

**The Pathfinders' Perspective:**  
**An exploration of financial support systems for enhancing the growth of the  
social enterprise sector in South Africa**

**Author: Jerome Lengkeek**

Fourth Watch Global Analytics, 6372 185 Street, Surrey BC, Canada V3S 8J5

jlengkeek@gmail.com

Key Words: Social enterprise, financing, South Africa, support, venture philanthropy

Abstract:

The purpose of this study is to develop a better understanding of the financial support systems required for the growth and expansion of social enterprise in South Africa. In comparison to Europe and North America, the movement in South Africa is poorly understood and very little research has been conducted there. The capacity of social enterprise to address the development challenges in South Africa has therefore only just begun to be accessed. An experimental research design is developed to improve the understanding of social enterprise finance in South Africa. In-depth semi-structured interviews were conducted with founders and leaders of South African social enterprises and show that social enterprises in South Africa interact with financing tools differently as they move through the life cycle of their organisation. The interviews also show that there is a major gap in knowledge among social enterprise leaders. Banks, donors, corporations and other funders of social enterprises in South Africa must recognise the limited understanding that the leaders of social enterprises have of financing tools, and must provide assistance in improving this knowledge. Governments can also assist by leveraging existing small and medium-sized enterprise (SME) support programs, and can assist further in building this movement as a tool for social and economic development by increasing their funding via development finance institutions.

This paper is an abridged version of a research report presented as part of the requirements for a Master of Development Finance at the University of Stellenbosch. It was originally published in March 2012, and is presented here for Social Enterprise World Forum 2013 Research Day.

DO NOT COPY WITHOUT AUTHOR'S PERMISSION

# TABLE OF CONTENTS

<b>List of tables</b>	<b>iii</b>
<b>List of figures</b>	<b>iii</b>
<b>CHAPTER 1: INTRODUCTION</b>	<b>1</b>
1.1 Introduction and outline	1
1.1.1 Introduction	1
1.1.2 Outline – The way forward	2
1.2 Aims and rationale for the study	<b>Error! Bookmark not defined.</b>
1.3 Defining the research	2
1.3.1 The research problem	2
1.3.2 The research objectives	2
1.3.3 The research questions	3
<b>CHAPTER 2: SOCIAL ENTERPRISE: THE BROAD CONTEXT</b>	<b>4</b>
2.1 Introduction	4
2.2 History	4
2.3 Definitions of social enterprise	4
2.4 Typologies	6
2.4.2 A typology of social enterprise in the South African context	6
2.5 Need for research in South Africa	7
2.6 Need for research on financing mechanisms	7
2.7 Summary	8
<b>CHAPTER 3: FINANCING MECHANISMS FOR SOCIAL ENTERPRISE</b>	<b>9</b>
3.1 Introduction	9
3.2 Availability of financing mechanisms in South Africa	9
3.2.1 Borrowings	9
3.2.2 Grants and donations	10
3.2.3 Venture philanthropy	11
3.2.4 Personal finances	11
3.2.5 Equity	11
3.3 Summary	11
3.3.2 Summary of South African findings	<b>Error! Bookmark not defined.</b>
3.3.3 Comparisons and conclusions – Fitting South Africa into the global context	<b>Error!</b>
<b>Bookmark not defined.</b>	
<b>CHAPTER 4: RESEARCH METHODOLOGY</b>	<b>13</b>
4.1 Introduction	13
4.2 Motivation	13
4.3 Research design	13

4.4	Data collection	14
4.5	Data analysis	14
4.6	Summary	14
<b>CHAPTER 5: FINDINGS</b>		<b>15</b>
5.1	Introduction	15
5.2	The profile of respondents	15
5.2.1	The village scribe association	15
5.2.2	Shonaquip	15
5.2.3	Topsy foundation	15
5.2.4	Learn to earn	16
5.2.5	Great to give	16
5.2.6	Interviewee typology	16
5.3	The interview results	17
5.3.1	Borrowings	17
5.3.2	Grants and donations	18
5.3.3	Venture philanthropy	19
5.3.4	CSR/CSI funding	20
5.3.5	Personal finances	21
5.3.6	Equity financing	21
5.4	Thematic findings	22
5.4.1	The life cycle view	22
5.4.2	A knowledge gap	22
5.4.3	The use of personal funds – An anomaly?	23
5.5	Concluding observations	23
<b>CHAPTER 6: SUMMARY, RECOMMENDATIONS, AND CONCLUSION</b>		<b>24</b>
6.1	Introduction	24
6.2	Summary of main findings	24
6.3	Fitting South Africa into the global perspective	25
6.3.1	Globally	25
6.3.2	South Africa	25
6.4	Recommendations	25
6.5	Further Research	27
<b>References</b>		<b>28</b>

## **LIST OF TABLES**

Table 2.1: A Typology Matrix for Social Enterprise in South Africa – Template .....	6
Table 5.1: Profile of Respondents in the Typology Matrix for Social Enterprise .....	16

## **LIST OF FIGURES**

Figure 2.1: The Definition of Social Enterprise as a Hybrid Spectrum .....	5
--	---

## **CHAPTER 1: INTRODUCTION**

### **1.1 INTRODUCTION AND OUTLINE**

#### **1.1.1 Introduction**

The emergence of social enterprise over the past couple of decades is relevant to the field of development finance, particularly in the African context, fitting in perfectly with the major streams of debate on economic development. Most social enterprises are smaller than private corporations and have their origin in the response of entrepreneurs to local problems. These entrepreneurs often react to these problems by starting a business that addresses these needs, investing profits beyond those needed to sustain themselves and their operation into solving the social problem. The grassroots approach common among social enterprises fits perfectly with the solutions suggested by critics of development aid delivered by large multi-lateral agencies, for example William Easterly (2006: 3-8). It also addresses the concern about dependency and the stifling of innovation and entrepreneurship caused by development aid that is criticised by many Africans such as Dambisa Moyo (2009: 29-47). Tools like franchising and the creative use of financing tools like equity finance allow social enterprises to scale up and replicate their efforts far more quickly than traditional NPOs have ever been able to. This also makes them an appealing tool for people who argue strongly against the aforementioned aid critics and advocate for the use of the largest multi-lateral agencies such as the UN and the development banks to deliver government aid in developing countries. Even big names in the economic development field like Muhammad Yunus have called vigorously for the promotion and expansion of social enterprise (Yunus, 2007 and 2010). As a type of organization that can meet the divergent demands of people like Easterly, Sachs, Moyo, and Yunus who often argue vehemently amongst each other, social enterprise is clearly a tool with significant potential to act as a vehicle that development financiers can employ.

Social enterprises also have the flexibility to address social needs across all sectors of the rapidly growing African economies. Vijay Mahajan describes a rapidly growing middle class of consumers known as 'Africa Two' in his book, *Africa Rising* (2009). Estimates for this 'Africa Two' group of emerging consumers range as high as half a billion people, and they have the money to pay for a variety of social services such as health and educational products and services that their governments are not able to provide for adequately.

The grassroots origins of most social enterprises give these companies a better understanding of the social needs of those at the base of the economic pyramid, and they are therefore able to create products and services that are affordable for the emerging consumers that exist even below Mahajan's 'Africa Two' definition (Prahalad, 2006: 5, 11-19).

### **1.1.2 Outline – The way forward**

In the remainder of this chapter, the rationale for this research report will be developed into a statement of the research problem and a set of formal research questions. Chapter 2 will provide context for this study by reviewing the history of the social enterprise movement and how it is defined. A typology of social enterprises will then be applied using South African examples. Chapter 2 will also expose gaps in the existing research. The types of financing mechanisms available for social enterprise will be explored in Chapter 3, and the relevance of each mechanism will be applied to the South African context. A review of the relevant academic literature is used in both Chapters 2 and 3 to consolidate the existing information on how social enterprises are financed. Chapter 4 explains the methodological approach to the original research done for this research report. The findings from this research are presented in Chapter 5. Chapter 6 concludes the report by making conclusions and identifying themes based on the research findings. Comparisons are then made between South African social enterprises and those elsewhere in the world, and a new theory on the financing mechanisms used in South Africa is proposed. Finally, the report will conclude with some recommendations on how access to financing can be improved for social enterprises in South Africa.

## **1.2 DEFINING THE RESEARCH**

### **1.2.1 The research problem**

The field of social enterprise has attracted much academic attention around the world, but is only beginning to gain attention in this country. A better understanding of the ideal financial support systems required for the growth and expansion of social enterprise in South Africa could provide valuable information for the various parties that want to address South Africa's social problems by promoting social enterprise.

### **1.2.2 The research objectives**

The objectives of the research will be:

- A. To resolve the problem of a serious lack of understanding and policy direction on social enterprise in South Africa.

- B. To make recommendations on what support systems should be put in place to provide social enterprises with accessible sources of financing for start-ups and expansion.

### **1.2.3 The research questions**

The research problem has been restated here as a research question and two sub-questions to guide the development of the research design:

What financial support systems need to be made available to allow the social enterprise sector to grow and expand in South Africa?

- What financial support systems are currently available to social enterprises in South Africa?
- What can be done by the South African government and other organisations to create additional financial support for social enterprises?

By answering these research questions, a roadmap can be provided for policymakers seeking to put in place the ideal financial support system for the further development of social enterprise in South Africa.

## **CHAPTER 2:**

### **SOCIAL ENTERPRISE: THE BROAD CONTEXT**

#### **2.1 INTRODUCTION**

Social Enterprise is a phenomenon that is receiving increasing attention from international development practitioners who regard it as a promising new way of structuring organisations that are dedicated to advancing social and economic development. Social enterprises are a natural response to the gap between multi-lateral aid organisations which are too large to connect well at the grassroots level and Non-profit Organizations (NPOs) which are vulnerable to instability of funding. They represent a form of organisation that raises its own revenues; that matches the scalability of large multi-laterals; that provides the same grassroots focus on local needs as small NPOs; and that possesses the operational efficiency of a for-profit business.

#### **2.2 HISTORY**

The pattern of development of social enterprises occurred quite differently in Europe and America. The current form of social enterprise first emerged in Europe in the 1990s, although it should be noted that cooperatives existed long before this time and these organisations had many of the features of social enterprises. The European Research Network on Social Economy and Social Entrepreneurship (EMES) was formed in Europe in 1996 to study this emerging phenomenon. The European form of social enterprise originated in the cooperative movement. New business-like cooperatives undertook business activities that directly fulfilled their social mission and in so doing created their own sustainable revenue stream. In the USA, however, social enterprise emerged in the form of innovation in the non-profit system, where organisations that were feeling the squeeze of cutbacks in government and foundation funding started looking for their own ways of creating revenue streams through the operation of business activities, sometimes even in areas completely unrelated to their social objectives or expertise (Kerlin, 2009; Kerlin, 2006; Galera, 2009).

#### **2.3 DEFINITIONS OF SOCIAL ENTERPRISE**

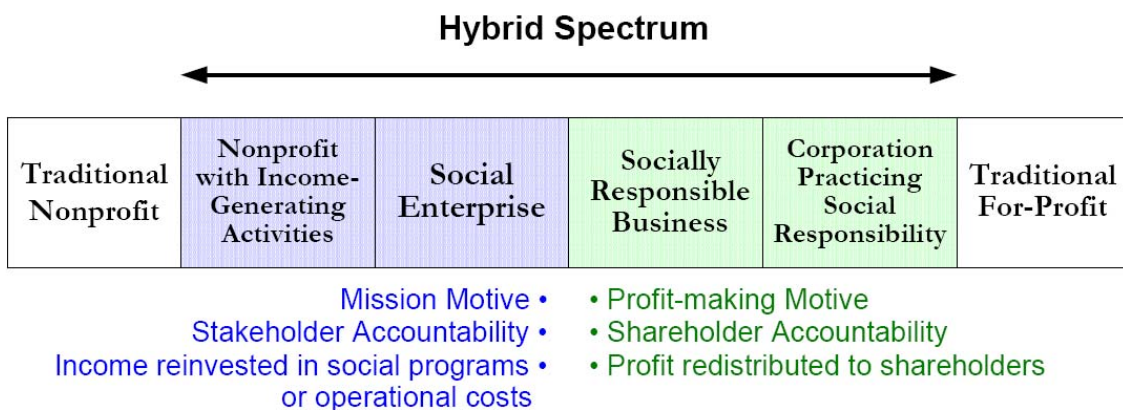
For more than ten years, governments, practitioners and academics have been debating the precise definition of the term 'social enterprise' and have failed to produce a consensus. One of the earliest attempts to grapple with this issue was by Gregory Dees who wrote about it in the Harvard Business Review (Dees, 1998: 54-67). According to Dees, the problem with defining the concept was that social enterprises exist along the spectrum somewhere between traditional for-profit enterprises and purely charitable NPOs, and the boundaries are therefore blurred. The other complication is that social enterprise is understood differently in Europe than it is in America. The European view on



social enterprise is that the defining characteristics are related to the method of organizing and structuring the enterprise, and that the business activities are normally related to the social purpose. Definitions in the United Kingdom are less closely tied to the cooperative model of ownership as in the European model. The Department of Trade and Industry defines social enterprise as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.” (Department of Trade and Industry, 2002: 13)

Building on definitions created elsewhere, Dr Susan Steinman of the University of Johannesburg has developed a definition of social enterprise that she suggests is appropriate for the South African context: “A social enterprise’s primary objective is to ameliorate social problems through a financially sustainable business model, where surpluses (if any) are principally reinvested for that purpose.” (Steinman, 2010: 40)

Kim Alter (2006: 4-5) proposes a spectrum approach in her report to the Inter-American Development Bank (IADB). The definition recognizes that the creativity of social entrepreneurs is such that permanent and clear boundaries as to what is and is not a social enterprise are not possible. Alter therefore proposes the use of a spectrum that places traditional non-profits on the left side of the spectrum, and traditional for-profits on the right side. This representation places social enterprises at the centre of the spectrum but recognises that organisations may fall anywhere along this spectrum.



**Figure 2.1: The Definition of Social Enterprise as a Hybrid Spectrum**

Source: Alter, 2006: 7

The key defining point here remains the objective of the organisation: if it is not mission-centric, it cannot be defined as a social enterprise. At best such an organisation may be considered a socially responsible business.

For the purpose of this report the only definition which has been proposed in South African academia to date will be used since the focus of this research is the South African context. Although this report works to the Steinman definition in the selection of cases to examine in the research, recognition is also given to the hybrid spectrum model shown in Figure 2.1 and the fact that the variety of social enterprises found in South Africa is likely to defy all attempts at a firm definition.

## **2.4 TYPOLOGIES**

Reviewing the definitions in the previous section creates a useful set of boundaries which allow us to qualify what we can consider as a social enterprise. The original research report on which this anthology was based included a full discussion on various typology frameworks in use around the world.

### **2.4.2 A typology of social enterprise in the South African context**

For this report, two spectra for typology will be examined to create a matrix or table. This table will be completed later in the report to assess the breadth of types of social enterprises that are examined in the research. The first spectrum that has been chosen is the operating focus or social purpose of the organisation. The four categories chosen for this spectrum are based on some of the key development needs of South Africa, namely, education, healthcare, job creation, and a final category for all other outcomes. The second spectrum is informed by the work of the DTI but has been adapted to reflect the IADB report by examining the type of activity conducted by the organisation. The types of activity referred to here are the sale of products or services related to the social purpose of the SE, the sale of products or services not related to this purpose, and blended activity across the first two items or activity which has its social purpose embedded within it.

The following table is purposely left blank as it is presented here as a concept diagram. The table will be filled out later in the report once the research has been introduced as a validation tool.

**Table 2.1: A Typology Matrix for Social Enterprise in South Africa – Template**

---

**Method of Revenue-Generating Activity**

	<b>Purpose-related Enterprises</b>	<b>Unrelated Enterprises</b>	<b>Blended or Embedded</b>
	Education		
Social Purpose Category	Health Care		
	Job Creation		
	Other		

## **2.5 NEED FOR RESEARCH IN SOUTH AFRICA**

Social enterprises are starting to become more common in South Africa and elsewhere on the continent but research on this emerging form of organisation is virtually non-existent in Africa. The University of Johannesburg now hosts a newly formed Centre for Social Entrepreneurship (CSE) (University of Johannesburg, 2011) that was founded by Dr Susan Steinman. Steinman's academic focus has moved from a more general focus on issues around social entrepreneurship (Steinman, 2008: 38) to a more specific attention to the social enterprise. She has conducted detailed research on social enterprise support systems in South Africa in cooperation with the ILO (Steinman, 2010). Local examples of successful social enterprises were profiled by the University of Johannesburg at the Social Enterprise World Forum (SEWF) in April 2011. Job creation is a huge challenge in South Africa and a major focus of national and provincial governments' economic strategies. One recent study found that job creation by social organisations with funding from both business sources and government is as much as five times as effective as funding by traditional small and medium enterprises (Harding, 2004: 40-43).

There has been a significant amount of research done on the financing tools used by social enterprises, but almost none of this research has been done in Africa or on African social enterprises. This research looks at a variety of financing tools that are also used by non-profits and commercial enterprises.

## **2.6 NEED FOR RESEARCH ON FINANCING MECHANISMS**

The importance of social enterprise as a tool for economic development in South Africa has already been established in the introduction to this research report. It is therefore important for academic research to be done to demonstrate how the benefits of this tool for economic development can be

maximised. This research should be conducted across a broad range of academic disciplines to better understand the ideal ways of supporting social enterprises through legislative framework. For example, the ideal methods of setting up management and operational structures or the psychology of founders of social enterprises could be studied. This research report will focus on the financial support systems that will optimise growth in the social enterprise sector in South Africa. These support systems will be examined by considering a full range of possible sources of financing.

## **2.7 SUMMARY**

This chapter has examined the context in which this research on social enterprise will be conducted. It has looked at the history of this new type of organisation, developed a definition to be used for the purposes of this research, and devised a purpose-built categorisation matrix. An examination of the state of academic research into social enterprises in South Africa today was conducted and, in particular, into the potential benefits of research into their financing needs.

This research report will not solve the lack of knowledge on financial support systems for social enterprises in South Africa through one small piece of graduate research. It will, however, endeavour to pave the way for a more detailed examination of some of the main topics covered here as South Africa's social enterprise sector moves towards maturity and begins to contribute significantly to economic growth in the Republic of South Africa and elsewhere on this continent.

## **CHAPTER 3: FINANCING MECHANISMS FOR SOCIAL ENTERPRISE**

### **3.1 INTRODUCTION**

Numerous reports on financing mechanisms have been commissioned by governments and government agencies around the world, and numerous academic journal articles have also been written on these topics. The abridged version of this report will focus on a survey of the financing mechanisms available in South Africa as reported in the small number of broad-based reports that have been created for this country. A summary will then be given of the various mechanisms that are available and a comparison between availability of these financing mechanisms here and elsewhere will be presented.

### **3.2 AVAILABILITY OF FINANCING MECHANISMS IN SOUTH AFRICA**

The main focus of this section will be to provide a review of the current mechanisms available to South African social enterprises, but some comparisons will also be made to the global system.

#### **3.2.1 Borrowings**

South Africa has the same well-developed and well-capitalised banking system that is found in most developed countries, but at the same time this system operates in a highly differentiated economy with a wealthy minority and vast numbers of unemployed persons or unskilled labourers. The banks in this country are highly profitable, in part because of a very cautious approach to their lending. This caution makes it even more difficult for them to gain approval for loans than elsewhere.

South Africa has a very high failure rate for small for-profit enterprises, and banks are very reluctant to lend to them as a result. Since the awareness of social enterprise in South Africa is exceptionally low compared to other countries (Steinman, 2010: 2, 88), they are often perceived by bankers to be an idealistic version of a small business, and therefore experience a very high rate of declines (ILO & GreaterCapital, 2011: 29).

One unique way around this barrier to accessing borrowings is to make use of a credit indemnity scheme. An example of this in South Africa is Khula, a DFI, which offers guarantees on loans instead of the usual security. They typically require a small amount of security from the social entrepreneur/founder/manager as a sign of good faith, and will advance the loan if the social enterprise has the financial capacity to make the repayments (ILO & GreaterCapital, 2011: 35).

Given their hybrid nature, social enterprises can take advantage of agencies and programmes that have been in place to serve both non-profit organisations and also small and medium for-profit enterprises (SMEs). Two organisations that do SME lending are Cape Capital (Cape Capital, 2011) and Business Partners (Business Partners, 2011), both of which are SME lenders in South Africa, but are also options for social enterprises with a sound business plan.

### **3.2.2 Grants and donations**

South African social enterprises have access to a broader range of grants and donations because of the country's unique position as a developing country with some developed country characteristics. On the one hand, there is a well-established industrial economy with a small minority of wealthy investors, which means that there are many South Africans who have the means to make significant donations to social causes. On the other hand, South Africa still has a very large percentage of its population living in poverty, and therefore qualifies as a developing country by most measures. South Africa's social enterprises are therefore able to access a large number of international grants and competitive award systems focussed on developing countries.

In addition to private donors and independent foundations like UnLtd South Africa (UnLtd South Africa, 2011), there are also a number of government bodies that provide funding for certain types of social enterprises in South Africa, such as the Khula Enterprise Finance Ltd, (Khula Enterprise Finance Ltd, 2011) Industrial Development Corporation (IDC - Industrial Development Corporation, 2011) and the National Empowerment Fund (National Empowerment Fund, 2011).

A major source of grant funding for social enterprises that cannot be ignored in South Africa is corporate social investment (CSI). The CSI field in South Africa has a unique character that has its roots in the country's racially inflected history. South Africa's employment equity legislation known as BEE, or Black Economic Empowerment, seeks to direct CSI funding in a way that will seek out black beneficiaries. Corporations that give at least 1% of after-tax profits to organisations and initiatives that are aimed at social upliftment of black people can gain an increased BEE rating for their organisation, possibly offsetting to some extent a failure in other areas of BEE legislation such as having black managers (Mail & Guardian online - Trialogue Reporter, 2009). Given the unique character of CSR and CSI activities, pools of funding are available domestically within South Africa for social enterprises that target the alleviation of poverty and social problems in black townships (GTZ (for the German Ministry for Economic Cooperation and Development), 2009: 104-105).

### **3.2.3 Venture philanthropy**

The field of venture philanthropy is not well developed in South Africa, but there are many international venture philanthropists that are active in South Africa, for example LGT Venture Philanthropy, which is the venture philanthropy arm of the Lichtenstein royal family's LGT Group (The LGT Group, 2011). Others, such as Heart Social Investments, provide incubator services with hands-on training and mentorship, and then set their partner organisations on the path to independence and sustainability with financial support (Heart, 2011).

### **3.2.4 Personal finances**

Not much research has been done on the use of personal finances by social enterprises specifically in South Africa. The findings chapter in this report (Chapter 5) will show that the research results related to the use of personal finances globally are consistent with those included in this report. Given the lack of information specific to South Africa and the fact that the findings in the research for this report did not point out any particular discrepancies, it is safe to assume based on all of the available information that personal finances also play an important role in getting social entrepreneurs past the startup phase and on the path to forming a sustainable social enterprise.

### **3.2.5 Equity**

In the South African legal context, issuing equity shares necessitates the transition to a different legal form of organisation. Only for-profit corporations can issue shares in South Africa. By changing legal status to a for-profit corporation, known in South Africa as a 'PTY' or 'CC', a social enterprise will also lose the ability to access many forms of grants or donations, and this will make it even more difficult to find CSR or CSI investment partners.

Patient capital is very difficult to come by in South Africa. There are very few financiers who offer such arrangements here. The main sources of patient capital in South Africa are Development Finance Institutions or Enterprise Development funds, and many of the latter are restricted by BEE requirements (ILO & GreaterCapital, 2011: 31).

## **3.3 GLOBAL CONTEXT**

South Africa's social enterprise is at a much less mature stage than countries like the United States and the United Kingdom. Additionally, South Africa has the unusual circumstance of having the attributes of a developed country inside a developing one. This means that there are significant social challenges far beyond those found in the developed countries with mature social enterprise

sectors. At the same time, however, there is an array of potential resources that is available both domestically and internationally.

In the South African context there are several factors that would help the social enterprise sector access the financing needed to expand rapidly and begin to address the significant social challenges. The research cited here indicates that some of these factors include awareness of the social enterprise sector on the part of banks and investors; the skills within social enterprises to know how to access the full range of available options; and the resources within social enterprises to dedicate personnel to finding the right financing mechanisms. The government could do much to further support and encourage collaboration between banks, DFIs and other small social lenders using the highly successful model of the UK as a starting point.

There is no doubt that South Africa needs a vibrant social enterprise sector to address its social problems alongside the work of government, charities and international agencies. The financial resources, both domestically and internationally, with which to achieve this worthy goal are all in place. All that seems to be missing at this point is a better understanding of how to connect the two.



## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 INTRODUCTION**

A significant gap has been left exposed by the review conducted in the preceding chapters. That gap is a solid view of financing mechanisms from the perspective of the social enterprise. What has been the experience of social enterprises working in South Africa? What barriers have they encountered in attempting to finance their start-ups and expansions? These questions and more have been largely overlooked thus far, particularly in academic research.

### **4.2 MOTIVATION**

Although to some extent there is an understanding of the various types of financing that are available to social enterprises in South Africa, more research is required to better understand how they interact. The motivation for this research is made clear in the title of this report: "The Pathfinders' Perspective: An exploration of financial support systems for enhancing the growth of the social enterprise sector in South Africa." Although financial support systems for this sector have been explored to some extent in this country, this report endeavours to use a qualitative design to gain a deeper understanding of the perspective of the pathfinding founders of social enterprises.

### **4.3 RESEARCH DESIGN**

By examining the literature on this topic, it becomes quite clear that there is a significant gap in the academic research as virtually none has been conducted in South Africa on the entire social enterprise topic in general, and none at all could be found specifically related to financing options here. Therefore, this research will be exploratory in nature.

In the body of research being outlined in this proposal, the subject will be social enterprises in South Africa, with a particular focus on their methods of financing. The unit of study for this case study will be a group or community – social enterprises in South Africa.

The data that informs the case studies was gathered via a series of semi-structured interviews. The benefit of using semi-structured interviews for this research was that a set of pre-determined questions was developed based on the key areas of potential financing sources identified in the preliminary literature review, and then each of these were further explored through secondary probing questions to explore interesting answers (Maree, 2007).

#### **4.4 DATA COLLECTION**

The researcher attended the Social Enterprise World Forum in April 2011 at the University of Johannesburg and was able to identify a number of founders and leaders of South African social enterprises there. At that point they were asked to participate in a telephonic interview at a later date. The interviews were conducted in May and June 2011.

#### **4.5 DATA ANALYSIS**

The responses to the questions were categorised according to codes to allow for the easier identification of emerging themes and to allow findings to be synthesised. To triangulate the research, the responses were contrasted to what is already known from research in other countries.

#### **4.6 SUMMARY**

The methodology described here in this chapter originated from a desire to seek the ideal way of achieving the research objectives. Those objectives were further defined in the first chapter as a set of research questions around which this report was built. The questions sought to discover the financial support systems that are needed to grow and expand SE in South Africa, conduct an inventory of what is already in place, and define the support that government and other actors should be providing.

## **CHAPTER 5: FINDINGS**

### **5.1 INTRODUCTION**

This chapter provides the results of the in-depth interviews that were conducted with five social enterprise leaders. The interview questions were designed to help the researcher to better understand how social enterprises in South Africa interact with the financing mechanisms currently available to them, and thereby enable him to answer the research questions.

### **5.2 THE PROFILE OF RESPONDENTS**

#### **5.2.1 The village scribe association**

The Village Scribe Association's founder, Ronald Wertlen, had an information technology (IT) background in Germany. He saw the need for increased internet access and skills in South Africa and set up a charity in Belgium to capture donations from previous contacts. The Association is set up as a Section 21 non-profit and also runs a CC for-profit business. This dual structure allows the organisation to create revenue in the CC and take in grants or donations through the Section 21. Professional IT contracts in the CC generate income that is used to cross-subsidise the social causes supported by the Section 21. The Village Scribe Association is an excellent example of structural innovation that allows for enhancement of financing options (eKhayaICT, 2011).

#### **5.2.2 Shonaquip**

Shonaquip Resources builds custom chairs and beds for children with Cerebral Palsey. Shonaquip sells its products at market rates in middle or upper-income communities and uses those profits to cross-subsidise products for kids in poor communities. They are also engaged in lobbying for awareness and increased government support because the use of proper chairs is important to prevent secondary health complications. Founder Shona McDonald has been the driving force behind the success of Shonaquip, and she has used the business as a tool for social transformation in South Africa (Shonaquip, 2011).

#### **5.2.3 Topsy foundation**

The Topsy Foundation was founded in 2000 to help prevent HIV/AIDS and alleviate some of its consequences. It has many different programs, but the core of Topsy's activities is centred around operating clinics and providing a variety of health-care services, counselling programmes, awareness building, and providing physical support to families and orphans suffering from the

social impact of AIDS. Topsy also helps with job skill training and then sells handicrafts made by people in townships to raise money for the programmes there. These training programs are managed as self-sustaining separate business units (Topsy Foundation, 2011).

#### **5.2.4 Learn to earn**

Learn to Earn was established as the Baptist Training Centre in 1989, and changed to its current name in 1995 when Director Roche van Wyk joined. The goal of the organisation is to teach useful job skills to the unemployed in Khayelitsha and Hermanus, and to present the gospel of Jesus Christ while engaging in that primary mission. Learn to Earn has been moving towards sustainability by increasing its internally generated revenue significantly in the past few years. While teaching their clients how to perform certain work functions, various product outputs are created that can be sold to help pay for the costs of providing training. They have also formed a joint venture with a corporation to provide some job skill training for their employees (Learn to Earn, 2011).

#### **5.2.5 Great to give**

Founded by Neil Hellmann of CHC Global, Great to Give, is a social enterprise that is still in the early stages of development. The purpose for which Great to Give was founded was to encourage giving, both financially and in other ways. Great to Give believes that happiness comes not from material wealth, but from engaging in acts of compassion. Revenues are raised by private cash donations and in-kind donations of TV advertising time. Messages that encourage giving and that remind people of the benefits thereof are then embedded into corporations' advertisements to help achieve the goals of Great to Give.

#### **5.2.6 Interviewee typology**

The plotting of the interviewees' organisations into this typology is not an attempt to show it as a representative sample. It is rather presented as a visual way of understanding the profile of those interviewed and to show that an attempt was made to gather data from a cross-section of different types of social enterprises.

The template for a typology matrix for social enterprise in South Africa was presented in Chapter 2 as Table 2.1. The interviewees are now categorised in this typology matrix to show their distribution across the two spectra.

**Table 5.1: Profile of Respondents in the Typology Matrix for Social Enterprise**

---

**Method of Generating Revenue**

		<b>Purpose-related Enterprises</b>	<b>Unrelated Enterprises</b>	<b>Blended or Embedded</b>
	Education			VS
Social Purpose Category	Health Care	SQ	TF	
	Job Creation	LE		
	Other	GG		

**Legend:**

VS = The Village Scribe Association

SQ = Shonaquip

TF = Topsy Foundation

LE = Learn to Earn

GG = Great to Give

**5.3 THE INTERVIEW RESULTS**

The full responses to the open-ended interview questions were coded for ease of analysis, identification of trends, and protection of the confidentiality of individual interviewees. The interview questions are included in this report in Appendix A. This section pulls together the findings from the interviews, breaking them down into the categories of the various financing mechanisms discussed in Chapter 3.

**5.3.1 Borrowings**

The discussions about the use of borrowings by social enterprises in South Africa made it clear that there is a very healthy dose of scepticism about the willingness of lenders in this country to give loans to social enterprises, and some of the interviewees were, in any case, hesitant to take advantage of borrowings as a financing mechanism.

Three of the five interviewees reported that they are currently or have previously borrowed for their social enterprise on the strength of their personal assets. This method of lending created an uncomfortable greying of the lines between their personal finances and that of the social enterprise. None of the respondents had any faith in the banks being at all interested in lending to social enterprises unless they were at the stage of maturity where they could qualify to borrow millions of Rands. Borrowing from banks appears to be a totally unrealistic option for small or startup social

enterprises in this country unless their founders are willing and able to put up personal assets as security.

Most of the interviewees shared reluctance about having their social enterprise take on any interest-bearing debt regardless of the ability to get approval or not. The sentiment behind this was that committing to a long-term schedule of interest and principal repayments would be a major burden for their enterprise. The concern was that if the revenues of the enterprise took a dip or they were not able to maintain one of their regular donors, they might put the survival of the enterprise at risk.

One of the interviewees had once taken on a zero-interest loan from a social lender. He was still quite disenchanted with lenders, however. The interviewee's view was that the banking system undermines entrepreneurship in South Africa since it only helps those individuals who are financially well established. The interviewee did not feel that this social lender was any more accessible than traditional bankers.

The interviewees were not at all enthusiastic about the availability and appropriateness of using borrowings to finance a social enterprise, yet ironically the majority had actually taken on loans at some point because they felt they had little choice and were able to access reasonable rates because of their personal assets.

### **5.3.2 Grants and donations**

The researcher was quite impressed by the range of donors that the interviewees reported having accessed in the past. The responses are listed in more detail in Appendix B, but include personal networks, individual donors, corporations, foundations, and development finance institutions. Some reported having accessed overseas donations whereas others used only funds originating from South Africa, and the donations were both cash and in-kind. The one thing that the interviewees had in common was that they reported having accessed multiple sources of donations.

The interviewees were not hesitant to push for donations from any source including their personal networks. It seems that the most highly skilled fundraisers are those that can transfer their passion for addressing the social purpose of their organisation into the ability to inspire a passion for that social cause in others and persuade them to donate. One interviewee had even used a strategy of identifying and pursuing high net-worth individuals by any means possible, including the leveraging of assistance and endorsements from high-profile supporters such as Nelson Mandela and Archbishop Desmond Tutu.

The difference in responses among the interviewees was interesting to hear at times. One of them reported having set up a charity in Europe through which to solicit overseas donations, and that this has been a highly successful source of funding. On the other hand, the researcher also heard in a subsequent interview about how difficult it sometimes was to get overseas support for work in South Africa. This interviewee felt that South Africa was often overlooked in favour of other African countries that were felt to be more in need of help. The directors that were interviewed may have experienced this differently, but it does seem that overseas donations are a feasible source of financing for those with the resources and connections to pursue them.

Most of the donations and grants that the enterprises received were in cash, but a couple of the discussions included some mention of in-kind donations as well. Social enterprises that are well organised and are able to inspire passion in others about their social cause are able to attract volunteer labour to reduce their operating expenses. In-kind contributions received by the social enterprises in this research included a wide range of other donations varying from government-subsidised medications to free server space for computer operations.

### **5.3.3 Venture philanthropy**

A lot has been written about the emerging field of venture philanthropy, but it still has a long way to go before becoming a significant contributor to the financing of social enterprises in South Africa if these interviews are any indication. One interviewee had a low awareness of what venture philanthropy is, another did not believe there were many in South Africa, and the rest of the interviewees were reluctant to make use of them anyway. However, none of the interviewees had made use of this financing mechanism.

One of the interviewees came close to making an arrangement with a venture philanthropist who called himself an impact investor but in the end it did not work out. They had extensive negotiations that included a push by the investor to reorganise the enterprise component to maximise revenues even at the cost of watering down the social component. These negotiations were described during the interview as being 'long and painful' and in the end the director of the social enterprise decided that too much of the social purpose would have to be sacrificed to make the relationship work.

Others agreed that venture philanthropists would be too profit-focussed. The desire to address a social cause was strong enough to motivate these founders to risk a lot to start the social enterprise, and any reduction in achieving this original purpose was felt by all of them to be unacceptable.

A change in attitudes and approaches must occur before there can be any significant growth in the relationships between social enterprises and venture philanthropists. Social entrepreneurs are passionate enough to pursue their social objectives at almost any cost. The venture philanthropist must therefore find a way to show that, through the growth in the enterprise that their partnership can bring, they will be able to increase the net amount of good that can be achieved for the underlying social cause.

#### **5.3.4 CSR/CSI funding**

Some social enterprises find corporations intimidating to approach for support, and others do not feel quite ready to attempt to get financing from corporate social responsibility or corporate social investment funds. Those that have succeeded in getting this funding, however, say that the way in which you approach these corporations is crucial. If a social enterprise is not ready to look for a financing partnership in the corporate world, in-kind support might be an easier alternative or entry point.

One of the interviewees had a negative response to corporate funding as being unattainable, and two others felt that they were not ready to approach corporations yet. In all of these cases the researcher was under the impression that there was an emotional barrier to even attempting this route. The relationship between corporations and social enterprises seems to be one of tension in all these cases.

The description of CSR/CSI funding from the other two interviewees could not have been more different. Both of them have had a lot of success in working out partnerships with corporations. One said that it seems quite intimidating at first, especially to those that come from the NGO world, but that it is actually quite easy to work with corporate partners. This person noted that when they lost a corporate partner due to cutbacks in the recession, others stepped in and increased support that more than made up for what had been lost. The other interviewee who had accessed corporate financing attributed their success to approaching them as a partner. This interviewee said that you must put together a plan and look like an organised partner, rather than going with your 'begging bowl'. Both said that social enterprises need to have a proposal with an exit strategy as well.

One interviewee who has not tried for CSI financing yet did have success in getting in-kind contributions. So far they have received an astounding 10 million Rand in pro-bono work from corporations. This person said that when they are ready to approach corporations for financing they



will likely approach them through their networks of personal contacts with senior business managers.

For social enterprises that are willing to make the investment of putting together a solid and presentable business plan, 'the money is there for the taking' (to quote from one of the interviews). Corporations are looking for well-organised partners with a good plan for an engagement that has a defined time period and exit strategy and can make some measurable social impact.

### **5.3.5 Personal finances**

The method of financing a social enterprise that seems to be the easiest one to access is through the personal finances of a founder or director. This is not through direct donations or capital infusions, but rather through leveraging personal assets such as the home of the founder to obtain a bank loan that can provide the startup funding. None of the interviewees saw any significant problems with this blurring of the lines between the social entrepreneur and the social enterprise.

All four of the founders/directors that were interviewed have used their personal assets to leverage borrowings to finance their social enterprises. As already discussed in section 5.3.1, they put up their personal homes as security for a conventional bond from a bank, thus getting a reasonably low interest rate on a significant amount of funding with minimal effort. It is also interesting that the one interviewee who had not done this did not have any problem with this in principle, and had not done so only because there had been no need for it.

The only concern voiced as far as potential boundaries for appropriateness of using personal financing is concerned, was when the enterprise is being used for political or personal material gain under the guise of social motives. The feelings about the use of personal funds were quite positive overall, however.

### **5.3.6 Equity financing**

Although two of the interviewees were not aware of how equity financing could be applied to social enterprises, the others were in favour of using it if there is a good alignment between investors and the social goals, and if dividends paid out to the shareholders are capped.

The interviewees with a limited awareness of equity financing felt that this was likely a tool for larger social enterprises. Their understanding of how to access equity financing was very limited, but they thought that for social enterprises that were much larger and had the luxury of having staff that knew how to go about accessing it there should not be a problem with it.

Those with a higher awareness level had some opinions on how shareholders could participate in a social enterprise. One interviewee with a stronger business background commented that dividends should be capped, firstly, to protect the perception externally, and in particular the perception of other potential funders, so there would be no concern that their contributions would be used to enrich a shareholder.

All three of the interviewees who had some awareness of equity financing said that alignment of goals would be important. Any potential shareholders would need to share the same social goals as the founder, and there would need to be a screening for any ethical or moral conflicts. It was also pointed out that the lack of a clear method of calculating the value of the social benefits as compared to the financial revenue opportunities would hinder an effective alignment of the goals of founders and potential equity investors. If all of these things are in place, it was felt that taking on shareholders could be a beneficial way to finance expansion of a social enterprise.

#### **5.4 THEMATIC FINDINGS**

In this section the researcher will draw out themes from the detailed findings reviewed in the preceding sections about each of the potential financing mechanisms for social enterprises in South Africa. This section will include some observations on these themes that cut across all of the interviews and the questions within them.

##### **5.4.1 The life cycle view**

With only a few minor exceptions, the social enterprises interviewed seemed to follow a similar life-cycle path through the various financing mechanisms that are available. They seemed to begin with obtaining their initial startup financing through the founder borrowing against their home to create an injection of capital for the social enterprise. The next step is to solicit donations from either their family and friends or easily accessible sources of grants that were not far from the founder's comfort zone. As the enterprise matures, the resources become available to start looking for grant financing from foundations and corporations. In the final stage of maturity, major corporate partnerships are leveraged and some thought is given to issuing shares and working with a venture philanthropist or equity partner. Throughout this life cycle the revenue-generating enterprise activity grows in scale and in financial contribution.

##### **5.4.2 A knowledge gap**

Another cross-cutting theme is a shortage of critically important financial knowledge and skills within the social enterprises interviewed. None of the interviewees had a solid understanding of all

the various financing mechanisms that are available to South Africa's social enterprises. This problem is compounded by the fact that some of them also lack the skills needed to access what is actually available. The differences between the responses to the accessibility of corporate funding question was particularly noticeable, with some interviewees saying that it was intimidating and inaccessible and others reporting on great success in obtaining support from a broad range of corporate partners.

#### **5.4.3 The use of personal funds – An anomaly?**

A final observation is that there was one striking difference between the findings of this research and what was reported on in the literature review in Chapter 2. It was reported there that Shaw and Carter (2007) found that only 2% of social enterprise founders used their personal funds (Shaw, 2007: 428). In the interviews conducted for this report, however, use of personal finances at the point of startup of a social enterprise was found to be nearly universal. Within the scope of this report there is no way to explore whether this is a statistical anomaly resulting from the fact that this research is a qualitative analysis of five cases, or whether there is a major difference between South African and global social enterprises in this regard. Perhaps this could be an avenue for future research.

### **5.5 CONCLUDING OBSERVATIONS**

The interviews allowed for a broad range of observations to be made about how social enterprises view their financing opportunities, and how they interact with the options that they view as accessible. It was also possible to note, in several cases, a gap between their perceptions of the availability of these mechanisms and the reality that was reviewed in Chapter 3. When it comes to fundraising and the passion they are able to share for their social causes, it is clear that they are able to come up with uniquely South African solutions to uniquely South African challenges.

## **CHAPTER 6: SUMMARY, RECOMMENDATIONS, AND CONCLUSION**

### **6.1 INTRODUCTION**

The final chapter of this research report will begin with a brief review of the main findings of each chapter. Section 6.3 will then revisit a few of those findings to fit them into the global perspective. Section 6.4 will present a number of recommendations. The final section, 6.5, goes back to the research definitions of section 1.3 to review the research problem, objectives, and questions to assess how well they have been addressed in this study, and then concludes by pointing to how further research could address them in more depth.

### **6.2 SUMMARY OF MAIN FINDINGS**

In the opening two chapters an explanation was given on how social enterprise fits into the broader historical context of the rise and fall of different economic systems as purpose-designed tool for addressing poverty and other social concerns. Some discussion was also included on definitions, and that of Dr Susan Steinman was used because it is uniquely South African.

A review of the various mechanisms that are available for financing social enterprises was given in Chapter 3 and a review of the global picture was contrasted with the financing mechanisms that are available in South Africa. The finding of this review and comparison was that a broad range of mechanisms are currently available here, perhaps even more than in geographies with a better established social enterprise movement.

Chapter 4 included a presentation of the research methodology used in this report. The chapter gave the rationale for the use of qualitative research as resulting from the need to create a baseline of academic research on social enterprise in South Africa. The use of case studies of a few social enterprises using semi-structured interviews was identified as the best tool for drawing out some valuable data to create an understanding of how social enterprises interact with the financing mechanisms available today.

Finally, Chapter 5 presented the findings from the interviews. The chapter showed that there is a life cycle to social enterprise development. It was ascertained that certain financing tools are favoured at various stages. It was also shown that social enterprise directors do not have the time and resources to develop all the skills necessary to access the full range of funding that is available to them, and that some potential funders lack a proper understanding of social enterprises. Such

funders don't have the skills and tools to properly evaluate social objectives against financial performance. One interesting anomaly compared to global research was that the founder/directors that were interviewed all used personal financing to start up their enterprises. This stood in sharp contrast to global findings that almost none did so.

### **6.3 FITTING SOUTH AFRICA INTO THE GLOBAL PERSPECTIVE**

#### **6.3.1 Globally**

Social enterprise has grown rapidly in Europe and the United States, and has spread from there around the world. Support systems in these regions that gave birth to this movement are maturing rapidly and are being established at the highest levels of government. Financial support systems around the world are showing the maturity of the social enterprise movement and providing the tools necessary for continued growth of social enterprises and the replication and franchising of those that have demonstrated financial sustainability and social impact. These systems include purpose-built financial institutions, social enterprise-focused foundations and award-granting agencies, social stock exchanges and venture philanthropy firms.

#### **6.3.2 South Africa**

The social enterprise system in South Africa seems to have passed the initial phase of mutual recognition being experienced elsewhere on the continent. Because there are other places in the world with a more mature movement, South Africa is passing through the current phase quickly and is borrowing ideas from elsewhere. Attention from government, a sudden start to academic research on social enterprise in South African universities, and a flourishing network of new foundations, awards, and even the emergence of venture philanthropists provides evidence of this rapid maturing of our system. The unique nature of some of the financing tools that are being used in South Africa demonstrates the innovative and tenacious attitude of her people.

### **6.4 RECOMMENDATIONS**

There are a number of things that could be done by agencies that provide funding for social enterprises to improve the tools that they provide for applicants. At the same time, social enterprises can take several steps to improve their likelihood of gaining approval for financing.

South Africa's banks have made a poor initial response to the emergence of social enterprise here, and their reputation among founders and directors within the movement reflects this. Banks still have the opportunity, however, to improve on this poor reputation by responding pro-actively to

poorly prepared applications from social enterprises by providing them with suggestions, tools and resources so they can subsequently gain approval for the borrowings that they were seeking.

Donors can support social enterprises by offering training to applicants. The implementation of workshops for all previous applicants that details the full range of financing options related to diversification of their funding will result in improved applications in the future. Venture philanthropists could also improve their ability to connect with social enterprise partners by seeking to better understand and quantify their social objectives by using double and triple bottom-line calculator tools that are readily available in other jurisdictions.

South Africa hosts the headquarters of many powerful domestic and multi-national corporations with deep resources that can be used to help address social challenges. These corporations can assist social enterprises by coaching them on what they are looking for in partners for CSR/CSI funding, and can also offer pro-bono assistance to make available some of their abundant human resources in the areas of marketing and finance to help their partners to improve the strength of their enterprises and make them better potential partners in the future.

All three respective levels of government can encourage banks to assist social enterprises through credit guarantee schemes, increasing funding to DFIs that finance social enterprises, offering tax breaks to social enterprises and their funders, and by creating funding for business development networks to train their staff to support social enterprises better.

On the other hand, social enterprises can also take several steps to improve their access to financial support systems.

Founders of social enterprises in South Africa often leverage their personal assets to create initial funding for their start-ups. This seems to be working in the absence of better alternatives here, but founders should attempt to transition rapidly from over-reliance on this method and diversify their financial support by seeking out lending from DFIs and other social lenders as they begin to grow, rather than wasting their time at mainstream banks until improvements are made there.

An incredible array of donors and granting agencies exist in South Africa already. Directors and financial directors of social enterprises should seek out training and workshops on how to effectively access these, and even consider seeking assistance from financial consultants if their enterprises are big enough but they lack these skills internally.

Corporations should not be overlooked so easily as an excellent source of financing and other support and in-kind donations. Social enterprises simply need to select partners with a good alignment and approach them in a business-like way with well-developed presentations and share the vision about which they are so passionate.

If funders and social enterprises both act on this, the money that one interviewee in this research said is 'there for the taking' will get to those that are prepared to make very effective use of it, and a significant impact will be made on addressing some of the serious and unique social challenges in South Africa.

## **6.5 FURTHER RESEARCH**

This research report made some progress in building an understanding of how social enterprises and the financial support systems intended to assist them can interact more effectively, but the author will be the first to say that there is still much work to be done.

One method of expanding on the findings here would be to broaden the study and introduce a quantitative aspect as South Africa's social enterprise sector matures and a wider pool of social enterprises becomes available for research. Quantitative research could look in closer detail across the whole movement as to which mechanisms are being accessed and to what extent.

Another take on one of the findings in this report would be to conduct a study that focuses on examining the life-cycle path of social enterprises with regards to the financing support systems that are accessed at a number of defined stages.

Finally, it would be helpful to funders to repeat this research in other countries in Southern Africa or other regions of the continent to determine whether the findings of this report represent broader trends across Africa as the social enterprise movement continues to grow here.

## REFERENCES

- AgraQuest. (2011, September 2). *AgraQuest*. Retrieved September 2, 2011, from AgraQuest: <http://www.agraquest.com/>
- Aldrich, H. (2005). Entrepreneurship. In N. S. Swedberg (Ed.), *Handbook of Economic Sociology* (pp. 451-477). Princeton, NJ: Princeton University Press.
- Alter, K. (2006). *Social Enterprise Typology*. Inter-American Development Bank.
- Alvord, S. B. (2004). Social Entrepreneurship and Societal Transformation: An Exploratory Study. *Journal of Applied Behavioural Science* , 40 (3), 260-283.
- Americans for Community Development. (2011, September 24). *Americans for Community Development, the professional organization for L3Cs*. Retrieved September 24, 2011, from Americans for Community Development: <http://americansforcommunitydevelopment.org/concept.php>
- Ashoka. (2011, September 3). *About Us | Ashoka - Innovators for the Public*. Retrieved September 3, 2011, from Ashoka - Innovators for the Public: <http://www.ashoka.org/about>
- Babbie, E. a. (2001). *The Practice of Social Research*. Cape Town: Oxford University Press.
- Bank of England. (2003). *The Financing of Social Enterprises: A Special Report by the Bank of England*. Bank of England, London.
- Baron, D. (2007). Corporate Social Responsibility and Social Entrepreneurship. *Journal of Economics & Management Strategy* , 16 (3), 683-717.
- BC Social Venture Partners. (2011, September 2). *BCSVP*. Retrieved September 2, 2011, from BC Social Venture Partners: <http://bctsvp.com/>
- BM&F BOVESPA. (2011, September 24). *BM&FBOVESPA - Securities, Commodities, and Futures Exchange*. Retrieved September 24, 2011, from BM&F BOVESPA: The New Exchange: <http://www.bmfbovespa.com.br/en-us/home.aspx?idioma=en-us>
- Bornstein, D. a. (2010). *Social Entrepreneurship: What everyone needs to know*. Oxford: Oxford University Press.
- Bornstein, D. (1998). Changing the World on a Shoestring. *Atlantic Monthly* , 281 (1), 34-39.
- Brand South Africa. (2007, April). *SA's social investment exchange - SouthAfrica.info*. Retrieved April 26, 2011, from SouthAfrica.info: <http://www.southafrica.info/about/social/sasix.htm>
- Brown, J. (2006). Equity finance for social enterprises. *Social Enterprise Journal* , 2 (1), 73-81.



- Business Partners. (2011, October 11). *Setting us apart*. Retrieved October 11, 2011, from Business Partners: <http://www.businesspartners.co.za/page/setting-us-apart>
- Cape Capital. (2011, October 12). *About Us*. Retrieved October 12, 2011, from Cape Capital: [http://www.capecapital.co.za/About\\_Us.html](http://www.capecapital.co.za/About_Us.html)
- Chell, E. (2007). Social Enterprise and Entrepreneurship: Towards a convergent theory of the entrepreneurial process. *International Small Business Journal* , 25 (1), 5-26.
- CitySoft. (2011, September 2). *CitySoft, Inc. - CitySoft Home*. Retrieved September 2, 2011, from CitySoft - Internet Software for the Social Sector: <http://citysoft.com/>
- Dart, R. (2004). The Legitimacy of Social Enterprise. *Nonprofit Management and Leadership* , 14 (4), 411-424.
- Dees, G. B.-s. (2004). Scaling Social Impact: Strategies for spreading social innovation. *Stanford Social Innovation Review* , 24-32.
- Dees, G. (1998). Enterprising Nonprofits. *Harvard Business Review* (February), 54-67.
- Department of Trade and Industry. (2003). *A Progress Report on Social Enterprise: A Strategy for Success*. Department of Trade and Industry, London.
- Department of Trade and Industry. (2002). *Social Enterprise: a strategy for success*. DTI, London.
- Dorado, S. (2006). Social Entrepreneurial Ventures: Different values so different process of creation, no? *Journal of Developmental Entrepreneurship* , 11 (4), 319-344.
- Easterly, W. (2006). *The White Man's Burden: Why the west's efforts to aid the rest have done so much ill and so little good*. New York: Penguin Press.
- Echoing Green. (2011, September 2). *Impact | Echoing Green*. Retrieved September 2, 2011, from Echoing Green: <http://www.echoinggreen.org/about/impact>
- Ederly, Y. (2006). Ethical developments in finance: Implications for charity and social enterprise. *Social Enterprise Journal* , 2 (1), 82-100.
- eKhayaICT. (2011, September 26). *Front Page*. Retrieved September 26, 2011, from eKhayaICT: <http://ekhayaict.com/home/default/Front-Page>
- Flockart, A. (2005). Raising the profile of social enterprises: The use of social return on investment (SROI) & investment ready tools (IRT) to bridge the financial credibility gap. *Social Enterprise Journal* , 1 (1), 29-43.
- Foster, W. a. (2005). Should Nonprofits seek Profits. *Harvard Business Review* (February), 92-100.
- Galera, G. a. (2009). Social enterprise: An international overview of its conceptual evolution and legal implementation. *Social Enterprise Journal* , 5 (3), 210-288.

Global Impact Investing Network. (2011, September 24). *Global Impact Investing Network*. Retrieved September 24, 2011, from GIIN: Global Impact Investing Network: <http://www.thegiin.org/cgi-bin/iowa/home/index.html>

GTZ (for the German Ministry for Economic Cooperation and Development). (2009). *Built-in or bolted-on: Corporate Social Responsibility in sub-Saharan Africa - A survey on promoting and hindering factors*. GTZ, South Africa.

Harding, R. (2004). Social Enterprise: The New Economic Engine? *Business Strategy Review* , 15 (4), 39-43.

Heart. (2011, October 12). *profile*. Retrieved October 12, 2011, from Heart - social investments for life: <http://growsa.org.tempurl.wadns.net/aboutnbspus/Profile/tabid/542/Default.aspx>

IDC - Industrial Development Corporation. (2011, October 12). *About Us: IDC Overview*. Retrieved October 12, 2011, from IDC - Your partner in development finance: <http://www.idc.co.za/about-us/overview.asp>

Impact Investment Exchange (Asia) Pte. Ltd. (2011, September 24). *Asia IIX - Impact Investment Exchange Asia*. Retrieved September 24, 2011, from Impact Investment Exchange Asia: <http://www.asiaiiix.com/>

International Institute for Sustainable Development (IISD). (2008a). *Critical success factors and performance measures for start-up social and environmental enterprises*. IISD, Winnipeg.

International Institute for Sustainable Development (IISD). (2008b). *Scale up and Replication for social and environmental enterprises*. The SEED Initiative and the International Institute for Sustainable Development (IISD), Winnipeg.

International Institute for Sustainable Development (IISD). (2008c). *Typologies for Partnerships for Sustainable Development and for Social and Environmental Enterprises: Exploring SEED winners through two lenses*. The SEED Initiative and International Institute for Sustainable Development (IISD), Winnipeg.

International Labour Organization and GreaterCapital. (2011). *A Guide to Finance for Social Enterprises in South Africa*. International Labour Organization, Geneva.

Kerlin, J. (2006). Social Enterprise in the United States and Europe: Understanding and Learning from the Differences. *Voluntas: International Journal of Voluntary & Nonprofit Organizations* , 17 (3), 246-263.

Kerlin, J. (2009). *Social Enterprise: A Global Comparison*. Medford: Tufts University Press.

Khula Enterprise Finance Ltd. (2011, October 12). *Khula Enterprise Finance - Home*. Retrieved October 12, 2011, from Khula Enterprise Finance Ltd - innovative solutions for entrepreneurs: <http://www.khula.org.za/>

Learn to Earn. (2011, September 26). *Learn to Earn ~ Skills training and job creation*. Retrieved September 26, 2011, from Learn to Earn: <http://www.learntoearn.org.za/default.aspx>

Mahajan, V. (2009). *Africa Rising: How 900 Million African Consumers Offer More Than You Think*. Upper Saddle River, New Jersey: Wharton School Publishing.

Mail & Guardian online - Trialogue Reporter. (2009, February 25). *The M&G Online*. Retrieved October 1, 2011, from Mail & Guardian Online: <http://mg.co.za/article/2009-02-25-guided-by-legislation>

Maree, K. (2007). *First Steps in Research*. (K. Maree, Ed.) Pretoria: Van Schaik Publishers.

Miller, C. (2008). The Equity Capital Gap. *Stanford Social Innovation Review*, 40-45.

Moyo, D. (2009). *Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa*. New York: Farrar, Straus and Giroux.

National Empowerment Fund. (2011, October 12). *NEF Vision*. Retrieved October 12, 2011, from National Empowerment Fund - Growing Black Economic Participation: <http://www.nefcorp.co.za/AboutNEF/NEFVision/tabid/109/Default.aspx>

Nicholls, A. (Ed.). (2009). *Social Entrepreneurship: New Models of Sustainable Social Change*. Oxford: Oxford University Press.

OTS - Office of the Third Sector. (2006). *Social Enterprise Action Plan: Scaling New Heights*. UK Cabinet Office - Office of the Third Sector, London.

Pepin, J. (2005). Venture capitalists and entrepreneurs become venture philanthropists. *International Journal of Nonprofit & Voluntary Sector Marketing*, 10 (3), 165-173.

Prahalad, C. K. (2006). *The Fortune at the Bottom of the Pyramid: Eradicating Poverty Through Profits*. Upper Saddle River, NJ: Wharton School Publishing.

Renewal Partners. (2011, September 2). *Renewal - Funding Change Through Investments, Grants and Collaborations*. Retrieved September 2, 2011, from Renewal Partners: <http://www.renewalpartners.com/>

Sachs, J. D. (2008). *Common Wealth: Economics for a Crowded Planet*. London: Penguin Books.

SASIX - South Africa Social Investment Exchange. (2011, October 1). *SASIX - SA Social Investment Exchange*. Retrieved October 1, 2011, from SASIX - South Africa Social Investment Exchange: <http://www.sasix.co.za/>

SEED Initiative. (2011, September 2). *The SEED Initiative*. Retrieved September 2, 2011, from The SEED Initiative: <http://www.seedinit.org/>

Shaw, E. a. (2007). Social entrepreneurship: Theoretical antecedents and empirical analysis of entrepreneurial processes and outcomes. *Journal of small business and enterprise development* , 14 (3), 418-434.

Shaw, E. (2004). Marketing in the Social Enterprise Context: Is it Entrepreneurial? *Qualitative Market Research: An International Journal* , 7 (3), 194-205.

SHONAQUIP. (2011, September 26). *Home - Shonaquip*. Retrieved September 26, 2011, from SHONAQUIP - disability equipment and training: <http://www.shonaquip.co.za/>

Simon Fraser University, Centre for Sustainable Community Development. (2011, May). *Social Enterprise Legal Structure: Options and Prospects for a 'Made in Canada' Solution*. Retrieved September 24, 2011, from BC Centre for Social Enterprise: <http://www.mtroyal.ca/wcm/groups/public/documents/pdf/selsreport.pdf>

Social Stock Exchange Association. (2011, September 24). *socialstockexchange: HOME*. Retrieved September 24, 2011, from Social Stock Exchange Association: <http://www.socialstock.eu/home/>

Steinman, S. (2008). *A Draytonian Changemaker: The Story of a Social Entrepreneur*. University of Johannesburg, Johannesburg.

Steinman, S. (2010). *An Exploratory Study Into Factors Influencing an Enabling Environment for Social Enterprises in South Africa*. International Labour Office, Johannesburg.

Ten Thousand Villages. (2011, September 2). *Ten Thousand Villages || International fair trade helps support world artisans*. Retrieved September 2, 2011, from Ten Thousand Villages: <http://www.tenthousandvillages.ca/>

The LGT Group. (2011, October 12). *LGT Venture Philanthropy*. Retrieved October 12, 2011, from LGT Group: [http://www.lgt.com/en/private\\_kunden/philanthropie/](http://www.lgt.com/en/private_kunden/philanthropie/)

The SEED Initiative. (2011, September 2). *Support For Award Winners - The SEED Initiative*. Retrieved September 2, 2011, from The SEED Initiative: <http://www.seedinit.org/en/entrepreneur-support/support-for-award-winners.html>

The United States President's Emergency Plan for AIDS Relief. (2011, September 4). *PEPFAR's Five-Year Strategy*. Retrieved September 4, 2011, from PEPFAR: <http://www.pepfar.gov/strategy/document/133251.htm>

Thompson, J. &. (2006). The diverse world of social enterprise. *International Journal of Social Economics* , 33 (5/6), 361-375.

Topsy Foundation. (2011, September 26). *Welcome to the Topsy Website!* Retrieved September 26, 2011, from Topsy Foundation: [http://www.topsy.org.za/index.php?option=com\\_frontpage&Itemid=1](http://www.topsy.org.za/index.php?option=com_frontpage&Itemid=1)

UNDP and EMES. (2008). *Social Enterprise: A new model for poverty reduction and employment generation*. United Nations Development Programme, Bratislava.

University of Johannesburg. (2011, September 2). *Centre for Social Entrepreneurship*. Retrieved September 2, 2011, from Centre for Social Entrepreneurship: <http://www.uj.ac.za/EN/Faculties/management/departments/CSE/Pages/home.aspx>

UnLtd South Africa. (2011, October 12). *About us*. Retrieved October 12, 2011, from UnLtd South Africa; supporting social entrepreneurs: <http://www.unltdsouthafrica.org/what-we-do.html>

Vancity Savings. (2011, September 2). *Vancity - Social Enterprises and Co-ops*. Retrieved September 2, 2011, from Vancouver City Savings Credit Union: <https://www.vancity.com/MyCommunity/OurVision/GrowingTheSocialEconomy/SocialEnterprisesAndCoops/>

Western Economic Diversification Canada. (2005). *Guide to Financing for Social Enterprise*. Vancouver.

Yunus, M. (2010). *Building Social Business: The New Kind of Capitalism that Serves Humanity's Most Pressing Needs*. New York: Public Affairs.

Yunus, M. (2007). *Creating a World Without Poverty*. New York: Public Affairs.