

# Chapter 14

## Exploring Social Entrepreneurship for the Creation of Sustainable Livelihoods in South Africa

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### ABSTRACT

*Although social entrepreneurship has grown rapidly in developed and many developing countries around the world, it is still in its infancy in South Africa. To date, there is limited research available about social entrepreneurship in South Africa. While there are many reasons for its slow development in this country, a significant reason is the poor understanding of the concept, which would preclude investment in programmes, policies and research. This chapter presents an overview of South African issues and analyses how social entrepreneurial development can address some of the problems and issues. The more pressing problems include extreme inequality, high poverty levels and unemployment, a weak Small, Medium and Micro Enterprise (SMME) sector, fragmented communities and an economic system that needs to strengthen both social and economic development. The chapter presents the model developed as a result of research that contextualizes social entrepreneurial development for a South African market.*

### INTRODUCTION

Social entrepreneurship is a relatively new concept in South Africa that ostensibly diverges from the traditional way in which entrepreneurship is understood. In the case of South African social entrepreneurial development, the general assumption is that the social enterprise is mainly a non-profit or charitable organization. In education, there are few universities offering courses in social entrepreneurship: the University of Cape Town's Bertha Centre for social innovation and the University of Pretoria's Gordon

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Institute of Business Science are among the major universities that offer a comprehensive study of this concept.

In other countries, a wide range of universities have well-developed programmes – for example, Oxford University’s Said Business School in the United Kingdom, New York University’s Stern program in social entrepreneurship and the Tata Institute of Social Sciences in Mumbai, India. In the United Kingdom, the government harnessed the inherent worth of social entrepreneurship by setting up a dedicated social enterprise unit within the Department of Trade and Industry, with the aim of promoting social entrepreneurial development through funding and other forms of support particularly in marginalized communities (Department of Trade and Industry, 2003).

It may be that there is skepticism about the value and possibilities for practice in this country. Government has not yet embraced social entrepreneurship in the same way that it has embraced SMME development as a key component of economic development. The absence of coordinated efforts in South Africa has created a situation in which social entrepreneurial development is fragmented and poorly understood, however, evidence from the Non-Profit Organisation (NPO) sector, private industry and individual efforts are demonstrating an increasing interest in this new concept. Growth is rapid and eclectic. Most social enterprises in South Africa tend to be NPOs or “Section 21”<sup>1</sup> companies. The most recent data from the Department of Social Development shows 12,000 new NPOs are registered annually, a ratio of one NPO for every 10 businesses (Wijnberg, 2012).

This is not the case for SMME development: the South African Department of Trade and Industry (DTI, 2014) states that: “Government has prioritized entrepreneurship and the advancement of Small, Medium and Micro-size Enterprises as the catalyst to achieving economic growth and development” (p. 5). SMMEs are thus encouraged through legislation, training and financial support and are believed to be able to solve problems of unemployment and poverty (Mahlangu-Nkabinde, 2010; Mompe, 2010; Nieuwenhuizen, 2003). Nearly all institutions of higher learning, colleges and non-profit organisations (NPOs) with a development agenda offer training as well as the academic study of entrepreneurship. They promote SMME development as the means of reducing poverty, unemployment and inequalities. In spite of these efforts the failure rate of SMMEs is very high especially in the first two years (Van Scheers, 2011).

The concept of social entrepreneurship has been in existence for a long time (Dees, 2001), although not labelled as such. He defines social entrepreneurs in broad terms, as “change agents” in the social sector who create social value by:

- adopting a mission to create and sustain social value (not just private value);
- recognizing and relentlessly pursuing new opportunities to serve that mission;
- engaging in a process of continuous innovation, adaptation, and learning;
- acting boldly without being limited by resources currently in hand, and
- *exhibiting heightened accountability to the constituencies served and for the outcomes created.* (p. 4).

This definition of social entrepreneurs and how they contribute to the social economy shows a wide range of possibilities for social entrepreneurs. When using the above broad definition, social entrepreneurs can create both socially and economically beneficial businesses.

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