Social Entrepreneurship in South Africa: Examining the Business Case

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By

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Candidate 1

Candidate 2

Candidate 3

Candidate 4

Candidate 5

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PLAGIARISM DECLARATION

1. I know that plagiarism is wrong. Plagiarism is to use another’s work and pretend that it is one’s own

2. I have used APA Style for citation and referencing. Each significant contribution and quotation from the works of other people has been attributed, cited and referenced (including the full referencing of my own work).

3. I certify that this submission is all my own work.

4. I have not allowed and will not allow anyone to copy this report with the intention of passing it off as his or her own work.

Signed in Cape Town, South Africa on 11 December 2009

Signature: ____________________________

Name:       DENVER WICOMB
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Abstract

In developing economies like South Africa, the term “Social Entrepreneur” is still much of a novel idea, despite it being coined for the first time in the early 1980’s by Ashoka founder and CEO, Bill Drayton (Light, Social Entrepreneurship Revisited, 2009).

It is a term often used loosely and without full understanding of the definition, encompassing business activities associated with charity, not-for-profit or non-governmental organizations (“NGO’s”) in South Africa. However, the business case and definitive construct are not always within the constraints of a clear understanding of the definition. “Social entrepreneurship” is the skill of taking up entrepreneurship with a goal of long-term sustainability instead of short-term gains. Social entrepreneurs aim to address the needs of society and the environment by means of employing innovative approaches to improve the key challenges facing society on a day-to-day basis. These entrepreneurs conduct social businesses or organisations comprising a combination of non-profits and for-profits or simply non-profit (NPO’s).

An institution for educating social entrepreneurs and training them to operate business is most often only found within business schools and is not accessible to the average citizen who lives at the mercy of societal issues and through participation will most definitely benefit the most. This study, a qualitative investigation of the construct, uses grounded theory to analyze current literature surrounding the concept or social entrepreneurship.

The study examines the definitions of social entrepreneurship and examines the business case for it in South Africa. The University of Cape Town Graduate School of Business, together with the Raymond Ackerman Academy of Entrepreneurial Development are investigating expansion into developing a national programme for social entrepreneurs, aimed at sculpting innovative entrepreneurs focusing on addressing the needs of social challenges which government battles to address.

This study not only sets the scene for such a programme, but also illustrates and supports the dire need for such educational programmes in South Africa.
Keywords

Social entrepreneurship; Social enterprise; South Africa; Non-governmental organization; Non-profit organization, University of Cape Town, GSB.

BACKGROUND:

South Africa has a population of over 47 million people, many of which are living in dire poverty-stricken regions and townships. The current estimated population unemployment rate is in the region of 23% (Statistics South Africa, 2009), impacted greatly on by the global recession. Whilst the country waits in anticipation of a spinoff from the 2010 Soccer Worldcup, many citizens are battling for means of survival, wholeheartedly dependent government grants, subsidies and charity organizations. It is for this reason that entrepreneurship, and in particular “social entrepreneurship” is well suited to the times. Although easily described, the most challenging part of entrepreneurship is skill, or skill development, and the need to potentially educate new business owners to initiate ventures aimed at addressing the needs of society on a sustainable basis.

In attempting to define the concept of social entrepreneurship, it’s clear that the construct is still poorly defined and its boundaries extending to other fields of study are still vague. Although to some people this may appear to be a problem, it is as unique an opportunity for researchers from different fields and disciplines, such as entrepreneurship, sociology and general business, to examine, contest and rethink central concepts and assumptions.

Upon differentiating between normal entrepreneurship and social entrepreneurship, it would be instinctive to identify that the only initial difference as the word “social” preceding entrepreneurship. Looking at the bigger picture, this primarily refers to initiatives aimed at helping our fellow beings (Prabhu G.N., 1999)(Mair & Marti). Closely associated with this though is the idea of entrepreneurship, running a business and essentially being sustainable; be it a for profit or not for profit organisation.
When taking a closer look, profitable businesses and organizations have turnover, or in some cases merely cashflow as their key driver or main goal with only a fraction of its success aimed at addressing the needs of society, if any. This outlook, of including society as part of its mission, stems mainly from enforcement by government for businesses to partake in CSR (Corporate Social Responsibility), with the benefit of tax concessions. Because of this, more and more business enterprises and corporate companies are considering CSR as being vital to their business.

Britain’s prime minister, Tony Blair, declares his government’s support for social entrepreneurs through making funds available through the fiscal policies and sees social entrepreneurs as “people who bring to social problems the same enterprise and imagination business entrepreneurs bring to wealth creation” (Dees, Emerson, & Economy, Enterprising Nonprofits: A Toolkit for Entrepreneurs, 2001).

In this famous passage from “The Descent of Man”, published in 1871, Charles Darwin professed a fundamental problem of social life. He said that for a society to function coherently, its members must perform services for each other. Yet members who behave “for the good of the group” often put themselves at a disadvantage compared with more selfish members of the same group. If so, then how can altruism and other prosocial behaviours evolve? The solution, according to Darwin, is that groups containing mostly altruists have a decisive advantage over groups containing mostly selfish individuals (Pearson, 2008). The same applies in organizations. Put simply, this makes those who have, have more and those who don’t have, remain the same.

Seeing successful enterprises priding themselves in social initiatives is a scene left to the blue-chip multinational companies with excessive budgets, seeking tax reliefs and uniquely competitive edge versus their competitors. But are these really social enterprises? Do they fulfill the requirements of what social enterprises demand, or are they just being forced into altruism through government policy. According to Dees (1998), social enterprises are hybrid
organizations that have mixed characteristics of commercial as well as philanthropic organizations (Dees J. G., 1998).

The time for initiating a school of learning and a mindset of operating a business for the good of society is no better than now. Entrepreneurship, as prestigious as it may sound, is not an easy discipline. With the satisfaction of running your own business comes not only the risks of funding it, but also the hardships of making it sustainable. Government cannot address all the needs of society and often fall short of this. A major concern is that often social sector institutions and NGO’s (Non-Governmental Organizations) sustain themselves purely on grants and are not developing with the times and opportunities presented by the century.

It’s for these reasons, that the time is ripe to consider social upliftment and entrepreneurial education as a key priority for addressing the needs of society, through targeting the general public.
Acknowledgements:

I would like to thank the participants that made this research possible:

Secondly, many thanks is given to Professor Walter Baets for initiating this study, and to Lance Stringer for the willingness to monitor the progress of the research as a co-supervisor.

Lastly I would like to thank my family for their contribution and support during this year of full-time study, allowing me to further my development and career.
### Glossary of Terms and Abbreviations

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Ashoka</td>
<td>Ashoka is the global association comprising the world’s leading social entrepreneurs addressing the world’s most urgent social problems. Each year Ashoka elects social entrepreneurs as Ashoka fellows. From 1981, Ashoka have elected over 2,000 leading social entrepreneurs as Ashoka Fellows, providing them with living stipends, professional support, and access to a global network of peers in more than 60 countries. An Ashoka Fellow is a &quot;Social Entrepreneur&quot; who creates positive change in society through innovation, social activism and social enterprise.</td>
</tr>
<tr>
<td>Altruism</td>
<td>Social behaviour and value orientation in which individuals give primary consideration to the interests and welfare of other individuals, members of groups or the community as a whole. The term was used by Emile Durkheim (1858-1917) to describe a suicide committed for the benefit of others or for the community; this would include self-sacrifice for military objectives in wartime.</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>Entrepreneurship is the act of being an entrepreneur, which is a French word meaning &quot;one who undertakes an endeavor&quot;. Entrepreneurs assemble resources including innovations, finance and business acumen in an effort to transform innovations into economic goods. Generally speaking entrepreneurs engage in business with the goal of generating income and profitability.</td>
</tr>
<tr>
<td>Endeavor</td>
<td>Endeavor is a high impact organisation that targets entrepreneurs in developing economies by assisting them in scaling up their enterprises, leading to successful global organisations. Endeavor, through networks allow these entrepreneurs to access capital funding and a global social network.</td>
</tr>
<tr>
<td><strong>GSB</strong></td>
<td>Graduate School of Business</td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td><strong>NGO</strong></td>
<td>Non-Governmental Organizations in South Africa (also known as NFP’s: Not-For-Profit). It is a legally constituted, non-governmental organization created by natural or legal persons with no participation or representation of any government. In the literature it is used interchangeably with PBO and NPO.</td>
</tr>
<tr>
<td><strong>NPO</strong></td>
<td>Nonprofit Organisation (see NGO above). NPO's are allowed to earn a profit referred to as a &quot;surplus&quot; which can be used to further develop the organisation, expand or earn interest for the benefit of the organisation.</td>
</tr>
<tr>
<td><strong>Parastatal</strong></td>
<td>A company or agency owned or controlled wholly or partly by the government.</td>
</tr>
<tr>
<td><strong>PBO</strong></td>
<td>Public Benefit Organisation. Section 30(1) of the Companies Act defines a PBO as either a company formed and incorporated under Section 21 of the Companies Act No.61 of 1973, or a trust or an association of persons that has been established or incorporated in South Africa. (Often also referred to as a NGO).</td>
</tr>
<tr>
<td><strong>Section 21 Company</strong></td>
<td>A company registered within South Africa as a non-profit-organisation, registered according to Section 21 of the Companies Act 61 of 1973 (South Africa). These companies are not profit driven companies and are most often funded through grants, charities and donations.</td>
</tr>
<tr>
<td><strong>Schwabb Foundation</strong></td>
<td>This organisation identifies leading Social Entrepreneurs around the world.</td>
</tr>
<tr>
<td><strong>Social Enterprise</strong></td>
<td>Any business or venture that prioritises social impact over profit with an aim to be self-sustaining.</td>
</tr>
<tr>
<td><strong>Sociology</strong></td>
<td>Sociology is a study of the rules of society and means that associate and separate people not only as individuals, but as members of voluntary associations, professional bodies, groups, and institutions.</td>
</tr>
</tbody>
</table>
This foundation supports social entrepreneurship through investing in social entrepreneurs, partnerships and education at the Skoll Centre for Social Entrepreneurship at Oxford. The Foundation’s mission is to bring about large-scale change by investing in, connecting, and commemorating social entrepreneurs and other innovators dedicated to addressing the world’s most critical problems.

**skoll-foundation**

**UCT – GSB**
University of Cape Town – Graduate School of Business

**WEF**
World Economic Forum - A global forum of a select group of leaders that convene to identify global social priorities in the world in order to generate ideas and insights into improving the economic and social state of the world with particular reference to developing economies.

**table 1: glossary**

**Section 21 of the Companies Act provides for the incorporation of “Associations not for Gain”, commonly referred to as Section 21 companies(United States International Grantmaking, 2009)**
1. Introduction

With the remnants of global recession still resonating through the South African economy, many individual, skilled and unskilled workers are left unemployed. These individuals are often driven by factors of circumstance to strive in earning a living and means of survival. The increased unemployment plaguing developing countries not only gives rise to a number of illegal activities, but also informal trading, which is common to the streets of informal settlements and towns within South Africa.

Despite the pursuit of government to feed the impoverished, and provide basic resources and facilities, the biggest challenge facing governments of developing economies, is that of educating citizens not only to contribute towards the economy by means of doing business, but also to teach individuals the skills of entrepreneurship. Providing these skills is often the work of business schools that extend the education of already qualified individuals. Through this, they offer minimal contribution to the plight of providing business skills to the community. Put simply, this could be regarded as “social entrepreneurship”.

In this paper I will substantiate my definition “Social entrepreneurship” as the skill of taking up entrepreneurship with a goal of long-term sustainability instead of short-term gains. Social entrepreneurs aim to address the needs of society and the environment by means of employing innovative approaches to improve the key challenges facing society on a day-to-day basis. These entrepreneurs conduct social businesses or organisations comprising a combination of non-profits and for-profits or simply non-profit (NPO’s).

Throughout the literature various definitions and understanding have developed over the past decade, however different, they all seem to have similar goals at heart – that of addressing a social cause. The problem with this however, is that the people who are trained in social entrepreneurship, like the university graduates, are not at the heart of the community and often there is not a dire need to serve and address the social needs presented by society. It is with this in mind that a programme needs to be established to address the needs of society through the training of “social entrepreneurs” equipped to not only operate profitably, but also sustainably with a clear goal of nurturing social upliftment and bringing about social change. The UCT, GSB
intends to establish a centre for social entrepreneurship, utilizing an existing virtual learning platform and pedagogical approach, which comprises various relevant courses for training entrepreneurs.

Doing so, it aims to harness the current experience of the Raymond Ackerman academy as a foundation for establishing the venture. The programme aims to equip mature adults from previously disadvantaged backgrounds with the necessary skills of social entrepreneurship. It is thus vital to the goals of the programme to establish the need and probable impact such a programme could have on benefiting the community. This concept is nothing new. However, the distinct difference is that the training will be aimed at directly addressing people from within the communities to address social needs plaguing their daily living.

This report firstly examines the construct of social entrepreneurship, and the potential value that increased awareness on the topic could bring. It then examines the literature and origins of social entrepreneurship and the difference between normal entrepreneurs and “social” entrepreneurs. Thirdly it examines the various forms of social enterprises and later examines by means of interviews what the public perception is on social entrepreneurship.

Finally it examines what characteristic traits social entrepreneurs have in common, and what traits possible tutors in an academic institution training social entrepreneurship should have.
1.1 Environment and Research Location

This research study will focus on defining the need and business case for social entrepreneurship in South Africa. The researcher will investigate various opportunities that a centre for social entrepreneurship could satisfy. Main research will be conducted by means of telephonic, personal and electronic interviews, mainly within the Western Cape and Gauteng region of South Africa.

The researcher will review the literature to adapt it most suitably to the South African context, and collaborate with the heads of various social bodies to, firstly validate the need and secondly assess what skills are needed, by tutors of a social entrepreneurship centre. A contact list will be developed for “rolling out” such a programme by the GSB, bearing in mind a launch within the not-so-distant future.

1.2 Research area and problem

Twenty years ago, the thought of having NGO’s and section 21 companies operating profitably and in an entrepreneurial manner was anathema to most people in this sector (Boschee & McClurg, 2003). Today, foundations such as Skoll, Erwing Marion Kauffman, Bill and Melinda Gates Foundations and Ashoka to name but a few, are playing a pivotal role in developing entrepreneurs determined to make a positive contribution toward society. Much too often do citizens of impoverished countries criticize their governments for not eradicating poverty immediately and offering a “quick-fix” to the issues plaguing communities within developing economies. South Africa is no different.

With limited funds, trade embargo’s and diminishing resources, it is more than rational to think that creating sustainable development projects will liberate the country and contribute positively toward socio-economic development. The challenge however is in addressing it in a manner that builds not only businesses, but also key players in society aimed at running sustainable social enterprises.
This following paper aims to examine ways in which the private sector and academic institutions like the GSB can play an active role together with government in realizing both local and international Millennium Development Goals such as the alleviation of poverty with a sustainable solution to social problems. [The Millennium Development Goals (MDG's) are eight international development goals that 192 United Nations member states and at least 23 international organizations have agreed to achieve by the year 2015. They include reducing extreme poverty, reducing child mortality rates, fighting disease epidemics such as AIDS, and developing a global partnership for development (United Nations Millennium Declaration, 2000)].

The researcher will aim to address the following issues:

1. To clearly define and identify the business case for social entrepreneurship in South Africa.
   (At the same time differentiate between section 21 companies, or Non-profit organizations)
2. To establish a framework, through interviewing managing members of NGO’s and social enterprises on what the needs of a training course on social entrepreneurship are, and should address.
3. To investigate the inherent characteristics that would best describe potential tutors of the GSB Social entrepreneurship programme.

In defining the goals of social entrepreneurship, it is vital to determine the exact characteristics associate in fostering growth and developmental responsibilities. The researcher starts this by looking at the exact nature and tenets that are attractive in defining oneself as a social entrepreneur.

First and foremost it is important to recognise that the social entrepreneur is and has to portray skill and characteristics of an entrepreneur. This attitude and skills must then be synonymous with an individual that is not only visionary, but also has adapted the skills of running a business.
1.3 Problem Definition:

As South Africans, we ever so often drawn to blaming the economic situation on politics and destructive consequences of apartheid. However, the socio-economic problems faced are no different to other developing countries. Although the country has a large percentage of unemployed citizens, impoverished communities and legacies of an apartheid past, it still remains a country with one of the most, if not the most developed infrastructure on the African continent. It is this potential that needs to be harnessed into addressing the socio-economic needs in a sustainable and practical way.

Social entrepreneurship involves using the limited resources available, sometimes in conjunction with public-private partnership to provide for businesses focused on addressing the needs of society. It is with this in mind, that the UCT GSB is well poised to provide training and leadership through a social entrepreneurship programme.

This research aims to investigate how making social entrepreneurship a public notion could benefit businesses in a sustainable way. As will be seen in the literature review, there is often misconception between normal entrepreneurship (herein referred to as commercial entrepreneurship), charities, NGO’s, NPO’s and social entrepreneurs.

For ease of understanding and to eliminate confusion, the normal entrepreneur is herein referred to as a commercial entrepreneur (driven mainly by cashflow and turnover), distinguishing it from the social entrepreneur (having a dual mission of profit and addressing the needs of society) (Mort, Weerawardena, & Carnegie, 2003).
1.3.1 The South African Setting

With the increase in poverty, weakening wellbeing and growing numbers of HIV infections in developing communities, it is clear that governments alone are by no means sufficiently equipped to address all the needs and social issues plaguing our society. In South Africa, it is evident that many citizens have lost confidence in the government’s ability to serve the needs of the public. This is supported by the increasing protests and demonstrations as a result of poor service delivery.

Considering that the majority of vital services, such as electricity, air and rail transport, water, sanitation and many more are controlled by parastatals, we live in an anti-hierarchical age, in which deference to the traditional sources of authority – the social order of class, the churches, and the traditional family and society – is in decline (Leadbeater, 1997). Within modern society, the ethic of individual enrichment and achievement is an extremely powerful current. As individuals we are constantly looking to shape our own lives, deciding what is good for our own lives, creating our own personal identities with personal success being central to our lives. We measure our success and that of our peers by personal development and development on a personal level within the paradigm of our own personal lives. However the youth have become much more aware of social issues today, compared to decades ago. Education has brought about positive change in making the youth more aware and passionate about a broader range of societal issues, from the treatment of the environment and animals, to gender, race (through apartheid) and human rights. People are more likely to challenge the status quo and the right of established figures of authority lay down their rights and moral law. Any attempt to grow the sense of patriotism and fellowship amongst the youth of today and to cultivate a sense of social cohesion has to start with recognizing our society as laced with skepticism, individualism and multicultural diversity. This in itself does not mean that people do not aspire to have a strong sense of social security and well-being. It is hoped that the frenzy spurred by South Africa hosting the 2010 FIFA soccer World Cup will build on this.
The pending problem is that members of society do not have inherent skill, or the education to look to institutions through which they can articulate their abilities to bring about social change. It is this imbalance in members of society to mobilize their skills and the availability of opportunity, one of which is social enterprises, that accounts for the ever-widening gap between the rich and the poor. It is for this reason that poverty-stricken citizens reach out to politicians and government officials in the often-futile hope of a brighter future. Because social enterprises and opportunities are still so few and far-between we need more public portals and educational institutions and foundations that connect people citizens to meet, debate, learn and share expertise in developing a framework of addressing social needs through social entrepreneurship.

The private sector and huge corporate organisations are often quite skilled at bringing together diverse individuals from various backgrounds on a commercial platform – more often than not, because of its compulsory involvement in corporate social responsibility. Despite this, and the best efforts of many managers, businesses providing grants and welfare often tend to divide, rather than bring people together.

**1.4 Research Objectives:**

The research is aimed at addressing the following questions:

- How can we clearly define social entrepreneurship?
- How do we distinguish between a simple social enterprise, charity, NGO or Section 21 company?
- What benefit could a centre of social entrepreneurship be to society, with particular reference to the Western Cape region of South Africa as a starting point for a national programme.
- What inherent nature and skills would be most suited to tutors of such a programme in the communities?
- What can we learn from key opinion leaders in the field of social entrepreneuruship?
1.5 Research assumptions:

- It is assumed that the GSB will launch a social entrepreneurship programme in 2010, which through a pedagogical virtual platform will teach the discipline of social entrepreneurship.
- It is also assumed funding for such a venture will generate sufficient startup income.
- The scope of the research is limited to current laws and regulations of the GSB, and all ethical considerations will be accounted for.
- The principles and philosophies of social entrepreneurship, if proven of benefit within this research study, can be applied to environments similar to South Africa, and as such could be rolled out on a national scale.

1.6 Research Ethics:

All ethical standards of research will be adhered to and all information collated will be done so with prior consent from parties concerned.

1.7 Research Questions:

The researcher will use the philosophies, tools, frameworks and questionnaires to address the following questions:

- Is there a clear definition of social entrepreneurship and if so, what is it?
- How do we differentiate between normal entrepreneurs and social entrepreneurs?
- Can the GSB add value in supporting the socio-economic demands of South Africa through training up social entrepreneurs?
- Do NGO’s and section 21 companies understand the construct of social entrepreneurship and are they equipped to start up social enterprises?
- Does South African NGO’s distinguish themselves as social enterprises?
1.8 Research Hypotheses

The construct of social entrepreneurship is a complicated and in some ways an ambiguous phenomenon that, seen through the eyes of different theorists, can be studied at different levels of analysis. E.g. the individual entrepreneur, organizational (social enterprise) / NGO, or even at community level. Past research, mainly reflects the exploratory stage of study, mainly relying on subjective data and adopted qualitative methods, which is particularly valid when i) there is little known about a particular realm and ii) the research pertains to understanding or describing (Field & Morse, 1985).

The study examines the construct of social entrepreneurship from an exploratory perspective. Because there is usually a link in association of the variables and factors of social entrepreneurship, the predictions allow the formulation of hypotheses. These hypotheses stem from various theoretical definitions in the construct, and the associated differentiation between what (for purposes of clarification) will be referred to as commercial entrepreneurship as opposed to social entrepreneurship. Essentially both concepts are designed around entrepreneurship. According to Schultz (1980), entrepreneurial ability can be acquired through education. However, the economic value of the returns that can be accrued through education, are exceptionally undervalued (Schultz, 1980). Despite primitive philosophy that recognizes entrepreneurship as an innate talent, more recent studies indicate that educating entrepreneurs can influence both current behaviour as well as future intentions (Fayolle, Gailly, Kickul, & Lassas-Clerc, 2005)(Urban, 2008)

Qualitative research is more descriptive, and yields rich explanations of procedures, allowing one to develop an algorithm, evaluate causes and derive at fruitful explanations (Urban, 2008). Most of the issues addressed in this paper warrant qualitative methodologies.

This research project will examine the following primary hypotheses in defining the business case for Social Entrepreneurship in South Africa:
• Social entrepreneurship defines a sustainable way in which government can address issues of society.

• The leading difference between social entrepreneurship and the commercial entrepreneurship is the dual social and profit mission in the former, and pure economic wealth creation in the latter.

• Entrepreneurs can be taught, and generally share a fair amount of common traits associated with successful social entrepreneurship.

• The outcomes of the research, once implemented will be sustainable.

2. Literature Review

The term social entrepreneurship is fast becoming more and more alluring to governments today, with the idea that it will bring aid to the numerous issues plaguing society. However, it is imperative that before organizations develop centres of excellence where they teach social entrepreneurship, that they define the construct in such a way that it can be understood and that the enterprises borne are sustainable in the long-term. The question is not whether social entrepreneurship is merely a concept that will benefit society, but more a question of what it actually means to be a social entrepreneur. Understanding this concept has proliferated and is being dissected more and more. (Dees J. G., Taking Social Entrepreneurship Seriously, 2007)(Massetti, 2008).

Social entrepreneurs stem from a vast myriad of sectors and disciplines across the globe. Despite the different goals and objectives, that enterprises set for themselves, what unifies them is the common primary objective – that of addressing social needs in an effort to uplift society.
2.1 Defining the Entrepreneurship Theory

The concept of an “entrepreneur” is deeply rooted in history and is thought to first have been coined by the French economist, Richard Cantillon in the mid 17th century. He introduced the concept of entrepreneurship to political economy through his publication “Essai sur la Nature du Commerce en Général”, published posthumously in 1755 and defined it to “designate that most important economic function of the man who collects in his hands the productive forces of capital / labour and natural agents” (Higgs, 1959). Following Cantillon, the other French economist that received most credit for giving meaning to this term was Jean Baptiste Say (Dees J. G., 1998). This was later expanded on by the definition that suggests that the main purpose of the entrepreneur would be to shift economic resources out of an area of low productivity into one of higher productivity and greater yield (Mort, Weerawardena, & Carnegie, 2003). In essence entrepreneurs create value (Dees J. G., 1998).

Today the literature contains numerous examples of individuals, dedicated to improving lives in a bid to establish socially beneficial and profitable businesses (Leadbeater, 1997). In simple understanding, entrepreneurship entails starting a business or new venture, with the risk of failure, in the hope of success at becoming both a profitable as well as a sustainable business. Thus, entrepreneurship is fundamentally an act of dissent. The entrepreneur sees situations from a paradigm of opportunity in contrast to weakness. If everyone viewed entrepreneurship the way the entrepreneur did, there would be no beneficial display of entrepreneurial skill. A profit opportunity known to all is not a display of entrepreneurship and benefits no one (Boettke & Rathbone, 2008). It is through the innovation of serving new markets, identifying opportunities and turning the opportunity into a profit-producing enterprise that such individuals move the economy forward. They are driven by the “carrot” of success or profit dangling before them, whilst at the same time disciplined by the caution presented in the risk associated with a consequent loss.
Joseph Schumpeter, another economist of the 20th century claimed this concept through expanding the scholastic doctrine. Schumpeter clearly associated entrepreneurs with innovation, saying they are the drivers of the “creative-destructive” process brought about by capitalism. By this he meant that cause “old inventories, ideas, technologies, skills, and equipment to become obsolete” (Schumpeter, 1954). He argued that successful entrepreneurship fuels an entrepreneurial spirit amongst peers, that ignites a chain reaction of encouragement amongst entrepreneurs to build on past innovations and successes to the extend where it ultimately propagates the past innovation to a point, rendering it worthless. This process and subsequent circumstance, which he referred to as a state of “creative destruction”, relates to a point where the new venture or product and all its related ventures effectively renders existing products, services, and business models obsolete (Martin & Osberg, 2007, p. 31). Today, advances in technology and telecommunications are representative of this; from postal deliveries to email, vinyl records to compact disks and the age-old volumes of encyclopedia being replaced by electronic internet technology. In expressing innovation, Schumpeter characterized entrepreneurs as the “movers and shakers” driving change in the economy and serving as the catalysts of economic improvement.

Peter Drucker the great marketing guru on other hand, does not seen entrepreneurs as agents of change themselves, but more as “exploiters of change and opportunity” (Drucker, 1995) (Drucker, 1995, p. 28). Despite contradictions in the minds of these experts, whether they express the entrepreneur as a breakthrough innovator, or an early exploiter, the majority of theorists associate entrepreneurship with opportunity (Martin & Osberg, 2007).

The Skoll Foundation sees entrepreneurs as the essential cogs that drive the wheel of innovation and progress (Skoll Foundation, 2009). They are pivotal to society and in the business world; they act as engines of growth, exploiting every opportunity and innovation to empower the economy surrounding them. Reading the literature and studying the concept clearly shows patterns of similarity, with social entrepreneurs not exclusively focused on social needs, but also employing creativity and inspiration, valor and resilience in character to grab hold of opportunities, that to others are disguised as weaknesses. The main essence in their minds still remains the social cause. No one might consider these traits to be synonymous with that of the business, or commercial entrepreneur as well. If so, how then does one differentiate between
social entrepreneurs and “commercial entrepreneurs”? Is it that social entrepreneurs fulfill the
definition above with the added goal of ultimately remaking society?

2.2 Differentiating between social and commercial entrepreneurs

Social entrepreneurs differ from commercial entrepreneur, who solely sees value in business, through the creation of new markets and products, in that they strive to create value in the form of transformational change that will benefit disadvantaged communities and ultimately, society at large (Skoll Foundation, 2009). With determination and vision they apply foresight in devising a means of relief to address the burdens of society afflicting the poor, homeless and often disempowered individuals that fall short of the financial resources and political support to bring about long-term improvement or social well being in their communities.

Social entrepreneurship blurs the boundaries between strictly profit making enterprises and nonprofit organizations. Dees and Anderson, in 2003, coined this evolving concept, “Sector-bending”. Sector bending refers to an array of activities, approaches and relationships that are blurring the distinction between non-profit organisations and for-profit organisations, be it either as a result of similar behaviour, operating in the same realm, or both (Dees & Anderson, 2003). However different, the definition of entrepreneurship still applies. It is for this reason that all theorists examining social entrepreneurship initiate their research by exploring the fundamental concept of entrepreneurship and its origin and using this as a foundation for differentiating the social entrepreneur.

The basis of Schumpeter’s definition is generic and can be applied in either the social or business sector. The key differentiators of social enterprises identified in this research are:

(i) money / profitability;
(ii) a visionary goal on the minds of social entrepreneur to address the needs of society and
(iii) its differentiation from NGO’s in being self-sustaining in the future.

Charles Maisel, a well-known social entrepreneur, Ashoka fellow and social artist in Cape Town, South Africa wrote a draft book still awaiting publication in 2007. In it, he highlighted a definitive contrast between the social entrepreneur and the commercial entrepreneur. Maisel
claims that any venture that the business entrepreneur starts in order to make money and accrue profit he also desires to own. He goes further to say that “ownership is a fundamental underlying principal of business entrepreneurship”, stating that this issue of “ownership” is what so radically distinguishes the social entrepreneur from the commercial entrepreneur. For the social entrepreneur in no way desires to own what he creates. Maisel believes that this issue of owning the intellectual property in starting a business, or, more accurately, non-ownership, is key to the character of a social entrepreneur. Taken from the diagram below, we can see that the profit motive goes hand in hand with owning the intellectual property, in contrast with the social mission on the right.

Social entrepreneurs can thus be thought of as a special type, or “sub-species” of the genus entrepreneur (Dees J. G., 1998). They bear similar characteristics of entrepreneurship, but have a specific plight in mind (that of satisfying a social mission) to the extent that they have been referred to as a form of “moneymaking enterprise with a social mission” (Light, Reshaping Social Entrepreneurship, 2006). This goal (money) is central to their approach to business in assessing the situation and adapting their ventures in such a way that is keeps focus on the needs...
of society. It is only natural in understanding entrepreneurship that one would assume that social entrepreneurship involves active participation in business, with the burden of accepting risk in order to bring about a positive change to society. The degree of participation in business does not have the distinct goal of maximizing shareholder value or maximizing profitability as the main purpose of the enterprise. For social entrepreneurs, the monetary aspect and profitability merely serves as a means to an end.

Commercial entrepreneurs are governed by shareholders or founders, with strict policies to maximize profits, yet there is no initial constitution or mission to address specific issues of society. Often they operate in highly competitive environments that demand profit as the main competitive edge, failing which, if they are not able to generate enough, they will be driven out of the market. The blurred boundaries between these types of organizations are what differentiate these enterprises, and ultimately the entrepreneurs managing it. Gregory Dees of Stanford University, in his definition of social entrepreneurship outline five key factors relating specifically to social entrepreneurship and how these individuals play the role of “change agents” in the social sector (Dees J. G., 1998). These are: 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 a heightened sense of accountability to the constituencies served and for the outcomes created.

Boschee and McClurg criticize this definition, claiming it is conceptually flawed for not including the act of earning an income as a crucial factor (Boschee & McClurg, 2003). They claim that this definition lets nonprofit organizations bathe in the glory of being “entrepreneurial”, yet they are not self-sustaining, and return year after year to their donors and funders for grants and donations. The ultimate question then is, “how does social entrepreneurship differ from entrepreneurship?” Boschee and McClurg identify two specific differences. The first difference being the direct link between social missions associated with social entrepreneurs. Although conventional entrepreneurs act responsibly, and in cases donate money and profits to nonprofits and NGO’s, their efforts are only indirectly linked to a social mission. The second difference is the issue of financial measurement. Whereas entrepreneurs are ultimately measured by financial results in their ability to make profits, social entrepreneurs
are measured by a blend of both social returns as well as financial reward. They refer to it as being a double bottom line (Boschee & McClurg, 2003), in contrast to other definitions, saying that it is a triple bottom line (Mort, Weerawardena, & Carnegie, 2003)(Trexler, 2008) - the difference being that the triple bottom line extracts environmental sustainability as a separate social purpose (Trexler, 2008).

2.3 How can we define Social Entrepreneurship?

Paul C. Light, in his article Reshaping Social Entrepreneurship, builds on the founding vindication developed by Joseph Schumpeter, adding that in addition to being risk-taking individuals, who against all odds create social change, social entrepreneurship is not so much about pattern-breaking change, but more so pattern-breaking individuals (Light, Reshaping Social Entrepreneurship, 2006). The pattern-breaking change referred to here is derived from the understanding of Schumpeter’s concept of “creative-destruction”. Whilst expanding the understanding of the concept, it remains imperative to keep the defines tight enough to exclude every possible NGO or NPO with a plausible social venture.

This relates to a more apt definition exercised by Ashoka: Social entrepreneurs are individuals with innovative solutions to society’s most pressing social problems (ASHOKA, 2009). They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change.

Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. (ASHOKA, 2009).

The Skoll Foundation on the other hand defines social entrepreneurs simply as society’s change agents: pioneers of innovations that benefit humanity (Skoll Foundation, 2009).

In understanding what differentiates the two types of entrepreneurs it is important to dismiss the notion that the difference can be accredited purely to the driving motivation – with entrepreneurs spurred by profits and social entrepreneurs driven by philanthropy. The real truth is that social entrepreneurs are not driven by the prospect of making profit and financial gain, and if so, the
odds are often stacked against them. It is for this reason that social entrepreneurs need to display
the innate characteristics common to most entrepreneurs, that being the realization of a vision
despite all the odds and associated risks. Irrespective of what type of environment the
entrepreneur operates in, being a commercial enterprise or a NGO, the facts clearly show that
they are never really fully compensated for the time, effort, risk and capital poured into their
venture (Martin & Osberg, 2007). Social entrepreneurs are driven by their passion to fulfill their
“calling” to society, thereby creating impactful ventures amidst a myriad of social issues which
government fail to, or cannot address appropriately. The feather in the cap of the social
entrepreneur, so to speak, is that they not only contribute positively toward the growth and
development of the economy, but also simultaneously serve the needs of their communities, or
even society at large.

It may be much of a contradiction in a sense to expect someone to start a business, taking on
associated risks, but not having the main goal of profit maximization as their central goal. It is
for this exact reason that there has been much investigation into the mission and characteristics
that make individuals of this nature stand out (Dees J. G., 1998). According to the literature
numerous definitions have been constructed, together with associated traits to define a more
succinct, yet similar definition. In order to clarify the lack of clarity amongst these theorists a
table best describing the definitions and associated personal qualities are listed below:

| Author: (Dees J. G., 1998) | Definition: Social entrepreneurs are the change agents in the social sector with a social mission. Social entrepreneurs play the role of change agents in the social sector, by: - Adopting a mission to create and sustain social value (not just private value), | Associated Personal Qualities: 1) One special breed of leader, 2) Persistent; 3) Innovative 4) Creative in applying what others have invented 5) Risk conscious |
• 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 a heightened sense of accountability to the constituencies served and for the outcomes created.

(Light, Reshaping Social Entrepreneurship, 2006) A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems.

(Mort, Weerawardena, & Carnegie, 2003) Those who are driven by the social mission of creating better social value than their competitors which results in their displaying

1) Achievement

2) Motivation,

3) Tolerance for ambiguity,

4) Optimism,

5) Intelligence,

6) Talent

7)”Special breed”

1) Balanced judgment,

2) A coherent unity of purpose and action in the face of stakeholder
entrepreneurially virtuous behavior. complexity,

3) Creates better social value for clients,

4) Innovative,

5) Proactive,

6) Risk-taking propensity,

7) Passion

(Roberts & Woods, 2005) Social entrepreneurship is the construction, evaluation and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals

1) Passion,

2) Dogged persistence,

3) Creativity, and

4) See things differently,

5) Recognize the importance of thinking like a business

TABLE 2: DEFINITIONS OF SOCIAL ENTREPRENEURS AND ASSOCIATED PERSONAL QUALITIES

In viewing and comparing qualities of social entrepreneurs as compared to commercial entrepreneurs, it goes without reason that they would exhibit similar characteristics and traits. However, the major differentiating dynamic appears to be the nature of the mission or goal set for the established enterprise (Mort, Weerawardena, & Carnegie, 2003). Social entrepreneurs seem to focus more on social concerns, while commercial entrepreneurs are more market-oriented (Massetti, 2008). Although they both seek a degree of profitability, the main difference seems to be the degree of intent.

While the theorists strive to thrash out a coherent but simple definition, the mission of social entrepreneurs still aim to be resourceful, risk takers and disruptive innovators that use business skills to create sustainable enterprises addressing societal needs. In understanding social
entrepreneurship, it is suggested that one identifies with different historians and their successes in social entrepreneurship. To name but a few of the personalities who engage in social entrepreneurship we recognize Jeff Skoll, eBay’s first president, that established the Skoll Foundation and devoted it to “investing in, connecting, and celebrating social entrepreneurs”; McKinsey – for investment in Ashoka; Klaus Schwab of the World Economic Forum and its investment in the Schwab Foundation. Although the individuals may not be directly classified as social entrepreneurs, they all share the common qualities of wanting to improve society. The foundations have been established as a result of the visionary rewards of social entrepreneurship, and pledge allegiance to addressing the needs of society on a global scale by means of their investment in training, social grants and stewardship. Although the main principles of these foundations rest on nonprofit business, there are also distinctive organizations that focus on developing entrepreneurs within developing economies and communities, and giving recognition to for profit businesses. Endeavor is an example of such an organization.

Endeavor is a global non-profit organization that identifies and supports innovative, high-growth entrepreneurs in 11 emerging markets such as South Africa, Argentina, Brazil, Chile, Colombia, Egypt, India, Mexico and Turkey. With offices in most countries, Endeavor assists high-impact entrepreneurs with the biggest ideas and most ambitious plans by providing access to a network of the best business minds in the world. With Endeavor’s support, these entrepreneurs are able to surpass the obstacles facing most emerging-market entrepreneurs and realize their full potential. Endeavor Entrepreneurs create jobs and wealth, and become the leaders and role models of tomorrow (Endeavor., 2009). In South Africa, contacts like Endeavor, Taddy Blecher (founder of Johannesburg-based CIDA City Campus), Sunette Pienaar, (founder of Heartbeat), Varkey George (Director of SHAWCO - Students’ Health and Welfare Centres Organisation at UCT) and Veronica Khosa (founder of Tateni Home Care Nursing Services in Mamelodi, Pretoria) have transformed the way we regard social entrepreneurship. These individuals and organizations are simple examples that demonstrate the broad spectrum of business ventures that social entrepreneurs participate in. One thing is common amongst these individuals, and that is that they all share a similar trait of thinking both in a visionary manner with the aim of having a large-scale impact on addressing the needs of society through innovation.
In 2002, Dr Anthony Paul (Taddy) Blecher of CIDA received the Global Leader of Tomorrow Award from the World Economic Forum. He was recognised as one of 100 young people round the world, under the age of 37, who are making an exceptional contribution toward "making a better world". The most fascinating part of Taddy Blecher is his vision of a model developed for the community and based on a completely different economic paradigm that values the “triple bottom line” and service. In 1999, he co-founded CIDA City Campus, which is a non-profit, private higher education institution set to contribute to the social and economic development of South Africa by providing access to quality higher education and skills development for financially disadvantaged students. The campus offers a BBA (Bachelor of Business Administration). The fees that students pay at CIDA are approximately 4% of the cost of going into a traditional university. After four years of intense study, incorporating work experience and social responsibility, graduates obtain a BBA degree that is fully recognised and provisionally registered by the Department of Education and accredited by the South African Qualifications Authority, the Council of Higher Education and the South African Institute of Management.

The degree allows the campus to produce skilled graduates from financially disadvantaged communities. Not only do students have to comply with the academic content of the degree, but are also required to partake in various community-based activities in order to gain credits to graduate. As part of their curricula, students are also required to work in a call centre contracted out to companies, which generates income, thereby making it self-sustainable. The campus has gained so much praise over the past ten years, and has been visited and is supported by international leaders, businessmen and celebrities such as Oprah Winfrey, Richard Branson and the Dalai Lama.

With organizations like CIDA taking the lead, social entrepreneurship has become increasingly popular and one of the most alluring concepts over the past decade. In addition to this, it is being taught at numerous business schools abroad and locally. The problem however, is that unlike CIDA, often the targeted participants are the likes of MBA graduates and successful businessmen, who often are not at the heart of their communities and have minimal involvement in social affairs.
2.4 Common Traits of Social Entrepreneurs

John Elkington, the founder and chief entrepreneur of sustainability, astrology consulting firm, in his book, “The Power of Unreasonable People”, talks of the key traits of social entrepreneurs. Prior to launching his book, he was interviewed by Paul Michaelman, of Harvard Business School in a bid to understand the core characteristics of highly effective social entrepreneurs.

As we know, social entrepreneurship is not a practice that started recently, but a conviction inspired by entrepreneurs decades ago. In 1971, Professor Klaus Schwab founded the World Economic Forum (WEF) as a non-profit foundation committed to improving the state of the world, later building it into today's global partnership of business, political, and intellectual leaders. This was followed by the introduction of the Schwab foundation, founded by him and his wife, years later in 1998.

His initial concept was to develop a forum through which social entrepreneurs could address some of the really big social and environmental problems of society, such as poverty, all the way through to climate change. What is interesting to remember about the WEF is that initially few people showed up and countries never considered this as an organization capable of bringing about global change. Over the last decade this has all changed, and following the global mission, these entrepreneurs now act on all panels and are regarded as people whom the mainstream of business and public policy consider important. Global leaders are earnestly looking to meetings such as the WEF to share ideas and solutions that can be replicated in changing the face of social enterprises on a global level.

In John Elkington’s book, he covers numerous traits and characteristics of social entrepreneurs, and shares his opinion that social entrepreneurs are unreasonable. He draws this association from the original playwright, George Bernard Shaw, who said that “the reasonable man adapts
himself to the world as he finds it”, whereas social entrepreneurs do not. The unreasonable person tries to transform it to make it different.

These entrepreneurs, if they have share one single shared characteristic, share the fact that they simply don’t take the world as it is because they are constantly trying to change the system with their wild ambition. This is reflected in the definition where they are referred to as “change agents”.

In Table 2 there seem to be a trend in the characteristics and personal qualities exhibited by social entrepreneurs. It seems a common trait that is associated with most entrepreneurs.

In defining the construct with specific respect to its differentiation from commercial entrepreneurship theorists seem to regard these business leaders as having some ‘special’ character (Dees J. G., 1998) (Light, Reshaping Social Entrepreneurship, 2006). A second enhancing quality that seems to shine through, is that of innovation.


The fourth and final personal trait highlighted by theorists is that of passion. (Mort, Weerawardena, & Carnegie, 2003) (Roberts & Woods, 2005). Passion is essentially linked to the associated mission of serving the needs of society.

Because of problems in defining the construct and methodological problems (Low & MacMillan, 1998) inherent in reviewing the traits or psychological profiles of entrepreneurs, theorists had suggested in the mid 1980’s that the focus of research into entrepreneurship should focus more on the entrepreneurial process or entrepreneurial behaviors. Today however, the field is still defined through numerous paradigms and the elements of entrepreneurship has been well accepted.

Apart from the four special traits mentioned above, other studies seem to highlight the associated special leadership skills required (Thompson, Alvy, & Less, 2000) together with what has been turned a strong ethical fiber (Drayton, 2002). The problem with authors examining and defining
the construct of social entrepreneurs has the associated problems of often being biased towards focusing on successful entrepreneurs, trying to differentiate them from commercial entrepreneurs, popular managers, politicians or even social activists. Though the concept of social entrepreneurship carries with it the risk, intelligence and degree of talent (Light, Reshaping Social Entrepreneurship, 2006) it can be displayed in many simple forms, and is not limited to age, sex or religion.

Because social entrepreneurs require both the insight, talent and drive of an ambitious businessman, they are rare in the sense that all these talents are offered mainly as a symbol of philanthropy and care for society. These qualities demand characteristics of individuals with warm hearts and an exceptional temperament. They are gems to society because of their plight to improve specific causes. However, be that as it may, not everyone should strive to be a social entrepreneur (Dees J. G., 1998). Although we know they are a huge benefit to society, not every leader in the community or social sector bears the quality of being well suited as an entrepreneur, be it commercial or social. The social sector demands much of a “special breed” though (Dees J. G., 1998). Not only do they need entrepreneurial skills, but also character spun from a distinct fiber.

Numerous themes derived from various in-depth case study interviews include: networking, people management, fund raising, mentoring, business training, environmental dynamics, innovativeness, being proactive, risk management capability, sustainability, social mission and the special ability to recognize opportunity (Urban, 2008). These themes all vary in importance, dependant on the needs and activities of the social enterprise and the entrepreneur. This brings me to the question of whether entrepreneurs are born, and have innate personal characteristics, or whether they can be trained and developed.

### 2.5 Are entrepreneurs born, or are they a product of society?

Perhaps one of the most distinguishing traits of entrepreneurship is that of being bold enough to take on responsibility and risk. The problem however is that most definitions of social entrepreneurship puts a tremendous emphasis on the individuals and their nature (Light, Reshaping Social Entrepreneurship, 2006, p. 48). Paul Light argues that one of the biggest
problems in defining social entrepreneurs is the absolute focus on personality and individual traits such as achievement, motivation, tolerance or ambiguity, optimism intelligence and talent. He says that this detracts from what entrepreneurs do, who they actually are and their ability to sell an idea. With ongoing research, it is often conflicting to hear that entrepreneurial success depends less on the personality of the entrepreneur than does the teachable skills, such as the ability to mobilize the public in supporting an initiative, raising capital, knowing how to run a business, and more importantly make it self-sufficient.

Whilst traits such as ambition, perseverance and philanthropy are not easily taught, the chances are that if they can be instilled into individuals by an educational programme, then social entrepreneurship would not be so much of a rare phenomenon in civil society. Determining accurately if social entrepreneurs are born or taught, somehow lies outside the scope of this paper, as this is a controversial issue largely dependent on opinion. A probable way of supporting the fact that entrepreneurs can be taught lies in identifying the characteristics and skill set that successful entrepreneurs have in common. Educational institutions focused on social service subsequently teach most of these skills. While some leaders and literature examining traits of entrepreneurs seem to infer that entrepreneurs are born, or have innate characteristics, results achieved by global institutions teaching entrepreneurship and business skills to an extent defeat this notion. Organisations such as Greeman Bank the micro-credit movement initiated by Muhammad Yunus, which gave access to small loans, has helped millions of people around the globe dramatically improve their lives and the economic health of their communities (Martin & Osberg, 2007). Others like Endeavor (funding social initiatives) and CIDA City Campus (providing free education) would not pursue supporting entrepreneurship if there were no social benefit. Their successful histories speak for themselves.

Having said this, we still cannot emphatically state that social entrepreneurs are born, or taught and perhaps this is a topic for further research.
2.6 Understanding NGO’s, NPO’s, Section 21 companies and sustainability

As the fields of social entrepreneurship expand, more and more organizations and foundations are being established and emerging, making social entrepreneurship a distinct discipline (Dees J. G., 1998). Worldwide politicians and governmental institutions are encouraging it, particularly in areas where government knows it would fall short. In the US, the term has even been adopted by the new Obama presidential administration that clinched a novel investment fund for social entrepreneurship (Light, 2009, p. 21). Social entrepreneurs are needed to build and develop new models for a new century (Dees J. G., 1998). There is becoming less and less of a distinction between sectors of government, institutions and social enterprises, both in relation to profit and not-for-profit, as well as philanthropy, more aptly known as corporate social responsibility in the commercial sector. Once again this refers to the phenomenon as “sector-bending” discussed earlier. (Dees & Anderson, 2003). “Sector bending refers to a wide variety of approaches, activities, and relationships that are blurring the distinctions between nonprofit and profit organizations, wither because they are behaving more similarly, operating in the same realms, or both”.

As a community we are becoming more and more aware of our social plight through governmental legislature, and are resorting more and more to business methods and structures in a bid to find more cost-effective and sustainable means of addressing social problems.

The legal framework or not-for-profit NGO’s in South Africa constitutes four basic tiers (United States International Grantmaking, 2009). At the first tier, recognizing the following legal entities exist. Voluntary associations; Non-Profit Trusts and Section 21 Companies limited by guarantee. The section 21 companies are sometimes referred to as “associations incorporated not for gain”.

A second tier of legislation then allows these entities to be registered as Non-Profit Organizations (NPO), meeting government requirements. These organizations can under no circumstances distribute any profits made in the operation.

As a third legislative option, NPO’s can apply for specific status of “Public Benefit Organisation” (PBO). Apart from meeting certain obligations, the sole purpose of the
organization must be to partake in activities directed at uplifting and for the benefit of the local public with an exclusive altruistic purpose. These public benefit organizations are not allowed to promote political parties, but merely limited to lobbying, as concession, they are entitled to a broad range of fiscal benefits, including partial tax exemption and full exemptions on donations tax as well as the transfer duty on land and buildings.

The fourth and final legislative tier allows Public Benefit Organizations to apply or the right to receive tax-deductible donations. The South African Income tax act in return provides two major benefits to the NPO sector. Firstly, they qualify for partial tax exemption and secondly, companies donating are allowed deductibility for donations made to PBO’s pursuing social cause.

2.7 Three Relevant Legal Entities**:

2.7.1 Voluntary Associations

Voluntary Associations are most common amongst NPO’s in South Africa. There is no formal office assigned for the registration of a voluntary association. To establish a voluntary association requires simply that three or more people agree to focusing on a common objective, other than that of purely being profitable. These agreements are usually put together in the form of a constitution, although verbal missions also exist.

Voluntary associations are a product of the common law and not regulated by statute. This can be confusing, because the common law is not easily accessible and sometimes is conflicting. Voluntary associations may be classified as follows:

1. Corporate bodies under the common law, known as “universitas”; and

2. Bodies that remain unincorporated at common law, known as "non-corporate associations."

(United States International Grantmaking, 2009)
Voluntary organizations are usually classified by the courts according to its nature, objectives, and activities. Such an organization must generally meet three requirements in order to be a universitas:

1. It must be structured to continue as an entity notwithstanding a change in membership;

2. It must be able to hold property distinct from its members; and

3. No member can have any rights, based on membership, to the property of the association. If all of these requirements are met, the organization will be deemed a universitas with legal personality.

2.7.2 Non-Profit Trusts

Trusts in South Africa are governed under the Trust Properties Control Act and common law. These entities are generally formed for private benefit or as a charity. In order to determine whether a trust qualifies as a charitable trust under South African law, funders must look at the trust deed.

Generally a trust is created when property is transferred by a trust deed; the trust then manages the property for the benefit of others or for the achievement of a particular goal (which may be in the form of a family investment). Written agreement, testamentary writing, or court order can transfer the property. The person who administers the trust property is called a trustee. A court official, called a Master of the High Court, has jurisdiction over a trust if the majority of the trust property is situated in his or her jurisdiction. The Master holds the trust instruments, oversees the appointment of trustees, and polices the trustees' performance with respect to the trust property.

As a legal entity, a trust does not have to be independent, but trustees still enjoy limited liability. All rights and responsibilities vest collectively in the Trustees.
2.7.3 Section 21 Companies

The South African Companies Act provides for an “association not for gain in terms of Section 21.” Such an organization, commonly called a “Section 21 Company,” must have at least seven members, each of whom makes a guaranteed commitment in the event of the institution's financial failure (although such commitment may be purely nominal). The primary purpose of a Section 21 Company must be to promote religion, the arts, science, education, charity, recreation, any other cultural or social activity, or communal or group interests. [Companies Act §21(1)(b)] A Section 21 Company must register with the Registrar of Companies. [Companies Act §63(1)] The records of the Registrar are open to the public. Section 21 Companies have legal personality and therefore offer limited liability to their members and directors. They can enter into contracts and sue and be sued in their own name. Branches of foreign NPO’s in South Africa can be registered under Section 21A of the Companies Act.

** Adapted from (United States International Grantmaking, 2009)

2.8 Toward Sustainability:

In South Africa, past experience has generally created a norm that NGO’s and section 21 companies are associated with and conceptualized as charity organizations, strictly dependent on ongoing grants and donations to breathe life into its daily operations. Similarly, in other countries, nonprofit organizations have developed a reputation for being inefficient and ineffective (Dees J. G., 1998). Increased competition, numerous NPO’s and innovation toward social goals makes it more and more difficult for these types of businesses to survive. More and more budgets are being cut, grants restricted and mere registration as an NPO is no longer a sustainable competitive advantage. Market forces are pressurizing social entrepreneurship organizations to develop and pursue strategies that can not only outperform other social ideas and innovation, but also generate a sustainable revenue stream for future existence.
Social entrepreneurship is growing in importance because of the united need to realize governmental goals, shrinking budgets and increased competition and dependence on grants. Traditionally NPO’s were motivated through a “dependency” model, with primary, and in some cases absolute reliance on philanthropy, voluntarism and government subsidies and to a minimal extent earned income (Boschee & McClurg, 2003). The concept of social entrepreneurship has more than challenged that idea. No longer is working for a charitable organization identified as a low-skilled best alternative where your services are sacrificed at the hope of donations being able to produce salaries for the employed. According to Boschee and McClurg (2003), two new terms are central to the success of social entrepreneurship, namely “sustainability” and “self-sufficiency”. Whilst many theorists argue that sustainability plays a pivotal role in future existence, of social enterprises (Trexler, 2008, p. 66), Boschee and McClurg regard it merely as way station. More importantly than sustainability they argue, is self-sufficiency. Self-sufficiency can only be achieved through dependence on earned income from addressing a social cause. If this is possible they claim, it is the ultimate goal of the most ambitious social entrepreneurs. The core question for facing social enterprise in not so much whether it will last, but how best it can exhibit the essence of corporate life and simultaneously demonstrate corporate social responsibility.

It is commonplace to associate a sustainable enterprise with operations that are innovative and have a distinct competitive advantage. Thus it is common to see the terms innovation and entrepreneurship in the same category. What this essentially illustrates, is that irrespective of the cause, an entrepreneur must have the instinctive determination to run a business that will endure the turmoil of solvency. Sustainability thus serves as an umbrella premise upon which a social enterprise must develop its mission.
2.9 Literature Review Conclusion:

Although the literature seems to be congruent on most principles of the social entrepreneurship construct, there still seems to be some fuzziness regarding a concise definition. It certainly is a topic that encompasses a large degree of complexity as a result of the scope and spectrum of sectors it covers. There seems to be some discrepancies in defining the construct with pinpoint accuracy, however, the basic principles of entrepreneurship speaks volumes. In simple understanding entrepreneurship entails using innovation starting a business or new venture, with the associated risk of failure, in the hope of success at becoming both a profitable as well as a sustainable business. The literature emphasizes that the entrepreneur sees situations from a paradigm of opportunity in contrast to weakness. If everyone viewed entrepreneurship the way the entrepreneur did, there would be no beneficial display of entrepreneurial skill. As Boettke and Rathbone says, “a profit opportunity known to all is not a display of entrepreneurship and benefits no one” (Boettke & Rathbone, 2008). Free from the pressures of office politics and shareholders chasing bottom-line imperatives in the private sector, social entrepreneurs and nonprofit organizations with a social cause are well poised to make reasonably high-risk investments that could significantly impact on the wellness and address the dire needs in the community.

Skills and traits of entrepreneurs are commonly discussed and mentioned in the literature, however, whether these skills are innate in each and every one of us, just awaiting ignition stills desires further research.

A remarkable insight in identifying leaders involved in social cause, perhaps not common to all leaders, but yet to most, is the fact that many of the key investors in social enterprises have attained success in some or other form of business in the past. As a result, it is assumed that these leaders yearn for a fulfillment, which often is not financially dependent, but rather a sense of satisfaction that money cannot buy.
3. Research

3.1 Research Methodology

The research takes a qualitative approach in both reviewing the literature and comprehensive interviews with prominent individuals in the fraternity. Through interviewing individuals the researcher can assess the prominence of the term, the validity of practicing social enterprises as a discipline and evaluate the need for a centres, such as the UCT GSB Centre for social entrepreneurship. Because of the nature of the construct, and the impact of theory and opinion, grounded theory was used as a basis for design.

3.2 Research Design

In order to understand and present a distinctive case for social entrepreneurship academic literature was used to disband the construct (Leedy, 2005). Grounded theory was used as a basis for the research. The literature review guided the compilation of a questionnaire, based upon review of, and extraction of distinctive areas of interest identified by the researcher. This information was then collated to develop a theory. (Leedy, 2005, p. 140).

Further to this, the researcher dissected the information in order to develop common themes echoed in the literature. Interviews were then conducted amongst prominent people in the field of social entrepreneurship. Later this information was collated and inductively reviewed with the literature and the ever-evolving definition of social entrepreneurship.

Finally a deductive approach was used to construct links in the theory and the current case for social entrepreneurship (Saunders, Thornhill, & Lewis, 2006).
3.3 Data Collection

Data was collected and analyzed in three specific stages.

3.3.1 Stage 1: Networking

The researcher started through building initial bonds with key lecturers and course managers at various institutions teaching social entrepreneurship. The social network of “LinkedIn” was used to establish international links with key persons and prominent authors of the articles and periodicals used in the literature review. This allowed the researcher to clarify misconceptions about the construct, which still seems to appear as slightly ambiguous.

3.3.2 Stage 2: Desktop Research

Following networking and verbal communication with academics involved in teaching social entrepreneurship, the widespread literature was collated for review. This not only included books and research articles, but also comparative articles presented on the internet. The literature review allowed the researcher to see the topic of social entrepreneurship from all perspectives. Key traits of social entrepreneurs were identified. Once this was done, it was necessary to examine the basis for establishing the concept in South Africa, both in the private and public sector. This included the various entity types and the principles upon which these organisations were based. Understanding these principles allowed the compilation of an interview questionnaire to be designed with a generic approach to interview key contacts within the social entrepreneurship fraternity. (Appendix 1)

3.3.3 Stage 3: Interviews

A select group of interviewees were selected that was well representative of the state of Social Entrepreneurship in South Africa. The participants were chosen to not only be representative of the Western Cape, but also their involvement on both a national and international scale. The diversity of involvement was clearly eminent from the introductory question that explored organisations and activities of the organisations that the social entrepreneurs were involved in. Organisation like Endeavor, Heart Social Investments, Ashoka, CIDA and even SHAWCO were interviewed. They participate in social ventures from disability, feeding schemes, outreach
programmes, education, HIV, empowerment, as well as addressing a range of other social causes.

The interviewees selected include amongst others, a Nobel Peace prize winner, managing director of Social Investment Organisations like Endeavor, Heart Social Investments, and even an Ashoka fellow and Green and Eco fellow. These are the most prominent organisations of social interest in the country.

The interview questions examined issues such as “triple-bottom-line” (Trexler, 2008), project progress measurement, sustainability, government’s involvement as well as traits of both teachers and social entrepreneurs.

Questions were structured in an open-ended fashion in order to encourage the opinions of the participants and to promote unrestricted responses. This served as the basis for the application of grounded theory (Leedy, 2005). Although there was diversity in the type of organisations involved, questions were adapted to themes applied in constructing the questionnaires. For further clarification see Appendix 1.

3.4 Data Analysis

Once data was collated, it was typed up and categorized according to stages in the development of grounded theory, as per Leedy et al, 2005.

- Theoretical perspectives and opinions on these leaders’ understanding of the construct of social entrepreneurship were examined.
- Key themes and trends inherent to social entrepreneurship was summarized and dissected,
- Understanding the contradictions in the data was examined and categorized accordingly.
- The way that these experts classified themselves was put in perspective according to trends and past literature.
- Finally a conclusive model and stance was taken, justified by the research conducted.
The interviews were then transcribed and compared in order to extract both similarities as well as highlight discrepancies in opinion.

### 3.5 Limitations in the Research Methodology

Although the data was transcribed verbatim, the context and grammar of the answers presented may have been adjusted in order to clarify understanding. The researcher intended to get clarity as much as possible in instances where there was a level of discrepancy. The bulk of the questions presented were one-ended and grouped into context post the interview. The only statistical analysis was the use of a Likert Scale in order to clarify 5 main traits that the researcher identified as being key to running a social enterprise and the concept of social entrepreneurship.

The opinions reflected by the interviewees, (although they are at the head of the organisations they manage) are limited to being their personal views and not that of their organisations per se. The composition of information collated in the research is extremely comprehensive, however in this instance only reflects certain key themes identified by the researcher to relevant to this project.

### 4. Interview Findings and Discussion

An examination of the literature on social entrepreneurship revealed a myriad of understandings and ambiguity in defining the concept. There seems to be ambiguity in the meaning of not only social entrepreneurship, but also what is considered a social enterprise. Research was conducted interviewing 5 key contacts in the fraternity in a bid to explore the ever-changing business case for social enterprise. This as then further investigated by exploring the key traits of social entrepreneurs as well as traits required to be a good teacher of social entrepreneurship, extrapolated by the current organisations interviewed, and their respective entrepreneurs’ characters.

As grounded theory was used as a basis for the research, qualitative examination of the themes are discussed below.
### 4.1 Participant involvement

John Elkington, the author of “The power of unreasonable people”, talks of social entrepreneurs as people, who against all odds share one specific characteristic: that of *ambition*. This was clearly an absolute trait of the persons interviewed.

The first question in the interview process examines the sociology of both the interviewees as well as that of the organisations and its respective involvement in social entrepreneurship. For ease of understanding and recognition, each candidate interviewed will be numbered as listed below.

<table>
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<tr>
<th>Interviewee</th>
<th>Organisation / Involvement</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dr Taddy Blecher</td>
<td>Co-founder of CIDA (Community and Individual Development Association) City Campus and Chief Executive and CEO of the Maharishi Institute</td>
<td>Skype: taddyblecher1011 E-mail: Tel: +27(0)11-834-3812 Website: <a href="http://www.invincibleoutsourcing.org">http://www.invincibleoutsourcing.org</a></td>
</tr>
<tr>
<td>2. Mr Malik Fal</td>
<td>Managing Director Endeavor South Africa</td>
<td>Skype: E-mail: Tel: +27(0)11-834-3812 Website: <a href="http://www.endeavor.org">http://www.endeavor.org</a> E-mail: <a href="mailto:malik.fal@endeavour.com">malik.fal@endeavour.com</a></td>
</tr>
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<td></td>
<td></td>
<td>1st Floor, Building 3, Parc Nicol Office Parc, 3001 William Nicol Drive,</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Title/Role</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>3</td>
<td>Mr Charles Maisel</td>
<td>Managing director and social artist</td>
</tr>
<tr>
<td>4</td>
<td>Mr Varkey George</td>
<td>Director: SHAWCO (UCT Student’s Health and Welfare Centres Organisation)</td>
</tr>
<tr>
<td>5</td>
<td>Mr Peter Shrimpton</td>
<td>Director: Heart Social Investments Managing Director of Stakeholder Relations:</td>
</tr>
</tbody>
</table>
4.2 Sociology:

The sociology of the organisations is extrapolated from Question 1 of the Interview (Annexure 1). *What is the main involvement of yourself and your organisation in social entrepreneurship?*

This category has given insight into the diversity of the involvement as well as the broad scope of social entrepreneurship. One thing was certainly in common, which is the absolute need to address a social cause. Although this was the case, there was a slight ambiguity as to what is meant by addressing a social cause.

Candidate 1 founded CIDA City Campus. CIDA is the first “virtually free” university in Sub-Saharan Africa, established in 2000 as a non-profit university, aiming to equip young South Africans with business skills and a business degree in order to become valuable assets to their respective communities, and essentially enhance the South African Economy. On a practical level, CIDA essentially creates a human network through offering students the opportunity of not just getting education, but also the opportunity of practical work experience. While students are enrolled at the university, they are allowed the opportunity to work in a call-centre as well as teach others through basic mentoring, support, guidance and knowledge. Proudly Dr Blecher explains how the universities not only changes lives of young people, but also allows them become key players in society; from entrepreneurs through the spectrum, all the way up to merchant bankers. The university now accepts more than 3000 students a year. It has its own empowerment fund, building businesses around the university to generate income for further expansion for the nine existing colleges in Johannesburg. In 2007 Dr Blecher, founded the Maharishi institute, which supports the Maharishi Invincibility School of Management. The new Maharishi Institute is an educational opportunity, offering school-leavers the prospect to acquire essential business, computer, language, and leadership skills, while developing their creativity and intelligence.

Candidate 2 is currently the managing director of Endeavor, which is part of a social enterprise funding institution. According to candidate 2, Endeavor does not directly target what is known as social entrepreneurs. They merely target enterprises that have the potential to scale, and who are
innovative. According to candidate 2, the social impact of their investment is not the primary acceptance criteria for funding or funding facilitation. Endeavor feels that their primary purpose is to ensure that businesses reach the absolute potential in a bid to contribute to job creation and economic growth.

“What is questioning is the fact that Endeavor claims to be in support of social entrepreneurship, however, their mission of job creation and economic growth falls short of the global definitions which more accurately points to “change agents”, as defined by the Skoll Foundation.”

Candidate 3 is declared himself not to be a social entrepreneur, but rather a “social artist”. He interprets this in the form of “painting pictures” (designing business opportunities) for organisations to pursue. In 2000 Charles Maisel was elected to the Ashoka Fellowship for his method for preventing violence against women, in a nation that has the highest rate of violence against women of any country not at war. Mr Maisel considers himself a social artist, as he says he is less interested in the sustainability of the organization than the innovation. This candidate appeared to be extremely familiar with all the theory involved in constructing the business case for social entrepreneurship in South Africa. However, having said this, money did not seem to be the key motivational driver of this candidate’s social impact.

Candidate 4 showed a clear passion and zest for serving a social need. Shawco, UCT’s Student Health and Welfare Centres Organisation improves the quality of lives of people living within the Cape Town local communities, offering programs ranging from feeding schemes across the spectrum to sustainable income-generating projects. SHAWCO’s biggest assets seem to be the university students, who voluntarily offer up their time and effort to address social needs. By all means sustainability and addressing social needs are key to their business. SHAWCO runs various outreach programmes which not only offer tuition (mathematics and science), but also life skills, sports, computer training as well as feeding schemes for the infirm and elderly.

Candidate 5 coined their organisation a “Social Entrepreneurship Incubator”, acting as a non-profit organisation that incubates start up social enterprises through seed, venture and capital phases of development. Heart identifies social entrepreneurs through projects or proposals and serves and an incubation hub for developing sustainable social business enterprises for these individuals. They identify individuals, equip them with the necessary skills, and help them to
become sustainable social investments, driving positive change in the communities. Their mentoring and management circle comprises specialists in all operational aspects of business, developing social enterprises, rather than simply social entrepreneurs. This has even led to the launching of a School for Social Entrepreneurship to be launched in April 2010.

In summary, the objectives of the various organisations, their involvement in the realm of social entrepreneurship, as well as the extent of their understanding of sociology clearly refers back to the literature indicated in section 2.2, figure 1 (Positioning of social entrepreneurship). The continuum of social cause ranging across profit making, social upliftment and sustainability seems to be unique to each organisation. Some organisations address specific needs in the society, like education, healthcare and poverty, whilst others focus on a more generalized view to empower people. This thinking drives one to the fine line between a social enterprise and a commercial enterprise.

Is it then sufficient to consider employing people, however many or few, to be addressing the needs of society and can we consider this social entrepreneurship?

### 4.3 Defining the concept

Question 2 explored how the candidates define social entrepreneurship in lieu of the various definitions out there. Accounting for the fact that all candidates have a strong footing in the field, there was no doubt in defining the key themes that underpin social entrepreneurship; viz. that of finding equitable solutions for societal problems which is sustainable. Regardless of whether they cast the entrepreneur as a breakthrough innovator or an early exploiter, theorists universally associate entrepreneurship with opportunity. Entrepreneurs are believed to have an exceptional ability to see and seize upon new opportunities, the commitment and drive required to pursue them, and an unflinching willingness to bear the inherent risks (Martin & Osberg, 2007).

Candidate 1 defined the construct in terms of the Skoll foundation as a change agent for society. He also inferred that, what many organisations within the social sector have been doing for years are only now being labeled under the umbrella of social entrepreneurship. As is the case for commercial entrepreneurship there is always some or other form of funding (in the case of social
enterprises – donor input), followed by a strategy to find methods of being sustainable and donor independent.

Candidate 2 differed in his opinion, stating that any form of enterprise that employs people addresses societal issues. He placed particular emphasis on the thirst for generating income and making profits irrespective of the type of business, saying that if profits was not a primary motive, the business would fail.

Candidate 3 firmly believed that the term social entrepreneurship was “too loaded” and consequently ended up being too ambiguous in its definition. For a few years he has been tracking the ever-changing theory of social entrepreneurship, and has since changed his opinion and meaning. He feels that the term should refer more to the business (enterprise), rather than the individual. In doing so and accounting for sustainability and social cause, it would be best referred to as **social enterprise**. Candidate 3’s main interest was changing society through innovation, with monetary reward being of second nature.

Candidate 4 classified social entrepreneurship in simple terms as finding a solution to a social problem in a broad sense by a sustainable means. Simply, you identify a problem, develop a solution and keep it financially sustainable, whether it is in the private or social sector.

Candidate 5 concurred with candidate 3, in stating that the term has undergone tremendous change over since Bill Dreyton of Ashoka coined the term decades ago. It initially included anybody who has created some kind of innovation for social change. The change essentially resulted in the emergence of a new space, called **social enterprise**.

From the above understandings it is clear that the concept of social entrepreneurship is currently undergoing huge transformation in its definition. More often the concept is referring to the state of affairs of the organisation driving the social cause, rather than the individuals managing these organisations. Thus the term social entrepreneurship may not be a suitable term. It is for this reason that the business case for social entrepreneurship has changed in the mind of the researcher, in favour of rather developing a **business case for social enterprise in South Africa**.
4.4 Are you a social entrepreneur?

Candidate 1 would definitely consider himself a social entrepreneur, despite the change in how people comprehend the concept. According to him, they only recognized the association and true meaning of social entrepreneurship following many awards they were getting for the projects they involved themselves in; i.e. setting up a practically free university addressing the needs of underprivileged individuals –which is a model they want to replicate and expand across the African continent.

Candidate 2 did not consider himself a social entrepreneur. For him, his calling was to manage the entrepreneurs, and he saw his role as a purely commercial business.

Candidate 3 also excluded himself from the classification of social entrepreneur. He classified himself as a *social artist* in conjunction with the nature of his company that basically presents opportunities for social investments to the private sector.

Candidate 4 had not hesitation in identifying himself as a social entrepreneur. He emphasized his motivation to make all projects of social value sustainable. Being in the driver seat of the organisation, he links activities into profit generating entities that are sustainable.

Candidate 5 also differentiated himself from the norm of social entrepreneur, by classifying himself as a *social innovator*, as opposed to a social entrepreneur. He supported this in saying that he approaches entrepreneurship by creating a gap in the market through innovation, as opposed to just filling a gap in satisfying a need as a social entrepreneur.

From the above interviews it is clear that the definition of social entrepreneurship has undergone change. As more and more organisations are developing a global footing in the world, and gaining recognition for being self-sustaining, there seems to be increasing referral to a social entrepreneur as someone who runs a *social enterprise* as opposed to a traditional donor-dependant organisation. Two candidates differentiated themselves from social entrepreneurship by labeling themselves as a social innovator and a social artist. Despite this, the key theme is still to address a social need through business.
4.5 Project Tracking and Creating Awareness

A common belief in western business is the idea that, *if it can’t be measured, it can’t be managed*. This saying has been around for years and the philosophy behind it has guided decisions in actions in many organisations.

"Not everything that counts can be counted, and not everything that can be counted, counts." - Albert Einstein

Questions 3 & 4 analyzed how organisations track the progress and development of projects that the organisations are currently involved in. Coupled to this was the question on how these organisations go about creating awareness on social entrepreneurship.

Candidate 1 demonstrated particular interest in tracking the progress of the students at CIDA City Campus. Over the past few years they have been tracking the salaries and successes of students educated at CIDA. This success has led to Dr Blecher being awarded a Nobel prize for his work. The impact of the social upliftment brought about by CIDA is also measured, with students encouraged to bring about change within their communities. So much so, that it is endorsed by international icons like Sir Richard Branson, Bill Clinton and the Dalai Lama (spiritual and state leader of Tibet).

Candidate 2 did not show as much conviction in tracking the social impact of the organisations whose funding they aid. Although Endeavor exists in order to facilitate large organisations to grow developing economies, the profitability’s of these organisations appear to be of primary interest.

This candidate believed that focusing on the successes of individuals like Herman Mashaba (owner of Black Like Me company in South Africa) and Adrian Gore (a leading South African businessman. He is the CEO of Discovery Holdings Ltd. and Chairman of both Destiny Health Inc. in the USA and Prudential Health Limited in the UK), would bring inspiration and touch the hearts and minds of millions of kids and young people yearning to make a distinct change in society. Awareness was merely created through celebrating the successes of these individual businessmen.

Since Candidate 3 regarded himself as a social artist he was more attuned to developing the business plan or business idea for social projects, and not the execution as such. He passed on the responsibility of creating awareness to the consumers of the social projects he developed.

Candidate 4 tracked all the projects very carefully. Since the organisation, SHAWCO used to be grant and donor dependent in the past; he had been instrumental in designing projects that are sustainable and income generating.
Over the past six years he has both revamped, improved and consolidated the health projects getting them financially sustainable prior to considering any expansion. Since the organisation is already established there is no definite need for awareness creation as there are already an excess of 2000 volunteers.

Of all the candidates, the organisations and projects that Candidate 5 managed were probably the best tracked. They have developed a business health monitor, which tracks 93 different business health indicators. Coupled to this they not only have their information financially tracked but also the assessment of the social impact of the projects by means of a 128 different social impact indicators. This model has been developed to be generic in terms of various sectors such as environmental, social, agricultural etc. The organisation seems to be so deeply entrenched in social entrepreneurship, endorsed by LTD Bank in Switzerland that they are inundated with new projects and social ventures on a daily basis.

From the above candidate responses it is clear that awareness creation is pertinent to younger organisations. Because the fraternity of social entrepreneurship, with particular reference to the sustainability of projects is novel and innovative, there is high demand for well established organisations to adopt new social ventures. Pivotal to the exposure, success and diversity of organisations such as Hart and Endeavour is the fact that they no longer have to market their social projects.

### 4.6 What benefits could academic intuitions like the GSB bring to society?

There was a general consensus across the spectrum of all candidates that academic institutions add value. However it is imperative that UCT looks at both national and international models when they develop their programs. There has to be a link between theory and the practical application of social ventures.

Essentially the role of the business school should be to help aspiring entrepreneurs, network, stimulate ideas and examine social projects.

There is a definite need for tertiary institutions running social entrepreneurship programs to collaborate and share ideas. The Universities like GIBS, WITS and the UCT GSB have to collectively host regular conferences involving institutions like Heart, Endeavour,
Mothers2Mothers (provides education for South African HIV-positive pregnant women about how to prevent mother-to-child transmission of the disease) and Shawco that has experienced and innovative social business leaders. Endeavor currently hosts an annual conference bringing such organisations together. Notwithstanding the above, a virtual program of teaching theoretical principles is a perfect, cost-effective way of imparting theory. As the literature iterates, there are key skills common to entrepreneurship, and a university is best equipped to teach these skills.

4.7 To what extent is Social entrepreneurship dependant on networking?

Candidate 1 believes that any opportunity that allows people to do networking is vitally important to a social entrepreneur. He expressed his experience of being part of social entrepreneurship forums like the Schwab Foundation of Social Entrepreneurs that established the World Economic Forum, the Scoll Foundation and the Clinton Global initiative. These networks allow entrepreneurs to share opportunities, discuss funding and support each other in various different ways.

Candidate 2 confirmed this. His organisation promotes the idea of social entrepreneurship by means of networking and publicizing the successes of key social entrepreneurs. According to Candidate 2 networking allows social entrepreneurs to maximize their potential and develop synergy.

Candidate 3 concurred with the opinion that networks played an important role. However, he clearly indicated that social entrepreneurship is not fully dependant on networking. He however did not believe that global organisations such as the World Economic Forum brings about and impactful enough change in the lives of the communities. Having attended many of these international conferences he felt that these organisations constitute global leaders who are mainly interested in supporting huge business, whether or not there is a social cause. Candidate 3 expressed very controversial opinions.
Candidate 4 believes that networking could be advantageous but is not vital to any social entrepreneurship project. He emphasized the importance of trust over that of networking, claiming that networks cannot be beneficial, irrespective of its magnitude, if the individuals in the network cannot be trusted.

Candidate 5 also agreed that social entrepreneurships are not dependent on networks, as social entrepreneurs have been operating independently around the world for decades. He believes that global initiatives and organisations like ANDE (Aspen Network of Developing Entrepreneurs) and other global networks are simply taking what has always existed and are creating global movements.

In summary, it is evident that networking does play a role in social entrepreneurship but is not a vital part of the idea. Essentially all that networking does, is to create a sense of belonging amongst social enterprises, which have for years operated independently.

4.8 Government involvement

All of the candidates involved in social enterprises were adamant that the involvement of the South African government in Social Entrepreneurship projects is practically non-existent. It is evident that they do support empowerment and entrepreneurship through funding institutions like the NEF (National Empowerment Fund – which supports Broad Based Black Economic Empowerment) and others, but it is clear that they have not realized the importance of supporting social enterprises. The private sector is the main source of support for social enterprises.

Three of the five candidates interviewed made clear reference to the UK and its involvement in support of social enterprises, so much so that it is a customary part of their fiscal policy. The
problem in South Africa though, is the time it will take for our government to realize the impact of social entrepreneurship in addressing the needs of society.

4.9 What makes for good tutors of social entrepreneurship?
Candidate 1 used current students within the organisation to tutor social entrepreneurship. Within both the social sector as well as the private sector, the organisation identifies leaders who have worked as lecturers and consultants in the field. This candidate felt the past learners within their institution were the best in teaching social entrepreneurship, as the practical experience is easily conveyed.

Candidate 2 also concurred in looking for individuals who have both theoretical or academic and practical exposure. He emphasized that organisations must involve networkers for various social backgrounds.

Candidate 3 emphasized experience as the most important prerequisite. However, he said that innovation couldn’t be taught, it is an art that can only be taught through practice.

Candidate 4 believed that the best candidates are those that are motivational in their approach with first hand experience.

Like the first 2 candidates, Candidate 5 also believed in using the skills of staff from within the organisation. He believed if one does not have the key staff, then we have to look at practical experts in the field, like Charles Maisel, candidate 3.

No doubt, the best teachers are those currently involved in the field of social entrepreneurship, with solid practical experience. Thus the best tutors of a UCT social entrepreneurship programme would be social entrepreneurs and innovators like the candidates interviewed.

4.10 Differentiating between legal entities
All of the candidates were able to differentiate between the various legal entities, however emphasis was put on the ability of an organisation, irrespective of it being a NGO or Section 21 company operating within a social framework, to be sustainable. Candidate 4 also made reference to the obligation and responsibility of a social enterprise to not be dependant on grants and charity, but to be fully independent.
Candidate 3 highlighted the fact that there is now a trend to have a hybrid company, by this he means that one profit making enterprise would support the non profit side or trust. Key to a social enterprise is the ability to generate profit and in return become sustainable. Candidate 4 felt that a major benefit of Section 21 Company is that it acts as a legal framework, which allows you to invest any surplus you have to generate income. He described a social enterprise as constantly striving to meet expenses by income generated through some unique innovative idea.

4.11 Sustainability

It is evident from all the candidates that the degree of sustainability is largely dependant on the innovation. CIDA, ex in conjunction with the Maharishi Institute has a call centre and data base operation created to allow students the opportunity of working in a call centre while simultaneously generating income to pay for their tuition.

Endeavor on the contrary has investments based largely upon existing enterprises. Typically they support companies with proven success and a viable commercial ideal.

SHAWCO generates income to providing community transport services as a registered company making profits to support social causes during the busses idle times.
4.12 Traits of Social Entrepreneurs

Candidates were asked to use a Likert Scale to rate the importance of 5 key traits of social entrepreneurs. The results are displayed as below.

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<th>TRAITS OF SOCIAL ENTREPRENEURS</th>
<th>Leadership</th>
<th>Innovation</th>
<th>Special breed / character</th>
<th>Risk-taking</th>
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</tbody>
</table>

TABLE 3: SUMMARY OF TRAITS COMMON TO SOCIAL ENTREPRENEURS

4.12.1 Leadership

The average rating for leadership amongst the candidates was 4. The outlier was candidate 3, who believed that you do not need to be a leader in order to be a social entrepreneur. He described himself to be of similar character to Sir Richard Branson, who according to him is not a leader, but more of a social artist.

There was consensus amongst all other candidates that leadership was pertinent to the success of the enterprise. Candidate 1 made particular reference to a person who has a vision and now has to stick true to that vision irrespective of what others might say or think in order to realize that vision. Candidate 5 noted that having talented people work in the social sector requires a strong ability to lead and inspire people to trust you as a leader, because often you are not at liberty to remunerate employees as well as in the private sector.
4.12.2 Innovation
Innovation scored an average of 4.5 amongst all candidates.

Candidate 2 rated innovation the lowest, stating that it was not critical for social entrepreneurship. He emphasized the importance of pragmatism over innovation, as successful social enterprises are not necessarily innovative.

All other candidates emphasized innovative projects as being more attractive to investment when compared to usual social projects. Candidate 1 noted that *you don’t necessarily have to come up with the ideas yourself. You can copy ideas...* Transferring ideas from other countries abroad means that you don’t have to invent the idea.

Candidate 5 said that *innovation in every step of the way is as important as being a leader.*

4.12.3 Social Entrepreneurs: “A special breed?”
There is no doubt that all the candidates interviewed felt that all social entrepreneurs requires special character in individuals. The main reasons given in support of a special character was that social entrepreneurs generally have a *heightened moral purpose, with a larger degree of compassion.*

Candidate 1 supported this in saying that we grow up in a capitalist society, where everyone has a desire to go out and make money, and very few individuals are *focused on humanity.*

4.12.4 Risk-taking propensity

It is only natural that most entrepreneurs have to accept a level of responsibility and the associated risk. As explained by Candidate 1, *entrepreneurs are generally giving up their lives, jobs, careers and normal comfortable lives* in order to make a difference in the world. Risk-taking propensity, as a trait of social entrepreneurship scored an average of 3.8 across the five candidates.
Candidate 2 was the only one who believed that there was no need for a social entrepreneur to take on any risk. His opinion was in conflict with the literature, which clearly states that social entrepreneurs are risk-conscious, and more inclined to take on risk (Light, Reshaping Social Entrepreneurship, 2006)(Dees J. G., 1998). However, this essentially indicates that risk is a part of social entrepreneurship, but not necessarily a trait common to most social entrepreneurs.

4.12.5 Passion
Passion is most definitely a trait common to most entrepreneurs. The average score allocated was 4.3 out of 5. Candidate 1 described it as an internal flame burning from within the social entrepreneur allowing one to create something out of nothing.

Both candidates 1 and 2 made the link between the odds of success and passion of the entrepreneur. Candidate 3 however, did not feel a need for passion. He indicated that a social activist has to be passionate, but an entrepreneur does not necessarily. This conflicts with lots of literature, not only on social entrepreneurship, but also normal (commercial) entrepreneurship, that claim passion to be an innate trait of social entrepreneurs (Mort, Weerawardena, & Carnegie, 2003)(Roberts & Woods, 2005).

Candidate 5 explained this by saying that without passion, an entrepreneur cannot face all the constraints of business. He also emphasized that passion expressed in any setting is often contagious.

4.12.6 Talent
Talent scored the lowest in traits characteristic of social entrepreneurs. It merely scored an average of 3.

Candidate 1 said that he realizes the importance of talent. However, he said that he believes that if individuals have passion and commitment, it is easy to develop talent.

This was also confirmed by Candidate 2, who said that what people may lack in talent, they make up on moral purpose or passion.
Candidate 3 said that he thinks that the success of most social entrepreneurs is attributed to *hard work*, rather than talent. He believes he can teach anyone to become a social artist, like he is. This is not necessarily talent.

Candidate 4 considered talent to be a mix of all the above traits of social entrepreneurs.

Candidate 5, like candidate 3 also did not believe that one needs any talent to be a social entrepreneur. He also emphasized that the successful social entrepreneurs he know are really just *hard-working* people.

In summary, we can see that talent is really a combination of hard work as well as passion. Since it scored the least of all the traits, it can be concluded that it is not an innate characteristic of social entrepreneurs.

### 4.13 Are social entrepreneurs born, or can they be taught?

Candidate 1 believed that there is truth in the sense that risk-taking and integrated thinking is a key part of social entrepreneurship. He highlighted the difficulty faced by social entrepreneurs, but ended saying that it can be taught or stimulated.

Candidate 2 on the other hand said he believed that social entrepreneurs are born. He said he believes that social and moral purpose is instilled in one as you grow older, and is innate in one’s character.

Candidate 3 had no doubt that social entrepreneurship can be taught, as he has mentored many entrepreneurs in the past.

Candidate 4, like the first candidate believed that there is a social entrepreneur dormant in each and every one of us. Similarly he believed that man is an innovator by nature.

Candidate 5 was adamant that social entrepreneurs are not born. He said that from his personal experience most social entrepreneurs he knew had experienced some kind of hardship in their lives, and wanted to improve society as a moral cause.

In summary, all the responses agree that, irrespective of social and moral purpose being innate in our characters, social entrepreneurship can be taught.
5. Analysis and Conclusion

The literature review summarized that social entrepreneurship is simply adopting a mission to create sustainable 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 a heightened sense of accountability to the constituencies served and for the outcomes created (Dees J. G., 1998).

Social entrepreneurship blurs the boundaries between strictly profit making enterprises and nonprofit organizations. However different, the definition of entrepreneurship still applies. It is for this reason that all theorists examining social entrepreneurship initiate their research by exploring the fundamental concept of entrepreneurship and its origin and using this as a foundation for differentiating the social entrepreneur.

Charles Maisel, the self-proclaimed social artist said that the construct of social entrepreneurship has undergone a tremendous amount of change over the years, and its definition is still changing.

The most important novel differentiating factors seem to be that of intellectual property, as highlighted by Mr Maisel, as well as the fact that social entrepreneurs yearn for a sense of satisfaction that money cannot buy. It is no doubt that leading social entrepreneurs or artists are most appropriately described as pragmatists. This was the opinion of Mr Maisel. Clearly there is much to be learned and understood about social entrepreneurship, social service provision and social activism.

More importantly, Mr Maisel, together with Mr Peter Shrimpton from Heart.org highlighted the change in definition currently pervading term social entrepreneurship. Effectively there are three variations in understanding built into the term social entrepreneur, and it should be differentiated as such.

1. Differentiation in terms of a Social enterprise
2. Differentiation in terms of a Social Activist (fighting for human rights), and
3. Defining oneself as a social artist or innovator.

In order to flesh out the construct beyond confusion and abstract ideals, theorists have tried to distinguish between commercial entrepreneurs and social entrepreneurs mainly through a profit
and funding definitive. The key however, still lies in extracting the most common analytical framework of the construct; viz. that of “social” and “entrepreneurship”. These terms however still lend itself to limitless interpretation and schools of thought and the root of entrepreneurship still remains at the heart of the concept. Thus, there will always be a degree of ambiguity as the scope of business blurs the boundaries between profit and charity.

This paper thus lends itself to defining the business case for social enterprise, rather than social entrepreneurship. While the world debates the different renditions and principles of social entrepreneurship, the objectives of a social enterprise can be more clearly mapped. These organisations generate business concepts and ideas that are more often than not, unique income generating and sustainable, with the aim to address social needs within the broader society.

Although this paper examines the theory of social entrepreneurship, it clearly shows a trend toward a new definition of social enterprise rather than social entrepreneurship. This shift is a move away from the ambiguity that serves as an umbrella for many different organisations and business to hide under.

It is hoped that a centre for social entrepreneurship based at the University of Cape Town’s Graduate School of Business will facilitate the development of future social enterprises and bring about a positive change to developing entrepreneurs that can address the beckoning needs of South Africa. In initiating such a centre of excellence, it would be vital to identify potential candidates through a selection process which not just randomly accepts candidates, but more importantly look for traits that these candidates may have, which could be developed.

It could be that these candidates are already business owners, or may just be leaders in their communities. They may even have failed at their own business. Selecting candidates on this basis increases the chance of successful entrepreneurship by far. Finally, as an initiative, faculty members, or MBA students would best serve the course as part of an elective. Should this be the case though, it is imperative that the MBA students opting to take the social entrepreneurship elective be selected early, so that they could possibly guide these candidates through the process, bearing in mind that the full-time MBA students are only there for one year.
In conclusion, there is much more to be learnt as the concept evolves within South Africa. It is in the best interest of an organisation like the GSB to recruit students to teach entrepreneurship, measure it and then present the success of the projects undertaken to the local government.

This may not result in a successful sponsorship, or financial support, but it will at least lay a footprint in the mind of local government to recognize that the future of the communities, lie to a large extent in the hands of the community. All they need is support.
# Appendix 1: Interview Questions

## MBA Research Questionnaire

This form is to be used as a template for a live interview. However, should the interview be conducted via e-mail, the questions must be answered as honestly and completed as openly as possible. By completing this interview you herewith consent for your opinion to be included as part of this thesis.

<table>
<thead>
<tr>
<th><strong>Reseacher Name:</strong></th>
<th>Denver Wicomb B.Pharm.</th>
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<tbody>
<tr>
<td><strong>Thesis Title:</strong></td>
<td>Social Entrepreneurship in South Africa: Examining the Business Case</td>
</tr>
<tr>
<td><strong>Supervisor:</strong></td>
<td>Professor Walter Baets</td>
</tr>
<tr>
<td><strong>Co-Supervisor:</strong></td>
<td>Mr Lance Stringer</td>
</tr>
<tr>
<td><strong>Interviewee:</strong></td>
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<td><strong>Organisation:</strong></td>
<td>e.g. (Hip2b®)</td>
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<td>Question</td>
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<tr>
<td>1  Please elaborate on your personal or organization’s involvement with social entrepreneurship.</td>
<td>Considering the vast array of definitions of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship?</td>
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<tr>
<td>2  Do you regard yourself as a social entrepreneur, and if so, why?</td>
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<td>3  How does your organization track current projects and how does it go about creating awareness on projects and social entrepreneurship?</td>
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<tr>
<td>4  Tell me more about your story, involvement and particular interest and how you became known in the field.</td>
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<td>5  How do you respond to the statement that it is difficult for one person to make a change to address social issues.</td>
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<tr>
<td>6  To what extent do you believe social entrepreneurs depend on networks?</td>
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<tr>
<td>7  UCT GSB is embarking on establishing a social entrepreneurship centre of excellence to educate the public on social entrepreneurship and train them basic business skills. Do you think this could be of benefit to society? If so, why?</td>
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</tbody>
</table>
As we are planning to offer this programme to individuals from previously disadvantaged communities, what specific characteristics do you think we need to look for in recruiting tutors for such a programme? What type of characteristics do you think makes for good teachers?

What are some of the key disciplines and traits that such a centre of excellence needs to focus on when teaching social entrepreneurship? E.g. Business, HIV, etc.

What in your opinion distinguishes a NGO or Section 21 company from a social enterprise?

Do you believe that social entrepreneurship can be taught, or do you concur with the notion that entrepreneurs are born?

Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver.

Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

1 Leadership
2 Innovation
3 “Special breed” / Character
4 Risk-taking propensity
5 Passion
General Observations:

Contact details and telephone number:

Signature

Interviewee

Date: / / 

Kindly fax back to Tel: 086 605 6925 or mail back to Denver.wicomb@gmail.com by the 20th January 2010.
Appendix 2: Interview Transcriptions

Candidate 1

Interview starts with explanation of the centre for social entrepreneurship to be launched at UCT.

Q. Please elaborate on your personal or organization’s involvement with social entrepreneurship.

The organization founded under CIDA City campus is called Community Individual Development Association. I am CEO of CIDA, as well as CEO of the Maharishi Institute was which was founded by Taddy Blecher and is endorsed by international icons such as Bill Clinton, Oprah Winfrey, Richard Branson and the Dalai Lama. It was established in 2007 and as a non-profit university, it aims to educate young South Africans and equip them with the skills necessary to become valuable assets within their communities and to the South African economy. They strive to produce brilliant graduates and simultaneously uplift the nation.

Q. Considering the vast array of definitions and understandings of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship?

Normal, or commercial entrepreneurship is more easily understood, but often confused with social entrepreneurship. What is your understanding thereof?

I think that the topic is growing a lot, and more and more around the world, people are becoming aware that what they have been doing for years is now becoming known as social entrepreneurship. I would go by the definition of the Skoll Foundation., founded by Jeff Skoll. (Socioetie’s change agent – pioneer of innovations that benefit society.) We won a $1m prize from them, I think its applying entrepreneurs flair and energy, in a bid to solve societal problems, and usually pure social entrepreneurship is around finding sustainable models for social change. Whereas charities will be more dependent on donors, social entrepreneurs will find ways to bring about social change, but that is not donor dependant entirely. Usually there is some form of donor input, but really the key is trying to find methods to become donor independent.
Q. Do you regard yourself in your capacity as a social entrepreneur, and if so, why?

I would say definitely, however when we started out doing this work the term social entrepreneurship was relatively unknown, and it was only when we started winning all these awards for what we were doing, that the field became better known to us, but its definitely a good description for what we do. Because we are completely in the social sector, focused on providing free university education to individuals from historically previous disadvantaged communities. We’ve so far helped 5000 kids out of poverty, and those kids are making hundreds of millions of rands in salaries now, and its sustainable and we are building a model that is replicable, and that we want to take across Africa, so it definitely would meet any criteria for social entrepreneurship.

Q. Does your model easily follow the progress and development of the students?

Yes, it does. We want to always keep track of how the students do, and what happens to them in their lives thereafter.

Q. The following question addresses how your organization(s) go about creating awareness on social entrepreneurship.

Its focused a lot around the education sector, but brings in entrepreneurship. As we’ve also started the Branson School of Entrepreneurship with Sir Richard Branson, and that’s to help young people, or people who have started businesses to (very similar to the Raymond Ackerman foundation, but with some differences) and then the CIDA City Campus, and now the Maharishi Institute, and we’ve helped to build other social organizations, but all based on providing entrepreneurship for unemployed people.

Q. We know that GIBS University in Gauteng has a good social entrepreneurship programme, and UCT GSB also now embarking on a similar venture. In my personal opinion, I believe that often the people targeted as potential social entrepreneurs are graduates that, more often than not, are not at the heart of the problems facing society, or are not directly involved in these projects within the communities. Do you believe that an educational institution like the GSB could, through targeting individuals in the communities, bring direct benefit to society, and if so, why?
Absolutely. But I think you need to look at GIBS’ model, how they’re always bringing in social entrepreneurs to speak and how they encourage lots of people who are not high up in society, but want to learn, to listen to these social entrepreneurs, learn more about the field, network etc. So I think a great role of the business school is to help people to network, stimulate ideas, share concepts and stuff like that. So, I definitely do believe it can bring benefit.

Q. Leading on from the last question comes the topic of networking. To what extent do you believe social entrepreneurship depends on networks?

I would say its very, very important. And so any opportunity that allows people to do networking is imperative to a social entrepreneur. I have seen in many of the social entrepreneurship forums that I’ve been part of that like the Schwab Foundation of social entrepreneurs, that started the World Economic Forum (WEF), the Skoll Foundation and the Clinton global initiative, wherever I go, the thing that people really want to do is to network with each other; share opportunities; funding and support each other in various possible ways. The networking is key.

Q. In South Africa, to what extent do you think government gets involved? Do you think they really support initiatives enough?

No. Not nearly enough. I certainly think that the UK government is supporting initiatives much more. They are putting aside big chunks of money, equivalent to hundreds of millions of pounds, to promote and support socially entrepreneurial initiatives. That is the kind of support we need in South Africa, with much greater focus.

Q. Looking at the tutors that we are trying to recruit for such a programme, what characteristics do you think makes for good tutors? In your programme, what characteristics do you try and look for in these trainers of social entrepreneurial skills? (Referring to tutors or lecturers in your organization).

Generally we try and find people who have been consultants or lectured elsewhere, however, a very exciting thing happening now is that a lot of our early graduates who have gone on to do masters degrees are now helping us in the Maharishi Institute as lecturers. They seem to be the most fantastic lecturers as they are people who have grown from within our own educational programme.
Q. What are some of the key disciplines you feel organisations need to focus on when teaching social entrepreneurship? I know you cover the educational sector, but what other sectors do you think?

I think its any sector of society where there is human need or deprivation. But I think social entrepreneurs need to find opportunities to kind of do their bit, meaning change the status quo.

Social entrepreneurship is ideally about changing history at whatever level, be it individual, a community, a whole centre, whatever it is, to bring about system change. There are so many sectors we can focus on. You can look at the health sector, and address the needs of the huge problem of health delivery in South Africa, and the promotion of, and food production in rural areas, and whether it is working with elderly people, etc. Really every sector of society, but as long as you bring about sustainable change in a systemic way that is measurable, because you want to have measurable results, and too often people just want to do good, and it is well motivated, but there is nothing to actually really measure or show. It is sometimes hard to measure, for example if you are working with teenagers, your working with kids at such a young age, that is will take you 20-30 years before you could longitudinally measure what has happened to that kid, but it is obviously a very critical part of human development, and so some social entrepreneurs end up in that sector. Its just about finding a sector that you understand and that you know, and where you can see the gaps and can bring about some kind of intervention that is systemic, sustainable and measurable change.

Q. What in your opinion distinguishes a charity or a NGO or Section 21 company from a social enterprise? In South Africa there tends to be many different organization, but there is not often a direct distinction between these entities, with the result that lots of organizations claim themselves to be social enterprises. What in you opinion distinguishes these organizations?

I think this refers to what I was mentioning earlier, meaning that if you are sustainable or not. If your model is self-funding and even if you sell a product or service, which actually bring in income it could be referred to as such. Whereas a pure NGO or pure charity tends to be more of a pure donor based and survives off funds collected from other organizations.
Q. How does your organization go maintaining sustainability?

The new university that we have built, and the Maharishi Institute that we are building (www.invincibleoutsourcing.com), has a call centre and database operation that was created to make the university sustainable, where the students work in the call centre and in that way end up paying for their tuition, and at the same time earning money whilst at university. So if you can imagine going to UCT GSB, and instead of paying the huge amounts of money, not only do you get free lectures, but they also pay you and you get work experience. That is the basic idea.

Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver.

Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

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<thead>
<tr>
<th>Trait</th>
<th>Rating</th>
<th>Explanation</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>5</td>
<td>It is extremely important and social entrepreneurship is all about leadership. Leadership again is all about vision and selling your vision. To people, to funders, to people utilizing your services, to your staff and aspiring people across the board, and sticking true to something that people don’t yet see the reality of. You taking on the sector in a new kind of way offering a new kind of service, and people don’t get it in the beginning. Like when we say to people we building a new university, that the government is not giving money and that it is going to be self-funding, and that the students will earn money, they go – its impossible. It takes leadership to a vision that other people don’t see yet and realizing that. Its lots of hard work and sticking through with your vision.</td>
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<tr>
<th>Innovation</th>
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<tr>
<td>We extremely innovative and focused on new visions and finding new ways on doing things. You don’t necessarily have to come up with ideas yourself, you can copy ideas – for example you come across social entrepreneurship in the UK and bring that idea into SA and make it work here, it works with leadership and passion when you providing a service, but you did not necessarily invent the idea.</td>
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<tr>
<th>“Special breed” / Character</th>
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<td>It is a unusual thing because – you grow up in a capitalist society where everything and everybody tells you to just go out and make money for yourself – its all about what you can get and what you can own soon. Social entrepreneurs are much more focused on the collective and much focused on the humanity in general, so its is because society is so distorted that it is such an unusual thing. I think that in a natural society people are less capitalistic or they more conscious capitalists and much more focused on the good of everybody, so I think that if you could bring people up in a healthy way, where people are truly healthy in mind, body and spirit, then social entrepreneurship would just be a natural thing and you would have much healthier societies.</td>
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<tr>
<td>Risk-taking propensity</td>
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<td>Entrepreneurs are generally giving their lives, jobs, careers – normal comforts of live, in order to really make a difference in the area they have chosen. It is a rear and beautiful thing – transcending these norm boundaries that people have – you got to have this, you got to earn this amount of money, you got to have xyz, and rather just saying I want to make a difference in the world.</td>
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<th>Passion</th>
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<td>If you create something out of nothing it requires a enormous amount of passion and just like a entrepreneur. A entrepreneur in a business as well, you not going to get anywhere if you not passionate. I think it is a internal burning thing inside you that you feel everyday and you think about all the time.</td>
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<th>Talent</th>
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<td>It is obviously important, but I think you can grow and develop skills and expertise in different areas – so I think that if you got the passion and commitment I think you will develop the talent.</td>
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**Q. Do you believe that social entrepreneurship can be taught or do you believe that entrepreneurs are born?**

I think there are some truth in that in the sense that risk taking and integrated thinking, you need so many multi disciplinary qualities that I think in some sense there is lots of intrinsic gifts of a certain kind of nature of personality – some people just want to have a stable life and don’t want to take a lot of risks.
So I think that if you talking about the pure social entrepreneur, the person that starts the organization from nothing, finding resources, builds something sustainable, maintains it so it will last a long time – then I think it is quite a rare quality, but it can be stimulated.

Dr Taddy Blecher

Tel: 0829262157

E-mail: tblecher2002@gmail.com
Candidate 2

Interview starts with explanation of the centre for social entrepreneurships to be launched at UCT.

Q. Please elaborate on your personal or organization’s involvement with social entrepreneurship.

Endeavor is part of a social enterprise funding institution. We fund business projects that address social causes out there. Firstly, at Endeavor, we don’t directly target what is known as social entrepreneurs. We target entrepreneurs and enterprises who have the potential to scale, and who are innovative. Sometimes it just so happens that the nature of the business has a huge social impact, however that is not the primary acceptance criteria. We select people who can employ others, and through this have an impact in the communities, and have the potential to become what we refer to as high impact entrepreneurs; Entrepreneurs who are informative, who inject and create a lot of wealth, employ many people and can transform a global industry by means of the products that they have. Currently we have a portfolio of about 42/43 companies of which about 10 companies currently have a strong, immediate social impact. A typical example is “lapdesk”, which is a portable desk that can be put on the laps of students in schools, and is addressing the needs of many kids in a huge way. It is however a commercial operation. We manage to get companies or finance corporations to purchase the desks, or sometimes the schools even purchase it out rightly. Although it has a social impact, which is not the primary reason why we accepted the project and funded it.

We dissect businesses into 3 components.

i) The first being the contact between the business and the consumer (downstream),
ii) The internal operations of the business (core), and
iii) And thirdly the supplier to the business (upstream)

Another example of a company we support is Stitch Wise, that makes supporting bags from the debris of mining in order to keep up the actual mining structure in place. The people who stitch the bags are paraplegics who were injured in the mines themselves. So doing, the company can keep these individuals employed and earning an income.
Other companies that are purely commercial include Taste holdings (Scooters Pizza, Maxis Grill) etc. In this company, thousands of individuals are employed, and the social nature of the impact the business has is huge, simply by the large number of people they employ.

Q. Considering the vast array of definitions and understandings of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship as opposed to normal, or commercial entrepreneurship?

I don’t believe that social entrepreneurship has to solely address social causes. Just employing people on its own already addresses a social need, and simply put, I consider that social entrepreneurship. I believe that in order to succeed at any business, be it a social or commercial business, you need to have a thirst for making money, irrespective of the business. If you fail at that mission, you will fail. I believe in this because making money and running a business is hard. Business owners must constantly monitor the value of employees. If they are not aware of what it is costing them to have people employed, and if they are just costing money and are not adding value, and not fired, the business will fail.

Most people work not because they love their companies, but mainly because they have to provide for their own families etc. If it just so happens that you are providing income to members of the community, that in itself is social, because you are injecting money into the economy. If one runs a business simply to provide jobs and feed the community, it is almost inevitable that you will be taken for a ride.

Q. Do you regard yourself in your capacity as a social entrepreneur, and if so, why?

No. Not in my personal capacity. Although I am involved with endeavor, I still believe in doing well and gaining all the rewards for it at the same time. However, I manage our entrepreneurs, who manage the businesses.

Q. Does your model easily follow the progress and development of the students or track projects well?

We don’t fund projects, but more so facilitate the funding of projects. To understand this, we need to know why endeavor exists. Endeavor exists in order to facilitate large organisations to grow developed economies. The premise of endeavor then, is to find companies has potential
similar to the likes of Microsoft, where the turnover of the companies is often larger than the GDP of many countries, and to develop them. In helping them, we make them realize their own potential. The second premise of Endeavor is to transfer the necessary business skills to the entrepreneurs that lead these large organisations. Very often these leaders are passionate, strong leaders and experts in the particular domain that they operate in, but who lack both the technical as well as the business skills to run their organisations. Endeavor's mission is to find these leaders and transferring to them the business skills in a practical manner that can transform their concepts and businesses into multimillion rand, high impact businesses. Thirdly, by nurturing and showing these examples by means of a social network, endeavor can get people to know about leaders like Herman Mashaba, Adrian Gore, these become household names that young kids want to emulate. Their career paths become more than just wanting to become professionals like doctors, lawyers and accountants, they much rather have a longing to reflect the lives of these professionals. By celebrating these examples, Endeavor, hopes to touch the hearts and minds of millions of kids and young people who are working, but have a yearning to make a distinct change in the lives of other people like these leaders have in order to start businesses that would transform South Africa.

Q. The following question addresses how your organization(s) go about creating awareness on social entrepreneurship.

Endeavor's mission is to find these leaders and transferring to them the business skills in a practical manner that can transform their concepts and businesses into multimillion rand, high impact businesses. Thirdly, by nurturing and showing these examples by means of a social network, endeavor can get people to know about leaders like Herman Mashaba, Adrian Gore, these become household names that young kids want to emulate. Their career paths become more than just wanting to become professionals like doctors, lawyers and accountants, they much rather have a longing to reflect the lives of these professionals. By celebrating these examples, Endeavor, hopes to touch the hearts and minds of millions of kids and young people who are working, but have a yearning to make a distinct change in the lives of other people like these leaders have in order to start businesses that would transform South Africa.
Q. We know that GIBS University in Gauteng has a good social entrepreneurship programme, and UCT GSB also now embarking on a similar venture. In my personal opinion, I believe that often the people targeted as potential social entrepreneurs are graduates that, more often than not, are not at the heart of the problems facing society, or are not directly involved in these projects within the communities. Do you believe that an educational institution like the GSB could, through targeting individuals in the communities, bring direct benefit to society, and if so, why?

Absolutely. We run a conference in November each year, called the state of entrepreneurship in South Africa, and one of our panel members is Mike Herrington (who coincidentally also runs electives at the UCT GSB) where we have partnered with universities like WITS (University of the Witwatersrand) and GIBS (Gordon Institute of Business Science), where we have inspiring entrepreneurs talk about their success. They also give presentations on their business ventures or funding and interests. Topics like acquiring top talent with limited funding and salaries etc., structuring shareholding agreements, alternating between panel discussions and practical sessions.

Q. Leading on from the last question comes the topic of networking. To what extent do you believe social entrepreneurship depend on networks?

I think a great deal. The moment I think of social entrepreneurship, I think about uplifting society, which usually has a huge network affirmative involving people who can’t individually maximize their potential. In order to make contact, and make this happen, you need to be comfortable with these people, as well as engage with these people. Our entrepreneur Shane, who sells lap desk, is a typical example of a very few people in this country who has a green light from the department of Education to sell directly or indirectly into the education sector. Dealing with kids and selling into that market requires a huge amount of trust and integrity, secured mainly through networking.
Q. In South Africa, to what extent do you think government gets involved? Do you think they really support initiatives enough?

The answer is either enough, or not enough. Since 1994 there has been enough sign from government that they value social entrepreneurship initiatives. So the intention is there; and it is the right intention. The capacity to execute is the most difficult story. The biggest problem with this support is incompetence from the side of funding institutions like NEF (National Empowerment Fund), IDC (Industrial Development Corporation) etc. Although the intention is there, I feel that government should find another way to get involved. The problem is that the organisations that manage the funding, like Usuvumbu have staff that are not trained enough to execute their skills.

Q. Looking at the tutors that we are trying to recruit for such a programme, what characteristics do you think makes for good tutors? In your programme, what characteristics do you try and look for in these trainers of social entrepreneurial skills? (Referring to tutors or lecturers in your organization).

We look for people who are well rounded with a good mix of both academic as well as practical experience. The academics are good at structuring a theoretical framework for entrepreneurship. Employing and sharing skills like networking, persistence, have moral purpose, business support and expertise that make social entrepreneurs successful. The problem however comes when imparting skills to the students. So having said this, it is imperative to bring in networkers to the likes of Shane to share their experience and impart skills.

Q. What are some of the key disciplines you feel organisations need to focus on when teaching social entrepreneurship? E.g. Business, HIV, etc. I know you cover the educational sector, but what other sectors do you think?

I think key to entrepreneurship is operations, strategy, human resources and general business skills. So teaching the disciplines of finance is crucial. I don’t feel there needs to be direct teaching of social issues though. Basically all the parameters that a business needs to sustain itself needs to be taught.
Q. What in your opinion distinguishes a charity or a NGO or Section 21 company from a social enterprise? In South Africa there tends to be many different organization, but there is not often a direct distinction between these entities, with the result that lots of organizations claim themselves to be social enterprises. What in you opinion distinguishes these organizations?

An NGO is an organisation that has a social cause or mission. That cause can be more or less tangible. By this I mean pure service delivery to a pure efficiency driven cause. It is not there to make money, but more to assist government to be more efficient. Getting a swine-flu vaccine to 5 million kids in the Western Cape for e.g. is not there to make money off the swine flu, but in this case to assist government in making these vaccines available. That to me is an NGO.

It could also be intangible like addressing the cause of domestic violence, like the South African domestic violence, by means of theatre, awareness and indirectly targeting a specific market in no attempt to make money.

Social enterprises on the other hand impact the community in different phases of its business. In my opinion and NGO and a Section 21 company is the same. It all depends if it is different in the sense of service delivery or intangible cause.

Charities are purely grant based and dependent on constant funding, without which it would not be able to exist.

Q. How does your organization go maintaining sustainability?

Most of Endeavor’s investments are around existing enterprises. However this year we have introduced a new programme that is in the early stage that can address startups. Some of them even having fluid revenue, but more having less capital to start off with. This is the exception though. Typically we support companies with proven concepts where there has been an uptake already.
At endeavor out main aim is to look at the commercial viability of business above all, as this is first and foremost. However, if that commercial model happens to have a social impact, it is an eureka. For us, when a company employs people, treats them well, and pays them good wages, we believe that the social impact is there already, and if that company is viable and that social support is around for a long time, we believe that it is significant.

Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver.

Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

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<thead>
<tr>
<th>Trait</th>
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<th>Substantiation</th>
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<tbody>
<tr>
<td>Leadership</td>
<td>4</td>
<td>IT is critical, as social entrepreneurs face exactly the same challenges as any other business people. So as leaders, they need to mobilize their teams, and appreciate the reality for what it is, and have the capacity to execute etc.</td>
</tr>
<tr>
<td>Innovation</td>
<td>2,5</td>
<td>Innovation is not critical for social entrepreneurship. You certainly need a dose of innovation, but you don’t need to be innovative to be successful. Innovation is not important for innovation sake. What is more crucial is pragmatism.</td>
</tr>
<tr>
<td>“Special breed” / Character</td>
<td>4,5</td>
<td>Mainly because these are people who have a heightened moral purpose. What I mean by this is that these people have a larger degree of compassion than commercial business owners. Often I have seen these people innovate in order to maintain people to avert retrenchment.</td>
</tr>
<tr>
<td>Risk-taking propensity</td>
<td>I don’t think entrepreneurs need to take on any risk. When people depend on you in the case of a social enterprise, there should be limited risk taking.</td>
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<td>-----------------------</td>
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<td></td>
</tr>
<tr>
<td>Passion</td>
<td>4.5 Because the odds of succeeding is based on passion</td>
<td></td>
</tr>
<tr>
<td>Talent</td>
<td>2. Because what people may lack in talent they make up in moral purpose and passion and networking. Social entrepreneurs may not have the talent themselves, but their passion can draw talent.</td>
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</tbody>
</table>

**Q. Do you believe that social entrepreneurship can be taught or do you believe that entrepreneurs are born?**

I think social entrepreneurs are born. I think social and moral purpose is instilled as you go along in life, yes, but it is something, which is innate in your character.
Candidate 3

Interview starts with explanation of the centre for social entrepreneurship to be launched at UCT.

Q. What is the main organization that you are currently involved with?

Well, I am involved with various projects (more than 50). I devise ideas for social entrepreneurship. I have written a book on the topic, but since then I think my ideas have changed.

Q. Considering the vast array of definitions and understandings of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship as opposed to normal, or commercial entrepreneurship?

I think the term Social Entrepreneur is way too loaded. Being a social entrepreneur has much more business connotation. Maintaining sustainable businesses, I’d be a fool. – I’d rather call it social enterprise then, instead of social entrepreneurship. That is why I call myself a social artist, because I am clearly less interested in the sustainability of the organization than in the innovation. I am interested in changing society through innovation. (New ideas, new concepts, new systems) - Whether they make money is not important to me.

Q. Do you regard yourself in your capacity as a social entrepreneur, and if so, why?

No, not in the social definition they identify themselves with. I identify myself as a social artist.

I paint the picture, whether they sell or not. Some sell, some don’t. But I think I have become quite big, so a lot of my stuff sells.

A piece of art is an innovation. The question I ask, is why are there so many social entrepreneurs? Because they all duplicate. They’re not thinking, they activists, humanitarians, they not innovators. So for me, I identify myself in the innovation sector. I want to design new ideas / products; something new out of the box. Or what I will do is go look for ideas around the
world. I’m a social innovator / artist. But I call myself an artist because there are a lot of things that I do that’s crazy, or “way off”.

Q. You are aware of the GSB’s plan to start social entrepreneurship, right? Does your model easily follow the progress and development of the students or track projects well?

I think they (universities) are very confused about it. I have been to one of the biggest like Duke University, and even there they are confused about it – they confused about the term. It’s like they want to bring everybody into their category of social entrepreneurship.

Are you an innovator? (which to me a social artist) – then you must say that. Or if you’re a social enterprise guy (which means you are trying sustainable social businesses which has a strong social impact but at the same time makes money). I think you need to break down these categories. So for me the term social entrepreneurship is a wrong term – it’s to loaded. I feel that companies need to stick to the business sector, and in social sector, keep to the social sector – I don’t think they merge very well together, there are too much issues involved. So if you want to start a social enterprise, you will give away equity, you will take loans, not grants. But the problem is, that they do take the grants, and become a business.

What is an enterprise with a social cause? What happens to those organizations in the long term they become businesses. Their focus is to make more money

I heard that you are an Ashoka fellow, is that right?

Yes, I was elected as an Ashoka fellow in 2001 and as an Eco & Green fellow in 2005.

What are you currently involved with? I am involved with more than 50 projects. In the capacity of a social artist – I’m not going to paint 1 picture; I’m going to paint 50 pictures.

What does a social entrepreneurship do – they will paint 1 picture. A good social entrepreneur will focus on that business venture; he’s not going to start 10 businesses. I started 20/30/40 at a time. All I do is paint the pictures. They could be social enterprises, they could be activist based,
but generally they are new innovative ideas that may make a big social impact. So all I want to do is to sell my art – to sell my ideas. So what happens to it afterwards, does not matter to me.

I am only interested in innovation, and nothing else. That’s why I say I am different.

**Q. The following question addresses how your organization(s) go about creating awareness on social entrepreneurship.**

I don’t create awareness of social entrepreneurship; I create awareness of my art or services that I design. There are countless people in corporate or the community out there waiting for me to come up with a design for them.

Innovation is what it’s all about for me, and in this social sector, the opportunities are immense / gigantic.

**Q. We know that GIBS University in Gauteng has a good social entrepreneurship programme, and UCT GSB also now embarking on a similar venture. In my personal opinion, I believe that often the people targeted as potential social entrepreneurs are graduates that, more often than not, are not at the heart of the problems facing society, or are not directly involved in these projects within the communities. Do you believe that an educational institution like the GSB could, through targeting individuals in the communities, bring direct benefit to society, and if so, why?**

UCT has to define it properly, like I have done. Or I think they are not going to succeed very well. When the students come onto the new course, they have to select carefully and define themselves – I have a new product: are you a social innovator / artist or are you a business guy who wants to start a social enterprise / are you a activist. So you have to select carefully what the guy wants to be. So if he is an activist, then let him be an activist, let him go for it – develop something. Is he a business entrepreneur or social enterprise, which is where the trend is going, which will change. There will be more business plans.
Q. Leading on from the last question comes the topic of networking. To what extent do you believe social entrepreneurship depend on networks?

It depends on how you define it. If it’s a social enterprise or just a business. It’s like you have to market your product then sell it. If you a social artist like me you are basing your stuff on innovation; so you would use media, but I would say networking is – why not have it? I would say though, definitely not dependant.

I think the World economic forum is a load of nonsense! It changes nothing!! Even if they bribe me with anything, I would not go, as it’s a waste of time.

I met all the big guys there. Frankly, they’re not interested in changing society. They are just interested in big business. They don’t put their money where their mouths are. I price my work over the long term in order to get royalties.

Say I price my piece at R5mill, then I will get my royalties up to that value before I sell.

Q. In South Africa, to what extent do you think government gets involved? Do you think they really support initiatives enough?

The government is very resistant. They don’t get involved. They are not a company. They do in some instances support section 21 companies. Generally I have learnt, you don’t take money from the government.

Q. Looking at the tutors that we are trying to recruit for such a programme, what characteristics do you think makes for good tutors? In your programme / experience, what characteristics do you try and look for in trainers of social entrepreneurial skills? (Referring to tutors or lecturers in an / your organization).

How can you put someone who has never had experience in the field to tutor? What is your knowledge based on? They got no knowledge base. I have been in the industry; I know all the ins and outs. I will go listen to you knowing all about the pharmacy industry, but I won’t listen to
you if you want to lecture me about finance, as you know nothing about it. It will be a waste of time to me.

You cannot teach innovation – it’s an art.

Q. What are some of the key disciplines you feel organisations need to focus on when teaching social entrepreneurship? E.g. Business, HIV, etc. I know you cover the educational sector, but what other sectors do you think?

Defining the concept is most controversial. But I think mostly for me it will be – if you are going to be a social entrepreneur: Like in any good business plan – an idea or concept – that is the basis.

Research – why this idea or concept good. Justify your concept and sustainability;

Finance is a must; Implementation of ideas – this is the hardest part. What must also be covered, which is probably part o the degree, is all the normal stuff – marketing and product launches etc.

Q. What in your opinion distinguishes a charity or a NGO or Section 21 company from a social enterprise? In South Africa there tends to be many different organization, but there is not often a direct distinction between these entities, with the result that lots of organizations claim themselves to be social enterprises. What in you opinion distinguishes these organizations?

The trend now is to have a hybrid company. So you got a full profit, and next to that you got a nonprofit side or a trust. So you got a hybrid, the one is feeding the other. There is a place for done actions – there is a place for gifting and a place for loans. The guy who loans has more balls than the guy who take the gifts. I put my own money into projects as well, so if I don’t get the money it’s sad, but I would put my own cash into this project to see how it went which is the biggest distinguishing factor between social enterprise guys who invest their own cash and charity will invest nothing, they just waiting.
Or I can give you R10mill; you can either use that money or invest it and use the interest. A social enterprise sustains itself through making profit.

Q. How does your organization (business) go about maintaining sustainability?

I think up new concepts and ideas all the time and I sell it.

Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver. Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

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<tbody>
<tr>
<td>Leadership</td>
<td>1</td>
<td>Not necessary – if you want to be a leader you should be a leader. There are fantastic businesses out there, they are just entrepreneurs, not leaders. Richard Branson is not a leader, he is just a very good social artist like me. A entrepreneur will go with the status quo – rating leadership at a 5, but part of what artists do is to go about the world in a different way.</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>People just want to duplicate ideas. Heart for example – their products are definitely not innovative. The tree project – millions of companies out there do trees and plants.</td>
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<tr>
<td></td>
<td>5</td>
<td>If you working for another company – imagine an artist like me working for another company doing his art, or a writer, that does not work. It needs a special breed of person going out and doing his own thing, start their own business.</td>
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</tr>
<tr>
<td>Risk-taking propensity</td>
<td>5</td>
<td>Big risk, they have to get out there and do stuff. The difference between me and the other guy are – He thought about it, I went out and did it.</td>
</tr>
<tr>
<td>Passion</td>
<td>2</td>
<td>A social activist needs to be passionate, but I don’t think you need to be very passionate.</td>
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<tr>
<td></td>
<td></td>
<td>Like soccer, I don’t really like soccer; I don’t even watch it on TV.</td>
</tr>
<tr>
<td>Talent</td>
<td>2</td>
<td>It’s not the talent – it’s the opposite – the hard work. I can teach anyone to be an artist. To get it up and running is hard work, to better and better oneself.</td>
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</tbody>
</table>

**Q. Do you believe that social entrepreneurship can be taught or do you believe that entrepreneurs are born?**

I mentor loads of people – so it can be taught.


Candidate 4

| Interview starts with explanation of the centre for social entrepreneurships to be launched at UCT. |

VARKEY GEORGE

Q. What is the main organization (Programs) that you are currently involved with?

SHAWCO’s story would not be complete without some history. It started in 1943 in response to the poverty around CT by medical students. A few of them started to go out and supply free health services.

The university did not stop them – but also not encourage them either. They just did it on their own. This went on from 1943 – 1953. A professor then took them under her wing and from there it grew. It has grown from 5 students then to 2000+ students now.

Started off with Health, so health started off with 3 mobile clinics,

Huge trucks converted into clinics with cubicles. 20 students every day that goes out to 3 different communities – they have their timetable. Twenty students per mobile that follows by a bus. They work from about 6pm – 12pm/1am. In total they treated about 5000 patients last year. They are not allowed to go out on their own, so they get volunteer doctors to sign up.

Education sector – there we have more than 800 volunteers. They are transported to 5 different sites ever afternoon at 2pm and the learners from the neighboring schools arrive at our centre’s and they provide tutoring in math’s, science, English, biology – 1 student to 5 learner basis

They have a set curriculum – its all innovation in the last 5 years,

The students are quite aware of what is happening on that they as there are large volumes of volunteers and the turnover is very high.

Each of these 5 centers will have centre managers, staff who then as a multi purpose resource for community.

We have a small business sectors run by business students who train about 120 000 participants post matric and take them from computer training all the way up to business plans. But because
of the nature of the Shawco project where there is a high student turn over the students are unable to follow the projects through.

What they hope to do is just like in education and health. We would like the business sector to stand on its own 2 feet – funding is the problem so we waiting for some innovative way where we can bring in some money.

The staff here runs a program where we feed about 350 elderly people per day. We bus them to the centre, they spend the whole day at the centre – breakfast and lunch is provided. These are people who have had strokes, HIV etc. at Khayalitsha, Kensington, Nyanga.

Two years ago we launched the Saturday school – kids that comes in from grade 3 – 11, we transport them to us, grade 12 we transfer into the university to us, 200 of them on a Saturday. We employ teachers to teach them math’s, science, English. We send them to varsity, and we are paying their fees. We are documenting where these kids are going from their grade 12 program. That is where our projects are.

How to keep it going is our biggest challenge, the transport is the biggest expense.

Q. Considering the vast array of definitions and understandings of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship? Normal, or commercial entrepreneurship is more easily understood, but often confused with social entrepreneurship. What is your understanding thereof?

If a person or an organization can find a solution to a social issue in a broad sense and keep it sustainable –that is social entrepreneurship.

To you identify the problem – you develop a solution to that and keep it financially sustainable – whether it’s in the social or private sector – the motto becomes finding a solution.

Q. Do you regard yourself in your capacity as a social entrepreneur, and if so, why?
Yes – because I think it is trying out various ways in which to assist groups of people trying to better their lives – firstly seeing if a charity could do it and then moving on to see if empowering would do it in the sense of getting them skills to do it in finding that solution and I have realized that charity would not last forever and you get people disempowered.

You go home to skilled people in a particular skill but without an entrepreneur flair to added to that skill, the skill will not overtaken then – so I have found that even if you have a charity handout, building to that handout will be the long term sustainability so that will be your first handout.

For example, if you have a handout method that you follow – building to that first handout would be a mechanism to get them financially sustainable for the future.

Within the organization there are certain sections that cannot build a income – therefore it has to be attached to other activities that will generate the income, as a separate unit to keep the other projects sustainable.

Q. Does your model easily follow the progress and development of the students?

Most of our projects in my 6th year here have been revamped when I arrived and they are all running. So the education and health projects has been bettered and revamped and consolidated and getting them financially sustainable becomes the key word when we expand. So if anybody comes up with a innovative or new idea we don’t just through it away – see, that is a fantastic idea, but how are we going to run it, we can not draw it from the existing recourses as that is already been used . So, great, you came up with the idea, so you take responsibility for funding it as well, we will back you. We will also go look for funding. The core remains, and everything new that is added on will be dependent on sustainability.

So lets take the bus transport for the students, we have funding for 5 years. So lets say we get new staff, we say we have 5 years funding, so you get a 5 year contract in which you can generate income. We will give you ideas and we will help you but you need to take responsibility. If there is no funding at the end of the 5 years you loose your job and the project collapse.

That is the motivation for people to start thinking, as they are forced to start thinking.
Q. The following question addresses how your organization(s) go about creating awareness on social entrepreneurship.

All of the 2000 volunteers would not be familiar with the term if they have not come across it somewhere else.

All the newsletters highlight the social entrepreneurship and the achievements that we have. All the conversations and meetings that we have, has got a component that everybody in the organization will report back on the project. How many kids are you feeding? How are your kids doing at school? The ones you have taken responsibility of. How far are you with sustainability?

So every individual works on two things: they work on project – getting it better. Innovating costs and working constantly to getting it sustainable.

Q. We know that GIBS University in Gauteng has a good social entrepreneurship program, and UCT GSB also now embarking on a similar venture. In my personal opinion, I believe that often the people targeted as potential social entrepreneurs are graduates that, more often than not, are not at the heart of the problems facing society, or are not directly involved in these projects within the communities. Do you believe that an educational institution like the GSB could, through targeting individuals in the communities, bring direct benefit to society, and if so, why?

The Raymond Ackerman - It is not defined exactly what there should be, so they are also kind of confused to what they should be. Unless you have a clear-cut objective you get lost.

So coming from the outside when I look at it – Ok, you had funding of 1 Million for 5 yrs or so – how sustainable are you? What about your future? That is the first question I would ask any organization that works in social entrepreneurship.

In the social sector – you depended on doing a funding and you need to prove yourself and others that you can do it, before teaching others that they can do it.

I think the separate institution that you are building that is coming up now, will harp more on the theoretical basis for social entrepreneurship and make more students aware and going to the
theoretical framework of social entrepreneurship much more than what the Ackerman centre can do.

If these two combine as we have – 1 builds with a theory and 1 builds with practical applications of these theories – then you have a ideal situation where you have constantly thinking and implementing and bringing back the information from the implementation to the thinking again – and that is the true arms. And the ones who have struggled with theory and practice are the winners. If you can struggle those two together – cause if you are not theoretic based and you want to try and explain your ideas to people they will not take you seriously.

If you have only theory and you go to a person that is practically orientated and start theorizations they will not believe in you.

The practical part is very important to be able to prove to students how it will work in the practical environment, for them to have the guts to go out.

You find the solution to a social problem – Students need to fund their families, so you need to decide how much you want to earn and fund the rest back into the social entrepreneurship. There is no clear-cut defined implementation or management structure for such an organization.

When I came in more than 5 years ago, SHAWCO was really going under – you don’t go after your money, or self-enrichment – you first find innovative ways to get this organization sustainable and the organization will then reward you.

Q. Leading on from the last question comes the topic of networking. To what extent do you believe social entrepreneurships depend on networks?

It varies a lot, I tell my staff and everyone I meet – you can have the best contracts but if there is no trust between those individuals there is no way it will fly.

We have taken our students to many meetings, and halfway we walk outside and I will ask them – what do you think – then they will say no, we walk away. Why? That guy cannot be trusted.

Are we walking away from him because we don’t like him or do we not like the contract? And it is usually because we don’t like him.
Q. In South Africa, to what extent do you think government gets involved? Do you think they really support initiatives enough?

I think it is the other way around – for me – I would not touch government funding as much as possible – as you spend most of your time writing up reports to meeting their criteria than for helping the people out there.

We have very little, only about R 100 000 that we have received from the government.

Q. Looking at the tutors that we are trying to recruit for such a program, what characteristics do you think makes for good tutors? In your program, what characteristics do you try and look for in these trainers of social entrepreneurial skills? (Referring to tutors or lecturers in your organization).

The social entrepreneurship lecturer is like a motivator – you can just not get them excited with theory – never – you need to have someone with practical experience who can explain the practical experience into the classroom and say – it can be done, because students ask questions. You can not say someone said so, you have to say so and so did it – it is not a dream, it is a possibility, it can be done.

Q. What are some of the key disciplines you feel organizations need to focus on when teaching social entrepreneurship? E.g. Business, HIV, etc. I know you cover the educational sector, but what other sectors do you think?

1. Basic financial skills. Non-negotiable. Something lacking in SA is that. The ability to look at numbers and say is it feasible or not or is it to write up numbers to say this is going to fly or not. It is the basic thing of income and expenditure, costing. That is seriously lacking in South Africa.

2. Theory and practice. If you upgrading a social entrepreneur to run a social organization then that CEO needs to underpin his actuaries by theory, so he needs a global view of all the theory that has been written on social entrepreneurship and what other social entrepreneurs are doing.

When we launched our first for-profit company – our non-profit owns our fore-profit companies. So I thought what is this guy talking about, so I printed out the reading material and we stop the discussions, had everybody read it and then we can come back and talk about it.
Our budget is about R8mill, last year we more than 50% came in from social entrepreneurship activities. We don’t sacrifice our projects.

Q. What in your opinion distinguishes a charity or a NGO or Section 21 company from a social enterprise? In South Africa there tends to be many different organization, but there is not often a direct distinction between these entities, with the result that lots of organizations claim themselves to be social enterprises. What in your opinion distinguishes these organizations?

A charity and non-profit has got much in common.

A charity will be purely handing out things or services but absolutely no obligation on the receiving party.

Section 21 is a legal framework, which allows you to invest any surplus you have to generate income through interest. A social entrepreneurship is constantly striving to meet expenses by income generated through some unique innovative idea. Using the strengths of the organization. Using excess capacity on order to generate new income.

Q. How does your organization go maintaining sustainability?

Staff were told to go look for jobs in 2004.

I arrived from Wits, and opening the financial books and seeing it is going under.

So I write to UCT (we do not receive any funding from UCT), we said I am new here and this is what I found. So they said retrench and downsize.

So I came back and met with the staff and felt I could not do it. So I said I will give it 6 months. So I took the credit line on salaries for 6 months and I will try my best to pull it out. Because it was a crises, the staff saw hope in me and I had 100% backup.

The first project we launched was SAHWCO international. We found a gap while our students were on holiday in July and December. Then our projects came to a stop because most of our projects involved students so I took a trip to the US and Europe and presented SHAWCO as a
possibility for Silvers learning program. Where students from the schools come and they volunteer in the afternoon and in the mornings they meet in lecturers around development issues.

We have the busses to transfer the students. So we put staff members on a bus to the various universities for the duration of their stay here – and each of them would get a bonus at the end. I said – don’t call me, you are responsible.

R2mill net profit per year. So you are using existing capacity in meeting the needs of your community. So you have to volunteer to take the kids off the streets and teach them some mathematics and science. This is one criterion.

2nd Criteria: The organization should back you. We charge about 4000USD.

Students come and benefit as they get credits with their own university and we have structured a good program. And it’s flying!

So the students come and spend 3 months with the staff, and me working in our centers. These social entrepreneurship students have tasks to find solutions to problems they are identifying together with the staff and launch programs that will keep the centre sustainable and bringing comfort to people.

We offer our services to UCT departments, and they started using us, but we are not a registered transport provider – we are non-profit. So we had to withdraw.

We got SHAWCO community transport services registered as a private tax paying company and moved all the busses into that company so we sold out the busses to the new company on credit and that company now offers transport as a private transport provider and the CSR (corporate social responsibility) of the company is to provide free transport to SHAWCO.
Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver.

Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

<table>
<thead>
<tr>
<th>Trait</th>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>5</td>
<td>You set the country. You are in a very responsible position where you have a lot of authority maxed with responsibility. Being a social entrepreneur in the social sector, you have many stakeholders, for me, UCT, the communities that we serve, the staff, the funders- I have to balance all these stakeholders and balance it. Anyone in our organization, anyone of our stakeholders, and at any time, can stop us from doing what we want to. Nobody alone can tell us to go ahead. Everybody has to tell us. It’s a very unique strength that is needed in such a leadership position. And it is based fully on trust.</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>Innovation in every step of the way is as important as being a leader. It goes together. Innovation and leadership is one and the same. I see innovation as leadership.</td>
</tr>
<tr>
<td>“Special breed” / Character</td>
<td>5</td>
<td>I do think so. Definition of social entrepreneur: Information and knowledge based on constant learning, compassion and the fire to achieve…</td>
</tr>
</tbody>
</table>
Risk-taking propensity

3
It is not your money that you are working with, it is not your resources, you are holding it in trust on behalf of the community. You must be very cautious. Maybe you can play with the money in the private sector, but not in the social sector.

Passion

5
A leader who constantly innovate can not build this on his own, and because of all the constraints that a social entrepreneur faces – without that passion he or she will lose heart. That passion is contagious – you need a team of people that attract a certain kind of people to you based on your passion who will believe in you and follow you because of the passion that you then constantly show.

Talent

5
Talent is a combination of various things. All the 5’s I have given forms the talent of that individual.

Q. Do you believe that social entrepreneurship can be taught or do you believe that entrepreneurs are born?

Man has been trying to answer this question for various centuries.

Experience in teaching or lecturing on social entrepreneurship is important. There is a social entrepreneur dormant in all of us – man is a innovator or otherwise the species would not have serviced. So here you still have the dormancy here, either through your experiences or the setting within your community or country you cannot express that innovation or you do not have the skills, or you are not aware of the various tools that can be used to achieve.

So, yes some are better than others, but it is in all of us to become better innovators – it is dormant.
Candidate 5

The interview starts with explanation of the centre for social entrepreneurships to be launched at UCT.

Q. What is the main organization that you are currently involved with?

At Heart we are a Social Entrepreneurship Incubator. When Bill Drayton from Ashoka coined the term social entrepreneurship many years ago, it was quite blurry and his definition really was *anybody who has created some kind of innovation for social change.* And for many years, if you were a traditional charity head, or if you worked for an NGO, you were classified as a social entrepreneur. If you started an Aids orphanage, you were classified as a social entrepreneur. The problem with that is that there is nothing really entrepreneurial about starting an Aids orphanage, as there are no business skills involved, and it’s not a market-based solution. A person who starts his or her own organisation to do good, is not entrepreneurial in my opinion, so what has happened in the last few years, is the emergence of this new space called *social enterprise*. A social enterprise is really different to a charity, as it is a market-based solution to a social problem as it generates income through trade. So unlike a charity that is confined to grants and donations, and limited by a capital barrier, social enterprises can break through the capital barrier, because it can access loans, capital, venture funding etc. and at the same time also earn its own income.

So, as social enterprises developed its global footing in the global movement, people are beginning to see a very clear distinction between a social entrepreneur (as someone who starts an enterprise and runs a business) and a charity worker who starts an organisation that is grant-based. So in the world there is a shake-up about what the definition is, and increasingly the term social entrepreneur is referred to more and more as *somebody who runs a social enterprise* as opposed to being a traditional grant-based organisation. What we do, is act as an incubator for social enterprises. We are one of two incubators in the world, and certainly the only one on the African continent. We identify social entrepreneurs (what we classify as social entrepreneurs - not charity workers), who don’t have infrastructure, involved in social ventures that is going to generate income. These people don’t have desks, chairs, telephones etc, and also lack any
methodology but merely have an idea of what to do. Many of the social entrepreneurs don’t know how to read any financial accounts and are not business people. They don’t have finance for a management team. The CEO or managing member is often the marketer, financial manager etc. , which makes it very difficult for them to succeed, because of the lack of expertise in all of those areas, as well as have no funding or a place where they can be trained.

What we have done over the last five years is built hubs, which currently have about 22 different projects that operate out of his hub. We have recently expanded to additional offices that can accommodate an additional 60 people. We offer these social entrepreneurs facilities such as Internet connectivity, meeting-rooms and the likes, which they rent from us. This is the first offering.

Secondly, we have developed a methodology through seed venture and capital phase, which is a step-by-step deliverables-based process that spans 3 years. It would take a concept and feed it the support to turn it into a sustainable business. The templates are all online and available to entrepreneurs.

What we also offer is a management value circle. Comprising of professionals like a HR manager, stakeholder relations manager, sales manager, operations manager, chief project manager, finance manager that fill a value circle of people that are highly competent who then act as a management consultancy to the social entrepreneur. So as the social entrepreneur is going through our incubation process when it comes time to look at issues like recruitment, our HR manager will help them with all they need to know...

Ant then our last offering for these individuals is that of business planning. We don’t just hand out a template and say “good luck”. We have developed a curriculum whereby we have training modules teaching people about what business plans are, how to set up a business plans etc. So much so, that we are opening our School for Social Entrepreneurship on the 1st of April 2010 where we will take between 40-50 students at any given time and put them through a practical training programme. So that is what Heart.org does.

Now, within Heart, we also have other projects, where we out rightly own 8 sustainable social enterprises, and we have 22 different projects in development., at various different stages of their growth, between seed-venture and capital funding. So we own our own portfolio of projects as
well. So our plan is to expand this throughout Africa, with the support of our Swiss bankers. We have offices in Johannesburg, and have contacts in all major cities.

Q. Considering the vast array of definitions and understandings of social entrepreneurship, what in your opinion is your understanding of social entrepreneurship as opposed to normal, or commercial entrepreneurship?

When Bill Drayton from Ashoka coined the term social entrepreneurship many years ago, it was quite blurry and his definition really was *anybody who has created some kind of innovation for social change*. And for many years, if you were a traditional charity head, or if you worked for an NGO, you were classified as a social entrepreneur. If you started an Aids orphanage, you were classified as a social entrepreneur. The problem with that is that there is nothing really entrepreneurial about starting an Aids orphanage, as there are no business skills involved, and it’s not a market-based solution. A person who starts his or her own organisation to do good, is not entrepreneurial in my opinion, so what has happened in the last few years, is the emergence of this new space called *social enterprise*. A social enterprise is really different to a charity, as it is a market-based solution to a social problem as it generates income through trade. So unlike a charity that is confined to grants and donations, and limited by a capital barrier, social enterprises can break through the capital barrier, because it can access loans, capital, venture funding etc. and at the same time also earn its own income.

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Q. Do you regard yourself in your capacity as a social entrepreneur, and if so, why?

I regard myself as a Social Innovator as opposed to a social entrepreneur. The reason for this is that an entrepreneur is someone fills a gap, in contrast to an innovator that creates a gap in the market. Myself, together with Heart have certainly been pioneering social entrepreneurship for the past 5-6 years. There is no other company in the country doing what we do, where we have to create the gap for social entrepreneurs to fill. I have won awards for social entrepreneurship through the social enterprises I have set up. So in essence the broader market out there considers me as a social entrepreneur. All the projects in our portfolio were all our origination.

In this sense I am a social entrepreneur, as the central objective of my work is to make a difference, either socially or environmentally, where we are not dependent on grants, but purely income orientated. So although others may classify me as social entrepreneurs, I classify myself as a step above social entrepreneurship, being a social innovator.

Q. Does your model easily follow the progress and development of the students or track projects well?

Yes, in a multitude of different ways. We have developed a business-health monitor which tracks 93 different business health indicators; we have a financial tracker, which tracks the progress of our projects that has six different spreadsheets that feed the bottom-line information. We have a savings file that monitor all projects in terms of how many calls are made, how many appointments are made, deals done; and the value of those deals. Most importantly we have developed a tool called SIMAS (Social Impact Measurement and Assessment Skill file). It has 128 different social impact indicators, generic social impact indicators, that also has about 30-40 sector specific indicators depending on the sector, like environmental, social, agricultural etc. The tool is based on IRIS, which is the Rockefella’s new Impact and recording standards, which is a language framework. What we have done, is taken this language, and developed a very sophisticated scoring system, which allows us to go ahead and measure the social impact of our projects,
In as far as monitoring and tracking is concerned, our internal auditing processes are possibly of the best on the planet.

Q. The following question addresses how your organization(s) go about creating awareness on social entrepreneurship.

We don’t. We are so busy on a daily basis being approached by people. I don’t know how other organisations are doing, but there is really no on doing what we do. People certainly talk about doing what we do, but there is nobody actually doing it. We’ve found over the last couple of years, that having to engage with other organisations and people, and involvement in conferences often distracts us from our objectives. So the answer is, “No, we don’t do anything”, but people flock to us on a daily basis to share in what we do. We are backed by LTD Bank in Switzerland who fully endorses all our ventures.

Q. We know that GIBS University in Gauteng has a good social entrepreneurship programme, and UCT GSB also now embarking on a similar venture. In my personal opinion, I believe that often the people targeted as potential social entrepreneurs are graduates that, more often than not, are not at the heart of the problems facing society, or are not directly involved in these projects within the communities. Do you believe that an educational institution like the GSB could, through targeting individuals in the communities, bring direct benefit to society, and if so, why?

I do lecture at GIBS, and so does one of my colleagues, Max, but their course is built around social entrepreneurship, but it’s not specifically talking to social enterprise. They teach fundraising and have workshops on how to raise funds etc. I certainly don’t think it equips entrepreneurs enough. John Elkington, author of the “Power of unreasonable people” and coined the term “Triple bottom-line”, Jed Emmerson, who coined the term “blended value”, Dr Francois Benucci from the Schwab foundation, and many of my colleagues that are part of the inner circle of social entrepreneurship, will all agree with me in saying that the term “social entrepreneur” is being redefined and is being pushed more towards social enterprise, as opposed to
entrepreneurship. So, yes, but the term has to be clearly defined as well as the roles of key players.

Q. **Leading on from the last question comes the topic of networking. To what extent do you believe social entrepreneurship depend on networks?**

It’s not dependent on networks. Social entrepreneurs have been operating independently all around the world for years. As a social entrepreneur, one does not need a network. We focus on our own game and make a success of it on our own. If, for example, you go into Khayelitsha and want to start a tree nursery, you don’t need a network. Yes, social entrepreneurs know each other by the nature of their work, but no, you don’t need a network. But as the world is developing and social networks developing, organisations like ANDE (Aspen Network of Development Entrepreneurs), and other incredible networks, simply taking what was always there, and creating a global movement. As a result, governments are also looking at social entrepreneurship in new light as well.

Q. **In South Africa, to what extent do you think government gets involved? Do you think they really support initiatives enough?**

In other countries, like Scotland, the UK, England and America, India governments have played a phenomenal role. In the UK alone, government has set aside over a billion pounds a year into innovation funds which they make available to social entrepreneurs who want to start social enterprises. As a result 62000 social enterprises have been registered in the UK in the last 5 years because of governments role. In South Africa, its taken Heart 3 years, working closely with Helen Zilla, Mayor of the Western Cape, where she has now made social entrepreneurship one of the 5 pillars of her economic strategy going forward. Only now, for the first time is the finance minister creating architecture into the finance budget a mere R3million, and I am still working with them to try and create a social innovator fund. So, at this point, government has been of no help whatsoever. The problem is that currently grants and donations are budgeted for as a current expense. What needs to be done is that this must be moved into a procurement...
expense, that would allow them to much rather buy services from a social enterprise, than make
donations and grants available to society. It would then be, what is called a public market. I am
confident though, that government will get it right. It just depends how long.

Q. Looking at the tutors that we are trying to recruit for such a programme, what
characteristics do you think makes for good tutors? In your programme, what
characteristics do you try and look for in these trainers of social entrepreneurial skills?
(Referring to tutors or lecturers in your organization).

At this point all the staff recruited come from internal promotion with coaching and management
experience. Obviously we are more attuned to the practical rather than the theoretical side of
business. At GIBS, of the 15 people that attended the elective, non-if any of the students feel that
sufficient practical experience is transferred to them. So for me, I would look more to the likes of
Charles Maisel, and practical social entrepreneurs, instead of theoretical people.

Q. What are some of the key disciplines you feel organisations need to focus on when
teaching social entrepreneurship? E.g. Business, HIV, etc. I know you cover the
educational sector, but what other sectors do you think?

That list is endless. However, from an environmental perspective, we may not sustain existence
if we don’t look after the environment. Melting ice glaciers and Ice caps on inland mountains are
going to displace to sea by 20 foot in the next 5-10 years. It simply is just a matter of
probability. It is called inevitability planning. South Africa is so grossly unprepared for disaster,
that its scary. Out of the 277 municipal districts in South Africa, only 42 have got registered
engineers, which means that when there is a disaster, there are few professionals to take care of
the sanitation, sewage and road systems etc. So disaster management is key to social
entrepreneurship.
Q. What in your opinion distinguishes a charity or a NGO or Section 21 company from a social enterprise? In South Africa there tends to be many different organization, but there is not often a direct distinction between these entities, with the result that lots of organizations claim themselves to be social enterprises. What in you opinion distinguishes these organizations?

A social enterprise is really different to a charity, as it is a market-based solution to a social problem as it generates income through trade. So unlike a charity that is confined to grants and donations, and limited by a capital barrier, social enterprises can break through the capital barrier, because it can access loans, capital, venture funding etc. and at the same time also earn its own income.

Q. How does your organization go maintaining sustainability?

Earned Income. 99% of all the NGO’s in South Africa are not sustainable. The only way to be sustainable is by means of endowment policies that generate sufficient interest for these organisations, of which I know not one. Ten years ago, when the country was doing well, the people who had money really were not concerned about those who did not have money. As a result only 4 million peoples needs were met, and when companies and organisations did have money to give to charities, it was given to the huge organisations. So as a result there has been a massive shift in the way companies allocate resources. They don’t just want to go out there and hand out cheques, but rather be involved at community level with projects, orphanages etc. So the money has moved away from the huge charitable organisations, and the only way these organisations can be sustainable is through earned income and being able to sustain itself in a free-market economy. The CSI sector in South Africa is worth approximately R4.2 billion, the private giving market is worth R17 billion a year, which together make R21bn. If you just take the 100 000 NPO’s in SA that are registered, it means that every non-profit organisation in South Africa gets about R16 200 a month to run.

So what that means is that the social sector in South Africa is grossly under-resourced. Essentially the money just stays the same and keeps switching hands, but charities are dead hawks. The difference however, is that our social enterprises are self-sustaining that at the end of the year they are able to give back to investors money that they received as grants.
The only way that one can maintain sustainability is through social enterprise.

Social entrepreneurs are a different type of entrepreneur, as they address the needs of society, and don’t only have profit as their main driver.

Kindly rank the following traits of social entrepreneurs on a scale of importance from 1-5 (5=most important), substantiating your rating.

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<tr>
<th>Trait</th>
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<th>Reason</th>
</tr>
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<tbody>
<tr>
<td>Leadership</td>
<td>5</td>
<td>Leading in a commercial environment is easy, as money is the key driver. However, getting people to work for less and still have the same level of commitment requires excellent leadership skills. I have to inspire people to trust me and know that they will reap the benefits of the future.</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>In many cases funding is not just handed out to projects that are common and dependent on funding. Innovation and innovative ideas are more attractive to these organisations. Our greenhouse “food tent” that we erect in rural areas is a typical example of this. It is a 9m by 4m greenhouse tent that is able to grow food and vegetables for aids orphanages etc.</td>
</tr>
<tr>
<td>“Special breed” / Character</td>
<td>3</td>
<td>I don’t see a social entrepreneurs as a special breed. Innately we all want to help and be cared for. I believe that if a social entrepreneur is a person that connects with their inner being as man in order to serve a purpose of serving their fellow beings, then yes, then they are a rare breed. But in essence I believe that we are all born with caring principles.</td>
</tr>
</tbody>
</table>
Risk-taking propensity

5.
Huge impact. Most social entrepreneurs that I know have battled with poor credit records, poor career paths etc.

Passion

5.
It is only passion that drives people to care for others. In order to do good for others, you must have passion.

Talent

2.
I don’t think that you need any special talent. All the social entrepreneurs I know are really just hard-working people.

Q. Do you believe that social entrepreneurship can be taught or do you believe that entrepreneurs are born?

I think that they are certainly not born, but across the world more and more entrepreneurs are feeling the need to address a social cause. Most of the successful social entrepreneurs that I know have experience some kind of tragedy or hardship in their lives and as a result of that they have looked at improving the life for both themselves and people in the future. By all means entrepreneurs can be taught, but social entrepreneurs must value what they are setting out to do. Money must not be their primary objective.
Bibliography


