

# SOCIAL ENTREPRENEURSHIP AS A TOOL FOR SUSTAINABLE DEVELOPMENT IN SOUTH AFRICA: A LITERATURE REVIEW

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## ABSTRACT

*Social entrepreneurship is gaining popularity as a tool to bring about change and sustainable development globally. Social injustice in South Africa and the lagging behind in effectively using this phenomenon to address socio-economic issues such as poverty and unemployment motivated this literature review. The purpose of this review is to reveal the factors affecting social entrepreneurship as a tool for sustainable development in South Africa. A qualitative research approach using secondary data literature was used. Titles and abstracts of 85 articles were screened, resulting in 65 relevant articles being analysed using the thematic content analysis technique.*

**Keywords:** Social entrepreneurship, Sustainable development, Factors.

## INTRODUCTION

Social entrepreneurship is increasingly being seen as a driver for economic growth and development in most countries of the world by providing new solutions for old problems and adopting rules of business enterprises and blending them to create social, economic and environmental values (Moses & Olokundun 2014; Littlewood & Holt, 2018; Razavi et al., 2014; Mair & Marti, 2006). In a country like South Africa where the GDP dropped from 1.3% in 2015 to 0.4% in 2016 and it was only expected to grow to 1.1% in 2018 and 1.7% in 2019, coupled with the rise in unemployment to a record 34.4% as at the second quarter of 2021 (Statistic South Africa, 2021) and the jobless situation of over 6 million South Africans of working age, accelerating social entrepreneurship activities becomes very crucial in the country (GIBS, 2018). During an International Labour Organisation (ILO) conference held in Johannesburg in 2009, the focus of African countries like South Africa adopting an alternative approach to development was highlighted and this approach which was titled the “*social economy*”, emphasized the role of social enterprises and social entrepreneurship as key components of the social economy. Subsequently, during this conference, the then South Africa Minister of Economic Development, Ebrahim Patel acknowledged the importance of the social economy as a vital tool for the recovery of economies in Africa and he made a commitment to develop a growth plan for South Africa that was more socially and economically equitable (Moss, 2012). In another conference called the Social Enterprise World Forum (SEWF), held in Johannesburg in 2011, Patel further reiterated his commitment to developing the social economy by announcing the South Africa’s New Growth Path (NGP), which specifically highlight the different measures that would be in place to encourage and promote social entrepreneurship and build the social enterprise sector in South Africa (Moss, 2012). The State publicly accepting to be part of the global trend of using social entrepreneurship to develop the South African economy is crucial as it addresses many

social issues and ensures sustainable development in the society. However, despite the commitment from government, it is suggested that less than 2% of adults are participating in the social enterprise sector, even though South Africa has similar structures with countries where social entrepreneurship is flourishing (GIBS, 2018). Therefore, this paper tries to review literature to identify factors affecting social entrepreneurship and its contribution to sustainable development, especially because it is considered to be a critical tool in solving many social problems in South Africa.

## METHODOLOGY

A qualitative research approach was adopted in order to use secondary data literature. This research approach was chosen by the reviewers because it enables the reviewers to provide in-depth and detailed information. The purpose of this approach was to contextualise the understanding of the factors affecting social entrepreneurship as a tool for sustainable development. The research methodology was undertaken by systematically reviewing and contextualising the literature under the topic being studied. Overtime, there have been many studies that sought to understand the factors affecting the contribution of social entrepreneurship to sustainable development. Hence, this study will have sufficient information to examine in order to arrive at a reasonable conclusion.

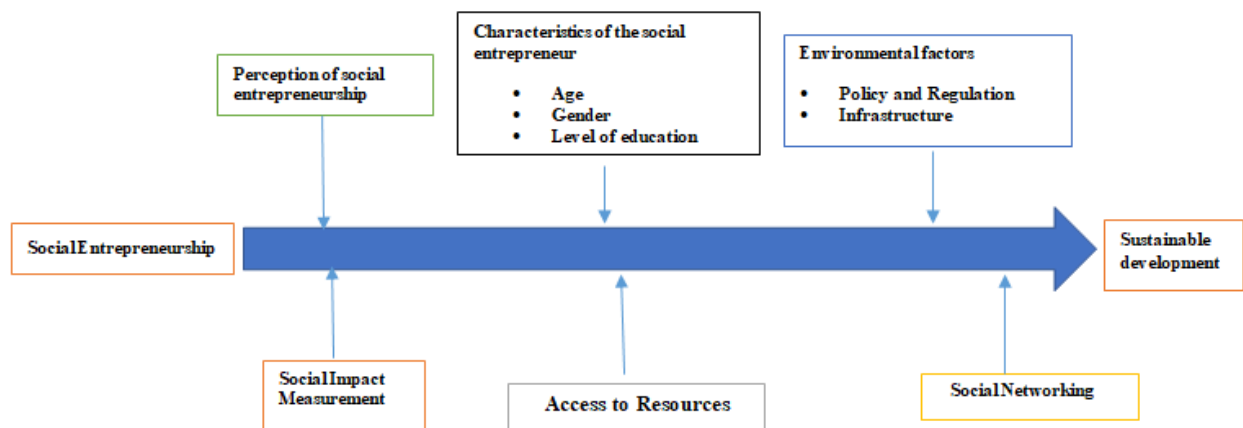
Hakim (1982) cited in Sheriff (2018), claim that the use of secondary sources can be appropriate when the secondary research aim at identifying additional indicators of an examined phenomenon and to review a research subject from the perspective of a new theoretical framework. More so, taking into account the previous studies and debates regarding the factors affecting social entrepreneurship contributions to sustainable development, the research approach was appropriate as there are vast information regarding social entrepreneurship, its importance in a country's economy and the factors that affects it as a tool for sustainable development. Furthermore, the use of this methodology approach for this paper is also justified as the reviewers drew from the vast availability of information and wide range of sources to arrive at its conclusions. These sources of information included but are not limited to institutional reports from organisations such as the World Bank, as well as journal articles, opinion pieces from credible online sources. Hence, the vast availability of information in a literature context detailing social entrepreneurship and the factors affecting its contributions to sustainable development was the reason this methodology was applied Akhtar (2016).

An initial search was conducted of all document text on Google and Google scholar for the time period of 2004 to 2021. A 17 year time frame was selected as the reviewers felt it was sufficient to uncover early roots of studies of social entrepreneurship and provide insights on how it helps to address social issues, as well as the challenges faced over time. Furthermore, the reviewers developed an inclusion and exclusion selection criteria to ensure parity and reliability of the selected articles (Table 1). With regards to search engines, Google and Google scholar search engines were used using search words "*social entrepreneurship*", "*sustainable development*", "*importance of social entrepreneurship*" and "*factors affecting social entrepreneurship as a tool for sustainable development*".

<b>Table 1</b>	
<b>INCLUSION AND EXCLUSION CRITERIA</b>	
<b>Criteria</b>	<b>Reasons for inclusion</b>

All sectors	In order to gain a wider perspective of factors affecting social entrepreneurship as a tool for sustainable development – not just limited to one area
All countries	To gain a cross-cultural view of the factors affecting social entrepreneurship as a tool for sustainable development
Theoretical and empirical articles	To capture all existing studies
<b>Criteria</b>	<b>Reasons for exclusion</b>
Pre-2004	Contributions towards factors affecting social entrepreneurship and sustainable development have developed in the past 17 years
Conference papers, lecture notes, symposiums, workshops, letters	Focus on high-quality peer-reviewed research

A thematic content analysis was chosen because it enabled the reviewers to provide contextual description and interpretation of people’s opinions about the topic being studied. Vaismoradi et al. (2013) state that content analysis is a systematic coding and categorising approach which allows the researcher to explore large amounts of textual information unobtrusively in order to determine the trends and pattern of words used, their frequency, their relationships, as well as the structures and discourses of communication. The reviewers were able to identify themes on the subject matter based on their previous experiences, developing these themes into a framework for analysis (Figure 1).



**FIGURE 1**  
**FRAMEWORK TO SUPPORT THE THEMATIC ANALYSIS**

At the initial state of the review 1120 articles were found. However, when the inclusion and exclusion criteria were applied, the number reduced to 302. Furthermore, after reviewing the abstracts based on their relevance and quality, 85 articles remained but were further reduced to 65 articles following the removal of duplicates.

**LITERATURE REVIEW**

**Definition and Concept of Social Entrepreneurship**

The increasing interest on social entrepreneurship in recent years has brought about numerous research and contributions that overlap with various disciplines such as sociology, economics, management and entrepreneurship (Matismela, 2017). Hence, there is still a heated debate by scholars about what it actually means and entails (Rivera-Santos et al., 2015). Some scholars view it from the point of it being a process, while others describe it as individuals who start businesses with a social mind-set. However, for this paper, the generally accepted description by the Global Entrepreneurship Monitor (GEM) (2016) will be adopted and it describes social entrepreneurship as “*individuals who are starting or currently leading any kind of activity, organization or initiative that has a particularly social, environmental or community objective*”.

Authors like Seelos and Mair (2005), believe that social entrepreneurship efforts are usually targeted at social needs and problems within a society that are mostly isolated and it creates an opportunity to develop an integrated way within frameworks that are relevant to sustainable development. This sentiment is supported by Moses and Olokundun (2015), when they mention that social entrepreneurship create and expand the opportunities for individuals in a society to be self-emancipated, engage in activities that generate income, as well as being able to lead and earn the livelihood they envisaged for themselves and the future of their children. Several institutions have been created to support the social economy in South Africa and many other developing countries like Kenya. Nonetheless, there are still so many social problems because it has been argued that social entrepreneurship being successful in ensuring sustainable development in developed countries does not make it an adequate solution in addressing the socio-economic problems in developing countries like South Africa without understanding the factors that could affect those (Littlewood & Holt, 2018).

Scholars like Rivera-Santos et al. (2015), are of the opinion that in the African continent, social entrepreneurship shows significantly apt illustrations of how an environment can affect its role and operations in their different contexts. This argument is supported by Gordon Institute of Business Science (GIBS) (2018), who mention that there are factors within an environment that affect social entrepreneurship and these bottlenecks need to be addressed in order for them to flourish and contribute to sustainable development. In addition, Deshwal (2015) assert that nurturing social entrepreneurship and creating a conducive environment will ensure that it offers great potentials for economic and societal gains, as well as play an increasingly important role of complementing the social services offered by charitable organisations and government agencies.

## **Sustainable Development in the Context of South Africa**

South Africa like so many other countries around the world is committed to the concept of sustainable development. At the World Summit on Sustainable Development (WSSD), held in September 2002, in Johannesburg, South Africa agreed to the fact that addressing the issue of poverty was a great challenge around the world, and a negotiated outcome was agreed, which was called the Johannesburg Plan of Implementation (JPOI) (Department of Environmental Affairs and Tourism, 2008). The JPOI set out 37 targets for achieving sustainable development, which was also inclusive of the Millennium Development Goals (MDGs), as part of their commitment to preparing and implementing national strategies for sustainable development (Department of Environmental Affairs and Tourism, 2008). However, despite the numerous strategies and programmes that include sustainable development considerations in South Africa, there is no coherent and overarching national strategy for sustainable development (Department of Environmental Affairs and Tourism, 2008).

The above sentiment is also highlighted by Montmasson-Clair (2017), in a critical review on South Africa's Sustainability Transition, that while the National Development Plan (NDP) clearly defines South Africa's vision up to 2030, there is a lack of strategic and coherent planning in terms of transition to sustainable development, no adequate roadmaps that provides the necessary medium and long-term steps, as well as detailing the eventual state of the economy and society in the long-run. According to the Department of Environmental Affairs and Tourism (2008), to address this void, the National Framework for Sustainable Development (NFSD) was developed, to serve as a basis for which national strategy and action plan were embedded. Furthermore, the NFSD purpose is to articulate the national vision, principles and areas in South Africa's sustainable development path and to identify key short, medium and long-term challenges that will require strategic intervention in order to guide and enable the development of the national strategy and action plan towards a more sustainable direction (Department of Environmental Affairs and Tourism, 2008).

According to Haywood et al. (2018), the new sustainable development agenda cannot be achieved in isolation because it is broader in scope and larger in ambition than it is expected with the MDGs. Hence, effective partnerships and inclusivity is required within countries; across all sectors, disciplines, government agencies and global partnerships across nations. Furthermore, Haywood et al (2018), highlight the need to reinforce effective partnerships as South Africa implements the SDGs, in the context of its existing regional and national strategic plan – African Union's Agenda 2063 and its own National Development Plan (NDP). South Africa in recent years, has endeavoured to align its NDP and SDGs in order to identify and prioritize its developmental objectives; and most importantly, to emphasize the need of multi-stakeholders partnerships in ensuring the achievement of the development objectives (Haywood et al, 2018).

Authors like Fourie (2018), believe that South Africa like many other countries in the world – both developed and developing, is faced with the challenge of aligning national policies with expanded global development goals, especially with regards to the SDGs' integrated nature and its related challenges such as measuring, monitoring and communicating processes. In addition, Fourie (2018), highlights two obstacles that South Africa will face in aligning its domestic development plan to the SDGs – Firstly, there will be the political challenge of superimposing the adopted 2030 SDGs agenda onto a local plan that was already developed and cannot easily be changed without causing a serious damage to its legitimacy; Secondly, the SDGs do not and cannot address national development challenges, particularly in the case of South Africa where the development plan are explicitly and understandably developed to address the injustices caused by the apartheid era.

Consequently, one important way to overcome these obstacles as suggested by Fourie (2018), is the emphasis of making use of existing institutional structures and processes – organizing existing structures to be more efficient and improving policy coherence by government actors and all other stakeholders. Hence, social entrepreneurship and social enterprises can form a crucial part of the process and the multi-stakeholders partnership required to provide creative and innovative ways to address social issues, which will help South Africa to achieve its NDP and SDGs.

### **Lessons of Social Entrepreneurial Activities from Other Parts of the World**

According to Moses et al, (2014), one social enterprise in Nigeria that has been exceptional in ensuring that 20,000 Nigerians living with various disabilities are provided with efficient and sustainable mobility aids and appliances is the Mobility Aid and Alliances Research

and developmental Centre (MAARDEC). This drive was instigated by the fact that Nigeria relative to other developing countries, has an estimated population of 2 million disabled persons and their inability to work deprives them the opportunity to fend for themselves, and as such they rely on family members for survival or become street beggars (Moses et al, 2014). Furthermore, it suggests that in Nigeria, adequate care is not provided for disabled people, with regards to special access to public buildings, street crossing facilities, as well as training and rehabilitation programs by government to foster their personal and social growth (Moses et al, 2014). It was in response to this social challenge that MAARDEC was established and has over the years ensured that 50 percent of its workforce are disabled people, offers guidance and counselling to disabled people and has partnered with reputable business ventures in Nigeria like MTN, to provide mobility aids (Moses et al, 2014).

In Bangladesh, as highlighted by Poon (2011), the Grameenphone's revolutionary approach pioneered a new business model, contrary to the traditional business model to bring mobile communication. Poon (2011), further highlights that Grameenphone launched a village phone program that provided women with loans to purchase mobile phones, which they could operate as payphones on a per use basis by other villagers. This initiative became a source of livelihood to so many in the village, as well as the emergence of mobile communication access to the villages (Poon, 2011).

In a book by Kernot and McNeil (2011), which compiled the Australian stories of social enterprises, Food Connect which is a shared community agricultural enterprise, is highlighted for its significant contribution to its efficient food distribution system that is equitable to small farmers, as well as providing quality fresh food to urban residents. According to Kernot, et al, (2011), Food Connect was established to counteract the unsustainable and inequitable practices of the food industry by developing a participatory model which would look after and dignify small farmers with regards to production and distribution. Furthermore, Kernot et al, (2011), states that employees who somehow remain in the organisation for a period of four years and show some level of commitment are offered shares in the organisation. Although, they are not expected to receive dividends from the profits generated, they become part of the owners of the organisation and form part of the board that makes final decisions (Kernot et al, 2011).

All these social entrepreneurial activities add to the richly changing social tapestry in the world. However, Kernot et al (2011), highlights some important clarity on the inaccurate and inappropriate way social entrepreneurial activities have been interpreted around the world. They are of the opinion that a successful business man or woman who sets up a foundation to engage in charitable work remains a philanthropist and not necessarily participating in a social entrepreneurial activity, even though, they might serve as an important source of funding to the social sector (Kernot et al, 2011). In addition, they also stress that social entrepreneurial activity is not when an activist or Non-Governmental Organisation (NGO) is lobbying the government for a change in specific policies or; a corporate foundation that supports the social sector and; a community development which depends on grants for its activities (Kernot et al, 2011).

## **The Importance of Social Entrepreneurship in a Country's Economy**

Most countries in the world are beginning to explore the contributions of social entrepreneurship in enhancing and promoting development in the society and as such the importance of this phenomenon in a country's economy cannot be overemphasised. Kazmi et al.,

(2016), explained that social entrepreneurship in Pakistan is vital in unlocking economic inclusion and growth as it serves as a vehicle to build a resilient and pluralistic social market economy through creating jobs, providing innovative services and products, promoting a sustainable economy, as well as creating opportunities and hope for the future. They are also of the opinion that social entrepreneurship has a promising approach through its entrepreneurial strategies to open up trade, which has a positive impact in eliminating poverty and creating a boost in the Pakistani economy (Kazmi et al, 2016).

Similarly, Sijabat (2015), echo this sentiment that a high level of poverty is one of the major challenges of global economic development and it was estimated that in 2012, about 43.3% of the population of Indonesia, which is about 253 million people, live below the poverty line of earning less than US\$2 per day. According to Sijabat (2015), the emergence of social entrepreneurs in Indonesia is due to the level of poverty, marginalisation and exclusion in society. Hence, social entrepreneurs created changes as they contributed in improving the quality of life, efficiency, and sustainability of social and economic growth through incorporating some social and business skills into entrepreneurial activities. According to a report by the Statistical Office of the Republic of Serbia (SORS) (2014), it stated that around 40 million people in the world are currently employed by the social entrepreneurship sector and over 200 million people engage in volunteering activities. It further stipulates that an estimate of about 14.5 million people in the European Union, which is about 6.5% of the working age population are employed by the social economy. Furthermore, a Council B (2015) report on the social enterprise sector in the United Kingdom (UK), suggested that there are around 70,000 social enterprises in the UK, employing over 2 million people, and contributing over £24 billion to the UK economy. Hence, the social economy is closely linked and most often identified as part of an economic reality that intertwines development in many countries of the world with social inclusion, wellbeing and social care.

## FINDINGS AND DISCUSSIONS

### Factors that Affects Social Entrepreneurship Contribution to Sustainable Development

#### Society's perception of social entrepreneurship:

The perception of members of the society about social entrepreneurship remains a major challenge in many countries, including South Africa. Ruiz-Rosa et al. (2020) alluded that the need to develop innovative ways to address social and environmental problems in our society is increasingly moving from the public sphere to include private initiatives; personal attitude and perceived behaviour of individuals towards social entrepreneurial intentions. The GEM (2019), report suggests that entrepreneurship is significantly influenced by individual's attitudes, perceptions and intentions, which are set within a social, cultural and political context that could support or constrain the decision. Furthermore, the report showed that in terms of indicators of entrepreneurial attitude and perception, South Africa is performing below average relative to other countries. Despite the fact that policymakers in developing countries like South Africa, understand the importance of social entrepreneurship in contributing to sustainable development, they have failed to strengthen the support systems that are needed to influence individual's perception towards embracing social entrepreneurship and helping the sector grow (GIBS, 2018). Literature shows that there is a positive relationship between individual's perception and their desire to develop or engage in entrepreneurial project (Ruiz-Rosa et al, 2020). A study conducted in South Africa by Urban and Kujinga (2017) revealed that improving perceptions and nurturing

societal norms towards social entrepreneurship will provide opportunities to increase self-esteem and confidence of youths to be more active in the social and economic spheres. The results indicated in table 2 below (Source: Urban and Kujinga, 2017) show that perceived desirability which provides the motivation to engage in social activity were positively and significantly correlated with social entrepreneurial intention ( $r = 0.331$ ;  $p < 0.05$ ).

	Mean	Std. Dev.	Desirability	SEI
Desirability	3.931	1.150	1	
SEI	3.427	0.875	331*	1
*p < 0.05; **p < 0.01				

Therefore, society's right perception and desirability of social entrepreneurship provides a platform and serves as a critical support system for the concept to have a significant positive impact in contributing to sustainable development in South Africa, particularly in local communities. This also supports the claim in the GEM (2019) report that for entrepreneurs to be successful they rely on the support of a wide range of stakeholders in the society, including family, friends, customers, as well as suppliers

#### **Age, gender and educational level of the social entrepreneur:**

Around the world, both in developed and developing countries like South Africa, characteristics such as age, gender and educational level of the social entrepreneur are considered to be important factors in enhancing the ability to effectively create social value (GIBS, 2018). In countries like Korea, it has been stressed that the younger the social entrepreneur, their level of education and if they graduated from a prestigious university, ensures their acquisition of financial and marketing resources which increases their effective operations (Choi, 2020). Authors such as Peinelt (2017) pointed out that although entrepreneurial skills and the know-how that education provides are usually substantially undervalued and are believed to be innate skills, they have a significant influence on individual's business behaviour and future intentions, as well as enhancing their personal skills and ability to identify business opportunities. The results indicated in table 3 below (Source: GEM, 2016) highlight that in Sub-Saharan Africa, operational social entrepreneurs tend to have a higher education level (15%) than operational commercial entrepreneurs (8%).

This also supports the study by Estrin, Mickiewicz and Stephan (2013) which reveals that a higher level of education may have a more pronounced effect on social than commercial entrepreneurs, particularly because a higher level of education is important in identifying and exploiting opportunities for social entrepreneurship. Likewise, Choi (2020) highlights that a higher level of education of the founder of a social enterprise is very critical because the business environment of social ventures is very complex and changes are uncertain.

	Age	Gender	Educational Level
Operational social entrepreneurship	52%	39%	15%



Operational commercial entrepreneurship	46%	39%	8%
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Hence, to survive and grow in such environment depends largely on the high information processing ability and innovative propensity of the founder. Authors such as Marín et al. (2019), stress that higher level of education increases the individual's social commitment. That is, it provides an individual with the knowledge and greater skills that makes the individual more socially oriented and to perceive social problems as business opportunities. The authors in addition, conclude that there is a positive relationship between higher level of education and the generation of social value, as such individuals can start a business that is not primarily conditioned for their economic benefits but for the creation of social value to benefit others. However, in South Africa as highlighted in GEM (2009) report cited by GIBS (2018), social entrepreneurs are mostly educated to high-school level and their intention to start a social enterprise is usually influenced by factors that could be more developed in tertiary level of education, making it difficult for them to have the know-how, skills and capacity that is required to turn social problems into opportunities which in-turn limits their ability to create social values that will lead to sustainable development. This supports the finding of the Council B (2015) study in South Africa which states that the highest educational level of the person in charge of social enterprises only have post-secondary diploma / certificate or vocational qualification (38%), while only 27% and 21% have Bachelor's degree and Master's degree respectively.

On the issue of age, authors such as Marín et al (2019) highlight that time is a key factor with regards to detecting social problems and the relationship between age and social orientation shows that older people identify more social problems in the environment because they have been able to observe and analyse these problems over the years. However, the authors also emphasize that age is not the only condition required to detect social problems, there is also the need for the social entrepreneur to feel capable to undertake the task. A study by Fernández-Laviada et al. (2020), observe that the probability of entrepreneurs over 54 years old to focus on social enterprises is around two times higher and they show a greater propensity to start a social enterprise when they perceive the need for more development of the sector in their countries. This is supported by Socci et al. (2020), who in a study in six local communities of five European countries highlight that older people based on their social contexts, individual past experiences, knowledge, and motivation are increasingly seen as useful resources to properly address and build the pathway towards social solutions for unmet social problems detected within the local communities. In addition, Stypinska et al. (2019) highlighted that older social entrepreneurs have more work and industry experience, more developed social networks, higher technical and managerial skills and are in a stronger financial position than the younger social entrepreneurs. However, contrary to the findings of the authors stated above, social entrepreneurship in South Africa seems to suit young people between 25 and 44 years old who are mostly unemployed and find it as an appealing way to enter the working world (GIBS, 2018). This is supported by the findings in GEM (2016) (Table 3 above) that there is a greater representation in Sub-Saharan Africa of younger generation in operational social entrepreneurship (52%) as compared to operational commercial entrepreneurship (46%). Similarly, in a Korean context as highlighted by Choi (2020), the decision-making of resource providers for social ventures seek to find younger entrepreneurs with high energy, learning skills and risk-taking, which are the appropriate human capital abilities required for highly uncertain business environments and as such making it more positive for them to obtain financial and marketing resources. However, Brieger et al. (2020), argue that compared to middle-aged entrepreneurs, social value creation which contributes to the wealth of local communities and

societies is more likely to be prioritized by younger and older entrepreneurs. Perhaps, having both young and old social entrepreneurs participating in the South African social economy will increase the level of social value creation required to achieve sustainable development goals.

In addition, the gender of the social entrepreneur is also considered as a critical characteristic. According to Marín et al. (2019), the role a patriarchal society attributes to both genders influences their social orientation; men give more attention to money and their careers, while women are more socially inclined to maintaining relationships, helping others and helping nature. A study on the role of gender and sustainability orientation by Dickel and Eckardt (2020) indicates that women have more potential to translate positive desirability into social entrepreneurial intention. However, a study conducted in five countries by Mannion (2017), highlighted that some of the barriers affecting women to take up socially entrepreneurial activities include; time management, lack of access to finance, fewer female role models, and prejudice and discrimination. These might be the issues affecting women social entrepreneurs in South Africa. GIBS (2018), highlights that social entrepreneurs in South Africa are most likely to be male. Although, as revealed by GEM (2016) study, there is a less or no gender gap in Sub-Saharan Africa for operational social entrepreneurship (39%) as compared to operational commercial entrepreneurship (39%) Table 3. Hence, as suggested by Carty (2020) it is important to abandon any patriarchal slant and embrace a more gender-balanced approach to funding, support and practice where it is simply not about male and female approaches or attributes, but ensuring that the full spectrum of human strengths and capabilities are tapped to solve social issues.

### **Social impact measurement:**

Rawhouser et al. (2019), describe social impact as the beneficial outcomes of a prosocial behaviour that should be enjoyed by who the behaviour is targeted at and/or by the broader community of individuals, organisations, and/or environment. A report by the Organisation for Economic Co-operation and Development (OECD) (2015) mentioned that any business can have a social impact; however, the goal of every social enterprise is to create social value while addressing social challenges and as such is expected to produce social impact. In other words, the inability to adequately assess the social value and impact produced by the operations of a social enterprise might limit the understanding of the level of their contribution in addressing social problems in the society. Authors such as Gonul and Senyuva (2020) mention that it is very critical for social ventures to plan for and assess their social impact because the success of their activity is measured through the sustainable impact and change they create, and it also attracts social impact investors to their cause in order to secure funding and resources for their activities. Consequently, Buckland and Hehenberger (2021) suggests that underinvesting in impact measurement results in the lack of evidence needed for social enterprises to secure funding from government, grant makers and impact investors, which then leads to a vicious cycle that breeds cynicism and distrust. The GEM (2016) study reveals that only about 50% of individuals who fit the broad definition of social entrepreneurs agreed that their organisation put substantial effort into measuring the social and environmental impact of their activities. This supports the sentiment of Hojnik and Crnogaj (2020) who in a study identified that there is a statistically significant difference of social enterprises in North-western European countries ( $M = 0.015307$ ,  $SD = 0.12$ ) measuring their social impact than South-eastern European countries ( $M = 0.005850$ ,  $SD = 0.08$ );  $t(59,464.991) = 12.994$ .  $p = 0.000$  (two sided) and they attribute these relatively low social impact measurements to the internal environment of the social enterprise (such as,

lack of resources, size of the social enterprise and, lack of knowledge) or the external environment (such as, legislation or social impact measurement as a requirement to access to funding). These are similar challenges affecting social enterprises in South Africa. Methvin (2019), in a study conducted in South Africa highlights that less than 10% of social enterprises are actually measuring impact, with the vast majority only measuring outputs and outcomes, this is a cause for concern.

### **Access to resources:**

According to Day and Jean-Denis (2016), the growth and effective operations of a social entrepreneur are a function of the resources and the application of the bundle of valuable, tangible or intangible resources at their disposal. In addition, the authors described these bundle of valuable resources as the financial, human, social and political capital which can be used to create social value through investment, scale-up social impact mitigating resource constraints, as well as increasing the opportunities for social innovation. This is in addition to what has been said by recent authors such as Littlewood & Holts, 2018; Moriggi, 2020; Choi & Chang, 2020, that social entrepreneurs need to have the necessary capacity to mobilise and create the enabling resources that will bring forward innovative initiatives in response to unmet sustainability issues and to contribute to the processes of socio-economic transformation. GEM (2016) revealed that in Sub-Saharan Africa, 90% of social entrepreneurs require money to start their operation and 82% invest their own money. Furthermore, 67% rely on funding from family, 42% rely on banks or other financial institutions and only 38% rely on government programmes, donations or grants. In South Africa, access to grant funding remains a major challenge to social entrepreneurs and it limits their capacity to create social value which affects their contribution to sustainable development, especially in local communities (Maphalla et al., 2009). This sentiment is supported by the findings of Council B (2015) study in South Africa that 70% of social enterprises indicated that access to grant funding is a key barrier to their growth. In recent years, social entrepreneurs in South Africa have experienced limited access to state resources and support, declining international donors, lack of access to enterprise development assistance, and high costs associated with reporting and auditing when engaging with the corporate sector (Littlewood & Holts, 2018). These critical factors affect owners/managers of social enterprises when developing strategies for social value creation and it also provides little encouragement to engage in social entrepreneurship.

### **Social networking:**

Poor social networking is also one of the factors affecting social entrepreneur's contribution to sustainable development. To improve the livelihood of people around the world requires the collective actions from individuals, governments, businesses and donors to achieve this goal (World Bank, 2015). The overwhelming complexity of achieving sustainable development requires large corporate organizations to go beyond legal compliance and develop proactive measures to address social and environmental challenges, as their resources and managerial experiences are considered to be crucial in the fight against global developmental problems (Seelos & Mair, 2005). However, despite the fact that businesses and many large organizations play a significant role in creating social value through providing employment, improving working conditions, creating a competitive environment, making goods and services available that meet people's needs and perhaps through their engagement in Corporate Social

Responsibility (CSR), it is argued that many of these efforts do not reach the poor people and even if they do, they are inefficient and inadequate (Seelos & Mair, 2005). As such, there are so many human needs that remain unsatisfied by businesses and organizations as CSR is at the bottom chain of their activities. Thus, it is believed that the interfaces between social entrepreneurship, CSR programs and public institutions (such as governments and international organizations) provide great potential for developing various ways of collaboration that will create social value in support of sustainable development (Seelos & Mair, 2005). A World Bank (2017) study in South Africa highlights that a very small number of networks and social entrepreneurship communities exist and their efforts are not coordinated. This is similar to the findings by the Council B (2015) study that 50% of social enterprises in South Africa have limited access to investors (no relevant contacts and limited network). Hence, this is a major challenge because social enterprises need such networks and partnerships in order to engage in real projects and create social values that address relevant needs, especially in local communities. Bansal et al. (2019), suggest that social entrepreneurs can improve their social and environmental impact when public institutions like the government provide supports and stimulate innovation in the form of funding and subsidies, as well as encouraging entrepreneurial solutions through public policies that are directed towards innovative causes.

### **Policy and regulations and inadequate infrastructure:**

Policy and regulations in South Africa have been identified as critical factors in the environment that affects social entrepreneurship as a tool for sustainable development (Littlewood & Holt, 2018). Indris and Primiana (2015) indicated that the success of an organisation to improve its performance over-time depends on its ability to effectively manage and analyse these critical factors within the environment in order to ensure conformity, as well as the establishment and implementation of business strategies. In South Africa, there is a limited explicit engagement with social entrepreneurship in either policy or regulation by the government, as well as no specifically legal form for social enterprises compared to other countries around the world (Littlewood & Holt, 2018). This is supported by GIBS (2018) which states that presently there is no appropriate legal framework for social entrepreneurship in South Africa that particularly takes care of its operations and activities. Hence, creating obstacles and barriers for social enterprises to effectively operate and the sector to develop. In addition, ILO (2013) stated that even though some organisations have succeeded despite all the limitations, the lack of a dedicated legal form and regulatory framework is preventing the sector from growing and from fulfilling its potentials of contributing to economic growth, job creation and service delivery in the country. Lavišius (2016) highlights that the importance of social entrepreneurship to the economy of a country shows how appropriate it is for government policies and regulations to support social entrepreneurs development and help them successfully play their role in the country.

Furthermore, social entrepreneurship has the potential to contribute to sustainable development in a country like South Africa, particularly in local communities. However, there is a big challenge when it comes to accessing infrastructure (Littlewood & Holt, 2018). A World Bank (2017) study reveals that infrastructure enables or constrains social entrepreneurs in their ability to effectively operate in their local communities and all the countries studied are generally facing significant infrastructural challenges such as power cuts, poor transportation and poor information and communication technology (ICT). However, it identified that South Africa

compared to the other countries have better roads, railways and other forms of transportation but their services to local communities are generally poor. The study adds that despite the fact that South Africa is more advanced and developed in ICT infrastructure, it is attached with high prices and the adoption of mobile money solutions has been slow.

## CONCLUSION AND RECOMMENDATION

Government, local community leaders and private institutions need to develop measures to improve the level of awareness of social entrepreneurship in the society, in order to change its mind-set and perspective to understand the important role social entrepreneurship can play in achieving sustainable development in the communities. Institutions of learning can also be used to establish incubators that will help in educating young people to embrace social entrepreneurship as a career path so as to increase the number of social entrepreneurs in the society. Resources are an important part of the effective operation of any business. Therefore, resources such as finance should be easily accessible for the start-up of social enterprises. Financial institutions should eliminate bottle-necks that hinder social entrepreneurs from accessing grants and also provide them with capacity training to nurture their business ideas. Policymakers should establish laws and regulations that will favour social enterprises, laws that will eliminate the confusion social entrepreneur's currently face in terms of what legislative framework governs them. Programs should also be developed to help social enterprises monitor and measure their impact, as this will enable them understand the level of their contribution to development and how to improve. Furthermore, government must develop mechanisms and create platforms that will encourage social networking. This will improve the collaborations of the different players in the social sector in order to achieve the common goal of sustainable development.

Social entrepreneurship is an important tool in reducing poverty, creating job opportunities and improving the economic growth of every country. Therefore, identifying the factors affecting social entrepreneurship as tool for sustainable development is very important, especially as South Africa is currently facing high level of poverty and unemployment. Encouraging more individuals regardless of their age, gender and educational level to engage in social entrepreneurship will help to reduce the level of unemployment the country is facing; it will also help to improve the state of the South African economy. The society needs to be taught the importance of social entrepreneurship as a tool for sustainable development and they should provide all necessary support social enterprises need to grow and thrive. Furthermore, apart from the above, the South African government need to constantly conduct reviews of the social enterprise sector to identify their challenges in order to address them and help them improve their social value creation.

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