general and in Eastern Cape in particular. Among the innovative approaches, SE has been pointed as a potential to address poverty (Urban, 2008; Visser, 2011; Littlewood & Holt, 2015). For that reasons that, this study, therefore, examine the role of SE in poverty reduction in Eastern Cape Province. The assumption of this study is that, SE has a positive contribution to the reduction of poverty in the Eastern Cape Province.

1.3 Research questions

- What is the role of social entrepreneurship and to what extent does it contribute to poverty reduction in Eastern Cape Province?
- How can social entrepreneurship contribute to poverty reduction in Eastern Cape Province?
- To what extent does social entrepreneurship open opportunities for employment in Eastern Cape Province?
- What factors can promote social entrepreneurship for poverty reduction in Eastern Cape Province?

1.4 Objectives of the study

The prime objective of this study is to examine the role of social entrepreneurship and the extent to which it contributes to poverty reduction in the Eastern Cape Province. The sub-objectives of the study are:



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- To assess how social entrepreneurship contribute to poverty reduction in Eastern Cape Province.
- To investigate the extent to which social entrepreneurship opens opportunities for employment in Eastern Cape Province.
- To identify factors that can promote social entrepreneurship for poverty reduction in Eastern Cape Province.

1.5 Hypotheses

Null hypothesis: Social entrepreneurship does not contribute to poverty reduction in Eastern Cape Province.

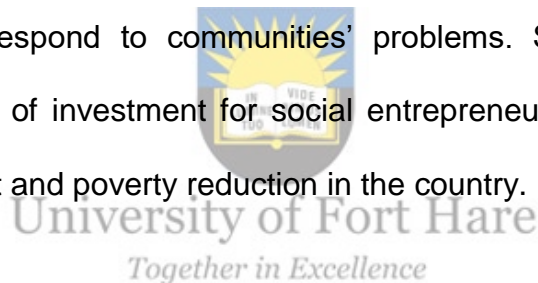
Alternative hypothesis: Social entrepreneurship contributes to poverty reduction in Eastern Cape Province.

1.6 Significance of the study

The concept *social entrepreneurship* has been growing rapidly over the past few decades. However, the concept is yet to be clearly understood (Urban, 2008; Visser, 2011; Soni, Shaikh & Karodia, 2014; Littlewood & Holt, 2015) especially in the South African context. For instance, some people view it as the establishment of organizations such as voluntary associations, charities and cooperatives to combat poverty, while others perceive it as commercial businesses engaging in social responsibility, and others equate it to philanthropic engagements (Rykaszewski, Ma & Shen, 2013). This makes it difficult to construct the exact definition of social entrepreneurship. Moreover, lack of uniformity in definition hampers the empirical research seeking to examine the role of SE in poverty reduction. This study, therefore, will improve the level of understanding of what social entrepreneurship is.

Social entrepreneurship plays a crucial role in poverty reduction (Jefferies, 2006; Visser, 2011; Karanda & Toledano, 2012; Zeyen, Beckmann, Muelle, Dess & Khanin, 2013). Governments in developed countries have embraced SE in their development policy because it plays a crucial role in their economy. Further, SE creates platforms for innovation (new goods, services or markets), employment opportunities and provides social services (education and health) particularly for the marginalized and vulnerable communities.

However, literature reviews showed that SE research is mostly dominant in developed countries, while South Africa and Africa in general remains under researched (Visser, 2011; Karanda & Toledano, 2012). This study, therefore, adds valuable knowledge and information to the existing literature on SE. Importantly, the study addresses a gap in the literature on understanding SE and poverty reduction in South Africa. The study further provides insights on the SE activities in the country. The policy makers, development practitioners, international organizations and government officials stand to benefit from the insights of this study in the development of a framework that can promote SE activities towards poverty reduction. Specifically, the correlation between SE and poverty reduction was explored. This will inform scholars and policy practitioners to continually develop frameworks that best respond to communities' problems. Subsequently, the study unearths possible areas of investment for social entrepreneurs, hence contributing to sustainable development and poverty reduction in the country.



1.7 Organization of chapters

This study consists of seven chapters and they are structured as follows:

Chapter 1: This covers the introductory part of the study, which include the background of the study, statement of the problem, and objectives of the study as well as the significance of the study.

Chapter 2: This chapter presents a detailed literature review, which begins by conceptualization of concepts, discussions on theoretical frameworks and empirical evidence on SE and poverty reduction.

Chapter 3: This chapter is about the study areas. It presents the socio-economic profile of South Africa as well as the Eastern Cape Province.

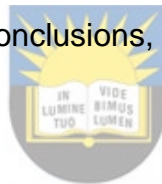
Moreover, this chapter highlights the rate of unemployment, poverty and inequality in the country as well as in Eastern Cape Province.

Chapter 4: The chapter focuses on the research methodology. It discusses the various research techniques used in the study. This chapter presents the research design, population and sampling size, sampling techniques, data collections methods and data analysis techniques.

Chapter 5: It presents characteristics of the sample and analysis of some research findings.

Chapter 6: The chapter focuses on empirical findings on the role of SE in poverty reduction.

Chapter 7: The chapter focuses on conclusions, recommendations and suggestions on future areas of research.



1.8 Chapter summary University of Fort Hare *Together in Excellence*

This chapter has provided the rationale and the overview the study. It has presented the prime objective of the study and explained the roles of SE in poverty reduction in the Eastern Cape Province. The chapter has presented the research questions that are clearly articulated and logically linked with the objectives of the study. The chapter has also provided the significance of the study and outlined how the study ultimately contributes to scientific knowledge that helps in poverty reduction. Finally, a synopsis of the seven chapters is provided.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The last chapter provided the introduction and background of the study. Moreover, the chapter addressed the objectives of the study, statement of the problem and significance of the study. This chapter, therefore, presents a literature review, which comprises a conceptual framework, theoretical frameworks and empirical literature on SE and poverty reduction. Furthermore, this chapter discusses the historical development of SE in various regions of the world, such as Europe, North America, Asia, Africa as well as South Africa. This chapter also discusses the role of SE in poverty reduction and job creation, as well as the challenges of SE growth. The theoretical frameworks in this study, which are grounded by Schumpeter innovation theory, Bricolage theory, opportunity creation theory and positive theory of SE are also discuss. The chapter begins by conceptualizing concepts, such as entrepreneurship, social entrepreneurship and poverty respectively.

2.2 Conceptualizing entrepreneurship

The term *entrepreneurship* came from the French word 'entreprendre' meaning, 'undertake or do something' (Bezabih, 2006; Pittaway & Freeman, 2011). The word entrepreneur means someone who undertakes a particular project or activities. The term *entrepreneurship* has been used in the French language since the 12th century (Carlsoon, Braunerhjelm, McKelvey & Olofsson, 2012). However, the domination of the feudal system in Western Europe in the middle ages hampered the development of entrepreneurship and innovation (Carlsoon *et al.*, 2012).

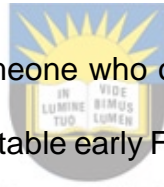
Gradually, the emerging cities in the countries of Europe such as Italy, France and Germany became a breeding ground for entrepreneurship and innovation growth (Carlsoon *et al.*, 2012).

The concept *entrepreneurship* has been viewed and perceived from a different perspectives since its inception (Bezabih, 2006; Carlsoon *et al.*, 2012; Pittaway & Freeman, 2011; Alam & Mohiuddin, 2014). For instance, Agriculture was the major contributor to the European economy during the 14th century. Many people were engaged in agricultural activities for their source of income. During this period, the farmers were regarded as entrepreneurs. The farmers cultivated more lands to make more money, hence the entrepreneurs of this time were the ones who could cultivate more lands and extract minerals (Bezabih, 2006).



In the early 16th century, entrepreneurship applied to the people who engaged in a military expedition (Alam & Mohiuddin, 2014). Movement from one place to another and forming a village life structure and other related events were the main phenomena at this time. Gradually, the concept of entrepreneurship shifted to construction activities. Construction activities were the main feature of entrepreneurship activities in the 17th century. This applied to someone in charge of the great architectural works, castles and fortification, public buildings and cathedrals (Pittaway & Freeman, 2011; Carlsoon *et al.*, 2012). Moreover, weaving, leather craft and other creative works were started. The permanent residing of people in one place facilitated the construction activities (Alam & Mohiuddin, 2014).

The entrepreneur became the key agent of the economy in the late 17th and the early 18th centuries (Pittaway & Freeman, 2011; Carlsson *et al.*, 2012; Alam & Mohiuddin, 2014). The emergence of the industrial revolution in European countries, such as France and the UK in the mid-18th century is attributed to the breeding and growth of entrepreneurship activities. This period is perceived as the transition from tradition economy (agriculture) to the modern economy (Industry). The advancement of technological innovation was the major factor for the cause of the industrial revolution (Bezabih, 2006). Hence, there was an increase and huge expansion of business activities throughout the region. During this period, an entrepreneur was seen as someone who owns or establishes a business (Bezabih, 2006).



The entrepreneur was defined as someone who operates a business under uncertainty and risk (Alam & Mohiuddin, 2014). Notable early French, British and Austrian economists have recognized the role of entrepreneurship in the economy. Richard Cantillon was the earliest French scholar to identify the role of the entrepreneur in the economy. He used the concept of an entrepreneur in his book 'Essai sur la Nature du Commerce en General' (Pittaway & Freeman, 2011; Cherukara & Manlel, 2011; Carlsson *et al.*, 2012; Alam & Mohiuddin, 2014). Cantillon defines an entrepreneur as someone who buys goods and services at a specific price and selling it at an unknown price in the future. A little later, Adam Smith in his famous book 'Wealth of Nations' introduced the term '*entrepreneur*' as someone who establishes an organization for commercial purposes (Pittaway & freeman, 2011; Carlsson *et al.*, 2012).

Jean Baptise Say was also among the earliest scholars that made an effort in the conceptualization of entrepreneurship around 18th century. He regarded the role of entrepreneurship in economic development as the ability to calculate risk involved in the entrepreneurship. Say saw an entrepreneur as a person who transfers resources out of lower productivity into higher productivity and greater yield (Pittaway & Freeman, 2011; Carlsson *et al.*, 2012).

During the industrial revolution, business became popularized in Europe, especially in France and England (Bezabih, 2006). Craftsmen, merchants and farmers were considered an entrepreneur. Economists, such as Alfred Marshall and Joseph Schumpeter also recognized the role of entrepreneurship in the economy. The concept *entrepreneurship* was viewed as process of planning, supervising, organizing, and owing factors of production factors (Alam & Mohiuddin, 2014).

Later in the 20th century, entrepreneurship was applied to innovation (new products, services or process). Joseph Schumpeter was the first economist to define entrepreneurship as innovation (new product, services, market and process (Pittaway & Freeman, 2011; Carlsson *et al.*, 2014). He further included the definition of an entrepreneur as the change agents in the economy. Schumpeter developed the definition of entrepreneurship as an innovator in his book, 'The theory of economic development' published in 1912 (Pittaway & Freeman, 2011; Carlsoon *et al.*, 2012; Alam & Mohiuddin, 2014).

2.3 Conceptualization of social entrepreneurship

There has been an upsurge of interest in SE over the last few decades. Social Entrepreneurship was coined in the early 1970s in North American and European regions (Ebrashi, 2013; International Labour Organisation (ILO, 2017)). The SE has gained popularity in the late 1980s with the establishment of the US Ashoka Foundation, which is the first organization to support social entrepreneurs in the world (Ebrashi, 2013). Since the establishment, the SE sector has been given different names, such as the third sector, the independent sector, social economy, non-profit sector and the citizen sector. The NGOs, government agencies and private companies participate in SE activities in order to lessen the social problems. The SE is a part of the economy, which provides social services and products in any community and has direct benefit to the society (Mair, Robinson & Hockerts, 2006). Those benefits can be social, environmental or both (social and environmental). The SE can operate at different geographical areas, such as neighborhoods, communities, regions and international.

The social entrepreneurship activity has been practiced in European and North American countries, such as UK, Italy and USA since the early 1990s. The introduction of neo-liberalism and free market economic policy in Western Europe, as well as US, led to the breeding of SE growth and development (Zahra, Gedajlovic, Neubaum & Shulman, 2009; Sepulveda, 2015). As capitalism sprang, a group of people have been linked to religious, political ideological and establishment of organizations, such as voluntary associations, charities and cooperatives in order to combat the socio- economic problems as well as to deliver basic needs to the communities (Sepulveda, 2015). The SE initially was associated with the cooperative movement.

In particular, it was linked with the Italian cooperative *sociali* or social cooperative that emerged in the late 1980s in response to social problems such as poverty and unemployment (Sepulveda, 2015).

The concept of SE has been viewed in a variety of ways since its inception. For instance, from the neo-liberal perspective, SE refers to risk taking by individuals who seek to bring innovative solutions to the persistence of societal problems ((Ndhlovu & Ndinda, 2017). Such individuals (risk-takers) use their initiatives to bring positive social change in many areas of the economy, such as education, health, communication, energy, banking and microfinance that would have not been covered by the commercial businesses or government. In essence, social entrepreneurs are creative to exploit new opportunities and ultimately make a difference by changing the world. However, under the neo-liberal perspective, risk taker individuals their primary aim is profit. In other words, social entrepreneurs are change agent, who also generate financial returns. In the institutional/ social organizational perspective, SE is an activity associated with social organization and activism seeking to reduce inequality and alleviate poverty, while in the social transformation agenda perspective, it refers as initiative by individuals seek to address the problems of pertaining to transforming people lives for the better (Ndhlovu & Ndinda, 2017). These are individuals whose primary goal is not to make profit, but seek for a fundamental social change.

However, to date, consensus on the definition of SE and what constitutes SE as well as what qualifies to be a social entrepreneur has not been reached (Roper & Cheney, 2005; European Union (EU), 2013; Sepulveda, 2015; Abu-Saifan, 2012; Hanley & Garland, 2016;

Holmes & Sandhar, 2017). Further, some view it as not-for-profit organizations starting for-profit or income-generating ventures. Others perceive it as anyone who starts a not-for-profit organization; while others see it as business owners who integrate social responsibility into their operations and act of philanthropy (Short, Moss & Lumpkin, 2009; Noruzi *et al.*, 2010; Rykaszewski *et al.*, 2013; Blount & Nunley, 2014; Rahim & Mohtar, 2015). These various interpretations and perceptions makes it too difficult to construct the exact definition of SE. This hampers empirical research seeking to examine the antecedents and consequences of SE. This also leads to the failure to measure social ventures performance, and make comparisons among the social entrepreneurs in different regions of the world as well as to measure the impact of SE in social and environmental issues.



Scholars, policy makers, development practitioners, governments and international organizations provide various definitions of SE. In Europe, for instance, SE tends to connote the engagement of various non-governmental forms of enterprise, including a non-profit organization, cooperative, in public service activity to tackle the socio-economic problems (Defourny & Nyssens, 2010). In the US, by contrast, SE describe the undertaking of commercial ventures and engagement with business co-operation across a broad spectrum of public service related activity (Defourny & Nyssens, 2010).

However, the general principle of a SE is that it combines running a profitable business and delivering social benefits for individuals and communities. In some cases, social enterprises operate as NGOs to provide social value for the communities by addressing social issues, such as education, health care, energy, housing and sanitation.

In other cases, social enterprises operate as market-based businesses, such as cooperatives in which they produce and sell products and services for the communities as well as empowered economically marginalized and vulnerable groups, such as women and elderly people through employment opportunity and give them an opportunity to grow their incomes and skills (Holmes & Sandhar, 2017). For the purpose of this study, social entrepreneurship is defined as any activity or initiative that has a particularly social or community objective.

2.4 Conceptualization of poverty

The origin the term *poverty* can be traced back to 12th century, when the word was used primarily to refer to ‘small means or moderate circumstances’. The concept, however, lacked clarification as to what constitutes small means or moderate circumstances (Vollmer, 2010). Poverty has been conceptualized in many ways over the past years (Phogole, 2010; Nietmiez, 2011; Cobbinah, Black & Thwaites, 2013). There are various views among scholars and theorists regarding poverty and its solutions. Debates among scholars continue to argue whether poverty is an outcome of natural occurrence or lack of capability and skill or the conflictual process of wealth accumulation.

According to Cobbinah *et al.* (2013), poverty is lack of income, productive resources sufficient to ensure sustainable livelihoods, hunger and malnutrition, increased morbidity and mortality from illness, ill health, lack of access to education, homelessness and inadequate housing, unsafe environment, social discrimination, exclusion, and inability to participate in society, economically, socially, culturally and politically. Historically, poverty has had economic connotations (Evangelista, 2010).

It is until the 1970s, when the poor were identified solely based on households or individual income and expenditure. For instance, Walker (2015) defines poverty as someone who lives on less than 1.25 US dollar per day. Overtime, the concept poverty has expanded beyond the monetary value. Poverty includes not only the lack of the necessities of material –well-being, but also the denial for opportunities of living a tolerable life.

Other sub concepts of poverty such as absolute and relative were developed to further conceptualize and understand poverty (Cobbinah *et al.*, 2013). The notion of absolute poverty refers to the lack of basic needs for survival. It includes hunger, lack of education, shoes and clothes, lack of access to good health care, lack of safe drinking water and sanitation and lack of access to shelter (Nietmiez, 2011; Cobbinah *et al.*, 2013). This is typically common in sub-Saharan Africa countries. On the other hand, relative poverty to refer to income, consumption and welfare. In this perspective, people are considered poor when they are compared with others around them, but may have enough income to meet their basic needs, such as food, shelter, pure water and sanitation, education, and health (Nietmiez, 2011; Cobbinah *et al.*, 2013).

The other approach developed to understand poverty was the capability approach. This approach was developed by Amartya Sen in the 1990s. The capability approach refers to the ability to achieve a given functioning (doing or being). From a capability perspective, the poor are those that are not free to act what they want, accomplish a certain goal and become the person they want to be (Shaffer, 2008). The capability approach argues that wellbeing is a product of capability to function in the society.

Therefore, poverty arises when people lack capabilities. The capability approach describes poverty as the lack of ability to achieve something as well as the lack of opportunities an individual possesses with regard to the type of life they want (Evangelista, 2010; Mpofu & Ndlovu-Gatsheni, 2019).

The basic need approach was also used to conceptualize poverty. It was introduced at the World Employment Conference of the United Nations in 1976 sought to tackle absolute poverty (Mpofu & Ndlovu-Gatsheni, 2019). The basic need approach views poverty as the deprivation of certain consumption bundles. The basic need approach stressed that the provision of certain basic needs to the poor are crucial to sustain life. Minimum requirements, such as adequate food, shelter, and clothing and certain household equipment and furniture were identified as crucial for ensuring survival, whilst other public services, such as safe drinking water, sanitation, public transport, health, education, cultural facilities and participation were seen as indispensable for a healthy society (Mpofu & Ndlovu-Gatsheni, 2019).

From the above discussions, poverty is a complex phenomenon and is understood in many different perspectives. There is no universal definition on what poverty is. However, for the purpose of this study, poverty is defined as the deprivation of basic needs (food, health, shelter, education, safe drinking water, sanitation facilities) and lack of income, skill and access to economic opportunities.

2.5 Typology of social entrepreneurship

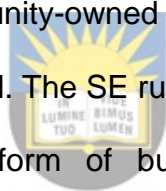
Social entrepreneurship creates innovative solutions for social and environmental problems (Granados, Hlupic, Coakes & Mohamed, 2011; Faruk, Hassan & Islam, 2016; Holmes & Sandhar, 2017). The SE agents include charities, cooperatives, foundations and philanthropic organizations. Scholars in the field of entrepreneurship have identified three types of social entrepreneurs (Zahra *et al.*, 2009). The first type of social entrepreneur is *Social Bricoleur*, and focus on local problems, such as poverty and unemployment. Social Bricoleurs use local available resources to solve social problems and leverage new opportunities. Social Bricoleurs typically require neither external resources nor specialized resources (Zahra *et al.*, 2009). They often rely on whatever resources that are readily harnessed. This characteristic distinguishes them from other social entrepreneurs who typically rely on many resources to address social problems. Secondly, the *Social Constructionist*, aim to address the market gap. This kind of enterprise operates to provide goods and services to meet social needs when the governments, aid agencies and commercial businesses fail (Zahra *et al.*, 2009). In contrast to social bricoleurs, social constructionists seek remedy of broader social problems. They bring new equilibrium to broad social systems where serious imbalances exist.

The third type of social entrepreneur *Social Engineers*, who focus on deconstructing and reconstructing the engines of the societies to achieve broad social aims. This type of entrepreneur provides lasting solutions to social and environmental problems (Stratan, 2016). This social entrepreneur differs significantly from the other two social entrepreneurs because they identify systematic problems within the social systems,

structures and address them by bringing about revolutionary change. Though all social entrepreneurs share a passion for pursuing social objectives, major differences exist among them in how they discover social needs, acquire resources and address social problems (Zahra *et al.*, 2009).

2.6 The social entrepreneurship sectors

Seemingly, social entrepreneurship does not have a specific boundary, thus, it can operate in non-profit, private, and public sectors (Noruezi *et al.*, 2010; Gupta, Beninger & Ganesh, 2015; EU, 2013). Historically, most of SE activities have been practiced in non-profit sectors (Roper & Cheney, 2005). For many years, social movement organizations, social advocacy groups and community-owned businesses have been running and initiated in many countries of the world. The SE runs as profit entity, non-profit entity and hybrid business. Therefore, each form of business entity has advantages and disadvantages. The following section discusses the boundaries within which SE operates.



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2.6.1 Social entrepreneurship in the profit sector

For-profit organizations include private companies, close corporations, community owned businesses and cooperatives (ILO, 2011; Coetzee, 2015). Private companies established in terms of the Companies Act allow for a group of people to work together to achieve a common goal. They are allowed to reinvest the profits in the business and distribute dividends to shareholders. Cooperative is one of the largest forms of civil society organizations, which provides numerous jobs for local communities, which directly contributes to poverty reduction. Formal cooperatives were initially initiated in the Middle East in the 1990s.

Cooperatives are established in the form of Cooperative Act and allow for a group of people to work together to achieve a common goal. Members share profits as well as dividends.

For-profit entities generate income and distribute profits and dividends for their members, owners and shareholders. For-profit entities run their organizations by selling goods and services to different agencies, and they can operate as a legal form of sole-proprietorship, partnership, or public/private limited companies (ILO, 2011).

2.6.2 Social entrepreneurial activity in the non-profit sector

Not-for-profit entities include voluntary associations, NGOs and trusts (ILO, 2011; Coetzee, 2015). Not-for-profit entities do not distribute profits or dividends to their members, unlike for-profit entities. Their prime aim is to achieve a social objective. Not-for-profit entities provide social services (education, health, electricity, water and sanitation) to communities, particularly to those vulnerable, marginalized groups, such as women, aged, and people living with disabilities. Not-for-profit entities are more likely to receive income from donors (governments, business people and international organizations) than trading (ILO, 2011). Meanwhile, not-for-profit organizations (NPOs) may also generate incomes from trading activities (selling of goods and services). However, they do not distribute profits in the form of dividends to members or board members at the end of the financial year (Murphy & Coombes, 2007; DePlautt, 2015; Stratan, 2016).

Not-for-profit entities do not generate wealth through trading activities and all the profits earning from selling goods or services are reinvested in the organization to overcome the

social or environmental problems as well as financial sustainability. For this reason, NPOs are exempted from tax. Meanwhile, during dissolution and after the payment of debts, not-for-profit entities donate any surplus assets or money to another not-for-profit business with similar objectives (ILO, 2011).

In South Africa, NPOs are registered at three government departments. These departments are: registrar of companies, the NPO Directorate and Tax Exemption Unit of South African Revenue Service (SARS). These registrations with different government bodies are time-consuming and costly, leading social enterprises to register as a For-profit company (Steinman, 2010). The financial constraints of non-profit entities make it difficult to hire and retain quality staff because their workforce is primarily made up of volunteers. The NPOs often lack staff skills and professional employees due to unsatisfactory salary in the sector (Steinman, 2010).



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The non-profit sector in South Africa faces the challenge of raising funds through donation and grants (Steinman, 2010). South Africa at the international arena is seen as a middle-income country, which is attributed to the reduction of donations from the international organizations. Furthermore, the global economic recession in 2008 has resulted in the decrease of the donation from international organizations, particularly from the UK and US. Therefore, the lack of fund has become the greatest challenges of financial sustainability for NPOs. However, many organizations are looking for alternative model to adopt in the future to sustain their organizations.

The considerations provided by NPOs are to include trading activities to sustain their businesses in order to achieve the social objectives (Steinman, 2010; Doeringer, 2010;

Poon, 2011). It is believed that the majority of NPOs and charities will generate their income from trading activities by the year of 2020.

2.6.3 Social entrepreneurship activity in the profit and non-profit (hybrid) sectors

Recently, NGOs have developed a market-based business (hybrid) model, which enable them to sell products or charge users fees for services to generate revenue to become more financially sustainable (Holmes & Sandhar, 2017). Hybrid entities are established as a combination of For-profit and Not-for-profit entity (ILO, 2011; Coetzee, 2015; DePlautt, 2015). Hybrid entities deliver both economic and social values. The For-profit entity earns its income from trading activities, while the Not-profit entity supplements its income from grants, donation, services and member fees. It is therefore, a challenge for social entrepreneurs to choose the legal entity that would best suit for their social enterprises.



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2.7 The legal framework for social entrepreneurship

Many countries of the world including South Africa do not have a legislative framework for SE. However, over the past decades, some Western European and North America counties have created legislations that recognize and regulate SE activity (Doeringer, 2010; Defourny & Nyssens, 2010; Poon, 2011). For instance, Italy enacted a law on SE in 1991, UK enacted a law on SE in 2004 and Spain promulgated a law on SE in 1999. Therefore, there are laws enacted to promote legal framework that suit social enterprises. Many countries in Europe like France, Italy, UK, Belgium, Greece, Spain and Portugal adopted various legal structures for SE. The most common legal structures for SE were

co-operative, trust, foundations, associations and companies (Doeringer, 2010; Defourny & Nyssens, 2010; Poon, 2011).

However, the selection of legal framework is the most important external challenge for the operation of social entrepreneurs (Rykaszewski *et al.*, 2013; Blount & Nunley, 2014). For example, in case one choose to be a charity, they cannot make any profits, and if they choose to be a business, they do not enjoy tax exemption privileges. Under these circumstances, it is significantly harder to access capital for operations. As a result, social entrepreneurs put their social mission first and profit the second.

The legal structures for SE differs from country-to-country as well as region-to-region. For instance, in the USA, social enterprises operate in the form of partnerships, corporation, sole proprietorship, limited liability company, and Non-profit and For-profit organizations. Meanwhile, in Europe, SE comes in various forms of organizations, such as co-operative, NGOs, foundations and Community Interest Company (CIC). Moreover, in Italy, SE takes the legal form of cooperative, while in the UK, SE comes in various legal structures including charity, company limited by guarantee (CLC), company limited by shares and unincorporated association, trust, community benefit society and co-operative (Peattie & Morley, 2008).

2.8 Characteristics of social entrepreneurship

Social entrepreneurs seek to address social problems through market-based strategy (Di Domenico, Haugh & Tracey, 2010; DePlautt, 2015) as well as achieve financial sustainability and independence, and avoid reliance on government and donors. Thus, social enterprises engage in revenue generation activities as profit businesses to achieve

social or environmental objectives as NPOs (Di Domenico *et al.*, 2010). Social enterprises engage in various activities, which include trading, service delivery, cultural arts, community development, education, skill development, employment creation, childcare provision and energy.

Though social enterprises vary in size, structure and purpose, they have many common characteristics. The first characteristic of social enterprises is revenue generation. Social enterprises pursue revenue generation strategy through trading activity. Traditionally, NPOs have relied on donations, governments and philanthropic individuals to pursue social or environmental objectives. However, at the end of the 20th century, a new strategy began to emerge that promoted SE growth through revenue generation from trading activity. This was due to the dwindling of funds from donors, charities, foundations and governments (Di Domenico *et al.*, 2010; Hoogendoorn, Pennings & Thurik, 2010; Poon, 2011).



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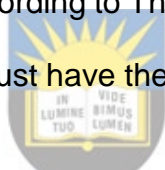
The advantages of generating income from trading or selling of goods and services are that, the autonomy and flexibility of the organization is increased to adapt as well as to meet the needs of the communities they serve.

Furthermore, once social enterprises are financially independent of donors, charities and foundation, they increase their innovative activities (Hoogendoorn *et al.*, 2010; Doeringer, 2010; Poon, 2011).

Social objective is the second characteristic of social enterprise. Social enterprises' main aim is to achieve social objectives. Social enterprises main objective extends beyond profit maximization or wealth creation for their shareholders that includes producing

goods and services to meet the needs of communities (Urban, 2008; Poon, 2011; Visser, 2011). The third characteristic of social enterprise is social cohesion. Besides supplying products and services to communities, social enterprises increase social capital and community cohesion. The last characteristic of social enterprises is that of community engagement. Although social enterprises are found in various economic activities, they are mostly engaged in community development characterized by limited resources, and their engagement emerges as a response to the community problems.

However, in general there is no clear understanding of how individuals can qualify as social entrepreneurs. Individuals see themselves as social entrepreneurs, whether they fit the description or not. However, according to Thompson and Doherty (2006), and Abu-Saifan (2012), social entrepreneurs must have the following characteristics:

- 
- The logo of the University of Fort Hare is a shield-shaped emblem. At the top is a sunburst. Below it, the Latin motto 'IN FIDE LUMINE BONUS TUO LUMEN' is written in a banner. The shield is set against a blue background with a white border.
- Must pursue social or community objectives;
 - Use resources to create community benefit;
 - Generate the majority of their income from trading or selling of goods and services.
 - Reinvest their profits for social objectives;
 - Be autonomous in decision-making and governance from the influence of government and other bodies;
 - Not distribute profits and dividends to shareholders members; and
 - Be accountable and transparent.

2.9 Factors favouring the growth of social entrepreneurship

The development of SE depends on many factors such as political, economic, technological and social. The successful growth of social entrepreneurs in North America and Western Europe was due to the creation of a conducive environment by the government (Jiao, 2011; Noya, 2013). The French Jeans ESS initiative launched in 2011 was a good policy example of this approach. It was initiated by a public and private partnership from the social economy sectors such as ministries, enterprises and foundations. Jeans ESS promotes the social entrepreneurial activities among young people through the education system (Noya, 2013). A budget of €1.3 million Euros was allocated for the years of 2010 and 2011 and a further €600 000 Euros was budgeted for the years of 2012 and 2013. Many foundations support SE growth in North America and Western Europe regions. Foundations, such as Ashoka foundation, Schwab Foundation, echoing green and Draper-Richards are the most well-known international organizations that provide financial and non-financial assistance for social entrepreneurs worldwide (Steinman, 2010).

In addition, SE research in Western Europe and North America countries has significantly increased, hence increasing publication and database in SE (Dahle, 2004). According to Dahle (2004), there were approximately 30-business schools teaching SE courses in Western Europe and North America regions in 2004. Currently, there are more than 100 business schools teaching SE course in Western Europe and North America regions. Moreover, lot of business schools established research centres for SE. For instance, Harvard Business School, Stanford University, Duke University, Kellogg Business

School, University Alberta and the University of Oxford are some of the most prominent academic institutions in the world that established research centres for SE (Dahle, 2004). And these institutions played an indispensable role in the expansion and growth of SE in the world.

In general, the growth of SE activity in Western Europe and North America regions is due to the creating of enabling environments. For instance, in the UK, SE is very active because citizens actively engage in SE activity due to the support from the government (Jiao, 2011). In support of this, the former prime minister of the UK, Tony Blair called on the government to provide effective support for social enterprise growth and development. He argued that social entrepreneurs not only solve economic problems but also create social impact just as commercial entrepreneurs create financial wealth. Both social and commercial entrepreneurs make their own contribution to the progress of humanity. Moreover, the UK government launched the special policy and strategies for social enterprise in 2002 (Jiao, 2011). Today, approximately 4.2% of the UK adults working population are actively engaged in SE activities. This is due to the creation of enabling environment for SE.

2.10 The historical development of social entrepreneurship in North America

Social entrepreneurship in North American countries (the US and Canada) has been perceived as Not-for-profit organization, and is more oriented towards the market and developing earning income strategies as a response to decreasing public subsidies and limits of private grants from foundations (Doeringer, 2010; Poon, 2011). Religious and community groups have practiced the social entrepreneurial activity in the US, by for

instance holding sales of homemade items to augment the voluntary donations they receive (Poon, 2011). Since the 1970s, SE has become prominent in the US. The high oil prices of 1973 led to economic downturn in the US, which consequently led to decline in government funding for NPOs. Such decline, lead to the increase in competition for funds due to the growing of non-profit sectors and the rising of social needs (Doeringer, 2010; Poon, 2011). The reduction of funding from donors leads social entrepreneurs to look for an alternative income for their social enterprises in order to continue providing the services for the poor people. Social entrepreneurs find the engagement in trading as a means of replacing government funding. This paved way for the social enterprise sector to play crucial role in addressing social problems.



In the US, the SE initiative was formed by Harvard Business School in 1993 (Defourny & Nyssens, 2012). The initiative involved many stakeholders, such as practitioners, academics and policymakers who came together to generate knowledge about the role of SE in addressing socio-economic problems. The initiative has created over 500 social enterprises as well as contributed to social enterprise research worldwide. Further, the initiative also contributed to the academic formulation and consultancy in the area of social enterprises.

Since 1993, debate concerning SE has expanded in various institutions (Defourny & Nyssens, 2012). Many universities have also developed research and training programs for the promotion of SE. Foundations, such as Schwab, Ashoka, and Skoll emerged and played a crucial role in promoting SE growth in the region. Further, the SE became more prominent in the US during the late 1970s and early 1980s in response to the economic melt down and the reduction of government spending (Doeringer, 2010). These

developments caused many NGOs to lose funding, while social needs were increased due to the rise in unemployment. The NGOs at this time felt that there was need to increase their revenue from other sources other than grants and donations. Many of these NPOs started relying increasingly on commercial activities for their revenues (Doeringer, 2010; Poon, 2011). Overtime, this type of business greatly expanded throughout the US. As a result, the income of the charities received from commercial activities increased by 20% between 1982 and 2002 (Doeringer, 2010).

2.11 The evolution of social entrepreneurship activity in Europe

Social entrepreneurship has been linked with community enterprise, churches, charities, voluntary organizations and NPOs. Collectively, these fall under the social economy or third sector, seeking to address the socio-economic problems, rather than making profit or wealth accumulation (Shaw & Carter, 2007). In many European countries, the third sector organizations, such as NPOs, cooperatives, and mutual societies played a crucial role in the provision of social services since the beginning of 20th century (Defourny & Nyssens, 2010). However, their importance in provision of social services becomes greater in the late 1950s. Many of these organizations were promoted by a Christian charitable tradition. However, in the late 1960s and early 1970s, the quest for more democracy and equality led the blooming of civil society's movements in addressing the major social issues through advocacy and provision of social services (Defourny & Nyssens, 2010).

The economic meltdown was the leading factor for the cause of the contemporary SE growth in Europe, particularly the Western European countries (Defourny & Nyssens,

2010; Doeringer, 2010; Poon, 2011). The economic meltdown led to high poverty, unemployment, inequality and poor social services. Against this backdrop, civil societies developed various programs and initiatives. For instance, community-owned organizations were initiated by NGOs throughout European region as intervention mechanism for socio-economic problems (Hoogendoorn *et al.*, 2010).

The SE sector received strong recognition from European governments (Doeringer, 2010; Defourny & Nyssens, 2010; Hoogendoorn *et al.*, 2010; Poon, 2011). The governments therefore, viewed SE as a key intervention strategy for socio-economic problems and in turn the governments created a conducive environment for SE growth. For example, in the case of the UK, the government launched an initiative for SE development and created a social enterprise unit in the Department of Trade and Industry (Poon, 2011).

The SE emerged in Europe few years after it was introduced in the US. The most common form of social enterprise in Europe was cooperative. The notion of SE first emerged in Italy in the late 1980s and thereafter it spread widely to other many European countries in the mid-1990s (Defourny & Nyssens, 2010). It was promoted by a journal launched in the 1990s, entitled “impresa sociale” (Defourny & Nyssens, 2010). Italy was the first pioneering European country to adopt the legal form for SE.

Cooperative was a common form of social enterprise in Italy. The rise of the social cooperative has been an important role in the expansion and development of the social economy in Italy (Prakash & Tan, 2014). In 1991, the Italian government enacted a law on social cooperatives to recognize and regulate cooperatives operating in the social services sector.

The development of social cooperative has not prohibited the spread of other types of SE activity in Italy (Defourny & Nyssens, 2010). Subsequently, a broader law on SE was adopted in 2005. This law allows the adoption of various form of organization for social enterprise. There were approximately 11 808 social cooperatives in Italy in 2011, which accounted for about 380 000 employees. Meanwhile, following the adoption of a policy on SE in Italy, many other European countries have also passed new laws and policies for SE development (Defourny & Nyssens, 2010). For example, France, Portugal, Spain, Poland, Sweden, Greece, Dutch and Belgium adopted cooperative as a legal framework of social enterprise. These cooperatives provided social services (education, health, clean water and sanitation and housing) as well as employment opportunities for the local communities, particularly socially disadvantaged families and communities, such as children, women and people with disability.

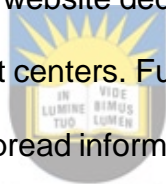


The global economic meltdown in the 1970s exacerbated high unemployment rate in Belgium (Doeringer, 2010). In response to this, many charity organizations were established during the late 1980s and early 1990s. They were operated in the form of Non-profit entities known as Associations sans but Lucratifs (ASBLs). ASBLs are similar to American Non-profit cooperations that can carry out limited commercial activity and be able to receive subsidies from the government (Doeringer, 2010).

Belgium was among the first European countries to adopt a policy on SE. The Belgian government introduced a legal framework for SE in 1995, which was known as cooperative or Societe a FinaliteSociale (SFS).

Indeed, European governments included SE in their development policy since the early 1990s (Doeringer, 2010; Poon, 2011; Sepulveda, 2015). The emergence of the SE policy in the UK is ultimately linked to the New Labour government. In the UK, a New Labour Administration created the SE initiatives in the 1990s. The New Labour government dedicated in promoting social entrepreneurial activities and acknowledged SE as an indispensable tool to alleviate socio-economic problems, such as poverty, unemployment, inequality and social exclusion (Li & Wong, 2007; Mawson, 2010).

In 2001, the New Labour government created the Social Enterprise Unit (SEU) in the Department of Trade and Industry (DTI) to promote SE (Defourny & Nyssens, 2010; Sepulveda, 2015). The SEU created a website dedicated to social enterprise and opened regional social enterprise development centers. Furthermore, the SEU selected 35 social entrepreneurs' ambassadors to help spread information within local communities. The UK government also established a £10 million fund for investment in social enterprises.



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Additionally, a new legal framework for SE, called “Community Interest Company” was approved by the British parliament in 2004. In less than two years, more than 1000 social entrepreneurs that registered under CIC were created. This success was achieved due to the creation-enabling environment by the government. The British government created an environment, which is conducive for the development of SE in the country. The government established a number of programs, such as the formulation of legal framework, implementation of public procurement, management support and training, and financial support award (Tanimoto, 2008). Since the Blair’s government came to power, various types of social enterprises have emerged in the UK (Tanimoto, 2008).

These include cooperative, worker's collective, voluntary trading organizations, community business, social firms and credit union were the main types of social enterprises in the UK. These social enterprises offered employment opportunities and social services to the communities, particularly vulnerable and disadvantaged groups of people.

2.12 Social entrepreneurship in Asia

In Asia, SE was introduced in the late 1990s as a response to the socio-economic problems in the region (Defourny & Kim, 2011). Since the mid-2000s, some Eastern Asia countries such as Hong Kong, Taiwan, Japan, Singapore, and South Korea have developed strong interest in SE development (Liang, 2016). In most Asian countries, SE activities were initiated largely by civil societies. Nevertheless, in South Korea, SE was initiated and actively promoted by the government (Liang, 2016). The top-down development model, however, distinguished the Korean social enterprise from the European and the US SE development model. South Korea was the first Asian country to establish a legal framework for SE (Prakash & Tan, 2014). The government passed the Social Enterprise Promotion Act (SEPA) in 2007. Its aim was to enhance social integration and improve quality of life by expanding social services and creating new jobs.

In Japan and South Korea, SE emerged to fight poverty and unemployment. Cooperatives, NPOs and community-own enterprises were the common form of social enterprises (Defourny & Kim, 2011). The establishment of the worker's cooperative movement as a business unit in Japan around the 1980s was the pioneer initiatives in creating jobs opportunities for disabled people and women.

In the same vein, in South Korea, the One top Services Centre for the Unemployed (OSCU) was launched in 1998 to organize public work business units at the national level, with a view to create jobs opportunities as well as provide social services.

The concept in South Korea gained popularity after the international forum on social enterprise was held in Seoul in 2000 (Defourny & Kim, 2011). Subsequently, the government introduced an initiative for SE development. Social enterprise development agency was established in 2001. This agency played a crucial role in spreading and promoting the concept of SE throughout the country. The unexpected massive scale of unemployment in South Korea raised as the Asian financial crisis began in the early 2000s. Since then, the government has recognized the importance of self-support organizations in creating job opportunities as well as ensuring welfare benefits for the jobless people. From then, the government started its involvement in promoting and supporting SE.



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In the 1990s, the Ministry of Welfare and Health established the “Self-support Program” which was designed as a model of a social enterprise aimed to cope the socio-economic problems, such as poverty and unemployment in the country (Liang, 2016). This program was the first initiative, which was provided by the government for SE growth. Later in 2003, the Social Work place Program was introduced to support self-sufficiency organizations for job creation. However, these programmes or initiatives failed to create a sustainable job to the unemployed people due to the heavy dependency on government subsidies. This failure led the government to come up with new solutions to triggered SE

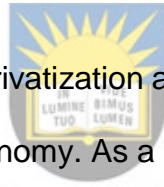
in the country. Thus, the government introduced a certified social enterprise in South Korea (Liang, 2016).

In 2007, the South Korean government enacted a law on SE. The act created conditions to flourish and grow social entrepreneurs in the country. Moreover, the act prohibited other organizations to use the term of social enterprise. The Korean government set up a total budget of 1.3 trillion won in 2007 for SE. A social enterprise support committee was established for the deliberation to support social enterprise, concerning issues on criteria for the certification of a social enterprise in the country (Park, 2009). Following the legislation, the Korea Social Enterprise Promotion Agency (KSEPA) was established in 2010 with the purpose of providing administrative and financial support to social entrepreneurs in the country. Since then, the government has given a series of support initiatives to social entrepreneurs in the country. This leads to rapid development of social entrepreneurial activity in South Korea. In 2014, there were over 1100 certified social entrepreneurs in South Korea (Liang, 2016).

In Hong Kong, due to the financial crisis and the economic meltdown in the late 1990s and early 2000s, welfare expenditure increased significantly (Defourny & Kim, 2011). Then, the government launched employment assistance programmes modelled on Western social investment and welfare approaches. The government also recognized and advocated the use of SE as a means to alleviate poverty, unemployment and inequality. The government and publicity for social enterprises initiated various funding schemes. In Hong Kong, social enterprises primarily emerged to provide employment and social services to disadvantaged and vulnerable group of people.

2.13 Social entrepreneurship in Africa

The emergence of SE in Africa is attributed to the reduction of state expenditure in basic needs (Poon, 2011; Smith & Darko, 2014). The concept of SE in Africa emerged after the introduction of the Structural Adjustment Policy (SAP) by the World Bank and International Monetary Fund (Poon, 2011). The SAPs adopted policies of state expenditure reduction, deregulation and privatization. The reduction of state expenditure led to the growth of public services provision by non-state actors, such as NGOs and commercial businesses. Due to the competition for donor grants funding, many NGOs adopted a business model to raise funds through sale of goods and services (Smith & Darko, 2014).



At the same time, the introduction of privatization and deregulation by the SAPs led to the diminishing role of the state in the economy. As a result, the socio-economic problems in Africa deteriorated. Thus, the inability of the state to address these socio-economic problems contributed to the expansion of SE growth (Poon, 2011). However, as in many parts of the world, African countries do not have a specific policy and strategy that deals with the growth and development of social enterprises for poverty reduction. Therefore, social enterprises operate as NGOs, private companies and cooperatives. The reduction of state expenditure and the introduction of SAPs in Africa led to the increase of socio-economic problems in Africa, such as poverty, unemployment, inequality and lack of social services. These socio-economic problems were the key drivers behind the emergence of social enterprises in Africa (Urban; 2008; Poon, 2011; Littlewood & Holt, 2015).

2.14 Social entrepreneurship in the South African context

The daunting socio-economic problems in South Africa, such as poverty, unemployment, inequality and HIV/AIDS have exacerbated the emergence of SE in the country. In South Africa, the concept emerged when the US Ashoka Foundation first opened their offices in the country in 1991 (Littlewood & Holt, 2015). The World Economic Forum's Conference on SE for Africa, which was held in Cape Town in 2006, is attributed to the rapid expansion of SE in South Africa (Urban, 2008).

Venture philanthropists, grant sponsors, policymakers, development practitioners, non-profit entrepreneurs, consultants and academicians have now increased their interest in the development of SE in South Africa. However, there has not been much research into SE in South Africa. Therefore, the nature and roles of these enterprises in poverty reduction are not well understood (Urban, 2008; Visser, 2011; Littlewood & Holt, 2015). As a result, social entrepreneurs struggle in accessing the resources to enhance their contribution to poverty reduction in the country. South Africa like many other countries in the world does not have a specific policy framework for SE (Urban, 2008; Steinman, 2010; Visser, 2011; Franchi, Bellucci & Testi, 2014; Littlewood & Holt, 2015). Due to the policy gap, social enterprises come in various form of organizations, such as cooperatives, NGOs, trust, foundation and private business.

It is believed that SE practice has a long history in South Africa even though the term came into notice lately in the country. The emergence of SE practice can be traced back to the colonial times, with the introduction of cooperatives. According to the Department of Economic Development and Environmental Affairs Council (DEDEA, 2009), the history

of cooperative development in South Africa can be traced back to the apartheid era. The Pietermaritzburg consumer was the first formal cooperative, established in 1892 under Companies Act. During the apartheid period, white farming cooperatives were an important source of agricultural commercialization, food and rural development. In the 1980s, there were 250 agricultural cooperatives, 142 000 people membership, total assets of 12.7 billion rand, a total turnover of 22.5 billion rand and pre-tax profits of more than 500 million rand (DEDEA, 2009).

The two legislations, which are the Companies Act of 2008 and NPOs act of 1997, played a crucial role in the emergence of social enterprises in South Africa. The Companies Act of 2008, which is a major overhaul of South African company law and partly in response for the emergence of new hybrid forms of the enterprise; and the non-profit organizations Act of 1997, governs NGOs and Civil Societies Organizations (CSOs). The most appropriate policy framework for social enterprise operations in South Africa is the Non-profit company (NPC) act of 1997 (Steinman, 2010). The South African law defines an NPC as a company incorporated for public benefit or other object relating to one or more cultural or social activities or communal or interest group. The income and property in such entity are not distributable to its members or owners and used to advance the purpose for which it was created (Moreno & Agapitova, 2017).

The NPCs in South Africa are strictly viewed as a Non-profit entity for the fact that they register with the Department of Social Development (DSD) rather than the DTI, as for profit entities do. The Non-profit sector in South Africa has showed a remarkable growth over the las few years. According to DSD (2012), the number of registered NPOs in South

Africa had increased to 85 248 in 2012 from 76 757 in 2011. Most of them were registered under voluntary associations.

The Non-profit sector plays a crucial role in the South Africa economy. In 2007, the Non-profit sector had a total asset of 12.5 billion rand. There is no need of minimum initial capital for individuals or organizations to start social ventures. Social enterprises obtain tax incentives as any other commercial businesses. Some NGOs may qualify as public benefit organizations (PBOs), which give them full tax exempt status as long as they derive their income purely from public funding and grants (Moreno & Agapitova, 2017). Social enterprises registered as non-profits are subjected to the same rights and responsibilities as any NPOs registered in South Africa. However, the laws and public practices do not prohibit NGOs from adopting hybrid income models.

The following table shows the lists of laws that contribute to the creation of an environment that enables the consolidation of social enterprises.

Table 2.1: List of laws for creation of social enterprises in South Africa

Entity	Legal Framework
NPO entities	
Voluntary associations (VA)	NPO Act n.71/1997
Trust	Trust Property Control Act, Act.No.57/1998
Section 21 company	Companies Act No.61/1973
For-profit entities	
Cooperatives	The Cooperatives Act, No. 14/2005
Close corporation (CC)	Close Corporations Act, No.69/1984
Public or Private companies	The Companies Act, No.61/1973

Source (Steinman, 2010)

The Table 2:1 above shows that the legal framework that allow social entrepreneurs to register their social enterprises. In South Africa, social entrepreneurs can register their social enterprises under voluntary associations, cooperative, close corporation, trust and public or private company.

In the last few years, a number of private and public organizations were established to create an enabling environment for entrepreneurship growth in South Africa (Steinman, 2010). The National Youth Development Agency (NYDA), Small Enterprise Development Agency (SEDA), Industrial Development Cooperation (IDC), National Development Agency (NDA) and Black Economic Empowerment (BEE) were among the institutions that were established to support entrepreneurs throughout the country (Steinman, 2010). NYDA as a public organization offers small grants and business advice to entrepreneurs. It emerges from the merger of the National Youth Commission and the Umsobomvu Youth Fund (UYF).



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SEDA is also a public organization, which was established to provide financial and non-financial assistance for social and commercial entrepreneurs. The aims of SEDA are to:

- To strengthen financial support for small businesses including social enterprise;
- Expanding marketing opportunities for both commercial and social businesses;
- Provide business consultation and advice for entrepreneurs;
- Expands education and training for small businesses; and
- Offer business infrastructure.

In addition, UnLtd South Africa is an NPO, which provides financial and non-financial support to social entrepreneurs (Moreno & Agapitova, 2017). South African commercial

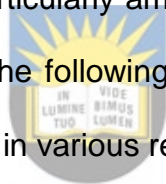
bank offers credit to business people including social entrepreneurs. The bank provides credit only to registered enterprises with financial statements that show good prospects of return on investment for the bank. However, credit conditions for small businesses are too tight because of the growing concerns in South Africa about rising debt and default rates (Steinman, 2010).

The IDC and the Development Bank of Southern African (DBSA) are the largest South African development finance institutions, which provide fund assistance for medium or large scale-businesses across Southern Africa (Steinman, 2010). Small businesses including social enterprises receive support and funding through the Small Enterprise Finance Agency (SEFA), which falls under the Department of Trade and Industry (DTI). Meanwhile, the African Social Enterprise Network (ASEN) established in 2008 includes more than 3800 social entrepreneurs across Africa, mostly found in South Africa. Some Universities in South Africa have also established research centres for SE within their institutions. For instance, the Gordon Institute of Business Science's Network for Social entrepreneurs (NSE) at Pretoria University and the Bertha Centre for Social Innovation at Cape Town University were established (Steinman, 2010).

The Job Creation Trust was founded by the merger of the Congress of South African Trade Unions (COSATU), the National Council of Trade Unions (NCTU) and the Federation of Unions of South Africa (FEDUSA) in 2000. The South African workers contributed one day's wages (89 million rand) for the establishment of the fund in 2000. The fund contributes to the establishment of cooperatives and community-driven projects in the country. The trust created more than 38000 jobs opportunities for marginalized and

vulnerable groups of people and gives approximately 25000 people various business skills (Steinman, 2010). The NDA was also another public entity, which mandates poverty reduction through providing fund for community projects (Steinman, 2010). Furthermore, the NDA offers various business support programs, such as market, business skills and business infrastructure for the youth, entrepreneurs and SMEs.

However, despite these interventions, South Africa still has the lowest rate of entrepreneurship activities in the world. The Global Entrepreneurship Monitor (GEM) reported that less than 2% of adults in South Africa are engaged in SE activities (Bosma, Schott, Terjesen & Kew, 2015). This suggests that a significant involvement in SE activities is needed in the country, particularly among the youth to overcome the socio-economic problems of the country. The following table presents the prevalence of SE activity among the working population in various regions of the world.



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Table 2.2: Social entrepreneurship prevalence rates as per working population in 2009, by region and enterprise maturity

Region		Nascent SE	New SE	Early-stage SE	Established SE	Total SE
US	United States	2,9	1,7	4,2	0,8	5,0
Caribbean	Dominican Republic	0,8	1,8	2,6	1,0	3,6
	Jamaica	1,2	2,4	3,5	3,3	6,8
	Average	1,0	2,1	3,1	2,1	5,2
Latin America	Brazil	0,2	0,2	0,4	0,0	0,4
	Guatemala	0,2	0,3	0,4	0,1	0,5
	Ecuador	0,4	0,1	0,5	0,2	0,7
	Panama	0,9	0,4	1,3	0,4	1,7
	Uruguay	1,9	0,8	2,6	0,6	3,2
	Chile	1,8	0,9	2,6	0,4	3,0
	Colombia	2,6	1,3	3,8	1,2	5,0
	Peru	3,5	0,5	3,9	0,1	4,1
	Venezuela	3,8	0,3	4,1	0,3	4,4
	Argentina	2,2	2,3	4,3	3,3	7,6
	Average	1,7	0,7	2,4	0,7	3,1
Africa	South Africa	1,3	0,7	2,0	0,3	2,3
	Uganda	1,0	1,9	2,7	1,4	4,1
	Average	1,2	1,3	2,4	0,9	3,2
Western Europe	Spain	0,4	0,2	0,6	0,4	0,9
	Germany	0,5	0,3	0,7	0,9	1,6
	Netherlands	0,6	0,5	1,0	0,5	1,5
	Italy	0,9	0,4	1,2	1,3	2,5
	Norway	0,6	1,0	1,6	0,6	2,2
	Belgium	1,0	0,8	1,8	1,2	3,0
	Greece	1,3	0,7	2,0	0,9	2,9
	United Kingdom	0,8	1,5	2,2	2,1	4,2
	France	1,6	0,9	2,3	0,3	2,6
	Finland	1,2	1,6	2,7	2,4	5,1
	Switzerland	2,4	0,5	2,8	1,5	4,3
	Iceland	2,3	2,1	4,2	1,9	6,1
	Average	1,1	0,9	1,9	1,2	3,1
Eastern Europe	Bosnia & Herzegovina	0,6	0,2	0,8	0,1	0,9
	Russia	0,4	0,5	0,9	0,4	1,2
	Serbia	0,4	0,7	1,1	0,6	1,8
	Romania	1,4	0,3	1,7	0,8	2,6
	Latvia	1,5	0,6	2,0	0,8	2,8
	Slovenia	1,3	0,9	2,2	1,4	3,6
	Croatia	1,3	1,6	2,9	1,6	4,4
	Hungary	2,2	1,3	3,3	0,6	3,9

	Average	1,1	0,8	1,9	0,8	2,7
Middle East & North Africa	Saudi Arabia	0,1	0,2	0,2	0,0	0,2
	West bank & Gaza strip	0,2	0,2	0,4	0,1	0,5
	Morocco	0,3	0,3	0,4	0,4	0,8
	Jordan	0,4	0,4	0,7	0,2	0,9
	Syria	0,7	0,3	0,9	0,0	1,0
	Lebanon	0,5	0,5	1,0	0,6	1,5
	Iran	1,1	0,3	1,4	0,6	2,0
	Algeria	1,2	0,5	1,8	0,1	1,9
	Israel	1,0	1,4	2,2	1,8	4,0
	United Arab emirates	2,5	2,7	4,9	1,4	6,3
	Average	0,8	0,7	1,4	0,5	1,9
South-East Asia	Malaysia	0,2	0,0	0,2	0,0	0,2
	Hong Kong	0,2	0,4	0,5	0,5	1,0
	Korea	0,4	0,4	0,8	0,6	1,4
	China	1,5	1,4	2,9	1,1	4,0
	Average	0,6	0,5	1,1	0,5	1,6

Source: Terjesen, Lepoutre, Justo & Bosma (2011)

Table 2.2 indicates that social entrepreneurial activity prevalence rates (measured as an explicit social enterprise) vary tremendously across countries from 0.2% to 7.6% of the adult population. However, Argentina has the highest number of SE activities in the world.

2.15 Theoretical frameworks

This study is grounded on four theories, namely bricolage theory, Schumpeter innovation theory, opportunity creation theory and positive SE theory. These theories are discussed here under.

2.15.1 Bricolage theory

Bricolage has become the most important theory in entrepreneurship. The French anthropologist, Claude Levi-Strauss (1967) developed the concept of bricolage, which refers to the process of “making do with what is at hand” (Di Domenico, Tracey & Haugh, 2010; Janssen, Fayolle & Wuillaume, 2018).

This theory focuses on the process of making things with any resources at hand to provide innovative solutions for social needs (Barker & Nelson, 2005; Fisher, 2012; Janssen *et al.*, 2018). The SE shares the characteristics of bricolage concept. Social entrepreneurs create value for the poor people by using whatever resources in their hand (Baker & Nelson, 2005). The characteristic of 'making do' is found in SE (Di Domenico *et al.*, 2010). Social entrepreneurs incorporate the current resources available at hand with abilities, skills, knowledge and ideas to create something. Social entrepreneurs combine the existing resources with the unutilized resources to create social values that address socio-economic problems.

According to Di Domenico *et al.*, (2010) the concept of bricolage is characterized by the constructs of 'making do', refusal to enact or be constrained by limitations and improvisation. The first characteristic of bricolage is 'making do'. 'Making do' means creating something from nothing, reusing unwanted resources or using hidden or untapped local resources. Social entrepreneurs acquire resources and recombine them in innovative ways to solve problems and respond to opportunities (Baker & Nelson, 2005).

The second conceptual dimension in social bricolage framework is characterized by a refusal to be constrained by limitations, which refers to the process of counteracting existing limitations enforced by institutional, technological, and political settings and available resources environment. Resource constraints push the social entrepreneurs to be innovative on the existing resources as well as to acquire new resources in order to achieve social or environmental objectives (Di Domenico *et al.*, 2010).

The third construct of bricolage process is improvisation, which means adapting standard ways of working and creative thinking in order to counteract environmental limitations (Di Domenico *et al.*, 2010). The three core elements that characterize bricolage are making use of resources at hand and the recombination of these resources to tackle a problem. Social entrepreneurs act in a resources constraint environment (Barker & Nelson, 2005; Janssen *et al.*, 2018), but use the available resources to produce goods and services as solutions for social problems. Furthermore, social entrepreneurs exploit unutilized resources. They may with the resources at hand use their experience, skill and knowledge to create value for the communities. Social entrepreneurs create some value by exploiting physical, social, and institutional that other organizations rejected or ignored (Baker & Nelson, 2005; Janssen *et al.*, 2018).



Levi-Strauss uses the term bricolage to exemplify the approach taken by primitive people to construct myths by making use of the available raw materials, such as tree and animals in their surrounding environments. Social entrepreneurs rely on material bricolage to produce goods and services. Social entrepreneurs provide products or services as solutions to social problems by creating anything-possible using resources at hand (Janssen *et al.*, 2018). Social entrepreneurs combine various resources produce goods and services to satisfy human needs.

Value creation occurs by recombining existing resources and capabilities or making changes to the resources available to the firm. Social entrepreneurs respond to the unmet needs of communities by 'making do' and creating from nothing (Baker & Nelso, 2005; Fisher, 2012; Phillimore, Humphries, Klaas & Knecht., 2016, Janssen *et al.*, 2018).

Social entrepreneurs involve the creative adaptation and exploitation of resources, such as human capital, materials, financial resources and social capital to solve a problem or embrace a new opportunity. Therefore, this theory was very useful in understanding and explaining how various social entrepreneurs have ventured into using resources in Eastern Cape Province to create better livelihoods.

2.15.2 Schumpeter innovation theory

The American economist, Joseph Alois Schumpeter promoted this theory. He mentioned the word innovation in his book, 'the theory of economic development' published in 1911. Schumpeter's innovation theory argues that innovation is the main driver for development and economic development (Rocha, 2012; Sledzik, 2013; Kaya, 2015). According to this theory, innovation is new product, service, process, market and source of organization input. Schumpeter described development as a historical process of structural changes and substantially driven by innovation, which is a new product, service, production process, opening a new market and acquiring of new sources of inputs (Sledzik, 2013; Kaya, 2015). These innovations created by social entrepreneurs are the cornerstone for socio-economic transformation.

According to Schumpeter, the fundamental impulse of capitalism is creative destruction, which is the process of destroying the old to create new product, service and process or market (Juma, 2014; Sledzik, 2013; Kaya, 2015; Eggink, 2013). Social entrepreneurship is associated with creative-destruction, which bring out new product and service for the society. Social entrepreneurs are chasing for products or services that are obsolescence, and try to bring out innovation, superior products to what is in existence.

According to Sledzik (2013), creative-destruction is the primary mechanism for economic development, business development and societal improvement.

Schumpeter had described innovative SE as the engine of 'creative-destruction' because it often introduces a new product, service, process and market. Creative-destruction is the primary mechanism for societies, business and economic development. Social entrepreneurs combine or recombine resources to meet the need of the people, thereby creatively destroying the pre-existing economic order. Social entrepreneurs create innovation. They create new products, services, process, markets and organizational inputs. Entrepreneurial innovations minimize cost, yield high output and economic development. Such a process of continual innovation can be carried out in all economic areas.



Schumpeter argued that anyone seeking to achieve social objectives as well as make profits must innovate. Schumpeter believes that innovation is as an essential driver of competitiveness and economic dynamics. He also believes innovation is the center of economic change causing gales of creative destruction. According to Schumpeter, innovation is a process of industrial mutation that incessantly revolutionizes the economic structure from within by destroying the old one and incessantly creating a new one (Balkiene & Jagminas, 2010; Sledzik, 2013; Kaya, 2015). As Ashoka founder, Bill Drayton commented that social entrepreneurs are not content to just provide a fish or teach how to fish, but social entrepreneurs will not rest until they have revolutionized the fishing industry (Wolk, 2007). Social entrepreneurs are creative thinkers, continuously striving for the creation of innovation that includes new technologies, supply of organization

sources, product or service, distribution outlet and production process. The innovative firm does not only produce new product or service but also generating sufficient surplus revenue to pay higher wages to an employee, generate higher revenue (tax) to government and higher returns to other stakeholders (Lazonick, 2013).

Innovations are essential to drive development and social entrepreneurs are the central innovators. As Schumpeter described in the theory of economic development, the entrepreneur's main function is to allocate existing resources to new uses and new combinations. Innovation is the creative destruction that develops the economy while the entrepreneurs perform the functions of the change creator (Sledzik, 2013; Chiles, Bluedorn & Gupta, 2007). The social entrepreneur uses new knowledge to produce goods and services. To do this, the social entrepreneur also employs workers, capital and natural resources. Social entrepreneurs revolutionize the pattern of production through inventions.



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According to this theory, the entrepreneur is a creative and bold innovator who replaces old technologies with new technologies through a constant process (Eggink, 2013; Sledzik, 2013; Kaya, 2015). An entrepreneur is the distributive agent in the economy who engages in the process of creative destruction. Creative destruction is the process introduced by the entrepreneur whereby new products, services, or production techniques render old products or services or supply techniques obsolete. The most common example of creative destruction is the automobile, which led to the disappearance of the horse and buggy.

The entrepreneur discovers new information and new combinations of capital and resources and introduces these into the market place. By doing so, the entrepreneur disrupts the current state of production in the economy and brings forth the new idea that fundamentally alters economic production (Juma, 2014). Schumpeter gives an example of the textile industry that produces the hand-labor, where the entrepreneur invents something new and uses the power looms for production in textile industry. The invention of power looms by the entrepreneurs both raises the productivity of the textile industry by allocating each worker to produce more output per hour and by allowing textile mills to operate with fewer workers. The later aspect of the machine releases labor that can be used to produce other goods and services, such as cell phones, computers and cars. As Schumpeter explains, a worker with a loom produces six times higher than hand-worker in a day. Innovations, as well as new combinations of old products or processes are responsible for socio-economic transformation.



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Social entrepreneurs create value by directing idle resources into final products or services. Social entrepreneurs identify unemployed or underutilized resources, such as unused land, idle production facilities and unexploited technology or inventions and the entrepreneurs convert these idle resources into new products and services for the communities (Tanimoto, 2008). In other words, social entrepreneurs reduce social waste. Apparently, this theory enabled the researcher in this study to correlate entrepreneurial activity in the Eastern Cape Province and the reduction in poverty. This is because it is in this province that many resources have not been exploited to improve the lives of the people. However, it is worthy to mention that the concept of Schumpeter innovation theory is difficult to apply in developing countries.

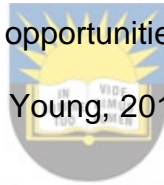
Social entrepreneurs in developing countries are rarely producing new brand of products or services; rather they imitate the products, services and the production processes that have been invented in developed countries. Even though Schumpeter has suggested that private innovators are the key driver of development and economic development, in most developing countries, the government is the biggest contributor to innovation (Juma, 2014). For instance, in the early industrial development of Japan, the state was greater innovator than the private one. In his other critics to innovation theory, Schumpeter believed that innovation is the only factor that drives development and economic development. However, according to Juma (2014), this view is far from reality because development and economic development of a country does not only rely on innovation but also on many political, institutional, economic and social factors. However, despite these critics, the study adopted Schumpeter innovation theory to correlate the entrepreneurial activities or innovations and poverty reduction in the Eastern Cape Province.



2.15.3 Opportunity creation theory

Alvarez and Barney (2007) proposed the opportunity creation theory. The purpose was to understand how an entrepreneurial opportunity is formed and exploited (Alvarez & Barney, 2007; Paula, 2016). This theory argues that opportunities are not just waiting to be discovered rather they are created by entrepreneur's action or activity. The entrepreneurs build mountains and are an essential source of opportunities (Alvarez & Barney, 2007). This implies that opportunities depend on entrepreneurial actions or activities.

According to opportunity creation theory, opportunities are not objective phenomena, formed by exogenous shocks to an industry or market (Alvarez & Barney, 2007; Shinde & Shinde, 2011). The opportunities do not evolve out of pre-existing industries or markets rather entrepreneurs create them. In this theory, the seeds of opportunities to produce new products or services do not necessarily lie in previous existing industries or markets; instead, they are created from entrepreneurs' own action (Alvarez & Barney, 2007; Paula, 2016). The theory assumes that entrepreneurs do not recognize opportunities first and then act; rather they act and create them (Alvarez & Barney, 2007; Hang, Garnsey & Ruan, 2013; Paula, 2016). When social entrepreneurs act, they bring changes in the societies. This theory argues that the process of enactment, and entrepreneur's actions and reactions will not only create new opportunities, but also bring about changes in the individual and communities (Alvarez & Young, 2010).



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Social entrepreneurs act to create opportunities and do something to solve social or environmental problems (Gonzalez, Husted & Aigner, 2017). Therefore, social entrepreneurs' activities create opportunities for the poor people. Opportunities can be the creation of employment opportunities, innovation, provision of social services and entrepreneurship skills and training. Additionally, opportunities can also be the reduction of ignorance or hunger and disease (Murphy & Coombes, 2007).

The finding of solutions to social problems, such as education, health care, electricity, water and sanitation, unemployment, poverty and hunger can be considered opportunity creation. Opportunity is a key characteristic of SE. In SE, opportunity means the creation of solutions for social or environmental problems.

Therefore, one of the efforts of SE is to reduce the number of people living in extreme poverty through the enhancement of nutrition, health, education, employment opportunities, innovation and entrepreneurship training and skills. Furthermore, opportunities can be economic opportunities, profit opportunities, marketing opportunities, innovative opportunities and entrepreneurial opportunities. These opportunities are created because of the entrepreneur's action or activity, which consequently create value and change the economy and the society.

In opportunity creation theory, the entrepreneur is not searching for ready-made business opportunities; instead, he or she begins to create opportunities by his or her own action or activity (Alvarez & Barney, 2007; Paula, 2016; Gonzalez *et al.*, 2017). This theory suggests that the evolutionary enactment process might not stop until the entrepreneurs create opportunities. Thus, social entrepreneurs create opportunities that have not existed before. This means that actions will evolve until the entrepreneurs have created opportunities.

This paradigm assumes that opportunities do not exist without action of the entrepreneur (Alvarez & Barney, 2007; Alvarez & Young, 2010; Gonzalez *et al.*, 2017). Opportunities are created endogenously, by the actions, reactions and enactment of entrepreneurs. Social entrepreneurs can decide what opportunity to create and use the available resources to create the opportunities for the beneficiary of the communities. Social entrepreneurs combine resources that produce new products or service and bring them to market. This act of creating a new combination (new product and service) can be seen as the creation of opportunity (Alvarez & Young, 2010).

There are two assumptions in this theory. The first assumption is that opportunities are not created without the action of an entrepreneur. The second view on opportunity creation assumes that opportunities are out there and need only to be discovered by an alert entrepreneur in order to exploit them (Alvarez & Barney, 2007; Oyson & Whittaker, 2012). Entrepreneurs are able to detect an opportunity, which others would not. Therefore, social entrepreneurs can create or discover opportunities.

According to opportunity creation theory, opportunities are social and economic value creation as the consequence of entrepreneurial activities. In other words, opportunities are investment, employment creation, enhancement of entrepreneurship training and skills, creating new organizations or markets and bringing products and services to the market. Whether social entrepreneurs operate in non-profit, for-profit or public sectors, they create opportunities for the communities (Dushin & Dodson, 2015). Social entrepreneurs have a vast potential for value creation than value capture because the benefit for society is larger than the financial benefits gained by the social entrepreneurs (Seelos & Mair, 2005). Social ventures create value by producing goods and services and employing disadvantaged populations. Other social entrepreneurs create social value by providing basic needs such as education, health care, water and sanitation as well as making loans to the poor that do not have access to capital due to lack of collateral. Therefore, this theory was very essential in this study in informing the identification of opportunities that were created by social entrepreneurs in Eastern Cape Province.

2.15.4 The positive theory of social entrepreneurship

The positive theory of SE was founded by Santos (2009). This theory helps to understand SE and its distinctive role in societies and economic system. The SE often involves systems of cooperation that transcend formal organizations benefiting the communities instead of the owners of the initiatives (Santos, 2009). The SE initiative aim is to fulfill the basic and longstanding needs, such as providing food, water, shelter, education and medical services among marginalized and vulnerable people. The principle philosophy in this theory is that social entrepreneurs address an issue that governments do not have resources to address, while the profit-driven businesses consciously focus on value appropriation (Kline, Shah & Rubright, 2014).

A positive theory of SE explains the social entrepreneurial process, motivation, mission and impact on societies. Social entrepreneurs are driven by a desire to create value for societies, not to appropriate values for themselves. Social entrepreneurs develop a solution for social problems based on empowerment than control (Santos, 2009). Social entrepreneurs build capacities or capabilities among the poor and marginalized people by providing training and business skills (Holmes & Sandhar, 2017).

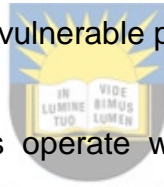
According to the positive theory of social entrepreneurship, the simple and appealing architecture of the economic system is ruined by the externalities (Santos, 2009). Externalities exist when economic activity creates positive or negative impacts beyond the objective function. Porter and Kramer (2011) add that externalities occur when firms bring negative effects they cannot bear, such as pollution. This theory points out that in order to obtain an optimal economic outcome, the economic actors should make a

decision to internalize these externalities. On the other hand, the governments should play a key role to internalize the externalities. The governments can use various mechanisms to correct negative externalities. Santos (2009) mentioned that regulations, taxation and market correction are the main government mechanisms to correct negative externalities. The government can introduce either regulation (example, recycling directives, the law forbidding production and consumption of narcotics) or incentives (example, gasoline and tobacco taxes) to forbidden the behavior that leads to negative externalities.

However, governments neglect some positive externalities due to lack of resources and multiple roles. Santos (2009) adds that despite government motivation, it fails to address positive externalities due to the scarcity of resources and lack of capabilities or inadequate attention. In this case, social entrepreneurs may intervene to compliment ineffective or resources constrained by governments in addressing positive externalities. This theory argues that SE is a mechanism for continuously identifying positive externalities to internalize them in the economic system as well as neglected positive externalities addressed by social entrepreneurs. The positive theory SE advocates that SE focus on value creation for societies instead of personal value appropriation. The following are the propositions of the positive theory to SE.

Proposition 1: The distinct domain of action of SE is addressing problems involving neglected positive externalities. Social entrepreneurs develop a solution through economic action to deal with externalities. On the other hand, they advocate for the creation of legislation that legitimizes and supports their innovations by governments.

Santos (2009) adds that when positive externalities accrue in a localized and powerless fragment of the population in respect of size, low status, low resources and the low ability for collective movement, the population has no power on public opinion. In this situation, governments find it difficult to justify spending resources and efforts on a specific segment of the population. Social entrepreneurs thus intervene in this domain by developing a solution to the problem and raise societal awareness about the problem. Social entrepreneurs combine both strategies and develop activities for the marginalized and vulnerable population in areas with positive externalities neglected by society, thus creating a multiplier impact effect (Santos, 2009; Kline *et al.*, 2014). Notably also, social entrepreneurs create positive externalities; they reduce malnutrition, disease and provide shelter and food for marginalized and vulnerable people.

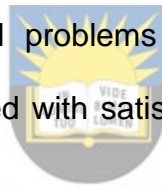


Proposition 2: Social entrepreneurs operate with localized positive externalities to benefit a powerless segment of the population. Social entrepreneurs operate towards offering service to disadvantaged segments of the population, particularly the poor, long term unemployed, disable, discriminated, and socially excluded (Holmes & Sandhar, 2017). The SE develops and validates a sustainable solution to social problems. It is also about dissemination of the solutions in a manner that allows others to adopt them as well. According to this theory, social entrepreneurs are an economic agent that performs a unique role in the economic system, which cannot be substituted by other institutional factors.

Proposition 3: Social entrepreneurs provide sustainable solutions than sustainable advantages. The unit of accrual of created value defines sustainable solutions. Social entrepreneurs create innovative solutions to the communities' problems.

Proposition 4: Social entrepreneurs develop solutions based on empowerment than control. One of the objectives of the SE initiative is to empower people. Empowerment, according to the WB (2007) and Hope Sir (2012) is the process of increasing the assets and capabilities of individuals or groups to make purposive choices and transform those choices into desired actions and outcomes.

Social entrepreneurship is a complementary economic sector that is based on value creation and operates by its own rules and logic. It has the ability to address some of the most pressing social problems in modern societies. The SE uses business knowledge and entrepreneurial principles to solve critical dilemmas facing society regarding economic, social and environmental problems (Holmes & Sandhar, 2017). Social entrepreneurs therefore are concerned with satisfying the basic needs of communities rather than the commercial goods.



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This study therefore chose the positive theory of SE because it provides good insight about SE and its role in poverty reduction and other social problems. Social entrepreneurial activities provide a response to the communities' problems. Holmes and Sandhar (2017) argued that SE has the potential to provide solutions to the communities' problems. Perhaps, it is for these reasons that SE is believed to be the most important intervention strategy in addressing socio-economic problems. For instance, the social impact created by social entrepreneurs is job creation, increased access to goods and services, increased skills and capabilities, improvement of household income and communities' welfare. The next section discusses the empirical evidence of SE and poverty reduction.

2.16 The importance of social entrepreneurship in sustainable development

Development practitioners, academicians, researchers, governments, policymakers and international organizations have significantly acknowledged the role of SE in development (Jeffs, 2006; Wolk, 2007; Jiao, 2011; Daniel, 2014). For instance, in his 2007 State of address, former President George W. Bush stated that SE is an important tool to bring socio-economic transformation, sustainable and inclusive development in the United States (Wolk, 2007).

The number of social entrepreneurs and the scope of their activities are reportedly increasing globally, particularly in low-income countries due to the existence of numerous socio-economic problems (Holmes & Sandhar, 2017). Apparently, this is because social enterprises create jobs and livelihood opportunities, increase household incomes and growth of products and services. Moreover, SE contributes to poverty alleviation through different mechanisms. Firstly, SE creates innovation (new goods and services) for the communities. Secondly, SE provides employment opportunities and job training to vulnerable and disadvantaged groups, such as homeless, women, disabled people and youth, which leads to equitable society. Thirdly, SE also provides social services (education, health, shelter and clean water and sanitation) for marginalized and excluded people when state and market fail to do so. Education and health are some of the areas that can fill the gaps in the service provision of the government, particularly the hard to reach rural or neglected areas.

India is the most successful Asian country in addressing the challenges of development through SE activities. According to Asian Development Bank (ADB, 2016), SE plays a

crucial role reducing poverty in India through job creation, provision of goods and services, skills and knowledge development, and provision of social services. Additionally, SE has the potential to increase investment, trade activities, government revenue, and capital accumulation. Social entrepreneurs are self-reliant, financial sustainable and problem solving (Mori & Fulgence, 2009).

Most social enterprises at their inception are small or medium sized enterprises. European governments implement policies that sensitize citizens to involve in SMEs. The creation of SMEs leads to increased economic diversity, which in turn promotes greater economic growth and job creation. SE contributes substantially to the economy (Wolk, 2007; Steinman, 2010; BC, 2015; ADB, 2016). For instance, cooperative is the most common form of SE in Kenya, which contributes to 45% of the GDP and 31% of the total savings and deposits. Meanwhile, in New Zealand, cooperatives account for 22% of the GDP of the country.



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The social sector plays a crucial role in the economy of South Africa. It is assumed that Non-profit sectors spend more than 12.5 billion per annum, which contribute 1.4% of the country's GDP (Steinman, 2010). The social sector in South Africa involves a wide variety of organizations across the political, economic, cultural and social spectra of society and ranges from religious to community-based organizations, charitable welfare to developmental NGOs.

Social entrepreneurship provides innovative solutions to social or environmental problems (Steinman, 2010). There is strong evidence that SE is an important and growing contributor to overall economy of both developed and developing countries through

innovation. Social entrepreneurs create innovations that help to meet basic needs as well as to solve social problems. According to GEM report on SE, 1.6% of the world innovations come from social entrepreneurs (Bosma *et al.*, 2015). Furthermore, the report revealed that 4% of innovations that were created in countries such as Israel and Philippines are derived from social entrepreneurs. Innovation can be a new product, service, market, process and organizational inputs. Therefore, innovation is the major driver of development and economic development. This enhances government revenue, investment, job creation and trade activity.

2.17 Social entrepreneurship and poverty reduction

Throughout the world, SE plays a significant role in addressing poverty (Jeffer, 2006; Jiao, 2011; EU, 2013). Many developed countries, particularly Western European and North America regions included SE in their developmental policy as a key intervention strategy for poverty alleviation. The contribution made by social entrepreneurs to a nation's economic, social, cultural and environmental wealth being are recognized by many development partners, policymakers, scholars, and international agencies.

The SE plays a vital role in addressing the developmental challenges of South Africa. It creates innovative solutions for socio-economic problems in South Africa, such as poverty, unemployment, inequality, HIV/AIDS and lack of social services (Urban, 2008; Visser, 2011; Franchi *et al.*, 2014; Littlewood & Holt, 2015). Various studies in South Africa revealed that SE provides a better solution to the social problems in the country through job creation, innovation, provision of social services, and skill development (Watters, Willington, Shutte & Kruh, 2012; Littlewood & Holt, 2015).

Watters *et al.*, (2012) carried out a survey on the relationship between SE and poverty reduction in South Africa, and concluded that SE has a direct impact in the reduction of poverty in South Africa.

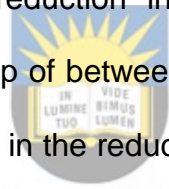
The SE contributed to poverty reduction in the country through innovation (new goods and services), employment creation and provision of social services (education and health services). Manyaka-Boshielo (2017) also conducted a study in South Africa to examine the relationship between SE and poverty reduction. The study found that SE has a positive impact in the reduction of poverty in South Africa. SE immensely contributed to poverty reduction through job creation, provision of basic needs and skills and knowledge.

Meanwhile, empirical studies in many countries around the world have also shown that SE has a positive impact on poverty reduction (Jefferies, 2006; EU, 2013; Sijabat, 2015). For example, SE reduced poverty by delivering public services and provision of goods and services. Anantha (2013) in his study found that SE has a direct impact on poverty reduction and noted that social enterprise organizations have improved the lives of millions of people in Asia, particularly India, Singapore and Malaysia by creating livelihood opportunities and expanding access to affordable services. For instance, social enterprise organizations and CSOs initiatives in Malaysia has an impressive record of accomplishment of poverty reduction from 50% of household in the 1980s to 5% in 2007.

A study conducted in Bangladesh and Indonesia found that SE creates economic opportunity for the poor through enabling access to financial sources, the introduction of new goods and services, empowerment of communities and job creation, which in turn leads to poverty reduction (Sijabat, 2015; Faruk *et al.*, 2016).

Similarly, a study conducted by Mutarubukwa and Mazana (2017) examined the impact of SE in poverty alleviation as well as its challenges in developing countries using Tanzania as a case study. The study established that SE contributes to poverty reduction in Tanzania through innovation, skill development, provision of social services and employment creation. Further, Daniel (2014) investigated the role of SE in poverty alleviation in Haiti and the study concluded that SE is the major instrumental in poverty reduction in Haiti. Thus, SE contributed to poverty reduction in Haiti through job creation, provision of basic needs and innovation (new products, services or process).

In agreement, Sultan, Ahmad, Khan and Rahman (2018) in their study concluded that SE has a positive impact on poverty reduction in Pakistan. Similarly, Edobor (2018) conducted a survey on the relationship of between SE and poverty reduction in Nigeria and found that SE has a direct impact in the reduction of poverty in Nigeria. SE reduced poverty in the country through increasing income, employment creation and skill development.



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2.18 Social entrepreneurship and employment creation

The SE plays a crucial role in employment creation. It provides employment opportunities, particularly for disadvantaged and vulnerable that cannot be employed by the commercial organizations or public sectors. Empirical evidences from many countries around the world demonstrated that SE plays a pivotal role in economy and employment creation opportunities. Globally, SE on average employs 4% of working population (Myres, Mamabolo, Mugudza & Jankelowitz, 2018). Meanwhile, the European Commission (EC, 2012) estimates there were approximately 2 million social entrepreneurs operating in

Europe, which accounted for approximately 10% of all business in Europe. They employ approximately 11 million people in Europe, equating to 6.7% of the EU's wage earning population (Monzon & Chavez, 2008).

However, the repetition of the study in 2010 to investigate the contribution of SE in employment creation in Europe discovered that the SE sector employed more than 14 million people in Europe (Monzon & Chavez, 2008). Thus, it is correct to argue that SE plays a vital role in the European economy and contributed to 10% of the European economy (EC, 2013). The involvement in SE activity has increased in European countries. Approximately, 7.5% of the active population in Finland, 5.7% in the UK, 5.4% in Slovenia, 4.1% in Belgium, 3.3% in Italy and 3.1% in France were involved in SE activities (EC, 2013).



The contribution of SE to the European economy and employment creation has increased significantly. Social entrepreneurship is a vast sector in Europe, which engages various sectors, such as education, health, financial services, food security, and water and sanitation. The SE involves cooperatives, mutual trust, charities, associations, foundations and community-owned enterprises. Social enterprises had 14.5 million paid employees, which accounted for 7.4% of the working age population of the European countries (EC, 2013). In Europe, cooperatives are the largest entities in the social economy, which accounts for 50% of total employment of the social economy sector (EC, 2013). Cooperative enterprises are the main source of employment opportunities for women and elderly people. According to the EC (2013), there are more than 160, 000 cooperative enterprises in Europe, which create 5.4 million job opportunities to the

European people. Worldwide, there are an over a million of cooperatives, which provide 100 million jobs opportunities (EC, 2013).

In 2005, there were over 7300 social cooperatives in Italy, employed over 244 000 people (Galera & Borzaga, 2009). Meanwhile, a survey showed that the SE sector accounts for 10% of employment in Latvia regions (Dobele, Dobele & Sannikova, 2010). In the UK, SE is rapidly growing and becomes the important source of employment, particularly for disadvantaged group such as disabled persons and marginalized minorities (Drencheva & Stephen, 2014). According to the BC (2015), there were approximately 70 000 social entrepreneurs in the UK, which employed over 2 million people and contributed to over £ 24 billion of the UK economy. Most of these social entrepreneurs provide social services, such as health, education and employment creation and skill development, particularly to the vulnerable and disadvantaged groups. Most social enterprises in the UK are SMEs. Approximately 24% of SME employers in the UK in 2012 were social enterprises (UK government, 2013). Meanwhile, in countries like France, Belgium and Ireland, the SE sector contributed to 10% to the employment sector (Wildmannova, 2017).

In Spain, the official definition of SE is yet agreed upon. Nevertheless, the promotion of SE is embedded in Spain Constitution, which states that public departments have the obligation and mandatory responsibility to facilitate and support the development of SE (Li & Wong, 2007). In 2006, there were more than 51 500 social entrepreneurs in Spain, 96% of who were micro and small enterprises. They employed more than 2.4 million people, accounting for 25% of Spain total working population (Li & Wong, 2007). In 2004, social enterprises generated a turnover of 87 billion Euros, accounting for more than 7%

of Spain GDP. Mondragon Corporacion Cooperative (MCC) is the biggest social economy enterprise in Spain, with 83 601 employees and assets of 22.6 billion Euros in 2006 (Li & Wong, 2007). This enterprise has been an income-generating business since 1956. MCC has been involved in various business activities, such as banking, insurance, social welfare and the production of foods (agricultural foods). It also provides vocational training and teaching for local communities including university students.

Social enterprises are the major contributor to job creation and GDP in North American countries (the US and Canada). In the US, the SE sector comprises of private sector, the Non-profit sector and public or government sector. According to Wolk (2007), the private sector in the US contributes \$13 trillion GDP of the country, employing more than 115 million people. Meanwhile, the public or government sector generates \$4.3 trillion in revenue annually and employed 18 million people. Approximately, there are 1.4 million voluntary or Non-profit organizations in the US, which generate \$1.4 billion in revenue annually and employed 9.4 million people. In general, in the US, the SE sector employs over 10 million people, with revenues of \$ 500 billion, accounting for approximately 3.5% of total US GDP (Thornley, 2012). In the meantime, data on voluntary and Non-profit sector extrapolated that there were more than eighteen million Canadians involved in the social economy (Mendell, 2007). There are over 160 000 NPOs in Canada, employing two million people and generating 75 billion annual revenues. The country also has 9000 cooperatives with sixteen million members, which accounted for \$225 billion in assets (Mendell, 2007).

Previous studies have also evidenced that SE is the main source of jobs and innovation in Asian countries. Social enterprises in China create many jobs opportunities for local communities. Most social enterprises work in education, health, social inclusion and economic development. In India, 26% of social enterprises hired average of five employees, while 4% of social enterprises hired more than 200 employees (ADB, 2016). At least one-fourth of social enterprises in India serve at least 50 000 beneficiaries at the bottom of the pyramid (BoP) annually, and they mostly operate in education, healthcare, water and sanitation sector (ADB, 2016).

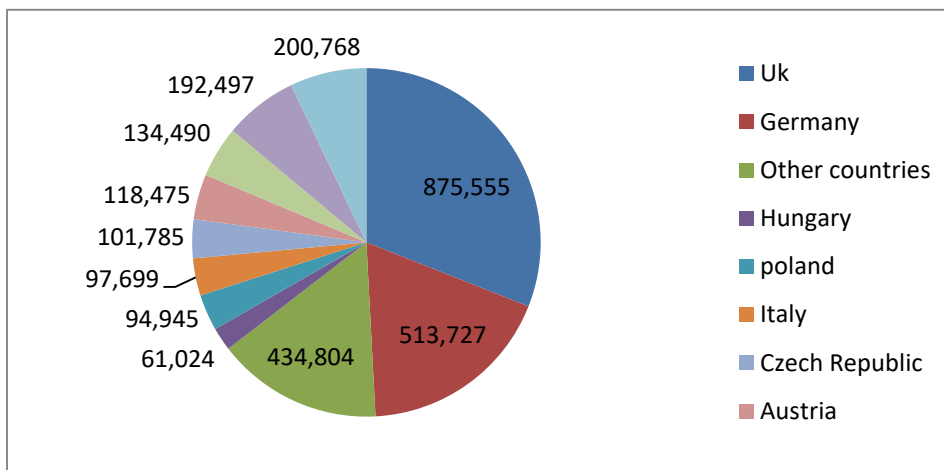
Bangladesh Rural Advancement Committee (BRAC) is one of the most typical example of social enterprises, which was founded in Bangladesh. It also operates in ten other developing countries. In 2005, BRAC had 111 000 paid employees and 138 million beneficiaries worldwide. So far, BRAC has trained 120 000-community health workers worldwide, provided credit and saving services to 5.3 million individuals, schooling 13.3 million students and equipped 41.6 million households with a hygienic latrine system (ADB, 2016).

Another example is that of, Amul (inclusive business) an Indian dairy cooperative with an annual turnover of US\$ 3.5 billion. Amul is jointly owned by 3.2 million milk producers, supporting 15 million milk producers across India (ADB, 2016). Each farmer receives approximately 80% of the overall profits. Further, Amul cooperative has created economic independence for Indian women. Approximately, 3.7 million women in India were a member of Amul cooperative in 2008.

In Brazil, SE provides employment opportunities for many people in the country particularly marginalized and vulnerable groups, such as women, elderly people and handicapped. According to United Nation (UN, 2014), there were over 22 000 thousand social enterprises in Brazil, most of which registered under the name of cooperative and they employed 1.7 million people in the country.

The government of South Africa acknowledged the role of SE in addressing the socio-economic problems of the country. As Mr Ebrahim Patel, the Minister of Economic Development in 2011 stated that South Africa’s new growth path would be driven by the social economy. He further said that SE has profound contribution to job creation goals in South Africa of which five million new jobs are set for 2020. He estimated that 260 000 jobs would be created by the social entrepreneurs by the year of 2020 (Moss, 2012). Therefore, the growth and expansion of the SE would assist the government in its effort to reduce poverty, unemployment and inequality in South Africa. The following figure shows the numbers of social entrepreneurs in European countries

Figure 2.1: Number of social entrepreneurs in European countries



Source: European Commission, 2013

Figure 2.1 indicates the number of social entrepreneurs in European countries. The UK has the highest number of social entrepreneurs followed by Germany and France respectively as shown in Figure 2.1.

2.19 The challenges of social entrepreneurship sector growth

Social entrepreneurship can become part of the mainstream economy if a conducive environment is created for the growth of SE (EU, 2013; Drencheva & Stephan, 2014; Smith & Darko, 2014). The SE as seen earlier has the ability to bring fair and equitable social transformation, inclusive and sustainable development. Access to capital, market and availability of business infrastructure are key to the creation of SE activities (Steinman, 2010; Moreno & Agapitova, 2017). Social entrepreneurs are usually financed by a combination of market resources (sale of goods and services), non-market resources (donations and grants) and non-monetary resources (volunteer work).

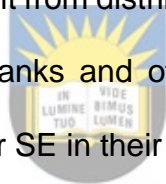


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It has been recorded that social enterprises experience the same problems as commercial businesses in accessing finance, loans and investment (Mori & Fulgence, 2009; Steinman, 2010; Kazmi *et al.*, 2016; ILO, 2016; Coetzee, 2016). The lack of an appropriate framework, including specific legal structures, organizational support structures and inadequate finance deter the growth of SE. The legal frameworks adopted by the social entrepreneurs makes it difficult to get loans from financial institutions. Lenders do not understand the characteristics of social entrepreneurs and it is too difficult to assess the risk profile of social entrepreneurs (Li & Wong, 2007; ILO, 2016). In lending to social businesses, banks follow the same criteria or procedures for any other businesses. Criteria, such as cash flow, the provision of security, the record of

accomplishment of the applicant, other financial interests and commitments and recommendations from referees are required by banks. Therefore, social entrepreneurs may not have a proven record of accomplishment of financial statement and assets to use as collateral. As a result, social entrepreneurs continue to rely on personal funds, donations, or service charge as a major source of their financing.

The choosing of a legal framework for SE is a difficult task. If a social enterprise takes the form of profit entity, it may be difficult to attract investment from NPOs or the government because of internal revenue service (IRS) restrictions on non-profits. On the other hand, if a social enterprise undertake to register as non-profits entity, it will be unable to obtain investment funds because law inhibits it from distributing profits. This makes it too difficult to obtain financial assistance from banks and other financial institutions. Hence, this hampers the growth and expansion for SE in their attempt to reduce poverty.



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Restrictive legislation and bureaucratic processes limits the expansion and growth of SE. Many countries around the world including South Africa do not have a specific policy that deals with SE growth and development (EU, 2013; ILO, 2016). Further, issues such as lack of capital, inadequate advisory and technical assistance and lack of business and financial management skills have constrained the growth for SE (Kazmi *et al.*, 2016). An additional challenge is the lack of Business Development Service (BDS) for social entrepreneurs. The BDS does not actively encourage providing the services that are most needed by social entrepreneurs (Steinman, 2010). Meanwhile, most of the support institutions that provide BDS for social entrepreneurs in South Africa are concentrated in urban areas or cities, and they do not have venture in rural areas (Steinman, 2010).

2.20 Chapter summary

This chapter focused on literature review conceptual, empirical and theoretical frameworks for understand the social entrepreneurship and poverty dynamics in the world, and South Africa in particular. Therefore, concepts such as entrepreneurship, social entrepreneurship and poverty were discussed. The review indicated that there are different views on entrepreneurship, social entrepreneurship and poverty. Furthermore, this chapter discussed the historical development of SE and its operationalization in various parts of the world. From analysis of previous studies, there is no universal agreed definition of SE. The definition of SE varies from country-to-country as well as region-to-region. Moreover, in most countries of the world, there is no specific policy framework for guiding the operations of SE, which leaves the social entrepreneurs to register their ventures under cooperatives, NGOs, trust and private business.

Additionally, the chapter provided various empirical evidences on SE and poverty. The results revealed that there is a direct relationship between SE and poverty reduction. In many countries in the world, many empirical evidences show that SE has a profound impact on poverty reduction. It reduces poverty through innovation (new goods, services or markets), skill development, employment creation and provision of social services. Furthermore, the chapter discussed the contribution of SE to employment. The review showed that SE immensely contributes to employment in many countries of the world. The challenges to SE growth were also discussed in this chapter. Lack of finance, market access, skilled labour, poor business infrastructure, regulatory policies and bureaucracy are the key challenges to SE growth. The chapter that follows provides a detail description of the study area.

CHAPTER THREE

BACKGROUND OF THE STUDY AREA

3.1 Introduction

The previous chapter presented the literature review, which comprised conceptual, theoretical, and empirical evidences on social entrepreneurship. This chapter provides an overview of the socio-economic profile of South Africa as well as the Eastern Cape Province. A general overview, such as geography, demographics, education, economic activity, climatic conditions, and poverty and unemployment rate of the Eastern Cape Province are discussed in this chapter. The chapter begins by providing a short synopsis of the historical background of South Africa.



3.2 Socio-economic review of South Africa

South Africa is located in the Southern tip of Africa. It borders the Atlantic Ocean on the west as well as the Indian Ocean on the south and east. Along its northern, border from west to east border countries, such as Namibia, Zimbabwe and Botswana and to the northeast Swaziland and Mozambique (Department of Environmental Affairs (DEA), 2016). There is also the Republic of Lesotho surrounded by South Africa. South Africa also has a long coastline that stretches along the Atlantic and the Indian Ocean, which covers 2798-kilometers. The country covers a total land area of 1 221 037 kilometer square, which makeup the 25th largest country in the world.

The country is divided into nine provinces, namely Kwa Zulu Natal, Northern Cape, Western Cape, Gauteng, North West, Free State, Limpopo, Mpumalanga and North West

(SSA_a, 2017; DEA, 2016). These provinces have their own legislative, executive, judiciary councils and premiers. The Gauteng Province has the biggest economy in South Africa followed by Kwa Zulu Natal, and Western Cape, and they contribute 35%, 16.4% and 14.8% of the national GDP respectively (Jonas, 2013). Figure 3.1 below presents the map of South Africa.

Figure 3.1: South Africa map



Source: Google Map

South Africa constitutes the largest economy in Africa after Nigeria (Jonas, 2013; DEA, 2016). It has the highest GDP per capita compared to other sub-Saharan Africa countries. South Africa has a diverse economy, which depends on mining, agriculture and manufacturing sectors. The tertiary sector is the major contributor to the employment sector and GDP in the country (Jonas, 2013).

It contributes 69% to GDP and 72% to the employment sector in South Africa. South Africa is the home of more than 56 million people (SSAa, 2017).

South Africa faces numerous socio-economic problems, such as poverty, unemployment, HIV/AIDS, low economic growth, inequality and crime. Poverty in South Africa is often rural phenomena. The poverty trends report from 2006 to 2015 revealed that approximately 55% of people in South Africa lived in poverty, with the majority being the rural dwellers (SSAa, 2017). Rural poverty was 70% compared to 30% of urban poverty. Black South Africans, particularly women, children and household heads are the most vulnerable groups to poverty in South Africa. Approximately, 28.7% of children between the age of four and six are undernourished. Table 3.1 shows the poverty trends in South Africa provinces.



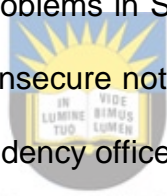
Table 3.1: Poverty trends in South Africa provinces

Poverty rate	2006	2009	2011
National poverty rate	57. 2 %	56. 8%	45. 5%
Western Cape	36. 9%	35. 4%	24. 7%
Eastern Cape	69. 5%	70.6%	60. 8%
Northern Cape	63. 8%	63%	46.8%
Free State	53.2%	61.9%	41.2%
KwaZulu-natal	69. 1%	65%	56.6%
North West	60.2%	61.4%	50.5%
Gauteng	32.4%	33%	22.9%
Mpumalanga	66. 3%	67.1%	52.1%
Limpopo	74.4%	78.9%	63.8%

Sources: Statistics South Africa, 2014

Table 3.1 shows that Limpopo had the highest poverty rate in the country followed by Eastern Cape accounting for 63.8% and 60.8% of the country's poverty rate respectively in 2011. Meanwhile, the poverty rate in South Africa has reduced significantly over the past years. For instance, at the national level, the poverty rate fallen to 45.5% in 2011 from 57.2% in 2006 as shown in Table 3.1 above. Perhaps, this is due to the interventions taken to reduce poverty in South Africa. The country also has a high unemployment rate like many African countries. Many South Africans, particularly the youth remain jobless. The report released by the SSA_a (2017) indicated that the official unemployment rate in South Africa was 27.7% in the first quarter of 2017.

Food insecurity is also other social problems in South Africa. Many people, particularly rural dwellers in the country are food insecure notwithstanding the self-sufficiency of the country at the national level (The presidency office, 2014). The following table 3.2 shows the unemployment rate in South African by provinces.



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Table 3.2: South Africa unemployment rate

	Official unemployment rate					Expanded unemployment rate				
	Jan-Mar 2016	Oct-Dec 2016	Jan-Mar 2017	Qtr-to-Qtr	Year-on-year change	Jan-Mar 2016	Oct-Dec 2016	Jan-Mar 2017	Qtr-to-Qtr	Year-on-year change
	Percent			Percentage points		Percent			Percentage points	
South Africa	26,7	26,5	27,7	1,2	1,0	36,3	35,6	36,4	0,8	0,1
Western Cape	20,9	20,5	21,5	1,0	0,6	23,0	23,6	24,7	1,1	1,7
Eastern Cape	28,6	28,4	32,2	3,8	3,6	44,6	41,3	43,6	2,3	-1,0
Northern Cape	27,8	32,0	35,5	-1,3	2,9	38,7	43,3	43,9	0,6	5,2
Free State	33,9	34,7	25,8	0,8	1,6	39,4	40,9	41,7	0,8	2,3
Kwazulu-Natal	23,1	23,9	26,5	1,9	2,7	38,8	40,7	41,0	0,3	2,2
North West	28,1	26,5	29,2	0,0	-1,6	43,1	40,9	41,7	0,8	-1,7
Gauteng	30,2	28,6	29,2	0,6	-1,0	33,3	32,1	32,0	-0,1	-1,3
Mpumalanga	29,8	31,0	31,5	0,5	1,7	41,2	42,1	41,2	-0,9	0,0
Limpopo	18,3	19,3	21,6	2,3	3,3	38,5	34,1	38,2	4,1	-0,3

Source: Statistics of South Africa, 2017

As indicated in Table 3.2, there is high rate of unemployment in South Africa. The unemployment rate increased to 27.7% in the first quarter of 2017 from 26.5% in the fourth quarter of 2016. Free State and Eastern Cape Provinces recorded the highest unemployment rate in the country by registering 35.5% and 32.2% of unemployment rate

in the first quarter of 2017 respectively. Notably, the unemployment rate increased in all Provinces of South Africa except in the Northern Cape and North West Provinces.

HIV/AIDS is also one of the burdening social ill in South Africa and is attributed to the shortage of human skill and manpower in the country. South Africa has the highest number HIV/AIDS rate in the world (SSA_a, 2017). According to the SSA_a (2017), there were approximately 7.06 million people in living with HIV/AIDS in 2017, representing 12.6% of the South Africa population. This high incidence of HIV/AIDS in South Africa is perpetuated by poverty. Therefore, there are multiple dimensions of poverty in South Africa. The complexity of poverty attract different theorists and scholars views on the cause of poverty and its solutions. Poverty can be a natural occurrence or caused by the deprivation of minimum requirements and capabilities or as the result private ownership (Mpofu & Ndlovu-Gatsheni, 2019). For instance, the capability approach views the occurrence of poverty as the lack of capability, skill and freedom, while the trickle down theorists posits poverty as the result of natural occurrence. For the political economist, poverty is as the result of unequal distribution of wealth and income rather than merely biological disposition. The following section discusses the socio-economic profile of the Eastern Cape Province. Furthermore, it discusses the level of poverty and unemployment in the Province.

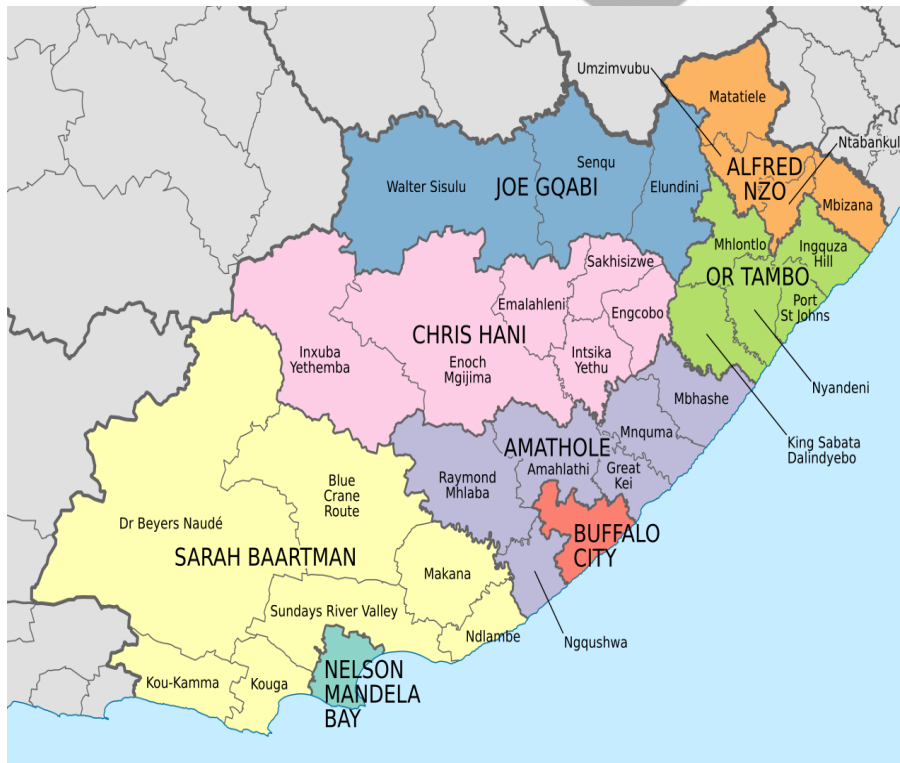
3.3 The socio-economic review of the Eastern Cape Province

This section provides an overview of the geography, poverty and unemployment, literacy levels as well as economic activity of the Eastern Cape Province.

3.3.1 Geography

The Eastern Cape Province was formed after the advent of democracy in 1994 and is made up of the former homelands of Ciskei and Transkei where unemployment and poverty remained high during the apartheid era (Rogan & Reynolds, 2014). The Province is located in the Southeastern part of South Africa and shares its border with Kwa-Zulu Natal in the North-East, Free state and Lesotho in the North, Northern Cape in the West and the Indian Ocean in the South and Southeastern. Eastern Cape is divided into metros and six district municipalities. The Nelson Mandela Bay metro municipality (NMBMM) and Buffalo City Metro Municipality (BCMM) are classified as Metropolitan municipalities. The six district municipalities are Alfred Nzo, Amathole, Sarah Baartman, Chris Hani, Joe Goabi and O.R. Tambo. Figure 3.2 shows an extraction of Eastern Cape Province.

Figure 3.2: Eastern Cape Province map



Source: Google map

3.3.2 Demographic

The Eastern Cape is home to 6.7 million people, which accounts for 12.8% of the national population (Jonas, 2013). Of the 12.8% population, 87.6% is African, 7.5% Coloureds, 4.7% White and 0.3% Indian (SSAa, 2017). Youth constituted the highest percentage of the provincial population. According to Jonas (2013), 57% of the Eastern Cape Province population is youth, which is below 30 years of age.

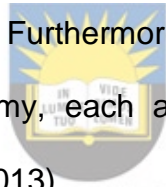
3.3.3 Literacy level of the Eastern Cape Province

Education increases employment opportunities, life expectancy and expands opportunities (Omniyi, 2013). The province has a high illiteracy rate in the country, particularly among the youth. Approximately 15% of people above 20 years of age in the province cannot read and write (Hamann & Tuinder, 2012). In 2010, approximately 500 000 adults in the province were not educated. This represents 7.2% of the population of the province. Majority of the illiterate people in Eastern Cape Province are black South Africans. During the apartheid era, black Africans were denied access to education and subjected to an inferior education standard compared to their white counterparts. This is attributed to the highest rate of unemployment and poverty in South Africa today. Lack of education is correlated with poverty and unemployment. A statistical analysis from the LFS revealed that most of unemployed people in South Africa have an education level below matric (SSA, 2019).

3.3.4 Economic activity

According to the Eastern Cape Rural Development and Agrarian Reform (ECDAR, 2016), the economy of the Eastern Cape Province largely depends on the service sector.

The service sector is made up of transport, communication, tourism, finance, real estate, wholesale and retail services. The service sector is the major contributor to the provincial economy. The service sector contributed 77% of the provincial economy in the mid of 2011 (Jonas, 2013). The manufacturing sector is also the major contributor to the provincial economy and is made up of automotive, food processing, textiles and clothing, chemicals, machinery products, metal and electronics industries. The manufacturing sector is mostly dominated by the automotive industry and plays a crucial role in contributing extensively to the GDP growth in the Eastern Cape Province. According to Jonas (2013), the manufacturing sector contributes eighteen percent (18%) of the provincial economy and eleven percent (11%) of the employment sector. The NMBMM and BCMM are the major manufacturing centres in the province. Furthermore, NMBMM and BCMM are the biggest contributors to the provincial economy, each accounting for 45% and 21% of the provincial GDP respectively (Jonas, 2013).



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Agriculture is also the source of income and employment opportunities for many people in Eastern Cape Province. According to ECRDAR (2016), the agricultural sector employs six percent of the workforce in the province. Furthermore, agriculture is also an important source of food, raw materials for industries as well as foreign exchange earnings for the country. The Eastern Cape Province contributes seven percent (7%) to South Africa's GDP (Hamann & Tuinder, 2012; Jonas, 2013). The economy of the province has a lower contribution to the country due to the absence of a mining sectors found in other provinces of the country.

3.3.5 Poverty and unemployment in the Eastern Cape Province

The Eastern Cape Province faces a number of challenges, such as high poverty, unemployment, underdevelopment, income inequality, crime and HIV /AIDS, which causes skewed economic growth (ECSECC, 2012; Hamann & Tuinder, 2012; Jonas, 2013; SSA_a, 2017). The province has the highest poverty rate in the country, which is most prevalent, particularly in the rural areas. According to SSA_a (2017), approximately 67% of the population in the Eastern Cape Province live in extreme poverty and the majority are rural dwellers living in the former homelands of Transkei and Ciskei. Poverty in these homelands today is worse than it was before in 1994 (Westaway, 2012). Social services, such as education, health, clean water and sanitation and electricity have been woefully inadequate.



Many people in the Eastern Cape still depend on firewood for energy and the rivers for drinking water (Westaway, 2012). The statistics released from General Household Survey (GHS) showed that, approximately 25.8% of households in the Province rely on dams, rivers and streams for water use (SSA_b, 2017). Furthermore, report from the GHS indicated that 25.2% of households in Eastern Cape Province use paraffin, firewood, and charcoal for cooking. Majority of the people in the province rely on remittances and social grants such as child grant, disability grant and old age grant for their living. Eastern Cape Province has the highest grant recipients in the country. Reports from the SSA_a (2017) indicated that more than half households in the Province rely on social grants for their livelihood.

Poverty in Eastern Cape Province is much directly linked to the historical economic development neglected by the apartheid government. The province was reserved for tenants and labor for the rest part of the country. The majority of black Africans were denied access to land, assets, business and education (Hamann & Tuinder, 2012). During the apartheid era, the majority of the land in South Africa was in the hands of the white minority. More than 80% of land in South Africa was owned by white people despite the majority of population of being blacks in the country.

The segregation of apartheid policy deported many blacks into designated homelands or Bantustans areas (Hamann & Tuinder, 2012). One of the apartheid government's acts of segregation was the Bantu Authorities Act of 1951. For instance, in the area of Eastern Cape, the apartheid government created homelands, such as Transkei (in 1951) and Ciskei (in 1961). The discrimination policies were the major cause of landlessness, poverty and high dependency in the country. Due to these previous settlement arrangements, the province is characterized by high levels of food insecurity. Approximately 78% of households in Eastern Cape Province experience food insecurity (Jonas, 2013), the majority being rural dwellers, particularly black African households.

Eastern Cape Province also has the highest unemployment rate in the country, which affects both gender (male and female). The data released from LFS showed that the unemployment rate in the Province had risen to 35.4% in 2019 from 34.2% in 2018 (SSA, 2019). The unemployment rate in the province was highest in Amathole and NMBMM because these municipalities are more urbanized and probably attracted many job seekers from rural areas.

However, the unemployment rate is very low among the white and Asian populations compared to their African and Coloureds counterparts. The high unemployment rate in the province creates severe socio-economic problems in the province, such as poverty, crime, HIV/AIDS and migration.

The HIV/AIDS is a serious social problem in the Eastern Cape Province. The HIV/AIDS prevalence is higher, particularly among the people of low socio-economic status and African women (Hamann & Tuinder, 2012). The people aged between 24 and 34 years are the most exposed group to HIV/AIDS risk in the province. In 2009, approximately 42% of all deaths in the Eastern Cape Province were associated with HIV/AIDS (Hamann & Tuinder, 2012).



Therefore, the promotion of social entrepreneurial activities in the Eastern Cape Province can play a crucial role in addressing poverty, unemployment, inequality and other social ills. Various empirical studies around the globe revealed that SE plays a crucial role in addressing the triple challenges such as poverty, unemployment and inequality (Poon, 2011; Defourny & Nyssens, 2012; Daniel, 2014; Holmes & Sandhar, 2017). The primary aim of SE is to create social value than wealth creation or profit generation. The SE creates employment opportunities, innovations (new product, service or market) and provides social services, skills and financial support through loans. These activities have a great impact in the reduction of poverty in South Africa. Therefore, the government and other relevant stakeholders should establish an appropriate legal framework to enhance its contributions to poverty reduction and development in large.

3.4 Chapter summary

This chapter presented the socio-economic profile of South Africa as well as the Eastern Cape Province. A general overview, on geography, demographic and economic status of South Africa and Eastern Cape Province were presented. Furthermore, the social problems, such as poverty, unemployment, inequality, food insecurity and HIV/AIDS of South Africa were discussed. This chapter also highlighted the level of poverty and unemployment among the provinces of South Africa.

This chapter discussed the severity of socio-economic problems in the Eastern Cape Province, such as poverty, unemployment, inequality, food insecurity and HIV/AIDS. Millions of people in South Africa as well as the Eastern Cape Province live in extreme poverty. The most poverty-stricken are the black population, particularly women household heads, people living disabilities, children and the less educated people. There are different views on the cause of poverty and its solutions in South Africa. Unemployment, low economic growth, lack of resources, skills and quality education are believed to be some of the attributor factors of poverty in South Africa.

The next chapter is on research methodology. The chapter discusses the various research techniques that were used to analyse the role of SE in poverty reduction in the Eastern Cape Province.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Introduction

The previous chapter outlined the socio-economic profile of South Africa as well as the Eastern Cape Province. A general overview on demographics and economic status of South Africa and Eastern Cape Province was presented. This chapter, therefore, deals with the research methodology used to find answers and solutions to the raised challenges. The various techniques employed to achieve the objective of the study will be discussed. As indicated earlier, the prime objective of the study was to examine the role of social entrepreneurship and the extent to which it contributes to poverty reduction in the Eastern Cape Province.



According to Babbie (2008), research methodology is a blueprint for collecting, measuring, and analyzing data in order to achieve the objective of the study. Research methodology answers questions, such as why the study was carried out, how the research problem was identified, in what way and how the hypothesis was formulated, what data has been collected, what particular method has been adopted and why a particular technique of analyzing data has been used (Kothari, 2004).

4.2 Research approaches

There are three major approaches for conducting research. These are quantitative qualitative and mixed methods (Kothari, 2004; Kumar, 2011). These approaches differ in their underpinning philosophies, methods and procedures used in conducting research. Each research approach has its weakness and strengths.

The selection of the methods and approach to use in a study depends primarily on the research questions. Kumar (2011) and Castellan (2010) argued that there is no best research approach, but it depends on what the researcher is studying and what he/she intends to find out from the study. Therefore, the decision to choose research methodology can be influenced by factors such as objective of the study, research questions, number of participants, time and budget. According to Kumar (2011) and Castellan (2010), it is the objectives of the study that determines the methods, which the study will adopt (i.e. either adopting the qualitative, quantitative or mixed approach).

4.2.1 Quantitative research

Quantitative research focuses on investigating things that can be observed and measured (Antwi & Hamza, 2015). Quantitative research describes variables, examines the relationship between variables as well as determines causes and effects of interactions among variables by using statistical and mathematical methods (Kumar, 2011; Baboucarr & Soaib, 2014). This research technique is known as empirical research or scientific research. Quantitative research generates numerical data and facts by employing statistical, logical and mathematical technique (Kothari, 2004; Kumar, 2011; Baboucarr & Soaib, 2014). In general, quantitative research falls into studies that describe events and studies aimed at discovering inferences and or causal relationships between variables. Quantitative research has its own research philosophy or paradigm and assumptions (Castellan, 2010).

Philosophically, it aligns itself with positivism, which views the physical and social reality as independent of those who observe it. It is concerned with an objective reality that is out there to be discovered and the researcher is independent of what is being researched.

4.2.2 Qualitative research

Qualitative research focuses on how people live, what they do, how they use things or what they think about a particular subject, situation and organization (Kothari, 2004; Kumar, 2011). Qualitative research is exploratory research, which is used to explain or understand a particular situation or phenomena. It is also used to uncover deep insights into a particular situation or phenomena. According to Kumar (2011), the aim of qualitative research is to understand, explain and explore feelings, perceptions, beliefs and attitudes of a group of people towards a particular situation, event or phenomena.

Qualitative research is inductive in nature, which starts with an observation then develops to theory. Qualitative research uses interviews, group discussions and observations for data collection. It is based on interpretivist research philosophy. Interpretivist research is a research paradigm that is based on the assumption that social reality is not objective, but is rather shaped by human experiences and social contexts (Khan, 2014).

4.2.3 Mixed research

Mixed research combines both quantitative and qualitative methods in the context of a single study (Kumar, 2011). This research technique is known as a multi-method, integrated, hybrid, combined and mixed methodology. Mixed research methods can be used either concurrently or sequentially.

This research technique collects, analyzes and interprets quantitative and qualitative data either concurrently or sequentially in a single case study (Kothari, 2004; Kumar, 2011). Mixed research compensates for weaknesses in research that uses only one method. Mixed methods research can provide a better and more accurate inference.

The current study employed mixed research methods. In other words, it combined both quantitative and qualitative research methods. This research technique was useful for deep understanding the role of SE in poverty reduction because it generates large and in-depth data. The quantitative research was used to collect numerical data that was subjected to statistical analysis, while the qualitative research approach was used to collect data that elicited views, perceptions and feelings. The reason for using mixed methods research was that, it helped to minimize the weaknesses inherent in either one method in examining the role of SE in poverty reduction in the Eastern Cape Province. In this study, for instance, both the quantitative and qualitative data were collected from the research participants to examine the role of SE in poverty reduction. The quantitative data was useful to provide a statistical measure of the interventions by social entrepreneurs, while the qualitative data provided the narratives that show the experiences of the beneficiaries on the social entrepreneurs interventions. The quantitative data also enabled to measure the relationship between SE and poverty reduction. Hence, this enables a balanced interpretation of findings.

Moreover, this research technique makes the study more credible. Mixed research methods enabled the researcher to collect large and in-depth data on the role of SE in poverty reduction.

There are a number of advantages of using mixed research methods in a study. As mentioned previously, each research methodology has certain limitations and benefits. Therefore, the use of multiple methods can neutralize or minimize some of the disadvantages in one method (Weyers, Strydom & Huisamen, 2008; Cameron, 2009; Antwi & Hamza, 2015). Mixed research method increases the comprehensiveness and completeness of the research. Furthermore, it enhances the reliability and validity of the research findings.

According to Creswell, Piano and Vicki (2007) and Cameron (2009), mixed research method provides a better understanding of a studied phenomenon than a single approach. Therefore, mixed research enabled the investigator to collect in-depth and large data from the field of study for better understanding of the role of SE in poverty reduction in Eastern Cape. Cameron (2009) concurs that mixed research methods generate large and in-depth data on the studied phenomenon.



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Mixed method research contains philosophical assumptions about knowledge claims, the strategy of inquiry and research methods. Mixed method research is based on pragmatist philosophy, which combines both positivist and interpretivist paradigms. The investigator primarily employed pragmatist claims for developing knowledge. Both (quantitative and qualitative) data were collected and analyzed simultaneously for better understanding of the relationship between SE and poverty reduction. According to Cameron (2009), pragmatist employs strategies of inquiry that involve collecting data either simultaneously or sequential for better understanding a studied phenomenon. This research philosophy enabled the researcher to collect diverse and rich data for the best understanding of the

role of SE in poverty reduction. However, this research study mainly utilized a quantitative research.

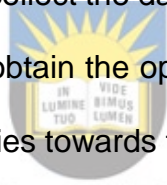
4.3 Research design

There are various definitions of research design. For instance, Kumar (2011) defines research design as a procedural plan adopted by the researcher to answer the research questions validly, objectively, accurately and economically. Furthermore, Creswell *et al.*, (2007) describe research design as a plan and procedure for research that span the decisions from broad assumptions and to detailed methods of data collection and analysis. Research design includes the procedures of data collection, the sampling strategy, the procedures of data analysis, the period of the study and the logistical arrangements. The selection of which type of design to use depends on the nature of the problems posed in the study (Kothari, 2004; Kumar, 2011; Walliman, 2011). It is further argued that, various research designs can also be employed for the same research problem, but it is the way the research questions are framed that determine which research design is most suitable for the study. Notably also, each type of research design uses various techniques to collect and analyze the data. The most common types of research designs are descriptive, experimental, case study research, ethnographic research, historical research, co-relational research and exploratory research.

This study adopted a combination of descriptive and co-relational research. They are the most pertinent design in this study to answers the research questions. The descriptive research design was used to describe the SE activities in Eastern Cape Province. Furthermore, this research technique enabled the researcher to obtain data that can be

tabulated to generate numerical data for statistical analysis. According to Kumar (2011), the main purpose of descriptive research is to describe and provide information regarding a group of people, community, organization and situation. Descriptive research is an appropriate design in both quantitative and qualitative research.

The reason for the adoption of co-relational research in this study was to establish if there is a relationship or association between SE and poverty reduction. In other words, it is examined if the relationship between SE and poverty reduction is positive or negative. This was done through chi-square test. According to Kumar (2011), co-relational research do examine the relationship between two (dependent and independent) variables. Survey design was employed in this study to collect the data from the participants. This research technique enabled the researcher to obtain the opinion, perception, feelings and beliefs of social entrepreneurs and beneficiaries towards the role of SE in poverty reduction.



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4.4 Population and sample size *Together in Excellence*

The accuracy of research findings largely depends upon the selection of the sample (Kumar, 2011). A population refers to a group of subjects, which the researcher wants to study. On the other hand, a sample is a portion of the population where the researcher draws a conclusion of the study. According to Neuman (2011) population is a group of people, objects and events from which the researcher requires to draw conclusion, whereas a sample is a portion of the population that is selected to participate in a study. The population in this study was the social entrepreneurs in Eastern Cape Province.

Since the demographic characteristics of social entrepreneurs are not accurately known in the Eastern Cape Province, a Raosoftcalculator was used to calculate the sample size.

The Raosoft calculator has a standard statistics formula that is used to calculate the sample size when the population is unknown at a given confidence level (MacIntosh, 2006). Raosoft formula uses 95% of confidence level, 5% of precision and 50% of degrees of variability to calculate the sample size. The following formula below was used to determine the sample size.

$$\begin{aligned}n &= \frac{Z^2 P (1-P)}{E^2} \\ &= \frac{1.96^2 \times 0.5 \times (1-0.5)}{0.05^2} \\ &= 385\end{aligned}$$

This sample size of (385) was subdivided to cater for social entrepreneurs and beneficiaries. A sample of 265 social entrepreneurs and 120 beneficiaries was subjected to a survey in this study.

According to Kothatri (2004), the determination of the sample size is not an easy task for many researchers. If the sample is too small, it may not achieve the objective of the study and if it is too large, it may be a waste of huge resources (time and money). Therefore, the sample size must be optimal meaning it should be neither excessively large nor too small. However, large sample size gives high accuracy research findings. Kothatri (2004) and Kumar (2011) argued that the determination of sample size depends on the nature of the study, sampling technique, budget and time.

4.5 Sampling method and techniques

Sampling is about a definite plan for obtaining a sample from a given population (Kothari, 2004). It refers to the technique or procedure the researcher would adopt in selecting items for the sample. Researchers can use various techniques to select samples from the population. A sampling method can be categorized into probability/random sampling methods, non-probability/non-random sampling methods, and mixed sampling methods (Kothari, 2004; Latham, 2007; Kumar, 2011; Alvi, 2016). Probability sampling selects the participants based on random sampling technique, whereas non-probability sampling selects the participants based on the judgment of the investigator. If the target population is homogeneous and known, a random sampling technique is appropriate.

However, if the target population is heterogeneous and infinite or unknown, a non-random sampling technique is an appropriate method for the selection of the sample units from the population (Kothari, 2004; Kumar, 2011; Alvi, 2016). However, each sampling methods have certain benefits and drawbacks. Each sampling methods follow various methods for the selection of a sample from the population. The choice of sampling methods depends on the objective of the study, researcher skills, time and budget (Latham, 2007; Alvi, 2016).

4.5.1 Probability sampling method

Probability sampling is a kind of sampling method that selects the samples from the population through the randomization process. According to Kumar (2011), Kothari (2004) and Bhattacharjee (2012), probability sampling is a sampling technique where every member of the population has an equal chance to be included in the sample. This

technique is referred to as random or representative sampling. Probability-sampling technique selects the sample from the population through a randomization process. However, probability-sampling method has a certain weaknesses and strengths.

4.5.2 Non-probability sampling method

Non-probability sampling is also called judgmental or non-random sampling. Non-probability sampling is method of sampling method where the selection of the sample is made based on the subjective judgment of the researcher (Kohtari, 2004; Kumar, 2011; Latham, 2007; Walliman, 2011; Alvi, 2016). This implies that not every element of the population has an equal opportunity of being included in the sample.

Non-probability sampling method does not follow formal procedures to select a sample of respondents or participants from the population. Non-probability sampling designs are used when the total population of the study is unknown or cannot be identified (Kumar, 2011; Latham, 2007; Alvi, 2016). The selection of each element in the population study is dependent upon other considerations. This research technique mostly uses in qualitative research.

The choice of sampling technique in any research study can be influenced by the objective of the study, population of the study and researcher interest. According to Etikan, Musa and Sunusi (2016) and Latham (2007), the selection of sampling technique depends on many factors, such as the population of the study, time and budget, and purpose of the research. Each type of sampling techniques has advantages and disadvantages. Therefore, based on the above discussions and considerations, this study used purposive sampling technique to select the sample of social entrepreneurs and

beneficiaries from the targeted population. This sampling technique was the most appropriate for this study since there was available sampling frame for social entrepreneurs in Eastern Cape Province. Furthermore, the SE sector is more diverse in its nature and scope of activities, which made probability-sampling techniques difficult to be used. The sampling frame for beneficiaries was also unknown, because the social entrepreneurs do not have the record data of the beneficiaries. This made the purposive sampling the best option.

Purposive sampling technique ensures data collection is of high quality, reliable and competent on study phenomena. This research technique, therefore, generates in-depth and large data on the role of SE in poverty reduction by the selection of social entrepreneurs and SE beneficiaries that are relevant to the study. According to Kumar (2011), purposive sampling provides a comprehensive understanding of phenomenon or situation by selections of participants that are relevant to the field of study.



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4.6 Methods of data collection

In research, there are many methods for data collection to answer the research questions. Questionnaires, interviews, focus group discussions and observation are the most common methods used for collect data from research participants. Each of these methods of data collection has advantages and disadvantages. Therefore, there is a need to consider a number of factors when research methods are selected for data collection. According to Kumar (2011), the choice of method to collect the primary data from respondents depends on the nature of the study, the resources available, the geographical distribution of the study population and the type of study population.

In this study, data was collected through interviews. Personal interviews were conducted making using questionnaires. The questionnaire is a list of questions asked and designed to extract information from respondents (Babbie, 2013). Semi-structured questionnaires were designed, which combined both close-ended and opened-ended questions. They were prepared for both social entrepreneurs and SE beneficiaries. This enabled the researcher to obtain both statistical and non-statistical information on the role of SE in poverty reduction. The questionnaires were in English language.

The questionnaire included both close-ended and opened-ended questions. Closed-ended questions permitted participants (social entrepreneurs & beneficiaries) to choose a response from a specific list provided by the researcher, while open-ended questions allowed the entrepreneurs' and their beneficiaries to provide answers in their own words. Open-ended questions permitted social entrepreneurs and beneficiaries to express their views, attitudes and opinions towards the role of SE in poverty reduction. The adoption of this technique in this study allowed the researcher to capture both statistical and non-statistical information on the role of SE in poverty reduction. The close-ended questions provided statistical information while opened-ended questions provided non-statistical information.

The questionnaire targeting social entrepreneurs was organized into four sections, while that of social enterprises' beneficiaries was in two sections. The first section contained demographic information for social entrepreneurs as well as for the beneficiaries. Personal information, such as age, gender, marital status and level of education for both social entrepreneurs and beneficiaries were captured in this section.

The second section of the questionnaire contained questions related to social entrepreneurs' business activities and beneficiaries. Questions such as the source of income of social entrepreneurs, the geographical focus of the social entrepreneurs, the motivation and reason for starting SE activities, the nature of the social enterprise, the source of capital for start-ups and the sector of social enterprise activities were established in this section. On the beneficiaries' side, the questions were related to role of SE in poverty reduction. Questions consisted such as beneficiaries' expenditure status, beneficiaries' income status and beneficiaries saving status, and beneficiaries' asset acquisition.

In the third section of the questionnaire, the questions were on the role of SE in poverty reduction. The questions focused on the role of SE in employment creation, the role of SE in providing basic needs, the role of SE in skill development, the role of SE in accessibility and availability of goods and services and the role of SE in empowerment. Section four, which is the last section of the questionnaire, consisted of questions such as factors that can promote SE growth and the challenges of SE growth.

Completing of questionnaire through face-to-face interview was extremely helpful in obtaining rich and in-depth data on the role of SE in poverty reduction. This technique gave a chance for the researcher to explain and elaborate some of the questions to social entrepreneurs and beneficiaries who had difficulties in understanding them. Personal interview with a face-to-face encounter with research participants allows the researcher to gather the data in a natural setting (Kumar, 2011). It provides more flexibility in the questioning process as it allows the researcher to determine the wording of the questions,

to clarify the terms that are ambiguous, to control the order in which the questions are presented and to probe for more detailed information. Furthermore, personal interview enables the interviewer to explain questions to people who have difficulties in reading or writing, or those who do not fully understand the language.

4.6.1 Data collection process

Four research assistants were employed to assist the researcher in the field survey. They were all students from University Fort Hare. Two of them were undergraduate students and two were post-graduate students. The research assistants were all local students. This facilitated the data collection because the research assistants were isiXhosa speakers and would interact freely with the local people. Before the survey began, the research assistants were given an orientation about the overall objective of the study, research methodology and research ethics. Furthermore, the right of the participants, the role of interviewer and the principles of good interviewing were explained to the research assistants during the training. The questionnaires were also discussed during the training of research assistants. Each research question was discussed in order to ensure the research assistants understood all the questions in the questionnaires. Then, interviewers provided a letter of identification, that is, who they were and purpose of the survey.

The interviewers conducted face-to-face interviews and forwarded the complete questionnaires to the researcher. The interview took forty-five (45) to fifty-five (55) minutes. Interviews were conducted in both urban and rural areas. The interviewers were assisted by the officials from the Department of Social Development in identifying the people who engaged in social entrepreneurial activities in Eastern Cape Province.

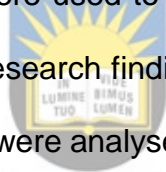
4.6.2 The pilot study

In research, it is very essential to conduct a pilot study (PS) before the actual questionnaire is distributed to the respondents. The pilot study is a small-scale survey conducted before the final whole study (Walliman, 2011). It helps to test the quality of the research questions if they are clear and understood by respondents. Furthermore, it assists to determine the time and resources needed to complete the full study. Therefore, before embarking on the actual questionnaire distribution to the social entrepreneurs and beneficiaries, a pilot study was conducted among 20 social entrepreneurs and 10 beneficiaries selected through purposive sampling technique. They were interviewed using a questionnaire to be used in the main study. The pilot testing was conducted between 10 September 2018 and 31 September 2018.

The reason for conducting the pilot study was to ensure that the language was clearly understood, to gauge the appropriateness of the length of the questionnaire as well as to test the reactions of the respondents towards the questions. Thus, the overall aim of the pilot was to pre-test the research instrument for purposes of assessing its ability to bring out the required information and to improve on it before embarking of the actual study. The pilot revealed that some double-barreled, leading and presumptuous questions were inappropriate and were subsequently reconstructed to improve the quality of the questionnaire. The pilot questionnaires were not used in the data analysis in the main study.

4.7 Data analysis

Data analysis is the process of bringing order, structuring and analyzing vast amounts of data into sensible and logical output for easy understanding (Kumar, 2011). There are various tools for data analysis. The data was analyzed by use of the Statistical Package for Social Sciences (SPSS). The process began by coding data. Then the data entered into Microsoft Excel and then imported into SPSS for analysis. The data were captured from both closed-ended and open-end questions. Thereafter, data were processed using the SPSS. This package is widely acceptable and applicable in social science research and it is useful in generating descriptive and inferential statistical analysis. Both descriptive and inferential statistics were used to analyze the data. Tables, graphs and pie-charts were used to present the research findings. The responses from open-ended questions were also summarized and were analysed to support results of the quantitative data.



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Chi-square tests analyses were done to determine the relationship between SE and poverty reduction. This was important to determine if the relationship between SE and poverty reduction was positive or negative. Chi-square test is a statistical analysis method used to determine if there was dependence or associations between two variable classifications (Rana & Singhal, 2015). The hypothesis of the study was tested using the chi-square to rejected or fail to reject. Results from the test would determine whether SE activities contributed to poverty reduction.

The null-hypothesis of the study was defined in chapter one as:

H₀: social entrepreneurship does not contribute to poverty reduction.

This null-hypothesis shows that SE activities failed to lift up the poor people from extreme poverty and hunger.

The alternative hypothesis was stated in chapter one as:

H₁: social entrepreneurship does contribute to poverty reduction.

This alternative hypothesis means that SE activities managed to alleviate poverty and hunger. Poverty alleviation would be indicated by households affording basic necessities such as food, education, a house, clothes, health care, water and electricity etc. The hypothesis testing of this study was determined at 5% level of significance.



4.8 Ethical considerations

According to Neuman (2011), it is a moral and professional obligation of the researcher to be ethical during a data collection process, even when the respondents are unaware or unconcerned about ethics. Hence, in this study, the researcher abided by the ethical principles outlined by the University of Fort Hare ethics policy. Ethical clearance was obtained from the University granting the researcher permission to conduct the study. In addition, the following ethical principles were adhered in this study.

4.8.1 Informed consent

Before collecting data, the research participants were informed in advance about the reason, purpose and aim of the study. Furthermore, the participants were made aware of the relevance and usefulness of the study. Consent was obtained from the research participants prior to the study.

4.8.2 Voluntary participation

The researcher was also aware of the principle of voluntary participation. The research participants participated voluntarily without being coerced. The participants were granted an assurance of withdrawing their participation at any stage of the interview when they felt uncomfortable.

4.8.3 Confidentiality and anonymity

The researcher employed the principle of confidentiality and anonymity whereby the research participant's names were not recorded during data collection and analysis. Furthermore, the data obtained from the research participants were captured and stored in a manner that they could not be linked to be participants.

4.8.4 Avoidance of harm to participants

The researcher respected the norm, language and religion of all participants. The researcher protected the participants from harm, unnecessary risks and mental or physical discomfort that could occur during the data collection process. The participants were informed in advance to withdraw their participation at any stage of the data collection process whenever they felt uncomfortable.

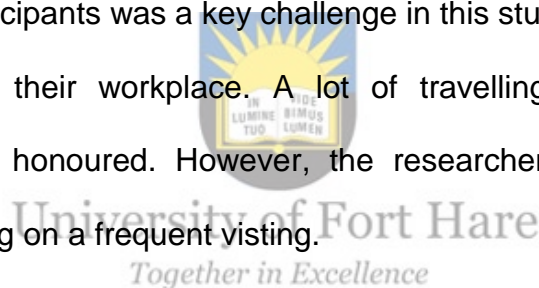
4.8.5 Sensitive information

According to Kumar (2011), researchers must be very careful when they ask questions to the respondents during the data collection process. Certain information can be sensitive or confidential to some people. Hence, the researcher did not ask questions that could upset or embarrass the respondents.

4.9 Limitations of the study

Limitations are factors that can influence the findings of the study. This study was limited to non-random sampling technique to select the sample of social entrepreneurs and SE beneficiaries. The researcher believes that, perhaps, the findings could be different if the research participants were selected through a random sampling technique. Social entrepreneurship is a developing concept in developing countries like South Africa, hence its meaning and practice is not yet fully understood. This caused difficulties in the conceptualization of SE in this study. The researcher reviewed varied literature that defined SE in order to develop the definition of SE for the study.

Accessing research participants was a key challenge in this study. The participants were not easily available in their workplace. A lot of travelling was needed because appointments were not honoured. However, the researcher managed to meet the participants by embarking on a frequent visting.



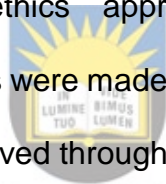
The other challenge of the study was the language barriers. Many participants were Xhosa speakers and the translation of their responses into English Language was not an easy task. The fieldworkers who were Xhosa speakers were very helpful in this regard in clarifying the responses and recording them down. Employing Xhosa speaker field workers helped to reduce the language barriers in the study.

Time and financial constraints were also other limitations to the study. Money was needed to transport the fieldworkers as well as their accommodation. However, the researcher managed to fund raise money from friends and family, which enabled in remunerating the fieldworkers' and compensate their transportation and accommodation.

4.10 Validity and reliability test of research instrument

In research, it is important to ensure the validity and reliability of the research instruments, since the quality of the research findings depends on the validity and reliability of the research instrument. Validity refers the degree, which a measurement measures what it purports to measures; whereas reliability refers the degree to which the results obtained by a measurement and procedure can be replicated (Kumar, 2011; Mohajan, 2017; Bolarinwa, 2019).

In this study, the validity of the research instrument was ensured. Experts and reserarcher supervisor reviewed the questionnaire, before it was sent to University of Fort Hare research ethics committee for ethics approval. Upon their comments and recommendations, significant changes were made to the questionnaire. Furthermore, the validity of the questionnaire was achieved through pilot study.



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To establish the validity of the research instrument, the researcher further ensured the research instruments measure the constructs of interest in the study. The construct of interest in this study was the contribution of SE to poverty reduction. The researcher ensured the questionnaires designed fully represented the domain of SE and poverty reduction. Items in each questionnaire were designed to measure the construct of interest.

The reliability of the research instrument in this study was also achieved. The researcher ensured balance between the questionnaires distributed to the social entrepreneurs and the SE beneficiaries.

Two questionnaires were designed in such a way that they all gathered data to achieve the same study objectives. The questionnaires were designed for both social entrepreneurs and SE beneficiaries. Both questionnaires addressed the issues contained in the research objectives. The other aspect that the researcher ensured the reliability of the questionnaire was internal consistency, which refers the extent to which items on the test or measurement are measuring the same thing (Mohajan, 2017; Bolarinwa, 2019). Hence, the researcher ensured that all questions in the questionnaire achieved the same research objectives and answered the same research questions.

4.11 Chapter summary

This chapter has outlined the research methodology. The chapter has discussed the three types of research approaches, namely quantitative, qualitative and mixed (quantitative and qualitative) methods approach. The differences between these research approaches were discussed. Each research approach has certain merits and demerits, and therefore, various factors such as objective of the study, the availability of resources, sample size of the study and research questions determines the methods to be used.

The chapter has also provided a detail discussion of the reasons for using mixed research methods in the study. The survey was used to collect the data in this study. A semi structure questionnaire was used to collect the data from 265 social entrepreneurs and 120 SE beneficiaries. Research assistants assisted the researcher in data collection. The validity and reliability of the questionnaire was tested before it was used in the actual study. A pilot study among 20 social entrepreneurs and 10 SE beneficiaries was conducted.

Purposive sampling technique was employed to select the sample of research participants. This research technique was an appropriate in the study since the population of social entrepreneurs and SE beneficiaries in Eastern Cape Province was unknown. Purposive sampling technique enabled to generate in-depth data on the role of SE in poverty reduction in Eastern Cape Province due to the selection of relevant social entrepreneurs and SE beneficiaries to the study.

The data analysis techniques, ethical considerations and limitations of the study were briefly discussed in this chapter too. The data was analysed using quantitative methods, and SPSS soft ware was used to complete this analysis. Tables, charts and pie-charts were used to present the research findings. The next chapter is about data analysis presentation of findings and interpretations.



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CHAPTER FIVE

DATA PRESENTATION AND ANALYSIS

5.1 Introduction

The last chapter presented the research methodology. The chapter discussed the various techniques and tools that were employed in the study to answer the research question. The various components of research methodology, such as research design, population and sample size, sampling design, data collection procedures, data analysis techniques, ethical considerations and limitations of the study were discussed in detail in the previous chapter. This chapter presents the findings, analysis, and interpretation. The data was collected from 265 social entrepreneurs and 120 beneficiaries. The objective of the study was to examine the role of SE in poverty reduction in Eastern Cape Province. This chapter begins with presenting the respondent's demographic information (social entrepreneurs and beneficiaries) followed by SE business information. The demographic characteristics of respondents comprised age, gender, marital status, race and education level. The SE business information consisted of information such as the source of capital in starting SE, the motivation and reasons of starting SE, the area of focus for SE, average annual income of SE, the source of income for SE and the period of SE operation.

5.2 Demographic information of respondents

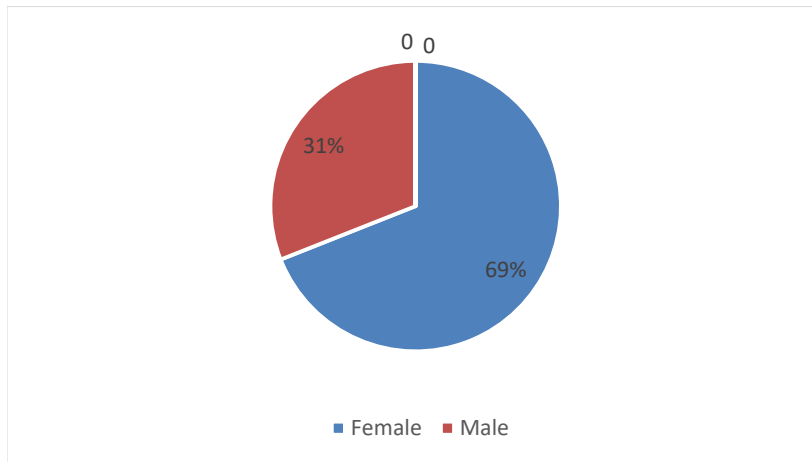
This section presents the demographic information of respondents (social entrepreneurs and beneficiaries).

5.2.1 Gender of respondents

Gender inequality is one of the key developmental challenges in developing countries including South Africa. A report by the United Nation Development Program (UNDP) in 2016 indicates that gender inequality is costing Africa more than \$ 100 billion a year (Odusola, 2016). According to South African human rights commission (SAHRS, 2017), historically, women in South Africa as well as globally have been marginalized and regarded as unequal compared to their male counterparts in terms of social and power relations. Women are regarded as socially responsible for caring for others and in the provision of basic services such as water, sustenance and education (SAHRS, 2017).

However, great strides have been made over the last few years to narrow the gender inequality in South Africa (SAHRS, 2017). The engagement of women in leadership, business, governance and decision-making has increased. The demographic data in this study enables us to determine whether the people involved in SE activities are women or men and thereafter gain insight on progress towards gender equality in the country.

Figure 5.1: Gender of social entrepreneurs



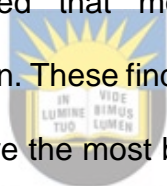
Source: Survey, 2019

Findings in Figure 5.1 indicate that 69% of respondents were female, while 31% was of the male respondents. This indicates that there were more women involved in SE than men. The involvement of women in SE activities helps women to be economically independent since many women in South Africa are dependent on their spouses for source of income. There has been much progress in women economic empowerment in South Africa over the past few years. Since post-apartheid, women participation in business, education, leadership and politics has increased significantly (South Africa Government, 2015). Therefore, ensuring women participation in the economy is essential if equity, prosperity and inclusive growth are to be achieved. Women economic empowerment can result in keeping children in school, accessing health care, and clean water and sanitation.

These findings are in line with Ahmed *et al.* (2016) who observed that more females engaged in social entrepreneurial activities than men. Similarly, the British Council (2017) found that women in Kenya are more involved in SE activities than men. This is contrary

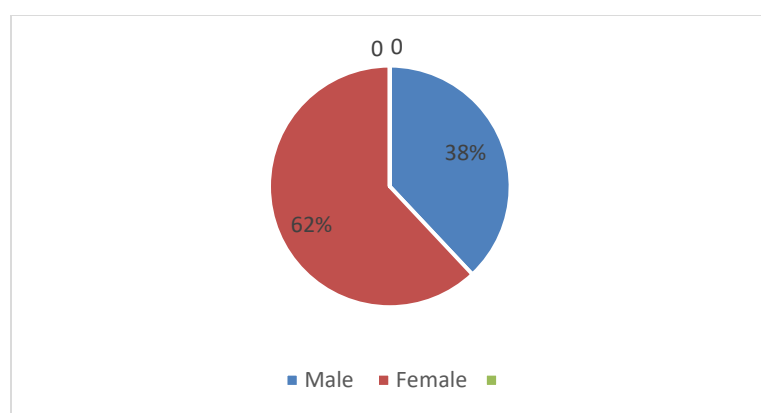
to previous findings, which showed that men are more engaged in SE activities than women (Ngorora, 2014; Sultan *et al.*, 2018). This is also similar to the findings of Smith and Temple (2015) who observed that men owned most social enterprises in the UK.

In this study, most of the SE beneficiaries were also females. The results in Figure 5.2 below show that 62% of social enterprises' beneficiaries were female, while 38% were male. This implies that social entrepreneurs help to reduce women's dependency on their spouse's income for their livelihood. Similarly, results of studies from other countries such as Bangladesh, Ghana, India and Pakistan, show that women are the main beneficiaries from social entrepreneurial activities (British Council, 2016). Further, the findings agree with Ngorora (2014), who observed that most social entrepreneurial activities beneficiaries in Zimbabwe were women. These findings also correspond to Nasike (2016) findings, which revealed that women are the most beneficiaries of SE activities than men in Kenya.



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Figure 5.2: Gender of beneficiaries



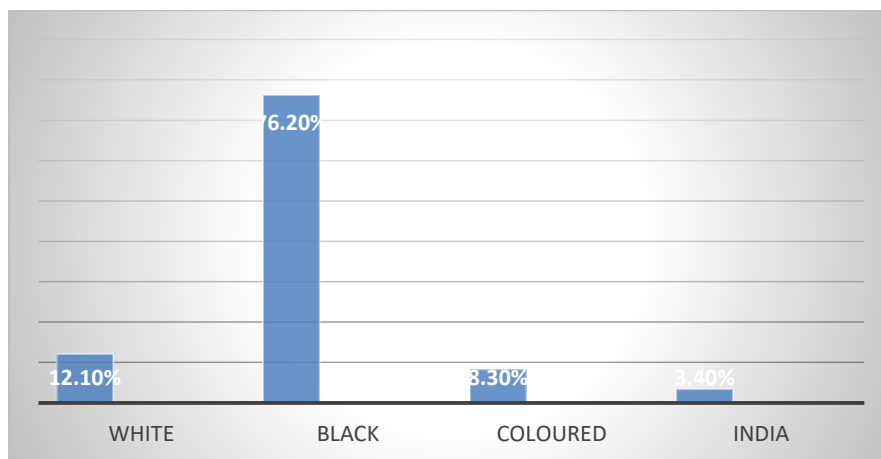
Source: Field survey, 2019

The findings in Figure 5.2 show that SE plays a crucial role to bridge the gender gap. Women in South Africa do not have equal opportunities in employment, education, leadership, political participation and business as men (SAHRS, 2017). This is, perhaps, because South Africa embraces a patriarchal culture, which manifest in every aspect of the society. In South Africa, there is still the believe that the role of women should be restricted to child care, caring for the sick, fetching water, procreation and taking care of the home, rather than being economically productive (Mbajjorgu, 2017). As a result, women lack access to education, land, finance and other resources. These practices promote the widening of gender inequality in South Africa.

5.2.2 Race of respondents

This section presents the race of the social entrepreneurs. The social entrepreneurs were requested to identify their race under the category of black, white, India and coloured. Figure 5.3 below depicts the race of respondents (social entrepreneurs).

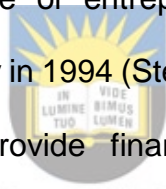
Figure 5.3: Race of social entrepreneurs



Source: Field survey, 2019

The findings presented in Figure 5.3 show that the majority (76.2%) of social entrepreneurs were blacks. This might be due to the fact that majority of the South Africa population are black. However, this is contrary to the finding of Mandyoli (2017) who observed that most of the social entrepreneurs that owned social enterprises were coloured. The results (Figure 5.3) further showed that, 12.1% of social entrepreneurs were white, 8.3% of social entrepreneur were coloured and the rest were Indians.

The above statistics (Figure 5.3) revealed an increment of SE activity among the black Africans, which is milestone to poverty reduction in the country, since the majority of the poor in South Africa are black. The government has taken a number of measures to create enabling environment for emergence of entrepreneurship activities throughout the country since the advent of democracy in 1994 (Steinman, 2010). Some of the measures were increasing institutions that provide financial and non-financial support for entrepreneurs.

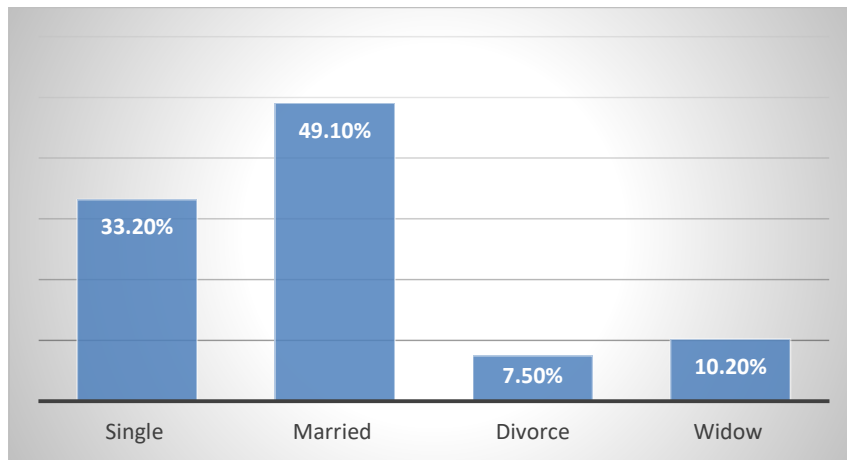


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5.2.3 Marital status of respondents

This section presents the marital status of the social entrepreneurs as well as the beneficiaries. The respondents were asked to indicate if they are single, married, divorced and widowed. The results are presented in Figure 5.4 below.

Figure 5.4: Marital status of social entrepreneurs



Source: Field survey, 2019

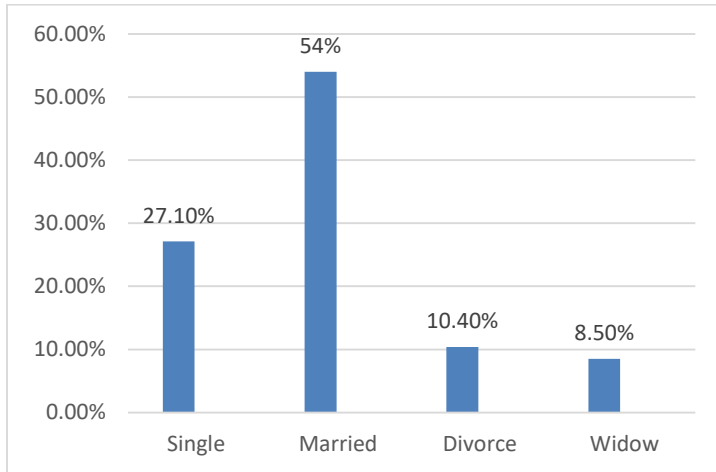
The results in Figure 5.4 revealed that 49.1% of respondents were married, while 33.2% of respondents were single. Further, 7.5 % of the social entrepreneurs were divorced and 10.2% were widowed. These findings show that most of the social entrepreneurs that operate in the Eastern Cape Province are married. This is in line with the findings of Ngorora (2014) who observed that married people managed most of social entrepreneurial activities in Zimbabwe. Furthermore, the empirical evidence from India indicated that most of the social entrepreneurs are married (Belli & Raghvendra, 2014). This indicates that marriage is not a hindrance for engaging in social entrepreneurial activities. However, these findings contradict the findings of Sultan *et al.*, (2018) who noted that most social entrepreneurs in Pakistan were single.

In addition, as presented in Figure 5.5, the findings revealed that most (54%) of the SE beneficiaries were married and 27.1% were single.

Further, 10.4% of the beneficiaries were divorced and 8.5% of were widowed. These findings indicate that the beneficiaries of SE activities are not limited to specific group of

people. This is also similar to Nasike (2016) who noted that SE activities in Kenya benefit different groups of people. However, most of SE beneficiaries were married people.

Figure 5.5: Marital status of beneficiaries



Source: Field survey, 2019



5.2.4 Age of respondents

This section presents the age of the respondents (social entrepreneurs and beneficiaries). This enables us to determine whether the people that social entrepreneurs engage in social entrepreneurial activities or benefit from SE activities are youth or elderly. The age of respondents ranged from 21-30 years, 31-40 years, 41-50 years, 51-60 years and 61 years and above. Table 5.1 presents the results on age of respondents.

Table 5.1: Age of social entrepreneurs

Age Category	Frequency	Percent	Valid Percent	Cumulative Percent
21-30 years	30	11.3	11.3	11.3
31-40 years	60	22.6	22.6	34
41-50 years	74	27.9	27.9	61.9
51- 60 years	73	27.5	27.5	89.4
61 years above	28	10.6	10.6	100
Total	265	100	100	

Source: Field survey, 2019

Table 5.1 indicates that 11.3% of respondents were between the age of 21-30 years; those between 31-40 years were 22.6%; 41-50 years were 27.9%; and the age between 51-60 years were 27.5%. The least percentage (10.6%) of respondents was that of age 61 years and above. The lower percentage of the elderly people would be attributed to the fact that most of people at this age group are retiring from work, hence minimal participation in active economic engagements.

These findings indicate that all the age groups were involved in social entrepreneurial activities. However, most social entrepreneurs were within age brackets of 41-50 years. This age group generally has people who are economically productive and possibly own their own businesses, and perhaps, have enough money and resources to spare for social investment. These findings are in line with the findings of Ngorora (2014) who noted that individuals aged between 41-50 years manage most of the social enterprises in Zimbabwe. However, this is contrary to the findings of Sultan *et al.* (2018) who found that

most of the social entrepreneurs in Pakistan were aged between 20-30 years. In other studies, Ahmed *et al.* (2016) found that 55% of social entrepreneurs were below the age of 35 years. Studies from Kenya also revealed that the majority (79%) of social entrepreneurs fall between the ages of 24 to 44 years (British Council, 2017).

The results in this study show that middle-aged people are more involved in social entrepreneurial activities than the younger people in the Eastern Cape Province. This is contrary to the findings in other countries. For instance, in the US, UK and Switzerland, younger people are more involved in social entrepreneurial activities than the elderly people (Terjesen *et al.*, 2011). The highest social entrepreneurial activities in the UK are among the people aged between 18 to 24 years. However, despite the population of the South African youth being almost half of the entire South African population, social entrepreneurial activities among the youth in the country was low. It is worth mentioning that, young South Africans, seemingly have not been socialized into becoming entrepreneurs. They perceive job creation as the responsibility of the government. The apartheid segregation policy dampened the spirit of South Africans to engage in entrepreneurial activities especially when black South Africans were prohibited from owning business, land and assets (Hamann & Tuinder, 2012). This might have contributed to the lowest entrepreneurship activities among the black South Africans today. From the survey, it can be concluded that the social entrepreneurial activities among the youth are very low compared to other age groups. Perhaps, this can explain the state of the youth unemployment in the country.

The study also revealed that the most of the SE beneficiaries were also the elderly people. For instance, the majority (30.8%) of the respondents were above 51 years of age. This is contrary to the finding of Belli and Raghvendra (2014) who noted that most of SE beneficiaries in India were youth between the ages of 20-30 years. The respondents between the ages of 41-50 years represented 26.7%. Furthermore, 20.8% of respondents were between the ages of 31-40 years and 14.2% of the respondents were between the ages of 21-30 years. These findings indicate that all the age groups were benefiting from social entrepreneurial activities.

5.2.5 Educational level of the respondents

The propensity to engage in entrepreneurship activities is related to education levels (Terjesen *et al.*, 2011). Individuals with the highest academic qualifications are more likely to involve in entrepreneurship activities. For instance, in the UK, 5.5% of people with postgraduate qualifications are socially active compared to 2.4% of those who only have undergraduate qualifications. This section, therefore, present the findings on educational level of the respondents (social entrepreneurs and beneficiaries). The respondents were asked to indicate their education level in the questionnaire. The education level was measured using elementary, secondary, certificate, diploma, degree and master levels. Table 5.2 below presents the results of education level of the respondents (social entrepreneurs).

Table 5.2: Educational level of social entrepreneurs

Educational level	Frequency	Percent	Valid percent	Cumulative percent
Primary	5	1.9	1.9	1.9
High school	13	4.9	4.9	6.8
Certificate	43	16.2	16.2	23
Diploma	60	22.6	22.6	45.6
Degree	110	41.5	41.5	87.1
Masters	34	12.9	12.9	100
Total	265	100	100	

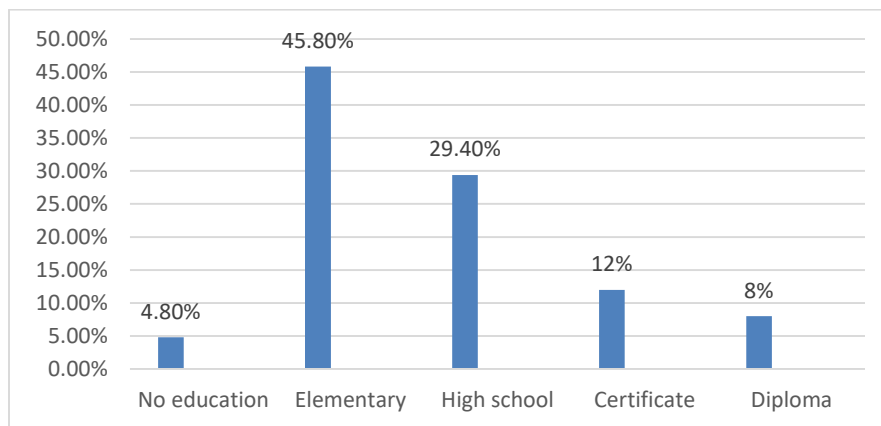
Source: Field survey, 2019

The findings in Table 5.2 indicate that the majority of respondents (41.5%) had a degree qualification. The respondents that had diploma and certificate education level were 22.6% and 16.2% respectively, while 12.9% of the respondents had master's degree. For elementary level, 1.9% of the respondents had only completed primary level and 4.9% of respondents had high school education level. These findings show a higher level of education among the social entrepreneurs. The highest education has a positive impact on the sustainability of the business. The entrepreneurs with higher education level, perhaps, have the ability to innovate and solve critical problems.

This finding is similar from the findings of Hanley, Wachner and Weiss (2015) who found that most social entrepreneurs in Colombia, Mexico, Kenya and South Africa had high level of education. They found out that 90% of social entrepreneurs had bachelor degree. This is related to Ngorora's (2014) findings in that most of the social entrepreneurs that own social enterprises in Zimbabwe had university degrees (Honours, degree, master's

and doctorate degree). Further, this concurs with the findings of Sultan *et al.* (2018) who found that university graduates manage most social enterprises in Pakistan. However, the education levels among the SE beneficiaries were low as shown in Figure 6.6 below. Findings in Figure 6.6 show that majority of the respondents (beneficiaries), (45.8%) had elementary education level, while 29.4% of respondents had completed high school education. Furthermore, 12% of respondents had a certificate; while 8% of respondents had a diploma. The rest had no academic qualification.

Figure 5.6: Education level of beneficiaries'



Source: Field survey, 2019

In summary, many social entrepreneurs and their beneficiaries' did not have the high education levels, such as masters and doctorate degrees. Most of the social entrepreneurs and beneficiaries' had degree and elementary education level respectively. This might affect the ability of social entrepreneurs to innovate and solve problems in their respective communities. Higher education training increases innovation, entrepreneurial activities and management capability. According to Omniyi (2013), education and training raises people's productivity and creativity, thus promoting entrepreneurship and technological advances.

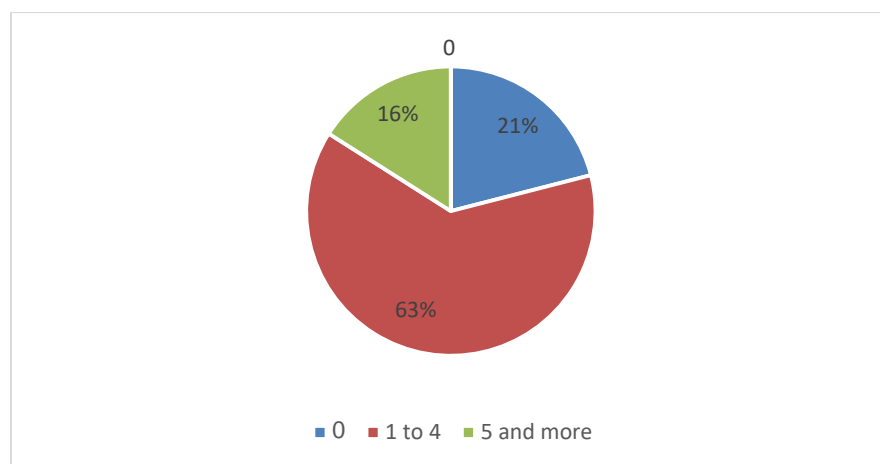
5.2.6 Beneficiaries household size and dependent

This section is design to determine the household size of the social enterprise beneficiaries as well as the number of dependents among the beneficiaries. This enables us to weigh the dependency burden of the SE beneficiaries and subsequently the incident of poverty in SE beneficiaries' households. According to Nogorora (2014) the greater the proportion of dependents in a family, the more difficult it is for the income earners in that family to support them.

The results showed that, 58% of the respondents (beneficiaries) had a household size between four to six persons, while 34% of the respondents had a household size between one to three persons. The remaining (8%) of the respondents had household size of seven and more persons. This finding indicates that the majority of the beneficiaries had a big size of household. On the dependents aspect, the study found that 79% of the respondents had dependents to look after, while 21% of respondents had no dependents as shown in Figure 5.7 below.

Furthermore, as illustrated in Figure 5.7, the findings show that 63% of beneficiaries had between one and four dependents to look after and 16% of the respondents had more than five dependents to look after. However, 21% of the beneficiaries did not have any dependents to look after. These findings indicate a heavy dependent burden among the social enterprise beneficiaries. This could be due to the lack of sufficient jobs in South Africa. Furthermore, this also shows the role of SE in addressing poverty and hunger among the SE beneficiaries' households.

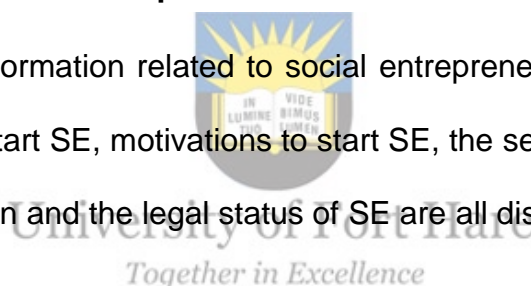
Figure 5.7: Beneficiaries' dependents



Source: Field survey, 2019

5.3 Characteristics of social entrepreneurs

This section presents information related to social entrepreneurs. Information, such as the source of capital to start SE, motivations to start SE, the sector in which SE operate, the period of SE operation and the legal status of SE are all discussed.



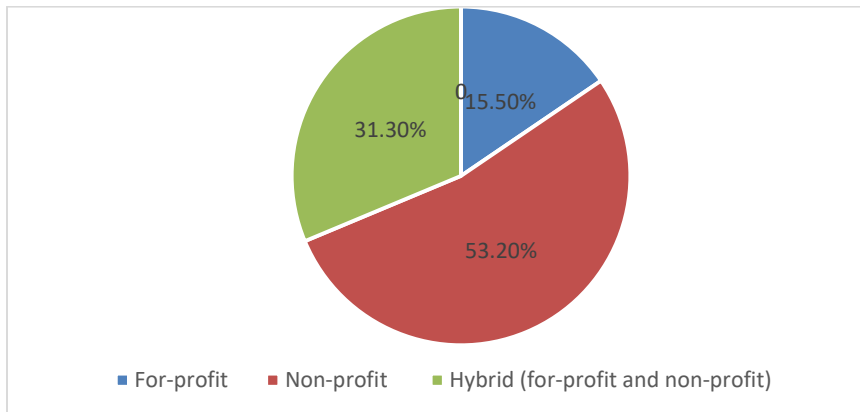
5.3.1 Financial orientation of social entrepreneurship organization

Social enterprises can be a privately owned enterprise (a profit-oriented enterprise), a corporate social enterprise (non-profit approaches) or as a hybrid structural form, which is a combination of For-profit and Non-profit approaches (Steinman, 2010; Moreno & Agapitova, 2017). The For-profit business earns its income from trading (selling of goods and services), while the Non-profit entity supplements its income from grants, donations, service charge and members' fees.

The hybrid structures of social enterprise obtain its income from donations and trade (selling of goods and services). This section discusses whether the financial orientation of social enterprises can be classified as non-profit, profit or hybrid business (non-profit

and profit) in the study area. Therefore, Figure 5.9 presents the financial classification of SE business in the study area.

Figure 5.8: Financial classification of social entrepreneurship business



Source: Field survey, 2019

The findings in Figure 5.8 revealed that 53.2% of the social entrepreneurs were operated within the Non-profit legal framework; 15.5% were within the For-profit legal framework; and 31.3% were operated within the hybrid (for-profit and non-profit) model. Therefore, these results indicate that most of the social entrepreneurs were non-profit making. This is in line with the finding of Myres *et al.* (2018) in that most the social entrepreneurs in South Africa were non-profit making. On the other hand, this is contrary to the findings of Hanley *et al.* (2015) who observed that most the social entrepreneurs in Mexico, Columbia, South Africa and Kenya were profit making oriented.

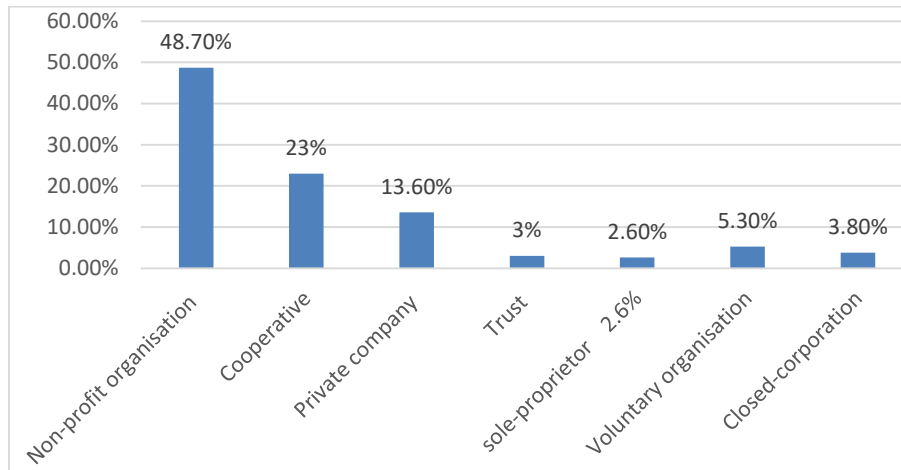
According to Moreno and Agapitova (2017), social enterprises are private organizations- either For-profit, Non-profit, or a hybrid of the two, that use business methods to address social or environmental problems. They further argued that whether social entrepreneurs take For-profit or Non-profit model, their aim is to address social, economic and

environmental challenges. It is therefore the duty of the social entrepreneurs to choose the legal framework for their social enterprises. Social entrepreneurs that operate under Non-profit legal structure rely on a single stream funding source, which makes them more vulnerable, if one funding source dries up. While, social entrepreneurs that operate under dual model (for-profit and non-profit) are better positioned to obtain funds from various sources such as donations, loans, equity capital and trade (Hanley *et al.*, 2015).

5.3.2 Legal status of social entrepreneurship

Like many countries of the world, South Africa does not have a specific legal structure for governing social entrepreneurship. However, currently the SEs have the options for registering as NGOs, cooperatives, business trusts, and foundations (Urban, 2008; Visser, 2011; Littlewood & Holt, 2015). For instance, social enterprises adopting the profit model, may register as a private company, business trust, cooperatives and sole-proprietorship/partnership. On the other hand, social enterprises adopting the non-profit model registers with the legal framework governing NPOs, voluntary associations and charitable trusts, which grant them the opportunity to obtain funds from the state, business people and international organizations. The figure below presents the legal framework within which the SEs operates in the Eastern Cape Province.

Figure 5.9: Legal status of social entrepreneurship



Source: Field survey, 2019

The results from Figure 5.9 indicate that 48.7% of social entrepreneurs were registered under the status of NPOs. This is in line with the findings of Myres *et al.* (2018) that most social entrepreneurs in South Africa are registered as NPOs. This also agrees with the findings of Ngorara (2014) who observed that most social entrepreneurs in Zimbabwe operate under the legal status of NPOs. However, this is contrary to the findings of Ahmed *et al.* (2016) in that most of the social entrepreneurs in Pakistan have taken the legal status of the businesses. Nonetheless, whether social entrepreneurs register as NPOs, a cooperative, a business or a trust, their main objective is to solve social, economic and environmental problems through market-based strategy.

A social entrepreneur registered under NPO (non-profit) status enjoys the allowance to obtain income from donations as well as trading activities. In cases where a social entrepreneur registers under the business (for-profit) status, it enables him/her to obtain the income from trading activities.

However, as shown in Figure 5.9, 23% of social entrepreneurs had registered their social enterprises as the cooperative, and 13.6% of social entrepreneurs were registered as private companies. The rest were registered under a trust (3%), closed corporation (3.8%), voluntary organization (5.3%) and a sole-proprietor (3%).

5.3.3 Area of focus for social entrepreneurship

Social entrepreneurs operate in various sectors, such as education, health, agriculture, tourism, financial, culture and arts, energy to mention but a few. This section was designed to identify the area of SEs focus in the Eastern Cape Province. This enables us to determine whether the social entrepreneurs operate in education, health, housing, water and sanitation, energy and agriculture or any other sector that relates directly to human basic needs of the residents.



Table 5.3: Areas of focus in social entrepreneurship

Sector	Frequency	Percent	Valid Percent	Cumulative Percent
Education	67	25.3	25.3	25.3
Health care	24	9.1	9.1	34.3
Business development	11	4.2	4.2	38.5
service	10	3.8	3.8	42.3
Whole sale and retailer trade	13	4.9	4.9	47.2
Community development	56	21.1	21.1	68.3
Agriculture	3	1.1	1.1	69.4
Water and sanitation	53	20	20	89.4
housing and food	28	10.6	10.6	100
Financial service				
Total	265	100	100	

Source: Field survey, 2019

The results in Table 5.3 indicate that 25.3% (majority) of social entrepreneurs focused on the education sector. These results agree with Ngorora (2016) and Myres *et al.* (2018) who noted that most social entrepreneurs operate in the education sector. Further, this is in line with the findings of Ahmed *et al.* (2014) who found that education and health are the main sectors where the social entrepreneurs operate in Pakistan. Meanwhile, empirical evidence shows that most of the social entrepreneurs in Kenya operate in education sector followed by business development services and entrepreneurship support (British Council, 2017). Further, this agrees with Smith and Temple (2015) in that the majority of social entrepreneurs in UK operate in education sector followed by business support or consultancy. Similarly, Hanley *et al.* (2015) study in Colombia, Mexico, Kenya and South Africa, found that most social entrepreneurs engaged in the education sector. However, this is contrary to the finding of the World Bank (2017) in that agriculture, handicraft, tourism and environment are the main sectors of operation for the majority of social entrepreneurs in Tunisia.

The social entrepreneurs that operated in the agriculture sector in the study area represented 21.1%, while 20% of social entrepreneurs focused on housing and food. Further, the results showed that 10.6% of social entrepreneurs engaged in the financial services and 9.1% focused on health care services. In addition, 4.9% and 4.2% of social entrepreneurs engaged in community development and business development services respectively. The rest engaged in wholesale and retail trading, and water and sanitation sectors.

5.3.4 Period of social entrepreneurship operation

This section presents the year of establishment of social enterprises. The social entrepreneurs were requested to indicate the year in which their organizations were established from six different age categories (less than 3 years, 4-7 years, 8-11 years, 12-15 years, 16-19 years and above 20 years). The findings are presented in Table 5.4 below.

Table 5.4: Year of establishment social entrepreneurship

Age	Frequency	Percent	Valid Percent	Cumulative Percent
1-3 years	15	5.7	5.7	5.7
4-7 years	41	15.4	15.4	21.1
8-11 years	40	15.1	15.1	36.2
12-15 years	90	34	34	70.2
16-19 years	45	17	17	87.2
Above 20 years	34	12.8	12.8	100
Total	265	100	100	

Source: Field survey, 2019

Table 5.4 indicates that the majority (34%) of social entrepreneurs had established their social enterprises between 12-15 years; 17% was between 16-19 years; 15.4% was between 4-7 years; 15.1% was between 8-11 years; and 12.8% was over the 20 years. The rest had been in operation between 1-3 years.

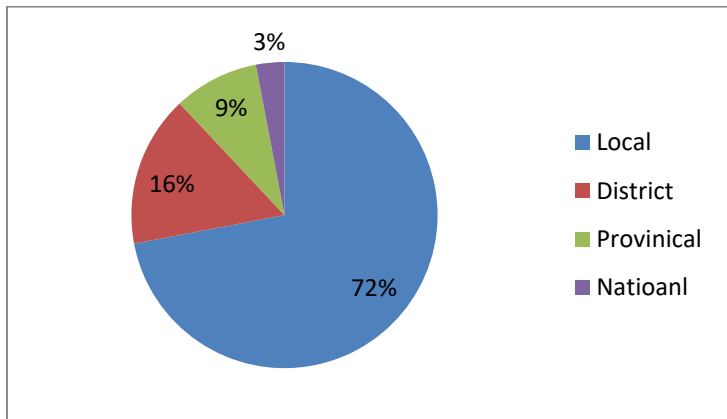
These findings indicate that social entrepreneurs had been in operation for a reasonable period, which implies that they have been playing a crucial role in poverty reduction for some period. This is in line with Ngorora (2014) who found that most of (76.5%) of social enterprises have been in operation for more than seven years in Zimbabwe.

However, these findings are contrary to the findings of Sultan *et al.* (2018) who found that most of the social entrepreneurs had an experience of less than 5 years. This agrees with the British Council (2017) that observed that the social enterprises in Kenya were young, with 64% of social enterprises being established in the last five years. A study conducted by Ahmed *et al.* (2016) found that most of the social enterprises that operate in Pakistan are at their infant stage, with operational age of over six years.

5.3.5 Geographical focus of social entrepreneurship

The geographical operational for social entrepreneurs in provisioning of goods and services can be at local, district, provincial, national, and regional. This section presents the geographical focus of social enterprises in the study area. Figure 5.10 below show the findings on geographical focus of SE.

Figure 5.10: Geographical focus of social entrepreneurship



Source: Field survey, 2019

As pointed out in Figure 5.10, 72% of the social entrepreneurs provide products and services to the local communities. This finding is in line with Myres *et al.* (2018) in that most of the social entrepreneurs in South Africa geographically focus in providing goods and services within their local communities. This is also in line with Ipangui (2017) who noted that the majority of social entrepreneurs provide products and services to the local communities. This further concurs with Smith and Temple (2015) who observed that majority of social entrepreneurs in UK proffer products and services within their neighbourhood or local level. However, this is contrary to the findings of British Council (2017) that most of the social entrepreneurs in Pakistan focused on regional provisioning of goods and services.

The results further showed that 16% of social entrepreneurs offered goods and services at the district level, while 9% provided goods and services at the provincial level. The rest focused on the national level in their operations. These findings revealed that social entrepreneurs are not confined to their local areas in their provision of goods and services.

5.3.6 Source of start-up capital for social entrepreneurs

There are various sources of start-up capital for social entrepreneurs. However, individual contributions, donations, personal savings, friends and family loans, investments and fund raising activities are the most common sources of capital for social entrepreneurs to start-up SEs. The social entrepreneurs were asked to indicate their sources of capital for SE start-up. The findings to this question are presented in Table 5.5 below.

Table 5.5: Source of start-up capital for social entrepreneurship

Source of Capital	Frequency	Percent	Valid Percent	Cumulative Percent
Loans from banks	7	2.6	2.6	2.6
Friends and family support	47	17.7	17.7	20.4
Personal saving	138	52.1	52.1	72.5
Grant and donation	73	27.5	27.5	100
Total	265	100	100	

Source: Field survey, 2019

Results in Table 5.5 indicate that 52.1% of social entrepreneurs used personal savings as their start-up capital to set-up their social enterprises; 27.5% used grants and donations for the start-up; 17.7% got their start-up capital from friends and family loans; and the rest of social entrepreneurs used bank loans. These findings indicate that personal savings were the main source of start-up capital for most of the social entrepreneurs to setup their social enterprises. These findings are in line with the findings

of Darko and Quijano (2015), and Mutarubukwa and Mazana (2017) who observed that most of the social entrepreneurs used personal money as start-up capital to set-up their social enterprises. To the contrary, this is different from Ngorora (2014) who noted that most of the social entrepreneurs in Zimbabwe used donations and grants as the start-up capital for the establishment of their social enterprises.

The findings presented in Table 5.5 indicate the low establishment of social enterprises in the Eastern Cape Province by using loans from banks or other financial institutions. This implies that access to the bank loan could be one of the greatest challenges for social entrepreneurs to start SEs. Perhaps, this is because most of social entrepreneurs may not have assets to use as security to borrow money from banks or other financial institutions.



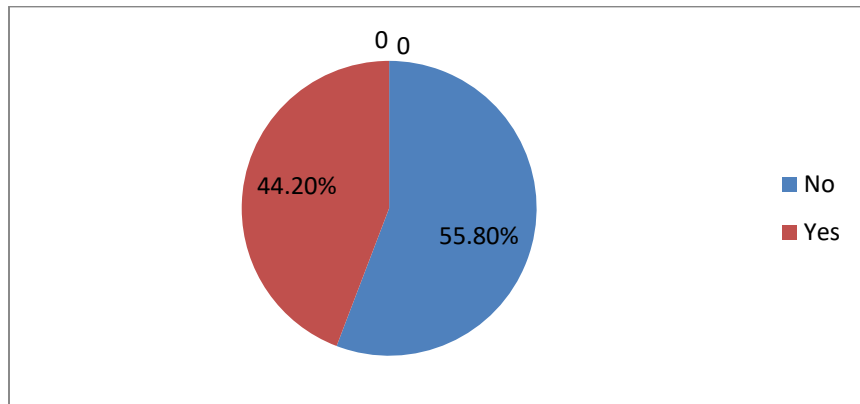
Additionally, some social entrepreneurs may not have a record of financial statement that can be submitted to commercial banks. These and other factors may prohibit social entrepreneurs from obtaining loans from commercial banks or other financial institutions for the establishment of social enterprises. Based on these findings, one can conclude that personal savings and donations are the major sources of start-up capital for most social entrepreneurs in the establishment of social enterprises. It is also observed that there was a very low use of banks loans and other financial institutions support in establishment of social enterprises in the Eastern Cape Province.

5.3.7 Social entrepreneurship and profitability

A social enterprise is almost similar to the profit-making businesses, and therefore they can make profits from the sale of goods or services, but with the prime objective to address social or environmental problems.

The purpose of this section was to determine whether social entrepreneurs make profits or not from their services. Figure 5.11 below presents the findings on the profitability of SE.

Figure 5:11: Social entrepreneurship profits

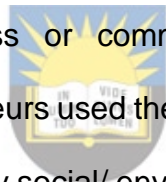


Source: Field survey, 2019

The findings presented in Figure 5.11 shows that 55.8% of social entrepreneurs do not make profits from their business activities. On the other hand, 44.2% of social entrepreneurs do make profits from their business activities. These findings agree with those of Myres *et al.* (2018) in that most of the social entrepreneurs in South Africa do not make profits from their business activities. As Blugerman, Darmohraj and Lome (2017) argued, social entrepreneurs goals are not to push sales and income to rake in greater profits but to meet growing needs. Compared to other areas, these findings are different from the findings of Ngorora (2014), and Smith and Temple (2015) who found that most

of the social entrepreneurs in Zimbabwe and UK make profits from their business activities. Social entrepreneurs, unlike profit entrepreneurs use their profit for reinvestment in the business or funding of similar social/environmental objectives.

According to Steinman (2010), SE profits are reinvested either in business or in the community towards improving the welfare of the society. The survey of this study revealed that most of the social entrepreneurs used their profits for growth and development activities. This is related to previous findings in Kenya and UK, which found that most social entrepreneurs used their profits for growth and developmental activities (Smith & Temple, 2015; British Council, 2017). This is also similar to the finding of Steinman (2010) who observed that most of the social entrepreneurs in South Africa used their profits for reinvestment in the social business or community development. In addition to reinvestments, some social entrepreneurs used their profits to reward their staff members and beneficiaries, funding of third party social/ environmental objectives and sharing with owners and stakeholders.



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5.3.8 Average annual income of social entrepreneurs

Social entrepreneurs generate income from various sources in order to cover their operational costs. Social entrepreneurs generate their income through trade, membership fees, fund raising activities and donations. This section presents the average annual income of social entrepreneurs. The social entrepreneurs were asked to identify the average annual income for their social enterprises. The scale given was as follows in Rand: Less than 200 000 Rand, 200 001-400 000, 400 001-600 000, 600 001-800 000, 800 001-1 000 000, and above 1 000 000 Rand. Table 5.6 below presents findings on the average annual income of social entrepreneurs in the Eastern Cape Province.

Table 5.6: Average annual income of social entrepreneurship

Income	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 200 000 Rand	95	35.8	35.8	35.8
200 001 Rand-400 000 Rand	118	44.5	44.5	80.3
400 001 Rand-600 000 Rand	39	14.7	14.7	95
600 001 Rand-800 000 Rand	13	5	5	100
Total	265	100	100	

Source: Field survey, 2019

The results show that, 44.5% of the social entrepreneurs earned an income of 200 000 to 4 00 000 Rand per annum; 35.8% of social entrepreneurs earned an income less than 200 000 Rand per annum; and 14.7% earned an average income of 400 001-600 000 Rand per annum. However, the rest (5%) social entrepreneurs earned an average income of 600 001-800 000 Rand per year.

These findings indicate that most of the social entrepreneurs earned an income between 200 000 - 400 000 Rand per annum. These findings are similar to some previous studies, which revealed that most of the social entrepreneurs earned an income of approximately 250 000 Rand per annum (Ngorora, 2014). Further, previous studies have indicated that most of the social entrepreneurs in South Africa earned less than 300 000 Rand per annum (Myres *et al.*, 2018). Based on this study and previous pieces of evidence, the SE sector in South Africa is small.

5.3.9 Source of income of social entrepreneurs

There are various sources of income for social entrepreneurs during the starting and operation of social enterprises, such as personal saving, donation, membership fee, fund raising activities and borrowing from friends and family. Furthermore, social entrepreneurs generate their income from selling goods and services. Social entrepreneurs sell goods or services to local communities, small businesses, government and NGOs. This section presents the findings on the source of income for social entrepreneurs.

Table 5.7: Source of income for social entrepreneurship

Items	Frequency	Percent	Valid Percent	Cumulative Percent
Selling goods and services	88	33.2	33.2	33.2
Grants and donations	74	28	28	61.2
Membership fee	15	5.6	5.6	66.8
Fund raising activities	23	8.7	8.7	75.5
Both business activities and donations	65	24.5	24.5	100
Total	265	100	100	

Source: Field survey, 2019

Results on Table 5.7 indicate that 33.2% of social entrepreneur generated their income from selling of goods and services; 28% obtain their income came from donations and grants; 24.5% rely on both business activities and donations as their source of income;

8.7% of social entrepreneurs generate their income from fund raising activities; and 5.6% of social entrepreneurs get their income from membership fee.

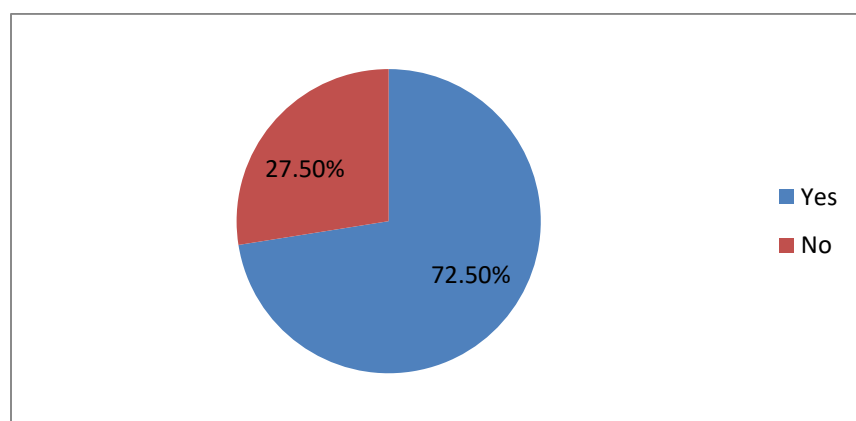
The results indicate that most of social entrepreneurs generate their income from business activities. This is in line with Myres *et al.* (2018) who observed that most of the social entrepreneurs in South Africa generate income from business activities for their social enterprises. Similarly, a study in Colombia, Mexico, South Africa and Kenya confirmed that most of the social entrepreneurs primarily generate their income from the sale of goods and services (Hanley *et al.*, 2015). This is further similar to the finding of Smith and Temple (2015) who observed that most of social entrepreneurs in the UK generate income from trading activities. However, this is contradictory to the findings of Ahmed *et al.* (2014) who observed that most of the social entrepreneurs in Pakistan rely on donations and grants as their sources of income. This also supported by a study conducted in Zimbabwe by Ngorora (2014), which found that the majority of the social entrepreneurs earn their income through donations and grants from international organizations, private businesses and government departments.

The social entrepreneurs were also asked to indicate their customers. The social entrepreneurs indicated that their customers were disadvantage communities, small businesses, NGOs and government departments. This shows that the importance of social entrepreneurs in creating trading activities among various stakeholders.

5.3.10 Social entrepreneurship future in achieving growth

The social entrepreneurs were asked if they have a growth plan for their businesses. The majority (72.5%) reported that they had a future growth plan for their social enterprises. The rest (27.5%) of social entrepreneurs did not have a future growth plan for their social enterprises. These results are presented below.

Figure 5.12: Social entrepreneurship growth plan



Source: Field survey, 2019

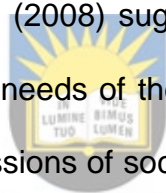
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The social entrepreneurs were asked how they were planning for the future growth of their social enterprises. The majority (45.3%) indicated that they were planning to expand to new geographical areas. These findings are different from the findings of the British Council (2017), which observed that attracting new customers and clients was the common future growth plan for most of the social enterprises in Kenya. These results are also contrary to the findings of Ahmed *et al.* (2016) who found that investing in team and capacity building; attracting new customers or clients as well as developing and launching new products and services was the growth plan for most Pakistan social enterprises. The remaining (27.2%) of the social entrepreneurs reported that increasing sales with existing

customers, attracting new customers or clients, developing and launching new products and services were the future growth plan for their social enterprises.

5.3.11 Negative, positive externalities and social entrepreneurship

Social entrepreneurs provide sustainable solutions to neglected problems with positive externalities. Negative or positive externalities impacts beyond the intended aim of organizations (Santos, 2009; Porter & Kramer, 2011). Santos (2009) argues that government alone cannot address the positive externalities because of multiple roles, limited resources, lack of capabilities or insufficient attention. Therefore, social entrepreneurs continuously identify positive externalities to internalize them in the economic system. Findings by Urban (2008) suggested that the government of South Africa lacks the capacity to meet the needs of the communities. With this background, this study determined whether the missions of social entrepreneurs in the context under the study were influenced by neglected positive externalities.



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The results from this survey indicate that 96% of social entrepreneurs were influenced by negative and positive externalities to pursue their mission, while 4% of social entrepreneurs were not influenced by negative and positive externalities to pursue their mission. The social entrepreneurs were influenced by the government service delivery gap (education, health, water and housing) and social problems, such as poverty, unemployment and HIV/AIDS to engage in social entrepreneurial activities. This confirms the findings by Santos (2009) and Porter and Kramer (2011) that social entrepreneurs are influenced by neglected positive externalities to pursue their mission. The social entrepreneurs indicated that unfilled government roles influenced their missions.

This concurs with Santos (2009) who argued that sometimes the government fails to address the socio-economic problems (poverty and unemployment) because of lack of resources, multiple roles and incapability.

5.3.12 Social entrepreneurship activities

Social businesses, unlike economic businesses, do not operate to maximize profits or personal gains rather than to achieve social or environmental objectives. The main objective of social entrepreneurs is to create social values for the communities. This section discusses the main activities of social entrepreneurs. The main activities of SE comprise of promoting education and literacy, providing health care services, creating employment opportunities, provision of financial services and support vulnerable and disadvantaged people. Table 5.8 below presents findings on the activity of SE in Eastern Cape Province.



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Table 5.8: Social entrepreneurship activities

Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Promotion of education and literacy	67	25.3	25.3	25.3
Providing health care services	24	9.1	9.1	34.4
Creates employment opportunities	61	23	23	57.4
Selling a good	9	3.4	3.4	60.8
Youth and child development	9	3.4	3.4	64.2
Business development services	10	3.8	3.8	68
Provision of financial services	28	10.6	10.6	78.6
Support vulnerable and disadvantage people	3	1.1	1.1	79.7
Provides food and shelter	51	19.2	19.2	98.9
Provision of clean water and sanitation	3	1.1	1.1	100
Total	265	100	100	

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Source: Field survey, 2019

Table 5.8 shows that 25.3% promoted education and literacy; 23% focused on employment creation; 19.2% of social entrepreneurs sought to provide food and shelter for vulnerable people; the provision of financial services accounted for 10.6%; and health care services, which account for 9.1% were also activities of social enterprises. The other activities of the social entrepreneurs were business development services (3.8%), youth and child development for (3.4%), selling goods (3.4%), and support vulnerable as well as disadvantage people (1.1%). In addition, the provision of clean water and sanitation was also the activity of the social entrepreneurs.

These findings indicate that the promotion of education and literacy was the focus of social entrepreneurs in the Eastern Cape Province. This is in line with the findings of Hanley *et al.* (2015) and Myres *et al.* (2018) who found that promotion of education and literacy is the main activity for most of the social entrepreneurs in South Africa. This further supported by Ngorora (2014) who reported that promotion of education and literacy was the main activity of the social entrepreneurs in Zimbabwe. However, the findings are different from the British Council findings (2017) that reported the main activity of most social entrepreneurs in Kenya being creation of employment.

The promotion of education and literacy among the poor people will play a crucial role in poverty reduction in the Eastern Cape Province, because poverty is correlated with lack of access to education. According to the World Bank (2018), high poverty levels in South Africa exist in households without access to education. The acquisition of education qualifications expands employment opportunities and stimulates people for entrepreneurship and creativity. The following section presents the number of SE beneficiaries.

5.3.13 Social entrepreneurship beneficiaries

The vulnerable and marginalized group of people (women, disabled people, elder, less educated people and discriminated people) are the main beneficiaries of SE activities. This section, therefore, presents the findings on the number of beneficiaries from social entrepreneurial activities. Table 5.10 below shows the number of social entrepreneurial beneficiaries in the study area.

Table 5.9: Number of social entrepreneurship beneficiaries

Number	Frequency	Percent	Valid Percent	Cumulative Percent
1-20	32	12.1	12.1	12.1
21-40	54	20.4	20.4	32.5
41-60	73	27.5	27.5	60
61-80	38	14.3	14.3	74.3
81-100	31	11.7	11.7	86
Don't know	37	14	14	100
Total	265	100	100	

Source: Field survey, 2019



The results on Table 6.9 show that the majority (27.5%) of social entrepreneurs had 41-60 beneficiaries per month; 20.4% social entrepreneurs served 21-40 people per month; 14.3% of social entrepreneurs had between 61-80 beneficiaries per month; 32 (12.1%) of social entrepreneurs served 1-20 people per month; and 11.7% of social entrepreneurs had beneficiaries between 81-100 people per month. The rest (14%) of the social entrepreneurs did not know the number of beneficiaries they served per month. This indicates that most of the social entrepreneur served between 41-60 people per month. This is in line with the finding of Myres *et al.* (2018) in that most of the social entrepreneurs in South Africa served 100 people per month.

These findings indicate the importance of social entrepreneurs in poverty reduction in the Eastern Cape Province because they serve many people in the Province. They enabled people to access employment, basic needs (shelter, food, education and health), loans

and skills thereby contributing to poverty reduction. Therefore, the creation of enabling environment is important for social entrepreneurs so that they can increase their operations in many areas in the country to serve the needy.

5.4 Chapter summary

This chapter focused on data analysis. Data categories such as demographic information of respondents, such as gender, marital status, age and race for both social entrepreneurs and the beneficiaries was analyzed. Furthermore, characteristics of social entrepreneurs, such as legal framework guiding social enterprise, the source of income to start SE, the primary focus of social enterprise, motivations to start a social enterprise, the geographical areas of focus for social enterprise and activities of the social enterprise were also analyzed.



The findings revealed that more women are engaged in social entrepreneurial activities than men as well as most of the beneficiaries were women. Through social entrepreneurial activities, women became self-reliant, which enables them to buy food, send their children to school and get medical services.

Majority of social entrepreneurs as well as the beneficiaries were married. The black Africans constituted the highest portion of social entrepreneurs. The economic productive people between the ages of 41-50 years managed most of social enterprises. The study also revealed that the various educational level among the social entrepreneurs and beneficiaries. Most social entrepreneurs and beneficiaries had bachelor degree and elementary education level respectively.

The socio-economic problems were the driving forces for social entrepreneurs to engage in social entrepreneurial activities. Most of the social enterprises had been in operation between 12 and 15 years. However, most of social enterprises were established in the education sector, and their primary aim was to promote education and literacy among the disadvantaged and vulnerable groups of people. The education and skills provided for poor people help them to be self-reliant, get employment and start a business in the future.

Personal savings were the source of start-up capital for most social entrepreneurs to setup their social enterprises. Social entrepreneurs earned their income from various sources during the operations of their social enterprises. For instance, donations, membership fees, fund raising activities and business activities were the major source of income for social entrepreneurs. Most social entrepreneurs used the profit for expansion and development activities. Social entrepreneurs are registered under the legal status of NPOs, cooperatives, trust and companies. Social entrepreneurs adopted the profit, non-profit and hybrid (profit and non-profit) models for their social enterprises. The next chapter analyses the role of SE in poverty reduction.

CHAPTER SIX

EMPIRICAL FINDINGS ON THE ROLE OF SOCIAL ENTREPRENEURSHIP IN POVERTY REDUCTION

6.1 Introduction

Globally, billions of people live on less than US\$ 2 per day, in spite of the continued global economic growth. The majority of the poor people live in sub-Saharan African countries, Latin American and South East Asia (Hanley & Garland, 2016). Poverty results to lack of access to basic needs (education, health, food, shelter and clean water and sanitation). Like many countries in the world, poverty is the major challenge of development in South Africa. Since the advent of democracy in 1994, reducing poverty has been the first priority task for the government of South Africa. The government has introduced various initiatives and programs, such as RDP, GEAR, ISRDP, ASGISA and NGP as poverty reduction strategies. Although these initiatives and programs have played a notable role in poverty reduction, the country continues to face high poverty rates. According to the World Bank (2018), more than half of the population of South Africa live below the poverty line; and earning less than R 992 per month. Meanwhile, poverty in Eastern Cape Province remains a significant challenge of development. The SSA_a (2017) report indicated that approximately 67% of the population in the province live in poverty.

Poverty is consistently highest among black South Africans, people living with disability, the less educated, female-headed households and the children. The persistence of high poverty in South Africa and Eastern Cape Province demonstrates that there is a failure in the government and traditional international organizations development initiatives to

alleviate poverty. Therefore, the challenges of development in developing countries including South Africa require entrepreneurial activities and innovative approaches. Worldwide. Of these alternatives, SE has been identified as a potential to address poverty (Urban, 2008; Visser, 2011; Littlewood & Holt, 2015; British Council, 2017). This study, therefore examined the role of SE and the extent to which it can contribute to poverty reduction in Eastern Cape Province.

The hypothesis of the study was that SE contributes to poverty reduction. In this context, SE is perceived to contribute to poverty reduction when the beneficiaries are enabled to secure food and non-food items using income or benefits of SE activities. The non-material and material variables were used to examine the role of SE in poverty reduction. The non-material variables were food security, empowerment, well-being, skill development, and access to loan, while material variables were income earned and asset acquired. These made it possible to provide a holistic perspective of poverty, which does not only consider the monetary aspect but other factors as well.

6.2 The role of social entrepreneurship in poverty reduction

Social entrepreneurship plays an important role in poverty reduction through employment, skill development, innovation and provision of basic needs (health, education, clean water and sanitation and shelter). Many empirical studies around the globe reveal that SE plays a crucial role in curbing of poverty. For instance, Ndhlovu and Ndinda (2017) found that SE plays a tremendous role in poverty reduction in sub-Saharan African countries through job creation, skill development, innovation, access loans and improving health services

and education. Further, social entrepreneurs enriched social capital and community cohesive, which are crucial to poverty reduction.

This section presents the role of SE in poverty reduction in Eastern Cape Province. The findings showed that SE immensely contributes to poverty reduction as shown in Table 6.1.

Table 6.1: How social entrepreneurship contributes to poverty reduction

	Frequency	Percent	Valid percent	Cumulative percent
Employment and income generation	77	29.1	29.1	29.1
Knowledge and skill development	26	9.8	9.8	38.9
Provision of basic needs	120	45.3	45.3	84.2
Provision of loans	23	8.7	8.7	92.9
Accessibility and availability of goods and services	19	7.1	7.1	100
Total	265	100	100	

Source: Field survey, 2019

From Table 6.1 above, 45.3% of social entrepreneurs contributed to poverty reduction through provision of basic needs; 29.1% through employment and income generation; 9.8% through provision of knowledge and skill development; and 8.7% facilitated loans for poverty reduction. The remaining (7.1%) social entrepreneurs contributed to poverty reduction through accessibility and availability of goods and services.

These findings show that most of the social entrepreneurs contributed to poverty reduction through the provision of basic needs to the vulnerable and marginalized people. Social entrepreneurs provided food, shelter, medical services, clean water and education for the poor segment of the population. This agrees with previous studies, which revealed that social entrepreneurs contributed tremendously to poverty reduction through the provision of basic needs (Nogorora, 2014; World Bank, 2017). Similar results were also found by Urban (2008), Steinman (2010), Visser (2011) and Littlewood and Holt (2015) who observed that social entrepreneurs profoundly contributed to poverty reduction through the provision of basic needs to those who are marginalized and vulnerable group of people, such as women, children, elderly people and people living with disabilities.



Significantly, employment and income generating activities are important and imperative for poverty reduction. The social entrepreneurs that created employment opportunities and income generating activity for poverty reduction accounted for 29.1% in this study. This is in line with Sijabat (2015) and Littlewood, and Holt (2015) who found that social entrepreneurs contribute to poverty reduction through employment. For instance, there are approximately 70 000 social entrepreneurs in the UK, employing more than 2 million people (British Council, 2015). Other social entrepreneurs contributed to poverty reduction through the provision of loans, knowledge and skill development and availability of goods and services. Therefore, SE contributed tremendously to the eradication of poverty and hunger in the Eastern Cape Province.

These findings correlated to opportunity creation theory. Social entrepreneurial activities create many opportunities for the vulnerable and economically disadvantaged people.

The creation of jobs, the provision of skills and knowledge, loans, basic needs and availability and accessibility of goods and services are opportunities created by social entrepreneurs, which are crucial for poverty reduction. These opportunities bring change in the life of individual, communities and societies.

6.3 The role of social entrepreneurship in social value creation

The SE focuses on value creation than profit appropriation. According to Moses and Olokundun (2014), the prime objective of social entrepreneurs is to achieve social impact and improvement rather than purely profits maximization or wealth creation. A social entrepreneur is concerned with value creation and correcting market and government failures by providing sustainable solutions to these problems (Santos, 2009). Further, Catalina (2013) adds that social entrepreneurs not only pursue a social mission that fills the gap that is left by the government or commercial enterprises, they also improve the service delivery provision as well as enhance the image of recipients of social services. Social entrepreneurs focus is on sustainable solutions (to make the problem disappear) instead of sustainable advantage (make long-profits). Social entrepreneurs create social values, such as food, shelter, water, education and medical services. A study conducted in the UK and Cambodia, revealed that social entrepreneurs enabled the vulnerable and disadvantaged communities to access education (Lyne, 2008). Poverty is not solely defined in income but also in other aspects. Cobbinah *et al.*, (2013) define poverty as a lack of basic needs, such as food, water and sanitation, shelter, education and health.

This section analyses how social entrepreneurs achieve social value maximization for their beneficiaries. Table 6.2 shows the social value maximizations of SE activities.

Table 6.2: The social value of maximizations of social entrepreneurship activities

Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Providing food	66	24.9	24.9	24.9
Providing water	3	1.1	1.1	26
Providing shelter	25	9.4	9.4	35.4
Financial support	19	7.2	7.2	42.6
Education	67	25.3	25.3	67.9
Medical services	24	9.1	9.1	77
Skill development	29	10.9	10.9	87.9
Access to goods and services	32	12.1	12.1	100
Total	265	100	100	

Source: Field survey, 2019

Results from Table 6.2 above revealed that majority of social entrepreneurs (25.3%) provided education for the social maximization value. Provision of food is recorded as social value maximization by 24.9% of social entrepreneurs. Access to goods and services is the value maximization approach for 12%. Furthermore, 10.9% of social entrepreneurs offered skill development for their beneficiaries and 9.4% of social entrepreneurs provided shelter for their beneficiaries. Other activities of social entrepreneurs include offering medical services at (9.1%), financial support (7.2%) and clean water and sanitation at (1.1%). These findings suggest the importance of social entrepreneurs in creating social value for the poor people. A survey conducted in many African countries indicated that social entrepreneurs created various social value for the poor people, such as clean water, health, education and energy (Moreno & Agapitova, 2017).

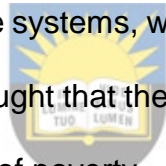
Similarly, the World Bank (2017) found that social entrepreneurs created social values (clean water and sanitation, energy and health care) for rural areas in Tunisia that are lagging behind in terms of development. Most of the social entrepreneurs enabled their beneficiaries to access education as shown in Table 6.2 above. Social entrepreneurs provided educational opportunities for street and orphaned children. This is in line with Lyne (2008) findings that social entrepreneurs in UK and Cambodia created education for social value for their beneficiaries. This is further supported by the World Bank (2017) observed that social entrepreneurs in Tunisia enabled the marginalized and vulnerable people to access education.

Social entrepreneurs work with orphaned kids to keep them in school. Katunga and Lombard (2015) argued that social entrepreneurs enable children from disadvantaged and vulnerable families to go to school as well as to have meals. Education therefore will create opportunities for the marginalized and vulnerable people in the future. Education has a direct impact in the reduction of poverty. Studies have shown that education has a potential to eradicate poverty and other developmental challenges (SSA, 2019). A person with higher qualification is more likely to start businesses and get employment and therefore less susceptible to falling into poverty (SSA, 2019). From these findings social entrepreneurs created various social values for their beneficiaries through promoting and providing education, medical services, food, shelter, access to goods and services, financial support and skill development, which are considered crucial for poverty reduction.

6.4 The role of social entrepreneurship in changing the systems that create circumstances of poverty

Globally, SE play a magnificent role in addressing the root causes of social problems. The SE is recognized as an important intervention strategy to address the root causes of social or environmental problems (Moses & Olokundun, 2014; Holmes & Sandhar, 2017). The SE activities are associated with raising the quality of life of the vulnerable and marginalized communities. This section outlines how SE activities change the circumstances that create poverty.

As illustrated in Table 7.3, the findings revealed that 90.2% of social entrepreneurs believed that their activities change the systems, which creates circumstances of poverty. Only 9.8% of social entrepreneurs thought that their activities had no impact on changing the systems that create circumstance of poverty.



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These findings are related to Seelos and Mai (2005) in that social entrepreneurs act upon opportunities to change the structures and systems that create circumstances of poverty. Further, Moses and Olokundun (2014) revealed that social entrepreneurs are the key drivers of social change by tackling the root causes of social challenges and problems rather than the resulting consequences. In the same vein, Lateh *et al.* (2018) suggested that social entrepreneurs provide creative solutions to complex and persistent social problems. The SE is the most important tool to tackle some of the world's most pressing social issues, such as poverty, unemployment, inequality, HIV/AIDS and lack of social services (Holmes & Sandhar, 2017). The SE addresses the root causes of social

problems through innovative solutions (Santos, 2009). Table 6.3 below shows the role of SE in changing the systems that create circumstances of poverty.

Table 6.3: How social entrepreneurship changes the systems that create circumstances of poverty

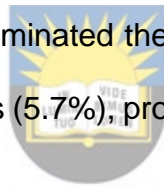
Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Train to be self-reliant	59	22.3	22.3	22.3
Empowering people	123	46.4	46.4	68.7
Promoting livelihood initiatives	9	3.4	3.4	72.1
Increasing income generating activities	15	5.7	5.7	77.8
Increasing agricultural productivity	28	10.5	10.5	88.3
Provision of assets	5	1.9	1.9	90.2
Total	239	90.2	90.2	90.2
SE does not change poverty circumstance	26	9.8	9.8	100
Total	265	100	100	

Source: Field survey, 2019

The results in Table 6.3 indicates that majority of social entrepreneurs (46.6%) changed the circumstances that create poverty by empowering people; and 22.3% of the social entrepreneurs changed the circumstances that create poverty by enabling people to be self-reliant. These findings agree with Kummitha (2013) who observed that SE identifies knowledge and skills the poor people possess to train them or provide resources to become their own masters, which enable them to come out of poverty. This further supported by Vidovic, Peric and Jozanc (2015) who noted that social entrepreneurs

offered various business skills and education through workshops to the poor rural women in Croatia to become self-reliant.

In addition, 10.5% of social entrepreneurs changed the circumstances of poverty by increasing agricultural productivity. This is related to Ngorora's (2014) study that found social entrepreneurs in Zimbabwe eliminated the systems that create poverty through improving agricultural productivity. Agricultural productivity has a positive impact on poverty reduction. Ogundipe, Oduntan, Ogunniyi and Olagunju (2017) observed that improving agricultural productivity has an immediate effect in eradicating extreme poverty and hunger. Agricultural productivity increases income and employment opportunities, government revenue, reduces food prices and improves the purchasing power of the poor people. Other social entrepreneurs eliminated the circumstances that create poverty by increasing income generating activities (5.7%), promoting livelihood initiatives (3.4%) and provision of assets (1.9%).



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From the above findings, it can be seen that most of the social entrepreneurs changed the circumstances that create poverty by empowering people and training them to be self-reliant. Moreover, social entrepreneurs changed the circumstances that create poverty by increasing agricultural productivity, income generating activities, promoting livelihood initiatives and acquisition of assets.

6.5 The role of social entrepreneurship in lifting people out of poverty

People can be lifted from poverty through access to goods and services, particularly basic needs (nutrition, education, clean water, shelter, energy and health) and economic opportunities (employment, skill development, access to credit and resources). This section outlines how SE reduces poverty. As shown in table 6.4, the findings shows that

97% of social entrepreneurs believed they reduced poverty, while 3% of social entrepreneurs do not believe their activities reduced poverty.

These results agree with the previous studies, which indicated that social entrepreneurs are the key responses to the problem of poverty (Moses & Olokundun, 2014; Ngorora, 2014; Mutarubukwa & Mazana, 2017). This is also in line with the findings of Ndhlovu and Ndinda (2017) who observed that SE plays a crucial role in uplifting the poor people out of poverty in Sub-Saharan African countries through accessing to goods and services and economic opportunities. The social entrepreneurs enabled the vulnerable people to access basic needs (food, shelter, education and health) and economic opportunities such as loan, employment and skills. Table 6.4 presents the findings on the role of SE in uplifting people out of poverty.



Table 6.4: How social entrepreneurship uplift people out of poverty

Role	Frequency	Percent	Valid Percent	Cumulative Percent
Increasing agricultural productivity	58	21.9	21.9	22.6
Promoting education	62	23.4	23.4	45.3
Promoting health services	24	9.1	9.1	54.4
Increasing livelihoods	14	5.3	5.3	59.7
Introducing income generating activities	28	10.5	10.5	70.2
Employment opportunities	25	9.4	9.4	79.6
Enhancing self-reliance	37	14	14	93.6
Raises the income level of people	9	3.4	3.4	97
Total	257	97	97	97
SE does not uplift people out of poverty	8	3	3	100
Total	265	100	100	

Source: Field survey, 2019.

Table 6.4 shows that most of the social entrepreneurs uplifted people out of poverty through the provision of education. However, 21.9% of social entrepreneurs uplifted people out of poverty through increasing agricultural productivity, while 14% of social entrepreneurs enhance self-reliance. Furthermore, 10.5% of social entrepreneurs facilitated income-generating activities; 9.4% provided employment opportunities and health services at (9.1%) for their beneficiaries' to come out of poverty. The rest raised income levels of people and increased livelihoods to reduce poverty in the communities.

These findings indicate that most of the social entrepreneurs uplifted people out of poverty through the provision of education and increasing agricultural productivity. These results agree with previous findings of Mutarubukwa and Mazana (2017), Moses and Olokundun, (2014) and Ngorora (2014), which noted that social entrepreneurs uplift people out of poverty through the provision of education. According to Omoniyi (2013), education is the most important weapon to uplift people from poverty. This is because it increases employment opportunities, improves quality of life and raises peoples' productivity, creativity and promotes entrepreneurship activities. Agricultural productivity is also an important tool for poverty reduction. Empirical studies indicated that agricultural productivity has a direct impact on poverty reduction, which increases income and employment opportunities, food security and reduce food prices (Ogundipe *et al.*, 2017).

6.6 The role of social entrepreneurship in empowering the poor people

According to Myres *et al.* (2018) and Ahmed *et al.* (2016), SE plays a magnificent role in empowering people, particularly vulnerable and disadvantaged people (disabled people, women and elder people).

Social entrepreneurs empower poor people through employment, provision of basic needs, knowledge and skills, loans and facilitation of income generating activities. A study conducted in India showed that SE has empowered poor women through economic security, development of entrepreneurial behavior and increased contributions to the family (Datta & Gailey, 2012). This section discusses how SE empowers poor people. The study revealed that 94.7% of social entrepreneurs believed that their social enterprises empowered the poor people; and 5.3% of social entrepreneurs do not think their social enterprises empowered the poor people as depicted in Table 6.5 below.

Table 6.5: How social entrepreneurship empowered poor people

Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Basic needs	150	56.6	56.6	56.6
Employment opportunities and income generating activities	38	14.3	14.3	71
Provision of loans	25	9.4	9.4	80.4
Through provision of knowledge and skills	18	6.8	6.8	87.2
Access to affordable goods and services	20	7.5	7.5	94.7
Total	251	94.7	94.7	94.7
SE does not empower people	14	5.3	5.3	100
Total	265	100	100	

Source: Field survey, 2019

Findings in Table 6.5 show that majority of social entrepreneurs (56.6%) empowered their beneficiaries through the provision of basic needs. This is in line with previous findings, which revealed that social entrepreneurs empowered the poor people through providing basic needs (Ngorora, 2014; British Council, 2017; World Bank, 2017).

Further, Holmes and Sandhar (2017) noted that social entrepreneurs empowered the marginalized and vulnerable people in Bangladesh through the provision of education, food, shelter, health services, clean water and sanitation. Moreover, 14.3% of social entrepreneurs empowered poor people by providing employment opportunities and facilitating income-generating activities. Employment is the most important tool to empower poor people out of poverty. Social entrepreneurs facilitated income-generating activities to empower poor people. Social entrepreneurs do help the poor people start businesses so that they can generate income to support themselves as well as their families. The income generating activities included livestock, agricultural production, cooperative, small businesses and non-farm enterprises.

Social entrepreneurs enabled the poor people to engage in business activities to generate income and improve their socio-economic conditions. This agrees with Mutarubukwa and Mazana (2017) who observed that social entrepreneurs in Tanzania made a great contribution in supporting poor people to establish small businesses. As a result, thousands of women in Tanzania were enabled to generate income to support themselves as well as their families. Income generating activities can contribute to poverty reduction, economic independence, improved well-being and meeting the basic needs (Mutarubukwa & Mazana, 2017).

In support of this, Chitiga-Mabugu, Nhemachena, Karuaihe and Motala (2013) argued that income-generating activities contribute to poverty reduction, well-being of the communities, empowerment, self-reliance as well as community development.

The findings revealed that 9.4% of social entrepreneurs empowered poor people by providing loans, while 7.5% of social entrepreneurs empowered their beneficiaries' to access goods and services. The rest (6.8%) of social entrepreneurs empowered their beneficiaries' through the provision of knowledge and skills. These findings are related to Connor and Bent (2016) study, which noted that social entrepreneurs in Tanzania empowered the poor people through the provision of knowledge and skills, which are very important for poverty reduction.

6.7 The role of social entrepreneurship in addressing food security

Although South Africa is considered to be food secure at the national level, at the household level it is food insecure. A study published by the SSA_a (2107) indicates that approximately 25.2% of South Africans were considered food insecure, the majority being black Africans. This is due to lack of access to economic opportunities. Food insecurity leads to poor development, poor academic performance and health problems such as obesity, chronic and mental disorder (Gundersen & Ziliak, 2015). It is also the major cause of death in the world, with millions of people losing lives every year because of hunger (Bain, Awah, Geraldine & Kindong, 2013).

Social entrepreneurship has a potential to increase food and nutrition security. This section analysis whether SE has an impact on food security.

The results show that the majority of social entrepreneurs (97%) made an impact on food security and the rest did not as shown in Table 6.6. Social entrepreneurs improved food security by improving agricultural productivity through research. The social entrepreneurs improved agricultural productivity by providing agricultural inputs (fertilizers, pest seeds, seedlings and farm equipment's) for their beneficiaries. The increase of agricultural productivity leads to the increase in income, employment opportunities and improve the ability of the poor to buy food (Dzivakwi & Jacobs, 2010; Ogundipe *et al.* 2017). Furthermore, agricultural productivity enhances government revenue through taxation, which increases government expenditure on social services (education, health, clean water and sanitation and electricity). Table 6.6 below presents SE impact on food security.



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Table 6.6: How social entrepreneurship impacts food security

	Frequency	Percent	Valid Percent	Cumulative Percent
Improving productivity	63	23.8	23.8	23.8
Through the provision of training and skills	53	20	20	43.8
Through the provision of food and assets	6	2.3	2.3	46.1
Through vulnerable group feeding	104	39.2	39.2	85.3
Through controlling climate change and drought	17	6.4	6.4	91.7
Through the expansion of irrigation schemes	5	1.9	1.9	93.6
Through the launching of micro enterprises	9	3.4	3.4	97
Total	257	97	97	97
SE does have an impact on food security	8	3	3	100
Total	265	100	100	

Source: Field survey, 2019

The results in Table 6.6 show that 39.2% of social entrepreneurs influenced food security through feeding vulnerable groups and 23.8% of social entrepreneurs influenced food security through improving productivity. Further, 20% of social entrepreneurs influenced food security through training and skill development, while 6.4% of social entrepreneurs influenced food security through mitigation of climate change and drought. The rest (3.4%) influenced food security through the launching of micro enterprises, provision of food and assets (2.3%) and the expansion of irrigation schemes at (1.9%) respectively.

This concurs with Ngorora (2014) who found that social entrepreneurs improved food security in Zimbabwe through vulnerable feeding and increasing agricultural productivity through research. In a similar study, Okorosobo (2014) observed that social entrepreneurs in Canada improved food security at the community level through increasing agricultural productivity. Furthermore, social entrepreneurs promoted healthy nutrition among the communities. Healthy food is a precursor for good health. From the above results, it can be concluded that social entrepreneurs play a crucial role in ensuring food security. The social entrepreneurs ensured food security through increasing food production, feeding the vulnerable and disadvantaged communities, and expansion of irrigation schemes.

6.8 The role of social entrepreneurship in meeting basic needs

Today, a large number of people in the world particularly developing countries do not meet their basic needs, such as food, health, education, clean water, sanitation and shelter. Governments do not have enough resources to provide all the basic needs to their people. Furthermore, the social services provided by private businesses are not affordable for the majority of poor people. Therefore, social entrepreneurs can play a crucial role to bridge the gap of government service delivery (Ndhlovu & Ndinda, 2017). According to Soni *et al.* (2014), SE can contribute significantly towards meeting immediate and long-term needs. They further, argued that SE does not only contribute towards the meeting of the short-term needs of the communities, such as water supply, but also improves the health, economic and social conditions of the community, thus contributing to sustainable development.

This section, therefore, analyses the contribution of SE to basic needs. The findings of this study show that 87.2% of social entrepreneurs believed that their social enterprises contributed to the meeting of basic needs of their beneficiaries, and 12.8% of social entrepreneur’s do not deem to contribute towards the basic needs of their beneficiaries.

These findings agree with Katunga and Lombard (2015) who observed that SE plays a crucial role in meeting basic needs of the vulnerable people in Zimbabwe. Social entrepreneurs enabled the vulnerable people to access education, health care, food and shelter. Table 6.7 below presents the contribution of SE to basic needs.

Table 6.7: Social entrepreneurship contributes to basic needs

Basic needs items	Frequency	Percent	Valid Percent	Cumulative Percent
Provision of food and shelter	53	20	20	20
Access to goods and services	84	32	32	52
Access to health services	24	9.1	9.1	61.1
Access to education	67	25	25	86.1
Access clean water and sanitation	3	1.1	1.1	87.2
Total	231	87.2	87.2	87.2
SE does not have an impact on basic needs	34	12.8	12.8	100
Total	265	100	100	

Source: Field survey, 2019

The findings in Table 6.7 indicate that 32% of social entrepreneurs made an impact on basic needs through access to goods and services. In addition, 25% of social entrepreneurs contributed to basic needs through access to education, while 20% of social entrepreneurs made an impact on the basic needs through the provision of food

and shelter. Furthermore, 9.1% of social entrepreneurs made an impact on basic needs through access to health services. Other social entrepreneurs (1.1%) made an impact on the basic needs through access to clean water and sanitation. These findings suggest the importance of SE in meeting basic needs among the poor people.

Holmes and Sandhar (2017) and Ndhlovu and Ndinda (2017) observed that social entrepreneurs provided social services (education, health, clean water and food) to poor people. The World Bank (2017) further reiterated that social entrepreneurs are the main providers of basic needs (clean water and sanitation, health, education and shelter) in Tunisia. Another study by Moreno and Agapitova (2017) revealed that in countries, such as South Africa, Uganda, Malawi, Rwanda, Uganda, Tanzania and Zambia, social entrepreneurs fill the service delivery gap in various sectors (health, education, water and sanitation and energy). Social entrepreneurs provided ancillary services, such as ambulances, traditional medicine and counseling, particularly for vulnerable and marginalized group of people living with HIV/AIDS.

6.9 The role of social entrepreneurship in creating of economic opportunities

Like social services, economic opportunities are crucial in lifting people from poverty. Social entrepreneurs facilitate various economic services for poor people, such as employment opportunities and income generation activities, loans and skill development. This section discusses the role of SE in the provision of economic services to the poor people.

Table 6.8: Social entrepreneurship and economic service provision

Items	Frequency	Percent	Valid Percent	Cumulative percent
Access to assets	17	6.4	6.4	6.4
Employment and Income generation activity	147	55.5	55.5	61.9
Loans	24	9.1	9.1	71
Knowledge and skills	77	29	29	100
Total	265	100	100	

Source: Field survey, 2019

Findings in Table 6.8 revealed that the majority of social entrepreneurs (55.5%) provided employment opportunities and income generation activities for their beneficiaries. These results agree with Nogorora (2014) who found that social entrepreneurs created employment opportunities as well as income generation activities for the poor people in Zimbabwe. This is also similar to Myres et al. (2018) study that reported that social entrepreneurs generated incomes and employment opportunities for the marginalized and vulnerable group of people in South Africa.

In addition, 29% of social entrepreneurs provided knowledge and skills for their beneficiaries and 9.1% of social entrepreneurs facilitated loans for their beneficiaries. Similar results evidenced in Sivathanu and Bhise (2013) and Nasike (2016) show that social entrepreneurs facilitated loans for the poor people and those who cannot borrow from commercial banks or financial institutions due to collateral reasons. Further, Mutarubukwa and Mazana (2017) in their studies observed that social entrepreneurs provided loans to marginalized women in Tanzania, and practice improves the lives of

many women in the country because many women are enabled to meet their basic needs, acquire assets and own small businesses. Ndhlovu & Ndinda (2017) further reaffirmed that social entrepreneurs in Sub-Saharan African countries play a vital role in alleviating of poverty through creation of various economic opportunities. Social entrepreneurs provided entrepreneurial skills, advice, consultation and financial support for the youth to start new business.

6.10 The contribution of social entrepreneurship towards the poorest communities

The SE immensely contributes to poverty reduction as alluded earlier. This section discusses the contribution of social entrepreneurial activities towards the poorest communities in the Eastern Cape Province. Table 6.9 on presents the contribution of social entrepreneurship towards the poorest communities.



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Table 6.9: Social entrepreneurship contribution towards the poorest communities

Items	Frequency	Percent	Valid Percent	Cumulative Percent		
Skill development	34	12.8	12.8	12,8		
Education	67	25.3	25.3	38.1		
Health service	24	9.1	9.1	47.2		
Food and shelter	53	20	20	67.2		
Employment opportunities and income generating activities	63	23.7	23.7	90.9		
Loans	24	9.1	9.1	100		
Total	265	100	100			

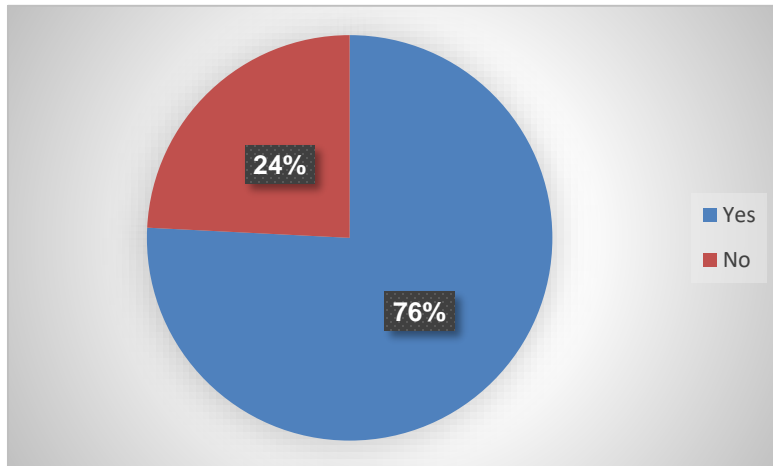
Source: Field survey, 2019

The findings presented in Table 6.9 reveals that social entrepreneurial activities provided education for the poorest communities as supported by 25.3% of respondents. Further, 23.7% of social entrepreneurs created employment opportunities and income generation activities, while 20% provided food and shelter for poor people. In addition, 12.8% of social entrepreneurs promoted skill development for their beneficiaries; 9.1% of provided loans and 9.1% provided health services to the poorest communities.

6.11 The role of social entrepreneurship in skill development

Social entrepreneurship does not only provide employment opportunities and social services but also knowledge and skills. Social entrepreneurs improve the capacity of individuals and communities, especially the marginalized and vulnerable groups of people who do not have the skills to empower themselves. Figure 6.1 below shows the contribution of SE to skill development.

Figure 6.1: Contributions of social entrepreneurship to skill development



Source: Field survey, 2019

In Figure 6.1 above, 76% of social entrepreneurs indicated that their social enterprises have an impact in skill developments and 24% of social entrepreneurs do not believe that their social enterprises contributed to skill development. These findings suggest the importance of SE in skill development. Social entrepreneurs provided various skills for their beneficiaries, such as sewing clothes, fashion designing, computer skills, new ideas and creativity, financial and management skills. Thus, individuals can apply these knowledge and skills in the establishment of business to provide family income or economic opportunities.

The study found that social entrepreneurs provided skills about business idea generation, business plan development and starting a business for the poor communities. Furthermore, social entrepreneurs offered training to the communities in woodwork, poultry, beekeeping, cooking, carpeting and construction. These skills are very helpful for the poor people to empower themselves, establish business and get employment, which results in poverty reduction. Skills are very important tools in poverty reduction because

they increase employment opportunities, entrepreneurial activities, innovation and creativity of new ideas. Spear and Aiken (2012) observed that a skill is one of the most important factors to promote social entrepreneurial activities.

Previous studies have indicated that the major reasons for the lack of entrepreneurial activities in South Africa is associated with lack of skills (Steinman, 2010). Many South Africans particularly, black Africans lack skills (financial, business, marketing and management) to enable them run business ventures successfully. As a result, the entrepreneurial activities in the country is one of the lowest in the world including sub-Saharan countries. This is despite the country having a better physical infrastructure (roads and telecommunications) than any other sub-Saharan African countries.

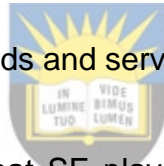
The findings in this study revealed that social entrepreneurs build the capacity of the individuals, particularly the vulnerable and marginalized people (handicap people, elder people and women). The social entrepreneurs proffered skills such as beads work, arts and crafts, shoes repairs, haircutting and driving. In addition, social entrepreneurs provided painting, panel beating and photography skills to the vulnerable communities. All these skills are very important to uplift the poor people from poverty and hunger. These skills can help the poor people to establish business and get employment in the mainstream labour market.

During the interview, the SE beneficiaries indicated that they managed to establish income generating business after they had acquired some skills and training from social entrepreneurs. Furthermore, the SE beneficiaries said that the skills they acquired from social entrepreneurs helped them to get employment.

This concurs with the findings of Mutarubukwa and Mazana (2017) who found that social entrepreneurs provided training and skills, such as arts and crafts, welding, carpeting and soap making to people with disabilities. Meanwhile, evidence from Zanzibar indicated that social entrepreneurs build the capacity of communities by providing various skills (Connor & Bent, 2016).

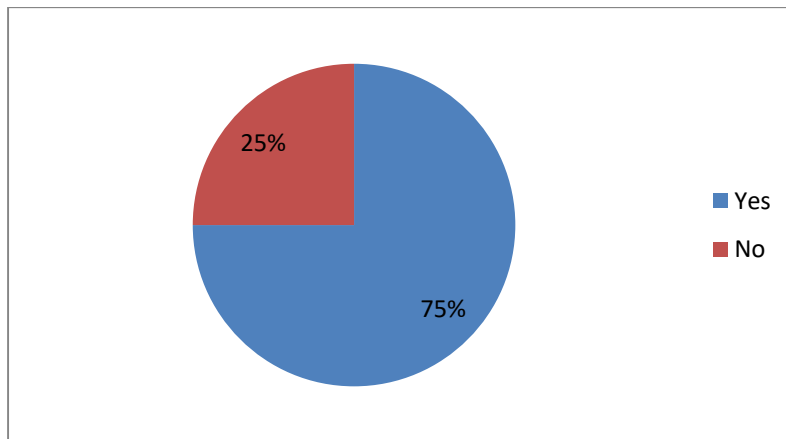
6.12 The contribution of social entrepreneurship to the availability and accessibility of goods and services

Social entrepreneurs increase the availability and accessibility of goods and services for the communities. Furthermore, social entrepreneurs provide goods and services to communities at affordable prices. This section analyzes the role of SE in contributing to the availability and accessibility of goods and services.



The findings in this study revealed that SE plays a crucial role in the availability and accessibility of goods and services. The majority of social entrepreneurs (75.1%) indicated that they improve the availability and the accessibility of goods and services for the communities as depicted in Figure 6.2. However, 24% of social entrepreneurs do not believe that their social enterprises contributed to the availability of goods and services to the poor communities.

Figure 6.2: Social entrepreneurship Contributions to availability of goods and services



Source: Field survey, 2019

Social entrepreneurs deliver goods and services to the vulnerable and marginalized people. The findings of this study revealed that social entrepreneurs make goods and services available and affordable for the poor population. Social entrepreneurs also provided healthy nutrition to low-income nutritionally deprived populations in Eastern Cape Province. During the interview, the social entrepreneurs mentioned that people do not travel from far places to buy goods and services, their needs are catered at the nearest point possible. Meanwhile, the SE beneficiaries also said social entrepreneurs play a crucial role in making available and accessible goods and services for their needs and access goods and services at affordable prices. Therefore, the availability and accessibility of goods and services are one of the indicators of poverty reduction.

Anh, Dung, Huong and Smith (2014) in their studies observed that social entrepreneurs produced goods and services to satisfy the local markets in Vietnam.

Furthermore, social entrepreneurs provided goods and services for the communities at reasonable prices. Hence, they improve the ability of the poor people to buy goods and services. These findings are similar to Okorosobo (2014), who observed that social entrepreneurs in Canada improved the availability and accessibility of goods and services through increasing production of goods and services. Besides, social entrepreneurs also made the prices of goods and services affordable for the communities. As pointed out by Lateh *et al.* (2018), SE emphasis on selling goods and services to the poor people at reasonable prices. Social entrepreneurs seek to lower costs until services become affordable for the poor people.

Social entrepreneurs like profit entrepreneurs are the key sources of investment and trade activity. The results of this study revealed that social entrepreneurs promoted social investment and trade activities in local areas. This is in line with Kazmi *et al.* (2016) who observed that SE brings different social investment and trade in Pakistan. Trade is very important for development and poverty reduction. Many prior studies demonstrated that the increasing of trading activity has a positive impact on poverty reduction (Lateh *et al.* 2018). Trade increases employment opportunities, government revenue, utilization of local resources, economic competitiveness and innovation. A study conducted in Tunisia by the World Bank (2017) found that social entrepreneurs activated local markets and increased competitiveness of local economies.

6.13 Social entrepreneurship and financial service

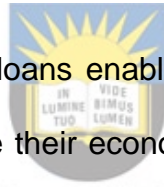
Access to credit like other economic opportunities (skill, employment and asset) is important to poverty reduction (Sivathanu & Bhise, 2013; Nasike, 2016).

Providing credit to poor people could inspire them to take entrepreneurial activities to transform their lives for the better. Once the poor people become entrepreneurs, they foster new skills, empower the poor and create independency on others. One of the main hindrances constraining poor people starting their own businesses is the lack of access to credit. Commercial banks or other financial institutions do not give loans to those who do not have assets as loan security. As a result, the poor suffer to obtain loans from banks or other financial institution.

Therefore, SE can play a crucial role in making loans available and accessible to excluded and marginalized group of people, which could not borrow money from commercial banks or other financial existing institutions to start their own businesses. Loans play three crucial roles in development: it helps the poor to meet basic needs; it helps to empower women, and promotes gender equity. The results of this survey revealed that social entrepreneurs provided loans to the poorest group of people. Loans enabled many poor people to start a business, earn income, build assets and meet basic needs, which in turn reduced poverty.

Nasike (2016) in his study found that SE practices by Microfinance Institutions (MFIs) have a positive impact on poverty reduction in Kenya. This echoed by Mutarubukwa and Mazana (2017) found that social entrepreneurs through the provision of loans have made a great impact on poverty reduction in Tanzania. The results of this study revealed that loans play a crucial role in poverty reduction in Eastern Cape Province. Loans have enabled many people to start a business, send their kids to school and acquire assets (farming equipment, land and house).

Previous studies, such as that of Sivathanu and Bhise (2013) have evidenced that a loan plays a crucial role in poverty reduction in Bangladesh. Millions of people are enabled to come out from poverty through access to a loan. For instance, the Grameen Bank established in Bangladesh by Professor Muhammad Yunus is an example of classic social enterprise, which plays a crucial role in poverty reduction in the country. The Grameen Bank provides a small amount of loan to help the poor from poverty. Millions of beneficiaries of Grameen bank have managed to get out of poverty and the majority of poor borrowers managed to transfer from beggars to own their own small businesses. Lives of six million disadvantaged micro entrepreneurs had been improved (Sivathanu & Bhise, 2013).

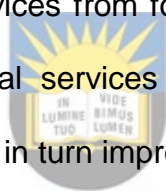


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Results from the study showed that loans enabled the vulnerable and disadvantaged people in the communities to improve their economic and social security, consumption pattern, increase earnings and reduce dependency on government. During the interview, the SE beneficiaries were asked about their perception towards the contribution of loans in the reduction of poverty in Eastern Cape Province. The SE beneficiaries believed that loans significantly contribute to poverty reduction in the Province. The SE beneficiaries said that they used to live in miserable life, but after they got some loans from social entrepreneurs, their life had completely changed and loans made a difference in their lives. They managed to establish business, seek medical services and acquire assets. The findings of this study also revealed that social entrepreneurs do not only provide loans to the poor people but also equip them with various skills such as management, financial and marketing. Loans helped so many people to start a business and buy school uniform, books and food for their children.

Furthermore, the researcher observed that the loans provided to the poor people by social entrepreneurs were also used to buy productive assets and non-productive assets. Productive assets also generate income or earning back for the people, which resulted in poverty reduction.

The social entrepreneurs offered loans with business, financial and management skill training for the poor people to start micro-enterprises. The study revealed that social entrepreneurs provided microfinance facilities to the poor people. Micro enterprises and household-based business facilitate income generation and reduce poverty. Furthermore, social entrepreneurs offered services, such as savings and transfer services to the poor people who are unable to obtain services from formal financial sectors. Nasike (2016) argues that access to basic financial services can significantly increase economic opportunities for the poor families and in turn improve their lives.



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In their studies, Frimpong and Kalbersonn (2014) found that SE practices through MFIs has a positive impact in poverty reduction in Ghana and it enabled the poor to meet basic needs, build assets, earn income, develop micro-enterprises and improve quality of life. From the above discussion, it can be noted that SE practices through MFIs play a significant role in poverty reduction in Eastern Cape Province. Loans enabled many poor people to start a business, earn income, acquire assets, buy food and non-food items as well as to send their children to school.

6.14 Social entrepreneurship and Innovation

One of the major reasons for the different level of development between developing and developed countries is the level of innovation. Developed countries are characterized by high innovative and entrepreneurial activities, while developing countries are characterized by low innovative and entrepreneurial activities (Adenutsi, 2009). The socio-economic problems that exist in developing countries like South Africa need innovative and entrepreneurial activities. Various scholars, development agencies and policymakers acknowledged SE as the most important innovative solutions to the social, economic and environmental challenges (Sivathanu & Bhise, 2013; British Council, 2017; World Bank, 2017). Innovation does not only benefit entrepreneurs but also the general communities. Social entrepreneurs create new products, services, markets and processes that did not exist before.



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The findings in this study indicated that social entrepreneurs engage in various innovative activities. The social entrepreneurs produced educational materials (toys, chock and outdoor) and playing wheels by using local resources. The social entrepreneurs recycle old plastic and newspapers to make handbag and wicker hat. The researcher further observed that social entrepreneurs recycled broken window glass and old bottles to produce various ornaments and glasses. Hanley *et al.* (2015) found similar observation that social entrepreneurs in South Africa created new goods and services for the benefit of the communities. Further, Ahmed *et al.* (2016) noted that a number of social entrepreneurs in Pakistan produced new products and services that did not exist in the market. Social entrepreneurs bring innovation solutions to the social or environmental

problems. Ndholvu and Ndinda (2017) in their study found that social entrepreneurs create solar energy, which provides an affordable source of electricity to millions of people in sub-Saharan African countries.

The results of this study revealed that social entrepreneurs produced composts, textile and glasses from waste materials. The social entrepreneurs produced different kind of glasses from waste bottles. For instance, the social entrepreneurs produced wine glasses and tumblers from the waste bottles. This shows the importance of social entrepreneurs in changing the idle resources into new products and services for the communities. The social entrepreneurs also transferred their skills to the employees during the entrepreneurship activity. Hence, the skills will empower the poor people to get employment and start business in the future. Social entrepreneurs create values for the communities by directing idle resources into final products and services. This agrees with Mutarubukwa and Mazana (2017) who noted that social entrepreneurs in Tanzania engaged in innovative activities as they produced backpacks from local materials known as Maasai blankets.

Social entrepreneurs develop innovative solutions to social problems, such as HIH/AIDS, mental-ill health, illiteracy, drug abuse and crime. For instance, the Brazilian social entrepreneur, “Veronica Khosa” introduced a home-based care model for patients’ living with HIV/AIDS (Sivathanu & Bhise, 2013). This indicates that there is considerable SE impetus for innovation. From these findings, it can be observed that social entrepreneurs play a crucial role in innovative and entrepreneurial activities. Social entrepreneurs convert locally available resources (unused resources and wastage of materials) into

useful items for human beings. These findings confirm the Schumpeter innovation theory and bricolage theory as discussed in chapter two. Social entrepreneurs created new goods using the local resources as well as the resources at their hand (skills). Innovations (new goods, services and markets) therefore, are very important in addressing social problems and meet the need of the communities. Through innovation, social problems can be addressed. Innovation increases investment, business activity, utilization of local resources and job creation, and in turn contribute to poverty reduction. Social entrepreneurs create something from nothing. Social entrepreneurs combine the resources at their hand (ideas and skills) with the local resources available to create values for the communities (Zhara *et al.*, 2009).

6.15 The contribution of social entrepreneurship to employment opportunities and income generation



Job creation is one of the top priority tasks for the government of South Africa. The government has taken a number of measures to improve job creation in the country since the advent of democracy in 1994. Social entrepreneurs can help the government in its effort in reducing unemployment in the country by providing employment opportunities, particularly for vulnerable and marginalized groups of people. For example, SE is one of the most important economic sectors for job creation in developed countries like UK, Canada, Australia and the US. For instance, in the UK, the SE sector employs approximately 2 million people (British Council, 2015).

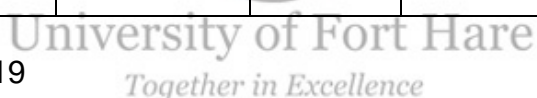
This section, therefore, analyzes the contribution of SE creation of employment in Eastern Cape Province. As shown in Table 6.10 below, 71.7% of social entrepreneurs have employees in their social enterprises, while other did not have employees in their social

enterprises. Notably, some social entrepreneurs may not have employees because some of their activities are conducted on a voluntary basis.

Table 6.10: Social entrepreneurship contribution to employment creation

Number of employees	Frequency	Percent	Valid percent	Cumulative percent
1-5	47	17.7	17.7	17.7
6-10	55	20.8	20.8	38.5
11-15	44	16.6	16.6	55.1
16-20	21	7.9	7.9	63
21-25	15	5.7	5.7	68.7
Above 26	8	3	3	71.7
Total	190	71.7	71.7	100
Social entrepreneurs with no employees	75	28.3	28.3	
Total	265	100	100	

Source: Field survey, 2019



The results in Table 6.10 show that the majority of social entrepreneurs (20.8%) had between 6-10 employees; 17.7% had between 1-5 employees; 16.6% had between 11-15 employees; 7.9% employed between 16-20 people; 5.7% had between 21-25 employees; and 3% had over 26 employees. The rest (28.3%) had no employees in their social enterprises. These results reveals the importance of SE in employment creation in the Eastern Cape Province. The SE assists the government in job creation for the growing labour force in South Africa (Visser, 2011). These findings agree with Sivathanu and Bhise (2013) who observed that the SE sector in India employed between 1-7 people. This further evidenced by the British Council (2017) in that most of the social

entrepreneurs in Kenya employed 16 people on average. Further, empirical evidence shows that most of the social entrepreneurs in South Africa employed between 1-50 people (Myres *et al.*, 2018) in their businesses. In their study, Ahmed *et al.*, (2016) found that most of the social entrepreneurs in Pakistan employed 50 people on average in their businesses. The World Bank (2017) also found that social entrepreneurs in Tunisia employed 50 people on average in their businesses.

6.15.1 The contribution of social entrepreneurship to income generation

Social entrepreneurs generate incomes for people that cannot be employed by the government sector or private sectors. Income generation is the key tool raising poor people from poverty. This section presents the monthly average salary pay for employees employed by social entrepreneurs. Table 6.11 below presents the employees monthly average salary.

Table 6.11: Monthly average salary paid for employees

Salary in Rand	Frequency	Percent	Valid percent	Cumulative percent
Less than 2000	20	7.5	7.5	7.5
2001-3000	48	18.1	18.1	25.6
3001-4000	71	26.8	26.8	52.4
4001-5000	27	10.2	10.2	62.6
5001-6000	12	4.5	4.5	67.1
6001-7000	7	2.6	2.6	69.7
7001-8000	5	2	2	71.7
Total	190	71.7	71.7	71.7
Social entrepreneurs with no employees	75	28.3	28.3	100
Total	265	100	100	

Source: Field survey, 2019

Table 6.11 shows that 26.8% of social entrepreneurs paid their employees' salaries between 3001 and 4000 Rand per month; 18.1% of social entrepreneurs paid their employees' salaries of between 2001 and 3000 Rand per month; 10.2% of social entrepreneurs paid between 4001 and 5000 Rand per month; 7.5% of social entrepreneurs paid salaries less than 2000 Rand per month; 4.5% of social entrepreneurs paid salaries of between 5001 and 6000 Rand per month; and 2.6% of social entrepreneurs paid salaries of between 6001 and 7000 Rand per month. The rest (2%) of social entrepreneurs paid their employees' salaries between 7001 and 8000 Rand per month. These results indicate the importance of SE in the generation of income for the poor communities. The income help the employees to buy food, send their children to school and pay utility bills.



These findings also show a low salary scale in the SE sector. However, Wu, Wu and Wu (2018) argued that social entrepreneurs are likely to pay less than for-profit entrepreneurs. Social entrepreneur's main aim is to achieve social objectives or addressing challenges or problems than making profits or wealth for their shareholders. Apart from the salary, social entrepreneurs also provided provident fund and medical insurance for their employees. These benefits help the employees to meet their basic needs during the retirement period.

6.15.2 Inferential statistics

From the 265 sample of social entrepreneurs, data was analyzed using chi-square goodness of fit test. As Table 6.12 below shows, there is very strong evidence of the relationship between the role of SE in empowerment and poverty reduction ($X^2=15.768$; $DF=6$; $p\text{-value}=0.015$). Empowerment is a key tool to address poverty. Santos (2009) viewed empowerment as the tool that social entrepreneurs use to solve socio-economic problems. The study revealed that social entrepreneurs empowered their beneficiaries through meeting their basic needs, provision of knowledge and skills, employment opportunities and access to loans. There is also strong evidence of the relationship between the role of SE in food security and poverty reduction ($X^2=83.534$; $DF=6$; $p\text{-value}=0.000$). Food security leads to good development, good academic performance and reduces mortality and health problems, such as obesity, chronic and mental disorder.

Findings of this study revealed that there is a strong relationship between the contribution of SE to the availability of goods and services and poverty reduction ($X^2=41.820$; $DF=6$; $p\text{-value}=0.000$). The SE increases the availability of goods and services to poor people. As pointed out by Lateh *et al.*, (2018) SE emphasis on selling products and services to the poor at affordable prices. From this study, there is evidence of a strong relationship between the role of SE in skill development and poverty reduction ($X^2=16.093$; $DF=6$; $p\text{-value}=0.013$). Skills increases employment opportunities, entrepreneurial activities, innovation and creativity of new ideas. Spear and Aiken (2012) observed that skill is one of the most important factors to promote social entrepreneurial activities.

Table 6.12: Chi-square tests of evidence of relationship in position based on social entrepreneurship data

Variable 1	Variable 2	Chi-Square Value	DF	P-value
Poverty reduction	Empowerment	15.768	6	0.015*
Poverty reduction	Food security	83.534	6	0.000*
Poverty reduction	Availability of goods and services	41.820	6	0.000*
Poverty reduction	Skill development	16.093	6	0.013*
Poverty reduction	Basic needs	19.540	6	0.000*
Poverty reduction	Employment	96.655	30	0.000*

Source: Field survey, 2019

*Significant at 0.05 level



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The results in Table 6.12 reveals that there is evidence of a strong relationship between the contribution of SE to employment creation and poverty reduction ($X^2=96.655$; $DF=30$; $p\text{-value}=0.000$). Employment is the most important tool to lift poor people from poverty and hunger. Employment contributes to poverty reduction, self-reliance, empowerment, improved well-being, food security and economic growth (Ahmed *et al.*, 2016; British Council, 2017). The SE provides employment opportunities, particularly to the vulnerable and marginalized people that cannot obtain employment from the government or private sector due to lack of skills or low education level.

The aforementioned findings further indicated that there is evidence of a strong relationship between the contribution of SE to basic needs and poverty reduction ($X^2=19.540$; $DF=6$; $p\text{-value}=0.000$).

Social entrepreneurs provide basic needs (food, shelter, clean water, health and education) to vulnerable people. As Kummitha (2013) argued, providing education and training of the illiterate and semiliterate people makes it possible to eradicate extreme poverty and hunger.

6.15.3 Hypothesis testing

In this study, the hypothesis was tested using a chi-square test. The null-hypothesis of the study was that SE does not contribute to poverty reduction. Results in Table 6.13 showed that there is very strong evidence of the relationship between SE and poverty reduction ($X^2=47.603$; $DF=18$; $p\text{-value}=0.000$). Hence, the null-hypothesis that SE does not contribute to poverty reduction was rejected in favour of the alternative hypothesis. This leads to a conclusion that SE activities contributed to poverty reduction in the Eastern Cape Province. Prior studies on the relationship between SE and poverty reduction also found that a positive relationship between the two. In their study, Nogorora (2014) and Edobor (2018) found a positive relationship between SE and poverty reduction. Further, SE has a direct impact in the reduction of poverty. Further, studies by Sijabat (2015), Faruk *et al.* (2016), and Daniel (2014) revealed a positive relationship between SE and poverty reduction. More, Sultan *et al.* (2018) in their study confirmed that SE has a significant and positive impact in reduction of poverty in Pakistan.

The results (Table 6.13) from this study further revealed that there is a very strong relationship between SE and employment opportunities ($X^2=28.900$; $DF=18$; $p\text{-value}=0.001$). There was also very strong relationship relationship between factors that promote SE and poverty reduction ($X^2=68.517$; $DF=24$; $p\text{-value}=0.000$).

Meanwhile, there is positive relationship between factors to promote SE and employment opportunities ($X^2=48.070$; $DF=24$; $p\text{-value}=0.002$) as denoted in table 6.13.

Table 6.13: Chi-square tests of evidence of relationship in position based on social entrepreneurship data

Variable 1	Variable 2	Chi-Square Value	(DF)	P-value
Poverty reduction	Social entrepreneurship	47.603	18	0.000*
Employment Opportunities	Social entrepreneurship	28.900	18	0.001*
Poverty reduction	Factors to promote social entrepreneurship	68.517	24	0.000*
Employment Opportunities	Factors to promote social entrepreneurship	48.070	24	0.002*

Source: Field survey, 2019

*Significant at 0.05 level

6.16 The effects of social entrepreneurship activities on the beneficiaries

This section analyzes the perceptions of the beneficiaries towards the contribution of SE to poverty reduction in the Eastern Cape Province. The SE beneficiaries reported that SE plays a crucial role in poverty reduction in the province. Their reasons were that SE provides employment opportunities, goods and services, financial support through loans,

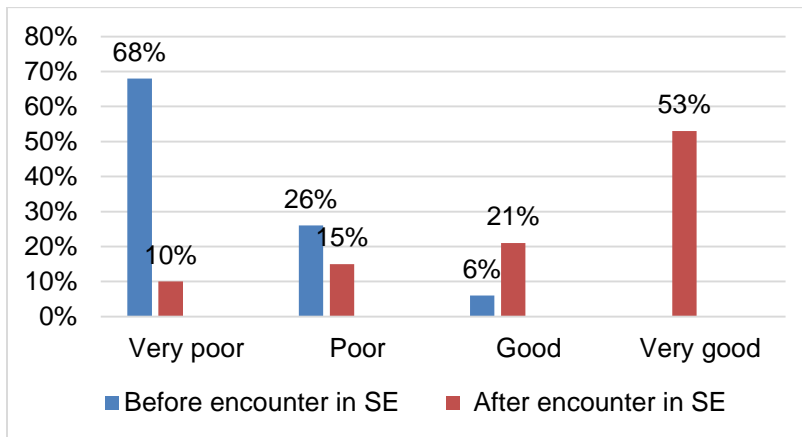
social services, skills and knowledge. The beneficiaries acknowledged that SE addresses the challenges they face in life. Therefore, 98% of beneficiaries' indicated that SE provided solutions to the problems they encounter in life. Most of the beneficiaries indicated that they had made a significant change in various aspects of life since their engagement in SE. For instance, they advanced in income, expenditure and employment opportunities, business skills, access to basic needs and property ownership. The beneficiaries reported that they were able to pay for their monthly utility bills, while others indicated that they could save more.

These findings agree with Vidovic *et al.* (2015) who noted that SE improved the socio-economic status of the rural women in Croatia. Many women managed to advance in income, employment opportunities and access to education, increased awareness in local politics and programs and improved status in local communities. Meanwhile, empirical evidence shows that SE had improved the income status of poor women in India (Belli & Raghvendra, 2014). They managed to save money as well as acquire assets, which are necessities for life.

6.16.1 Beneficiaries' income status before and after an encounter with social entrepreneurship

Social entrepreneurs not only improve their own income status but also of their beneficiaries. This section presents beneficiaries income status before and after the encounter with SE. This enables us to determine whether social entrepreneurs had improved their beneficiaries' income status. Figure 6.3 below depicts the beneficiaries' income status before and after the encounter with SE.

Figure 6.3: Beneficiaries income status before and after an encounter with social entrepreneurship



Source: Field survey, 2019

As presented in Figure 6.3 above, the beneficiaries did not have very good income status before the encounter with the SE. Findings indicate that 68% of respondents had very poor income status before the encounter in SE, while 26% of respondents had poor income status before the encounter in SE. However, 6% of respondents had good income status before the encounter in SE.

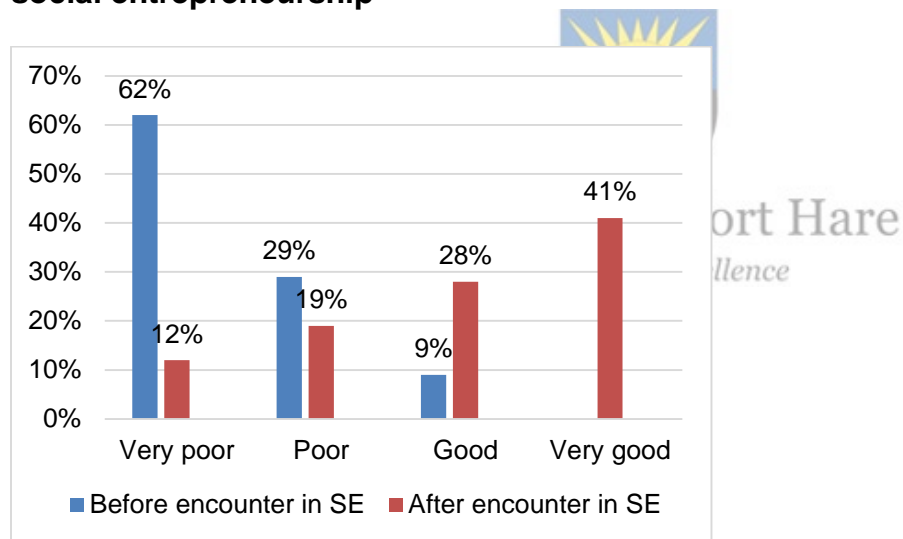
Most of the beneficiaries' income status had improved after the encounter with the SE. The study shows that 54% of the respondents had very good income status after their encountering the SE, while 21% of respondents had good income status. However, 15% of respondents had poor income status after engaging in SE. The remaining (10%) SE beneficiaries had very poor income status after an encounter with SE. These findings indicate that social entrepreneurs had improved their beneficiaries' income status. Most of the beneficiaries had improved their income after engaging in SE. These results are confirmed by Ngorora's study (2014), which noted that social entrepreneurs in Zimbabwe had improved the income status of the poor people.

In the same vein, Belli and Raghvendra (2014) confirmed that social entrepreneurs had improved the income status of the poor women in India. The following section discusses the beneficiaries' expenditure status.

6.16.2 Beneficiaries expenditure status before and after an encounter with social entrepreneurship

This section assesses the beneficiaries' expenditure status before and after the encounter with SE. This enables us to determine whether social entrepreneurs had improved their beneficiaries' expenditure status.

Figure 6.4: Beneficiaries expenditure status before and after an encounter with social entrepreneurship



Source: Field survey, 2019

The results in Figure 6.4 shows that 62% of respondents had very poor expenditure status before they encountered the interventions of SE; 29% of had poor expenditure status; and 9% of respondents had good expenditure status. However, beneficiaries' expenditure status had improved after encountering the SE interventions. As shown in the figure above, 41% of respondents had very good expenditure status after the encounter in SE,

while 28% of respondents had good expenditure. On the other hand, 19% of the respondents had poor expenditure status after engaging in SE activities. The rest (12%) of SE beneficiaries had very poor expenditure status after encounter in SE. These findings indicate that social entrepreneurs had improved their beneficiaries' expenditure status. Most of the beneficiaries' expenditure had improved after encounter with SE.

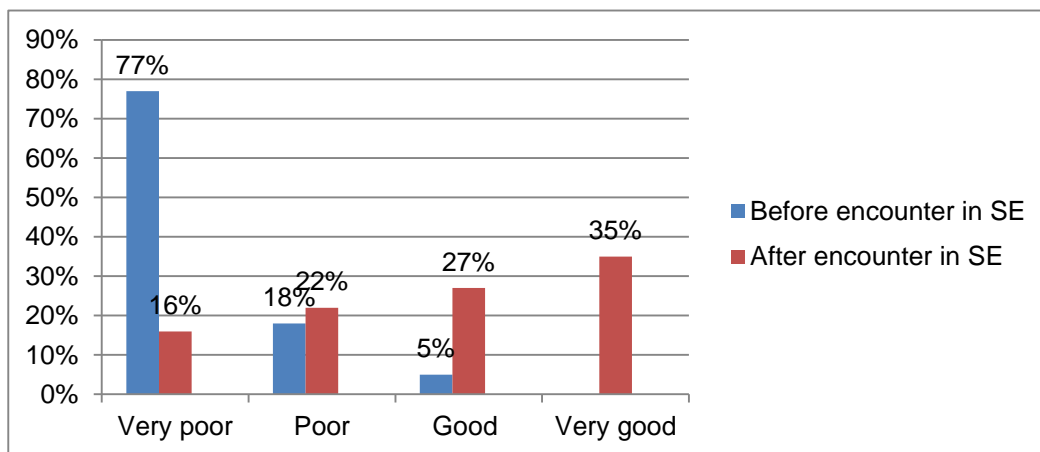
6.16.3 Beneficiaries saving status before and after engaging in social entrepreneurship

The aim of this section is to assess the beneficiary saving status before and after the encounter with SE. This enables us to determine if SE improves the beneficiaries saving status. Figure 6.5 below shows the beneficiaries saving status before and after the encountering the SE interventions.



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Figure 6.5: Beneficiaries saving status before and after the encounter in social entrepreneurship



Source: Field survey, 2019

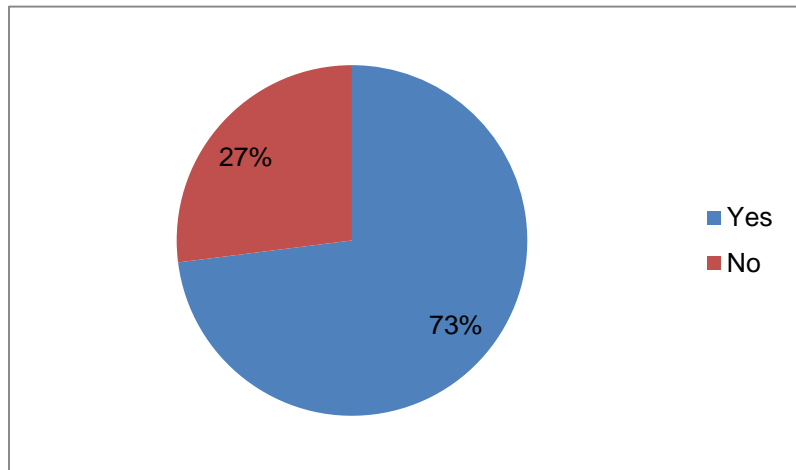
The results in Figure 6.5 indicate that 77% of beneficiaries had very poor saving status before they engaged in SE, while 18% of beneficiaries had poor saving status before they were involved in SE. The rest (5%) of beneficiaries had good saving status before they encountered SE. Notably, the saving status of the beneficiaries had improved after they were engaged in SE. The findings in Figure 6.5 further indicate that 35% of beneficiaries had very good saving status after their encounter in SE. Likewise, 27% of beneficiaries had good saving status after their encounter in SE, but 22% of beneficiaries had poor saving status after their encounter in SE. The rest (16%) beneficiaries had very poor saving status after their encounter in SE. These results suggest that social entrepreneurs had improved their beneficiaries saving status. The study established that the beneficiaries did save up to 1200 Rand per month using income or benefits of SE organizations.



6.16.4 Asset acquisition University of Fort Hare *Together in Excellence*

Asset acquisition is one of the indicators of poverty reduction. This section was designed to assess if the beneficiaries acquired assets using income or benefits from SE. The study revealed that most of beneficiaries (73%) acquired assets using income or benefits of SE as illustrated in Figure 6.6 below. The rest (27%) of the beneficiaries did not acquire assets using income or benefits of SE.

Figure 6.6: Beneficiaries asset acquisition



Source: Field survey, 2019

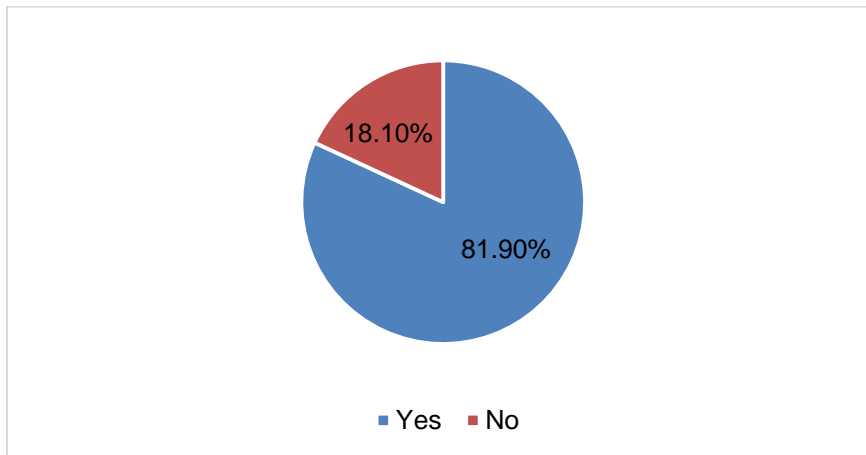
The beneficiaries were asked to identify the assets they acquired by using income or benefits of SE. The beneficiaries reported that they acquired various assets, such as fridges, TV sets, microwaves, couches and farm equipment. Some beneficiaries acquired cars, land and houses to mention but a few. These improvements led to wealth creation and better welfare.

6.17 Social entrepreneurship environment in Eastern Cape Province

Governments do not create social entrepreneurs but they can create conditions that enable social entrepreneurs to evolve and flourish. For instance, in developed countries, particularly in the UK, Canada and Australia, governments create an enabling environment for SE. In these countries, a number of private and public institutions were established to provide financial and non-financial assistance for social entrepreneurs. As a result, SE becomes the key contributor to the economy.

This section, therefore, assess the perception of social entrepreneurs towards the SE environment in Eastern Cape Province.

Figure: 6.7: Social entrepreneurship environment in Eastern Cape Province



Source: Field survey, 2019

The results presented in Figure 6.7 indicate that majority of social entrepreneurs (81.9%) reported that there was no conducive environment for social entrepreneurial growth in Eastern Cape Province, while 18.1% of social entrepreneurs believed that there was a good opportunity for SE growth in the province. These results suggest that South Africa still has a long way to go in creating an enabling environment where social entrepreneurs could indeed flourish and contribute immensely to poverty reduction. Various researchers have indicated that South Africa does not have an enabling environment for social entrepreneurs' growth (Urban, 2008; Visser, 2011; Moreno & Agapitova, 2017). The enabling environment comprises of policy, legal, regulatory and institutional factors.

The following section analyzes the factors that can promote SE growth in Eastern Cape Province.

6.17.1 Factors to promote social entrepreneurship

Social entrepreneurship has proven to be one of the most important tool to fight poverty, unemployment and inequality. Therefore, the creation of conducive regulatory environment is crucial to enable SE to realize its potential. Adequate finance support, market access, suitability of premises and equipment, adequate support and advisory as well as business skills are among the most important factors for the growth of SE activities (Moreno& Agapitova, 2017). This section therefore analyzes the factors that can promote SE growth.

The social entrepreneurs mentioned a number of factors that can promote SE growth. Majority of social entrepreneurs (54%) pointed out that adequate financial support is the most important factor to promote SE growth. These results agree with previous findings, which revealed that finance is the most important factor to promote SE growth (Moreno & Agapitova, 2017; Myres *et al.*, 2018; BG, 2018). This is further, emphasized by Steinman (2010) and Mutarubukwa and Mazana (2017) who noted that finance is the most important factor for the growth of SE activities in developing countries. Finance can help social entrepreneurs to hire skilled labour, adopt modern technology and expand their business.

The findings from this study showed that 19.2% of social entrepreneurs said that entrepreneurship education and business skills are the most important factor to promote SE growth. Entrepreneurship education and business skills have a direct impact on SE growth. Similarly, statistical analysis indicated that entrepreneurship education and business skills are the fundamental factors for the success of SE growth activities in South

Africa (Steinman, 2010). Further, Spear and Aiken (2012) noted that entrepreneurship training and business skills (marketing, management and financial) are among the key factors for the development of SE. These skills are crucial for businesses sustainability.

Market access was also mentioned as one of the important factors to stimulate SE activities. For instance, 13.6% of social entrepreneurs suggested that market access is the most important factor to promote SE growth in Eastern Cape Province. Similarly, Coetzee (2016) argued that market access is a critical factor for the growth of SE activities in South Africa. Importantly, no business can exist without a market. This concurs with Spear and Aiken (2012) findings in that market access is potentially one of the most important for supporting the development of social entrepreneurial activities.

The other factors suggested by social entrepreneurs to promote SE were physical infrastructure. The findings showed that 8.7% of social entrepreneurs suggested that provision of infrastructure facilities (electricity, road, water and communication) are important factors to promote SE growth. Daniel (2014) also suggested that public services (electricity, water and sanitation, roads and communications) are key factors for the development and growth of SE activities.

The last factor suggested by social entrepreneurs to promote SE was access to technology and skilled labour. However, 4.5% of social entrepreneurs assumed that access to technology and skilled labour is the critical factors to stimulate the development of SE activities. This in line with Darko and Quijaano (2015), Mutarubukwa and Mazana (2017) who noted that skilled labour is one of the most important factors to promote SE activities.

Moreover, most of the social entrepreneurs suggested that financial support is the most important factor to promote SE in Eastern Cape Province. The social entrepreneurs pointed out that entrepreneurship training and business skills are important factors for the development of SE activities. Other factors, such as market access, provision of infrastructural facilities and access to technology and skilled labour were also identified as the fundamental factors for the development of SE in the Eastern Cape Province.

6.17.2 The challenges of social entrepreneurship growth

The same way as profit-making entrepreneurs face challenges, social entrepreneurs also face a number of challenges during the starting and operation of their social enterprises. Challenges, such as lack of finance, human power, infrastructure and equipment, poor market access, red tape and bureaucracy, crime and among others are the major hindrance of SE growth. This section analyzes the challenges of SE growth in Eastern Cape Province. Table 6.14 below depicts the challenges to SE growth.

Table 6.14: Challenges of social entrepreneurship growth

Activities	Frequency	Percent	Valid Percent	Cumulative Percent
Access to finance	103	38.9	38.9	38.9
Market access	55	20.7	20.7	59.6
Premises and equipment	17	6.4	6.4	66
Support and advisory	9	3.4	3.4	69.4
Crime	13	4.9	4.9	74.3
Taxation	4	1.5	1.5	75.8
Regulations and red tape	8	3	3	78.8
Infrastructural facilities	15	5.7	5.7	84.5
Shortage of managerial skill and skill labour	31	11.7	11.7	96.2
Technology and communications	10	3.8	3.8	100
Total	265	3.8	3.8	100

Source: Field survey, 2019

As shown in the above table, the majority of social entrepreneurs (38.9%) indicated that lack of finance is the main constraints to their SE growth. This is in line with the findings British Council (2017), World Bank (2017) and Myres *et al.* (2018) who found that lack of finance is the major constraints for SE growth in South Africa, Kenya and Tunisia respectively. In the same vein, Steinman (2010) and Mutarubukwa and Mazana (2017) noted that lack of finance is the main factor that limit the growth of SE in developing countries. Lack of finance makes it difficult for social entrepreneurs to start-up social enterprises, expand operations as well as reach out to many poor people.

Commercial banks or other financial institutions are treating social entrepreneurs the same way as profit entrepreneurs when they approach them for finance (Steinman, 2010).

When banks want to loan social entrepreneurs, they look at cash flow, regular and consistent streams of income, collateral, references, and success in other ventures, the probability of repayment, reputation for paying commitments, previous dealings with banks and interest in other business properties (Steinman, 2010). However, if social entrepreneurs do not meet these criteria, it could hinder the banks from loaning social entrepreneurs' start-up capital.

In many cases, start-up social entrepreneurs do not have assets to be used as collateral to access loans from commercial banks. Moreover, the lack of specific legal framework for SE makes it difficult for social entrepreneurs to obtain loan from commercial banks, because they register in different legal forms, such as NGOs, cooperatives and business. These and other factors affected social entrepreneurs to obtain loans from banks or other financial institutions. For this reason, social entrepreneurs are forced to rely on personal money, family and friends as well as donations as source of their income during the starting-up and operations of their social enterprises.

Previous studies on social enterprises have also noted that most of the social entrepreneurs rely on personal money during the starting-up and operationalizing of their social enterprises (Darko & Quijano, 2015; Mutarubukwa & Mazana, 2017). Thus, lack of adequate finance remains a significant challenge for SE growth, which limits social entrepreneurs' ability to innovate, expand the business, and hire suitable premises, skilled labour, and use of new technology.

Lack of market access was also identified as a challenge for social entrepreneurs. As shown in Table 6.13, 20.7% of respondents mentioned that lack of market access is the limiting factors for their SE growth. This is in line with previous findings, which indicated that lack of market access is a key constraints factor for the development and growth of SE activities in developing countries (Coetzee, 2016; Mutarubukwa & Mazana, 2017). According to Mutarubukwa and Mazana (2017), harsh economic conditions and competition are the limiting factors for social entrepreneurs in accessing markets for their goods and services. Unemployment and poverty also make it too difficult for social businesses to gain market access for their goods and services.

It has also been noted earlier that social entrepreneurs do not have skilled labour and technology advanced labour to produce quality products and services in order to compete with profits businesses (Mutarubukwa & Mazana, 2017). On another hand, social entrepreneurs do not have money to promote their products and services through various communication channels (TV, radio, Internet, newspapers and magazines) in order to increase awareness among the public. These and other factors might affect social entrepreneurs in accessing the market for their products and services.

The other challenges of social entrepreneurs identified were shortage of managerial skills. From Table 6.13, 11.7% of respondents indicated that the shortage of managerial skills was a challenge for their SE growth. This is in line with the findings of Darko & Quijaano (2015) who observed that lack of skilled labour is the main hindrances for SE growth. Further, this supported by Spear and Aiken (2012) findings, which noted that lack of skills is a common problem in the SE sector in Serbia.

Shortage of skill labour, lack of human resources with certain skills (management skills, promotion skills and research and development skills) and insufficient business skills are the main development problems of social entrepreneurs in Serbia (Spear & Aiken, 2012).

Unlike profit businesses, social businesses do not have adequate skilled labour. Most of their staff members are vulnerable and marginalized group of people who do not have the necessary skills. Moreover, most of the staff members do not have experience and capacity. The other factor that causes lack of skilled labour in the SE sector is labour turnover. The study observed that labour turnover was a common problem for social entrepreneurs. The employees of the social enterprises often left their jobs to search for better payment and employment security in different organizations. This was because of the salary they received from the social businesses is unattractive compared to profit businesses. To recruit people and giving them the appropriate skills is very costly for social entrepreneurs since they have limited funds.



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In Table 6.13, 6.4% of social entrepreneurs faced the challenges of physical infrastructure and equipment. The researcher observed that there was lack of proper premises for social entrepreneurs to sell their products and services for the communities. Lack of technology and communication was common problems for social entrepreneurs. Moreover, 3.8% of social entrepreneurs reported that they had a problem in accessing technology and communication platforms. These findings agree with Sivathanu and Bhise (2013) study that found lack of technology and communication was a key challenge faced by social entrepreneurs in India.

Regulations and red tape are also the constraints facing the SE growth. The findings revealed, 3% of social entrepreneurs indicated regulations and red tape as the challenges for their SE growth. For instance, during the establishment of social enterprises, social entrepreneurs require to register their organization with different institutions, which is time consuming and tiring (Steinman, 2010). The companies Act, 2008, No.71 may have to register three times (register of companies, NPO directorate and tax exemption unit of SARS), which require different kind of information.

Other challenges facing social entrepreneurs are crime, taxation, inadequate support and advisory as well as poor infrastructural facilities (electricity, transport and water and sanitation). From the above discussion, one can conclude that social entrepreneurs faced a number of challenges, such as lack of finance, market access, skilled labour, physical infrastructure, crime, regulation, red tape and taxation, lack of technology, communication, and poor support and advisory. These challenges, therefore, prohibit social entrepreneurs from realizing their full potential. If these dimensions are improved, SE can contribute largely to addressing the triple developmental challenges, that is, poverty, unemployment and inequality in South Africa.

6.18 Chapter summary

This chapter focused on presenting, interpreting and discussing the findings. The findings of the study revealed that SE plays a crucial role in poverty reduction through employment, skill development, access to goods and services, provision of basic needs and providing of financial support through loans. The findings showed that SE created employment opportunities for people in poor communities, especially the vulnerable and

marginalized and those excluded from the mainstream labour market due to lack of skills and qualifications.

Social entrepreneurs provided basic needs like food, shelter, education, health, clean water and sanitation, particularly to vulnerable and marginalized people (women, disabled people, children, and elder). In addition, SE empowered their beneficiaries by providing training and skills. Training programmes include business idea generation, starting a business and business development plan, and fund raising activities. Furthermore, social entrepreneurs provided skills, such as sewing, braid, fashion design, driving, haircut and computer skills for their beneficiaries. These skills can help the poor people in the future to empower themselves. Training and skills development are very important to advance poverty alleviation. The hypothesis of the study was tested using Chi-square. The results showed that there was a strong evidence relationship between SE and poverty reduction. The null-hypothesis was rejected in favour of the alternative hypothesis. The null-hypothesis assumed that SE does not contribute to poverty reduction.

The findings also revealed that adequate financial support is the most important factors to promote SE growth. The social entrepreneurs further pointed out that market access, entrepreneurship training and skills, adequate support and advisory as well as business incubation are the key factors for SE growth. On the other hand, the social entrepreneurs faced a number of challenges during the establishment and the operation of their social ventures. The results of the study showed that lack of finance is the major challenges of SE growth in Eastern Cape Province. Furthermore, lack of market access, adequate support and advisors, skills, crime, lack of public services (roads, communication, water

and sanitation and energy) and business incubation were also the main blockade of SE growth in the Province. The next chapter focuses on the summary, conclusions and recommendations of the study.



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CHAPTER SEVEN

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

The previous chapter presented empirical findings on the role of SE in poverty reduction. The findings revealed that SE plays a crucial role in poverty reduction in Eastern Cape Province. The SE contributed to poverty reduction through employment, skill development, provision of goods and services, provision of social services (education, health, food and shelter), and financial support through loans. The purpose of this chapter is, therefore, to draw conclusions and make recommendations based on these findings.

7.2 Summary and conclusions

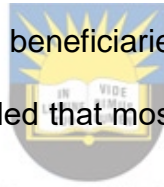


The prime objective of this study was to examine the role of SE and the extent to which it made contributions to poverty reduction in South Africa using the Eastern Cape Province as case study. Material and non-material variables were used to analyze the role of SE in poverty reduction. The study was underpinned by Schumpeter innovation theory, bricolage theory, opportunity creation theory and positive social entrepreneurship theory. The study used a survey to collect the relevant data. The data was collected from 265 social entrepreneurs and 120 beneficiaries using semi-structured questionnaire. The research participants were selected through purposive sampling technique. Data collected were mainly quantitative in nature and statistics methods of data analysis were employed to examine the role of SE in poverty reduction. Table, graphs and pie diagram were used to present the research findings.

7.3 Socio-economic characteristics of respondents

The findings revealed that both males and females were engaged in social entrepreneurial activity in Eastern Cape Province. The social entrepreneurs and their beneficiaries had different education levels. However, most of the social entrepreneurs and beneficiaries had bachelor degree and elementary education levels respectively. The findings of this study revealed that economic productive people, within the age brackets of 41-50 years, managed most of social enterprises. Most of the SE beneficiaries also fell within the economically productive age.

Most of the social entrepreneurs and beneficiaries were married. SE beneficiaries' had different household sizes. Most of the beneficiaries had between four and six people in their household. The study also revealed that most of the beneficiaries' had dependents to take care of.



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7.4 Social entrepreneurship activities

The results of the study revealed that social entrepreneurs were inspired by socio-economic problems to start SE activities in Eastern Cape Province. Poverty, unemployment and lack of social services were the major factors that drive social entrepreneurs to engage in social entrepreneurial activities. Donations, personal money, loans from friends and families and bank loans were the source of capital for social entrepreneurs to start-up SE activities. The social entrepreneurs adopted the Non-profit, For-profit and hybrid (non-profit and profit) models to run their enterprises. The social entrepreneurs registered their social enterprises under various legal statuses such as NGOs, cooperative, private company and trust.

However, most of the social entrepreneurs were operated under the legal status of NPOs. Social entrepreneurs earned their income from different sources, such as selling of goods and services, donations and grants, membership fee and fund raising activities. The social entrepreneurs were selling goods to disadvantaged communities, small businesses, government departments and NGOs. The social entrepreneurs had various ranges of income. The social entrepreneurs earned income approximately to 800 000 rands per annum. Social entrepreneurs used their profits for reinvestment in the organization, funding of third party social/environmental objectives and rewards to staffs and beneficiaries. However, most of the profits reinvested back into the organization to support vulnerable people and disadvantaged people with food, shelter, education and health care.



Social entrepreneurs operated in various sectors, such as education, health, water and sanitation, agriculture, community development, retail and wholesale and food security. However, most of the social entrepreneurs focused on the education sector. Their main activity was to promote literacy and education among the marginalized and vulnerable group of people. The other activities of social entrepreneurs were provision of health care services, food and shelter, financial support through loan, community development and employment creation. The geographical focus for social entrepreneurs in their provision of goods and services was local, district and provincial. Social entrepreneurs had different sizes of beneficiaries. The social entrepreneurs served approximately 100 people per month.

7.5 The role of social entrepreneurship in poverty reduction

This study examined whether SE contributes to poverty reduction in the Eastern Cape Province. Results from the study revealed that SE plays a crucial role in poverty reduction through employment creation, provision of goods and services, provision of social services, financial support through loans, and knowledge and skill development.

The findings of the study revealed that social entrepreneurship plays a magnificent role in enabling the vulnerable people to meet their needs. These needs include education, healthcare, food, shelter, clothes, clean water and sanitation. Social entrepreneurship also contributed to poverty reduction through skill development. Social entrepreneurs provided various skills to their beneficiaries' such as sewing, beadwork, computer skills, driving, repairing and saloon services. Furthermore, the social entrepreneurs offered skills to their beneficiaries, such as fashion designing, arts and crafts and photography. The findings of the study demonstrated that social entrepreneurs provided skills to vulnerable and economically disadvantaged people in woodwork, poultry, beekeeping, cooking, carpentering and construction. These skills enabled many people to start businesses and get employment.

The study revealed that social entrepreneurs improved food security. With the help of research, social entrepreneurs improved food security through improving agricultural productivity. Furthermore, social entrepreneurs' increased agricultural productivity through the provision of agricultural inputs such as fertilizers, pesticides, seedlings and farm equipment for their beneficiaries. The social entrepreneurs also improved healthy nutrition in their communities.

The study also revealed that SE plays a significant role in poverty reduction through availability and accessibility of goods and services. The SE increased the availability and accessibility of goods and services to the communities. Social entrepreneurs provided opportunity to the poor people to buy goods and services to meet their basic needs. The study showed that social entrepreneurs make goods and services available and affordable for the poor population. Social entrepreneurs did not only improve availability and accessibility of goods and services but also increased trading and investment activity among various stakeholders, such as NGOs, public departments and small businesses.

Social entrepreneurial activities improved the life of the communities. Beneficiaries advanced in income, expenditure, employment opportunities, business skills, access to basic needs and property ownership. Most of the beneficiaries improved their income, expenditure and saving status after the encounter in SE. The beneficiaries managed to acquire assets such as fridges, couches, microwaves, farm equipment, land, car and houses by using income or benefits of SE. Therefore, social entrepreneurs play a crucial role in poverty reduction and improving welfare of communities in the Eastern Cape Province.

The hypothesis was also tested and a strong evidence to support the rejection of null-hypothesis in favour of the alternative-hypothesis was found. The findings supported the alternative-hypothesis. The alternative-hypothesis is that SE contributes to poverty reduction. In other words, there is a positive relationship between SE and poverty reduction. SE contributes significantly to poverty reduction in the Eastern Cape Province

through employment creation, skill development, meeting basic needs and provision of loans.

7.6. Factors to promote social entrepreneurship

The social entrepreneurs proposed different ways to promote SE activity in the Eastern Cape Province. Most of the social entrepreneurs suggested that financial support was the most important factor to promote SE activity in the province. Other factors such as entrepreneurship training, business and managerial skills were also important factors to promote SE. Furthermore, social entrepreneurs identified market access, access to modern technology, skilled labour and physical infrastructure (roads and communication) as the most important factors to stimulate SE activity in Eastern Cape Province.

7.7 The challenges of social entrepreneurship

The study indicated that social entrepreneurs faced challenges, such as lack of finance, market access, skilled labour, managerial and business skills and infrastructure. Furthermore, social entrepreneurs faced challenges, such as taxation, regulation, red tape and crime. The social entrepreneurs also faced challenges in accessing modern information technology, business support and advisory.

In conclusion, SE plays a significant role in poverty reduction in Eastern Cape Province of South Africa. It contributes significantly to poverty reduction in the Province through job creation, skill development, addressing of food security, provision of social services and loans. SE contributes positively to people livelihoods. SE enables the vulnerable and

marginalized group of people to access basic needs (food, shelter, education, health and clean water), loans, acquire skills and get employment.

7.8 Policy recommendations

Based on the findings, national poverty reduction policies, additional employment opportunities and food security should be issues of concern. The following recommendations should be considered to improve the SE sector in South Africa.

7.8.1 Development of support institutions

Like profit businesses, social entrepreneurs need advice, consultation, training and skills in order to enhance their contribution towards poverty reduction. However, the numbers of institutions that provide support services for social entrepreneurs in South Africa are very few. Meanwhile, these support institutions are concentrated in few areas. Therefore, development of support institutions that provide advice and training as well as funding for social entrepreneurs should be increased in the country to scale up the contribution towards poverty reduction.

7.8.2 Developing policy

Worldwide, SE is acknowledged as an important intervention strategy for poverty alleviation. In developed countries, particularly in the UK, Italy, Australia, Canada and the USA, governments have established an appropriate legal and regulatory framework to guide SE. However, to date, South Africa does not have a specific legal framework for SE and no specific policies and regulations have been put in place to support SE. SE is yet to be recognized as a sector in South Africa legislation, despite the crucial role it plays

in addressing the developmental challenges (poverty, unemployment and inequality) of the country. Therefore, the researcher recommended that there should be policy framework to govern the operations of SE in South Africa. There should be also policies and strategies for SE development in South Africa.

7.8.3 Recognizing a specific model

Currently, South Africa does not have a specific legal structure for SE. Social entrepreneurs in South Africa can register their social enterprises in various sectors such as NPOs, cooperatives, foundations, trusts, private companies and voluntary associations. However, social entrepreneurs have a difficult task to choose the appropriate sector for their social enterprises because each sector attracts different legal implications in relations to costs, tax liability and access to finance, market and the distribution and use of profits (Steinman, 2010). The registration process is also time consuming and tiring. Social entrepreneurs need to register their social enterprises with different governmental organisations. The researcher therefore, recommended that there should be a specific legal model for SE businesses so that social entrepreneurs can easily register their social enterprises.

7.8. 4 Increase financial support

One of the major challenges for SE growths in South Africa is the lack of financial assistance. To date, there are no dedicated financial institutions for the SE sector in Eastern Cape Province and in South Africa in general. The state funding largely targets traditional/commercial businesses and have no specific funding windows for social entrepreneurs (Steinman, 2010).

Meanwhile, social entrepreneurs do not have assets that can be used as security to borrow money from commercial banks or other financial institutions. Commercial banks or other financial institutions should make access and flexible credit for social entrepreneurs. This would bolster their financial muscle towards business development. Social entrepreneurs need finance for start-up, expansion and sustainability of their businesses. Furthermore, social entrepreneurs need finance to train staff members, recruit employees and retain professional employees in their businesses.

7.8.5 Market accessibility

Social entrepreneurs like traditional businesses (profit entrepreneurs) generate their incomes from trading activities. However, no business can be sustained without access to the market. Lack of access to market is one of the main hindrances for the growth of SE activities in the Eastern Cape Province. Therefore, the accessibility to market for social entrepreneurs in the province should be improved. The relevant stakeholders, such as government agencies, international organizations, business people and development agencies should assist social entrepreneurs by finding markets for their products and services. Furthermore, private and public media (radio, newspaper and TV) should help social entrepreneurs by advertising their products and services so that awareness among the public can be enhanced towards the products or services provided by the social entrepreneurs.

7.8.6 Expansion of social entrepreneurship education

Despite the role of SE in poverty reduction and sustainable development, many countries of the world, particularly developing countries including South Africa do not include SE in

the education systems like other fields, such as accounting, marketing, engineering and agriculture among others.

South Africa does not have social entrepreneurial development curriculum in its education system (Steinman, 2010). Most universities and colleges in South Africa do not have SE course for their students. For this reason, SE remains unknown in the country. SE education should be taught at high school, college, and university levels in order to increase awareness among the youth about SE. Such awareness can increase the number of people involved in social entrepreneurial activities in South Africa.

7.8.7 Capacity enhancement

Many South Africans particularly, black Africans do not have the necessary skills to start a business and get employment in the labour market. Moreover, most of small businesses including social enterprises that operate in South Africa do not sustainable; they fail within short period of operation. Lack of skill is the main constraints for SE growth in South Africa (Moreno & Agapitova, 2017). Social entrepreneurs are characterized by lack of skills (business skills, management skills, financial skills and marketing skills). Furthermore, their staff's members are vulnerable and marginalize do not have skills and education. Hence, the capacity development among social entrepreneurs and their staff members is important for SE growth. The capacity of social entrepreneurs and their staff members should be improving through training, mentorship and incubation program.

7.8.8 Expansion of business infrastructure facilities

Lack of infrastructure is the key constraints factor for SE growth. According to Moreno and Agapitova (2017), lack of infrastructure is the main barriers for SE growth in Africa.

Infrastructure, such as roads, telecommunications, internet and electricity are very poor. Furthermore, costs for transportation, communication channels and internet and office space are high. This study also found that lack of infrastructure (communications, roads, business premises and electricity) are the constraints factor for SE growth in Eastern Cape Province. Therefore, there should be improvement of business infrastructure in Eastern Cape Province so that social enterprises can flourish and continue their contribution towards poverty reduction.

7.8.9 Involvement of stakeholders

The development of SE activity needs the support of various stakeholders. Therefore, the researcher recommends that there should be involvement of various stakeholders, such as academicians, business people, organizations, donors and government departments to support social entrepreneurs during start-up of their social enterprises as well as operation of businesses.



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7.9 Suggestions for future areas of research

Even though SE has been given great attention, the concept is yet to be fully understood by many people in South Africa. There are a number of definitions of SE. This causes a challenge to understand what SE is and its function. Therefore, the concept social entrepreneurship needs further study in order for people to have clear understanding of what it is all about. This shall aid the government and the responsible departments in establishing an appropriate regulatory framework to legitimize their operations. Comparison study of SE among countries would be crucial for better understanding.

Literature on SE and poverty reduction is limited, particularly in developing countries. Most of the studies conducted on SE and poverty reduction are found in Western European and North America countries. Hence, this study was conducted to provide some insights on the role of SE in poverty reduction in South Africa in general and in Eastern Cape in particular. Further studies should increase the better understanding of the relationship between SE and poverty reduction. The findings may help various stakeholders, such as government, policy makers, academicians and donors to come up with new policies and strategies to support SE growth.

This study involved the various social entrepreneurial organizations to examine the role of SE in poverty reduction. It is also worth to focus on specific social entrepreneurial organizations in the future studies. Poverty reduction indicators, such as illiteracy rate, life expectancy and mortality were not used in this study and should be addressed by future study. The boundary, characteristics of SE and the differences of between the SE in Profit model and Non-profit model should be conducted in the future study. Finally, the future study could investigate the role of SE in ensuring environmental sustainability and implications of that to poverty reduction.

7.10 Contributions of the study

To date, the concept *social entrepreneurship* remains elusive. There is no clear understanding what SE is in various context. Empirical studies on SE are very few. Hence, this thesis is one of the few detailed investigation in social entrepreneurship in Eastern Cape Province. Therefore, the study has contributed to the understanding of the concept. Furthermore, the study contributes to the SE literature. Most of empirical studies

that have been conducted between SE and poverty reduction are drawn from developed countries, particularly Western European and North-American countries. There is little research in developing countries like South Africa. This study therefore, advances knowledge on role of SE in poverty reduction in developing countries. Moreover, this study serves as a comparison with previous studies done in SE and poverty reduction in other parts of the world like North America, Europe and Asia.

The other contribution of the study was the involvement of various social entrepreneurial organizations. The researcher involved various social entrepreneurial organizations to examine the role of SE in poverty reduction. Previous studies only involve few social entrepreneurial organizations to examine the role of SE in poverty reduction. This study has made a unique contribution by establishing that SE as important intervention strategy for poverty alleviation in Eastern Cape Province. Social entrepreneurs significantly contributes to poverty reduction through employment creation, skill development, increased income and access to basic needs and loans. The researcher therefore, believes that SE will be included as one of the key poverty alleviation strategy in South Africa.

The other significant contribution of the study is the identification of the challenges that face SE growth in South Africa. Lack of financial support, market access, and poor infrastructure, lack of skilled labour, managerial and business skills and regulation and red tape are the major hampering factors for SE growth in Eastern Cape Province. This contribution will guide policy makers and other relevant stakeholders to improve policies and strategies towards SE development in South Africa.

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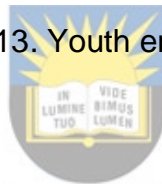
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The logo of the University of Fort Hare, featuring a shield with a sunburst at the top, a book in the center, and the motto 'IN VIDE' below it. The shield is set against a blue background with a sunburst pattern.
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APPENDICES

Appendix A: Questionnaire for social entrepreneurs

Gebregziabher Gebreyesus Fiseha
University Fort Hare
Faculty of Management and Commerce
Development Studies Department
Private Bag X1314
Alice, 5700

Dear respondent,

I am Gebregziabher Gebreyesus Fiseha, a doctor of philosophy in development studies student at the University Fort Hare. Currently, I am conducting a research to investigate the role of social entrepreneurship in poverty reduction in Eastern Cape Province. Kindly, you are requested to participate in this research by answering a number of questions. Your participation in this research is very important for better understanding of the relationship between social entrepreneurship and poverty reduction. The findings will help scholars, development practitioners and policy makers to come up with new policies and strategies to promote social entrepreneurship. Hence, Social entrepreneurship can enhance its contribution towards poverty reduction and employment creation. Your participation is voluntary. You are entitled to decline, join and exit from the participation any time. Your responses will be kept in confidential manner and will be used solely for academic purpose. If you have any inquiry please contact Gebregziabher Gebreyesus Fiseha at 083 246 2344 or 201105862@ufh.ac.za.

Yours faithfully,

Gebregziabher Gebreyesus Fiseha

Section A: Biographic data

Please select the answer that best suits you or your opinion

1. Gender: 1. Male () 2. Female ()

2. Education level: 1. Primary school () 2. High school () 3. Certificate ()

4. Diploma () 5. Degree () 6. Master () 6. Other () -----

3. Age: 1. Less than 20 years () 2. 21-30 years () 3. 31-40 years () 4. 41-50 years () 5. 51-60 years () 6. Above 61 years ()

4. Race: 1. White () 2. Black () 3. Coloureds () 4. India ()

5. Marital status: 1. Single () 2. Married () 3. Divorce () 4. Widow ()

Section B: Social entrepreneurship organisation information

6. Under what legal status is your social entrepreneurship organisation registered?

1. Non-profit-organization () 2. Trust () 3. Business () 4. Community organization ()
5. Cooperative () 6. Religious organization () 7. Foundation () 8. Other () -----

7. What social entrepreneurship activities are you involved in?

1. Education () 2. Health care () 3. Business development services () 4. Wholesale & retailer trade () 5. Youth development () 6. Food and nutrition () 7. Water and sanitation () 8. Housing () 9. Energy () 10. Financial sector () 11. Information technology () 12. Other () -----

8. For how long your social entrepreneurship organization has been in operation in this area? 1. Less than 3 years () 2. 4-7 years () 3. 8-11 years () 4. 12-15 years

() 5. 16-19 years () 6. Above 20 years ()

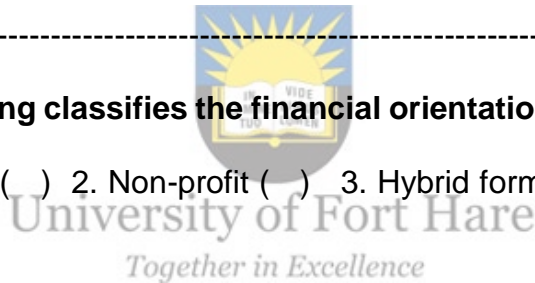
9. What motivated you to start social entrepreneurship activities in this area?

1. To make profits () 2. To address social problems () 3. Joint mission (social & profit objectives) () 4. Other () -----

10. What is the main activity of your social entrepreneurship organisation?

1. Promoting education and literacy () 2. Providing health care service () 3. Creates employment opportunities () 4. Sell a good/product () 5. Youth development and Child protection () 6. Business development service () 7. Provision of financial services () 8. Support vulnerable and disadvantage people () 9. Provides food and shelter () 10. Other () -----

11. Which of the following classifies the financial orientation of your organizational activities? 1. For-profit () 2. Non-profit () 3. Hybrid form (both for-profit and non-profit ()



12. What is the geographical focus in your provision of products and/or services?

1. Local () 2. District () 3. Provincial () 4. National () 5. Regional ()

13. What was your source of capital to start the social entrepreneurship organisation?

1. Loan from banks () 2. Friends and Family support () 3. Personal saving () 4. Grant and donation () 5. Individual contribution () 6. Other () -----

14. What is the source of income for your social entrepreneurship organisation?

1. Selling goods and services () 2. Grants and donations () 3. Membership fee ()

4. Activities to raise funds () 5. Equity investment () 6. Bank loans ()
 7. Both business activities and donations () 8. Other () -----

15. Does your social entrepreneurship organisation make profit?

1. Yes () 2. No ()

15.1. If your answer is yes in question 15 above what the profit/ surplus used for?

16. What is the average annual income of your social enterprise?

1. Less than 200 000Rand () 2. 200 001Rand- 400 000 Rand () 3. 400 001Rand-600
 000Rand () 4. 600 001Rand-800 000Rand () 800 001Rand-1000 000 Rand ()
 6. Above 1000 000Rand ()



17. Does your social entrepreneurship organization have expectations to grow over the next year? 1. Yes () 2. No ()

17.1 If yes how does your social entrepreneurship organization plans on achieving growth over the next year? -----

Section C: The role of social entrepreneurship in poverty reduction

18. Does your social entrepreneurship organisation provide sustainable solutions to the problem of poverty in the area? 1. Yes () 2. No ()

18.1 Please explain for the reason-----

19. Is empowerment your intended result? 1. Yes () 2. No ()

19.1 If yes please explain how does your social entrepreneurship organisation empowered the poor people?-----

20. Do you think your social entrepreneurship organisation has an impact on food security? 1. Yes () 2. No ()

20.1 If yes describe how the social entrepreneurship organisation contributes to food security in the local area-----

21. Do you think your social entrepreneurship organisation has an impact on the availability and accessibility of goods and services? 1. Yes () 2. No ()

21.1 If yes describe how your social entrepreneurship organisation has an impact on the availability and accessibility of goods and services-----

22. Does your social entrepreneurship organization help people to come out of poverty? 1. Yes () 2. No ()

22.1 Explain for the above response-----

23. What contributions you think your social entrepreneurship organisation are making towards the poorest people in the Eastern Cape Province?

1. Skill transfer () 2. Education () 3. Health service () 4. Food and shelter ()
 5. Employment opportunities () 6. Financial services () 7. Energy () 8. Other () -----

24. Which of the following have you been contributing to?

1. Providing home to homeless people () 2. Protecting environment ()
 3. Recycling garbage, sewage and other waste products () 4. Employment opportunities ()
 5. Providing education and training () 6. Training illiterate and semi-illiterate people ()
 7. Providing food to the needy ()
 8. Providing financial services () 9. Provides health services () 10. Other () -----



25. What are the social value maximizations created by your social entrepreneurship organisation?

1. Providing food () 2. Providing water () 3. Providing shelter ()
 4. Financial support () 5. Education () 6. Medical services ()
 7. Providing energy () 8. Skill transfer () 9. Other () -----

26. What social services have you facilitated the poor to access?

1. Health services () 2. Education and training () 3. social support ()
 4. Subsistence allowance () 5. Any other () -----

27. Do you think your activities intervene to complement ineffective or resource constrained government's efforts in solving social problems? 1. Yes () 2. No ()

28. Do you think your social entrepreneurship activities change systems that create circumstances of poverty? 1. Yes () 2. No ()

28.1. Please explain your reason-----

29. Does your social entrepreneurship activities contribute to skill development?
1. Yes () 2. No ()

29.1 Describe the above reason-----

30. Do you think your social entrepreneurship activities have impact on the meet of basic needs? 1. Yes () 2. No ()



30.1. Describes how your social entrepreneurship activity has impact on meeting the basic needs? -----

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31. How does your social enterprise contribute to poverty reduction?

- 1. Employment opportunities and income generation () 2. Skill development ()
 - 3. Provision of basic needs () 4. Provision of loans ()
 - 5. Accessibility and availability of goods and services () 6. Other () -----
-

32. Mention all the benefits that your social enterprise brought to the communities?

33. State the numbers of people that are benefited from your service?

1. Less than 20 () 2. 21-40 () 3. 41-60 () 4. 61-80 () 5. 81-100 ()
6. Above 101 () 7. Don't know ()

34. What economic services have you facilitated the poor to access?

1. Access to assets () 2. Employment opportunities and income generation ()
3. Loans () 4. Skill development () 5. Any other ()

35. Does your social entrepreneurship organisation have employees?

1. Yes () 2. No ()

35.1 If yes state the number of employees you have . 1. Less than 5 () 2. 6-10 ()

3. 11-15 () 4. 16- 20 () 5. 21-25 () 6. 26-30 () 7. 31-35 () 8. Above 36 ()

36. What is the monthly average salary paid to your employees in Rand?

1. Less than 2000 () 2. 2001-3000 () 3. 3001-4000 () 4. 4001-5000 ()
5. 5001-6000 () 6. 6001-7000 () 7. 7001-8000 () 8. 8001-9000 ()
9. 9001-10000 () 10. Above 10000 ()

37. What is your view towards the role of social entrepreneurship in poverty reduction? -----

38. Do you think social entrepreneurship activities are an important intervention strategy for poverty reduction? 1. Yes () 2. No ()

38.1 If yes state the reason-----

Section D: Factors to promote social entrepreneurship growth

39. What factors can promote social entrepreneurship for poverty reduction in Eastern Cape Province? -----

40. Are there good opportunities for social entrepreneurs to start social entrepreneurship in Eastern Cape Province? 1. Yes () 2. No ()

41. What are the current problems affecting your social entrepreneurship organization? 1. Access to finance () 2. Market access () 3. Premises and equipment () 4. Support and advisory () 5. Crime () 6. Taxation () 7. Regulations and red tape () 8. Access to public services (transport, energy, water and sanitation) () 9. Shortage of managerial skill and lack of skill labour () 10. Other () -----

42. What must be done to promote social entrepreneurship activities in the Eastern Cape Province? -----



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THANK YOU VERY MUCH FOR YOUR PARTICIPATION

Appendix B: Questionnaires for social entrepreneurship beneficiaries

Gebregziabher Gebreyesus Fiseha
University Fort Hare
Faculty of Management and Commerce
Department Development Studies
Private bag 13X14
Alice, 5700

Dear respondent,

I am Gebregziabher Gebreyesus Fiseha, a doctor of philosophy student in development studies at the University Fort Hare. Currently, I am conducting a research to investigate the role of social entrepreneurship in poverty reduction in Eastern Cape Province. Social entrepreneurship is an entrepreneurial and innovative activity by individuals or organizations for social objectives.

Kindly, you are requested to participate in this research by answering a number of questions. Your participation in this research is very important for better understanding of the relationship between social entrepreneurship and poverty reduction. The finding will help policy makers, development practitioners and scholars to come up with new policies and strategies to promote social entrepreneurship for poverty alleviation. Your participation is entirely voluntary. You are entitled to decline, join and exit from the participation any time. Your responses will be kept in confidential manner and will be used solely for academic purpose. If you have any inquiry please contact Gebregziabher GebreyesusFiseha at 083 246 2344 or 201105862@ufh.ac.za

Yours faithfully,

Gebregziabher Gebreyesus Fiseha

Section A: Biographical Information

1. Gender. 1. Male () 2. Female ()

2. Age. 1. <20 () 2. 21-30 () 3. 31-40 () 4. 41-50 () 5 > 51 ()

3. Education level. 1. Elementary () 2. High school () 3. Certificate ()

4. Diploma () 5. Degree () 6. Other () -----

4. Marital status. 1. Single () 2. Married () 3. Divorce () 4. Widow ()

Section B: Social entrepreneurship and poverty reduction

5. How do you view your expenditure status before encountering social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

6. How do you view your expenditure status after encountering social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

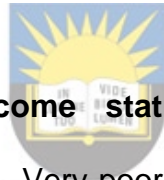
7. How do you view your income status before encountering social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

8. How do you view your income status after encountering in social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

9. How do you view your saving status before encountering social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

10. How do you view your saving status after encountering social entrepreneurship organizations? 1. Very poor () 2. Poor () 3. Good () 4. Very good ()

11. Do you save money by using incomes or benefits of social entrepreneurship organizations? 1. Yes () 2. No ()



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11.1. The amounts of money save per month is -----

12. Have you managed to acquire any assets using any income or benefits from social entrepreneurship organizations? 1. Yes () 2. No ()

12.1. If yes list the assets-----

13. Do the incomes or benefits receive from social entrepreneurship organizations are able you to meet your basic needs? 1. Yes () 2. No ()

14. Do the incomes or benefits of social entrepreneurship organizations enable you to pay your utility bills? 1. Yes () 2. No ()

15. What kind of benefits have you received from social entrepreneurship organizations? -----

16. Did you think social entrepreneurship organizations bring sustainable solutions to the problems you were facing in life? 1. Yes () 2. No ()

16.1 Clarify for the above response-----

17. Do the social entrepreneurship activities empower you? 1. Yes () 2. No ()

17.1. If yes explain how-----

18. Do you think social entrepreneurship organizations have impact on eradicating poverty and hunger in Eastern Cape Province? 1. Yes () 2. No ()

18.1. Please explain your response for the above question-----

19. What is your view on the role of social entrepreneurship in poverty reduction?

20. Do you think the promotion of social entrepreneurship activity is a good solution for poverty alleviation? -----

21. What should be done to promote social entrepreneurship activities?

Thank you very much for your participation



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Appendix C: Ethical clearance certificate



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ETHICAL CLEARANCE CERTIFICATE REC-270710-028-RA Level 01

Certificate Reference Number: ONI031SFIS01

Project title: **Social entrepreneurship and poverty reduction in South Africa. The case of the Eastern Cape Province.**

Nature of Project: PhD in Developmental Studies

Principal Researcher: Gebregziabher Gebreyesus Fiseha

Supervisor: Prof O.A Oni

Co- supervisor: N/A

On behalf of the University of Fort Hare's Research Ethics Committee (UREC) I hereby give ethical approval in respect of the undertakings contained in the above-mentioned project and research instrument(s). Should any other instruments be used, these require separate authorization. The Researcher may therefore commence with the research as from the date of this certificate, using the reference number indicated above.

Please note that the UREC must be informed immediately of

- Any material change in the conditions or undertakings mentioned in the document;
- Any material breaches of ethical undertakings or events that impact upon the ethical conduct of the research.

The Principal Researcher must report to the UREC in the prescribed format, where applicable, annually, and at the end of the project, in respect of ethical compliance.

Special conditions: *Research that includes children as per the official regulations of the act must take the following into account:*

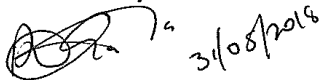
Note: The UREC is aware of the provisions of s71 of the National Health Act 61 of 2003 and that matters pertaining to obtaining the Minister's consent are under discussion and remain unresolved. Nonetheless, as was decided at a meeting between the National Health Research Ethics Committee and stakeholders on 6 June 2013, university ethics committees may continue to grant ethical clearance for research involving children without the Minister's consent, provided that the prescripts of the previous rules have been met. This certificate is granted in terms of this agreement.

The UREC retains the right to

- Withdraw or amend this Ethical Clearance Certificate if
 - Any unethical principal or practices are revealed or suspected;
 - Relevant information has been withheld or misrepresented;
 - Regulatory changes of whatsoever nature so require;
 - The conditions contained in the Certificate have not been adhered to.
- Request access to any information or data at any time during the course or after completion of the project.
- In addition to the need to comply with the highest level of ethical conduct principle investigators must report back annually as an evaluation and monitoring mechanism on the progress being made by the research. Such a report must be sent to the Dean of Research's office.

The Ethics Committee wished you well in your research.

Yours sincerely



Professor Pumla Dineo Gqola
Dean of Research

29 August 2018

Appendix D: Informed consent form



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Ethics Research Confidentiality and Informed Consent Form

Please note:

This form is to be completed by the researcher(s) as well as by the interviewee before the commencement of the research. Copies of the signed form must be filed and kept on record.

(To be adapted for individual circumstances/needs)

I, Gebregziabher Gebreyesus Fiseha is asking people from communities, organizations and institutions to answer some questions, which we hope will benefit your community and possibly other communities in the future.

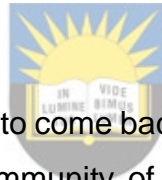
I am conducting this research regarding social entrepreneurship and poverty reduction. I am interested in finding out more about how social entrepreneurship contributes to poverty reduction in Eastern Cape Province. This research will help scholars and policy makers to obtain knowledge on aspects of social entrepreneurship and poverty reduction.

Please understand that you are not being forced to take part in this study and the choice whether to participate or not is yours alone. However, we would really appreciate it if you do share your thoughts with us. If you choose not take part in answering these questions, you will not be affected in any way. If you agree to participate, you may stop me at any time and tell me that you don't want to go on with the interview. If you do this there will also be no penalties and you will NOT be prejudiced in ANY way. Confidentiality will be observed professionally.

I will not be recording your name anywhere on the questionnaire and no one will be able to link you to the answers you give. Only the researchers will have access to the unlinked information. The information will remain confidential and there will be no “come-backs” from the answers you give.

The interview will last around 60 minutes (*this is to be tested through a pilot*). I will be asking you a questions and ask that you are as open and honest as possible in answering these questions. Some questions may be of a personal and/or sensitive nature. I will be asking some questions that you may not have thought about before, and which also involve thinking about the past or the future. We know that you cannot be absolutely certain about the answers to these questions but we ask that you try to think about these questions. When it comes to answering questions there are no right and wrong answers. When we ask questions about the future we are not interested in what you think the best thing would be to do, but what you think would actually happen. (*adapt for individual circumstances*).

If possible, our organization would like to come back to this area once we have completed our study to inform you and your community of what the results are and discuss our findings and proposals around the research and what this means for people in this area.



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INFORMED CONSENT

I hereby agree to participate in research regarding **Social entrepreneurship and poverty reduction in South Africa: The case of the Eastern Cape Province**. I understand that I am participating freely and without being forced in any way to do so. I also understand that I can stop this interview at any point should I not want to continue and that this decision will not in any way affect me negatively.

I understand that this is a research project whose purpose is not necessarily to benefit me personally.

I have received the telephone number of a person to contact should I need to speak about any issues which may arise in this interview.

I understand that this consent form will not be linked to the questionnaire, and that my answers will remain confidential.

I understand that if at all possible, feedback will be given to my community on the results of the completed research.

.....

Signature of participant

Date...

I hereby agree to the tape recording of my participation in the study



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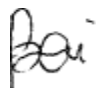
Appendix E: Supervisor letter

University of Fort Hare
Faculty of Management and Commerce
Alice campus
Private Bag X1314, King William's Town Road
Alice, 5700
RSA
22 October 2018

MOTIVATION TO CONDUCT A SURVEY WITH SOCIAL ENTREPRENES IN EASTERN CAPE

This letter serves to confirm that Mr Gebregziabher Gebreysus is a PhD student in Development Studies under my supervision. His thesis is titled "social entrepreneurship and poverty reduction in South Africa. The case of the Eastern Cape Province." He is now busy with chapter 4 of his thesis, which is data collection, and will need to conduct a survey on social enterprises using NGOs in Eastern Cape. His study will make valuable contribution to social entrepreneurship in the Eastern Cape Province and South Africa by creating a framework for social entrepreneurship and poverty and also by providing policy makers with useful recommendations. Poverty, unemployment and inequality are serious social ills, which the government is currently trying to address in Eastern Cape and South Africa. Please feel free to contact me if you need more information.

Yours Sincerely



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Appendix F: Editing Certificate



19 June 2020

Certificate of Professional Language Edit

I hereby confirm that, the thesis titled '**Social Entrepreneurship and Poverty Reduction in South Africa: The Case Of The Eastern Cape Province**' by **Gebregziabher Gebreyesus Fiseha (201105862)** has been edited and proof read by editor (s) of ROMITO consulting. The editing was restricted to language usage, spelling, completeness, consistency and logic flow of sentences.

However, the work described herein may not be identical to the final document has the author (s) has a sole prerogative to accept or reject the comments and changes suggested.

Disclaimer: The content and quality of the **Thesis** remains entirely to the author (s).

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