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### **African data can bring fresh insights to management and social entrepreneurship studies**

*Ethnic identification shapes managerial practice, write Diane Holt, Ans Kolk, David Littlewood and Miguel Rivera-Santos*

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#### **Publication date**

2015

#### **Document Version**

Final published version

#### **License**

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[Link to publication](#)

#### **Citation for published version (APA):**

Holt, D. (Author), Kolk, A. (Author), Littlewood, D. (Author), & Rivera-Santos, M. (Author). (2015). African data can bring fresh insights to management and social entrepreneurship studies: Ethnic identification shapes managerial practice, write Diane Holt, Ans Kolk, David Littlewood and Miguel Rivera-Santos. Web publication or website, LSE.  
<http://blogs.lse.ac.uk/businessreview/2015/12/14/african-data-can-bring-fresh-insights-to-management-and-social-entrepreneurship-studies/>

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In recent times social entrepreneurship has proliferated globally, yet research into the phenomenon still lags behind its practice, particularly in the developing world, and especially in Sub-Saharan Africa. In this blog post, we discuss what we know, what we don't, and what we can learn from studying social entrepreneurship in Sub-Saharan Africa. Our research: a) highlights the important role of the environment in informing social entrepreneurship and its varied manifestations globally; b) provides insights on the nature of social entrepreneurship and enterprises in Sub-Saharan Africa; and c) shows that African data can provide insights for wider understanding of social entrepreneurship.

What social entrepreneurship actually is remains the subject of heated debate amongst both academics and practitioners. It has been defined as the pursuit of sustainable solutions to neglected problems, with positive externalities. Yet within wider definitional debates the role of the environment (i.e., the context within which social enterprises operate and in which social entrepreneurship occurs) has hitherto received limited attention.

The characteristics of the environment create the social needs and opportunities pursued by social entrepreneurs. They may also determine the legal recognition and forms adopted by social enterprises. Environment characteristics are also likely to affect things like the possible emergence of these enterprises (e.g. through the relative effectiveness of government actions and quality of infrastructures, different formal and informal institutions, particular cultural preferences etc.) but also the wider characteristics of such ventures.

This study draws upon a unique dataset of social enterprises from across 19 Sub-Saharan African countries collected as part of the [Trickle Out Africa Project](#). We take a first step in addressing gaps in our knowledge of social entrepreneurship in this area of the world and enhance our understanding of relationships between environmental characteristics and social entrepreneurship. We seek to answer the question: **How do environmental characteristics influence social entrepreneurship in sub-Saharan Africa?** This geographical area provides a dynamic canvas on which to address this question.

Whilst recognising significant variation across and within them, countries in Sub-Saharan Africa are typically characterised by:

- high levels of poverty
- government and market failures

- corruption
- large informal economies
- lingering colonial influences, and
- strong ethnic group identities.

Such an environment is therefore likely to create many opportunities for social enterprises to emerge in new and creative forms that reflect this institutional variability and these constraints.

In our research we use four predominantly African environmental characteristics: **acute poverty** (levels of poverty), **informality** (the prevalence of the informal economy), **colonial history** (colonisation by Britain versus other nations), and **ethnic group identity** (the relative strength of ethnic/tribal identity). We empirically explore their influence on aspects of social entrepreneurship, notably **self-perception** as a social enterprise and social ventures' **choice of activity** with two very different types of social business model identified, namely selling a product or service versus transferring knowledge, training, or consulting.

## Findings

We find statistically significant relationships between ethnic group identity and acute poverty, which influence both self-perception as a social enterprise and the kinds of activity social ventures choose. Colonial history only influences self-perception as a social enterprise, and informality has no significant influence on social entrepreneurship.

Our research suggests that environmental characteristics influence the nature of social entrepreneurship in Sub-Saharan Africa. These findings have implications for research, policy and practice.

For one thing, we respond to calls in the literature for a better understanding of the relationship between social enterprises and their environments. This can help us to understand why different types of social enterprise exist around the world and help us to settle debates about what social entrepreneurship is. African social enterprises seem to be different from those typically found in the developed world – especially in their views of profit vs. social missions, their business models, their strategies, and their connections to the networks surrounding them – but also vary across African contexts. We need further research contrasting social enterprise models in different parts of the world to gain further insights.

In certain contexts social entrepreneurs may not perceive themselves to be (and self-identify as) social entrepreneurs, despite having all the characteristics noted in the literature. This has significant implications for research data collection where self-perception has been

widely used as a strategy to identify participants, but also for policy interventions targeting social entrepreneurs.

Our study furthermore reinforces the argument that culture, in this instance ethnic identification, plays an important role in shaping managerial practice. Researchers, policy makers and managers in Africa and further afield should be cognisant of the implications of this finding.

Finally, our research helps to expand knowledge of social entrepreneurship in Sub-Saharan Africa, but also highlights the insights African data can bring to the wider social entrepreneurship literature and indeed management studies in general. African data, whilst difficult to collect, may help relax implicit contextual assumptions in our understanding of management, and we hope that it will encourage researchers to better integrate African insights into management theories.



Notes:

- *This post is based on the authors' paper Social entrepreneurship in sub-Saharan Africa. Academy of Management Perspectives 29:72-91 doi:10.5465/amp.2013.0128 (2015).*
- *The authors gratefully acknowledge the financial support of the Economic and Social Research Council (RES-061-25-0473 awarded to principal investigator Diane Holt).*
- *Further information on the Trickle Out Africa Project can be found at [trickleout.net](http://trickleout.net)*
- *This blog post represents the views of its authors, not those of LSE Business Review or the London School of Economics.*
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