DEMYSTIFYING THE CHALLENGES FACED BY SOCIAL ENTREPRENEURS IN PURSUIT OF THEIR SOCIAL MISSION IN SOUTH AFRICA

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ABSTRACT

This study investigated the challenges faced by social entrepreneurs in South Africa. The study adopted a quantitative research methodology. Data was collected using a self-administered questionnaire in a survey. The questionnaires were distributed to 60 social entrepreneurs in Polokwane. The snowball sampling technique was used to recruit the participants. Data was analysed using descriptive statistics. The findings of this study showed that social entrepreneurs in South Africa are confronted with a plethora of challenges such as lack of funding, lack of government support, difficulties in attracting and retaining qualified employees and break ins emanating from the newness of the social entrepreneurship concept which weakens their interventions towards dealing with social ills among marginalized communities. The findings of this study are of value to key stakeholders such as the government, donors and the academia. Recommendations were made for the government to reconsider their support programmes to also include social entrepreneurs.

Keywords: Challenges, Social Entrepreneur, Social Entrepreneurship, Social Innovation, Social Mission, Social Ills, South Africa.

INTRODUCTION

South Africa is faced with a plethora of socio-economic problems such as unemployment, poverty and income inequality (Dzomonda, 2020). Such conundrums continue to haunt most communities especially the previously disadvantaged groups (Fedderke, 2019). Hopes have been high for the private sector and government to address that through a consortium of initiatives such as job creation and local economic development. However, both the government and the private sector have failed to cushion unemployment, poverty, income inequality as well as social ills such as drug abuse and high crime rate in the country (Dzomonda, 2020). This emanates from government failure to deliver its promises through malfunctioning public departments (Littlewood & Holt, 2018). On the other hand, the private sector is sorely driven by the profit maximisation goal; hence, issues of social ills are not taken into consideration (Bacq & Lumpkin, 2020).

This calls for other options such as social entrepreneurship to address the above-mentioned socio-economic conundrums. Nicholls (2009:755) defines social entrepreneurship “as the product of individuals, organisations and networks that challenge conventional structures by addressing failures and identifying new opportunities in the institutional arrangements that currently cause the inadequate provision or unequal distribution of social and environmental goods.” Other scholars are of the view that social entrepreneurs aim to generate income while at the same time solving problems in their communities (Bacq & Lumpkin, 2020). Ideally, social entrepreneurs rejuvenate marginalised and underserved communities by creating jobs in a
sustainable manner (Littlewood & Holt, 2018; Dzomonda, 2020). Wanyoike and Maseno (2021) argue that social entrepreneurs create sustainable businesses in the communities they are imbedded in. Essentially, social entrepreneurship offers self-employment to hopeless South African youth. This is because a social entrepreneur’s value proposition lays in the desire to address the problems of the marginalised people especially those in rural areas (Dzomonda, 2020). The social mission of social entrepreneurship helps social entrepreneurs to fulfil their social objectives while the entrepreneurial aspect helps it to identify opportunities that contribute towards its financial self-sufficiency (Weaver, 2020). The author of this paper argues that it is the presence of the entrepreneurial mindset which assists social entrepreneurs to run successful projects and organisations in communities where resources are scarce. Social entrepreneurs are driven by a vision to create social value that intends to enhance the wellbeing of targeted groups (Bacq & Lumpkin, 2020). Regardless of the critical role played by social entrepreneurs towards addressing social ills, no study in South Africa has tried to uncover the challenges faced by this unique group. Another reason is that the social entrepreneurship concept is still under researched compared to general entrepreneurship (Choi & Majumdar, 2014; Littlewood & Holt, 2018). It is within the scope of this study to uncover the challenges faced by social entrepreneurs in South Africa. The originality of this study is nuanced by its ability to tap into a new area which has lacked in depth research in South Africa. More so, the findings of this study are expected to contribute immensely to the body of knowledge and aid policy making towards an inclusive policy where social entrepreneurs are also considered.

SOCIAL ENTREPRENEURSHIP THEORY

This study is motivated by the social innovation theory. The social innovation school forms the conceptual framework for this study. This school gives a fertile ground to understand the driving force behind social entrepreneurs. This school argues that social entrepreneurship is driven by innovation which is a key element that enables social entrepreneurs to come up with solutions to address social ills in communities. This school adopts a Schumpeterian conception of the entrepreneur. Basing on the study of Schumpeter (1934), new firm creation through social innovation can be a panacea to the soaring levels of unemployment haunting majority of South African youth. Schumpeter (1934) argues that new businesses are catalysts for economic growth and development. Schumpeter (1934) argues that through the innovative capacity a creative destruction process can be attained which can result in the formation of new economic equilibriums, creating opportunities for economic rent. The social innovation school emphasise that social entrepreneurs are change makers. They identify resources which are underutilised and take them into good use. It is the innovative mindset which makes social entrepreneurs responsive to opportunities which majority do not see in the communities they come from.

Supporting the theory above, Dassah and Ngatse-Ipangui (2019) remark that social entrepreneurs endeavour to address shortcomings of governments by bringing practical solutions through the combination of innovation and limited local resources. Social entrepreneurship is a by-product of innovation since social entrepreneurs are always engaging into innovative ways of addressing problems faced by their communities (Fridhi, 2021). The applicability of the social innovation theory to this study lies in its ability to provide clarity of whom and what do social entrepreneurs do. Leveraging on social innovation can also help social entrepreneurs to overcome a plethora of challenges they encounter when trying to execute their social mission.
CHALLENGES FACED BY SOCIAL ENTREPRENEURS

The author of this study is of the view that it is pertinent to understand the unique challenges faced by this group because it is completely different from a general entrepreneur. Hence, approaching the challenges from an entrepreneurial perspective can be a wrong diagnosis of the problem which can delay progress in terms of policy interventions to emancipate this unique group. Ideally, social entrepreneurs deal with various and unique problems in different parts of the world (Seda & Ismail, 2019). According to Vohra (2017), social entrepreneurs face a plethora of problems which in a way hinder their endeavours to tackle social problems in their communities. Regardless of the challenges, there are few studies which have tried to solve this conundrum in the context of South Africa. This has hindered the impact this unique group could contribute in the country.

Newness of the field in South Africa

Social entrepreneurship is relatively a new concept in South Africa. As a new field there are still mixed feelings from policy makers about the benefits this field can offer. As such there is no clear policy towards social entrepreneurship in South Africa (Littlewood & Holt, 2018). Dassah and Ngatse-Ipangui (2019) submit that it is still difficult to pursue a social entrepreneurship career in South Africa. This is because social less is known about social entrepreneurs and their activities and how they can positively impact on communities. To that effect, social entrepreneurs are often negatively perceived in South Africa (Dassah & Ngatse-Ipangui, 2019). This seems to be a common challenge in most African countries as Seda and Ismail (2019) also submitted that social entrepreneurship is still at an infancy stage in Egypt where it is mostly young people who are tapping into social innovation to help solve social ills in the country. Coetzee and Meldrum (2015) elucidate that several governments for example the USA, UK, Australia, Senegal, Colombia and India in acknowledging the sustainability nature of social entrepreneurship towards solving social ills, have all done a great deal to help them succeed in their business endeavours. However, South Africa still lags behind as minor efforts to help social entrepreneurs have only been recorded mostly in Western Cape Province.

Lack of Funding

Social entrepreneurs are faced with financing problems (Weaver, 2020). The author of this study has noted that most social entrepreneurship support programmes in Africa are US sponsored. African governments among which South Africa is not an exception have not yet established enough funding opportunities for social entrepreneurs. To that effect, social entrepreneurs are faced with a dilemma in their bid to source funds as most financing organisations lack understanding of which they are exactly (Coetze & Meldrum, 2015). Social entrepreneurs are turned away from philanthropic funds because their ideas are labelled too business-like (Weaver, 2020) while on the other hand when they approach traditional investors they are told that their enterprises are too focused on social purpose (Coetze & Meldrum, 2015). One of the glaring drawbacks is the inability to attract donors in their organization (Elliott, 2019; Seda & Ismail, 2019). This is a critical challenge because social entrepreneurs survive on donations from institutional collaborations (Weaver, 2020) and other well-wishers. Seeing that the issue of access to funds is a huge stumbling block to a plethora of social entrepreneurs, other studies submit that such social enterprises should start looking for innovative ways to be self-
sustainable (Mthembu & Barnard, 2019). This entails creating models on how to raise funds by engaging in different projects.

**Lack of Government Support**

According to Yusoff et al. (2021) lack of government support is one of the pressing challenges experienced by social entrepreneurs. Governments across Africa have put much focus on for profit entrepreneurs, hence, neglecting social enterprises and other non-profit organizations (Yusoff et al., 2021), which end up looking for funding from developed countries. This is sad given that social entrepreneurs in Africa tackles pressing issues such as unemployment, poverty and income inequality among others (Littlewood & Holt, 2018). Other scholars are of the view that a government can actually benefit immensely from the activities of social entrepreneurs (Gigauri & Damenia, 2020). This is because social entrepreneurs tackle social ills which the government and the private sector could have failed to address. To that effect, investment in this unique group stand as a sustainable panacea to the conundrums experienced by most developing countries, particularly, South Africa. Malunga et al. (2014) identify lack of a supportive legal environment and lack of a proper legal framework as challenges faced by social entrepreneurs in South Africa. The author of this study has noted that government support programmes in South Africa are mainly customized around for-profit entrepreneurs.

**Difficulty in Retaining Employees**

Any entity whether for profit or not requires competent and skilled employees to help the organization with its daily activities. Social entrepreneurs also, require staff such as an accountant, project manager, a fundraiser and general workers. This is supported by Wronka-Pospiech (2016) who submits that social enterprises require certain skills and competencies to operate smoothly. Without these skills it becomes difficult for them to execute their mandate which is to transform communities. According to Baporikar (2017), most social entrepreneurship organizations pay salaries which are below the market value in the labour market. As such, they end up losing key employees to private companies which relatively well. This retards their growth prospects and the project impact to the cause to which the organization intends to tackle. It is sad to note that lack of key personnel (Yusoff et al., 2021) such as a fundraiser and an accountant contributes to the failure of these social enterprises because they survive mainly from donations which requires high level of accountability by ensuring them that the organization has a steward such as a qualified accountant to prepare the books of the organization (Sivathanu & Bhise, 2013).

**Poor Location and Networking**

Location of a business plays a crucial role in determining whether the venture will be profitable or not. Ideal locations are mostly those which are easily accessible from through all road networks, near to key resources and near to the target market (Minai & Lucky, 2011). However most social entrepreneurial organizations are located in rural areas (Dassah & Ngatse-Ipangui, 2019) because they cannot afford high rentals in town. This is also where most of the social ills they try to address are mostly found.
Crime

South Africa remains on the top of the list in the world in terms of crime rates (Littlewood & Holt, 2018). Robberies related to business property break in remain relatively high in South Africa (South African Police Service Crime Statistics, 2021). The high crime rates in South Africa retards growth and performance of social entrepreneurs. Instead of spending their time and effort in increasing the capacity of their business operations, majority of these enterprises expend their hard earned income to improve the security of their businesses (Mbonyane & Ladzani, 2012). In addition, high crime rates increase the costs of doing business.

METHODOLOGY

This study adopted a quantitative research methodology. Data was collected using a self-administered questionnaire in a survey. The first section of the questionnaire consisted of demographic questions. The second section of the questionnaire consisted of questions related to the elements perceived as challenges by the surveyed social entrepreneurs. Likert scale questions ranging from strongly disagree to strongly agree were used. The questionnaires were distributed to 60 social entrepreneurs in Polokwane. All ethical considerations were adhered to in collecting and collecting data from the participants. The snowball sampling technique was used to recruit the participants where one social entrepreneur could refer the researcher to the next participant they know. Among the participants, some operated in drop-in centres, orphanages and in environmental protection awareness and campaigns. The inclusion criteria was based on the following; the social enterprises has been operating for the past 3 years, the social enterprise only pursing a social issue for non-personal gains and that the social enterprise was registered with the Department of Social Development or intended to do so in the near future. Data was analysed using descriptive statistics.

RESULTS

Demographic Characteristics

This section provides information related to gender, age location of social entrepreneurs surveyed in this study.

<table>
<thead>
<tr>
<th>Table 1</th>
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<tbody>
<tr>
<td>BIOGRAPHICAL INFORMATION OF THE SOCIAL ENTREPRENEURS SURVEYED</td>
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<tr>
<td>Variables</td>
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<td>Gender</td>
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Table 1 shows demographic information of the social entrepreneurs surveyed. The results show that most social enterprises (58%) in the study area are run by women while 42% are owned by men. Considering the age of the participants, participants above 50 years constituted the highest percentage (30%) followed by the 41-50 years age group at 28%.

**Descriptive Statistics for Challenges Faced by Social Entrepreneurs**

<table>
<thead>
<tr>
<th>Statement</th>
<th>N</th>
<th>Mean</th>
<th>Standard deviation</th>
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</thead>
<tbody>
<tr>
<td>Newness of the field in South Africa</td>
<td>60</td>
<td>3.67</td>
<td>1.22</td>
</tr>
<tr>
<td>Lack of funding</td>
<td>60</td>
<td>4.35</td>
<td>1.03</td>
</tr>
<tr>
<td>Lack of government support</td>
<td>60</td>
<td>4.12</td>
<td>0.91</td>
</tr>
<tr>
<td>Difficulty in retaining employees</td>
<td>3.86</td>
<td>1.13</td>
<td></td>
</tr>
<tr>
<td>Poor location and networking</td>
<td>60</td>
<td>2.78</td>
<td>1.07</td>
</tr>
<tr>
<td>Crime</td>
<td>60</td>
<td>3.84</td>
<td>1.16</td>
</tr>
</tbody>
</table>

Table 2 presents descriptive statistics related to challenges faced by social entrepreneurship. In total, 60 social entrepreneurs were considered in the study. In terms of Newness of the field in South Africa, the mean was 3.67 and the standard deviation was 1.22. This means the participants regarded the newness of social entrepreneurship in South Africa as a significant challenge hindering their quest for solving social ills in South Africa. In terms of lack of funding, the mean was 4.35 and the standard deviation was 1.03. This shows that majority of the social entrepreneurs surveyed agreed that they lack funds to help them implement some of the solutions they have in the areas they specialize in. Regarding lack of government support, the participants also agreed that it was a challenge faced by majority of them. This is supported by a mean of 4.12 and a standard deviation of 0.91. In terms difficulty in retaining skilled employees the mean was 3.86 with a standard deviation of 1.13.

Considering poor location and networking, the findings show that the participants disagreed that it was really a challenge hindering them from pursuing their social mission. This is supported by a mean score of 2.78 and standard deviation of 1.07. The implication of this finding may be that most social entrepreneurs operate in rural areas and that location supports their social innovation model. This is because; several donors prefer to partner with organizations operating in rural and marginalized locations where it might be difficult for other forms of businesses to transform such areas. Hence, this might be different with for profit entrepreneurs who may require a unique and upscale location to attract well-paying clients.

Considering crime as a challenge, a moderate mean score of 3.84 and standard deviation of 1.16 was observed. This shows that criminal activities such as theft of social entrepreneurs’ property and other important valuables aimed at helping them to pursue their social mission are a challenge worth noting.

**DISCUSSION**

This study investigated the challenges faced by social entrepreneurs in South Africa. The idea was to uncover these perceived obstacles as a way to find a sustainable solution to enhance the longevity of social enterprises in South Africa. The findings of this study revealed that social entrepreneurs in South Africa are confronted with a plethora of challenges which hinders them from actively pursuing their social mission aimed at dealing with social ills among...
disadvantaged communities. The findings of this study are corroborated by other existing findings.

For instance, Seda and Ismail (2019) express that social entrepreneurs deal with various and unique problems in different parts of the world. Such challenges hinder social entrepreneurs in their endeavours to tackle social problems in their communities (Vohra, 2017). Considering specific challenges faced by social entrepreneurs in South Africa, lack of funding was rated the most pressing challenge faced by majority of the participants. In terms of lack of funding, the results showed that majority of the social entrepreneurs surveyed agreed that they lack funds to help them implement some of the solutions they have in the areas they specialize in. It is pertinent to note that all projects and initiatives implemented by social entrepreneurs require money. Hence, in the absence of this resource, it becomes challenging for social entrepreneurs to attain their goals. This finding is supported by other existing scholars. For example, Weaver (2020) reports that social entrepreneurs are faced with financing problems. The author of this study has noted that most social entrepreneurship support programmes in Africa are mostly sponsored by donors from developed countries such the US and UK. African governments among which South Africa is not an exception have not yet established enough funding opportunities for social entrepreneurs. To that effect, social entrepreneurs are faced with a dilemma in their bid to source funds as most financing organisations lack understanding of who they are exactly (Coetzee & Meldrum, 2015). Social entrepreneurs are turned away from philanthropic funds because their ideas are labelled too business-like (Weaver, 2020) while on the other hand when they approach traditional investors they are told that their enterprises are too focused on social purpose (Coetzee & Meldrum, 2015). One of the glaring drawbacks is the inability to attract donors in their organization (Elliott, 2019; Seda & Ismail, 2019). This is a critical challenge because social entrepreneurs survive on donations from institutional collaborations (Weaver, 2020) and other well–wishers. Seeing that the issue of access to funds is a huge stumbling block to a plethora of social entrepreneurs, other studies submit that such social enterprises should start looking for innovative ways to be self-sustainable (Mthembu & Barnard, 2019). This entails creating models on how to raise funds by engaging in different projects.

Lack of government support was regarded as the second major challenge experienced by social entrepreneurs surveyed. The participants agreed that it was a challenge faced by majority of them. The current findings are supported by other existing studies conducted in South Africa and in other contexts. According to Yusoff et al. (2021) lack of government support is one of the pressing challenges experienced by social entrepreneurs. Governments across Africa have put much focus on for profit entrepreneurs, hence, neglecting social enterprises and other non-profit organizations (Yusoff et al., 2021), which end up looking for funding from developed countries. This is sad given that social entrepreneurs in Africa tackles pressing issues such as unemployment, poverty and income inequality among others (Littlewood & Holt, 2018). Other scholars are of the view that a government can actually benefit immensely from the activities of social entrepreneurs (Gigauri & Domenia, 2020). This is because social entrepreneurs tackle social ills which the government and the private sector could have failed to address. To that effect, investment in this unique group stands as a sustainable panacea to the conundrums experienced by most developing countries, particularly, South Africa. Malunga et al. (2014) identify lack of a supportive legal environment and lack of a proper legal framework as challenges faced by social entrepreneurs in South Africa. The author of this study has noted that government support programmes in South Africa are mainly customized around for-profit entrepreneurs.
Difficulty in retaining employees was rated the third pressing challenge faced by social entrepreneurs in South Africa. On that note, it is pertinent to understand that any entity whether for profit or not, requires competent and skilled employees to help the organization with its daily activities. Social entrepreneurs also, require staff such as an accountant, project manager, a fundraiser and general workers. This is supported by Wronka-Pospiech (2016) who submits that social enterprises require certain skills and competencies to operate smoothly. Without these skills, it becomes difficult for them to execute their mandate which is to transform communities. According to Baporikar (2017), most social entrepreneurship organizations pay salaries which are below the market value in the labour market. As such, they end up losing key employees to private companies which relatively well. This retards their growth prospects and the project impact to the cause to which the organization intends to tackle. It is sad to note that lack of key personnel (Yusoff, Awang & Sidik, 2021) such as a fundraiser and an accountant contributes to the failure of these social enterprises because they survive mainly from donations which requires high level of accountability by ensuring them that the organization has a steward such as a qualified accountant to prepare the books of the organization (Sivathanu & Bhise, 2013).

Crime was regarded as the fourth challenge experienced by social entrepreneurs surveyed. This shows that criminal activities such as theft of social entrepreneurs’ property and other important valuables aimed at helping them to pursue their social mission are a challenge worth noting. Criminal activities such break ins are common in both rural and urban areas in South Africa. This was noted even in 2020 where there were reported cases of break ins at schools where valuables such as computers as well as protective equipment were stolen. Social entrepreneurs are also victims of such criminal activities in South Africa. The findings of this study are supported by existing evidence. According to Littlewood and Holt (2018), South Africa remains on the top of the list in the world in terms of crime rates. Robberies related to business property break in remain relatively high in South Africa (South African Police Service Crime Statistics, 2021). The high crime rates in South Africa retards growth and performance of social entrepreneurs. Instead of spending their time and effort in increasing the capacity of their business operations, majority of these enterprises expend their hard-earned income to improve the security of their businesses (Mbonyane & Ladzani, 2012). In addition, high crime rates increase the costs of doing business.

The newness of the field in South Africa was rated as the fifth pressing challenge hindering social entrepreneurs’ quest for solving social ills in South Africa. Social entrepreneurship is relatively a new concept in South Africa. As a new field there are still mixed feelings from policy makers about the benefits this field can offer. As such, there is no clear policy towards social entrepreneurship in South Africa (Littlewood & Holt, 2018). Dassah and Ngatse-Ipangui (2019) submit that it is still difficult to pursue a social entrepreneurship career in South Africa. This is because social less is known about social entrepreneurs and their activities and how they can positively impact on communities. To that effect, social entrepreneurs are often negatively perceived in South Africa (Dassah & Ngatse-Ipangui, 2019). This seems to be a common challenge in most African countries as Seda and Ismail (2019) also submitted that social entrepreneurship is still at an infancy stage in Egypt where it is mostly young people who are tapping into social innovation to help solve social ills in the country. Coetzee and Meldrum (2015) elucidate that several governments for example the USA, UK, Australia, Senegal, Colombia and India in acknowledging the sustainability nature of social entrepreneurship towards solving social ills, have all done a great deal to help them succeed in their business.
endeavours. However, South Africa still lags behind as minor efforts to help social entrepreneurs have only been recorded mostly in Western Cape Province. Surprisingly, the findings showed that the participants disagreed that poor location was really a challenge hindering them from pursuing their social mission. The implication of this finding may be that most social entrepreneurs operate in rural areas and that marginalized locations support their social innovation model. This is because, several donors prefer to partner with organizations operating in rural and marginalized locations where it might be difficult for other forms of businesses to transform such areas. Hence, this might be different with for profit entrepreneurs who may require a unique and upscale location to attract well-paying clients. This is supported by Dassah and Ngatse-Ipangui (2019) who elucidate that most social entrepreneurial organizations are located in rural areas because this is where most of the social ills they try to address are mostly found.

CONCLUSION

Social entrepreneurship plays a critical role towards solving social ills in South Africa. Hence, supporting and growing a large base for social entrepreneurs goes a long way in addressing the socio-economic problems in South Africa. This study investigated the challenges faced by social entrepreneurs in South Africa. The idea was to uncover these perceived obstacles as a way to find a sustainable solution to enhance the longevity of social enterprises in South Africa. The findings of this study revealed that social entrepreneurs in South Africa are confronted with a plethora of challenges which hinder them from actively pursuing their social mission aimed at dealing with social ills among disadvantaged communities. It was discovered that the social entrepreneurship concept is still new in South Africa. Hence, exposing social entrepreneurs to challenges such as lack of funding, lack of government support as well as difficulties in attracting qualified employees. Another challenge faced by this group was related to criminal activities related to break ins. Sadly, most of these problems are beyond their control yet they affect their operations greatly. The findings of this study demystified the plight of social enterprises in South Africa which makes the study to be valuable to different stakeholders. For instance, the findings can be of value to policy makers such as the government as they can clearly articulate the challenges faced by this unique group which can help them to design a consortium of customised support programmes to ease the frustrations. The findings of this study can also help stakeholders such as donors to understand that this group is not for profit and that their organizations are established to pursue a social mission, hence, justifying why they may need sustainable partnership in terms of funds and resources unique to each social enterprise. The findings can also provide more insights in terms of the status of social entrepreneurship in South Africa, which help the academic scholars to build future studies and theory development. Recommendations are made for the government to reconsider their support programmes to also include social entrepreneurs. The Department of Social Development is also encouraged to work hand in hand with social entrepreneurs to help tackle their problems which can make it easier for them to pursue their social mission. On the other hand, social entrepreneurs are also encouraged to be innovative and design revenue generating activities which can sustain their projects in the absence of donations.
REFERENCES