



**UNIVERSITY of the
WESTERN CAPE**

**SOCIAL ENTREPRENEURS' PERCEPTIONS ON THE
CONTRIBUTION OF NETWORKING TOWARD ORGANIZATIONAL
SUSTAINABILITY OF SOCIAL ENTERPRISES IN CAPE TOWN,
SOUTH AFRICA**



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A mini-thesis submitted to the Institute for Social Development at the Faculty of Economic & Management Sciences, University of the Western Cape in partial fulfilment of the requirements for a degree of the Masters in Development Studies.

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ABSTRACT

The main aim of this study was to make contributions to the body of literature on social enterprises, and more specifically in an African context. The nascent nature of social enterprises as an organisational structure is one of the reasons that the body of research and literature is not as expansive as other more established research fields. Social enterprises differ from traditional commercial enterprises in that they bridge the gap between commercial growth, and social and economic development goals. For the purpose of this study, social enterprises refer to any business that pursues commercial activity to address a social problem. They are becoming more noticeable as a driver of sustainable job creation, service delivery, social development and economic growth. Ensuring their sustainability is expected to have positive economic consequences, which is why studying social enterprise sustainability is important and even more so for developing countries.

Qualitative methodology was used to collect data. Purposive sampling was employed to select the sample that was included in the case study in Cape Town. In-depth, semi-structured interviews were conducted to gather information. The data was analysed using content thematic analysis to explore and interpret the meaning of the participants' views and experiences. A networking approach of the social capital theory was used as the theoretical framework that provided a guide on the discussion of the findings. For the purpose of this study, social capital was defined as the resources embedded in networks. The findings indicated that the social entrepreneurs' did not consider networking as the sole contributing factor to social enterprise sustainability, but rather the contribution of multidimensional factors. The resources embedded in networks that were considered valuable were: 1. Information and innovation, 2. Credibility, 3. Mentorship and advice, and 4. Support. The participants also gave their opinions on policies that would create favourable conditions for sustainable social enterprises i.e. information accessibility, public-private partnerships, and education and training. This study makes contributions to literature in an African context and to social enterprise practice.

Keywords: *Networking, Social Enterprises, Social Entrepreneur, Sustainability, Social Capital*

DECLARATION

I declare that “*Social Entrepreneurs’ Perceptions on the Contribution of Networking toward Organizational Sustainability of Social Enterprises in Cape Town, South Africa*” is my own work, that it has not been submitted for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by complete references.

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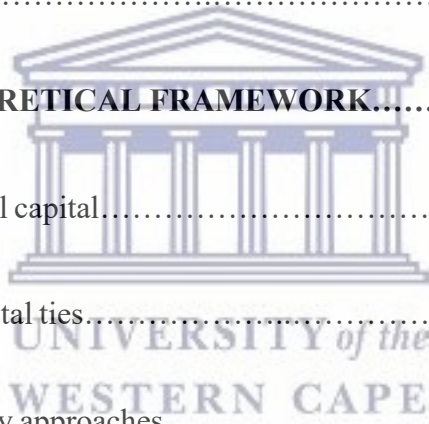
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I would like to dedicate this thesis to two incredible women, my soon to be 91 year old maternal grandmother uManyathi and my late aunt Mpumi. My grandmother grew up in a time where attending university remained a wild dream and now I am the reality of her dream, and would like to honour and dedicate this work to her. This piece of work reminds of my last conversations with my aunt Mpumi a week before she passed away, she was emphatic that I should seize every opportunity given to me. I think that that I have achieved this by completing this thesis and will continue walk your talk. This is for you, Dabs. To my mum and dad who have been the most supportive, I could not thank you enough for your words of encouragement and advice, even if sometimes it was unsolicited! There aren't enough words to convey my gratitude for your love and support, without you I would have never completed this project. I'd also like to thank my supervisor Dr Stefan Buchholz for his invaluable insights and feedback to ensure that I completed my thesis before his departure back to Germany. To my extended family, many of whom didn't know what I was studying or what it was that I was doing but still maintained interest and conveyed their confidence in me. A special mention to all the researchers who were willing to share their work with me, I appreciate your selfless contributions. Last but not least, I would like to thank all of the participants who shared their time and experiences with me. Without you the completion of this research would have not been possible. I am proud of myself for persisting and persevering on this journey that took longer than it should have, and at times seemed never-ending. From the bottom of my heart, thank you all.

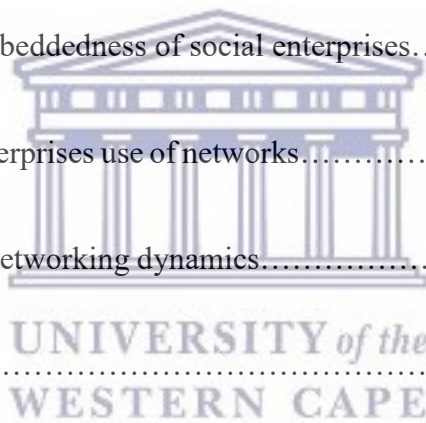
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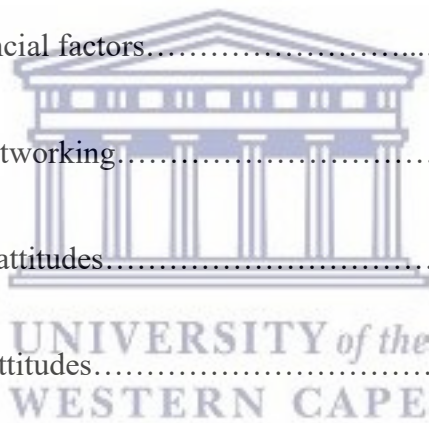
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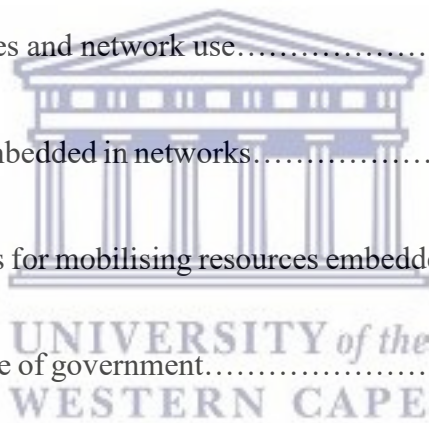
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LIST OF ABBREVIATIONS AND ACRONYMS

BBBEE	Brad-Based Black Economic Empowerment
BHF	Board of Healthcare Founders
BoP	Bottom of the Pyramid
CBO	Community Based Organisation
CEO	Chief Executive Officer
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DOH	Department of Health
DSD	Department of Social Development
GEM	Global Entrepreneurship Monitor
GIBS	Gordon Institute of Business
HIV	Human Immunodeficiency Virus
ICT	Information and Communications Technology
ILO	International Labour Organisation
MH	Metropolitan Health
NDP	National Development Plan
NGO	Non-Governmental Organisation
NPC	Non-Profit Company
NPO	Non-Profit Organisation
NYDA	National Youth Development Agency
PPP	Public-Private Partnerships
SAB	South African Breweries
SARS	South African Revenue Services



SEDA	Small Enterprise Development Agency
SME	Small and Medium Enterprises
SSE	Social and Solidarity Economy
SSESA	Survey of Social Enterprises of South Africa
UK	United Kingdom



CHAPTER 1: INTRODUCTION

South Africa is faced with challenges of inequality in all forms and has one of the highest measures of inequality in the world, with a Gini Coefficient of 0.63 in 2015 (World Bank, 2017a). The Gini Coefficient is a measure of inequality that describes income inequality, where zero indicates perfect equality, and 1 indicates perfect inequality (World Bank, 2016). Unemployment is one of the factors that has contributed to the perpetuation of inequality in South Africa. Poverty and inequality have also been a legacy of apartheid. Redistribution policies to re-allocate resources equally amongst South African citizens post-apartheid were a high priority for the democratic administration, however, implementation and delivery of services lagged behind (Hoogeveen & Ozler, 2006). The poor service delivery and redistribution can be attributed to poor management systems, poor co-ordination and corruption (Hoogeveen & Ozler, 2006). A high unemployment rate together with a large proportion of the labour force being either unskilled or low-skilled contributes to staggered economic growth and development challenges in the country (Krige, 2016). The focus of this thesis will be on the sustainability of social enterprises as they are potential drivers of positive socioeconomic change by fulfilling services that the government has been unable to successfully fulfil. Social entrepreneurs' perspectives on the role of networking in social enterprises will be explored. The potential positive and negative implications will be studied using the networking approach to social capital.



1.1 Case study area

South Africa is a developing country with an emerging economy that faces many development challenges, both social and the economic kind. Statistics South Africa (2018) reported the mid-year population to be 57,73 million in July 2018. An expanded unemployment rate includes people actively seeking employment and discouraged work-seekers i.e. unemployed people not actively seeking employment (Statistics South Africa, 2018). In the third quarter of 2018 there were 6,2 million people recorded as unemployed, with an expanded unemployment rate of 37,3%, one of the highest in the world (Statistics South Africa, 2018). The percentage of the youth (15- 34 years age group) that was unemployed also increased to an alarmingly high 39% (Statistics South Africa, 2018). The economic consequences of youth unemployment are the most apparent with regard to the household income and at a macro-level unit, the national economic performance would be affected. There are also psychological implications of youth

unemployment that may manifest in depression, substance abuse and other risky behaviour that may lead to a life of crime (Du Toit, 2003). The Western Cape, where the case study of this thesis is located has an expanded unemployment rate of 23,7%, which was below the national unemployment rate of 37,3% (Statistics South Africa, 2018).

The inequality in South Africa extends to education, service delivery and poverty levels. The government's limited capacity to address these challenges creates gaps in the market for social enterprises to establish themselves. Social enterprises often emerge out of a need for basic services inadequately provided by the government and provide services or trade products at affordable prices as an alternative (Steinman, 2010). During apartheid, the black population was not encouraged to be entrepreneurial and forced to be dependent on the state and was discouraged from being ambitious in bettering their economic and social conditions. The institutionalised and deliberate skewing of wealth in favour of the white minority remains evident in the distribution of economic power and resources which remains concentrated in this minority population group post-apartheid.

1.2 The relevance of social enterprises' sustainability in South Africa

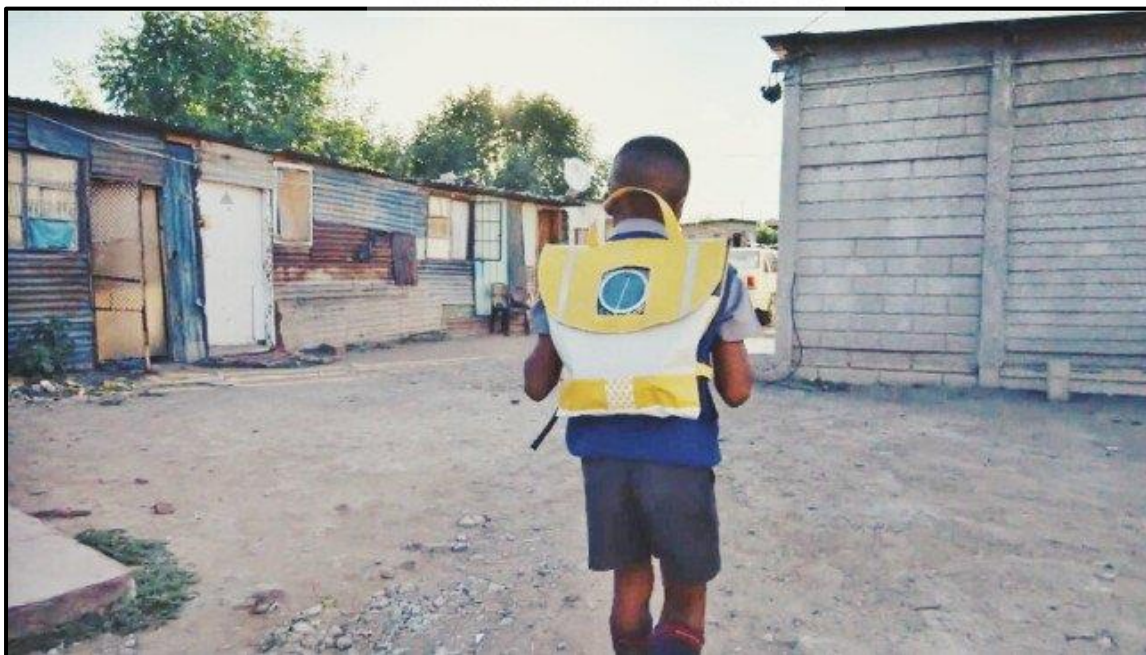
1.2.1 Social enterprises in South Africa

Social enterprises are businesses that generate revenue using income generating strategies to address social challenges (Fury, 2010). They bridge the gap between social development, economic development and growth, and are not limited to one particular sector of the economy. There are vast legal forms that social enterprises are able to register as, which include for-profit as well as non-profit organizations. Successful social enterprises achieve both their social and commercial missions equally and don't compromise one for the other (Seanor & Meaton, 2008). Littlewood & Holt (2015) managed to trace the origins of social enterprises in South Africa as early as 1892, the Pietermaritzburg Consumer Co-operative was the first co-operative founded. It addressed the purchasing power of Afrikaners by encouraging bottom-up economic empowerment and represented the Afrikaner agenda in a time where there were increasing poverty levels in the Afrikaner community and the British were dominating South Africa (Giliomee, 1987). But it was only in 1991 that social enterprises in the form that we know it today began emerging, the Ashoka Foundation established in South Africa (Littlewood & Holt, 2015). The Ashoka foundation is an organization that facilitates capacity building and support

for social entrepreneurs through mentoring programmes and network development (Fury, 2010).

Some examples of successful social enterprises in South Africa include Rethaka and Syafunda; these businesses have varying revenue models and differ in size. Rethaka is a waste management and textile manufacturing company that uses plastic waste as a textile to create upcycled school bags. Their social aims are to reduce pollution as well as to provide underprivileged school children upcycled bags, which have been designed to integrate a solar panel that charges on their daily commute (Rethaka, n.d.). The solar panel may be used as a light source to do homework in households that do not have access to electricity. See image 1 on page 3 for the bags manufactured by Rethaka. These bags are donated using a “buy one-give one” strategy, meaning that for every bag purchased by a consumer, the company will donate one on behalf of the consumer (Rethaka, n.d.). The company also partners with corporate clients to achieve both social and economic missions using environmentally sustainable practices. Rethaka has been able to achieve sustainable operations through partnerships with the communities which they service, corporate social investment (CSI) departments and by having a for-profit business strategy (Rethaka, n.d.).

Image 1: A student beneficiary using a Rethaka manufactured upcycled plastic bag with a chargeable solar panel



Source: Rethaka (n.d.)

Syafunda is an educational app that allows students access to online content and online tutoring (see image 2). The social mission is to provide educational content on a platform for students who attend poorly resourced schools and have limited access to educational resources (Syafunda, 2019). They achieve this with their revenue model, whereby they get commissioned by institutions that create content to host it on the app, they charge a fee through this as well as advertisers who want to post ads on the app (Syafunda, 2019). They also work with schools, communities and local libraries who pay to set up Syafunda digital libraries (Syafunda, 2019). Sustainability in this organization is primarily achieved through an income generating model together with strategic partnerships with various organizations (Syafunda, 2019).

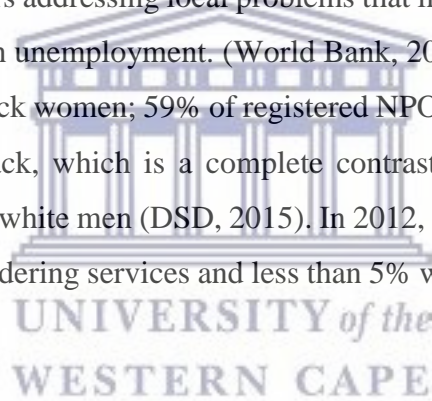
Image 2: A student using the Syafunda educational app



Source: Syafunda (2019)

There is no official definition that legally recognises social enterprises in South Africa. In this thesis data from the Department of Social Development (DSD) is used, because most international definitions of social enterprises describe businesses that are registered with the

DSD. The DSD (2015) reported that there were 136 453 non-profit organisations (NPOs) that had been registered to date in that year. Some social enterprises fall in this category, but NPOs are not limited to social enterprises, they also include: non-governmental organizations (NGOs), community based organizations (CBOs), associations, faith-based organizations, non-profit companies (NPCs) and other voluntary associations that are non-profit (DSD, 2015). According to the Steinman (2017), South African social enterprises are most active in the health, education and energy sectors. This can be seen as an indication of the poor service delivery in the public sectors, which entrepreneurs identify as niche markets to provide services. Approximately 40% of social enterprises in South Africa operate in delivering social services (Steinman, 2017). In other African countries such as Rwanda, most social entrepreneurial activity is pursued by foreigners (World Bank, 2016b). The One Acre Fund that offers subsistence farmers asset-based finance and training, was initiated by Andrew Youn who's an American (One Acre Fund, 2019). Whereas in South Africa the space is mostly occupied by local entrepreneurs addressing local problems that include poor quality and access to basic services, together with unemployment. (World Bank, 2017b). The non-profit sector is dominantly represented by black women; 59% of registered NPOs are managed by women and 73% of those women are black, which is a complete contrast to the private sector that is predominantly represented by white men (DSD, 2015). In 2012, only about 12% of the income of NPOs was generated by rendering services and less than 5% was generate from sales (DSD, 2015).



Due to a lack of comprehensive social enterprise databases in South Africa, we rely on estimated figures. The Gordon Institute of Business Science (GIBS) at the University of Pretoria together with The Bertha Centre for Social Innovation at the University of Cape Town published a study in 2018 that was the first of its kind in South Africa to conduct a national survey on social enterprises, formally referred to as the Survey of Social Enterprises of South Africa (SSESA) (GIBS, 2018). The study involved 453 participant organizations, which seems a large sample size. However, it is important to note that there is no certainty of how representative this sample was because there were no pre-existing databases. A majority of the social enterprises surveyed did not rely on donations or grants and self-identified as NPC or social enterprises (GIBS, 2018). Only 25% of the sample registered as for-profit companies 20% of which actually make a profit; and the legal form most used to register these companies were as NPO (GIBS, 2018).

Instead of registering with the South African Revenue Services (SARS), these companies register with the DSD (ILO, 2009). The income that these companies generate is considerably small, with only 12% grossing more than R1 million per annum, and 80% that earns less than R500 000 per annum (Steinman, 2017). The majority of the social enterprises (83%) included employ between 1-50 people and 55% have been in operation for more than 5 years, and 13% for more than 3 years (Steinman, 2017). The Global Entrepreneurship Monitor (GEM) estimates that only 10% of South Africans consider entrepreneurship, and only 2,7% that actually establish and operate a business (Steinman, 2017). South Africa has one of the highest start-up failure rates in the world, more than 70% fail in less than 2 years of operating (ILO, 2016). The South African government recognizes that future growth and development of the economy rests on entrepreneurship and has made it priority on the policy agenda (ILO, 2016). The National Development Plan (NDP, 2013), also known as the 2030 Vision has been the focus of much attention and the framework provides a 20 year plan of achieving sustainable economic prosperity. The framework addresses education policy, improving economic infrastructure, youth development and promotes the establishment of Small and Medium Enterprises (NDP, 2013). Initiatives that promote the success of social enterprises will be discussed in the literature review.

Due to the data deficiency it is difficult to provide detailed statistics on the longevity of social enterprises in South Africa. It also becomes difficult to accurately describe regarding gender, race, and sectoral distribution of social enterprises in a South African context. This information would have been interesting to contextualize the environment so that comparisons may be made. A further look at best practise examples of international and South African social enterprises will be presented in the literature review. The current challenges that social enterprises experience in South Africa are legislative difficulties because social enterprises are not formally acknowledged in any legislature, this may have effects on perceived credibility from end-users (customers) and funders. Steinman & van Rooij (2012) articulated that the policy environment needed to change so that it is less hostile for social enterprises, which requires extensive dialogue between the key stakeholders i.e. the institutions, funding bodies, social entrepreneurs etc. The purpose of this study is to explore the perceptions of social entrepreneurs on how they perceive networking between stakeholders in the social enterprises, accessing social capital and its contribution to organizational sustainability. Secondly, to explore the perceptions of social entrepreneurs toward government policies and support for social enterprise sustainability.

1.2.2 The importance of sustainable social enterprises

Sustainable development practices ensure that resources are consumed at a slower or equal rate than they are produced and replaced, and that development is self-sufficient (Dale, Ling & Newman, 2010). Social enterprise self-sustainability depends and relies heavily on efficient use of all forms of capital which includes: financial capital, physical capital, human capital, and natural capital (Serageldin, 1996). Sustainability of social enterprises and non-profit organizations is becoming a trending topic especially for non-profit social enterprises due to high dependence on donors and the financial insecurity of not knowing where or whether there will be willing donors in the future (Rajput & Chopra, 2014). A risk that non-profits encounter is when donors get involved and might want to push their own agenda or impose conditions when making donations, which may contradict the values of the organization or shift its mission (Mair & Marti, 2006). For instance, one of the funders of a social enterprise was pressuring them to prioritise maximising the profits at the expense of detracting from their social mission, they agreed with the demands but noticed that after the changes were implemented there was a decline in the organization's performance (Smith, Cronley & Barr, 2012).

The current model of the welfare system in South Africa is not a sustainable one under the current economic conditions and decreasing employment rates. Social entrepreneurship is a particularly important tool to address economic and social issues simultaneously and also drive economic growth and development. Also, the non-profit sector is saturated and there are fewer donors than recipients, which means that competition is high for grants and donations and social entrepreneurship is being used as a means to generate sustainable income and lessen dependence on donors (Short, Moss & Lumpkin, 2009). The sustainability of social enterprises is also important for employment creation. The ILO (2009) reported that sustainability of social enterprises relies on three factors: community buy-in (the acceptance of the organization by local communities they operate), stakeholder mobilization and establishing strong partnerships with public authorities and other social figures. In order for their positive contribution to the economy, they have to be financially sustainable and receiving non-financial assistance is as important, and also contributes to the success of social enterprises (Daniele, Johnson & Zandonai, 2009). A deeper understanding is needed on the networking mechanisms in the social enterprise space and whether networking increases or limits opportunities for business survival (Evans & Syrett, 2007). The government may also contribute to creating conducive conditions for the sustainability and prosperity of social enterprises by implementing

favourable policies. Different types of policies include public-private partnerships (PPP), which encourage and incentivise collaboration between governments and the private sector (World Bank, 2017); i.e. preferential procurement from social enterprises, which could encourage more of them to participate in the public service delivery sector. Another policy implementation to encourage development of the social enterprise sector could be creating incentives such as tax exemptions for social enterprises. In South Africa there has been a strong history of PPP legislation, however it has not been implemented on a large scale and has been concentrated in the health sector for BoP (bottom of the pyramid) services i.e. services for the poorest of the population (World Bank, 2017). This thesis argues that networking is an integral component for making social enterprises sustainable. Networking can be defined as interaction and communication between two or more individuals with the purpose of exchanging resources (Ferri, Deakins & Whittam, 2009). Without social capital, the traditional forms of capital i.e. physical, human, natural and financial capital may be difficult to acquire and use without the interactions between all the relevant stakeholders.

1.2.3 Networking and sustainability

Networking is an activity that enables the formation of social enterprise ecosystems, which includes different stakeholders. This may include individuals, public officials, social enterprises, other organizations and development agencies (World Bank, 2017). Different actors in these networks contribute different resources that enable businesses to achieve sustainability by mobilizing these resources (ILO, 2009). A network refers to contacts that have been established through the networking activity; these will be further explained in the theoretical framework (Witt, 2004). Chapter 3 will provide a comprehensive explanation of the structures and the processes that occur as well as some negative implications of networking.

The more diverse the resources in a network, the more useful the network is likely to be perceived and this can be used as an indicator of network strength as it is the resources mobilized that can contribute to organizational sustainability (Witt, 2004). Resources in a network may include tangible and physical resources such as financial capital, physical infrastructure (Witt, 2004). Networks may also include intangible resources such as information, expertise and advice (Witt, 2004). In Honduras there are regions with active social enterprise ecosystems and vibrant networking activities, and in these regions the development indicators are better than similar regions that do not have the same network activity (ILO,

2009). The sustainability of the organizations in regions with more networking activities is also higher as a consequence of achieving their social goals. Networking establishes relationships amongst the members of these networks and it is the generalised norms of trust and reciprocity that enable the access and mobilization of resources (Lin, 2005), this is intricately explained in the theoretical framework. These social enterprise ecosystems can be measured on 4 dimensions to indicate success, according to the World Bank (2017): 1. Policy and regulation, 2. Financing solutions, 3. Infrastructure and human capital, and 4. Information and networks. Some of these dimensions will be discussed in further detail in Chapter 2.

1.3 Rationale and significance of the study

This study makes a contribution to the limited body of knowledge and literature, especially in an African context. Social enterprises are a relatively new phenomenon in social and economic development, and understanding their contribution to economic growth and development can pave the way for more sustainable economic growth and development in South Africa (Fury, 2010). In developing countries they are especially important for addressing the gap in service delivery by the government, they have found niche markets in servicing the poor as well as fulfilling other development objectives. The study can provide insight on changes that need to be made in policies that influence the environment for successful social enterprise based on the information and experiences shared by stakeholders involved in the social enterprise sector. The findings and results of the research can benefit the social enterprises involved from the recommendations regarding the practices that were identified in the findings as having a positive contribution to social enterprise sustainability. This may contribute to the development of networking and communication strategies that can improve social enterprise sustainability, which would have favourable consequences on socioeconomic development in South Africa.

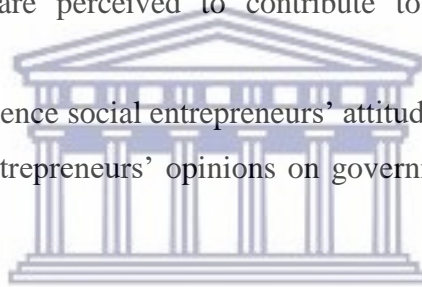
It is reported that social enterprises employ 10% of the labour force and contribute more than 5% of GDP in some countries, such as Canada, The United States and The United Kingdom (Steinman, 2017). Research in this field can contribute creating legislation and policies that will develop a conducive environment for social enterprises in South Africa, which may be a catalyst for addressing developmental challenges. Social enterprises' abilities to address developmental challenges by delivering public services is an indication of the importance of using a developmental perspective to understand the workings and contributions of these organizations. The South African labour market has been experiencing job losses in recent

years, with the exception of the Social and Solidarity Economy (SSE) which includes social enterprises; this sector has been performing well and creating employment opportunities (Steinman, 2017). For this reason, it is important to ensure the sustainability of these organizations as they have potential to expand their offerings to both economic and social development. This study will focus on the insights of social enterprise practitioners and their perceptions of networking and its contribution to sustainable social enterprise in South Africa.

1.4 Research questions and specific objectives of the study

The problem for social enterprises is that relying solely on external grants and funding for social enterprises is not sustainable due to the unpredictability of receiving and securing funds. This issue has prompted the following research questions:

1. Which resources are perceived to contribute to the sustainability of social enterprises?
2. Which factors influence social entrepreneurs' attitudes toward networking?
3. What are social entrepreneurs' opinions on government policies that support for social enterprises?



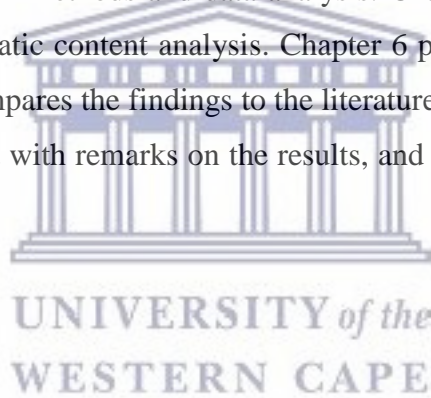
The main aims of the study are to explore the role that networking has on accessing and mobilising resources, networking's contribution to social enterprise sustainability and identify the challenges of achieving sustainable social enterprise in Cape Town.

The specific objectives of this study are:

- To understand social entrepreneurs' perceptions on mechanisms such as resource access and mobilization in networks
- To identify how the resources used are perceived to contribute to the sustainability of social enterprises
- To provide recommendations to social enterprises on the contribution of networking practices that promote sustainability

1.5 Chapter summary

The introduction provided an outline of the context of this study with descriptions of the case study area, the rationale of the study and a general introduction to the concepts that will be discussed in detail in later chapters. The research objectives and the research questions that guided the research procedure were also explained. Following this introduction, Chapter 2 presents a literature review of previous research, which will allow the researcher to identify a gap in existing research and this will help avoid making mistakes by learning from other successfully completed research projects. Chapter 3 provides a review and critique of the theory of social capital, which forms the theoretical foundation for the thesis, with the specific focus on the networking approach to social capital. An application of the theory to social enterprises is also discussed to allow assumptions on social enterprise sustainability to be derived. Chapter 4 describes and explains the research methods that were applied, including research design, data collection methods and data analysis. Chapter 5 contains the results of the study findings using thematic content analysis. Chapter 6 presents the discussions of the results, and the researcher compares the findings to the literature. The final chapter, Chapter 7 concludes the research project with remarks on the results, and suggests recommendations to strengthen social enterprises.



CHAPTER 2: LITERATURE REVIEW

This chapter presents studies that are concerned with the factors that contribute to the functioning of social enterprises, more specifically the role of networking. It is important to distinguish between the meaning of the terms ‘network’, ‘social capital’ and ‘networking’. A network can be understood as a group of people who interact with each other and have similar or related interests; usually a mutually beneficial relationship (Witt, 2004); i.e. neighbours from a neighbourhood watch group. Social capital refers to the resources embedded in these networks, both tangible and intangible (Miller, Besser & Malshe, 2007) i.e. information shared between network members, financial exchanges or physical property exchanges. Networking refers to the act maintaining contacts with network members or meeting new contacts (Chell & Baines, 2000) i.e. communicating with network members by being in contact. The concepts will be elaborated in the theoretical framework. Debates and discussions on the contributing factors to the organizational sustainability of social enterprises will be presented in Chapter 2. This is to acquaint the reader with the existing body of literature and to identify where this study is located within the scope of the topic.

The purpose of this literature review is to provide insights on the sustainability of social enterprise based on existing studies. As there is a lack of research on this topic in relation to social enterprise some of the studies included will have been conducted in conventional commercial small enterprises or niche organizations. Secondly, it will review previous research with a particular focus on entrepreneurs’ perceptions of what they perceive to contribute to organizational sustainability. The studies reviewed will not include the analysis of financial capital as a contributing factor to organization sustainability as it an obvious and necessary condition for the sustainability of any business.

2.1 Social enterprises

Understanding how social enterprises operate and survive can be studied through multiple theoretical lenses depending on the scope of research. For the purpose of this research we will be using a developmental perspective to approach the topic. There are many definitions of what a social enterprise is, and for the purpose of this study a social enterprise refers to an organization that achieves a positive social mission through commercial activity (Claeye, 2017). Profitable social enterprises contribute positively to the economy as well as stimulating

development and growth, which makes them more desirable than non-profit organizations for addressing socioeconomic challenges in South Africa as a developing country. The unpredictability of sourcing and maintaining access to funds for non-profits make it volatile and vulnerable to instability and unsustainability (Steinman, 2010). Charities and non-profits also further perpetuate a culture of dependency on aid and funding. Legal forms of social enterprise vary across regions and countries (Defourny & Nyssens, 2014). Sustainable social enterprise refers to the organizations that operate, and achieve both social and commercial missions without exhausting and depleting their resources at any point during operation (Moizer & Tracey, 2010). There are various factors that have been researched and found to contribute to social enterprise sustainability, these will be used as building blocks for this literature review.

There is a lack of extensive research on the topic in an African context, which makes it difficult describing the landscape of social enterprises and the nuances of the contexts which they exist in this region. The operation of businesses in Sub-Saharan Africa is still very much impacted by the relics of a colonial history, which is evident in the politics and economic structures of most African countries (Riveria-Santos, Holt, Littlewood & Kolk, 2015). These structures influence business performance, investments and how development occurs in these countries. A comparative study between Anglophone and Francophone former colonies in Africa found that different approaches to colonisation influenced the post-colonial property rights, freedoms and independence from their respective colonial powers, institutions and markets (Riveria-Santos et al., 2015). This had an impact on the infrastructure and development of markets and the ease of conducting business post-colonially. Anglophone Africa was found to be more prosperous in these aspects, while the influence of the French in Francophone Africa displays control and dominance that the colonisers still have on colonies and lower levels of prosperity when compared to former British colonies (Riveria-Santos et al., 2015). Using studies from countries outside an African context have to be used and applied with caution when explaining the operation of social enterprises in South Africa, due to the historic and political idiosyncrasies that determine the economic and social environments in which such businesses exist.

2.1.1 Legal forms of social enterprises in South Africa

In South Africa there various legal forms of social enterprises that are recognised: for-profit, non-profit and hybrid organizations (co-operatives). There are fewer limitations to accessing various forms of funding when registered as a for-profit social enterprise, whereas non-profit registration status is restricting and does not permit equity financing (ILO, 2016). Hybrid models of registration are growing in popularity in South Africa, having both a for-profit and non-profit entities for leveraging the advantages of both (ILO, 2016). The legal form of an organization determines and often restricts the type of funding it can access (government subsidies, grants and Corporate Social Investment). It also determines eligibility for tax exemptions, usually in the favour of non-profit organizations, which is a mechanism that may discourage entrepreneurs from profitable social business; “A good legal form of social enterprise is generally one that allows it to combine sources of capital, private, public, philanthropic and commercial” (Bertha Centre, 2016: 2). The business or revenue model is also determined by the legal structure that governs the business (Coetzee, 2016). There are ways of registering within the three categories, for-profit social enterprises can register as a sole proprietorship, a partnership, a private company or as a business trust.

A sole proprietorship requires all business assets to be owned by one person who's solely responsible for business debt and liability (Coetzee, 2016). This form of organization is appealing due to its simple registration process, however sole proprietorships are taxed higher than companies, all financial responsibility belongs to one person and should the sole proprietor die or becomes incapacitated there is no legal continuity of the organization (Coetzee, 2016). Some other benefits of registering a business in this form is that the owner does not need to discuss decisions with partners, the profits are not split and there are less legal requirements in comparison to other forms of registered businesses. The obvious hazard with registering a proprietorship is that all financial accountability and liability falls on one individual, this has implications on personal finances as well. Partnerships follow the same principles but with multiple partners who share responsibility (Claeye, 2017).

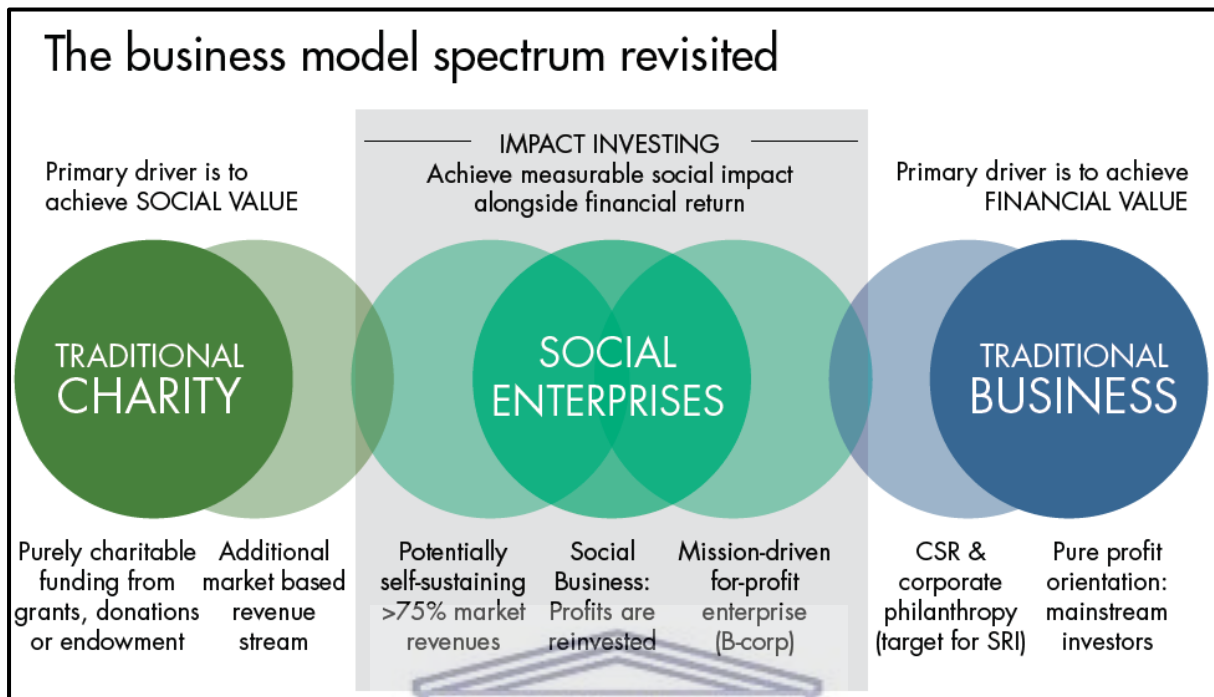
Private companies allow profits to be generated for its shareholders, and it is more appealing to register as a private company because shareholders are not responsible for debt and liabilities, there are tax advantages and flexibility to pursue social missions and objectives (Claeye, 2017). The advantages of registering a private company include a business's ability

to remain in existence even if shareholders change, and there is limited financial accountability and liability for shareholders. However, registering a private company has more legal requirements than simpler business legal structures. Whereas a business trust relies on trustees to manage assets or capital on behalf of its beneficiaries. Finally, cooperatives pool resources from its members from which they all benefit, but cannot obtain non-profit status (Claeye, 2017). The benefit depends on the investments or inputs a member makes; the larger the contribution, the larger the return. The legal infrastructure lacks in developing economies and sustainability of social enterprises in these regions is more difficult (Alvord, Brown & Letts, 2002). Similarly in Rajput & Chopra (2014:964) “The government’s policies and regulations for social entrepreneurs are very complex and strict, with no tax incentives or subsidies being provided for social business, the combination of which acts as major impediment to the growth of social business in India”. A more incentivized registration structure of social enterprises could attract more of these businesses to register.

2.1.2 Social enterprise revenue models

Beneficiaries of social business are included in the revenue model in several main ways; there are plenty variations of doing this. Social enterprises can either render services or sell products directly to its beneficiaries at a fee e.g. collection & delivery of chronic medication to patients, or they can employ its beneficiaries e.g. employing people with disabilities. The other way beneficiaries are included is by matching or donating to the beneficiaries what is sold to consumers e.g. if a consumer purchases a product, the same product is donated to a beneficiary by the organization. Non-profit organizations are not limited to charity or donations, they are also permitted to conduct commercial activities within the guidelines that govern NPO (see diagram 1 on page 16).

Diagram 1: The location of social enterprises on the business spectrum



Source: Georgia Social Impact Collaborative (2018)

Funding models also differ across the world and are highly influenced by the stability of governance structures and the strength of markets in the countries (Coetzee, 2016). In Western Europe the focus of social enterprises is to reduce social exclusion by creating employment opportunities and there is high government involvement and co-operation, state funding is easily available to profitable social enterprises in comparison to other regions (Alvord et. al., 2002). Whereas in the United States there is limited state involvement; social enterprises are market driven and most sources of funding is from private investors (Kerlin, 2010). In Zambia and Zimbabwe there is a lack of government involvement because of the poor infrastructure and financial resources and initiatives in these countries rely heavily on international aid and social enterprises often stem from non-governmental organizations (Kerlin, 2010). Funding in South Africa is relatively accessible to social enterprises registered as for-profit organizations, especially those owned by the youth (aged 18-35 years old) (World Bank, 2017).

There are many support agencies including funding agencies like Ashoka (previously mentioned), governmental agencies such as the National Youth Development Agency (NYDA) and the Small Enterprise Development Agency (SEDA) to name but a few. These development

agencies provide access to business training and skills development, mentorship, and financing to young entrepreneurs and small enterprises respectively. There are also businesses in the private sector that have Corporate Social Responsibility (CSR) that specifically invest, support and give opportunities to social enterprises i.e. Red Bull (Red Bull Amaphiko Project), South African Breweries (SAB Foundation). Social enterprises that are supported by CSR departments often receive funds, marketing opportunities for their businesses as most do not have a large budget for it and exposure to international audiences by being promoted on international platforms. For instance, one of the social enterprises supported by Red Bull runs a solar powered cinema in underprivileged areas in South Africa (Radebe, 2018). They were allocated a display space at the Red Bull film festival which was a great networking opportunity with local and international film-makers (Radebe, 2018). It becomes a mutually beneficial exchange, the larger corporations receive good publicity for “charitable” work and the social enterprises receive good exposure and mentoring.

Some sceptics may say that such initiatives are not born out of philanthropic motives, but rather a marketing exercises that portrays these companies in an attractive way to consumers. Others may say that involvement in CSR has economic rewards such as tax exemptions earned from BBBEE points for companies that carry out CSR activities (ILO, 2016). Section 9(1) of the Broad-Based Black Economic Empowerment Act (53/2003) (hereafter referred to as The Act), inter alia, states that BBBEE is the abbreviation for Broad Based Black Economic Empowerment, is an South African economic policy that was implemented in 2003 dedicated to transforming the economy and redistributing wealth that is disproportionately in the hands the white minority toward inclusive and representative participation from the black population. Economic structures and power lie in the hands of a few and one of the aims of the policy was to transform and redistribute wealth, ownership and economic power by addressing processes such as employment equity, preferential investing and procurement toward black-owned business (Steinman, 2010). A BBBEE score is based on a points system given to a company, which is determined by on 5 elements: ownership, management control, skills development, new enterprise and supplier development, and socioeconomic development (The Act, 2003). The score for each element below 40 points is considered not compliant, then the scores range from level 8 (between 40 and 55 points) to level 1 (more than 100 points); which is the highest rating (The Act, 2003). A company’s BBBEE can influence its eligibility for government procurement.

Universities are also establishing centres that promote and support social entrepreneurial activity such as the Bertha Centre for Social Innovation and Entrepreneurship at The University of Cape Town Graduate School of Business, and the Centre for Social Entrepreneurship and Social Economy at the University of Johannesburg. The establishment of these kinds of agencies is expanding the potential for supportive networks and networking for social entrepreneurs in South Africa; further enabling an environment for sustainable social enterprises.

2.1.3 Organizational sustainability

Organizational sustainability refers to the preservation of resources that contribute to the long-term operation of an organization (Wales, 2013). Another definition of a sustainable organization is “sustainable business requires effective harmonization of a Triple Bottom Line (TBL), which is the environmental, economic and social areas” (Bae & Smardon, 2011:178). There are plenty factors that influence each of these elements of organizational sustainability, including: turnover rates, efficiency of conducting business, positive or neutral environmental impact e.g. carbon dioxide emissions or recycling practices of a firm, profitability, loyal consumers, participation and support from the community. This can be explained from a multitude of perspectives, Steinman (2010) advocates that legislature is the key to creating favourable grounds for successful and sustainable social enterprise. Not only will this allow social enterprise to be defined and legally recognized, it will also allow the sector to be regulated and protected adequately. The innovation school of thought identifies innovation, creativity and adaptation to change as a crucial driver of social enterprise sustainability. The Legitimacy theory attributes success and sustainability to how organizations are accepted by the community and the beneficiaries of the service or product (Suchman, 1995). This is especially relevant in the South African context which has a strong presence of non-profit organizations, which may create feelings of mistrust toward social enterprises for having ambitions of profits. If the community doesn't buy into the product or service offered then the customer base may be compromised, which is likely to affect an organization's financial mission.

By looking at examples of best practice in both a local and international context could help with identifying factors that contribute or counteract the sustainability of social enterprises. The ILO published a study on social enterprise best practices in South Africa in 2016. One of

the organisations featured from Uitenhage manufactured shopping bags using recycled plastic bottles. Their only client was one of South Africa's largest retailers, Woolworths, and were looking to expand to other retailers as well as government institutions (ILO, 2016). The social enterprise had 46 employees (majority economically marginalised women), owned by 13 members and formally registered as co-operative (ILO, 2016). The social enterprise has received both financial and non-financial assistance from their client, one of their clients pillars of their development strategy included support and mentorship given to the social enterprise (ILO, 2016). Woolworths assisted the social enterprise with obtaining a compliance certificate that met international standards (ILO, 2016). Without the assistance from the client it would have been more time-consuming process without their know-how and information available. By mentoring and supporting this social enterprise Woolworths was able to generate more BBBEE points for itself, indicating that the relationship was mutually beneficial. One of the challenges experienced was work-place conflict that was able to be addressed with the assistance of SEDA. Productivity Improvement Mentorship Project is facilitated by SEDA to improve workplace productivity by dealing with the issues that hinder it. The relationship with the client has been the major contributor to this social enterprise, "At every stage of the relationship there is communication and negotiation with the client, to ensure the enterprise delivers and remains sustainable" (ILO, 2016: 14).

Jenner (2016) conducted a study on 93 Australian and Scottish social enterprises with the objective of identifying contributing factors to social enterprise sustainability, and four main factors were identified in the findings: 1. identifying resourcing, 2. organisational capabilities, 3. collaborative networks and 4. Legitimacy. Identifying resourcing is what this thesis would define as social capital i.e. the resources embedded in networks. These assets enable and facilitate conducting solution-driven business ventures. The findings in both countries supported the need and use of resources such as funding, and acknowledged the multi-dimensional nature of these resources. Legitimacy was considered to enable easier access to resources and it was identified as a competitive advantage, one of the participants stated "Our social legitimacy [...] is a big opportunity for competitive advantage" (Jenner 2016: 55). The findings from both Australia and Scotland also supported that collaborative networks were a useful factor in achieving social enterprise sustainability. The results indicated that 92% of the participants' business decision-making was influenced by their business networks, and 96% stated that they communicate openly with other social enterprises (Jenner, 2016). It was also interesting to note that non-profit social enterprises (80%) were more willing to network than

for-profit social (52%) enterprises (Jenner, 2016). This tells us that legal structure influences the affinity of an organisation toward networking to some extent. Business planning, marketing and efficiency were considered as important organisational capabilities to ensure social enterprise sustainability.

Seanor & Meaton (2008) in their study of four social enterprises in West Yorkshire, England, looked at the factors that contributed to the failure of these organisations. One of the social enterprises attributed mistrust as one of the factors that contributed to the failure of their organisation. They elaborated by explaining that they were reluctant to share ideas with other social enterprises and support agencies because they felt that these organisations would steal the ideas and not include them. As a result they worked in isolation and had limited opportunities for collaborations compared to competitors that formed partnerships, they couldn't learn from good practice experiences of other social enterprises and access to information required effort (Seanor & Meaton, 2008). The inability to share information lead to a lack of innovation at the social enterprise and as a result were unable to successfully diversify their strategy, and as a consequence the social enterprise had to cease their business operations. Trust was identified as an essential factor for social enterprises in the United Kingdom and that social capital was a strength that should be leveraged positively.

A second factor that was identified in this study was the role of communication and information. One of the social entrepreneurs voiced that they felt that they could not be completely honest with one of their support agencies that provided them with a wage subsidy (Seanor & Meaton, 2008). They felt that if they expressed experiencing challenges, then it would be interpreted that it's due to their incompetence and that their subsidy would be revoked (Seanor & Meaton, 2008). This would then have implications on their access to financial support, which would affect business operations sustainability. This power dynamic and the unequal distribution of power affected the levels of trust and communication between the two parties. A third and final lesson from failure of one the social enterprises was their second attempt at social entrepreneurship. After the failure of the first social enterprise they decided to try again, but unfortunately failed at that as well. The social entrepreneur felt that if they had received support and advice even after the first failed at attempt that they would be equipped with the knowhow on their second attempt. They said that failure in social enterprises is often not talked about openly maybe because it is perceived with some kind of under-dealing or corruption, especially in the non-profit sector (Seanor & Meaton, 2008).

2.2 Previous research

2.2.1 Information as a contributing factor to organizational sustainability

Nielsen & Carranza (2010) focused on a Latin American context and used the Dominican Republic and Mexico for a comparative case study. The study was aimed at identifying best practice models for social enterprises so that they could continue to serve and benefit disadvantaged communities who were underserved and lack income generating opportunities. It was intended to explore the crucial factors that contributed to social enterprise success by focusing on knowledge networks. It found that effective and efficient knowledge management could catalyse an organization's responses to challenges and opportunities (Nielsen & Carranza, 2010). They concluded that the absence of knowledge networks would prevent social enterprises from reaching optimal performance. Another case study conducted in Scotland found that successful businesses that were owned by minority groups in communities had joined clubs with a predominantly local membership to expand and preserve social capital (Cope, Jack & Rose, 2007). Membership to these clubs allowed members access to "inside" information and trade secrets that were not easily available to non-members. The information accessed from these clubs equipped business owners to make informed decisions with regards to making adjustments to business strategies if necessary.

This is further supported by the results of another study conducted in Hawaii, which found that collaboration with all local groupings including minorities allowed entrepreneurs access to niche markets that they would otherwise not have had (Foley & O'Connor, 2013). The information provided in these networks allowed entrepreneurs to make educated choices when deciding which markets were best to target. It is important to note that information in these two instances is regarded important throughout the lifecycle of a business, with businesses in Hawaii regarding the importance during the start-up phase and the businesses in Scotland highlighting the importance of information for business operations. "Access to information is a most critical factor when an enterprise decides to embark on exporting activities" (Gumede & Rasmussen, 2002:162); in their paper on key export success factors in small manufacturing enterprises in South Africa. Some of the information that the participants were referring to was said to be helpful to gaining access to markets, consumer insights and supplier requirements (Gumede & Rasmussen, 2002). The study sampled 491 small and medium manufacturing enterprises across various subsectors including construction, retail, transport, mining and

agriculture in South Africa, it would be interesting to see if similar or contrasting results would emerge from a study on social enterprises. These studies support that information may contribute positively to organizational sustainability by reducing information asymmetry.

According to a study conducted in Belgium by Vanneste & Ryckaert (2011), there is also a hierarchy of information, whose value relies on the source or the recipient thereof. For example, information from a friend is more valued than information from a stranger, but information from a senior colleague is more valued than both other sources. There was also an unspoken rule for which information was shared; the important information which contributed to a competitive advantage against other entrepreneurs was not freely shared (Vanneste & Ryckaert, 2011). “Confidential” information was shared with particular trusted members within smaller groups of the larger network which indicates that the larger networks are not based on trust (Farr-Wharton & Brunetto, 2007). Sharing information that entrepreneurs consider sensitive requires a higher level of trust compared to sharing general information (Nielsen & Carranza, 2010). Following this logic the “type of information shared” could also be used as an indicator to the level (or stocks) of social capital accessible, but not necessarily available and to some extent they type of social capital ties. There could be high levels of social capital available but only limited levels accessible, availability does not mean accessibility. The premise would be that sharing general information would indicate weaker ties and lower stocks of social capital accessible, and that sharing confidential information would indicate stronger ties and higher stocks of accessible. Therefore, the type of information would reflect the type of social capital, thus social capital is to be considered a contributing factor to organizational sustainability.

2.2.2 Community participation as a contributing factor to organizational sustainability

A study in the UK was conducted to identify common characteristics and traits of social enterprises that fail and how they can learn from their failures. The recurring themes across the social enterprises that were included in the case study were the following: poor access to funding at the start-up phase, a lack of support or ownership of the initiative from the community (community “buy-in” and participation was low), evolving or changing the organization’s mission too soon and, a lack of access to external resources (Seanor & Meaton, 2008). Poor access to initial funding means that social enterprises would constantly have to work at acquiring capital so that they can avoid deficit. Community buy-in was identified as

an important factor because without support from the community that a social enterprise operates because it establishes trust, which is key for co-operation. The expectation is that the willingness to participate and invest in social enterprise projects will contribute to the longevity and sustainability of these businesses. Changing a social enterprises mission can be related to trust and credibility that customers have in a business; customers are less likely inclined to purchase goods and services from unreliable brands that they do not consider credible or trustworthy. In Ecuador, most social enterprises focused on local participation as a measure to ensure sustainability of projects (Scarlatto, 2013).

Vanneste & Ryckaert (2011) applied multivariate analysis to the survey indicators across different entrepreneur characteristics (based on their attitudes on collaboration). The four categories based on the characteristics are as follows: marketer, participator, complainer and conservative. The ‘marketer’ group was more involved in the community, the ‘participator’ group initiates and promotes interaction, the ‘complainer’ group is not very involved and the ‘conservative’ group was indifferent to participating (Vanneste & Ryckaert, 2011). The findings indicated that the involvement with the community would also depend on the social entrepreneurs’ personality characteristics or views on participation. And since participation is often a reciprocated activity, the less an entrepreneur is willingly involved in a community, then the likeliness of their social enterprise receiving support from the community is less likely, which could affect the sustainability of their business. The 32% who had participated in meetings with the agenda of developing the tourism sector, indicated seeing the benefit of such events as networking opportunities, information exchange, learning opportunities and having their opinions heard (Vanneste & Ryckaert, 2011). Those who had not attended or participated at these events gave the following reasons: they did not have the time, they did not see the benefits of attending and others were not aware at all about these events (Vanneste & Ryckaert, 2011).

The perceived importance of community involvement for business sustainability in South Africa would also be a fascinating factor since most South African cultures are founded on ‘*Ubuntu*’ as one of the most important cultural norms. ‘*Ubuntu*’ refers to a way of social conduct that is governed by principles of reciprocity, selflessness and the importance of community (Riveria-Santos et al., 2015). So, to see whether this philosophy translates into the context of social enterprises will further highlight how embedded social and economic systems are within each other. An example of the mechanisms of ‘*ubuntu*’ would be in poorer areas in

South Africa where *Spazas* (informal grocery stores) sometimes allow customers who are unable to pay immediately to get items on interest-free credit based on good-faith that they will pay when they have the financial means to. A potential reason that ensures the loans are paid back could be that customers understand the implications of reciprocated behaviours i.e. if they don't repay the loan they could be banned from a future loan as a means of punishment. Participation and involvement requires participants to trust that the activities which they are involving themselves in is for their benefit and not their detriment. So, if participation is used as an indicator of the levels of trust, and trust is an indication of social capital then it can be said that higher participation levels reflect higher levels of trust. These levels of trust indicate the levels of social capital and indirectly, participation also indicates the types of social capital. It can be inferred that if participation is a contributing factor to organizational sustainability then social capital is also a contributing factor to organizational sustainability.

2.2.3 Trust as a contributing factor to organizational sustainability

Trust is a concept that forms the bedrock of social capital literature. It allows members of networks and other entities to interact and rely on each other based on expectations of good intentions, honesty and transparency (Seanor & Meaton, 2008). It may exist between individuals, between organizations and institutions, or between individuals and organizations i.e. social enterprises, or between individuals and institutions i.e. government (Stolle, 2002). In the context of social enterprises, trust is significant especially because of their dual missions; customers need to be able to trust that social enterprises prioritise both and not exploit one over the other. This becomes difficult because society is familiar with non-profit organisations and it may appear suspicious to some that traditionally non-profit organisations now operate profitably. When trust exists between entities then some benefits include: sharing information willingly and reciprocal positive behaviour i.e. doing each other favours (Seanor & Meaton, 2008). If trust is eroded the expectation is that behaviour is ill-intentioned, dishonest and malicious. Some consequences of deteriorating trust are feelings of vulnerability that result in avoidance of interactions with distrusted entities i.e. staff quitting, changing political affiliation or reluctance to pursue business relations etc. (Stolle, 2002).

There is an example from the UK case study that included four cases. Case 1 was a co-operative that offered services to troubled youth, case 2 was a funding agency that provided funds for sustainable projects, case 3 was a community transport organisation, and case 4 was in the

mobile games sector that employed only the unemployed youth. Case 1 had initially received funding as a social enterprise then after receiving funding the organization decided to change their mission and split into two organizations instead of one, the funders withdrew their support and denied further access to resources (Seanor & Meaton, 2008). Another example in Smith, Cronley & Barr (2012) was of a social enterprise that was in the manufacturing sector and employed blind people; a funder requested the organization alter some of their aims, the organization agreed but the project was no longer well received in the community and it did not receive the anticipated support from the locals.

Another organization noted that coherence and consistency in brand identity affected the relationship between the organization and the supporting agents; supporting agents refers to all external stakeholders that support an organization that may include funders, investors, other organizations and end-users (Perry-Smith & Mannucci, 2017). Brand integrity, which refers to the consistent messages that organizations send to their customers, was an important component to building trust between the organization and the supporting agents (Ferri, Deakins & Whittam, 2009). The higher the levels of trust between the organization and the supporting agents, the easier it is to access information and the strength. In the United Kingdom the social enterprise sector relies heavily on its social capital in the form of trust (Ferri et. al., 2009). The research indicates that trust is built between organizations that share similar traits and when a small number of these interact within the bigger network and distrust was also identified as a positive attribute of organizations because it filtered options and protects and preserves the integrity of the organization (Ferri et al., 2009).

Perhaps consistency is perceived as an indicator of stability regarding funding. If you look at international funding institutions for example, the probability is low for these organizations to give loans to countries who are politically and economically unstable. Or stability ought to be a necessary prerequisite for the development of trust, this is however contradicted by other organisations who identified adaptability as a contributing factor to sustainability. Sometimes the mission of the organization needs to change to ensure success and sustainability, which then is contrasted by the necessity of brand integrity to insure trust and high levels of social capital (Alter, 2007).

2.2.4 Networking practices as a contributing factor to organisational sustainability

The strength of weak ties approach from network research in sociology puts forward that the strength of network ties relies on the investment of time, emotional energy, intimacy and reciprocity between contacts (Granovetter, 1982). From which emerge two types of ties, strong ties and weak ties. Strong ties are indicated by regular contact and high emotional investment, typical of friendship or familial relations, whereas weak ties are indicated by non-frequent contact and low emotional investment, typical of professional relationships (Granovetter, 1982). There's a further distinction between formal weak ties and informal weak ties. Formal weak ties are characterised by membership fees which affiliates members with an organization, and informal weak ties do not affiliate members with organization, are less structured and non-regulated (Berrou & Combarous, 2012). According to this, weak ties are the most important because they intersect vertical connections and access with heterogeneous information and opportunities. It is also important to highlight that different networks have available different resources that are valued, in Gumedé & Rasmussen (2002) they found that linkages to other local enterprises improved access to information whereas the linkages to international enterprises improved access to capital.

Chell & Baines (2000) looked at micro-businesses in the United Kingdom, more specifically at the relationship between business performance and networking. Of the businesses that were categorized as expanding/rejuvenating, 63% were managed by “networkers” (Chell & Baines, 2000). The “networkers” category was created for highly active and involved in one or more business networks. Whereas, 72% of the declining businesses were run by non-networkers, and it was also found that personal (strong) ties were not used as frequently as expected i.e. only 3% of recruiting companies used recommendations from family members and 6% from a friend (Chell & Baines, 2000). However, 37% of recruitment was from a business contact recommendation, which indicates a higher usage of weaker ties (Chell & Baines, 2000). The findings of this study was that there was a strong association between organization performance and network activity. More specifically, weak-ties in formal networks were associated strongly with higher business performance whereas strong-ties in informal networks was strongly associated with poorer business performance. This was partially supported by the findings of Davidson (2010), which will be discussed next. Owners value most the relationships in networks that they have had to invest the most time, trust and information.

In another study the respondents were asked to rate their networks based on: referrals to customers, emotional support provided and practical support. The results indicate that informal weak ties had a significantly greater value than formal weak ties and strong ties, thus supporting the hypothesis that entrepreneurs perceive weak ties more beneficial than strong tie networks (Davidson, 2010). But, hypothesis 1 can only be partially supported as the values for strong ties are significantly greater than values for formal weak ties, therefore the hypothesis can only be accepted for informal weak ties. The second hypothesis was that the resources embedded in weak tie networks were perceived more valuable, this was also partially accepted following the findings that the resources in informal weak ties had a significantly higher value than both formal weak ties and strong ties (Davidson, 2010). However, resources embedded in strong ties had a significantly greater value than those in formal weak ties (Davidson, 2010). Therefore the hypothesis only holds true for informal weak ties and not formal weak ties.

According to entrepreneurs' perceptions, informal weak ties are more beneficial and are more valuable than strong ties and formal weak ties (Davidson, 2010). It should hold then that informal weak ties can be an indicator to levels of social capital in networks, in the context of entrepreneurship. This contradicts the expectation that there should be more social capital embedded in strong tie (bonding) networks, perhaps this holds true in personal relationships opposed to professional ones. Weak informal ties may prove less beneficial in a personal context, in the example for needing a trusted babysitter as a single parent; strong ties could possibly be more beneficial. The issue of accessibility and availability also applies here, the social capital theory does not distinguish what "levels" refers to. There needs to be a clarification and explicit definition of the levels of social capital accessibility, whether it refers to levels of social capital diversity and levels of social capital availability to avoid confusion. It is then understandable in terms of social capital diversity and social capital availability levels to be higher in informal weak ties.

A comparative case study that was mentioned before included indigenous entrepreneurs of Australia, New Zealand and Hawaii. The investigation was conducted to understand how networking activities of indigenous entrepreneurs contribute to how entrepreneurs achieve their business goals. In the Australian data set the findings indicate that there were deliberate attempts not to network amongst other indigenous entrepreneurs but rather to establish networks with Anglo-Australians. According to Foley & O'Connor (2013) 74% of the indigenous Australian participants were only first generation entrepreneurs and had to establish

their own business networks and had no personal mentors which forced many to seek role models outside their own communities. Non-indigenous role models were more likely to have established contacts and networks within industries, according to indigenous entrepreneurs. Relationships with suppliers and other more established organizations allowed indigenous entrepreneurs to be perceived as credible by customers. From the data the entrepreneurs describe networking as a necessary evil; business success and opportunities relied on networking with nonindigenous entrepreneurs but they knew and understood the feelings of resentment from their indigenous communities due to the violence of a colonial history (Foley & O'Connor, 2013). Brady & Haugh (2011) also highlight the risks that are associated with networks, and that they are not always beneficial. The power dynamics between members are not always balanced and some members may possess more power than others, which may affect decision-making with “weaker” members being more reliant on more powerful members (Brady & Haugh, 2011). This indicates that the effects of networking are not always positive and that some relations may be exploitative.

Native Hawaiian entrepreneurs did not experience the internal conflict toward networking as their Australian counterparts. Respondents attributed competitive advantage as a result of referrals from culturally diverse network contacts in Hawaiian communities (Foley & O'Connor, 2013). Hawaiian history was not as violent and disruptive as that of Australia, which could have also contributed to the deferring perceptions to networking. The interviews revealed that there were networks established across generations in family businesses with other minority communities as well, which allowed them to gain access into niche markets in minority communities (Foley & O'Connor, 2013). Unlike the Australian participants, native Hawaiians were able to network both horizontally and vertically. Maori entrepreneurs in New Zealand emphasised the importance of industry credibility. Culture also informs the role and importance of relationships in all spheres of life for Maori people, including business, hence business networks are seen as an extension of personal life (Foley & O'Connor, 2013). Five key indicators were identified to understand the perceptions of indigenous entrepreneurs, and were used for comparison purposes across the context of Australia, Hawaii and New Zealand. The indicators included: 1. cultural links to networking, 2. existence of second generation (or older) entrepreneurs, 3. education levels, 4. role of family and 5. business relationships between business and social spheres (Foley & O'Connor, 2013).

In Hawaii and New Zealand networking is strong and part of daily life, it is also culturally accepted (Foley & O'Connor, 2013). Social dynamics play an integral role in how networking is perceived, it would be important to be cognisant of this when understanding the South African context. People in positions of influence and power in businesses are not easily accessible to a majority of South Africans as these positions were previously reserved for the white, predominantly minority. This may be an imperative variable to note when understanding the networking processes and perceptions of social entrepreneurs in South Africa. From these studies it can be said that networking practices are also dependent on cultural, historical practices and practical experiences. The perceptions of entrepreneurs on networking practices and how networks are valued are therefore also nuanced and particular to specific cultural contexts. Understanding cultural perceptions can contribute to understanding why there is emphasis or avoidance of networking. It would indicate that avoidance of networking does not always mean that entrepreneurs do not perceive the benefits of it or that they are apathetic, but note that there are other conditions that affect deciding to do so.

2.2.5 Government support as a contributing factor to organisational sustainability

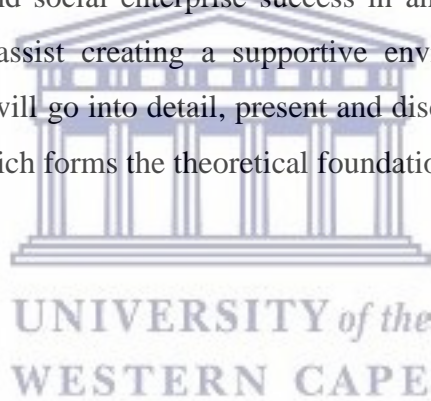
The role of government officials in assisting and supporting entrepreneurs was found to be significant in the results gathered from survey data amongst women small and medium enterprise (SME) entrepreneurs in the study by Wharton & Brunetto (2007). This was supported by qualitative data where respondents acknowledged their government officials' efforts in the form of delivering government programmes as positive (Wharton & Brunetto, 2007). 80% of the 128 Belgian entrepreneurs interviewed in the study by Vanneste & Ryckaert (2011) had said that governmental organizations had contributed to their businesses by either promotion, training support, giving publicity, and facilitating and encouraging collaborations amongst entrepreneurs. The lack of trust for public officers by a small group of entrepreneurs discouraged networking amongst this group and reduced the share of communal assets available (Vanneste & Ryckaert, 2011). Government support for further development also in the form of legislature and policies, in this case a White Paper supporting the tourism sector for small and medium enterprises. 83% of the entrepreneurs were willing to get involved and participate in government led initiatives as they felt that institutional agents and agencies could further their missions in the form of legitimacy and credibility (Vanneste & Ryckaert, 2011).

Government support is an indication of good governance that encourages participation by creating some form of accountability and responsibility, which can strengthen trust. Other indicators of good governance include good infrastructure, stable markets and investor confidence (Santos et al., 2015). Based off these indicators alone, a majority of African governments would not be considered to be achieving good governance. This would be another point of interest as to gather how African entrepreneurs perceive governance as a factor of business sustainability. Government support as a contributing factor can be viewed as an indicator from an institutional perspective of social capital. According to this perspective, the rules that govern the functioning of institutions and society at large are what allow us to seek accountability, build trust and form social capital (Woolcock & Narayan, 2006). Therefore good governance can be used as an indicator of social capital availability, accessibility and diversity, which is implicit that social capital is a contributing factor to organizational sustainability if government support is.

2.3 Chapter summary

This chapter discussed what social enterprises are, their varying revenue models, legal forms in South Africa, and why their sustainability is particularly important for developing countries. The definition of sustainability that was used encompassed 3 elements: economic sustainability, social sustainability and environmental sustainability. Examples were given to illustrate best-practices of sustainable social enterprises. As mentioned above, there were 5 main contributing factors to social enterprise sustainability in the literature that was reviewed i.e. 1. Information, 2. Community participation, 3. Trust, 4. Networking, and 5. Government support. These factors were considered to contribute to the sustainability of social enterprises because of their ability to mitigate challenges and risks that social enterprises may experience. Some of these elements will be discussed if they appear in the findings. It is important to note that due to the relative newness of social enterprises there is limited literature on their nuanced operational strategies and how they achieve sustainability. One of the aims of this paper is to explore how networking gives rise to social capital using the theory of social capital to understand how social entrepreneurs use the embedded resources to ensure sustainability of social enterprises. A majority of the studies in the literature review have described the resources available in networks, but rarely investigate how these resources are used to preserve the life cycle of social enterprises. This research locates itself on the uses of networks to achieve sustainability of social enterprises.

The predominant perceptions of the role of networking according to the studies in the literature that have been reviewed illustrated that networks were useful for accessing resources that improved social enterprise sustainability, especially networks with weak ties i.e. professional networks. It was also found that historical and cultural factors influenced social entrepreneurs' attitudes toward networking. Foley & O'Connor (2013) conducted a comparative study and found that the attitudes and networking practices of native Australians toward networking were constructed by their experiences of colonialism and violence, thus negative attitudes towards networking with "outsiders". The two main resources embedded in networks that were considered valuable were: information, and credibility from association with influential and powerful network members. This thesis also aims to understand the idiosyncrasies of social enterprises in a South African context. Further, the knowledge generated will also contribute to the existing body of literature of sustainable social enterprises by explaining how networking is perceived to influence enterprise sustainability. The findings provoke and initiate discussions related to the discourse around social enterprise success in an African context and toward developing interventions to assist creating a supportive environment for these kinds of businesses. The next chapter will go into detail, present and discuss the networking approach of the social capital theory which forms the theoretical foundations of this research.



CHAPTER 3: THEORETICAL FRAMEWORK

This chapter clarifies concepts, definitions and theories used in this study. The networking approach of the social capital theory is presented as well as the critiques of the theory. This is to familiarise the reader with the theoretical background of the research. The purpose of this theoretical framework is to identify how the networking approach of the social capital theory can be used to explain the sustainability of social enterprises.

3.1 The history of social capital

The social capital theory was a scholarly response to the neglect of interpersonal relations as an accelerator of development by previous development theories. The origins of the theory is often contested by scholars with regards to when the term ‘social capital’ was used prior to the theory development. The earliest trace of the use of the term was dated back to 1916 when it was used by L.J. Hanifan to advocate for the positive role that community participation had in improving school performance, the term social capital was used to describe social structure in economic jargon (Woolcock & Narayan, 2006). In the same year, the term was used by Jane Jacobs to discuss urbanization, migration and ethnic enterprise; which refers to businesses predominantly owned by specific cultural groups (Francis, 2002). There was a resurgence of the theory in 1956 by Seely, Sim and Loosely who were urban sociologists from Canada (Woolcock & Narayan, 2006). The lack of a universal definition of social capital along with its abstract and intangible nature makes it particularly challenging to comprehend and apply.

In the 80’s social capital as we know it today started gaining popularity as a response to neo-liberal development theories (Portes, 1998). Bourdieu, Coleman and Putnam have been hailed as the founding fathers of contemporary social capital theory (Portes, 1998). Pierre Bourdieu, a French sociologist whose primary interest was societal power dynamics, developed the theory as a critical theory of society (Schaefer, 2004). His conception of social capital focused on the individual as the unit of analysis and understood that the “capital” was a symbolism and that it should not be used in a literal economic sense (Schaefer, 2004). His aim was to explain the processes of social stratification and class reproduction by using alternative forms of capital such as culture and symbolic capital (social capital) along with economic capital (Jones, 2010). Coleman’s unit of analysis was at an institutional, organizational and societal level (Van Oorschot, Arts & Gelissen, 2006). His perspective was influenced by his background in

educational research and believed that social capital was a productive asset, in that it could be used as a means to an ends in an educational context (Van Oorschot et. al., 2006). Lastly, Robert Putnam who introduced social capital from the civic school of thought of civic engagement and participation in context of development and democratic performance (Portes, 1998). He believed that institutions perform better when there is high civic participation and involvement; relating to interaction amongst citizens and interactions between citizens and political institutions. According to this perspective, social capital is understood from a macro-level unit of analysis as “a feature of society, such as networks, norms and trust that facilitate action and cooperation for mutual benefit” (Putnam, 1993: 35). But many were dissatisfied with his ideas on social capital and criticised him for oversimplifying processes and overlooking socio-economic inequality, class and power relations.

Social capital can be defined as “the resources embedded in one’s social networks, resources that can be accessed and mobilized through ties in the networks” (Lin, 2005:4). This definition focuses on networks as the source of social capital. The study of networks as the unit of analysis of may either be viewed from a macro-level by looking at networks as a social structure or from a micro-level by focusing on the individual as the unit of analysis. If we follow the logic of classic theories of capital, then capital is an asset that through the process of investment can reproduce expected returns and gains. By applying the same logic to social capital, it follows that investing in social relations is expected to yield rewards and gains. Now, in the context of social enterprise sustainability this definition of social capital allows the researcher to explore the expected rewards or outcomes resulting from networking.

In his earlier work, Lin proposed that accessing and consequently using social resources could lead to improved socioeconomic conditions. In the context of social enterprise sustainability it may then be expected that accessing and using socially embedded resources could result in improved organizational performance, consequently contributing positively to social enterprise sustainability. If social capital is defined as the resources embedded in networks, then we want to know what these resources are, how they are accessed and mobilised, and how they are expected to contribute to the sustainability of social enterprises. Other authors refer to social capital as the levels of trust, norms, reciprocity and network access. For the purpose of this paper, Lin’s definition of social capital is applied. Individuals may possess all other forms of capital but without social capital, information would not be exchanged and the resources would mean nothing without these relations.

3.2 Types of social capital ties

Social capital ties are defined as the bonds between network members and are categorised into three types by scholars, i.e. bonding, bridging and linking capital ties. Some scholars have limited it to only bridging and bonding social capital ties, as they would consider bridging and linking social capital ties as redundant (Schuller, 2007). They define both under bridging social capital ties including both horizontal and vertical ties, whereas linking social capital ties are limited to vertical ties (Schuller, 2007). Bonding social capital ties can be thought of as an inherent and innate form of social capital ties. This type of social capital tie is the basis of the formation of homogenous groupings such as families, friendships with shared values and hobbies, and to some extent community formation; geographic location is the commonality in this context (Schuller, 2007). The homogeneity of such groupings indicates and implies that it is highly exclusive to group members and is not easily accessible to others or outsiders. It is strengthened by frequent use and is considered an informal tie (Woolcock & Narayan, 2006). The bonding social capital tie is often an asset that the poor use as a means of protection and insulation from further deprivation and as a means of survival (Van Oorschot et. al., 2006); for example, a working single-mother who works a nightshift and requires a family member to look after her child while she works at night.

Bridging social capital ties between members who have equal social status, and these horizontal ties are often between colleagues of the same ranking, or between different organizations in a community (Woolcock & Narayan, 2006). An example of this would be different organizations collaborating to create a community festival, each organization may have their individual goals and mission but a general mission of community development might be a common goal for the organizations involved. The difference between bonding and bridging social capital ties is that bridging social capital ties include members from other groups who do not necessarily share the same values, beliefs or any other commonalities. Bridging social capital ties are marked by diversity of the members and require high levels of social trust and generalized norms of reciprocity (Van Deth & Zmerli, 2010). Compared to bonding social capital ties, it is less inherent and requires more voluntary action (Schuller, 2007). Contacts in networks of bridging social capital ties contribute a wider diversity of resources which represent the heterogeneity of the members.

Linking social capital ties have the same principles of bridging social capital ties except that it links hierarchical members in a network using vertical ties, and involves unequal institutionalized power dynamics (Van Oorschot et. al., 2006). For example, in communities there are ward councillors, community leaders that represent the people of their local areas and speak on their behalf about their grievances and needs to the city council so that they may be resolved. Without this vertical link, the community would not have a direct link or contact to the city council. Linking social capital ties are particularly beneficial to marginalized groups who otherwise would not have access to influential ties in their immediate networks (Van Oorschot et. al., 2006).

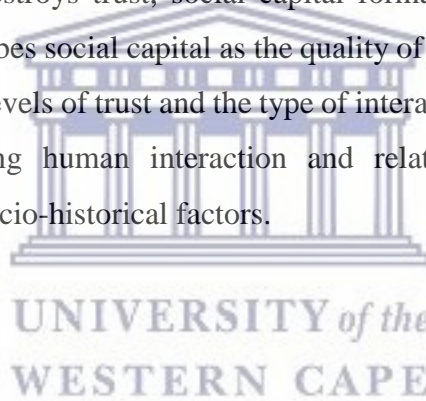
3.3 Social capital theory approaches

3.3.1 Society centred approach

Of the three approaches to the social capital theory, the society centred perspective focuses on the community as the unit of analysis. Its focus is on individuals or homogenous civic groups i.e. churches, sports clubs, culture clubs etc. appropriate relations for beneficial use and development (Woolcock & Narayan, 2006). Interaction amongst members of society establishes societal norms and values further strengthens generalised trust amongst members and results in social capital formation. The strength of horizontal bonding ties is the emphasis of this approach and the importance of which is sometimes criticised for making it seem that social capital is inherently positive and that it is desired by all, neglecting the heterogeneity of society (Woolcock & Narayan, 2006). According to this view, relationships function on trust, values and cultural norms of reciprocity and benefits are secured in this manner (Rudd, 2000). Social capital according to this view is the values, norms and trust which enable access to resources such as protection and cultural preservation based on group identity. Examples of associational benefits include nepotism, which is often perceived as a negative, and positive examples are often identified in minority, migrant or refugee groups whereby association in such communities improves chances of protection and survival in foreign communities (Portes, 1998).

3.3.2 Institutional approach

The second perspective is the institutional view, which is also known as the structural view (Woolcock & Narayan, 2006). According to this approach, social capital arises as a result of a combination of institutional rules in either a political or social context (Fukuyama, 2001). For example, a country is governed by the law that provides guidelines that citizens of a country abide by which establishes trust and societal norms. This approach allows a macro-level analysis of formal organization (Dess & Shaw, 2001). The institutional guidelines include norms and rules for interaction amongst members, in the given example, a legal document such as a constitution would contain the norms and rules for interaction that are trusted by members of the institution (Fukuyama, 2001). Interaction amongst members is dependent on the trust amongst members. If interaction and trust levels are stronger, these conditions encourage social capital formation (Fukuyama, 2001). If the opposite happens such as dishonesty or any other form of rule-breaking that destroys trust, social capital formation is inhibited (Fukuyama, 2001). This perspective describes social capital as the quality of relationships between citizens and institutions based on the levels of trust and the type of interaction between them. It is often criticized for over-simplifying human interaction and relationships, and ignores other contributing factors such as socio-historical factors.



3.3.3 Networking Approach

Thirdly, the network perspective focuses on networks as the source of social capital, although there are debates as to whether networks are social capital itself, the source of social capital or the consequence of it. The unit of analysis to this approach is the network, including but not limited to network size, embedded resources that can be accessed and mobilized, as well as the diversity of network members. Lin (2005) based his definition of social capital on Marx's Theory of Capital; the theory is premised on the exploitative nature of the relationship between the two classes. The capitalist, who owns the means of production and exploits the working labourers. Capital, which is regarded as a surplus value from a product of processes, can be further invested and can generate more profits and returns. Applying this theory to social capital would mean that investing in relationships, one can expect to yield returns or gains from this process. Benefits are secured and established through network membership at various levels of society, "Networks provide the necessary condition for access to and use of embedded resources" (Lin, 2005:11). The network approach seems the most appropriate for studying

social enterprises because it would enable discussions of the embedded resources in networks and how they could contribute to social enterprise sustainability.

Different networks serve different purposes according to this view and can be differentiated between two types of networks. First are solidarity networks that share information which protects the members of the network, the poor usually form these types of networks because they reduce risks and uncertainty, which they use to avoid because of their vulnerability to poverty (Woolcock & Narayan, 2006). This type of network acts as a buffer and is a defensive network. The second type of networks are innovation networks, often formed by the non-poor and these networks share information to increase productivity and enable actors to acquire more resources (Woolcock & Narayan, 2006); which makes these more relevant for social enterprise. Berrou & Combarous (2012) defined formal i.e. professional and informal networks i.e. personal friendships and kinship. As discussed previously, kinship networks are defined by bonding social capital ties and professional networks are defined by bridging and linking social capital ties which enable access to different resources. The strength of weak ties approach proposes that weak ties which are a common characteristic of formal network are more useful and beneficial than strong ties associated with personal informal networks because they are able to link more diverse resources (Granovetter, 1982). These different networks may be perceived as useful depending on their intended purpose.

Networks consists of members who each possess resources and are able to contribute them. The resources that are possessed by individual network members, are they source of social capital and form the internal social capital of the collective group (Schmid & Robison, 1995). Internal social capital is perceived to promote solidarity and cohesion within the collective, but may lack a variety of resources that are needed to achieve organization goals and this may require the collective to seek resources from other collective units which are external to their collective unit (Schmid & Robison, 1995). Internal social capital is important to establish cooperative and mutually beneficial relationships within organizations and create a conducive working environment that could contribute to sustainability by having a low employee turnover (Son & Lin, 2008).

Lin (2001) considered four main valuable forms of social capital (resources embedded in networks): 1. information, 2. influence, 3. social credentials and 4. reinforcements. Information that is accessed from networks may reduce transaction costs by allowing members to make

informed decisions (Lin, 2001). In a business context, information may reduce investment risks in imperfect markets. The second element mentioned is ‘influence’; Lin (2001) elaborates that network members may exert influence on decision making due to the power they possess, which is attributed to their position in the social hierarchy. This is why sometimes when an authority figure speaks well of an individual or gives advice, it’s taken in high regard and may have positive outcomes on the individual that is spoken about i.e. if a CEO makes a recommendation about a manager that should be promoted, the odds would be in favour of the manager. Social hierarchy is determined by status associated with wealth, influence in decision making and power (Inkpen& Tsang, 2005). It has to be taken into consideration that power can be abused in networks, and this will be discussed in the critique of social capital later. Social credentials are the third reason stated by Lin (2001); he explains that the perceived value of resources embedded (which depends on members’ social and wealth status) in social networks can solidify an individual’s credibility because it indicates the individual’s accessibility to these network resources and an ability to access resources that are additional to personal resources.

The final reason given is ‘reinforcements’, this refers to the group identity which is strengthened and reproduced in networks. Network membership is expected to reproduce and reinforce network ties between members sharing similarities. The recognition that network members gain from these relations by “public acknowledgement of claim to certain resources” (Lin, 2001: 20) further reinforces members’ group identity and is important for good psychological well-being as it improves confidence and may affect how social entrepreneurs approach challenges. The role of social rules, norms and trust that further reproduce and maintain the collective asset that is social capital. Lin may have overcomplicated these four factors because 3 of them i.e. influence, credibility and reinforcements could have been identified as one factor as ‘legitimacy’, as they all refer to the use of networks for establishing legitimacy through network membership. There are many arguments against social capital, some of which will be discussed in the final section of this chapter.

3.4 Pre-conditions for mobilising Social capital

Social capital can be mobilised once it has been accessed from networks. Mobilising social capital refers to the processes that enable its use (Lin, 1999). These processes include mechanisms that are used to request embedded network resources by member of network members i.e. communicating the request resources amongst network members. Before

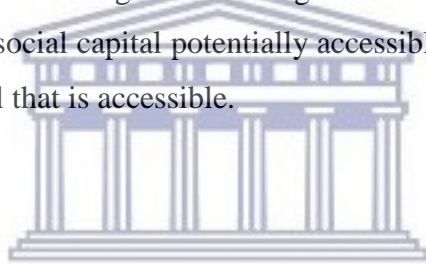
resources can be mobilised there are preconditions that influence their mobilisation. Baum & Ziersch (2003) identified three common elements in the literature when discussing the use of resources embedded in networks. It may seem obvious, but the membership to a network is a pre-requisite for mobilising the embedded resources. Once networks are created and membership is established, the levels and types of trust within networks influences the willingness of members to exchange resources (Baum & Ziersch, 2003). Finally, there is often an expectation to reciprocate exchanges as a precondition to mobilise social capital embedded in networks (Baum & Ziersch, 2003). Different scholars have put emphasis on the elements depending on their views on social capital. The interrelations of these preconditions can clarify the understanding of networking practices and the composition of networks by looking at the types of resources that are exchanged, as the value of the resources may highlight the levels of trust.

3.4.1 Network membership

Depending on the approach that is used, networks may be considered as either social capital itself, an indicator of social capital, or a consequence of social capital. Following from Lin's definition of social capital, there would be no social capital without networks. Networks differ in the resources that they have to offer and they differ in strength of the ties in them. Formal networks have weak (bridging and linking) ties built from generalised trust compared to the strong (bonding) ties developed from particularised trust (Baum & Ziersch, 2003); trust is discussed in detail under the next section. Informal networks have strong bonding ties between members of homogeneous groups that share many similarities i.e. personal friendship and kinship ties (Woolcock & Narayan 2006). Networks serve several different functions either to reduce risks and uncertainty, or to share general information about innovations and lowering transaction costs (Pichler & Wallace, 2007). Different networks have different purposes, some offer protection to its members and buffer vulnerability i.e. informal traders buying supplies in bulk and splitting costs amongst group members as a cost saving method that benefits all members, others are for collaborating, sharing information, advice and ideas. There are plenty of network traits to consider networks when studying its relationship with social capital; network size, density, the openness.

3.4.2 Trust

Trust is used in many definitions of social capital and it is an important factor in any relation that requires any form of exchange or transaction whether it be financial, physical, emotional or intellectual (Gregory, 1999). The varying degrees of trust depend on the type of relationship between the two (or more) entities. Collaboration and co-operation would not be possible in the absence of some level of trust. A popular debate is whether trust is a product of social capital or if social capital is a product of trust, it's a chicken and egg dilemma (Gregory, 1999). There are two distinctions of 'trust' according to the social capital theory; generalised trust and particularised trust. Generalised trust is a form of trust amongst members of society and governs social interaction often with people who are strangers (Jones, 2010). Bridging and linking ties are built on this form of trust over time of repeated use. Particularised trust occurs within more intimate and personal relationships such as family and friendships (Jones, 2010). This type of trust occurs within bonding ties of strong informal networks. The levels of trust also determines the degree of social capital potentially accessible, the higher the level of trust is, the greater the social capital that is accessible.



3.4.3 Reciprocity

Reciprocity indicates a mutually beneficial relationship where all members involved benefit from exchanging resources, and requires a level of cooperation and participation between involved parties (Baum & Ziersch, 2003). It requires a returned exchange whether explicitly or implicitly, formal norms of reciprocity tend to be more explicit, whereas informal norms of reciprocity tend to be more covert (Jones, 2010). The implicit expectation of return is known as generalised reciprocity and can be explained as favours and gestures done out of goodwill (Baum & Ziersch, 2003). The resources exchanged do not have to be identical (Brisson & Usher 2005); i.e. if a friend buys another friend coffee they could return the favour by assisting the other friend with something they may need help with. Informal networks often have unspoken expectations of reciprocity (Baum & Ziersch, 2003); i.e. if a family member requires a favour there is an expectation that they will return the favour if it should ever be needed. It is not explicitly stated that since someone requested help or a favour they therefore owe something in return in the future. Particularised reciprocity is explicitly stated and governs contractual agreements and most formal agreements, the reciprocity is exclusive to the members who have agreed to the terms stated (Palumbo, 2017). These kinds of agreements are

usually made if there is monetary exchange or an exchange that is considered to have monetary value (Palumbo, 2017).

These pre-conditions describe the mechanisms used to mobilise social capital, which is additionally illustrated in the next sub-chapter. The question that social enterprises may face might be how to maintain social capital when staff decide to resign. What happens to the social capital of that staff member? For instance, if information was a resource that was accessed from a network, what are the mechanisms to maintaining the relations and the resources after staff leave a social enterprise? Preservation of resources also becomes an element of interest, but this may be simpler to understand because information can be preserved using databases.

3.5 Conceptual framework

The conceptual framework presented in this section is an adapted version of a model of Lin's (1999) network approach to social capital used to analyse the role of networking in acquiring resources that ensure social enterprise sustainability. Lin's (1999) conceptual model proposes that once networks are accessed they should be mobilized to use the resources embedded in these networks (social capital). Diagram 2 on page 42 illustrates an adapted version of Lin's conceptual model.

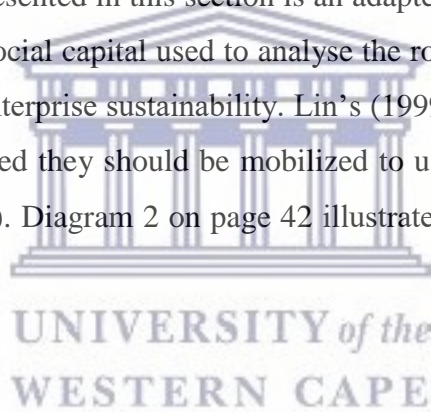
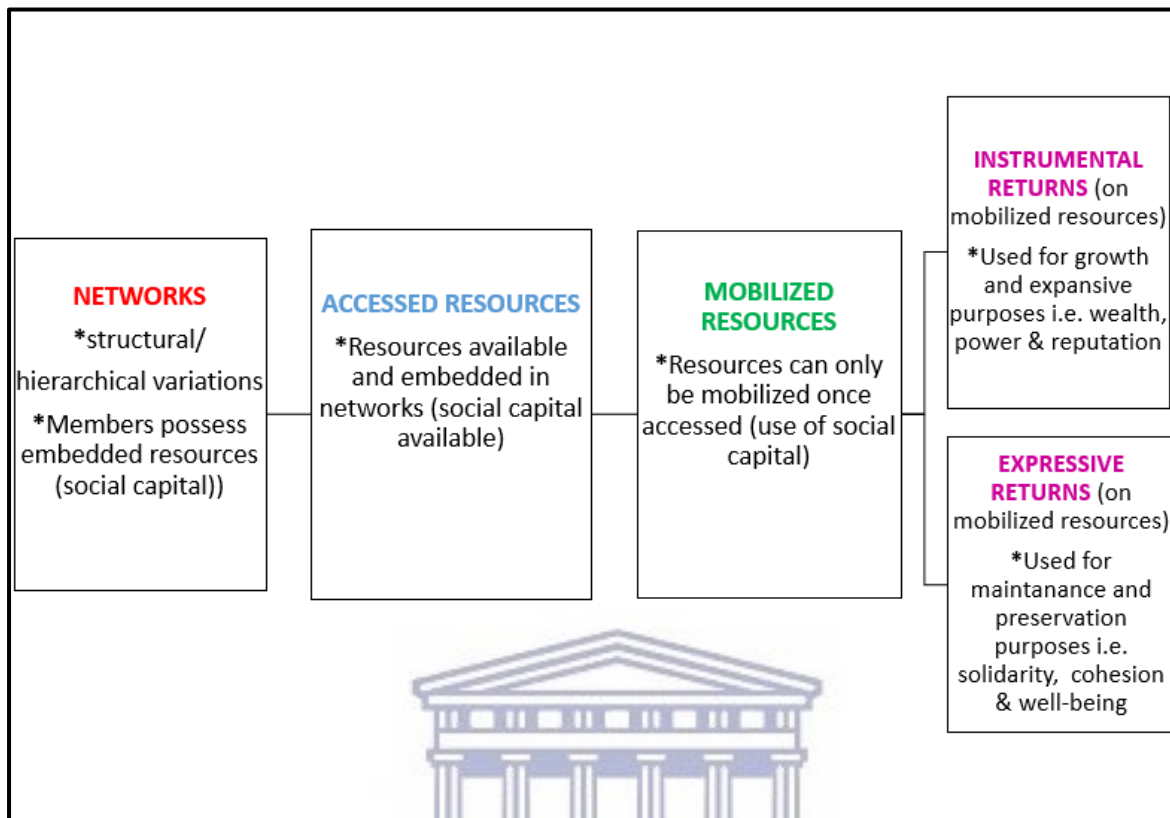


Diagram 2: The process of mobilising social capital



Source: Adapted from Lin (1999)

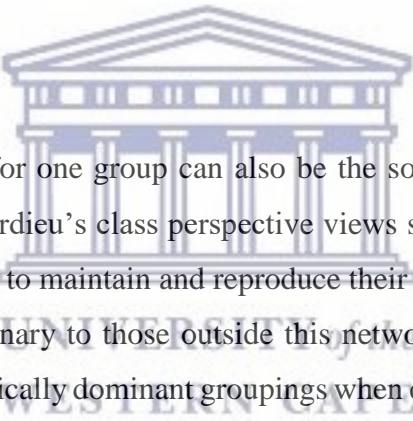
Networks, according to the model above, are social structures that contain embedded resources (social capital) which are possessed by individual network members. Some of these resources include knowledge, information, wealth, time, status, authority and power (Lin, 1999). Networks are governed by norms of trust and reciprocity, and these social structures have hierarchical variations where members are located (Son & Lin, 2006). These positions within the networks (network locations) are associated with status, wealth, power and authority, and it is proposed that access and mobilization is partially determined by the position within the network (Lin, 1999). Examples of networks include car pool clubs, friendship groups, a neighbourhood committee and professional networks such as a health professional council.

Accessed social capital can be converted into mobilized social capital, by meeting the preconditions listed earlier i.e. network membership, trust and reciprocity, and requesting resources that are needed. Accessed social capital refers to the availability of resources in networks, for example, having a friend in a management position at their place of employment

i.e. authority as the accessed embedded resource, and using that to get you a job i.e. mobilized resource. After social capital has been accessed and mobilized, there two different types of expected , outcomes: expressive and instrumental returns. Instrumental returns are the gains of added resources not possessed by the individual, which fall into three categories: economic return (wealth), political return (power or authority) or social return (improved social status), for example, if social capital is accessed by being a member of an elite club then the outcome could be getting a good reputation, which is a social return (Lin, 2005). And expressive returns maintain resources that the individual inherently possesses and can be achieved by mobilizing social capital, these fall into the following categories: physical health, mental health and life satisfaction (Lin, 2005). These processes may be useful in explaining the relationships, access and mobilization of resources in social enterprises.

3.6 Criticisms of the social capital theory

3.6.1 Negative social capital



The benefits of social capital for one group can also be the source and cause of unintended disadvantages for another. Bourdieu's class perspective views social capital as an investment that the dominant class in order to maintain and reproduce their dominance, and preserve their power, which may be exclusionary to those outside this network group (Lin, 2001). This is evident especially with economically dominant groupings when compared to the working class, the reproduction of existing capital by the dominant group sees them at an advantage that the economically excluded are unable to enjoy. Not all social capital is good, and the social capital theory is often criticized for neglecting the negative aspects of social capital, social capital can be corrupt (Storberg, 2002). It can further alienate people who are on the periphery of dominant cultures and economic structures by means of nepotism or generational wealth inherited that perpetuates economic inequalities, making social mobility challenging. Instead of expanding choices, social capital can also limit and restrict individuals' access by virtue of membership or lack thereof.

Negative social capital can lead to marginalization, discrimination and stereotyping caused by only trusting those who are within homogenous groups (bonding capital) or using social capital to achieve negative ends such as criminal activity or gangs (Woolcock & Narayan, 2006). However, in defence of the social capital theory we could use the same argument against other

capital theories. If the same were to be applied to human capital then the counterargument that human capital also has a negative side because people can use their knowledge for corruption or to harm others, or that financial capital can be negative because of collusion or fraud, or that owning physical capital such as a building is unfair and disadvantageous because it excludes other people from owning that same building.

3.6.2 Economic metaphor

Many economists argue whether social capital is actual capital and have accused the theory for trying to use economic terminology and concepts to describe sociological phenomena and that the concept is not new (Haynes, 2009). This can be overcome by understanding the use of the term 'capital' in social capital as symbolic and not intended literally just as human capital, environmental capital or cultural capital. This argument oversimplifies the transactions and processes that occur when accessing and mobilizing resources, and neglects that network members do not exist in a vacuum. Humans are complex and their identity governs how they navigate the world and how they are perceived, in a hypothetical network i.e. people from different races and different genders would not have the same experiences of accessing and mobilizing resources because their interactions informed by political and historical experiences. Power dynamics influenced by race, gender, disability, socio-economic status could affect the ability of different members to mobilize resources. The strengthening of ties within a group or network may also strengthen the distrust and fear of outsiders. Adler & Kwon (2002) argue that social capital is like other form of capital and requires investments to gain returns and the strength or capacity of the returns is related to the amount invested, therefore making it a form of capital.

3.6.3 Unclear definition

Haynes (2009) highlights the circularity in the definition of social capital, he states that the definition of social capital relies on its outcomes, and these outcomes are defined by the definition of social capital itself. Woolcock (2002) suggests that to overcome this difficulty, social capital should rather be defined by its sources, that should define what it is instead of what it does. The difficulty with defining social capital is often contributed to its multidimensional nature of its sources and a lack of a universal definition of what social capital is. Woolcock (2002) defends the multidimensional nature by acknowledging the nature of

social capital and that it does not remain constant, its combinations change over time. Portes (1998) critiques the theory for not being clear on whether social capital is a collective good or an individual good. To overcome this it is important to identify the point of departure and to know what the unit of analysis is used as this determines the approach or perspective viewed. The same way different scientific formulae and mathematical equations can be used to answer same questions.

Measurement difficulty of social capital is a popular criticism of the theory. The difficulty as with measuring all intangible objects is defining a universal measure because of the subjectivity of what social capital is (Tsai & Ghoshal, 1998). The multidimensional nature of social capital as well as the various units of analysis makes it particularly challenging, but not impossible to measure, lessons can be learned from the manner in which the World Bank calculates Human Development Index based on various dimensions (Woolcock & Narayan, 2006). Depending on the definition used for social capital it affects which dimensions to measure, some scholars measure network location, others measure the variety of resources available in networks and others may measure the amount of network contacts as a measure of social capital. Also, surveys often measure sources and consequences of social capital to measure indices and not actual social capital. The most common indicators of social capital include trust, reciprocity and civic engagement as an indicator of social networks, from which the value of social capital is inferred (Woolcock & Narayan, 2006).

3.7 Social capital in the context of social enterprises

3.7.1 Social embeddedness of social enterprises

There are numerous reasons that the social capital theory has been used as the theoretical foundation of this study. The first reason is that social enterprises inherently by nature are embedded in a social context and operate at a local level within communities to address social challenges. This implies that to some extent social interactions and social relations influence how social enterprises operate and perform. The social capital theory was considered to be appropriate because it allowed the analysis of the social entrepreneurs' perceptions on contributions of social interactions on social enterprise sustainability. The networking approach allows us to specifically look at and address the resources embedded in the networks of a social entrepreneur and how these are mobilized and used to enhance the performance of

social enterprises. If it is expected that resources enhance organisational performance, then it can be assumed that networking as an activity to access and mobilize resources in networks, will have a positive contribution to the sustainability of social enterprises. Studies on entrepreneurship and networking are not a new subject of inquiry, but the nuanced context of social enterprise may mean that networks are used and perceived differently in this context.

3.7.2 Social enterprises use of networks

Folmer, Nederveen & Schutjens (2018) published their comparative research on how commercial enterprises and social enterprises used their networks. They found that networks are important to both commercial and social enterprises, but found a difference in the reasons that motivate how they use their networks. The major difference was that most of the social enterprises included in their study used their networks to access intangible resources, whereas commercial enterprises used their networks to access more tangible resources (Folmer et al., 2018). Commercial enterprises tended to be motivated by economic prospects to increase their profits and performance, so networks are predominantly for market-related strategies (Folmer et al., 2018). The lack of information availability and databases for social enterprises, they often have to rely on other social enterprises for information regarding funding opportunities and other developments in the sector; these are some examples of intangible resources that may be extracted from networks. Whereas most commercial enterprises are reluctant to share information because of the competitive nature in markets. Since profits are only half of the mission for social enterprises, it may be expected that there will be other uses of the network resources other than increasing profits i.e. providing innovative solutions to social challenges. Networks that expand the capabilities of social enterprises and enhance their performance capacities are the ones that expected to more likely contribute to organisational sustainability.

Secondly, social enterprises used network membership to establish legitimacy and credibility (Folmer et al., 2018). Due to the duality of the nature of social enterprise objectives, being considered as legitimate by various stakeholders i.e. financial institutions, the community (beneficiaries), customers (end users), is important because easier access to resources is anticipated. This supports Lin (2001) assumption that the resources embedded in networks can be used to solidify credibility. Because social enterprises solve social and public issues, the interaction with governmental institutions is almost always necessary. The involvement of multiple stakeholders in the form of organizations, institutions and communities implies that

social enterprises would have to have more diversified networks to achieve their social mission. Social enterprises are more likely than commercial enterprises to collaborate as a means to achieve a greater social impact (Folmer et al., 2018). The shared goal by social enterprises of improving the quality of life for society supersedes individualism and allows for a more collaborative approach opposed to a competitive one toward other social enterprises. By using networks as a unit of analysis for social capital, we focus on the relational elements i.e. the content of networks (embedded resources) instead of the structural elements i.e. network density, size and positions (network traits) that a majority of entrepreneurship and networking studies tend to focus. Using Lin's definition of social capital, networks are a pre-condition for social capital but this has been contested by some scholars who consider the circularity of the definition. If social capital is defined as the resources embedded in a network, and some scholars identify networks themselves as a resource then there follows some logical difficulty. To overcome this, the researcher does not consider the network itself as a resource, but rather a precondition to the existence of social capital in social enterprises.

Another element of social capital that was discussed in the literature review was information. From the discussions, the researcher anticipated that due to the nature of uncertainty and unfamiliarity of social enterprises as new organizational structures, social entrepreneurs will have to rely heavily on insights and learnings of other social enterprises regarding the social enterprise environment. Informed decision-making is expected to make positive contributions on social enterprise sustainability because it would allow risk aversion or making calculated risks. In a globalised context with the rise of technology advancements, exploring virtual and online networks is also an interesting element that may be further investigated in the context of social enterprises i.e. crowd-funding initiatives, social media support groups (risk aversion) etc. The internet has changed the idea of time and space, and it would be an interesting element to look into to see how it has influenced networking practices regarding access and use of social capital.

3.7.3 Cultural networking dynamics

Additionally, it would also be interesting to investigate the networking dynamics in South Africa in comparison to some of the studies included in the literature review to understand the cultural aspects and different perceptions of networking. As South Africa has a history of institutionalised racism, it is expected that there should be some levels of distrust amongst

racial groupings, which could affect network composition and the resources in these networks. Networks with predominately white members (previously advantaged during apartheid) would be expected to have more accumulation of resources. Whereas the converse, networks with predominantly black members (previously disadvantaged during apartheid) would be expected to have less resources due to racial segregation of communities in South Africa during apartheid, therefore the strong ties of black social entrepreneurs are expected to have relatively less resources compared to white social entrepreneurs (using Granovetter's strength of weak ties approach). The perceptions of South African social entrepreneurs are expected to be heavily influenced by their different racial experiences, communities still bare this mark to this day. In this instance the criticisms of negative social capital for poor (previously disadvantaged) groups in society would apply. Previously disadvantaged social entrepreneurs' networks shaped along class and racial lines would imply that the resources embedded in these networks are undiversified and would inhibit the sustainability of social enterprises. The networks of previously privileged social entrepreneurs would be exclusionary, which would mean that resources and capital in these types of networks are concentrated to a small minority and would perpetuate unequal distribution of resources.

This imbalance of resource distribution and expertise could have implications on trust i.e. higher trust for predominantly white networks (as they were considered more legitimate and authoritative during apartheid), the role of propaganda and using whiteness as a benchmark for excellence or legitimacy. At a local and community level, it may be anticipated that the trust levels are higher than at a societal level, since most communities are comprised of homogenous racial groups. It can be assumed that higher levels of 'Ubuntu' (social solidarity) at local levels, where most social enterprises are embedded would influence the levels of participation and 'community buy-in', which may be expected to enhance the legitimacy of social enterprises thus contributing to social enterprise sustainability. It is important here to distinguish between the financial sustainability and social sustainability, local-level legitimacy may contribute to achieving the social mission. But if most social enterprises beneficiaries and end-users do not have the economic resources to support a venture then this means nothing for financial sustainability. The involvement of government may be expected to have a positive contribution in creating a favourable policy environment in South Africa since a majority of social enterprises address public service delivery challenges. By working with social enterprises, and by promoting public-private partnerships they may be able to address these challenges and promote economic activity and creating opportunities (consequently sustainability) for social

enterprises. The measurement criticism of social capital is overcome in this study by shifting the unit of analysis to the social entrepreneurs' perceptions of networking, this means that the researcher explores the descriptions given by the participants. This study is not explanatory, hence it does not look at the causal mechanisms.

3.8 Chapter summary

Elements of the social capital theory have been discussed, from its historical origins to the different approaches that depend on the unit of analysis and critiques thereof. The basic premises of the social capital theory is that social relations are a form of capital that may be invested in with expected returns and benefits from the investments made. Depending on the perspective applied to social capital determined the forms of social capital (i.e. linking, bridging or bonding) that are regarded important are determined by the view. Social capital can tell us about network composition and potential levels of trust in networks, which can also inform us about the resources that can be expected in these networks. The preferred theoretical approach used in this thesis was the networking approach to social capital and used networks as the unit analysis. Preconditions for mobilising social capital were also discussed, including network membership, trust and reciprocity. These preconditions could be used to understand the factors that influence networking practices and how social entrepreneurs use their networks and their perceptions on networking. There was a subchapter included to discuss criticisms toward the theory, and the criticisms that were relevant for this study were applied. In the previous subchapter the application and relevance of the theory to the study of social enterprises.

We can conclude this chapter by stating the assumptions based on the theoretical discussions outlined:

Firstly, it can be assumed that most social entrepreneurs in South Africa will value formal networks more than informal networks. As it was mentioned earlier it is expected that most personal, informal networks have less valuable resources in a business context when compared to more diversified formal networks. The cultural context can also influence the propensity to network and its perceived value as indicated from our discussion of the role of '*Ubuntu*'. Secondly, regarding the value of resources embedded in networks, it is assumed that credibility, influence and power will be most valued as these can allow members to gain access to other

valuable resources. Third, the assumption regarding the perceived role of government in supporting the sustainability of social enterprises is that the government would need to legally recognise social enterprises so that they are legitimised. The final assumption is that the government should focus on policies that promote private-public partnerships.

Chapter 4 will look at the research methodology in detail, with focus on the research design and research procedures that were applied to conducting research on social enterprises sustainability.



CHAPTER 4: RESEARCH METHODOLOGY

This section describes and explains the methodology that underpins the foundations of this study. Research methodology provides a description of how the research questions and the problem statement will be answered (Mason, 1996). It provides details of the entire research procedure including the research design, research methods, and the advantages and limitations of the research. It expands on the rationale and motivations for the methodological approaches used for this research. The chapter will discuss the qualitative research approach, interpretivist and exploratory research under the research design section. The research design for qualitative research needs to be adaptable and flexible to changes, and make allowance for unexpected and unanticipated elements (Denzin & Lincoln, 2005). It is the proposed plan of how research will be conducted (Durrheim, 2002); the framework for the interpretivist research paradigm is further explained in this section. This will be followed by the research methods that include an outline of procedures, which is comprised of sampling methods used i.e. purposive random sampling, data collection methods i.e. semi-structured interviews, an ethics statement, methods of data analysis i.e. thematic content analysis, and then conclusively, the advantages and limitations pertaining to this research.

4.1 Research design

Research design provides a framework for the strategies on how the research will be conducted and implemented (Durrheim, 2002). The framework is a guide to answering the research questions stated at the beginning of the process. The research design is the blueprint for the entire research process as it ensures that the foundations of the research project are rooted in a logical framework and that the research is possible with available resources (Denzin & Lincoln, 2005). Research can be conducted using a qualitative, a quantitative or a mixed approach that combines both. The researcher chose to use a qualitative approach for the purpose of this study because of the nature of the research questions. They could be answered qualitatively by exploring the meaning of the participants' responses. Varying research paradigms are applicable to the different research approaches and in this context an interpretivist paradigm was selected. The rationale for the preferred methods are described and explained in later sections.

4.1.1 Interpretivist paradigm & exploratory research

A research paradigm refers to the set of beliefs and perceptions of our knowledge of the world (Mason, 1996). For the purpose of this study, an interpretivist paradigm was used to make meaning of the data recorded from the semi-structured interviews. It is alternatively known as a constructivist paradigm, which is based on the premise that people construct their understanding and meanings of reality from their subjective experiences (Engel & Schutt, 2005). The rationale for selecting an interpretivist paradigm is because it allows the understanding of the subjective experiences of the participants, and the researcher can interpret the data collected opposed to the positivist paradigm which focuses on objectivity and universal truths and does not allow subjective interpretation (Denzin & Lincoln, 2005).

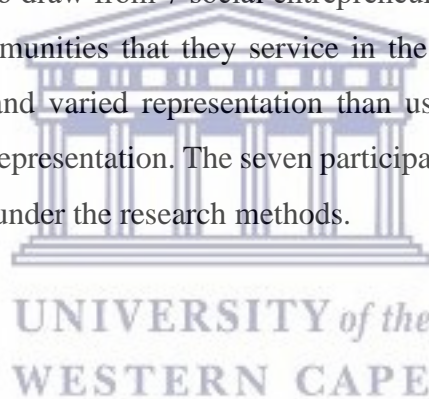
An interpretivist approach enables understanding phenomena through the meanings that the participants attach to them (Rowlands, 2005); and allows us to describe the participant's subjective experiences (Pietkiewicz & Smith, 2014). This is an appropriate approach since we are trying to gain an understanding of the participants' views and perspectives, interpretivism allows us to interpret and understand. A case study approach enables an understanding of social processes in an organizational or group context i.e. any collective context that will represent the participants' perspectives (Schutt, 2009). The researcher explores 7 social entrepreneurs' perceptions of the contributions of networking toward social enterprise sustainability in Cape Town, South Africa, so it's important to keep in mind the socio-political economic context. South African history and culture also informs our understanding of the world and social processes such as networking, which is necessary to bear in mind when analysing social entrepreneurs' perceptions of networking on social enterprise sustainability.

An exploratory case study research designed was used because of the malleable nature of exploratory designs. It allows research to be conducted as an iterative process i.e. a non-linear, flexible process (Durrheim, 2002); which is ideal for relatively unknown phenomena as social enterprises. Since little has been researched and is known about social enterprises, by using an exploratory design it enables us to explore new insights. Researchers who use an exploratory research design explore the boundaries of the area of study and have to be flexible to the information discovered in the process, and must have non-rigid ideas on the nature of the phenomenon (Snape & Spencer, 2003). This research design was preferred rather than descriptive design or explanatory design. Descriptive research design provides a description of

the variables and factors of phenomena, but does not predict patterns or behaviours (de Vaus, 2001). This study requires predictions to be made about social enterprises and social entrepreneurs' perceptions, a descriptive research design would not enable that. Explanatory research design focuses on explaining cause and effect relationships between variables (de Vaus, 2001). At first glance it may appear to be suitable for this research on the contribution of networking on social enterprise sustainability, but the objectives of this research was not to determine causal relationships.

Exploratory studies in qualitative research allow for the development of new ideas and new theories, and it was selected because it allowed for new ideas to emerge for the relatively new field of social enterprise research. An exploratory approach was selected due to the novel character of the research phenomena of social enterprises, not much research has been conducted on them and there is limited knowledge about these organisations. Using a case study allowed the researcher to draw from 7 social entrepreneurs' perspectives from different sectors and the different communities that they service in the context of Cape Town. This allowed for a more diverse and varied representation than using homogenous cases, even though it was not a statistical representation. The seven participants were selected based on the criteria that will be discussed under the research methods.

4.1.2 Qualitative research



Qualitative methodology was implored because of the nature of the research questions asked in Chapter 1, they could not be answered using quantitative methods as the questions were not seeking causal relationships. Quantitative methods are appropriate for explaining relationships between variables (Durrheim, 2002). Another reason that quantitative methods could not be used was that the sample selected was not statistically representative of the population and therefore the findings could not be generalized. The questions were in relation to gaining an in-depth and detailed understanding of the social realities of social entrepreneurs regarding networking as a social phenomenon. The research objectives are a guide to the conclusions that want to be drawn, and the nature of these desired conclusions determine which approaches to use in answering the research questions. When using qualitative methodology the units of analysis are non-numeric data i.e. text, language, behaviour or images (Durrheim, 2002). The nature of reality for qualitative research is subjective and open to interpretation, meaning that there are infinite possible realities that exist, and that knowledge and truth is not objective.

Qualitative researchers are deeply immersed in the research process and the data extracted has now meaning interpreted by the researcher (Durrheim, 2002). Within qualitative research there are diverse approaches with different methods that can be applied across various disciplines (Snape & Spencer, 2003).

Qualitative research approaches are applicable when studying social phenomena that can be understood from participants' subjective views, experiences and feelings (Snape & Spencer, 2003). Social realities and social life can be understood as constructions of subjective experiences when applying qualitative methodology. An emic view of research places the focus on the perspectives of the participants to represent the context or research setting (Engel & Schutt, 2005). Additionally, research can be distinguished between a deductive approach and an inductive approach, or both can be used concurrently. These distinctions depend on the researcher's application of the role of theory, an inductive approach is appropriate as a theory development approach that develops new theories from observations and findings (Thomas, 2006). This is considered a bottom-up approach that generates a general theory based on specific experiences and observations during data collection. Whereas a deductive approach applies or tests a theory based on observation, in this way this it is a theory-testing approach of existing theories, confirmed or denied by the research findings (Thomas, 2006). An inductive approach was used for this study as a data analysis method due to nature of the research of the research questions and the study objectives. It required applying the specific findings generated from the observations to develop a general theory about the sustainability of social enterprises. Qualitative research approaches have been criticised for not being measurable regarding reliability, validity and the findings not being generalizable (Snape & Spencer, 2003). To maintain credibility, qualitative researchers need to ensure that the methods used and the findings need to be plausible in the context they exist, as qualitative research is often context-specific and embedded in a specific social context. By disclosing the advantages and limitations of conducting research, and any other additional information regarding possible biases can further establish the credibility of the researcher.

4.2 Research methods

The research methods include data collection methods to gather or generate data, which may either be collected from primary or secondary sources. And data analysis methods to interpret information and raw data when using qualitative research approaches are also included.

Qualitative analysis methods allow in-depth understandings of phenomena by exploring the meanings underlying them (Mason, 1996). Topics and phenomena which are open to interpretation rely on the researcher's previous experiences and perspectives, a qualitative approach enables such in-depth interpretations to be made (Snape & Spencer, 2003). In this study, the participants' insights were valued and the data analysis had to be flexible in order to accommodate a range of emergent topics during the procedure to be explored.

4.2.1 Data collection methods

Data collection refers to the information extraction phase during the research process (Terre Blanche & Kelly, 2002). The methods used in a study depend on the phenomena that is to be understood as well as the data available on the subject (Durrheim, 2002). In this instance the researcher wanted to gain an understanding of the perceptions of social entrepreneurs. Qualitative data collection methods include: in-depth interviews, focus group discussions, observational methods that extracts rich, in-depth qualitative data (Mason, 1996). Quantitative methods would not allow an in-depth account of social experiences as it focuses on the measurement (numerical quantification) and causal relationships between variables (Denzin & Lincoln, 2005).

Primary data collection techniques require the researcher to collect their own data in the field, opposed to using data from already existing databases. Primary data collection methods are preferred when there are limited databases and limited knowledge on a topic and they also allow the researcher to customize the data gathered (Mason, 1996). For this reason the data collection method that was used was conducting semi-structured personal interviews. Interviews enable topics to be explored through discussion as a structured conversation, which allows inferences to be made by making notes on the language or body language used and making meaning of them. In-depth interviews provide researchers with detailed insight and responses from interviewees (Mason, 1996). Structured interviews are led by the researcher, who strictly follows a questionnaire of pre-determined questions, and responses are restricted by the questions asked (Welman & Kruger, 2001). This interview style would not suit a study that seeks to gain the participants personal insights. Unstructured interviews are conducted without an interview schedule and the interviewee leads the interview process and the interview begins with an opening question posed by the researcher and the interview is conducted as a spontaneous conversation (Welman & Kruger, 2001). Semi-structured interviews were

conducted with the participants using an interview schedule with “guiding questions”; this interview style is flexible and is guided by the responses from the interviewee (Gratton & Jones, 2010). Other forms of primary data collection include observations where the researcher is passive and non-actively involved in the process (Terre Blanche & Kelly, 2002).

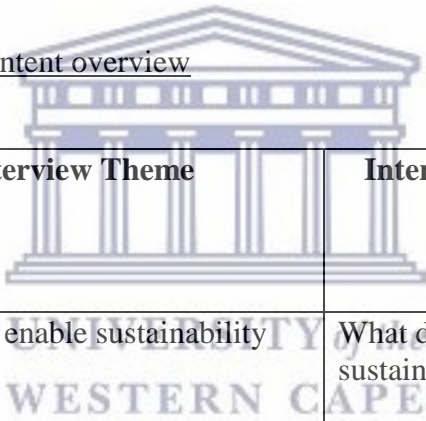
There is a confidence in the reliability of the data when using primary data collection methods, unlike secondary data when there sometimes isn't certainty over the credibility of data sources. For instance, if data obtained from institutions have a political agenda or other interests that they try to perpetuate through the data. There is also no need to consult the primary researcher for permission to access the dataset as may sometimes be the case with secondary data. Secondary data was not used because of the limited source availability on social enterprises in general, and the qualitative nature of this study would require to look at other qualitative studies which would not have had generalizable findings anyway. Some limitations of primary data collection are that it can be more time consuming, inconvenient and costly. Identify willing participants who fit the sampling criteria, conducting interviews or observations and transcribing them requires plenty of time to complete. In some instances it may be necessary to conduct pilot studies or even redo the entire data collection process.

The researcher designed the interview schedule and divided questions according to themes that would be explored. The themes were 1) Factors that enable sustainability, 2) Attitudes toward networking, 3) Network types and network use, 4) Resources embedded in networks, 5) Preconditions for mobilising resources and 6) Perceived role of the government. These themes were used to categorise the responses of the participants under the study results in Chapter 5 using thematic content analysis methods. It is important to note that the questions on the interview schedule were used as a guide and not as a rigid schedule. This meant that if participants had answered a question within another previous response, a question would be omitted and would not be asked- to avoid duplication of responses. When unexpected and interesting themes came up, the researcher explored them by asking spontaneous questions that were not included in the schedule i.e. when one of the participants mentioned the importance of brand identity, the researcher posed a question for the respondent to elaborate. Sometimes there were digressions on inconsequential discussions i.e. asking one of the participants what their opinion on making profit to good, this question made no contribution to answering the research questions. After the first interview some of the questions had to be amended as some of them were general and not specific enough; this is discussed in detail under the procedures

section in 4.2.3. Table 1 on this page includes an overview of the themes and some questions from the interview schedule.

The interviews were audio recorded and conducted following the updated interview schedule. Thereafter, they were transcribed. Thematic content analysis methods allowed the researcher to explore unanticipated themes and topics which were interesting and relevant to the topic by asking spontaneous questions. Thematic content analysis also enabled the researcher an in-depth understanding of how the participants perceived the role of networks and networking in the sustainability of their social enterprises. The semi-structured interviews were conducted in a meeting room at the Bertha Centre. Each interview did not exceed 45 minutes with a senior member of staff in a management position or an owner of each of the social enterprises in Cape Town. The interviews were conducted over a period of 5 months, from May 2018 to November 2018.

Table 1: Interview schedule content overview



Theme Number	Interview Theme	Interview Question Examples
1	Factors that enable sustainability	What does organisational sustainability mean to you? What factors do you think contributes to the sustainability of an organisation?
2	Attitudes toward networking	What is your understanding of the term 'networking'? What motivates you to network or not?
3	Network use and network types	Do you think formal or informal networks are more useful in business? Why? Which networking methods do you use?

4	Resources embedded in networks	<p>Can you think of what benefits and rewards from networking could be?</p> <p>What do you think you contribute to networks?</p>
5	Preconditions for mobilising resources embedded in networks	<p>What steps could someone use to request help from a network?</p> <p>Who do you request help from, and why those people specifically?</p>
6	Perceived role of government	<p>How do you think government policies affect social enterprise sustainability?</p> <p>Can you think of recommendations for government to support social enterprises?</p>

Source: Interview structure designed by the author

4.2.2 Sampling techniques

Sampling methods are used to select participants from a population that provide a representation of the larger population; it may either be random or non-random (Mason, 1996). Samples are used when a population is too large to include all members in the study and if there are strict time and financial constraints (Babbie & Mouton, 2001). Random sampling also known as probability sampling is a sampling method is used in statistical research (Robson & McCartan, 2016). The selection process for a probability sample is randomly selected, which will statistically represent the population (Robson & McCartan, 2016). Purposive sampling is a type of non-probability sampling used in qualitative research (Robson & McCartan, 2016). This selection process involves deliberately and purposefully selecting a non-probability sample using a particular criteria for a symbolic representation of the population. Non-probability sampling techniques were used because the researcher had a specific criteria for the selected cases to meet the research objectives, this means that the research findings are not generalizable to the entire population because the sample was not a statistical representation of the entire population. The purposive sampling type that was used to select the cases that participated in the study was a heterogeneous purposive sample because the researcher wanted

the cases to be diverse so that if patterns or differences occurred they can be compared with each another, and this technique allowed that. This could provide a holistic understanding and insights of the social phenomenon studied.

The selection criteria for participants selected for this research was as follows: 1) a senior staff member of a social business; a senior staff member refers to any staff member in a management position e.g. the head of a department, 2) the social business had to have been operating actively for more than 2 years at the time of selection; a social enterprise that was considered to be operating actively had to have been in current operations and generating income i.e. currently trading with customers and 3) the business had to have operations in Cape Town. Senior staff was preferred because they could provide insights and details thoroughly, more than junior staff members. Social enterprises that had been operating for more than 2 years were preferred because the first two years of a business are usually are the start-up phase, and since the topic is about sustainability it was preferred that the organizations were past the initial start-up phase.

Contact was made with an organisation that worked with social enterprises that was discovered by an online search. The organisation provided a list of social enterprises that they worked with and their respective contact details. Many of the social enterprises on the list did not meet the criteria, which left 16 potential participants. Only three of the organisations agreed, and after an extensive search online, the researcher found four other willing participants. The social enterprises that were selected had to be based in Cape Town so that interviews could personally conducted by the researcher more conveniently. It was a challenge identifying social enterprises that met the criteria entirely, this also took longer than expected. Most of the organisations that met the criteria declined due to scheduling constraints, there was also a significant number of social enterprises who met the criteria but had been operating for less than two years. Limiting the criteria to the Cape Town region meant that the potential population size for selecting the sample was reduced, which restricted the potential diversity range and options available to sample from. The researcher came across many interesting social enterprises in the Gauteng province that were pursuing interesting projects, these limitations will be discussed further in section 4.3. Table 2 on page 60 shows the participants' profiles.

Table 2: Participants' Profiles

Participant Number	Job Title	Sector/ Industry	Social Enterprise Registration Status	Business Description	Social Challenge Addressed	Years Operating
1	Business Founder	Health/ Pharmaceuticals	Private company	Medication collection and delivery services by bicycle in under resourced communities	<ul style="list-style-type: none"> • Individuals unable to collect chronic medication • Decreasing high volumes of chronic patients at community clinics • Youth unemployment 	5 years
2	Brand Coordinator	Business Training	Non-Profit Organisation	Training unemployed mothers to manage their own businesses and supplying them with merchandise.	<ul style="list-style-type: none"> • Unemployed mothers • Reducing clothing waste/ pollution from retailers 	9 years

3	Senior Strategist	ICT (Information Communication Technology)	Non-Profit Organisation	Providing remote areas with accessible and affordable ICT.	<ul style="list-style-type: none"> • Lack of access to ICT • ICT skill development 	3 years
4	Head of Sales	Recycling and Manufacturing	Initially registered as a non-profit company but changed to private company (current status)	Recycling old billboards into custom bags.	<ul style="list-style-type: none"> • Reduce non-biodegradable waste of billboards 	7 years
5	Accounts Manager	Recycling/ Fashion	Private Company	A footwear company that recycles old vehicle tyres as the shoe soles.	<ul style="list-style-type: none"> • Reduce tyre litter • Cultural preservation 	9 years
6	Business Founder	Water Purification	Private Company	Solar powered water filtration system that purifies undrinkable water into drinking water.	<ul style="list-style-type: none"> • Drinking water shortages 	2 years
7	Community Liaison	Fire Detection	Private Company	A low cost device that detects fires and alerts neighbours and authorities.	<ul style="list-style-type: none"> • Early fire detection in densely populated informal settlements 	3 years

Source: Author's study sample

4.2.3 Ethics statement & research procedures

This research was approved by the University of the Western Cape's Senate Research Committee and Ethics Committee, a copy of this document has been attached as Appendix 1 of this thesis. The ethical standards of the University of the Western Cape were adhered to during the research process. Some of the potential participants that the researcher contacted declined to participate and they were not coerced or convinced to participate, and the researcher made no further contact with these individuals. The researcher assured the willing participants of their autonomy by informing them before their interviews and including this on the consent form that informed them of their rights was signed, also before the interview. Another ethical consideration that had to be taken into account was participants sharing sensitive information such as business strategies that were confidential. In the findings, the researcher described and discussed sensitive information using general terms rather than the specific and explicit details that may have been used in the responses.

Consent, confidentiality and competence guided how this research was conducted. Some of the participants were interested in knowing who the other sampled participants were and which other organisations were participating, the researcher explained that they could not disclose this information. The purpose of this research was explained to each of the participants prior to the interviews they participated in and they were also given a copy of an information sheet of the research project, which they could keep. The information sheet may be found in the appendices as Appendix 2, it includes a summary of what the study is about, the rights of the participants and the researcher's contact information. The identities of the participants was classified information, and anonymity and confidentiality was ensured by using pseudonyms instead of using their real names or company names i.e. Participant 1. Information gathered from participants was strictly used for the sole purpose of this research and the researcher will not share or disclose any of the organizations' confidential business strategies or trade secrets that were shared by the social entrepreneurs. A copy of the consent form is attached to this thesis as Appendix 3.

The first step before each interview was conducted, the researcher gave an introduction and explained the research objectives and the structure of the interview. Secondly, the participants were given an opportunity to introduce themselves and if they had any questions regarding the process they were encouraged to ask questions. All questions were answered by the researcher,

most questions related to the motivation for the research project and regarding sampling techniques (size of the sample etc.). Thereafter, the participants were given an information sheet with a summary of what the research project was about and included the researcher's contact details, as well as a consent form that they had to sign. The interview schedule (see Appendix 4) was designed according to the themes that would be explored i.e. 1) Factors that enable sustainability, 2) Attitudes toward networking, 3) Network types and network use, 4) Resources embedded in networks, 5) Preconditions for mobilising resources embedded in networks and 6) Perceived role of the government. The first initial questions for each theme were regarding conceptual questions and social entrepreneurs' understandings of the concepts of networking and sustainability. The full interview schedule with the detailed questions can be found as an appendix of this thesis.

After the first interview the researcher found that some of the questions that were posed were arbitrary and did not address the research questions. For instance, the question "*Do you perceive your organisation to be operating sustainably?*" could have been asked as "*How would you describe a sustainable social enterprise?*" to get a more detailed description of the participants' responses regarding sustainability. Some of the questions needed to be more specific and more detailed to elicit more detailed information. The interview schedule was amended and an updated version was used, and consequently the first interview had to be repeated using the new instrument, the implications of this will be discussed under the section on advantages and limitations in 4.3. The first interview was conducted with the same participant on the premises of the social enterprise at a neighbourhood in the city of Cape Town. The remaining six interviews were conducted at the Bertha Centre.

From the first interview, the researcher encountered many distractions of people regularly interrupting at the office on the premises of the social enterprise, and the participant had to take time out of the interview to receive a delivery and to respond to an employee. So, a decision to change the interview venue from each of the social entrepreneurs' business premises to a location that would be less distracting for them. Booking the meeting rooms had to be arranged with the centre manager at least a week in advance. In general, most of the respondents often gave general and vague responses and as a result the researcher often had to ask follow-up questions. For example when Participant 7 (community liaison at the fire detection device social enterprise) was asked to describe the type of networks that could contribute to social enterprise sustainability, she responded:

“Well both (informal and formal networks), you gotta do what you gotta do for the success of your business. I don’t think discriminating against one or the other does you any favours in achieving your mission. Both have its pros and cons.”

The follow up question *“Can you give examples of the pros and cons of each?”* had to be asked to get a more detailed response. Sometimes the respondents were enthusiastic to talk about the social enterprise sector that we often engaged in conversations that digressed from the topic. The appointments were arranged to be 45 minutes, but 6 of the 7 interviews were between 25 and 30 minutes long. During some of the interviews, the way some of the participants responded to questions came across as though some of the social entrepreneurs felt as though they were being tested or felt pressure in answering questions ‘correctly’ i.e. they used very theoretical explanations or ‘textbook’ responses, for instance Participant 1 (founder of the medication bicycle courier services) said:

“Before you even render the service, there’s a relationship process. So, at school they used to teach us (Business School at UCT, I used to study business) they used to say the money is 25%”.

It appears as though they were trying to convey the legitimacy of their opinion based on what he had learned at business school. The interviews had to be scheduled after business hours as most participants were busy during the day and could only commit to interviews after hours. There were a lot of postponements and rescheduling, this also delayed the process.

4.3 Data analysis

Data analysis makes sense of the information gathered and translates the data into understandable terms that answer the research question that was asked at the start of the research process (Mason, 1996). There are different data analysis techniques that are used for both qualitative and quantitative studies. Qualitative studies look for the themes and meanings in the data and then relate the themes to each other (Mason, 1996). Quantitative studies use various forms of statistical analysis to identify the relationships between variables (Durrheim, 2002). It is important that the analysis techniques are coherent and appropriate for the type of data, and it has to be well-aligned with the research paradigm used. Thematic content analysis was used by identifying interesting trends and themes in the data, and enabled meanings to be

interpreted from the responses. There are 5 main steps for coding data and generating meaning using thematic content analysis. Step 1 is to prepare the information as raw data, this step includes transcribing interviews, printing documents if it is required, and preparing media footage if alternative media sources are used i.e. photographs, videos, music etc. (Thomas, 2006). Step 2 requires the researcher to read through the text to familiarise themselves with the content, this step is repeated multiple times throughout the process (Thomas, 2006). Step 3 is identifying and highlighting the ‘big’ themes that emerge from the data, these are interesting findings that either support or challenge the literature. Phrases from the abstracts in the text data are highlighted, this is known as “in vivo coding” (Thomas, 2006). There are multiple methods for generating themes, the researcher is at liberty to generate categories that satisfy their liking but has to be plausible. Qualitative analysis software can also simplify this process. Step 4 identifies relationships and links between the themes and merges themes that are similar, expands themes, generates sub-themes or eliminates themes that are not considered important (Thomas, 2006). This reduces overlapping themes and streamlines the data to the important themes only. The final step, Step 5 synthesises the meanings which are interpreted from the data by the researcher and is then presented in the findings (Thomas, 2006). This process is non-linear and is often conducted as an iterative process.

The objective of this study was to gain an understanding on how social entrepreneurs perceive the role of networking regarding social enterprise sustainability. The information was gathered through an interview process, and systematic analysis of the data generated by using interpretive methods. This permits the researcher to be immersed and involved in constructing meanings and understandings of phenomena described by participants in the data (Terre Blanche & Kelly, 2002). This analysis method explores how the respondents construct the meanings of their experiences of the world, and what informs their perceptions (Smith & Osborn, 2007). There are three main units of analysis: individuals, groups or organisations; these are often interlinked and boundaries are blurred (Durrheim, 2002). For the research topic “Social entrepreneurs’ perceptions on the contribution of networking towards organisational sustainability of social enterprises in Cape Town, South Africa”, the obscurity of the boundaries is illustrated. The individual social entrepreneur may be the unit of analysis, or the group of social entrepreneurs or the organisational unit of a social enterprise. The unit of analysis that the researcher used was the organisational level of analysis, the perceptions of social entrepreneurs were studied to gain understanding of social enterprises. It is important to be clear on units of analysis and not to make ecological fallacies. Durrheim (2002) defines an

ecological fallacy as an incongruence between the researched unit of analysis and the unit of analysis conclusions are drawn i.e. if a study finds that if a work department meets their targets it performs well, we cannot conclude that if an employee meets their targets that they will perform well.

Using thematic content analysis, firstly, the 7 interviews were transcribed into English from the interview recordings. Playback of the audio recording was played in intervals, then paused when the researcher manually typed into a word document what was heard on the recording. This step was very time-consuming as sometimes the participants were unclear and the researcher had to rewind and listen to some phrases multiple times. Second, the transcripts were read repeatedly and data was organized and grouped according to themes to familiarise the researcher with the data, these themes were developed to correspond with the themes from the interview schedule. Themes that diverged from the general patterns were also noted as interesting. This step was conducted multiple times as themes and sub-themes emerged in a non-linear process and initial codes from the raw data could change at a later stage. The flexible and reflexive nature of thematic content analysis was one of its appealing aspects for applying it in this research of a new phenomenon such as social enterprise sustainability. Using thematic content analysis, the researcher was able to interpret meanings from the data that were gathered. The purpose of thematic content analysis is to: systematically organise data, identifying themes, and analysing relationships between the themes.

Third, after codes were generated and allocated to the transcripts, the field notes and the recordings were interpreted for meanings and coding that were relevant to the study. The themes and sub-themes that emerged were guided by the research questions and the literature. Fourth, the underlying trending themes that were identified that were ordered into patterns specific to the case study. This step linked the various themes together and was a step closer toward synthesizing the data. At this stage some of the sub-themes had been further developed since the initial coding, some sub-themes had merged based on similarity and other sub-themes had have been rejected. This was used together with Atlas.ti version 8, a software programme that analyses qualitative data. The transcripts were uploaded using the software and the code-groups were titled according to the themes identified by the researcher, and the codes that were generated corresponded with the sub-themes identified by the researcher. Fifth, the information was synthesized to provide a general overview of the study by using the analysis report generated on Atlas.ti version 8, which simplified the process as it had the exact extract details

from the transcripts that it appeared and which codes or sub-themes were identified. The specific themes that the researcher coded and categorised were: 1) Factors that enable sustainability, 2) Attitudes toward networking, 3) Network type and network use, 4) Resources embedded in networks, 5) Preconditions for mobilising resources embedded in networks and 6) Perceived role of the government, which will be discussed under the study results in Chapter 5.

4.4 Advantages and limitations of the study

This study on social enterprises in a South African context provides an account of social enterprise sustainability based on the idiosyncrasies of the social context in the country, and the researcher is South African and had a good understanding of these. Being a South African researcher established a level of rapport with the participants as they sometimes explained some concepts, for example, one of the participants was described an element of township culture that he didn't have to contextualise and further elaborate because of the researcher's familiarity. If a non-South African researcher were interviewing him, he would have probably had to explain the concept before making his point. The researcher's awareness and understanding of the socio-cultural context enabled the participant to make his point in a less complicated manner. The researcher also had experience interning at an international company's CSR department, so they understood many of the topics and themes that were discussed and didn't consume too much time on requesting further explanations from the participants in the context of social enterprises. Another advantage was having social enterprises from different sectors so that similarity and differences between them could be identified. It also allowed a more holistic representation of the industries involved in the social enterprise sector, including seven heterogeneous social enterprises in the case study instead of 7 homogenous social enterprises diversified the responses. As far as the researcher is aware, this is the first study of its kind that will contribute to the foundation of knowledge on social enterprises.

The first limitation encountered was the limited access to literature available due to the novelty of the social enterprises. It's organisational existence in the form that we know it today has only emerged over the last 20 years, which makes it a relatively young field of study. Purposive sampling also had its limitations; the criteria excluded many types of social enterprises which meant that there could have be an underrepresentation of some social enterprises. The experiences of younger social enterprises were excluded as well as the experiences of social

enterprises in regions outside of Cape Town. The difference in governing parties in some provinces in South Africa would have made an interesting factor to investigate the priority given to social enterprise development and the role this would have on social enterprise sustainability. Experiences from failed social enterprises that are no longer in business could have also provided useful insights on factors that contributed to their closure and what could have been done to achieve their sustainability, but they were excluded since there were no available databases.

The participant that was exposed to the first interview schedule questions could have anticipated the amended interview questions. It means that there's a possibility that their second responses to the amended questions were more rehearsed or prepared. This could have been avoided by perhaps conducting a pilot study with a different participant. Regarding analysis limitations, interpretative data analysis methods relied on the subjective interpretation of the researcher, and since there is no universal or specific meaning, it meant that a different researcher could potentially have a different interpretation of the findings. Another restriction of using an interpretivist paradigm is that there is a risk of reductionism i.e. losing contextualisation, by applying the researcher's interpretation without the understanding of nuances may change the understanding and meanings of what was said by the participants. The researcher had to constantly be aware of the overall contexts of the responses so that the error of reductionism was avoided. Additionally, there is no generalizability possibility of the results to all social enterprises in South Africa because the data is specific to the case study and is not a statistically representative sample of social enterprises.

4.5 Chapter summary

A detailed description of the research methodology and methods that were used in this study were provided in this chapter. The study used a qualitative approach that implored an interpretivist paradigm to an exploratory case study research design. Primary data collection methods were used in the form of semi-structured interviews and the rationale was discussed. The data was then analysed using thematic content analysis using Atlas.ti version 8 software for qualitative analysis, and the reasons for using this method was also substantiated. Ethical considerations were also outlined to ensure that the research procedure was conducted in an ethical manner. The sampling techniques and rationale that was used for selecting a purposive sample was also explained in detail. A description of the advantages and limitations were

included for the purpose of transparency so that the researcher could acknowledge the shortfalls and benefits of the methodology used. Presentation of the results follows in the next chapter.



CHAPTER 5: STUDY RESULTS

Presented in this section are the study results using thematic content analysis on the data collected. The findings are analysed according to the study objectives; to identify and explore social entrepreneurs' perceptions of the contribution of networking toward social enterprise sustainability in Cape Town, South Africa. The findings are presented according to the themes and sub-themes that emerged using the Atlas.ti version 8 software programme to identify these in the transcripts. There were six themes identified: 1) Factors that enable sustainability, 2) Attitudes toward networking, 3) Network types and network use, 4) Resources embedded in networks, 5) Pre-conditions for mobilising resources embedded in networks and 6) Perceived role of government. A description of each theme and sub-theme will be provided with the explanations of their different elements, and these will be supported by extracts from the transcripts of the participants' responses. At the end of this chapter a summary of the social entrepreneurs' perceptions are presented.

5.1 Factors that enable sustainability

The first theme that was identified after reading through all of the transcripts meticulously were factors that related to enabling sustainability. This theme allowed us to explore what social entrepreneurs understood and conceptualised as 'sustainable', because how they understood the concept of sustainability could possibly aid in understanding their perceptions of the contributions of networking toward it. Responses that were classified under this theme had two distinct elements: financially related responses and non-financially related responses. A description of each sub-theme is discussed below, supported by interview extracts.

5.1.1 Financial factors

When participants were asked to describe the factors they perceived to contribute to the sustainability of social enterprises, all participants mentioned that the sustainability of a social enterprise relied on the finances and profits generated to some extent. Some of the participants weighted the importance of financial performance more than that of non-financial factors, and others had a more holistic understanding and put equal importance on both factors.

Participant 7 (community liaison at the fire detection device social enterprise) highlighted the point that financial factors supersede other factors in contributing to social enterprise sustainability:

“I mean social impact can only be achieved if the business side of the organisation is sustained. We are currently trying to...we are currently trying to scale production and get it to market. Most start-ups fail because of the challenges of effectively and efficiently getting these products to the market space through channels of distribution. So we looking at supply chains and all of that kind of stuff.”

Participant 1 (founder of medication bicycle courier services) also explains sustainability in terms of financial performance and distinguishes between sustainability and profitability:

“There’s a difference between profitability and sustainability. You can be sustainable but not profitable. So sustainability, you are just able to cover your expenses. So you are able to take care of yourself (and) all your expenses so that your business is able to generate as much income as possible so that it covers its expenses to operate in the next month.”

Some participants talk about factors such as efficiency, marketing, branding and having regular customers (regular demand) all which are related to financial performance, Participant 3 (senior strategist at ICT social enterprise) shares this understanding:

“I would say that a sustainable organization delivers its promised services, necessary payments are made on time, salaries, rent...having constant business or rather constant and consistent client base.”

Supporting this was Participant 6 (founder of the water purification social enterprise):

“I would have to say profits; that requires a demand of the product from your customers, so I suppose constant demand at which you have the capacity to supply is a condition. An ability to scale the business if it should be required and have the capacity to do so in terms of labour, infrastructure and logistics to meet the changes.”

Participant 4 (head of sales at the bag manufacturing social enterprise) also added:

“Awareness of the brand and online store ensures that we get traffic to the site and higher chances of that translating into sales- it becomes a positive feedback loop.”

Participant 2 (brand coordinator at the single-mother business training social enterprise) had a more holistic understanding of the influence of both financial and non-financial factors:

“Sustainability is when things run smoothly by themselves without needing extra help...it relies on a variety of things.”

Following the evidence in these extracts, the respondents all indicated that financial capital contributes to sustainability. However, there are differences regarding the level of importance and emphasis that is given on financial resources' role in the sustainability of social enterprises. A majority of the responses conceptualised social enterprise sustainability predominantly in financial terms. This gives us insight and a pre-indicator on how social entrepreneurs give meaning and understanding on the role of networking as a contributing factor to social enterprises, as well as which kinds of resources they may consider more valuable in networks or what kind of networks they consider valuable. For instance, if sustainability is defined in terms of financial elements then it is likely that the participant will value monetary resources that are embedded in networks, or they will likely value networks that grant them easy access to these resources.

5.1.2 Non-financial factors

The non-financial factors that participants regarded as contributors to social enterprise sustainability were varied, they included: the political economy, community involvement, the environment, governance structures, team-work, employees capabilities, enthusiasm, commitment, good communication, diversification, consistency, and creativity. Most respondents considered these factors as complementary with the financial factors and that these non-financial factors alone would not be sufficient to ensure social enterprise sustainability. Institutional factors such as political stability and governance structures were highlighted by some participants.

When asked about the contributing factors, Participant 6 (founder of the water purification social enterprise) said the following:

“A stable economy, which I suppose also relates to politics which impacts the first point I made with regards to a constant demand...”

“This consequently impacts small business and has forced many businesses to close their doors as consumers will have reduced buying power and will only purchase the necessities.”

They also added the following when asked about the role of government:

“They could improve investor confidence though by trying to maintain a stable political climate!”

“There’s so much controversy and commotion we can see this reflected on the performance of the rand against foreign currency”

Participant 2 (brand coordinator at the single-mother business training social enterprise) mentioned the role of governance structures:

“Another thing is that poverty is a business, government receives funds from foreign aid or investment, as we know that money is sometimes distributed in questionable ways and doesn’t always reach the intended beneficiaries. So it becomes a governance issue, having accountable and transparent systems.”

A few participants mentioned the role of team enthusiasm and commitment, which indicates that psychological factors are also perceived as contributors to social enterprise sustainability. They may contribute to the perseverance of team-members wanting to work harder or to yield better results. A positive attitude may also serve as encouragement for when there are challenges to be faced. Having a positive mind-set may change how others perceive you, in return this may open more opportunities. Participant 2 (brand coordinator at the single-mother business training social enterprise) mentioned:

“The enthusiasm of the team to keep going and working hard even when it gets tough sometimes. A positive spirit in work environment can improve productivity and motivates us to push harder.”

Participant 3 (senior strategist at ICT social enterprise) also reiterated this point:

“Mind-set is also important because running a business is not always easy sometimes you consider giving up and stopping but you need...how can I say...mental stamina and a good attitude to keep going.”

This was further emphasised by Participant 6 (founder of the water purification social enterprise):

“Starting a business is so close to my heart you know...you want to make sure it succeeds, you want to make sure it is a success and it is difficult to share that because most people will not understand the emotional attachment to it. I do not want people who are not as motivated or involved as I am.”

Communication was another factor that was described by a couple of respondents as a contributing factor. If there is good communication in an organisation, it is expected that time will be used efficiently and not wasted on miscommunication or correcting communication errors. Using time efficiently is expected to improve productivity. Participant 3 (senior strategist at ICT social enterprise) explained:

“...if there’s no internal communication within the company it becomes difficult monitoring progress on tasks, if there is poor communication with customers it could affect business and so on”

Similarly, Participant 7 (community liaison at the fire detection device social enterprise) agreed by stating:

“From experience we have had to learn that good communication and understanding go a long way! All of the work we do is in predominantly isiXhosa speaking communities and almost our entire team is English speaking, so during product research and design

was a challenge as we did not have the budget to pay for a translator or to expand the team with a Xhosa speaking employee.”

“There was a lot of back and forth where if there was a clear understanding and communication would have definitely been time saving which could have been used for other tasks”

Mentioning community involvement as a contributing factor indicates that inclusive participation is valued by the participants who mentioned this. The community may be a useful source of information, feedback and support especially at a local level. The emphasis of community involvement was indicated by Participant 3 (senior strategist at ICT social enterprise):

“It is important that the community is involved because they can give constructive feedback...what I’m trying to say is that without the community the business will not exist because you will make no money without their support.”

Participant 1 (founder of medication bicycle courier services) supported this thought as illustrated here:

“It’s also very tough when you’re bringing in something new into townships where now, suddenly people were not used to personal delivery and stuff.”

“So, the mind-set also has to shift. Yes, they are participating, but there still has to be a mind shift”

The ecological environment as a contributing factor to social enterprise sustainability was particularly pertinent to social entrepreneurs whose organisations’ mission specifically addressed environmental issues. For these participants the environment was especially important because it is explicitly stated as their organisations’ mission. Participant 4 (head of sales at the bag manufacturing social enterprise) stated:

“Oh ja, environmental sustainability! Now look, I know that not all businesses don’t necessarily need to be environmentally friendly to generate income just look at the oil

industry- they make billions of money but we can all agree that the processes are not environmentally sustainable. But if you look at the longevity of that industry it does not look promising, if there are no more resources for them to destroy and exploit their businesses will come to an end, right?”

Participant 6 (founder of the water purification social enterprise) also added:

“But the catch is that we do have to be wary and focus on the sustainability of the availability of the water we use as a natural resource... So there’s that...and of course our entire business relies on water which we have seen in drought crises that it is actually a limited resource...”

Having a main focus lessens distractions and creates an environment conducive for consistency. Remaining authentic to the mission is not only easier to manage than diversification, but may also create a public perception of consistency and trust toward the organisation. Authenticity was another factor cited as a contributor towards social enterprise as explained by Participant 5 (accounts manager at the recycled footwear social enterprise):

“But as I had said before, it is important to remain authentic to your business ethos even when your business is growing larger. It gets more difficult to manage that the larger you grow.”

Creativity and innovation enables the development of new ideas, which contradicts the point made above. This was contrasted by Participant 4 (head of sales at the bag manufacturing social enterprise) who cited creativity and innovation as means of adaptability that contributes to organisational sustainability:

“Creativity also plays a role I think, maybe not to the extent of the other factors but creative solutions to challenges and how to approach problems can change how sustainable you become as a business...that the organization is able to remain relevant as times change and being adaptable I guess.”

Skills and capabilities were another non-financial factor perceived to contribute to organisational sustainability as explained by Participant 5 (accounts manager at the recycled footwear social enterprise):

“Expanding your capabilities or skillset is never a bad thing, especially if the skills are transferable, an organization with diverse capabilities is better equipped for challenges and can have a good effect on the sustainability because of the potential for innovative ideas and solutions to problems.”

These non-financial factors identified above are multi-faceted, ranging from institutional factors, psychological factors, community involvement and environmental factors. These factors indirectly impact the financial factors because they contribute and enhance the organisation’s growth and performance, so it may be said that non-financial factors are an extension of the financial factors. Sustainability has been described in terms of growth and performance by the social entrepreneurs, even the non-financial factors have been used to describe financial growth. For instance, when participants discussed community involvement it was in relation to the demand for a product or a service. The same with expanding skills and capabilities, it contributes to the competitiveness of an organisation, which contributes to the financial performance of the social enterprise. Consistency and innovation were contradicting factors that were mentioned by two different participants, they respectively regard public perception and adaptability, which indirectly affects financial performance.

5.2 Attitudes toward networking

The second theme that was identified was the attitudes that social entrepreneurs had toward networking. This was determined by whether they had a generally negative or generally positive perception of it. By looking at the language that was used to define the concept of networking, and the resources that the social entrepreneurs found useful or valuable in networks, the researcher was able to determine the attitudes of the social entrepreneurs. The attitudes that the social entrepreneurs had toward networking also informed some of the networking practices that they engaged in. Their attitudes toward networking can also be regarded as an element of the social entrepreneurs’ perceptions.

5.2.1 Negative attitudes

The social entrepreneurs gave both negative and positive descriptions of networking, they often discussed the outcomes as the result of using networks' embedded resources (social capital). Most of the negative attitudes were often described in terms of mistrust and sometimes not even from their own personal experiences, but from experiences that had been shared to them by others. Participant 2 (brand coordinator at the single-mother business training social enterprise) mentions that association with suppliers that have negative reputations may have negative implications for their social enterprise:

“No, because if our suppliers do something negative then we also get labelled as the organization that has a partnership with that supplier.”

Participant 5 (accounts manager at the recycled footwear social enterprise) has a negative attitude toward collaboration with external partners because they perceived it as a threat to control that they would have, and they preferred not to collaborate as a result. They said the following regarding collaborations:

“Simple answer, no! Because once there's another partner involved they will want you to do what they want and will try influence things to change...”

“We want to remain a family business and create a legacy in our community and contribute back to the community that has raised us. Maybe a new partner will want to change these things that are so important to us and have a sentimental meaning for us.”

Similarly, Participant 3 (senior strategist at ICT social enterprise) also adds:

“Maybe the levels of commitment are not the same between the two collaborators...but that can always be managed within contracts and expectations can be explicitly stated there, legally binding documents are always important when two or more parties have an agreement...”

“There could be inconsistent vision between collaborating organizations, there can be err...power err power imbalances? No, power struggles!”

Another point that was raised by a participant was that they did not have the luxury of time to dedicate to networking and perceived it a privileged activity. It is interesting to note that the social enterprise that this participant was from had only been operating for two years at the time of the interview, this could also be a factor that would contribute to the attitude toward networking. More established social enterprises do not have the same pressures as start-ups, and perhaps could dedicate more time to networking than newer social enterprises. Participant 6 (founder of the water purification social enterprise) made the following remark:

“To be honest I think there are better ways to spend time on more important tasks, I have other more important priorities at the moment. Networking takes a lot of time...time that there’s not enough of, I don’t have time to plan and arrange a networking schedule. I mean look at today for example, I couldn’t have this meeting during the day because I don’t have the time. I’m only one person, working alone and always busy.”

The negative attitudes were derived from a lack of trust as mentioned by Participant 5 (accounts manager at the recycled footwear social enterprise) and Participant 3 (senior strategist at the ICT social enterprise) who referred to how it could influence a change in the business mission and levels of commitment. Participant 6 (founder of the water purification social enterprise) did not consider networking a high priority and would have rather invested time into other activities that they considered more productive. And, Participant 2 (brand coordinator at the single-mother business training social enterprise) was aware of the risks and threats to business that the reputations from being associated with networks. These points illustrate the perceived negative role that networking can have on the sustainability of social enterprises.

5.2.2 Positive attitudes

Participants described the perceived value of networking by discussing outcomes that resulted from the activity. Varying responses that ranged from helpful contacts, to expanding capabilities. In the social enterprise that Participant 7 (community liaison at the fire detection device social enterprise) is from, there is a role of a community liaison who performs the function of a mediator, this has been helpful to the organisation because some of the team only understands English. The mediator is able to translate between English and Xhosa, which helps to navigate miscommunication due to language barriers. Participant 7 (community liaison at the fire detection device social enterprise) had the following to say:

“But we now have relationships with what I would say community mediators and liaisons through continued engagement and involvement in communities, this has definitely helped maximise our performance through constant feedback from communities.”

Participant 1 (founder of medication bicycle courier services) mentioned that they were able to use the resources such as information shared within networks to gain a competitive advantage. It was perceived valuable because it was able to provide opportunities for learning experiences so that they can avoid making similar mistakes. Below, Participant 1 highlights the benefits of collaborations and partnerships with more established businesses:

“It makes me competitive because I understand what is needed in the market to be able to reach the same level that they reach. And what I mean by “what is needed”, I mean what is needed in terms of capability, resources, networks, because getting big business is not just about...”

This sentiment was reiterated by another participant who mentioned that networking was valuable because it provided contacts from whom they could receive advice and favours. Participant 3 (senior strategist at ICT social enterprise) emphasised:

“It’s contacts that we know that we can call and ask favours or advice or support. Look, in this sector it’s important to establish relations because most of the time a lot of information is shared that otherwise would take a long time to hear from officials such as the media or sometimes you don’t even hear things through media at all but the information exists in the networks and is being shared there. Like, sometimes you hear about grants or funding opportunities from other people before they are even announced to the media or official sites, you see this is an advantage because you have the information before the general public which means you have more time to put together better applications and proposals.”

The responses given by the participants regarding their attitudes toward networking were not mutually exclusive. At times the social entrepreneurs gave both negative and positive responses when asked about networking. The perceived value of networking was often described in self-serving terms; this means that the perceived value of networks and networking relied on the benefits and gains that the participants could extract from these networks. Thus, different

networks were perceived to have different value and networking practices differed accordingly. The next sub-theme presents the findings of the different network types and the uses of these networks as well as the networking practices involved.

5.3 Network types and network use

The participants described different networking practices that varied from it being a spontaneous activity to being a pre-planned activity. There was a distinction between informal and formal networks as well as their respective networking practices. Informal networks refers to personal networks that are comprised of friends and family. Formal networks refers to professional networks that are comprised of colleagues, peers and other stakeholders (agencies, government officials etc.) in the sectors. Most responses have described the use of formal networks and are perceived as more helpful than informal networks. This is interesting in the context of South Africa due to the historical and cultural reasons as to why informal, personal networks are perceived less helpful. A majority of South African families have limited resources to offer that would be helpful for entrepreneurial activity, this could be a possibility as to why the social entrepreneurs did not rely on their personal networks as much as formal networks. It also relates to the networking practices that are used as well. Word-of-mouth was described as one of the ways information was shared and was considered as an informal networking process, Participant 1 (founder of medication bicycle courier services) shared:

“Look, it’s mostly word of mouth through the guys that I know. So...there’s no formal recruitment.”

Participant 5 (accounts manager at the recycled footwear social enterprise) expressed that they preferred to rely on their personal networks, as their social enterprise was a family business. They explained that it was important to share similar values with other members in their networks and this was an element of how they perceived the possibility of networking with outsiders. This participant explained:

“As a family we have a same understanding on values, maybe not exactly the same but similar. We were raised in the same culture so we see and do things similar. It is easier to disagree with family because you can be more honest without that many worries

because you know that no matter how you will disagree there is always love and you will remain family.”

The use of formal and professional networks was preferred by Participant 6 (founder of the water purification social enterprise), they explained their affinity and preference:

“I am not a fan of business and personal relationships crossing over. If I had my way; and the finances I would keep the two relationships separate.”

Participant 6 (founder of the water purification social enterprise) further explained how his former colleagues were able to help him on his venture as a social entrepreneur:

“Former colleagues and managers were able to advise and assist me when I face challenges or need help with something, I actually don’t think I would have been able to do this as quickly as I have if I had not worked in government before.”

One of the participants made a comment on the use of academic networks that were established during the time that they attended university, they had met the co-founders of their social enterprise. Participant 7 (community liaison at the fire detection device social enterprise) stated:

“I also said before that our team formed through university networking; after ...thinking about it again, I suppose that our different disciplines and knowledge skill set contributes to our organization...”

An interesting approach to networking that was mentioned by some participants was the use of virtual networks and the internet. Participant 7 (community liaison at the fire detection device social enterprise) used the internet to network by means of crowd-funding as mentioned:

“We have had crowd funding initiatives to raise initial seed capital that relied on family, friends and stranger’s donations and support on a virtual online platform. So if you consider social media and social networking as “networking” this example counts. The funds that were accumulated were the direct contributors to “sustainability” and not the network itself, if you get what I’m saying?”

Participant 1 (founder of medication bicycle courier services) was also discovered on the media by a company that offered them a sponsorship and funding opportunity.

“So, she saw me in the media and then she called trying to say they have funding available for fellows, so I’d have to present...So they invested in our uniform, bikes and some other stuff. I didn’t have this office, so actually when I moved in here they paid for 6 months’ rent. I used to be in another space. So, it was [support agency] that actually boosted me.”

Regarding networking practices, Participant 1 (founder of medication bicycle courier services) was the only one who scheduled to attend networking events. They explained:

“So, I look specifically for events. Like for instance this week was the BHF (Board of Healthcare founders Conference), I was there for two days, right? I met two people and one of them which my mentor is meeting them in Joburg today.”

Other participants engaged in networking activities on an ad-hoc basis. Participant 2 (brand coordinator at the single-mother business training social enterprise) explained that they use the internet to identify potential networking partners and reach out to them to arrange meetings. Below is their approach to networking:

“Let’s say there is a particular project that requires specific partners I would use deliberate networking to find these partners and approach them. Networking begins with basic courtesy of engaging conversation with people, it begins with one seemingly casual conversation. There you have already created a building block for a network.”

Participant 6 (founder of the water purification social enterprise) reiterated this point by adding:

“...if the moment presents itself. It’s not like I’m at a conference or seminar to look for people...it often happens from discussions if someone makes a point that you agree or disagree with then I would initiate a conversation or something like that or someone who has an interesting idea that I would like to find out more about or someone who has similar concepts and we can share things that work or things that have been a challenge.”

Only 2 participants expressed that they used informal networks that played a role in contributing to social enterprise sustainability. The remaining 5 participants described the use of formal networks and these practices were often not a pre-planned activity, networking was undertaken as a spontaneous activity. Only 1 participant undertook networking as a regularly planned activity, the effort that is invested in undertaking an activity may be seen as an indicator to its perceived value. Most participants only mobilised their networks by networking when they had a need or if they required assistance.

5.4 Resources embedded in networks

When the participants were asked to elaborate on their perceived benefits and rewards from networking they mentioned 4 main resources which were considered useful: 1) information and innovation, 2) credibility, 3) mentorship and advice, and 4) support. These resources are the types of social capital that the participants considered valuable contributors toward the sustainability and performance of their respective social enterprises. In this section we present the embedded resources that the social entrepreneurs' described.

5.4.1 Information and innovation

Participant 1 (founder of medication bicycle courier services) mentioned sharing contacts and network expansion was a resource that had been shared with them through networking:

“Then they said ‘no, we know a person who’s in pharma care and does HIV and all this stuff...So I come in as distribution and he brings the pharma industry. So that’s how we work together. He was actually head hunted by Aspen and they kept inviting him to these events. Now I know guys...and I have them on my Whatsapp.”

Participant 4 (head of sales at the bag manufacturing social enterprise) added to this point:

“Sharing mutual contacts to link and connect with other people. It’s not always easy to meet the right people sometimes you have to be introduced by other people and having that one connection can make a difference for you”

Participant 5 (accounts manager at the recycled footwear social enterprise) talked about information from an educational perspective and spoke of learning from best practice strategies you could learn from observing other businesses in your network:

“What you learn from other business from other sectors of the economy can even put you at an advantage from your competitors because they do not have the know-how that you have acquired from a completely different sector.”

Sharing ideas and solutions was another point mentioned by Participant 7 (community liaison at the fire detection device social enterprise):

“To me, networking is creating an environment for...exchanging ideas and to solve problems or to like, sharing solutions.”

“When you have a problem sometimes one brain is better than one, when you can get more than one way of looking at things then you’re able to bounce off each other and hopefully come up with new and good plans”

The information that social entrepreneurs shared in their networks was considered helpful because it stimulated and facilitated creativity of new ideas that contribute to the performance of social enterprises as mentioned by Participant 7 (community liaison at the fire detection device social enterprise). Information provided learning opportunities that would increase competitive advantages as described by Participant 5 (accounts manager at the recycled footwear social enterprise). Contacts shared in networks were considered valuable information shared as it allowed further expansion of networks and other resources in them which could contribute positively to social enterprise sustainability.

5.4.2 Credibility

Some of the responses made reference to reputations that enabled preferential treatment and easy access to additional resources. Credibility refers to the perceived status of networks and their members, it’s based on affiliation with powerful and influential people. This resource enables easy access to other resources and may influence how others engage and perceive an organisation. This can be viewed as an extension of an element of branding and marketing,

which contributes positively to performance and sustainability if the associated reputation is a good one. Being endorsed by influential individuals, institutions or agencies was perceived to Participant 1 (founder of medication bicycle courier services) addressed this:

“Our business won’t grow until DoH (Department of Health) gives us that endorsement, which it just did. They gave us an endorsement letter to operate in 4 more clinics around (Neighbourhood name). My goal is to build a model in (Neighbourhood name) and make it work so good.”

Participant 3 (senior strategist at ICT social enterprise) references preferential treatment, which could be a time-saving mechanism when they mentioned:

“Or they can help you jump some steps and take you directly to who you need to, maybe you can get a sooner appointment for a meeting because of the person introducing you.”

Participant 2 (brand coordinator at the single-mother business training social enterprise) describes how network members’ reputation can influence potential business opportunities, the more reputable and trusted a reputation is perceived to expand and open more opportunities:

“Take what happened at [retailers] for example, or how Zara has been accused of plagiarism. If these were our suppliers, our reputation would also be tainted and could affect business.”

Receiving acknowledgement and awards also places you within a specific category of people and the association with a reputation of excellence. Participant 7 (community liaison at fire detection device social enterprise) explains:

“I would also say receiving awards to some extent also contributes to our sustainability because once you win awards you know, your name gets out there and you receive media coverage which means more exposure to more people which is good for business.”

A majority of the points made by the respondents were about how reputation can influence how the public perceives an organisation, which is important to highlight because public perception can have effect on sales or other opportunities that would promote business growth and

performance. Participant 3's (senior strategist at ICT social enterprise) response regarding preferential treatment is beneficial to them, but could come at a cost to somebody else, in this case credibility could have negative consequences for non-network members. Credibility is a resource that depends on the level of trust and good-faith that other outsiders have in an organisation and could influence their investment in it that could contribute to its sustainability.

5.4.3 Mentorship and advice

Guidance and recommendations from more experienced contacts was valued by some of the social entrepreneurs. Some explained that mistakes could be avoided by using the advice given by mentors or their peers. Mentorship can also provide learning experiences that can enhance the skills and capabilities of social enterprises and develop human capital. Participant 1 (founder of medication bicycle courier services) describes how his mentor guided and helped with the tedious process of qualifying for a compliance certificate which was necessary so that they could operate their social enterprise.

“My mentor helped a lot, the processes was so complicated but luckily for me he had experience with this sort of stuff. I actually couldn't run my business without a certificate, so it was quite a setback but it paid off, now we are compliant.”

Experiences of more experienced and established network members can guide the social entrepreneurs when managing and dealing with risks. Participant 7 (community liaison at the fire detection device social enterprise):

“I mean that in the sense of bigger companies that have been in the sector that can offer a mentorship and advisory role. We were lucky to have my thesis supervisor as part of the founding team. Through him... his years of experience allowed us access to... to many figures of authority which would have otherwise taken so much longer to establish some of these relationships without him.”

Advice received may contribute to how social entrepreneurs adapt their business strategies to achieve better results. Participant 6 (founder of the water purification social enterprise):

“They provide business support and give us advice with business strategies, like business supervisor...mentorship is a better word as well as financial support. They have helped me expand and diversify my sales opportunities recently we have been conducting market research at two major music festivals in the country and have been able to be the drinking water provider at these festivals.”

Participant 2 (brand coordinator at the single-mother business training social enterprise) learned from their partners how to conduct business using best-practice techniques that they learned from observing whilst doing business with them.

“By working closely with our retail partner we have seen how they conduct and operate a business of that scale, the logistics side of things; it’s been very valuable to be exposed to that. Some of the processes that they used we have tried to use in our own way of course...”

The advice and guidance received from networking with more experienced network members provided useful lessons on how to operate and manage a social enterprise optimally. When a business operates optimally, it is able to achieve sustainability and in this way mentorship and advice can contribute to the sustainability of social enterprises.



5.4.4 Support

Participants’ responses about support could be distinguished in two main ways, support and encouragement for the social entrepreneurs’ wellbeing, and support of the business. Support from other social entrepreneurs was valued because it made them feel validated and not alone and eased their anxieties when dealing with challenges. This was illustrated when Participant 4 (head of sales at the bag manufacturing social enterprise) said:

“Sometimes it’s just nice to share your frustrations with someone who understands what you are going through or dealing with....it’s almost like...comforting and consoling you to relax because sometimes it’s hard and stressful, man. It can help you clear your thoughts and start thinking clearly again.”

Participant 5 (accounts manager at the recycled footwear social enterprise) relied on the support of their family for encouragement and kept them motivated to persevere when faced with the challenges of social entrepreneurship.

“All responsibility to ensure a successful business is a lot of pressure and requires lots of time and energy. We are a family business so having a great support system and a family that understands and supports my endeavours has honestly been one of the reasons that I can keep going every day and waking up to do what I do, I do not do it alone. Their words of encouragement and understanding when I can’t make family functions allows me to focus on the business without feeling guilty...”

Support from the community ensured security and protection, in instances of vandalism, break-ins or any sort of crime, some community members would involve themselves to ensure that no threat or damage to the social enterprise. In the situation of Participant 3 (senior strategist at ICT social enterprise):

“And actually somebody burgled our business in the first year we were here and stole equipment and that was a setback for us but the community was so helpful. They would come report suspicious people and one of them came to tell us that they knew somebody who had bought new equipment that looked like ours and gave us their contact details and everything. So the community is actually so very important.”

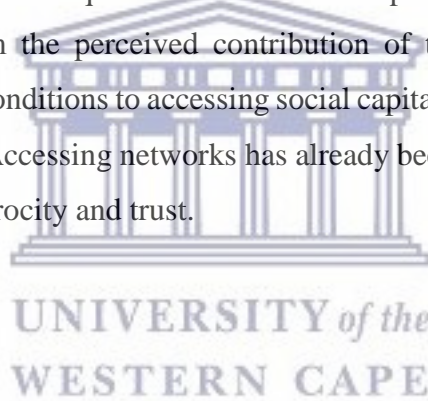
The community’s support also was perceived as a marketing strategy. If the community supported something, they would talk about it often and recommend whatever it is that they were supporting. Participant 7 (community liaison at fire detection device social enterprise) stated:

“Like Neighbours share news about things that are happening in the community, they share details about their own lives and as a result gossip or rather “news” in communities spreads fast, and this has been able to work in our favour. The product itself relies on a network community to operate optimally, the first responders are members of the community ... I guess this would eventually contribute to the public perception of the product as well.”

The encouragement received by social entrepreneurs can make an important contribution to their psychological state, which influences how they deal with the pressures and stresses of working in social enterprises. This is not a resource that has been mentioned often, but it is interesting to understand how individuals' psychological wellness can have an influence on how they run their business and how it can affect the performance. Support from the community can also have a protective function as described by Participant 3. When the community feels a sense of ownership and support of a social enterprise they may protect it from harm, contributing positively to its longevity.

5.5 Preconditions for mobilising resources embedded in networks

The participants described the preconditions for mobilising social capital and often made reference to reciprocity, trust and access to networks. The pre-requisite processes enabled the social entrepreneurs to extract the required resources. These processes were important to note because they can also inform the perceived contribution of the role of networking. How participants describe the pre-conditions to accessing social capital can tell us how they perceive the role of networking itself. Accessing networks has already been presented in 5.2.3 so in this section we will focus on reciprocity and trust.



5.5.1 Reciprocity

Reciprocity was described as one of the pre-requisites for being able to access and mobilise the resources in networks. This meant that networking relied on having your own valuable resources which you could also contribute to your network. This sometimes discouraged participants from partaking in networking activities, for instance when Participant 7 (community liaison at the fire detection device social enterprise) said:

“That would be one con I think...and...you know just feeling some sort of obligation to your formal network or connection if they help you or something like that or whatever.”

Participant 4 (head of sales at the bag manufacturing social enterprise) also echoed this point and commented that they did not want to seem exploitative by constantly using and exhausting their networks for favours.

“It’s also important to have different networks so that you can have a sort of a rotation so that you’re not always using the same networks and the same people, otherwise you will look like someone that just takes and takes and takes. Sometimes it can make you feel embarrassed sort of if you contact the same people over, you don’t want to feel like a burden...”

Another point made by Participant 4 (head of sales at the bag manufacturing social enterprise) was that in order to network you need to have resources of value to offer for exchange. They shared:

“But you must also have something to offer in return or exchange, there’s no such thing as a favour. You know that how the saying goes that there’s no such thing as a free lunch? It’s true...nothing’s free, not even freedom...it’s all about exchanges”

Participant 2 (brand coordinator at the single-mother business training social enterprise) added:

“Ja...you must be willing and open to sharing, ‘cos then what’s the point if you don’t? You shouldn’t bother then, ‘cos that’s all it’s about, it’s essentially all about sharing...”

One of the pre-requisites to networking is the ability to reciprocate exchanges, this means that it is a mutual exchange but participants did not mention what were considered fair exchanges. When considering power dynamics and the value of resources in networks it would be interesting to determine how these influence reciprocal exchanges, accessing and mobilising resource. However, that is out of the scope of this research.

5.5.2 Trust

The levels of trust that were established through accessing networks often influenced how resources were mobilised. Low levels of trust made social entrepreneurs apprehensive to share resources and engage in networking activities, thus limiting the potential resources that could have been mobilised. An apprehension toward networking could also mean that its perceived value is not of significance. When asked about their opinions on networking, Participant 5 (accounts manager at the recycled footwear social enterprise) referred to the reliability:

“If I can trust the people I know...personally, well not all of them! I wouldn't ask or rely on people that I don't trust. Perhaps if I have received information from somebody and used it before without any problems then I have already a good experience and have no reason not to believe them again. And if the source can be verified I trust the information...if I can see evidence basically, then ja”

Participant 6 (founder of the water purification social enterprise) explained that people's intentions are sometimes malicious, so they considered levels of trust an important precondition to networking:

“In business you must remember that not everyone has good motives, other people look out only for them and just use a person. So you must be sure of the people you ask for help otherwise they can give you some off advice just to sabotage you”

Participant 3 (senior strategist at ICT social enterprise) also supported this view:

“I've heard of stories where people have pitched their ideas to agencies or companies and the same ideas that they pitched are used without them. So you have to be careful...that can be the ugly side of sharing your ideas with others.”

A previously existing relationship was perceived to have higher levels of trust than newly established relationships by Participant 7 (community liaison at the fire detection device social enterprise) when discussing how they choose to share resources:

“I do help especially, if I've worked the person before and I already have some kind of relation with them or if they are referred by someone close to me and I trust their recommendations.”

Participant 4 (head of sales at the bag manufacturing social enterprise) understood the role of trust as important in neighbourhoods that had low levels of generalised trust. They expressed:

“Especially if you work in communities where there is lots of crime that can affect your business, it's important to work close with the community so you can have that

relationship with them and they can protect you or if something goes wrong they can speak up for you and help you”

This point was particularly interesting because crime is perceived as a consequence of low levels of communal trust in society according to the institutional approach to social capital (Woolcock & Narayan, 2006). But this participant is saying that they are encouraged to network, engage, participate and rely on with each other due to a lack of trust. Trust has been a recurring element and sub-theme when discussing the value of networking. The social entrepreneurs’ descriptions of the role of trust gives us an understanding of their attitudes and perceptions toward networking as an activity and its contributions to the sustainability of social enterprises.

5.6 Perceived role of the government

When asked to describe the role that they perceived government to have in contributing to environments that would support sustainable social enterprises, most responses referred to implementing legislation that would encourage public-private partnerships and policies that would simplify bureaucratic processes. Participant 4 (head of sales at the bag manufacturing social enterprise) stated:

“I have to say we are luck in South Africa with funds availability, the government does allocate a large budget especially for use young people but I think we need more guidance to show with what happens to the money or how to manage and use it because many people get the funding then 1-2 years... nothing”

Participant 4 (head of sales at the bag manufacturing social enterprise) also spoke about the limited access of information regarding the procedures during the start-up for phase

“...you have to work hard for funding you know, especially someone like me from the townships. I never knew any of the steps and procedures, it overwhelmed me sometimes because it was all new to me. I had not assets, nothing like that so it was very much difficult for me. So much back and forth from here to there, this department to that department, ‘oh no that’s the wrong document’ things like that.”

The point above was supported by Participant 2 (brand coordinator at the single-mother business training social enterprise) as they pointed out the lack of availability of information educating the public about the processes.

“There is not enough information online or any online processes that could save us a lot of time waiting in lines. The government should also focus on making processes more easier and efficient and making sure that public officers are well trained to assist. I’m finding that so much time is wasted, simple things that could be avoided and eliminated by a simplified process.”

Participant 1 (founder of medication bicycle courier services) added their views on the topic of information availability:

“I think the government must just focus on creating platforms for entrepreneurs to try, not to create a sense of dependency where entrepreneurs depend on government. I mean politics is just about creating platforms for people and for other businesses to try. Easy access to funds, it doesn’t have to be government funds-just easy access to funds. Make it easier for someone to hit a couple of steps, be ready to meet up a funder...”

Similarly, Participant 3 (senior strategist at ICT social enterprise) expressed:

“There’s definitely a lot of technicality on how social businesses should be registered, some funders will limit the criteria for receiving funding to no-profits only. This makes it very difficult for for-profit social businesses, it’s quite sad actually becomes some organizations get demotivated...”

Another participant expressed that entrepreneurial education is one of the ways that government can create favourable conditions for social enterprises. Participant 5 (accounts manager at the recycled footwear social enterprise) said:

“I get sad sometimes you know...when you ask a young person of their dream lots of them will tell you about getting a dream office job. Young people are not taught that they can own their own thing, work for themselves. I think the government should make it

compulsory for schools to teach entrepreneurship from primary even, I think that's where it should begin, in our schools."

Participant 1 (founder of medication bicycle courier services) described the advantages of public-private partnerships are for both public and private entities. Their experience with working with government gave them insights on the benefits of such partnerships. They described how their partnership with government benefits their social enterprise as well as the government by saving costs from their budget:

"...because it affects the budget at DoH. Budget: government takes out money, employs and buys pharmaceutical product, gets a pharmaceutical delivery to deliver it to the clinic and then someone doesn't pick it up. You (DoH) must then pay someone to collect it (medication) again and they must pay a company to dispose it. It is money wasted, so, we're trying to say how we get people's drugs to them because that's the most important thing, you know because they need the drugs."

Participant 6 (founder of the water purification social enterprise) elaborated on a similar point that:

"More opportunities for public-private partnerships can help smaller businesses like us, from our collaboration with municipalities we help them deliver services to the public which they do not have the capacities or the knowledge. Like we are doing now with our pilot project."

The points that were raised regarding the role of the government in supporting social enterprises related to policies, information availability and accessibility, training and education. Public-private partnerships were considered as valuable policies to implement because they promote collaborations and are beneficial for both social enterprises and the government. The business opportunities that are created for social enterprises through these policies can have favourable outcomes on the sustainability of these organisations. Two participants appealed that the government should improve access to information regarding opportunities for entrepreneurs as well as improve information availability. As explained in 5.4.1 information is a useful resource for achieving sustainability. Lastly, training and

education was also considered an area that the government could assist on improving that would create favourable conditions for the sustainability of social enterprises.

5.7 Summary of social entrepreneurs' perceptions

To sum up, six themes have been presented regarding social entrepreneurs' perceptions toward networking: 1) Factors that enable sustainability, 2) Attitudes toward networking 3) Network types and network use, 4) Resources embedded in networks, 5) Preconditions for mobilising resources embedded in networks and 6) Perceived role of government. The meaning given to the themes and the links between them informed how the perceptions of the social entrepreneurs were understood, a detailed discussion will be presented in Chapter 6. As previously stated earlier in the chapter, the participants did not share exclusively positive or negative sentiments but described both the perceived advantages and disadvantages that networking could contribute on the sustainability of social enterprises. The participants were able to describe the types of networks which they considered valuable as well as the resources that could be extracted to enhance the sustainability of their social enterprises.

Overall, the participants expressed that the sustainability of social enterprises did not rely only on one factor, but rather a combination of factors and that networking was one of the factors that could contribute positively. Some findings were consistent with the literature i.e. credibility as a valuable resource that contributes to sustainability, and the findings regarding networking practices and network use supported the premises of the strength of weak ties approach. There were also other additional interesting findings that were unexpected. Some unexpected findings included creativity as a contributing factor to the sustainability of social enterprises, it was also interesting to identify the factors that influenced the social entrepreneurs' attitudes toward networking such as a perceived threat to control. And, that participating in networking activities could be considered a privileged activity that required the possession of individual resources to offer and the luxury of time as well. Time was another unanticipated factor that was frequently referenced as a valuable resource that contributed to social enterprise sustainability. The emphasis on education as a governmental intervention was another interesting insight that was unexpected. These findings are further discussed in greater detail in Chapter 6.

CHAPTER 6: DISCUSSION

The previous chapter presented the analysis of the social entrepreneurs' perceptions on organisational sustainability and networking. In this section the research findings will be discussed and compared with the literature to identify whether they are consistent or vary from each other. The first discussion will be premised around the general considerations that will provide descriptions of the social entrepreneurs' understanding of the concepts 'sustainability' and 'networking'. This will be followed by the discussion of the identified themes in comparison with the literature. And then finally, the 3 research questions asked in chapter 1 will be answered to conclude on the understanding of social entrepreneurs' perceptions on the contribution of networking to social enterprise sustainability.

The main objective of this study was to gain an understanding of social entrepreneurs' perceptions on the resources that contribute to the sustainability of social enterprises and the conditions that they consider as conducive for sustainable social enterprises. As explained previously, research on social enterprises is understudied and disproportionately so in an African context. The theoretical definition given for sustainability encompassed the preservation of social, economic and environmental components for a more holistic meaning (Bae & Smardon, 2011). However, there was a unanimous understanding of sustainability in economic terms by the participants, and only two social entrepreneurs mentioned environmental aspects. It is important to note that these two participants were from social enterprises who were addressing environmental issues in their mission. From this we can interpret that conception of sustainability is influenced by the mission focus of social enterprises.

The social aspect of sustainability was often described secondary to financial performance i.e. the achievement of the social impact and sustainability thereof relied on achieving economic sustainability first. A precursor of how the social entrepreneurs conceptualised sustainability could also be indicated by how they were legally registered, 5 of them were registered as private companies and 2 were registered as non-profits. It may indicate that being profitable and financially sustainable was important for a majority of the participants. This also supports Coetzee (2016) regarding private companies as the most preferred legal structure of social enterprises. Registering a social enterprise as a private company could allow us to make the assumption of the importance given to revenue. The social entrepreneurs' conception of

sustainability is important to remember when identifying patterns and trends in their attitudes, and perceived value of networks and their embedded resources. This will be discussed in accordance with the relevant sub-chapters in this section.

6.1 Theme 1: Factors that enable sustainability

The factors that were perceived to contribute to sustainability could be linked with the social entrepreneurs' conceptualisation of sustainability. This is evident in the responses given by the participants, all mentioned financial factors that would enable sustainability which could have been influenced by conceptualising sustainability in economic terms. It would be difficult to confirm the causal nature of this relationship as this is not an explanatory study. But, it is important to highlight that there is an existence of a relationship between the understanding of sustainability and the factors that are perceived to contribute to social enterprise sustainability. Even the non-financial factors that were perceived to contribute to sustainability were described in relation to improving social enterprises financial performance.

The mentioned non-financial factors i.e. political stability, community involvement, the ecological environment, and psychological factors which were in alignment with some of the contributing factors identified in the literature. It was stated in the literature review that the contributing factors were risk aversion strategies, and the findings support this, as the social entrepreneurs' discussed the enabling factors as factors. As discussed by Suchman (1995), the legitimacy approach attributes organisational sustainability to community involvement and their buy-in of services, this was supported by the responses that Participant 1 (founder of medication bicycle courier services) and Participant 3 (senior strategist at ICT social enterprise) gave regarding the valuable feedback that can be given by the community as an enabling factor to sustainability. The ecological factors were mentioned by participants whose social enterprises who worked in the recycling sector, this did not come across in the literature as social enterprises in this sector were not included in the review.

What was interesting to discover was the perceived role of political stability, and psychological factors as contributing factors that enable social enterprise sustainability. This is important to highlight because the previous research discussed in the literature review did not include an African context, the studies included European, American and Latin American perspectives. This supports Santos et al. (2015), that conducting businesses in sub-Saharan Africa is still

heavily influenced by politics and political stability. European and American political stability are relatively stable in comparison with more volatile political stability in African countries, and the power dynamics when looking at bilateral and multilateral agreements for western countries is different with those of African countries. This could be another influence that could affect the perceived stability of politics and the economy, and why social entrepreneurs' would consider this an important enabling factor for social enterprise sustainability. Psychological factors were not discussed in the literature review but were identified in the findings. Participant 3 (senior strategist at ICT social enterprise) and Participant 6 (founder of the water purification social enterprise) stated that enthusiasm and a positive mind-set are important to persevere through challenges encountered, perhaps remaining optimistic in South Africa is important with limited alternative prospects compared with western social entrepreneurs.

6.2 Theme 2: Attitudes toward networking

The social entrepreneurs' attitudes were influenced by levels of trust toward network members. Negative responses were explained using examples of how fears of betrayal and threats to control were perceived. These findings support authors such as Gregory (1999) who highlighted that trust was an important factor in any relations that involved an exchange of resources, and that the levels of trust could influence the propensity to engage and exchange resources. A reminder that generalised trust was defined earlier in chapter 3 as trust in non-personal, formal networks and that trust becomes more particularised and strengthen with familiarity over time (Baum & Ziersch, 2003). The types of trust that the participants have described is particularised trust, which implies that in social enterprises or in a business context that a generalised trust needs to be established first before networking so that a particularised trust can be developed. Another interesting finding was of a negative attitude toward networking was that it could not be considered a priority for Participant 6 (founder of the water purification social enterprise) who did not have the luxury of time, it is important to note that this social enterprise was relatively new and in its early stages (operating for 2 years) when compared with the other participants. This supported the study by Vanneste & Ryckaert (2011) of entrepreneurs in the Belgian tourism sector, some felt that networking was a time-consuming activity. Additionally, this finding could indicate that attitudes toward network can also be influenced by the maturity of the organisations as more established organisations have less pressures than newer organisations. Newer organisations learn through trial and error for best practice whereas established organisations have already surpassed this initial phase.

The responses that had a positive attitude toward networking described this based on the outcomes and gains that can be expected from networking. As mentioned in chapter 5, positive attitudes were described in self-serving terms and not by how the social entrepreneurs themselves could contribute to their networks, but by what they could benefit. The value of the embedded resources will be further elaborated in Theme 4: Resources embedded in networks. Participants described the outcomes of mobilising network resources such as exchanging contacts to expand information networks, this was an element that was discussed in the by Gumede & Rasmussen (2002). Social entrepreneurs' attitudes were not exclusively positive or negative, but could be described using a continuum. The attitudes that social entrepreneurs have toward networking can influence the networking practices, which may influence the resources that are accessible to them and the resources that can be mobilised successfully.

6.3 Theme 3: Network types and network use

A majority of the networks that were mentioned as useful were formal networks, only Participant 1 (founder of the medication bicycle courier services) and Participant 5 (accounts manager at the recycled footwear social enterprise) mentioned the use of personal and informal networks to achieve sustainability through word-of-mouth and commonly shared values. The other participants perceived formal networks more useful in a business context, which supported the literature on Strength of Weak Ties. Granovetter (1982) put forward that weak ties that are infrequent and impersonal, typically characteristic of professional networks are more useful because they are hierarchical and intersectional meaning that they have more diverse resources embedded. These findings also supported Davidson (2010) hypothesis that resources embedded in weak tie networks were perceived more valuable, which diverted from Foley & O'Connor (2013) findings that native Australians had a negative attitude toward weak formal networks due to a violent colonial history. In chapter 5 the researcher outlined the potential value of weak, formal networks in a South African context, particularly due to a violent history that institutionalised inequality. Most South Africans' strong, personal networks lack resources that would be considered useful in a business context, which could potentially explain the affinity for using weak, formal networks. It is interesting how two similar situations of institutionalised racism and inequality could influence perceptions of networking by completely polarised views.

Networking practices can be viewed as an indicator of the attitudes or perceived value of networking. Only one participant mentioned that they actively planned for networking activities, whereas the remaining 7 participants mentioned that they network on an ad-hoc basis when they required to do so. The lack of prioritisation of networking by a majority of the participants can tell us that its perceived value in comparison with other tasks is not very high, however the comparison of networking with other tasks was not an objective of this research. The final interesting finding regarding this theme is how the use of virtual networks through traditional media and social media have been perceived as useful. Participant 7 (community liaison at the fire detection device social enterprise) mentioned how they used virtual networks for crowd-funding campaigns and Participant 1 (founder of the medication bicycle courier services) also mentions being discovered by a support agency through the media. These virtual networks have been considered as extensions of informal, weak-tie networks. The internet has changed networking practices and enables more globalised and international networks to develop that defy rules of space and time, exposing members to global resources.

6.4 Theme 4: Resources embedded in networks

Lin (1999) identified 4 valuable forms of social capital i.e. information, social credentials, influence, and reinforcements, and a variation of these resources emerged from the findings i.e. 1) information and innovation, 2) credibility, 3) mentorship and advice, and 4) support. This was also partially supported by the contributing factors that were identified in the literature review: information, community participation, trust, networking practices and government support. The findings aligned with the literature but there were also unexpected findings that emerged such as innovation, and mentorship that were considered valuable resources. Information was a resource that was mentioned as useful by most participants, it could be used for risk aversion, innovation of ideas and creativity, which could all contribute to a social enterprises adaptability strategy and preserve its longevity. 'Social credentials' and 'influence' listed by Lin (1999) corresponds with 'credibility' identified in the findings, which combined Lin's two factors. It refers to the legitimacy of organisations from being associated with influential people. This enables easy access to resources needed if a positive reputation precedes, it is important to highlight here that the negative consequences of social capital can manifest i.e. nepotism and the marginalisation or exclusion of network non-members; supporting the work of Woolcock & Narayan (2006).

Mentorship and advice was another resource that was considered valuable by the participants, this is an additional resource that was not included in the literature. It was noted by 4 participants that ‘guidance and expertise’ shared with them enabled informed decision making from the recommendations given. Mentorship was considered a practical learning opportunity by the participants who were exposed to best practice standards that some tried to apply in the context of their social enterprises. Finally, ‘support’ is a variation of Lin’s resource ‘reinforcement’. In the responses ‘support’ was described as encouragement that social entrepreneurs received from network members, as well as support for the social enterprise as an organisation. Lin (1999) described ‘reinforcement’ as network group identity that is reproduced and strengthened with its use and publicly acknowledging ownership. This is supported and illustrated by Participant 3’s (senior strategist at ICT social enterprise) encounter where they described a situation that they experienced a crime and the supportive community helped with attempting to solve the crime. A distinction can be made between the expressive and instrumental returns. Lin (2005) described expressive returns as the gains on the inherently personal, individual level i.e. physical health, mental health and life satisfaction, whereas instrumental returns were defined as the material returns that could be accessed externally, not naturally possessed by individuals. In the findings the only resource that could generate expressive gains was ‘support’ and the other 3 resources i.e. information and innovation, credibility, and mentorship and advice generated instrumental returns. It can be said that social entrepreneurs rely on instrumental gains for social enterprise sustainability.

6.5 Theme 5: Preconditions for mobilising resources embedded in networks

The preconditions to mobilising embedded resources are network membership, trust and reciprocity. The manner in which social entrepreneurs describe the processes and procedures for using social capital was used as another indicator of their perceptions on networking. According to the simple definition of social capital used for this thesis i.e. the resources embedded in networks, it is inherent that network membership and accessibility to the embedded resources are necessary conditions. As discussed in Theme 2: Attitudes toward networking, the participants mostly used formal networks and the resources that they considered useful were discussed under Theme 4: Resources embedded in networks. From these we can tell that innovation networks were predominantly used, a reminder from Woolcock & Narayan (2006) that innovation networks are typically used for information sharing with the objectives of improving productivity and acquiring additional resources.

Solidarity networks are used as protective or buffer networks to preserve resources (Woolcock & Narayan, 2006). The mention of a solidarity network was illustrated by Participant 3 (senior strategist at ICT social enterprise) when they described how the community supported them in solving a crime.

The levels of trust that the social entrepreneurs felt often influenced their attitudes towards networking, by focusing on their descriptions we can identify this trend that has already been discussed in detail in Theme 2: Attitudes toward networking. Jones (2010) described generalised trust as being weaker than particularised trust which. This is supported by the findings that if there are low levels of trust, there will be a reluctance and apprehension toward networking and sharing resources. It has also been contradicted by Participant 4 (head of sales at the bag manufacturing social enterprise) who stated that in communities with high crime levels (indicator of low levels of trust) there should be more networking encouraged to counteract crime. Instances of particularised trust can be identified when the participants describe the resources embedded in networks under Theme 4, i.e. credibility, and mentorship and advice. It requires high levels of particularised trust for members to use these resources as they can be used to make important business decisions and considerations that could affect the operations of social enterprises. The levels of trust can influence the resources that can be mobilised and used in networks, this could create circularity with the attitudes social entrepreneurs have i.e. negative attitudes are influenced by low levels of trust, and low trust levels can lessen the network resources that may be used further perpetuating social entrepreneurs' mistrust.

Baum & Ziersch (2003) define reciprocity as a mutual exchange of resources. The participants also highlighted that power dynamics were an important factor when reciprocating exchanges, this was not discussed in detail in the literature. The participants mostly described generalised reciprocity; Jones (2010) defines this as an implicit expectation of return i.e. the expectation reciprocity is not explicitly stated during an exchange. For instance, Participant 7 (community liaison at the fire detection device social enterprise) described it as a feeling of obligation which was reiterated by Participant 4 (head of sales at the bag manufacturing social enterprise) who mentioned the feeling of embarrassment of overuse of resources, implying that it should not only be a practice of extraction. Participant 4 (head of sales at the bag manufacturing social enterprise) described reciprocity as having something to offer in return and that there was no such thing as a favour, this is an illustration of a more particularised definition of reciprocity.

According to Palumbo (2017), particularised reciprocity refers to explicitly stated terms of exchange exclusively between the members who have made the agreement. It was interesting that most of the social entrepreneurs described generalised reciprocity for mobilising social capital, but they considered formal networks more useful for social enterprise sustainability. The expectation was that formal networks would have formal agreements that outlined the terms for reciprocity for involved parties, but the responses have contradicted this expectation.

6.6 Theme 6: Perceived role of government

Policies that the government implements can influence the environment that social enterprises operating, this is at the core of the work of Steinman (2010). When the social entrepreneurs were asked their opinions on the role of legislature implemented by the government, 2 participants mentioned the importance of public-private partnerships (PPP) for stimulating the growth of social enterprises and government could benefit from outsourcing services that could improve service delivery efficiency. This supported work by the World Bank (2017) that described policies to stimulate the development of the social enterprise sector. Four of the participants indicated the importance of having easily accessible information that was clear and consistent, and that government should try and improve information online databases and online procedures. Participant 1 (founder of the medication bicycle courier services) suggested a platform for stakeholders to list the resources that they can offer and resources that they need, so that the process can be simplified for identifying and accessing resources on a reliable governmental platform.

The importance of education and training as an intervention for creating favourable conditions for social enterprises was mentioned by 2 participants, Participant 4 highlighted that it was important to offer social entrepreneurs training services on money management if they have been granted funds because new entrepreneurs' inexperience with money management. Participant 5 mentioned education from a curriculum perspective, they felt that including entrepreneurship as a mandatory subject in schools and that by exposing young people to entrepreneurship from an early age it would encourage more young people to want to be social entrepreneurs with a general theoretical understanding of what entrepreneurship entails. These policies were considered by the participants to encourage and support favourable conditions for social enterprises to exist and achieve sustainability.

6.7 Chapter summary

After discussing the findings the researcher came to the following conclusions: the social entrepreneurs' definition of sustainability influenced which factors they considered to enable social enterprise sustainability. The social entrepreneurs' conceptualisations of sustainability all included a financial element and even when they discussed the non-financial elements it was in relation to how social enterprises could improve financial performance. Another influence of the enabling factors that the social entrepreneurs considered important was the industry that they operated, as illustrated by the perceived importance of the environment by organisations with specific objectives of addressing environmental issues. The role of political factors and psychological factors were also interesting findings that were identified. They were discussed in relation to an African context where the accessibility of opportunities are not as readily available when compared to the West, which has more developed and established markets. This was consistent with the literature by Santos et al. (2015). Some participants considered an attitude of determination as an important factor to overcome some of these challenges and frustrations experienced by social entrepreneurs, which could contribute to social enterprise sustainability.

The social entrepreneurs' attitudes toward networking were also discussed and it was found that negative perceptions were influenced by low levels of trust and that generalised trust needed to be established for the participants to regard networking positively. This point aligned with the literature. Networking was also not considered a top priority compared to other tasks for the organisation who was relatively newer than the rest, it was determined that this attitude could depend on the maturity and establishment level of the social enterprise. The use of formal networks was preferred by a majority of the participants, which supported the strength of weak ties perspective. It was also discovered that a majority of the social entrepreneurs networking practices were on an ad-hoc basis and not pre-planned for the long-term, this indicated that it was not considered a top priority. The use of virtual networks was an interesting finding because it illustrated the change in boundaries of networks and networking practices in a technologically progressive world. The embedded resources that the participants considered valuable were consistent with the literature i.e. useful information, achieving credibility and legitimacy. And the instrumental returns were considered more useful than expressive returns for the sustainability of social enterprises, which was deduced from the types of resources that were considered valuable.

The participants' descriptions of the procedures for mobilising and using social capital were interpreted for meanings. It was found that most of the social entrepreneurs were using innovative networks from which they mobilised social capital. As mentioned earlier, generalised trust was a condition for joining networks, and trust is also a precondition that had to be met when mobilising, exchanging and using resources. Particularised trust was considered more important when mobilising resources and had to be established between the parties involved in an exchange. Reciprocity was also considered a precondition necessary for mobilising resources, most of the social entrepreneurs described the use of generalised reciprocity which was interesting because it was expected that particularised reciprocity would be considered important when relying on formal networks. Other than this, the preconditions for mobilising embedded resources were consistent with the literature.

The social entrepreneurs' opinions regarding the role of government policies are that government should improve information accessibility and bureaucratic processes. Public-partnerships were perceived as a useful policy intervention for stimulating social enterprise activity and as a contributing factor to social enterprise sustainability. Education and training were other factors that were also considered important and were perceived to have contributed to improving the skills of social entrepreneurs and potential entrepreneurs. These responses to Theme 6: Perceived role of the government, answered research question 3 "What are social entrepreneurs' opinions on government policies that support for social enterprises?" Research question 1 "Which resources are perceived to contribute to the sustainability of social enterprises?" was answered by the discussions of Theme 1: Factors that enable sustainability, Theme 3: Network types and network use, and Theme 4: Resources embedded in networks. These answers to which resources were important for social enterprise sustainability were financial and non-financial factors that included political stability, community involvement and the 4 embedded resources that were identified and discussed. Research question 2 "Which factors influence social entrepreneurs' attitudes toward networking?" was answered by the discussions of Theme 2: Attitudes toward networking research question and Theme 5: Preconditions for mobilising resources embedded in networks. The factors that influenced social entrepreneurs' attitudes toward networking were: trust, time, power dynamics, reciprocity, and expected gains from network membership.

CHAPTER 7: CONCLUSION

The objective of this research was to understand social entrepreneurs' perceptions on the contribution of networking toward organisational sustainability of social enterprises by using the networking approach to the social capital theory. As an under-researched topic, an exploratory research design was used to explore the boundaries of social enterprise sustainability. The researcher believes that they were able to depict a general understanding of social enterprises that can be further developed by future studies. The conclusions that were drawn regarding contribution to literature, contribution to praxis, limitations and recommendations will be presented in this final chapter.

7.1 Contributions to literature

The literature on social enterprise sustainability is a limited due to the nascent nature of the organisational structure of social enterprises, even more so in an African context. In the literature review authors such as Haugh (2005) have stated that the meagre body of knowledge and research on social enterprises should be expanded. This research is an effort to add to this body of work using the social capital theory as the theoretical approach. The researcher believes that they have been able to contribute toward the understanding of elements that are contributing factors for social enterprise sustainability and factors that influence attitudes toward networking. More specifically, this research contributes to knowledge of social enterprises in a developing country in an African context. Another contribution was the use of the networking approach to the social capital theory that allowed the researcher to investigate the perceived importance of relationships in social enterprises, who by organisational nature are inherently embedded in social contexts. This study is the first of its kind as far as the researcher is aware, and contributes new insights on the subject.

The factors that were perceived to contribute to social enterprise sustainability were explored in the previous chapters and gave us an understanding of the complexity of the factors that contribute to the sustainability of social enterprises. The main objectives of this study were to: 1) understand social entrepreneurs' perceptions on mechanisms such as resource access and mobilization in networks, 2) identify how the resources used are perceived to contribute to the sustainability of social enterprises, and 3) provide recommendations for social enterprises on the contribution of networking practices that promote sustainability. These enabled the

complexity of contributing factors to be explored. The first objective enabled the researcher to make a contribution by discussing social entrepreneurs' networking practices and procedures for using social capital and the value of different network types. Objective 2 made contributions about factors and resources that were considered valuable for social enterprise sustainability, and the third objective made practical contributions for policy interventions. The results gave us insights into the use of social capital and how it was perceived to contribute to social enterprise sustainability. As discussed, networking was not the only contributing factor that the participants considered to contribute to the sustainability of social enterprises, but rather a combination of factors enabled sustainability to be achieved. The study gave an outline of the uses of networks and the potential value they have for social enterprises at an organisational level.

7.2 Contributions to praxis

The environment for sustainable social enterprise is created by multiple stakeholders: social entrepreneurs, support agencies, funding agencies, and policy makers. Social entrepreneurs need to note that there is a difference between network access, use and maintenance. The more that networks are maintained through regular engagement, it develops higher trust levels and mobilising embedded resources becomes easier to use. The resources embedded in these networks should be managed using data base of network contacts to ensure that they can be recorded for future uses. If traditional networking practices are considered too time consuming, social entrepreneurs could use virtual networking as an alternative practice. Another contribution made was that positive relationships with the community were also perceived to contribute positively to social enterprise sustainability and social entrepreneurs should try to establish relationships with the communities in which they are involved. Social entrepreneurs should especially maintain and manage their formal networks as the resources that were identified as useful in a business context i.e. information and innovation, credibility, mentorship and advice, and support are embedded in them. By investing in social capital and networking, favourable returns and gains may be expected from the embedded resources, subsequently contributing positively to social enterprise sustainability. These elements contribute to best-practice procedures of networking.

Policy makers should consider the contributions made by the findings regarding social entrepreneurs' perceived role of the government. These can be used to inform policy

interventions that social entrepreneurs consider useful for creating favourable conditions for social enterprise sustainability. Participants indicated the following policies important: PPP, education and training and information availability. PPP were considered to benefit both the government and social enterprises; the public sector can achieve more efficient service delivery if they outsource services to social entrepreneurs through tendering processes. This can benefit social enterprises through business opportunities that are created for them. Training by support agencies was considered important for improving management skills that could improve the longevity of social enterprises, and the educational curriculum in schools was considered another policy intervention to improve the skills and knowledge of potential social entrepreneurs. Through improved know-how, failure of social enterprises can be avoided from exposure to appropriate education. It was also recommended that the government improve access to information and more efficient online systems that can decrease time consumption, thereby making positive contributions to social enterprise sustainability.

7.3 Study limitations

The first limitation is that these findings cannot be generalised due to the research design and methods that were used. The information was recorded from the social entrepreneurs' own experiences and encounters, and the accuracy of the data cannot be confirmed. Perceptions and opinions may change over time and participants could develop new views in the future. Secondly, only social entrepreneurs were recruited as participants and interviewed, but in retrospect, it could have also been interesting to gain the insights of support agencies who work with social entrepreneurs i.e. CSR departments or funding agencies. Thirdly, the meanings that were interpreted from the participants' responses relied on the researcher's insights that were limited to what the researcher knows; the interpretation may have differed from the intended meaning given by participants. The methodological limitations were discussed in detail under chapter 4. A reminder about the constraints of using purposive sampling is that the selection criteria was based on the researcher's biases and that the sample was not statistically representative of the population, thus excluding some potentially interesting cases. The novelty of this research field made it a challenge to access information and participants that met the criteria, this became a time consuming tasks. Recommendations on how to overcome some of these challenges and how to improve future research will be discussed in the next sub-chapter.

7.4 Recommendations for future research

To understand the causal relationship between sustainability and its contributing factors, explanatory studies could be conducted to gain more insights and provide explanations for the relationships identified. It is also recommended that future research should focus on all contributing factors for an understanding of the multi-dimensional nature of the contributing factors, and whether they are interrelated or how the dynamics of these factors would work. As the findings discussed that the participants considered multiple factors to contribute to the sustainability of social enterprises. By using mixed research methodology, it could provide more detailed findings that can be supported by statistical analysis to strengthen discussions. Regarding the sample used, recommendations would be to use larger sample sizes in the future and to conduct national studies in South Africa and other African countries so that the research landscape can be expanded. As suggested earlier under the limitations, expanding the sampling criteria to include other stakeholders such as financial agencies and other support agencies could provide different perspectives that might create interesting variations of the data. Failed social enterprises could also provide valuable insights on their lessons from failures and why they were not able to achieve sustainability in the context of this study. Or a comparative study between failed social enterprises and sustainable enterprises uses of networks and how they contributed to their respective organisations' performances.

7.5 Concluding remarks

The assumptions outlined in chapter 3 are discussed as follows: the first assumption was that the participants would value the use of formal networks, this was confirmed by the findings. Secondly, was that the embedded resources would be valued depending on the expected returns, this was also confirmed from the findings. And finally, the opinions of the social entrepreneurs regarding policies were expected to be about the legal recognition of social enterprises and private-public partnerships. This was partially confirmed with only private-public partnerships being mentioned. From this study we were able to conclude that social entrepreneurs consider multiple factors to contribute toward the sustainability of social enterprises, and that achieving financial sustainability is of primary importance. Non-financial sustainability was perceived to rely on organisations' ability to achieve financial sustainability. The contribution of the non-financial factors mentioned by participants were considered extensions of financial factors that indirectly impacted financial sustainability. Networking as

an activity to access networks and engage with its members and maintaining networks, was not valued as much as mobilising and using the resources embedded in them. Using social capital enabled social entrepreneurs to reduce transactional costs of operating social enterprises, which had positive implications on their sustainability. These are the researcher's final conclusions regarding the perceptions of social entrepreneurs on the contribution of networking toward social enterprise sustainability.



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Appendices

Appendix 1: Ethics Clearance



OFFICE OF THE DIRECTOR: RESEARCH RESEARCH AND INNOVATION DIVISION

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09 May 2019

To Whom It May Concern

I hereby certify that the Senate Research Committee of the University of the Western Cape, at its meeting held on 01 September 2015, approved the methodology and ethics of the following research project by: Ms L Plaatjie (Institute for Social Development)

Research Project: A case study on the contribution of networking to social enterprise sustainability: Cape Town, South Africa.

Registration no: 15/6/56

Any amendments, extension or other modifications to the protocol must be submitted to the Ethics Committee for approval.

The Committee must be informed of any serious adverse event and/or termination of the study.

A handwritten signature in black ink, appearing to read 'Josias'.

Ms Patricia Josias
Research Ethics Committee Officer
University of the Western Cape

Appendix 2: Information Sheet

INFORMATION SHEET FOR INTERVIEWS

PROJECT TITLE: Social entrepreneurs' perceptions on the contribution of networking toward social enterprises sustainability in Cape Town, South Africa

What is this Study About?

I am Lamlela Plaatjie, a student pursuing a Master's Degree in Social & Economic Development at the University of the Western Cape. I am conducting research to explore the perceived contribution and role of networking to social enterprise sustainability in Cape Town, South Africa. The results obtained from this study can advise social enterprise how to conduct business using best practice strategies to achieve sustainability, as well as making recommendations that promote favourable conditions for social enterprise. I am extending an invitation to you to participate in this research because of your direct involvement in a social enterprise and your insights will be highly valued. Your participation in this research will be highly appreciated.

If I agree to participate in this study, what will I be asked to do?

If you agree to participate in this study, you will either be asked to for a personal interview on the topic of networking and social enterprise sustainability. The personal interview will be recorded for the purpose of this research and recordings will only be available to the researcher involved in conducting the research and will be used for the sole purpose of the research. The interviews are expected to take no longer than 45 minutes and the focus group discussions are not expected to take longer than 90 minutes.

Will my identity be confidential if I participate?

All of your personal information will be kept confidential. In the instance that the researcher documents something you say in the final report or a published report, your identity will be kept anonymous by using a *pseudonym*. A pseudonym is a made up name, for example "Participant 1". All information gathered will be kept confidential and used for the sole purpose of this research.

What are the risks of this study?

There is a risk of sharing company or trade information in the focus group discussions. However, you do not have to answer any questions that you do not want to or that make you feel compromised.

What are the benefits of this study?

The results from this study might not benefit you directly, but it will contribute to a better understanding of social enterprise and networking. It is hoped that the results will improve the conditions and practices in social enterprise and promote sustainability.

Is participation compulsory?

You have the right to leave the study without having to explain yourself. You may withdraw your participation whenever you want to. Your involvement is completely voluntary and you may not be coerced or forced to participate.

If I experience harmful effects from participating in this study, will there be assistance available to me?

You will not be exposed to harm as a result of participation in this research.

What if I have additional questions with regards to this study?

If you have any questions feel free to contact Lamlela Plaatjie, the researcher, at the University of the Western Cape, Cape Town South Africa. My phone number is +27 72 224 9291 and my e-mail address is lamlela.za@gmail.com

If you have any questions about the research study itself, please contact my supervisor Dr Buchholz at The Institute for Social Development (ISD), University of Western Cape. His telephone number is +27 21 959 3846.



Should you have any questions regarding this study and your rights as a research participant or if you wish to report any problems you have experienced related to the study, please contact:

Professor Mulugeta Dinbabo

Acting Head of Department: Institute for Social Development

School of Government

University of the Western Cape

Private Bag X17

Bellville 7535

This research has been approved by the University of the Western Cape's Senate Research Committee and Ethics Committee.

Appendix 3: Consent Form

CONSENT FORM FOR INTERVIEWS

I(NAME OF PARTICIPANT), confirm that I have read the information sheet. I have had the opportunity to ask any questions related to this study, and received satisfactory answers to my questions, and any additional details I wanted.

I agree to take part in this research and I give my consent to the interview being recorded.

I understand that my participation in this study is voluntary. I am free to withdraw from the study at any time, without having to explain myself.

I am aware that this interview might result in research which may be published and I agree to the use of anonymized quotes.

I may also refuse to answer any questions that I don't want to answer.

Participant Name:

Participant Signature:

Date:

Researcher Name:

Researcher Signature:

Date:



If you have any questions concerning this research, feel free to contact the researcher, Lamlela Plaatjie via email: lamlela.za@gmail.com or the supervisor, Dr Stefan Buchholz buchholz.daad@gmail.com

Appendix 4: Semi-Structured Interview Schedule

Preliminary Questions

1. Personal details: name, age, position in the organization, number of years with the organization and number of years in the sector (social enterprise/ third sector)?
2. Please explain what your organization does.
3. How many years has the organization been in operation?
- A. Factors that enable sustainability**
 1. What does organisational sustainability mean to you?
 2. Do you perceive your organization to be operating sustainably?
 3. Could you describe a sustainable social enterprise?
 4. What factors do you think contribute to sustainability of an organisation?
- B. Attitudes toward networking**
 5. What is your understanding of the term networking?
 6. Do you think networking increases competitiveness or do you think it increases support? Elaborate.
 7. Do you make a concerted effort to primarily network within your sector or are you open to networking with stakeholders in other sectors?
 8. Overall in your experience, does networking contribute more positively or more negatively to business sustainability?
- C. Network types and network use**
 9. Do you think formal or informal networks are more useful in business? Why?
 10. Do you engage in networking and what motivates you to do so or not?
 11. Which networking methods do you use?
- D. Resources embedded in networks**
 12. Can you list examples of how networking contributed negatively to the sustainability of your business?
 13. Which network resources do you consider useful for social enterprise sustainability? Why?
 14. Can you list the positive outcomes that you would associate as a consequence of networking?
- E. Preconditions for mobilising resources embedded in networks**
 15. How do you request resources from your networks?
 16. What are the factors that determine who you request help from?
 17. Do you feel obligated to return favours to someone that has helped you?
- F. Perceived role of the government**
 18. What is the relationship between the organization and the community? (participation and involvement etc.)
 19. What do you think the role of government is in supporting social enterprises (e.g. adequate policy, legislative and legal frameworks etc.) Give examples.
 20. How do you think your organisation has benefited from government support or initiatives?
 21. How do you think the government could improve their support for social enterprises?