

# THE ROLE OF SOCIAL ENTREPRENEURSHIP IN REDUCING UNEMPLOYMENT IN DEVELOPING COUNTRIES: THE CASE OF THE EASTERN CAPE PROVINCE OF SOUTH AFRICA

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## ABSTRACT

*This study conducted to investigate the extent to which social entrepreneurship contributes to unemployment reduction in South Africa. The study adopted a quantitative research methodology and survey method. The population of the study targeted social entrepreneurs in Eastern Cape Province. A sample of 265 social entrepreneurs were selected through purposive sampling technique. A structure questionnaire was used to collect the data. A descriptive statistics were employed to analyse the data. The findings of the study revealed that social entrepreneurship contributes immensely to unemployment reduction in Eastern Cape Province. Social entrepreneurship contributes significantly to job creations in the Province. The study therefore, recommended that the government and other relevant stakeholders should establish an appropriate legal and framework for social entrepreneurship.*

**Keywords:** Eastern Cape Province, Employment Creation, Income and Social Entrepreneurship.

## INTRODUCTION

Unemployment is one the major social problems for both developed and developing countries. Billions of people remain jobless despite the world economy has gone a rapid growth over the past few decades. According to the International Labour Organisation (ILO), 41.6% of the global working population was unemployed in 2018.

Like in many countries of the world, unemployment remains the main social problems in South Africa. The unemployment rate in South Africa has significantly increased over the past few years. According to the Statistics South Africa (SSA, 2019), the unemployment rate in South Africa stood at 29.1% in the fourth quarter of 2019. The highest unemployment rate in South Africa is mostly prevalent in the Eastern Cape Province. The data released by labour force survey (LFS) revealed that the unemployment rate in the Province had risen to 35.4% in 2019 from 34.2% in 2018 (SSA, 2019). The high rate of unemployment results in migration, crime, gender violence and low standard of living.

Since the African National Congress (ANC) government came to power in 1994, a number of interventions were taken for unemployment reduction in South Africa. For instance, interventions, such as Reconstruction and Development Program (RDP), Growth, Employment and Redistribution Strategy (GEAR), Integrated Sustainable Rural Development Program (ISRDP), Expanded Public Work Programme (EPWP) and Agricultural and Economic Development Programs (AEDP) were introduced for unemployment reduction (Agholor & Obi, 2013; World Bank, 2018). However, these interventions did not reduce significantly the unemployment rate in South Africa. Unemployment still persists high in the country, especially

the Provinces of Eastern Cape and Limpopo (SSA, 2019). Therefore, there are need new policies and strategies to address unemployment in South Africa. This is necessary because government policies and strategies for unemployment reduction have seemingly failed.

Social entrepreneurship (SE) has recently seen as the most important intervention strategy for unemployment reduction in many countries of the world (Drencheva & Stephen, 2014; Monzon & Chavez, 2008). Empirical studies in countries, such as Italy, Belgium, United Kingdom (UK) and United States (US) have proved that SE plays a crucial role in unemployment reduction (European Union, 2013). For instance, the SE sector in the UK employed more than two million people in the country. However, studies on SE and unemployment reduction in South Africa and in developing countries in general are limited. This study therefore, fills the gap by investigating the contribution of SE to unemployment reduction in South Africa.

## LITERATURE REVIEW

### The Concept of Entrepreneurship

The word of entrepreneurship came from the French word ‘entreprendre’ meaning, ‘undertake or do something’ (Bezabih, 2006). The term entrepreneurship has been used in the French language since the 12<sup>th</sup> century. Gradually, the emerging cities in the countries of Europe such as Italy, France and Germany became a breeding ground for entrepreneurship and innovation growth.

The concept of entrepreneurship has been viewed and perceived from a different perspective since its inception (Alam & Mohiuddin, 2014; Bezabih, 2006). 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, the concept of entrepreneurship was 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.

The entrepreneur became the key agent of the economy in the late 17th and the early 18th centuries (Alam & Mohiuddin, 2014). The emergence of the industrial revolution in England and France in the mid-18th century is attributed to the breeding and growth of entrepreneurship activities. 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).

Notable early French, British and Austrian economists have recognized the role of entrepreneurship in the economy. For instance, 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’ (Alam & Mohiuddin, 2014; Cherukara

& Manlel, 2011). 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 (Carlsson et al., 2012). Jean Baptiste Say was also among the earliest scholars that made an effort in the conceptualization of entrepreneurship around 18th century. Say saw an entrepreneur as a person who transfers resources out of lower productivity into higher productivity and greater yield (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 of the entrepreneurship was viewed as process of planning, supervising, organizing, and owing factors of production (Alam & Mohiuddin, 2014).

Later in the 20th century, the concept of entrepreneurship was applied to innovation (new products, services or process). Joseph Schumpeter was the first economist to define entrepreneurship as innovation (Carlsson et al., 2012). Schumpeter developed the definition of entrepreneurship as an innovator and in his book, 'The theory of economic development' published in 1912 (Alam & Mohiuddin, 2014).

### **The Concept of Social Entrepreneurship**

There has been an upsurge of interest in SE over the last few decades. The concept of SE was coined in the early 1970s in North American and European regions (Ebrashi, 2013). The SE has gained popularity in the late 1980s with the establishment of the United States (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 and the non-profit sector.

The social entrepreneurship activity has been practiced in European and North American countries, such as UK, France, Italy, Canada and US 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 (Sepulveda, 2015; Zahra et al., 2009). As capitalism sprang, a group of people have been linked to 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 concept of SE initially was associated with the cooperative movement.

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 (Holmes & Sandhar, 2017; Sepulveda, 2015; Abu-Saifan, 2012; European Union, 2013). Some view it as not-for-profit organizations starting for-profit or earned income 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 others equate it to philanthropy (Rykaszewski et al., 2013; Noruzi et al., 2010; Rahim & Mohtar, 2015). This various terminology makes it too difficult to construct the exact definition of SE.

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 values (education, health and clean water and sanitation) for

the communities. 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).

## The Concept of Unemployment

The concept of unemployment was introduced in the mid of 19th century by the British Economists, J.A. Hobson (Knapinska & Malecka-Ziembinska, 2017). Unemployment is complex concept and it conceptualizes in different perspectives.

For instance, the International Labour Organization (ILO) resolution in 1982 defines unemployment as someone currently available for work, seeking work and without work.

- “*Without work*”, that means he/she was not in paid employment or self-employment during a particular reference period;
- “*Currently available for work*”, that means he/she was ready for a paid employment or self-employment during the reference period; and
- “*Seeking work*”, that means he/she had taken specific steps in a specified recent period to seek paid employment or self-employment.

There are various types of unemployment, namely structural unemployment, cyclical unemployment, frictional unemployment, voluntary unemployment and institutional unemployment (Dilanchiev, 2014).

The first type of unemployment is frictional unemployment. It occurs during the period of job transitions (Mzizi, 2017). For instance, people are regarded as unemployed while they are attempting to find new job. This type of unemployment associates with people who have temporarily lost their jobs due to the change of occupation as well as physical or mental disabilities. In addition, frictional unemployment occurs as the result of maladjustments between vacancies and labour force (Knapinska & Malecka-Ziembinska, 2017).

Cyclical unemployment is another type of unemployment which emerges when economy enters into recession (Knapinska & Malecka-Ziembinska, 2017). During economic recessions, the demand for good and service falls, then employers reduce labours. When supply of labour is greater than demand, unemployment results. However, unemployment will reduce when the economy recovers.

Structural unemployment is the third type of unemployment which occurs when the skills, experience, and education of workers do not match job openings. This is caused by the changes on the labour market resulting from the production structure. The fourth type of unemployment is voluntary unemployment. It occurs when people do not want work while there is work available (Mzizi, 2017). People may not accept a job offer from employers when the salary is meagre. The last type of unemployment is institutional unemployment. This type of unemployment occurs due to interference in the labour market, such as raise of wage rates, regulation on businesses, tax system and the system of unemployment benefits (Knapinska & Malecka-Ziembinska, 2017).

## Social Entrepreneurship and Unemployment Reduction

Social entrepreneurship plays a crucial role in unemployment reduction. Empirical evidences from many countries around the world demonstrated that SE plays a pivotal role in employment creation. Globally, SE on average employs 4% of working population (Myres et al., 2018). Meanwhile, the European Commission estimates there were approximately 2 million social entrepreneurs 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 European Union wage earning population (Monzon & Chavez, 2008). Thus, it is correct to argue that SE plays a significant role in the European economy.

The involvement in SE activity has increased in many 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. The contribution of SE to the European economy and employment creation has increased significantly. The SE involves cooperatives, mutual trust, charities, associations, foundations and community-owned enterprises. In Europe, cooperatives are the largest entities in the social economy, which accounts for 50% of total employment of the social economy sector. According to the European Commission 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.

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 Lativa regions (Dobele et al., 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 British Council 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 services and education, employment creation and skill development, particularly to the vulnerable and disadvantaged groups. Meanwhile, in countries like France, Belgium and Ireland, the SE sector contributed to 10% to the employment sector (Wildmannová, 2017).

In Spain, the official definition of SE is not known. However, 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. They employed more than 2.4 million people, accounting for 25% of Spain total working population (Li & Wong, 2007).

Meanwhile, social entrepreneurs are the major contributor to job creation and gross domestic product (GDP) in North American countries (US & 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. In the meantime, data on voluntary and non-profit sector extrapolated that there are more

than eighteen million Canadians involved in the social economy (Mendell, 2007). There are over 160 000 Non-Profit Organisations (NPOs) in Canada, employing 2 million people and generating 75 billion annual revenues. The country also has 9000 cooperatives with sixteen million members, which account 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 (Asian Development Bank, 2016). Meanwhile, 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, 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 (poverty, inequality and unemployment) 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). Based on this background, this study also hypothesize that SE contributes to unemployment reduction in the Eastern Cape Province, South Africa.

## RESEARCH METHODOLOGY

The study employed a quantitative research method to investigate the contribution of SE to unemployment reduction in South Africa. The target population of the study consists of social entrepreneurs in Eastern Cape Province. A sample of 265 social entrepreneurs was selected through purposive sampling technique. This sampling technique was the appropriate for the study, since the demographic characteristics of social entrepreneurs are not accurately known in the Eastern Cape Province. The data were collected through structure questionnaire. The questionnaire was encompassed three sections; the first section is about demographic respondent's information; the second section is about social enterprises information and third section is about the contribution of SE to unemployment reduction information. The validity of the questionnaire was tested through experts review before it was used for the actual study. Based on their comments and suggestions, a significance changes were made to the questionnaire. The data were analyzed through descriptive statistics using the Statistical Package for Social Sciences (SPSS) software.

Chi-square statistics was also used to test the relationship between social entrepreneurship and unemployment reduction.

## FINDINGS AND DISCUSSIONS

### Demographic Information of Respondents

The findings of the survey revealed that 69% of social entrepreneurs were female, while 31% was of the male respondents. This indicates that the involvement of women in social entrepreneurship activity is higher than men. This can assist to reduce women dependency on

their spouse's income for their livelihood. These findings are in line with Ahmed et al., (2016) who observed that more females engaged in social entrepreneurial activities than men.

Furthermore, the results of the study showed that 49.1% of respondents were married, while 33.2% of respondents were single. Further, 7.5 % of the social entrepreneurs were divorce and 10.2% were widowed. These findings indicate that the highest rate of social entrepreneurial activities among the married people. This is in line with the findings of (Belli & Raghvendra, 2014) who observed that married people owned most of social enterprises in India.

The results of the study indicated that 11.3% of respondents were between the age of 21-30 years; age brackets of 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. These findings indicate that majority of the people who involve in social entrepreneurial activities in Eastern Cape Province are productive people. This correspondence with 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.

The findings of the study further revealed that majority of respondents, which accounts for 41.5%, had 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 revealed that the highest educational level among social entrepreneurs. This is further similar to the findings of Hanley et al., (2015) who observed that most social entrepreneurs in Colombia, Mexico, Kenya and South Africa are with the higher level of education. They found out that 90% of social entrepreneurs had bachelor degree.

## **Characteristics of Social Entrepreneurship Business**

### **Motivation of to Start Social Entrepreneurship Activities**

The findings of the survey revealed that 96% of social entrepreneurs motivated to achieve social objectives, while 4% of social entrepreneurs motivated to achieve economic objectives. This is correspondence with prior studies in South Africa and Zimbabwe, which revealed that most of social entrepreneurs are motivated by socio-economic issues to start SE activities (Myres et al., 2018).

### **Source of Start-up Capital for Social Entrepreneurs**

Findings from the survey revealed that 52.1% of social entrepreneurs used personal monies as their start-up capital to set-up their social enterprises; 27.5% used grants and donations for the start-up capital to start; 17.7% got their start-up capital from friends and family loans; and the rest (2.6%) of social entrepreneurs used bank loans to establish their social enterprises. These findings indicate that personal money was the main source of start-up capital for most of the social entrepreneurs to setup their social enterprises. These results are related to Mutarubukwa & Mazana (2017) who observed that most of the social entrepreneurs used personal money as start-up capital to set-up their social enterprises.

### **Legal Status of Social Entrepreneurship**

The findings of the study revealed that 48.7% of social entrepreneurs had registered their social enterprises under the legal status of NGOs; 23% of social entrepreneurs had registered their social enterprises as the cooperative and 13.6% of social entrepreneurs had registered their social enterprises as private companies. The rest were registered under as a trust (3%), closed corporation (3.8%), voluntary organization (5.3%) and a sole-proprietor (2.6%). This indicates that most of the social entrepreneurs registered their social enterprises under the legal status of NGOs. This is in line with Myres et al., (2018) who observed that most social entrepreneurs registered their social enterprises under the legal status of NGOs.

### **Area of focus Social Entrepreneurship**

The results of the study showed that 25.3% (majority) of social entrepreneurs focused on the education sector. These results agree with Ngorora (2014) and Myres et al., (2018) who noted that most social entrepreneurs operate in the education sector. 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 sector 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 (3.7%) and water and sanitation sectors (1.1%).

### **Period of Social Entrepreneurship Operation**

The findings indicate that the majority (34%) of social entrepreneurs had established their social enterprises between 12-15 years; 17% of the social entrepreneurs established their social enterprises between 16-19 years; 15.4% had established their social enterprises between 4-7 years; 15.1% had established their social enterprises between 8-11 years; and 12.8% established their social enterprises over the last 20 years. The rest (5.7%) had been in operation between 1-3 years. These findings indicate that social enterprises had been in operation for a reasonable period. This is in line with Ngorora (2014) who observed that most of (76.5%) social enterprises in Zimbabwe had been in operation for a reasonable period of time.

### **Average Annual Income of Social Entrepreneurs**

The findings of study revealed that, 44.5% of the social entrepreneurs earned an income of 200 000 to 400 000 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. This is similar to previous studies which revealed that most of the social entrepreneurs in South Africa earned less than R 300 000per annum (Myres et al., 2018).



## The Contribution of Social Entrepreneurship to Unemployment Reduction

Employment Creation	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 1 above revealed 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 reveal the importance of SE in employment creation in the Eastern Cape Province. Social entrepreneurs create many employment opportunities in the province. This can reduce the dependency of the people on government grants and remittances for their livelihood. This is in line with Myres et al., (2018) who observed that SE plays a vital role in job creation in South Africa. Social entrepreneurs provide an employment opportunity for many people in the country, particularly disadvantaged and vulnerable people, such as elder, women, and disabled people. This is also similar to the findings of Sivathanu & Bhise (2013) who noted that the SE sector in India plays a significant role in employment creation for the vulnerable and marginalized people. Most of the social entrepreneurs in India employed in average seven people in their businesses. Hence, social entrepreneurs reduced significantly the unemployment rate in India. Furthermore, a study in the UK found that the SE sector employed more than 2 million of people in the country (BC, 2015). Social entrepreneurs therefore, are the main source of job opportunities for many people, especially the disadvantaged and derive people who cannot obtain employment from the labour market due to lack of skill and education. Job creation ultimately contributes to poverty reduction, better quality of life and high life expectancy.

Monthly average 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	
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Source: Field Survey, 2019

The findings in Table 2 above show that 26.8% of social entrepreneurs paid their employees' salaries of 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 6001 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. These incomes can help the employees to improve their living standard. Incomes enable people to meet basic needs, consume healthy foods and improve living standard. The incomes can assist the employees to buy food, access health services, send their kids to school, acquire assets and pay utility bills. This is related to previous findings which revealed that SE plays a crucial role in generation of income for the marginalized and vulnerable people in South Africa, particularly elder, handicap and women (Myres et al., 2018). This further agrees with the findings of Monzon & Chavez (2008) and Ngorora (2014) who noted that SE activity has a significant contribution to income generation among the local communities. Therefore, social entrepreneurs are the key sources of income that meet the basic needs of the people who live in poverty.

### HYPOTHESIS TESTING

Table 3 CHI-SQUARE ANALYSIS ON THE RELATIONSHIP OF SOCIAL ENTREPRENEURSHIP AND UNEMPLOYMENT REDUCTION				
Variable 1	Variable 2	Chi-Square value	DF	PV-value
Social entrepreneurship	Unemployment reduction	28.900	18	0.001

Source: Field Survey, 2019

The above result in Table 3 shows that the relationship between SE and unemployment reduction. The result revealed that there is significant relationship between SE and unemployment reduction ( $X^2=28.900$ ;  $DF=18$ ;  $p\text{-value}=0.001$ ). SE has a positive impact on the reduction of unemployment. Hence, the hypothesis of the study, which is SE contributes to unemployment reduction is accepted. This is in line with the findings of Sivathanu & Bhise (2013) and Myres (et al., 2018) who noted that SE has a direct impact in the reduction of unemployment.

### CONCLUSION

The objective of this study was to investigate the contribution of SE to unemployment reduction in South Africa. The findings of the study revealed that SE plays a significant role in unemployment reduction in South Africa. Social entrepreneurs create employment opportunities and incomes for many people in the country.

## RECOMMENDATIONS

- The study recommended that the government should establish legislation and framework to guide SE operation.
- Business training should be provided for social entrepreneurs and their staff members to build capacity and address skill gap, particularly focusing on innovation, business planning and marketing strategy.
- Business advice, market information, financial support, entrepreneurship training and business skills should provide for social entrepreneurs.

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