LEGITIMACY APPROACHES FOR SOCIAL ENTREPRENEURSHIP IN A CONTEXT OF INSTITUTIONAL VOIDS

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by

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Declaration

I declare that the doctoral thesis, which I hereby submit for the PhD Entrepreneurship at the University of Pretoria and KU Leuven, is my own work and has not been submitted for a degree at another university.

Kerryn Krige

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Abstract

Social entrepreneurship in an institutionally void environment is ill-explored, and western paradigms dominate. Applying institutional theory, together with insights from entrepreneurship in difficult market contexts, this study explores characteristics of social entrepreneurship organisations and their approach to navigating the institutionally void environment, within varied poverty contexts.

The study's sample (N=476) of social entrepreneurs in a range of poverty contexts in South Africa, bound by a single regulatory context, enabled the investigation of a *hybridity of institutional logics* which is one of the study's core contributions.

Using a self-developed questionnaire to collect data, the study adopts a mixed-methods approach in data analysis, involving three sequential phases and inductive, abductive, and deductive reasoning to explore the institutional voids encountered in South Africa and the mechanisms social entrepreneurship organisations adopt in this context to gain legitimacy. The results reveal that social entrepreneurship organisations' practices of organisational compliance and relational agency contribute to individual and organisational trust. The moderating role of local knowledge in these highly unequal, informal contexts is also highlighted. Overall, the results reveal that social entrepreneurs navigate institutional voids using a blend of institutional logics. It is proposed that this is because the institutional voids themselves are made up of formal and informal logics. Further, the study unveils the characteristics of social entrepreneurship organisations in the South African context, as micro in size, social in orientation, locally embedded and financially insecure.

The study chiefly contributes to institutional theory by affirming the likelihood of *hybridity of institutional logics* in striving for legitimacy in institutionally void contexts *and* connecting the social-entrepreneurship and difficult-market literatures. It has had practical relevance, informing the social and solidarity economy policy for South Africa. This policy has both regulatory and normative mechanisms, and was operationalised through the Social Employment Fund, launched in 2021.

Table of Contents

CHAPTER 1. INTRODUCTION 1

1.1. Motivation for the Study 1
1.1.1. The Problem through the Lens of Context 5
1.1.2. The Problem through the Lens of Institutional Theory 9
1.1.3. The Problem through the Lens of Practice 13
1.1.4. Researching Social Entrepreneurship in the Institutionally Void, Difficult Market Context 15

1.2. Summary of the Study 18

1.3. Research Questions 21

1.4. Research Design and Methodology 24
1.4.1. South Africa as a Suitable Research Context 24
1.4.2. Sampling Strategy and Data Collection 26
1.4.3. Data Analysis 27

1.5. Contributions of the Study 29
1.5.1. Contributions to Theory 30

1.6. Outline of the Thesis 33

1.7. Definitions Applied in this Study 34

CHAPTER 2. STUDYING ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP IN CONTEXT 37

2.1. Understanding Social Entrepreneurship outside of the Western Paradigm . 37

2.2. Characteristics of Micro-Entrepreneurship in Difficult Markets 45
2.2.1. Characteristics Common to Organisations in the Difficult Market Context 51

2.2.2. Approaches Common to 0rganisations in Difficult Market Contexts: The Role of Trust in Building Legitimacy 53

2.3. Summary of Lessons from the Difficult Market Context 65

CHAPTER 3. THE THEORETICAL FRAME: INSTITUTIONAL THEORY, VOIDS AND THE ROLE OF LOGICS IN ACHIEVING LEGITIMACY 69

3.1. Institutional Dimensions 70
3.1.1. Institutional Logics 72
3.1.2. Institutional Voids 74

3.2. The Quest for Legitimacy 86
3.2.1. Legitimacy as Relations in Process 90

3.3. Bridging Theory and Context 91
3.3.1. Linking Trust and Legitimacy 97
3.3.2. Developing a Conceptual Model – Formal and Informal Approaches to Building Trust and Legitimacy 99

CHAPTER 4. INTRODUCING THE SOUTH AFRICAN CONTEXT 101

4.1. Introducing the Inequality Context in South Africa 102

4.2. Introducing the Poverty Context in South Africa 103

4.3. Impact of Poverty and Inequality on Entrepreneurship 105

4.4. Literature Review – Social Entrepreneurship in South Africa 107
4.4.1. Introduction 107
4.4.2. Methodology 108
4.4.3. From 2008 to 2012 112
4.4.4. From 2013 to 2016 116
4.4.5. From 2017 to 2018 120
4.4.6. From 2019 to 2021 124

4.4.7. Literature Review: Discussion of Primary Themes 126
4.4.8. Summary of Themes: South Africa at the Junction between Social Entrepreneurship and Difficult Market Literatures 134

CHAPTER 5. RESEARCH OBJECTIVES AND RESEARCH QUESTIONS 137

5.1. Recapitulating the Research Gaps Identified in the Literature 137

5.2. Research Question 1: 141

5.3. Research Question 2: 143

5.4. Research Question 3: 144

5.5. Summary 146

CHAPTER 6. RESEARCH METHODOLOGY 148

6.1. Overview of the Research Process 148

6.2. The Research Philosophy 151
6.2.1. The Pragmatic Paradigm 153

6.3. Considerations in Research Design 159
6.3.1. Defining the Target Population 160
6.3.2. Sampling Strategy 160
6.3.3. A Multi-cultural, Multi-lingual Environment 161
6.3.4. Social Distance 162
6.3.5. Collecting Data in an Unequal Context 163

6.4. Addressing The Research Considerations 163
6.4.1. Target Population 164
6.4.2. The Sampling Approach 164
6.4.3. Summary of Research Considerations 173

6.5. Data Collection 174

6.5.1. Data Collection Instrument 174
6.5.2. Questionnaire Development 181
6.5.3. Pre-testing and Piloting of the Questionnaire 199
6.5.4. Executing the Data Collection Strategy 202

6.6. Data Capture, Cleaning and Data Management Processes 208
6.6.1. Data Cleaning and Exclusion of Responses 209
6.6.2. Limitations of the Data Collection Approach 210

6.7. Data Analysis 211
6.7.1. Mixed Method Approach to Data Analysis 211
6.7.2. Structural Model Testing 220
6.7.3. Summary of Data Analysis Strategy 222

CHAPTER 7. PRESENTATION OF RESULTS AND DISCUSSION 225

7.1. The Final Dataset 225
7.1.1. Screening: Reduction of Dataset for Analysis 226
7.1.2. Representation of South Africa's Poverty Dimensions 231

7.2. Research Question 1 - Institutional voids in South Africa 234
7.2.1. Background to the question 234
7.2.2. Results: Institutional voids identified in the South African context 250

7.3. Research Question 2: Characteristics and Approaches 264
7.3.1. Results: Individual Characteristics 264
7.3.2. Results: General Organisational Characteristics 276
7.3.3. Results: Organisational Approaches 283
7.3.4. Discussion of Results 288
7.3.5. Summary of Findings – Developing the Model for Testing 300

7.4. Research Question 3: Testing the Model – *Hybridity Of InstitutuTIONAL Logics* 310
7.4.1. Results: Presenting the EFA and Reliability 311
7.4.2. Descriptive Statistics, Reliability and Correlations 319

7.4.3. Structural Equation Modelling 320
7.4.4. Summary of Empirical Results 327
7.4.5. Conclusion 331

CHAPTER 8. DISCUSSION AND CONCLUSIONS 334

8.1. Finding 1: Identifying Institutional Voids 334
8.1.1. Affirming and Understanding the Institutionally Void Environment 335

8.2. Finding 2: Hybridity of Formal and Informal Logics 339
8.2.1. Trust 341
8.2.2. Organisational Compliance 342
8.2.3. Relational Agency 343
8.2.4. Networks 344
8.2.5. Local Knowledge 344
8.2.6. Implications for Legitimacy Approaches for Social Entrepreneurship Organisations 347
8.2.7. Implications of Findings for Policy Makers 352

8.3. Finding 3: Theoretical Implications - A Misplaced Paradigm 355
8.3.1. The Influence of the Western Paradigm on Institutional Theory 357

8.4. Finding 4: Cross Referencing Characteristics of Social Entrepreneurship in South Africa 359

8.5. Finding 5: The Importance of Context in Social Entrepreneurship Studies 361

8.6. Conclusion to the Study 363

8.7. Limitations of the Study 366

8.8. Theoretical Implications of the Study 369

8.9. Practical implications of the Study 372

Appendices: 407

List of Tables

Table 3-1: Summary of literature: The difficult market and institutional theory discussions, and their influence on the study 92

Table 4-1: Summary of South Africa-specific, social entrepreneurship literature (2008–2021) 111

Table 6-1: Summary of the philosophical approaches taken in this study 157

Table 6-2: Summary of towns, their district municipality and MPI rankings 167

Table 6-3: Questionnaire design: Individual characteristics (demographics) 182

Table 6-4 Questionnaire design: Local knowledge 183

Table 6-5: Questionnaire design: Organisational characteristics 186

Table 6-6: Questionnaire design: Social orientation 191

Table 6-7 Questionnaire design: Institutional voids and logics 193

Table 6-8: Questionnaire design: Trust 195

Table 6-9: Questionnaire design: Relational agency 195

Table 6-10: Questionnaire design: Networks 198

Table 6-11: Piloting the questionnaire: Summary of districts and MPI ranking (Fransman and Yu, 2019) 201

Table 6-12: Questions changed following the KwaZulu-Natal pilot 202

Table 6-13: Summary of Workshops held, by province, city and date 203

Table 6-14: Table summarising exclusion of responses 209

Table 7-1: Resources category: Summary of open text responses coded during Phase 1 - 3 of the coding process 237

Table 7-2 Ecosystem category: Summary of open text responses coded during Phase 1 - 3 of the coding process 238

Table 7-3: Access to: Summary of open text responses coded during Phase 1 - 3 of the coding process 242

Table 7-4: Specialist: Summary of open text responses coded during Phase 1 - 3 of the coding process 244

Table 7-5: Phase 4 *a priori* coding template: Formal and informal institutional voids 247

Table 7-6: Institutional voids across Tier 1 - 3 256

Table 7-7: Demographic summary: gender, race, age and experience (n=476) 266

Table 7-8 *A-priori* template based on UN DESA coding 271

Table 7-9: Organisational registration and bank account (n=476) 276

Table 7-10: Engagement with the legal system - level of contracting by the organisation (n=476) 278

Table 7-11: Do organisations have access to a lawyer? Summary of responses (n=476) 279

Table 7-12: Income characteristics of organisations 282

Table 7-13 Results: Relational agency – importance of everyday actions in building trust (n=476) 286

Table 7-14 Results: Importance of networks 287

Table 7-15 Summary of the EFA –trust (n=476) 313

Table 7-16: Summary of the EFA – relational agency (N=476) 315

Table 7-17: Summary of the EFA - networks (N=476) 316

Table 7-18: Component loadings: Organisational Compliance 318

Table 7-19: EFA and CATPCA results 320

Table 7-20: Goodness of Fit indices 323

Table 7-21 Standardised regression weights: Trust 323

Table 7-22: Local Knowledge as moderator between relational agency to trust and organisational compliance to trust 326

List of Figures

Figure 1-1: Visual summary of analytical process 28

Figure 2-1: Summary of approaches in the institutionally void environment 67

Figure 3-1: The institutional environment comprises two dimensions: Formal and informal, with regulatory, normative and cognitive pillars 74

Figure 3-2: a conceptual model of trust and legitimacy, adapted from Shockley et al. (2016) 98

Figure 3-3: Bridging of theory and context - the institutionally void, difficult market context 100

Figure 4-1: Timeline of social entrepreneurship publications, themes and events, 2008 - 2012 112

Figure 4-2: Timeline of social entrepreneurship publications, themes and events, 2013 - 2016 116

Figure 4-3: Timeline of social entrepreneurship publications, themes and events, 2017 to 2018..... 120

Figure 4-4: Timeline of social entrepreneurship publications, themes and events, 2019 - 2021 124

Figure 4-5 Conceptualisation of how organisations respond in the South African, difficult market context 135

Figure 6-1: Visual summary of how the research questions interconnect 151

Figure 6-3: The open, axial and selective coding process 216

Figure 7-1: Data screening procedure to arrive at final dataset (n=476) 229

Figure 7-4: A word cloud of dominant text responses in the ‘Resources’ category 236

Figure 7-5: A word cloud of dominant text responses in the ‘Ecosystem’ category 238

Figure 7-6: A word cloud of dominant text responses in the ‘Access-to’ category 241

Figure 7-7: A word cloud of dominant text responses in the ‘Specialist’ category 243

Figure 7-8: Phase 3 of the coding process, identifying institutional voids: “*What would you ask the President?”* 245

Figure 7-12: Institutional voids: Formal and informal 253

Figure 7-13: Formal and informal voids by MPI Tier 254

Figure 7-26: Plotting of responses across the formal and informal spectrum ... 293

Figure 7-27: Visual summary of descriptive results showing formal-informal characteristics 303

Figure 7-30: Hypothesised path diagram 322

Figure 8-2: Conceptualisation of the enabled ecosystem 353

Appendix Figures 1 - 7

Glossary of Terms

Entrepreneurship	New venture creation or self-employment (Bruton et al., 2021). The “pursuit of opportunity beyond the resources you currently control” (Austin et al., 2006).
Hybrid Organisation	Employs business-like activities characterised by some blend of profit motivation, the use of managerial and organisational design tools developed in for-profit business settings and broadly framed business thinking to structure and organise activity (Brinckerhoff, 2000, p. 17).
Formal Institutions	The formalized laws, rules, systems, and regulations that prescribe what is socially acceptable (North, 1990).
Informal Economy	Distinct from the informal dimensions of institutional theory. The informal sector refers to the production and employment that takes place in unincorporated small or unregistered enterprise, informal employment refers to employment without legal and social protection—both inside and outside the informal sector; and the informal economy refers to all units, activities, and workers so defined and the output from them. Together, they form the broad base of the workforce and economy, both nationally and globally (Chen, 2012, p. 8).

Informal Institutions	Refers to the informal dimension of institutional theory, which draws on cognitive and normative logics, particularly a society's norms, values, and belief systems define the codes for socially acceptable behaviours that are embedded in its informal institutions (North, 1990; Webb 2020).
Informal Institutional Voids	"The inability of norms, values, and beliefs and their localized representations to facilitate stable, efficient, and effective transactions" (Webb, 2020).
Institutions	The "humanly devised constraints [and incentives] that structure human interactions" (North, 1990, p. 33).
Legitimacy	"A generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995, p. 554).
Logics	Logics are the "socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality" (Thornton & Ocasio, 1999, p. 804).

Social Entrepreneurship	The 'doing' – the processes and actions of orienting and delivering goods and services within the social economy. Described as a "sustainable solution, to neglected problems with positive externalities" (Santos, 2012). It "…encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner" (Zahra et al., 2009, p. 512).
Social Entrepreneur	The individual operating within the social entrepreneurship organisation, not necessarily the founder, but in a leadership position. Dees (2001) describes individuals with the following characteristics: • Adopting a mission to create and sustain social value (not just private value), • Recognizing and relentlessly pursuing new opportunities to serve that mission, • Engaging in a process of continuous innovation, adaptation, and learning, • Acting boldly without being limited by resources currently in hand, and • Exhibiting heightened accountability to the constituencies served and for the outcomes created.

Social Entrepreneurship Organisation	This phrase describes any entity (e.g.: co-operative, social enterprise, stokvel, non-profit) within the social and solidarity economy that works towards a social mandate and principles of common good. The organisation may be registered or unregistered.
Trust	Trust therefore represents a relational reciprocity, reflective of local customs and norms, demonstrating good faith in daily transactions, because it is in the entrepreneurs interests to do so (Troilo, 2010). Trust is an example of social acceptance, a stamp of approval, culminating in a “licence” to operate within the community (Molden et al., 2017, p. 61).

CHAPTER 1. INTRODUCTION

1.1. MOTIVATION FOR THE STUDY

> "There is much about social entrepreneurship in South Africa that we still don't know"(Littlewood & Holt, 2015, p. 10).
>
> "The challenge (in South Africa) is to establish social entrepreneurship as an area of academic inquiry by means of research, teaching and community engagement" (Visser, 2011).
>
> "The local environment for social entrepreneurship, and more broadly, civil society, is under-researched" (Krige, 2016).
>
> "We need further research on social entrepreneurship in South Africa, and other non-Western and non-traditional contexts if we are to more fully understand this important global phenomenon" (Littlewood & Holt, 2015, p. 252).

These quotes captured the authors' frustration with the lack of knowledge on social entrepreneurship in South Africa, despite multiple attempts to understand the phenomenon. This extended to a lack of understanding on how social entrepreneurship in South Africa was defined, which related to poor interpretations of the country context, broadly classified as emerging market, low- or middle income and the impact of poverty and inequality on this view (Claeyé, 2017; Littlewood & Holt, 2015; Rivera-Santos et al., 2015). This was surprising, considering how social entrepreneurship is influenced by its context, which it responds to by providing goods and services that are needed by a society.

Working in the field, it was the researchers' assumption that the country's extreme inequality and variations in its poverty contexts had a substantial effect on how social entrepreneurship occurred. A scan of South African literature, however, exposed the dominance of western interpretations—through which the researcher also framed her understanding—of social entrepreneurship which typically applied definitions from Dees (2001), the International Labour Organization (Borzaga et al., 2017), Dacin, Dacin and Matear (2010), Bornstein (2010) and others, all describing and defining the phenomenon through a western lens. Whilst this is not unusual, especially in emerging fields where there is ambiguity in definition and understanding, it was the author's position, that this approach was misplaced, and that a research study to accommodate the complexities of researching in environments characterised as institutionally void, with inequality and poverty characteristics, was needed. This became increasingly pressing as South Africa took steps to develop a policy for the social and solidarity economy, with the potential to introduce a legal form for social enterprises. Without a clear understanding of the phenomena, the opportunity to develop relevant policy, useful to organisations operating across South Africa's inequality and poverty extremes, would be missed.

There are multiple calls for studies of entrepreneurship (Bruton, 2010; Bruton et al., 2013; Webb et al., 2009, 2013) and social entrepreneurship (Bacq & Janssen, 2011; Karanda & Toledano, 2012; Muñoz, 2010) outside of western contexts. In particular, there is a growing recognition of a bias in the theoretical discussions, where social entrepreneurship is framed by western entrepreneurial ideologies and

research is conducted in environments considered institutionally functional and stable.

These conclusions are transferred to environments like South Africa without interrogation of its peculiarities, and in this case, the effects of inequality and poverty extremes. This is not because of a lack of effort. In South Africa, between 2015 and 2021, three national studies (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018) were conducted, but definitional ambiguity, the lack of a sample frame, and difficulties in reaching social entrepreneurs in poor areas because of the country's inequality result in a default framing to the western paradigm. Consequently, although there is a growing discussion on social entrepreneurship in the country, it remains positioned in the western paradigm, with organisations described as hybrid, with sophisticated financial structures such as asset locks and impact investment mechanisms (Bertha Centre - UCT GSB, 2016; ILO, 2016a; Steinman, 2010). The possibility of a sector, that is potentially micro in size, informally oriented and financially vulnerable, is side-stepped. Considering the dominance of the informal sector in African entrepreneurial contexts where it constitutes over 75% of non-agricultural work, and contributes more than 50% of Gross Domestic Product in Sub-Saharan Africa (Amoako, 2019; Barr, 2002; Bonnet et al., 2019; Magidi, 2021), this is a significant oversight.

A consequence of this disjointed understanding of social entrepreneurship is that it stymies development of the sector. The regulatory framework within which social entrepreneurship occurs in South Africa is confusing, with various government departments being responsible for different legal forms, for example, non-profit organisations are managed by the Department of Social Development, co-

operatives by the Department of Small Business, whilst Co-operative Finance Institutions are mandated through the Reserve Bank (dtic, 2021). The emphasis on enabling the regulatory environment as a means of stimulating the sector ignores the potential which exists in strengthening the informal characteristics of the social enterprise, such as its community-focus, localised presence, and relational nature.

A study of social entrepreneurship accommodating the country's poverty and inequality characteristics is required, that deliberately samples outside of the urban sample groups, and takes a broad, exploratory view, to minimise the western logic through which social entrepreneurship is framed.

This is the motivation for this study. Applying a hard-to-reach approach to the sampling strategy, the study explores the characteristics of social entrepreneurial organisations, recognising that this is a lens through which institutional logics can be understood. This broad approach brings together elements of institutional theory, namely logics, institutional voids, and approaches to legitimacy. These are all fields of study within themselves, but in an effort to counter the influence of the western paradigm, the study draws on these elements, making sense of them theoretically through the lens of entrepreneurship for micro-and informal organisations in an African context.

With this as the theoretical framework, the rationale for studying in South Africa is clear. South Africa is a multi-lingual, multi-cultural country context, and its colonial and then apartheid past, means that these multi-cultural, multi-lingual characteristics are evident spatially as the population remains ethnically distributed. The country's inequality which tops both the Palma and Gini measures,

is extreme. A consequence is that the country's poverty is also experienced spatially (Stats SA, 2019). South Africa therefore is an important context in which to study social entrepreneurship: should a geographically diverse sample be reached, insight into social entrepreneurs operating across linguistic, cultural and poverty lines can be gathered.

1.1.1. The Problem through the Lens of Context

Institutions are socially constructed, and when formalised, represent the rules, processes and procedures which are sanctioned, and consequently, considered official and right (Amoako & Lyon, 2014). Formal institutions are typically well defined, resulting in clear frameworks, developed through consensus over time and across the normative, cognitive, and regulatory structures of the environment. These are the laws, rules and regulations, which, if sanctioned, create an efficient institutional architecture which provides the framework for trust which enables entrepreneurial activity (de la Chaux & Haugh, 2020).

Informal institutions are complex and contradictory, highly localised, drawing on cultural and indigenous structures which reflect the values, practices and routines that are not specifically encoded; and operate outside of the formal economy (Amoako, 2019; Bonnet et al., 2019; Chen, 2012; Welter & Smallbone, 2006). These informal, alternative institutions represent rules and logics which are developed through shared processes, and, because they are largely unwritten are enforced through unofficial means such as self-regulation (de la Chaux & Haugh, 2020). Logics are the rules, practices and symbols that guide institutions and social

meaning, and are regarded as more powerful than the institutions that they shape (Gümüsay et al., 2020).

African contexts are characterised by institutional voids (Amoako, 2019; Khanna & Palepu, 1997), described as “gaps” in the institutional environment which constrain enterprise activity and increase the costs associated with doing business (Kolk, 2014, p. 187). The perception of void environments as a vacuum and devoid of activity is challenged (see for example Amoako, 2019; Dorado & Ventresca, 2013; Kolk, 2014; Mair & Marti, 2009; Smith & Stevens, 2010). An alternative view is that these ‘gaps’ instead represent other institutional mechanisms and activity. These are typically described as informal in that they exist outside of the regularised mechanisms of the state and market (Webb et al., 2020). These informal institutions are culturally embedded in that they are implicit, socially constructed, and culturally transmitted, representing values and belief systems that affect co-ordination and collaboration (Stephan et al., 2015).

There is, however, academic discrepancy in the role for informal institutions. One position taken, is that weak formal institutions result in a dependency on informal ones, an either or scenario where the informal institution *replaces* formal institutions (Estrin & Prevezer, 2011). A second position has informal institutions operating *alongside rather than instead of*, formal institutions (Amoako & Lyon, 2014; Mair et al., 2012). In this paradigm markets are developed with, and not on top of, local institutions, through processes of social renegotiation, on behalf of and with the people involved (Mair et al., 2012). These approaches are subtly different, but highlight the lack of clarity on informal institutions and the role that they play in supporting or constraining entrepreneurship (Webb et al., 2020). It is a discrepancy

that transfers to interpretations of voids, and how organisations are affected by the environment within which they operate.

Compounding understanding of the institutional environment are concepts of poverty and inequality, both prevalent in the African context, and which together represent different levels of deprivation and access to services and opportunity (Sulla & Zikhali, 2018; Zeufack et al., 2020). Poverty in particular is closely associated with institutional void, as it is a consequence of it (David et al., 2018; Davie, 2015b), Here goods and services are likely to be provided outside of the formalised institutional mechanisms and protections of the state, framed and shaped by the cultures and communities that organisations serve (Amoako, 2019; Bonnet et al., 2019; Chen, 2012).

Organisations operating in the social entrepreneurship ecosystem are already noted for their bridging role, delivering goods and services which respond to market failure and neglected problems (Ebrashi & Darrag, 2017; Mair & Marti, 2009; Santos, 2012), blending profit and purpose logics (Doherty et al., 2014; Seanor & Meaton, 2008; Tracey et al., 2011). But what boundaries exist between formal and informal institutions, how they interact, and the logics that organisations then respond to, is less well known (Borzaga et al., 2012; Dorado & Ventresca, 2013; Mair & Marti, 2009).

A question the study explores is how do social entrepreneurship organisations, navigate the institutionally void environment? It is likely that they must navigate the complex logics of informality, which draws on degrees of social acceptance and which can differ dependent on the norms, values and standards of the group; whilst also navigating formal logics, which are potentially weak and poorly enforced

But how to identify these institutionally void environments? The study uses poverty variations in the institutional environment, recognising that the poorest areas represent environments of substantial deprivation institutionally. That poverty manifests spatially and culturally in many contexts, provides a further opportunity to understand the informal orientation of organisations (Davie, 2015b; Ozler, 2007).

In recognising that formal and informal institutions and their logics, profoundly shape the characteristics and approach of organisations, the idea that organisational characteristics and approaches can become a lens through which the institutional environment can be understood, can be argued. Further, by exploring these issues through a contextual lens that is cognisant of the particular poverty and inequality dynamics, the relationship between the organisation and its institutional environment can be better understood.

1.1.2. The Problem through the Lens of Institutional Theory

Institutional theory is a useful lens through which to study social entrepreneurship as organisational success is measured not in effectiveness and efficiency—both concepts which fail to capture the complexity of social value returns of the social entrepreneurship phenomena—but instead through legitimacy (Stephan et al., 2015). This is achieved through the entities' interaction with the external environment, as it conforms to formal and informal logics (Shaw & De Bruin, 2013). In doing so, organisations build the credibility, trust and acceptance required to function (Scott, 2008; Suchman, 1995). It is from legitimacy that organisations gain social worthiness, to obtain and retain resources (Oliver, 1991). However, the process of legitimacy building for social organisations is complicated by the complexity of the environment the social organisation operates in, and difficulties in how value and return is measured and perceived (Egholm & Kaspersen, 2020). Consequently legitimacy approaches are highly relational (Egholm et al., 2020), anchored in processes of developing trust (Amoako et al., 2020; Lyon, 2000), that leverage networks and local knowledge (Roberts, 2011). Instead of legitimacy gained as 'property', a dominant view in the organisational and management literature (Suddaby et al., 2017), legitimacy is gained through processes that emphasise the day to day, community level interactions through which social entrepreneurship organisations derive their 'licence to lead' (Egholm & Kaspersen, 2020; Molden et al., 2017, p. 167).

Institutional theory has long been criticised for its focus on developed country contexts, where institutions function well, and the rules, or logics to which organisations conform to, are regulatory in nature and well understood (Rodrik,

2008a). The theory consequently lacks substance in its application to environments where institutional voids are prevalent and the logics are complex, contradictory or invisible in that they are culturally embedded (Suddaby, 2010).

Further, institutional theory also lacks focused study in environments where informal logics are prevalent (Amoako, 2019). Here relational mechanisms such as trust, networks and an embeddedness in the context through which logics are learnt and understood, dominate the organisations' efforts to develop legitimacy (Amoako et al., 2020; Amoako & Lyon, 2014; Barr, 2002).

Consequently, there is a need to understand firstly, the institutional voids and secondly, how entities approach legitimacy building in institutionally void environments, formal-regulatory logics may not be the dominant logic followed (Webb et al., 2009, 2020).

As introduced earlier in the discussion, the understanding of how organisations build legitimacy is evolving. The dominant views of legitimacy as acquired through processes associated with *property, process and perception* as summarised by Suddaby et al. (2017) are being adapted for social organisations. Here it is increasingly recognised that legitimacy building is highly relational, built through every day activities that anchor the organisation in its locale (Egholm et al., 2020; Fink et al., 2010; Möllering, 2005). Emphasis is placed on the role of individual agency in legitimacy building, where effort is given to balancing changing contexts and managing and responding to, disruptive situations (Gümüsay et al., 2020). By doing so, organisations and entrepreneurs are able to respond to the institutional reality, where there are no set rules, and where the lines between the individual and the organisation blur (Egholm et al., 2020; Egholm & Kaspersen, 2021).

Egholm et al. (2020) propose that legitimacy is achieved through a constant and ongoing process of relationships, activities and practice, which enables the organisation to adapt and respond to the uncertainty of competing logics.

This highly relational approach to legitimacy focuses attention on the role of trust, through which relationships between stakeholders and social organisations are negotiated (Egholm et al., 2020; Uggla et al., 2013). Trust is a matter of embedded agency, where entrepreneurs interpret the context and actively work to achieve it. Trust building is therefore framed by the institutional environment within which it occurs (Möllering, 2005). In the African entrepreneurship context, Amoako (2019) writes of the link between institutions and trust, which amplifies the importance of networks and personal relations for the entrepreneur. Trust is a “glue” that acts as a co-ordinating mechanism, that reduces uncertainty, and holds relationships together (Amoako, 2019, p. 167).

To summarise the theoretical dilemma: institutional theory and legitimacy is studied predominantly in developed country contexts and lacks application in void environments, where logics are complex and contradictory. Further, for social entrepreneurship organisations, legitimacy is acquired through highly relational, every day processes, which amplifies the role of trust for entrepreneurs in the African context.

The relevance of this study lies therefore, in deepening the existing understanding of how social entrepreneurship organisations operate in institutionally void environments. Theoretically, the study contributes to institutional theory and academic knowledge of void environments. Formal institutional voids are

perceived to amplify the role of informal logics (Bruton et al., 2008, 2013), which either supplant or amplify formal ones (Amoako et al., 2020; Doherty et al., 2014).

The difficulty from a research perspective is that methodological gaps also exist in the wider social entrepreneurship literature with repeated calls for quantitative studies which enable theory building. Sassmanshausen and Volkmann (2018) recommend rigorous theoretical sampling and grounded theory approaches, quantitative data gathering and the development and application of scales, reliability tests and factor analysis. But this is complicated in that researching social entrepreneurship in an institutionally void environment is complicated. Definitional ambiguity lessens the likelihood of representative networks, and heightens the likelihood that people living and working in areas where voids are pronounced, will be excluded. Consequently, Shaw and De Bruin (2013) caution researchers, emphasising the risks associated with having a narrow geographical view of social entrepreneurship studies, and call for investigations into entrepreneurship from a variety of socio-economic, cultural, local, regional and political environments. Rey-Martí, et al. (2016) flag that geographic visibility is needed outside of the United Kingdom, United States and Europe, whose academic institutions dominate publication lists, a view which is also championed by Bacq and Janssen (2011), Munoz (2010) and Littlewood and Holt (2015) amongst others.

This study aligns with these research motivations to enhance our understanding of the influence context has on social entrepreneurship, whilst responding to the calls for greater African (and South African) scholarship, that is quantifiable and tested (Edmondson & Mcmanus, 2007; Sassmannshausen & Volkmann, 2018; Suddaby, 2006; Tracy, 2010). The study takes a deliberately broad view, and identifies the

characteristics of organisations recognising that this is a lens through which logics—and the institutional environment—can be better understood.

1.1.3. The Problem through the Lens of Practice

Despite a growth in social entrepreneurship-focused studies in South Africa since 2008, the field by 2018, remained ill-defined and understood (Krige, 2018), captured in Claeyé's, (2017, p. 5) use of the phrase "*terra incognita,*" the unknown land. This was attributed to a lack of co-ordination and collaboration amongst researchers, as well as limitations in sampling. Here a dearth of useful and useable databases, and limitations on networks outside of urban areas, hampered the ability of researchers to reach social entrepreneurs outside of what was known. In South Africa, this resulted in a bias towards studies of established social enterprises in urban areas, and very limited understanding of social entrepreneurship, across the country's inequality and poverty dimensions (Krige, 2018).

In 2018, an Academic Research Colloquium was convened which brought social entrepreneurship scholars from the United States, Europe, and the African continent. The goal, convened as an early intervention of this PhD study, was to overcome these barriers by promoting inter-university collaboration and co-ordination around social entrepreneurship research, and contribute to the legitimacy of the field through the development of policy.

Multiple authors such as Steinman (2017, 2020), Krige (2015) and Myres et al. (2018) had recommended a legal structure for social enterprises in South Africa, recognising the role this played in other countries to legitimise the model. By 2018,

the European Union, United Kingdom and South Korea had all taken steps to encourage social entrepreneurship through regulatory measures (ILO, 2016). But confusion remained around the foundational logic of social entrepreneurship in South Africa, with different narratives driven by different institutions: business schools and academia promoting the income earning, hybrid organisation that drew from the north-American, enterprising-non-profit school of thought; whilst government and policy-oriented organisations championed the collective organising principles of the social and solidarity economy (Krige, 2015; Myres et al., 2018; Steinman, 2017, 2020).

As a result of this philosophical schism between the social and solidarity economy and social entrepreneurship, the early attention of the South African government to develop a policy document, announced in 2009 (Moss, 2012), stalled; and the value of social entrepreneurship as a means of addressing poverty and inequality, and as a practical tool for sustainable development, remained assumed rather than proven. Researchers made various attempts at larger, representative studies (Lovasic & Cooper, 2020; Myres et al., 2018 are examples), but struggled to overcome difficulties in sampling. As is discussed in the literature review, the difficulties of researching in a highly unequal environment, with poverty and inequality traits and with no definition and no sample frame, resulted in an affirmation of what social entrepreneurship was as framed against western literature, rather than exploring what it *is* in the varied South African context. Agreed at the Academic Research Colloquium in 2018 was the need to research social entrepreneurship in a multi-disciplinary context, across formal and informal markets and in rural and urban contexts (Krige, 2019). In this way, researchers

could address the “general frustration” that social entrepreneurship research scholars held, that the field “may stunt itself” (Krige, 2019, p. 181).

This study was founded in the recommendations made by colleagues at the 2018 colloquium; and those in practice, who were keen to understand the environment within which they operated. By exploring the characteristics of social entrepreneurship, through the lens of context, the study could contribute to enabling the institutional environment.

1.1.4. Researching Social Entrepreneurship in the Institutionally Void, Difficult Market Context

The importance of social entrepreneurship as a newer model of responding to societal issues and “grand challenges” such as poverty and inequality, is well documented (Di Lorenzo & Scarlata, 2019; George et al., 2016; Kaspersen & Egholm, 2021, p. 1). The understanding of how social entrepreneurship is *affected by these* complex and difficult environments is, less so (Bruton et al., 2021; Kerlin, 2017; Littlewood & Holt, 2015; Mair & Marti, 2009). As noted above, there is a bias in scholarship favouring developed country contexts (Littlewood & Holt, 2015; Rivera-Santos et al., 2015; Sassmannshausen & Volkmann, 2018), resulting in a research gap that limits understanding of social entrepreneurship, particularly those experiencing poverty and inequality realities (Bacq & Janssen, 2011).

‘Difficult markets’ is a phrase adopted in this study that brings together research on country contexts variously labelled as subsistence, informal, base-of-the pyramid, and emerging (Amoako et al., 2020; Barr, 2002; Berrou & Combarnous, 2012; Kolk, 2014; Rivera-Santos et al., 2015).

These contexts all share a common characteristic in that they are described as institutionally void, which broadly, describes failings in the functioning of state, market and societal systems (Khanna & Palepu, 1997). These voids occur because the institutional fabric is weak, as government institutions and market systems do not function effectively, or are misaligned to cultural values and principles creating tension in how business is conducted (Webb et al., 2009, 2020). This weakness impedes business activity (Mair et al., 2012), creating uncertainty, instability and hampering organisations' efforts to build trust and legitimise (Khanna & Palepu, 1997; Welter & Smallbone, 2006).

Legitimacy in institutional theory is regarded as an essential condition if organisations are to thrive. It is accrued through conformity to logics or rules, determined by the institutional environment. Environments characterised as institutionally void environments, have formal logics which are weak, contradictory or lack relevance undermining entrepreneurial endeavours (Rodrik, 2008a; Ruef & Scott, 1998; Suddaby et al., 2017), amplifying transaction, enforcement costs, and eroding trust and credibility (Khanna & Palepu, 1997).

Social entrepreneurship is widely positioned as an entrepreneurial response to difficult market contexts. It thrives in environments of greatest need, because there are numerous motivations and opportunities for action, and a lack of government support (Stephan et al., 2015). Irrespective of the difficulties, social entrepreneurship finds opportunities that deliver social value (Sullivan Mort et al., 2003).

Consequently, the narrative of social entrepreneurship is positioned as heroic and noble (Drakopoulou Dodd & Anderson, 2007; Nicholls, 2010). Unconstrained by

circumstance or resources (Dees, 2001) and drawing on entrepreneurial virtuousness (Sullivan Mort et al., 2003), the social entrepreneur is a hero-figure (Drakopoulou Dodd & Anderson, 2007; Nicholls, 2010), an agent of change (Dees, 1998), who acts boldly (Dees, 2001) addressing institutional weakness (Drakopoulou Dodd & Anderson, 2007). The social entrepreneur focuses on neglected problems (Santos, 2012) through hybrid organisational structures (Pache & Santos, 2013) that are focused on integrating business approaches (Brinckerhoff, 2000) and democratic decision making systems (Kannampuzha & Joseph, 2017), whilst delivering social and economic returns (W. K. Smith et al., 2013). In doing so, the organisations leverage the weakness in the institutional environment, which they are set up to address (Stephan et al., 2015)

Acknowledging that this collection of literature quotes presents a dramatized view, it presents a perspective that highlights the positioning of social entrepreneurship as a noble and heroic entrepreneurial approach that responds to grand challenges, such as poverty and inequality (George et al., 2016; Kaspersen & Egholm, 2021). But equivalent academic attention is not paid to how social entrepreneurship is affected by the weaknesses of that environment.

A review of entrepreneurship in environments that are described as institutionally void finds that these voids hamper entrepreneurship, complicate legitimacy, undermine trust, and increase transaction costs (Bruton et al., 2021; Webb et al., 2020). A number of articles demonstrate how entrepreneurs navigate institutional voids through their relationships, drawing on local cultures, values and principles. This goes someway to explaining why entrepreneurs in these institutionally void

environments focus on trust, as a pathway to building their legitimacy at a local level (Amoako, 2019).

The study attempts to weave together elements of these different theoretical positions, using institutional theory as the primary framework through which social entrepreneurship is discussed, whilst drawing on the practical responses of micro-enterprises operating in highly constrained and complex environments, in difficult market contexts. The study draws on principles of legitimacy and the formal and informal logics around which organisations orientate and to which they conform. In doing so, it expands the current understanding of institutional theory and its application and interpretation in emerging and developing market contexts (Rodrik, 2008a). It recommends a more nuanced view of institutional voids and logics that includes both formal and informal dimensions, a substantial shift away from the traditional void-narrative championed by institutional authors such as Khanna and Palepu (1997). In an effort to have practical relevance, the study explores how this translates into relational systems for social entrepreneurs working and living in varied poverty contexts across South Africa. The results affirm more recent writings by authors such as Nason & Bothello (2019) Gümüsay et al. (2020), who champion the multiplicity of logics and informal approaches, challenging the western perception of voids; and promoting the value of contextually oriented studies.

1.2. SUMMARY OF THE STUDY

The study is guided by a central research question: "*How do social entrepreneurship organisations in an institutionally void environment navigate institutional logics as a pathway to legitimacy?"*

The assumption of this study is that trust and via that, legitimacy, for social entrepreneurship organisations in the institutionally void environment draws from informal-cognitive logics, as they respond to the highly localised and nuanced context (Kerlin, 2017).

This study applies institutional theory which conceptualises organisations striving for legitimacy recognising the value it brings to organisations as they are recognised as desirable, proper, or appropriate within the norms, values and belief-systems of the society (Meyer et al., 2013; Suchman, 1995). Conceptually, legitimacy has various dimensions, understood through the logics that organisations conform to, across the formal and informal dimensions of institutional theory. From this perspective, legitimacy therefore is an outcome of various processes that can involve engagement with the macro-institutional structures such as laws and regulations, to the micro-institutions determined by the values and principles that are embodied in culture and community (Egholm et al., 2020; Scott, 2008; Suchman, 1995; Suddaby et al., 2017). Legitimacy itself therefore has various socially valued characteristics, which include macro and micro levels of trust, credibility and accountability measured at levels of the individual and organisation (Meyer et al., 2013; Molden et al., 2017; Suchman, 1995). A result of legitimacy is a social acceptability (Dart, 2004; Welter & Smallbone, 2006), evident in an organisations taken for granted-ness within the institutional environment that assumes the organisation as part of it (Meyer et al., 2013). For social entrepreneurship organisations, or those operating in contexts with poverty characteristics, this translates into a “licence to lead” within a community (Molden et al., 2017, p. 61) that embodies the trust that is needed to operate (Amoako,

2019) and the relationships which enable social entrepreneurship organisations to operate legitimately (Egholm & Kaspersen, 2020).

South Africa is the context of investigation and represents an ideal environment in which to explore these issues. Described as a 'dual economy' with contradictory institutional characteristics, that are both developed and developing (The World Bank, 2020), this country of study has extreme inequality resulting in characteristics of pronounced institutional strength, and weakness, as evidenced in global indices such as the Human Development Index (UNDP, 2020b), Multidimensional Poverty Index (Alkire et al., 2021) and Global Competitiveness Index (Schwab, 2019).

A consequence of this institutional weakness is persistent poverty and inequality (Stats SA, 2019) which *manifests spatially* owing to the country's apartheid history (Davie, 2015b; Fransman & Yu, 2019; Sulla & Zikhali, 2018). Therefore, a sampling strategy that is geographically diverse, and targets districts based on poverty measures is likely to incorporate people working in different poverty conditions.

South Africa is also culturally and linguistically diverse, with provinces having distinct ethnic identities. Therefore, a geographically diverse sample group should capture the experiences of social entrepreneurs that respond to different localised informal-cognitive logics, operating in poverty extremes, but who are bound by a single national formal-regulatory logic. By studying social entrepreneurship in this institutional context, the characteristics of social entrepreneurship in an institutionally void country context can therefore be better understood; whilst an understanding of how social entrepreneurs operate at a local level, the work that

they do, the barriers they experience and how they sustain their activities can be gained.

Consequently, the study therefore contributes to developing a body of work which provides grounded explanations, and insights on the effect of institutional voids on social entrepreneurship (Bacq & Janssen, 2011; Muñoz, 2010; Saebi et al., 2019; Zahra & Wright, 2011). Furthermore, it responds to calls to understand entrepreneurship in non-western economic contexts (Bacq & Janssen, 2011; Bruton et al., 2008, 2013; Muñoz, 2010), the impact of the institutional environment on social entrepreneurship (Kerlin, 2017; Littlewood & Holt, 2015; Mair & Marti, 2009), and the role of context (Ebrashi & Darrag, 2017; Littlewood & Holt, 2015; Zahra & Wright, 2016).

The study explores, through descriptive analysis, the institutional environment for social entrepreneurship. It identifies the institutional voids experienced, and identifies through a descriptive analysis of organisational characteristics the likelihood of logics and legitimacy approaches. It proposes a model, developed from the theory, and strengthened through the descriptive analysis, for how social entrepreneurship organisations legitimise in the institutional void context. This model is then tested using structural equation modelling to ascertain it veracity.

1.3. RESEARCH QUESTIONS

The research questions that the study is framed around are:

Research question 1: ***What are the institutional voids experienced by social entrepreneurship organisations, operating in varied poverty conditions?***

Described as impediments to the functioning of the market, Khanna and Palepu (1997) identified voids as the absence of specialist intermediaries, regulatory systems and contracting mechanisms. The absence of these institutions is conspicuous and the consequence of these voids “pernicious” (Dhanaraj & Khanna, 2011, p. 687), resulting in insecurity, increased transaction costs and weakened compliance.

Voids determine the logics organisations comply with to develop their legitimacy but understanding of the void environment for social entrepreneurship organisations is limited, especially in the African context. By identifying the voids experienced by social entrepreneurs, the environment can be understood more effectively and with it, the logics which organisations conform to.

Research Question 2: What are the characteristics of social entrepreneurship in an institutionally void, difficult market context?

The characteristics of organisations operating in the institutionally void environment, provide insight into the logics to which they conform (Kerlin, 2017). Therefore, organisational characteristics and approaches are a lens through which legitimacy approaches can be conceptualised and understood (Aldrich & Fiol, 1994; Suddaby et al., 2017)

The literature review highlights how organisations which comply with formal-regulatory logics, are more likely to be constituted formally. In the first instance, they are registered, have organisational bank accounts, engage with the legal system, and are “sophisticated” in their management, in that they are likely to have

systems and processes (Alvord et al., 2004, p. 274; Bruton et al., 2008; Gopaul & Rampersad, 2020; Kistruck et al., 2015; Webb et al., 2010).

Informal logics are positioned as opposite, with organisations regarded as micro in size, with few management systems, financially vulnerable and exposed to economic shocks, and reliant on relational systems such as trust and networks through which they operate (Ebrashi & Darrag, 2017; Gopaul & Rampersad, 2020; Mair & Marti, 2009).

As is mentioned earlier, there is disagreement on the nature of the relationship between formal and informal logics: is it dichotomous (Nason & Bothello, 2019)? Or are informal logics instead an alternative (Amoako & Lyon, 2014) or substitute to weaknesses in the formal system (Webb et al., 2020)?

By understanding the characteristics exhibited by the organisations and their approach within the institutionally void environment, insight can be gained into which logics are being conformed to, and how legitimacy is gained. A goal then, is to develop a model that presumes the logics organisations follow as they build legitimacy.

Research question 3: ***What legitimacy approaches do social entrepreneurship organisations adopt in the institutionally void context?***

Recognising the difficulty of assessing legitimacy, a literature review was conducted focusing on legitimacy-building approaches in difficult-market contexts. The themes of trust, relational agency, local knowledge, and organisational compliance emerged as encompassing approaches to legitimacy in the institutionally void environment. Consequently, a model was conceptualised having

trust as an outcome and reflecting the primary formal and informal logics identified through the descriptive analysis phase of the study.

The model proposed and tested is that social entrepreneurship organisations in South Africa are realising outcomes of individual and organisational trust by operating across formal-regulatory and informal-cognitive logics, a process named here as *hybridity of institutional logics.*

In this way organisations blend both formal-regulatory and informal-cognitive approaches, as they navigate the local-and-national, informal-and-formal institutional environment.

1.4. RESEARCH DESIGN AND METHODOLOGY

1.4.1. South Africa as a Suitable Research Context

South Africa is a fitting context of investigation, because of the country's poverty and inequality context, and its difficult market-institutionally void characteristics.

The country is described in multiple articles, as being institutionally void (Burns, 2016; IFC, 2018; Ligthelm, 2011; Littlewood & Holt, 2015; Urban, 2013) and meets characteristics of the difficult market context, with regulatory barriers, especially for micro-entrepreneurs (Burns, 2016; Rogerson, 2016). Moreover, reports such as the Global Entrepreneurship Monitor (Amorós & Bosma, 2013; 2020; Herrington et al., 2010) and studies on entrepreneurship and social entrepreneurship in South Africa (Burns, 2016; IFC, 2018; Ligthelm, 2011; Littlewood & Holt, 2015; Urban, 2013) confirm difficulties for social entrepreneurship in South Africa.

Readings on inequality and poverty, specifically the writings of Sulla and Zikhali (2018), Davie (2015a), David et al. (2018), Fransman and Yu (2019) and reports by Stats SA such as that on inequality (2019), poverty (2018), the General Household Survey (2016, 2017, 2018) confirmed the spatial variations in the country's inequality and poverty. This spatial distribution is useful to this study in a number of ways. Firstly, poverty extremes are spatially distributed, and areas of deprivation are empirically identified at a district and provincial level. Additionally, the country's provinces are broadly delineated on ethnic lines, meaning that a multi-cultural, multi-racial, multi-lingual context can be explored through a geographically diverse research design.

South Africa, therefore, provides a research opportunity to study social entrepreneurship in varied poverty contexts, bound by a single, national regulatory logic. If the sampling strategy can successfully target people geographically, it is likely that insights can be drawn on both formal and informal voids and logics.

From the outset, the intention of the study was to understand how social entrepreneurship organisations approach legitimacy in an institutionally void environment. It is because of South Africa's multi-cultural, multi-lingual context with pronounced poverty that it provides an interesting context within which to study. How social entrepreneurship organisations operate in an institutionally void environment that is poorly researched, requires a highly exploratory approach that identifies characteristics of the eco-system and the organisations within. In this way, it could be possible to mitigate effects of 'presuming' the conditions and effect of the institutional environment, and the organisational response.

1.4.2. Sampling Strategy and Data Collection

The sampling strategy, deliberately targeted social entrepreneurship organisations operating in local districts that had very different poverty characteristics. The study overcame the lack of sample frame, and a distinct bias in existing networks which mostly represented urban organisations, by partnering with national government as it developed a policy on the social and solidarity economy. Workshops, facilitated by the researcher, were organised nationally, and a sampling process was followed to encourage people involved in the sector, to attend. Adopting techniques recommended in the literature on reaching 'hard-to-reach ' populations (Kalton, 2014; S. Lee et al., 2014), the sampling strategy used bulk-text messaging, social media and on the ground networks to cast a wide net, to identify social entrepreneurs and encourage their participation in the process. The workshop process helped address research concerns on comprehension especially in the study of ambiguous concepts, in that concepts central to the study, such as culturally-specific interpretations of social entrepreneurship and definitions of community were discussed in groups before the completion of the survey.

To mitigate concerns of data access, a pen-and-paper questionnaire was developed and completed in the last hour of the workshops, with local-language translation support available to mitigate the complexities of researching in the multi-cultural, multi-lingual environment. Recognising the need to capture nuance in the data, open text questions were asked together with Likert and multiple-response option scales.

A total of n=766 people attended the workshops, with n=529 completing the questionnaire. After data cleaning, this was reduced to n=506, and after data screening n=476.

Determining the population of the study is difficult as it is unknown how many people received the invitation to attend, due to the snowball sampling technique adopted, and the use of multiple means of communication.

Therefore, the sample frame of the study is taken as the number of people who attended the workshops: 766, the response rate as the number of people who submitted a questionnaire, 529 (69%).

1.4.3. Data Analysis

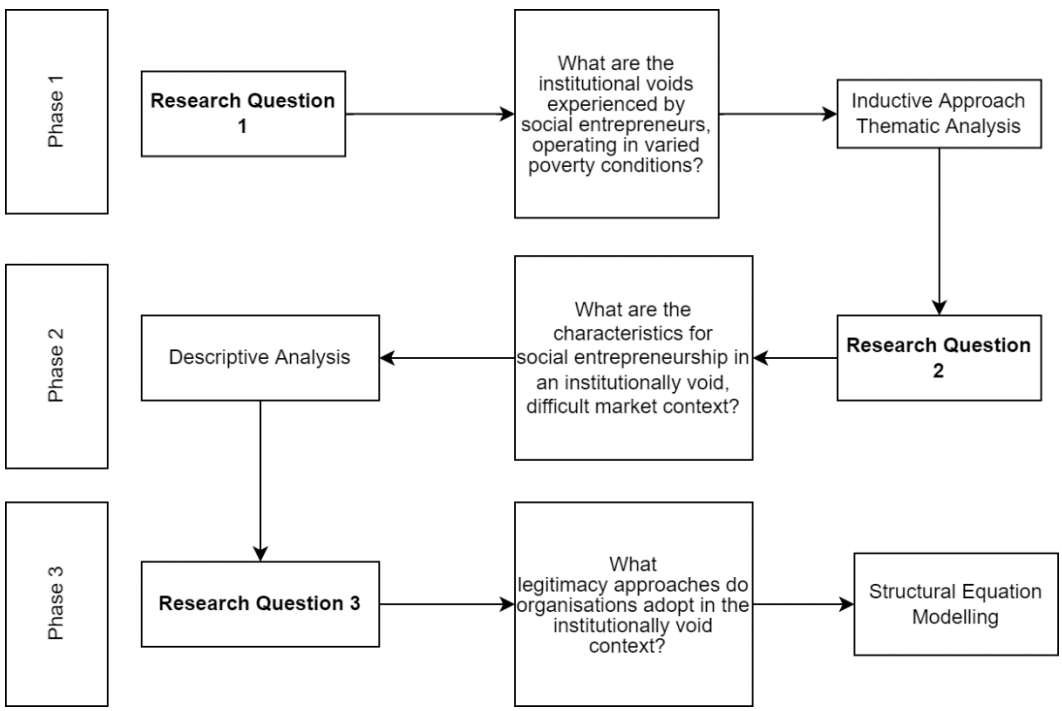
Based on the number of respondents in the final sample group (n=506 pre-screening), a mixed-method approach to data analysis was finalised using both descriptive analysis and statistical analysis (using Structural Equation Modelling) techniques.

For the descriptive analysis, the open text questions were coded through an axial to *a-priori* process; and the scale responses were analysed using frequency analysis techniques. Results from this strengthened the conceptual model developed through the literature review process, which was then tested, using the following techniques:

- Exploratory Factory Analysis for reliability and validity testing
- Structural Equation Modelling for model testing
- Multi-group Confirmatory Factor Analysis for moderation

SEM was selected as the most applicable statistical means of theoretical testing, considering its application in exploratory and emerging fields (Blunch, 2012). By using SEM, the study could test the model developed, and in doing so, contribute better empirical rigour to the literature on social entrepreneurship in difficult market, shown in Figure 1-1 below.

Figure 1-1: Visual summary of analytical process



This is therefore a mixed method, inductive–deductive study with each research question informing the next step of the study.

1.5. CONTRIBUTIONS OF THE STUDY

Contributions to practice. This research was conducted as part of a policy development process for the South African government and informed the writing of the social and solidarity economy policy for South Africa and African Union strategy paper. The inclusion of formal and informal characteristics for social entrepreneurship in the research design had a profound effect on how the intentions of the policy were enacted.

Ostrom (2008, p. 24) writes that “we should be asking how different institutions support or undermine norms of reciprocity instead of simply presuming that central authority is necessary to enforce rules related to co-operation on participants.” As a result, a traditional policy document, with recommendations and action points to be taken by government, was submitted to the executive for discussion and approval which at the time of writing, was still in process. However, this study informed the development of interventions that aligned with informal logics, based on its evaluation of cognitive logics, such as Relational Agency, Networks and Trust. Because of this, the policy team contributed to the development of a fund that was established to support community-led, social entrepreneurship initiatives, focused on community-specific rather than regulatory, interventions. Launched in 2021, the Social Employment Fund (SEF) is a novel public-employment programme, that works with localised institutions to identify particular issues and social enterprise responses to address them. Funded in its first year with USD 70 million, the data from this study assisted in justifying efforts to operationalise the intentions of the social and solidarity economy policy through non-regulatory

means. In this way, the policy actions reflect the *hybridity of logics* identified in this study by focusing on formal regulatory, as well as informal cognitive, mechanisms.

The study has further practical significance, in that it confirms some basic characteristics of social entrepreneurship organisations in South Africa, which have remained elusive up till now. In doing so, it challenges the mainstream narrative of social enterprises as established, large, urban-based organisations. By comparing the findings from multiple mapping studies, the results of this one, with its broad sample group that is drawn from across poverty dimensions, the study shows that social enterprise organisations in South Africa are micro in size, financially constrained and focused on developmental outcomes. They are informally oriented in that they are highly localised and respond to both formal and informal cognitive logics.

Lastly, the need for a scholarly community focused on developing social entrepreneurship scholarship in the African context, led to a VLIR-UOS grant through which the African Network of Social Entrepreneurship Scholars (ANSES) was founded, to encourage African-led research and teaching of social entrepreneurship, and international collaborations and partnerships. This network has grown to over 230 scholars from different countries.

1.5.1. Contributions to Theory

The study contributes to theory by affirming the *hybridity of logics*, around which social entrepreneurship orientates and conforms. In other words, it highlights how the institutional environment is inherently hybrid, and constituted in formal and informal logics, which social entrepreneurship organisations respond to, as they

navigate the voids, which are a result of weaknesses in both formal and informal institutions. This emphasises the contextual nature of social entrepreneurship, which is a mirror of the context within which it operates. This builds on emerging work (such as Nason & Bothello (2019); Hamann et al., (2020); Gümüsay et al., (2020), published after the study was started, which challenges the dominance of western paradigms in understanding the institutional environment. This study positions informal voids not as a compensatory response *to* formal voids, but rather as recognising that the institutional environment is made up of contextually derived formal and informal logics, to which organisations conform. The study therefore bridges the theory of institutional voids which is so intertwined with discussions on context, by exploring the effects of the environment on the enterprise.

“This fixation on common deficiencies encourages a homogeneous treatment of non-Western contexts and obscures the reality of tremendous differences across informal economies” write Nason and Bothello (2019, pp. 6–7). They advocate for greater understanding of informality, recognising that retro-fitting theory to these contexts prejudices our understanding of them (Nason & Bothello, 2019).

In demonstrating the importance of formal and informal logics, the study is able to give credence to both formal and informal compliance approaches, particularly those that are associated with trust building.

In this way the study contributes to institutional theory which, according to Suddaby (2010), lacks substance in its application to environments where the logics are complex, contradictory or seemingly invisible in that they are culturally embedded.

Consequently, the study is able to challenge the theoretical paradigm within which it is anchored, because of its contextual focus. Multiple studies affirmed the close relationship between entrepreneurship and its context (Jack et al., 2004; Kerlin, 2017; Saebi et al., 2019). By drawing on hard-to-reach-sampling strategies, the study presents conclusions that challenge the established narrative. It validates the positions taken by Kerlin (2017); Welter (2011) Welter et al. (2019) and others that position context as central to understanding when, how, and why entrepreneurship happens. “Context matters”, write Boettke and Coyne (2009, p. 136), and applying these context-rich results to institutional theory strengthens its applicability and relevance outside of non-western contexts (Johns, 2018; Welter et al., 2019; Zahra & Wright, 2011, 2016), bringing relevance and credibility to the conclusions drawn. In this way, the research responds to Welter’s (2011) call to challenge preferred research paradigms, and to not assume one-way relationships between context and entrepreneurship. To paraphrase Baker and Welter (2020), context creates the enterprise, and the enterprise informs the context.

Further, the study responds to a growing movement in the management literature for studies that consider ‘grand challenges,’ described as problems such as poverty and inequality that have failed to be meaningfully addressed over multiple decades (Di Lorenzo & Scarlata, 2019; George et al., 2016; Kaspersen & Egholm, 2021). Grand challenge research should focus on sampling disadvantaged and hard-to-reach populations, recognising that these are the people who fall outside of ‘normal’ or ‘traditional’ research designs and, therefore, have little prominence in the entrepreneurship literature (Wiklund et al., 2019).

Overall, by bridging different theoretical positions and having policy-relevance, this study brings both practical and theoretical meaning, in its contributions to the field of social entrepreneurship in South Africa.

1.6. OUTLINE OF THE THESIS

This dissertation is structured as a series of modular self-contained chapters, with the findings of each, informing the discussion of the next.

The chapter outline is as follows:

Chapter 2 sets the scene and establishes the arguments around core concepts for entrepreneurship in the African and institutionally void environment. Chapter 3 then introduces institutional theory, logics, and legitimacy approaches, followed by a literature review of social entrepreneurship in South Africa, contained in Chapter 4.

In Chapter 5, the study details the research objectives and research questions, bringing together the key findings of the literature review. Chapter 6 explains the research philosophy, methodology and approach, detailing the sampling strategy, data collection and data analysis.

In Chapter 7, the results of the analysis are presented, starting with the screening of the cleaned dataset against criteria that ascertain the social orientation of respondents. Following this, the final sample group is analysed to determine whether it represents respondents from across poverty dimensions. Based on these results, the study proceeds to present the results to Research Question 1,

Research Question 2, and Research Question 3. In doing so, it identifies the institutional environment as void, with predominantly formal voids irrespective of the poverty context. For Research Question 2 it identifies characteristics which align with the formal and informal dimensions of institutional theory, as well as characteristics that show that organisations are operating across these two dimensions, blurring logics. The conceptual model developed through the literature review is updated based on the descriptive analysis and tested using Structural Equation Modelling. This answers Research Question 3, which affirms that trust is developed through formal and informal logics, in this instance relational agency and organisational compliance, and a moderating role for local knowledge on relational agency.

Based on these results, the study confirms that social entrepreneurship organisations operate through a *hybridity of institutional logics.* It is theorised that institutional voids themselves are most likely constituted from formal and informal logics, which necessitates this approach.

1.7. DEFINITIONS APPLIED IN THIS STUDY

Because it is an exploratory study, broad conceptualisations were deliberately adopted to avoid pre-determining what social entrepreneurship is and how it manifests. By taking a position from the beginning ‘not to assume’, the study accommodated the influence of western literature (Kraus et al., 2014; Rey-Martí et al., 2016), of colonial systems (Rivera-Santos et al., 2015), and of different narratives and conceptualisations around the term ‘social’ (Karanda & Toledano, 2012) whilst creating opportunities to explore contextual nuance and interpretation.

The following key terms are applied as follows:

Social and solidarity economy: Drawing on the South African definition agreed in 2009, the social and solidarity economy is regarded as the "umbrella concept that encompasses the work of organisations focused on delivering social, environmental, and economic activity, that has a broader public or common-good benefit. Considering reciprocity, mutualism and solidarity principles, there is a social cohesion outcome to this activity" (Borzaga et al., 2017, p. 1).

Social entrepreneurship organisation: This phrase describes any entity, inter alia co-operative, social enterprise, stokvel, non-profit organisational forms, within the social and solidarity economy that works towards a social mandate and principles of common good. The organisation may be registered or unregistered.

Social entrepreneurship: The processes and actions of orienting and delivering goods and services within the social and solidarity economy. There is philosophical agreement on some central principles, namely, that social entrepreneurship represents organisations that are hybrid, in either *structure* such as organisational form or financing; or *approach* in that it blends market and social logics, by delivering to social, environmental and economic goals (Alegre et al., 2017; Dees, 2001; Miller et al., 2012; Rivera-Santos et al., 2014; Urban, 2008; Weerawardena & Sullivan Mort, 2006). In doing so, social entrepreneurship generally provides access to meaningful goods and services that improve lives or livelihoods, whilst generating an

income although to what degree is not specified (Defourny & Nyssens, 2010, 2013).

Social entrepreneur: The individual operating within the social entrepreneurship organisation, not necessarily the founder, but involved in the organisation at a level where they represent it.

Because the study takes a broad view, no thresholds are imposed on income, sources of funding, types of governance mechanisms or hybrid management structures, as this may skew understanding away from informal characteristics to those that are formal and more easily measured and understood.

CHAPTER 2. STUDYING ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP IN CONTEXT

2.1. UNDERSTANDING SOCIAL ENTREPRENEURSHIP OUTSIDE OF THE WESTERN PARADIGM

Social entrepreneurship is an emerging, highly contested field, with little academic clarity regarding its definition (see for example Alegre et al., 2017; Doherty et al., 2014; Kraus et al., 2014; Rey-Martí et al., 2016; Sassmannshausen & Volkmann, 2018). Its ambiguity has led to a plethora of discussions on definition, which range from describing it metaphorically as a zoo (Young & Lecy, 2014), to the positivist stance taken by Santos (2012, p. 335) where it is explained as a "sustainable solution, to neglected problems with positive externalities."

Definitions have evolved from specific schools of thought, notably in the United States, Great Britain and Europe (Defourny & Nyssens, 2013). The earned income and social innovation schools with their focus on non-profits that trade and ambitions for systemic change through innovation, are originally attributed to the conversation in North America, led by authors such as Dees (2001), Bornstein and Davis (2010) and Martin and Osberg (2007). In Great Britain the social entrepreneurship discussion evolved from models of co-operative and community enterprise (Ridley-Duff & Southcombe, 2012), strongly promoted by public policies (Defourny et al., 2020); whilst the European school of thought is founded on the values and principles of the social and solidarity economy, with its legal-institutional forms which codify principles of democratic governance, reciprocity, mutualism and solidarity (Borzaga et al., 2017; Defourny & Nyssens, 2013). Despite the paradigm differences, there is philosophical agreement on some central principles, namely,

that social entrepreneurship represents organisations that are hybrid, in either *structure* such as organisational form or financing; or *approach* in that it blends market and social logics, by delivering to social, environmental and economic goals (Alegre et al., 2017; Dees, 2001; Miller et al., 2012; Rivera-Santos et al., 2014; Urban, 2008; Weerawardena & Sullivan Mort, 2006). By doing so, social entrepreneurship generally provides access to meaningful goods and services that improve lives or livelihoods, whilst generating an income although to what degree is not specified (Defourny & Nyssens, 2010, 2013).

Studies that describe social entrepreneurship outside of the American, British or European paradigms are, however, limited, with the field still reliant on qualitative research, particularly case-based study techniques (Kerlin, 2017c; Sassmannshausen & Volkmann, 2018). Despite this being an entrepreneurial approach that is shaped by and responds to various institutional logics in the whole economy (Defourny et al., 2020; Kerlin, 2017; Muñoz, 2010), studies of how social entrepreneurship organisations interact with the ecosystem are few (Kerlin, 2017). Examples include Kerlin's (2009) preliminary typology of social enterprise country models, Mair and Marti's (2009) study of social entrepreneurs in Bangladesh who navigate a difficult institutional context, and Rivera-Santos et al. (2015) who conducted a multi-country study of social entrepreneurship across the sub-Saharan African context. Overall, research on the interaction between social entrepreneurship and its environment is limited and has, according to Kerlin, (2017) moved slowly in part owing to a lack of data.

The limited research output on social entrepreneurship in different contexts results in what Gaiger (2018, p. 3) describes as "abyssal lines," a deep divide between the

euro-centric, western perspective on social entrepreneurship which occurs at the expense of other realities. This has led to the International Comparative Social Enterprise Models (ICSEM) project led by the Emergence des Enterprises Sociales en Europe (EMES) network of scholars, to explore a more global view of social entrepreneurship (Defourny et al., 2020). The results of this multi-country project, which gathered data from over 700 social enterprises in 43 countries and which were published during the course of this study by Defourny, Nyssens and Brolis (2020), is an ideal-type classification of social entrepreneurship organisational forms, addressing market resilience, resource mix, institutional trajectories and principle area of interest as defining factors. Four business model types are identified, namely, the entrepreneurial non-profit, the social-co-operative, the social business and the public sector social enterprise.

By doing so, Defourny et al., (2020) combine many of the definitional characteristics identified in earlier studies such as interaction with the market (Dees, 2001; Nicholls, 2008), governance structures (Battilana et al., 2015; Mair & Marti, 2009; Pache & Santos, 2013), organisational hybridity (Battilana & Lee, 2014; Pache & Santos, 2013) and a blending of resources (Doherty et al., 2014; Lyons & Kickul, 2013; W. K. Smith et al., 2013; Zahra & Wright, 2016).

As much as the model proposed by Defourny et al. (2020) is an empirically developed analytical template which helps iron out definitional dilemmas and brings clarity to the field, the authors specify that it is not country or context specific. They reiterate the importance of understanding social entrepreneurship within its context and call for continued research into social entrepreneurship eco-systems.

This is particularly meaningful for researchers studying outside of the developed western model in environments characterised by poverty or inequality, or where there are high levels of informality; all of which complicate research efforts (Bonnet et al., 2019; Burns, 2016). Understanding any phenomena in these under-developed market environments, requires an open mind and an innovative research approach that balances the competing demands of westernised theory, and contextual nuance (S. Lee et al., 2014). It is particularly poignant for social entrepreneurship because the phenomenon represents an entrepreneurial approach that is so responsive to its context. Our understanding of social entrepreneurship will remain limited unless more diverse, contextually framed views are sought. With greater scholarly emphasis on contextualisation, explanations of the "when, how and why entrepreneurship happens" become more meaningful and useful (Kerlin, 2017; Welter, 2010 p. 161; Welter, 2011; Welter et al., 2019).

"Context matters", write Boettke and Coyne (2009, p. 136), to both entrepreneurship and social entrepreneurship, as both fields are framed and shaped by the cultural and institutional forces of the environment within which they operate. Context defines the reasons why entrepreneurship and organisational practice look different across cultures and communities, and therefore both require study in diverse environments (Boettke & Coyne, 2009; Johns, 2006). With greater scholarly emphasis on contextualisation, explanations of the "when, how and why entrepreneurship happens" become more meaningful (Kerlin, 2017; Welter, 2010 p. 161; Welter, 2011; Welter et al., 2019). In doing so, researchers have an opportunity to explore the complex web of connections, relationships and

interactions where the context creates the enterprise, and the enterprise informs the context (Baker & Welter, 2020; Welter & Baker, 2021). Conclusions can then be drawn on the effect of context on entrepreneurial processes, practices and strategies (Baker & Welter, 2018; Welter et al., 2019).

Consequently, there are numerous calls from entrepreneurship-focused academics such as Bruton et al., (2021), Webb et al., (2009), Kistruck et al., (2015), Shaw and de Bruin (2013), Welter (2011), Welter et al., (2019), Saebi et al., (2019), Zahra and Wright (2016), and Amoako (2019) for context-related studies.

Context is, however, notoriously difficult to study. The widely accepted boundary conditions that define context, described by Johns (2006, p. 386) as "situational opportunities and constraints that affect the occurrence and meaning of organizational behaviour as well as functional relationships between variables," are themselves nullified because they are dependent on context.

In a later set of paper, Johns (2017, 2018) acknowledges this contradiction, and calls for a deliberate, systemic, mindful inclusion of context in research studies, if only because context enables integration across research areas and levels of analysis, whilst identifying commonalities which help explain organisational behaviour.

Recommendations on how to include context more "mindfully and systemically" in research (Johns, 2017, p. 577) range from methodological approaches that represent the socio-economic and formal institutional context and characteristics of phenomena within that context (Zahra & Wright, 2016); to efforts to conceptually link the macro (institutional), meso (organisational) and micro (individual) level

realities (Baker & Welter, 2020; Saebi et al., 2019). Whatever the methodological approach, the results should encourage contextual reflexivity and challenge assumptions (Hamann et al., 2020). Doing so encourages the transition of the academic conversation from its current foundation, which largely assumes the universal applicability of the dominant context, (Johns, 2018); to one which is appreciative of contextual nuance, and its affect (Hamann et al., 2020).

A consequence of this academic 'closed loop,' is that little is known about entrepreneurship, particularly social entrepreneurship, in non-western contexts (Bruton et al., 2013; Hamann et al., 2020; Littlewood & Holt, 2015).

Africa therefore is an apt context in which to study entrepreneurship and social entrepreneurship for a number of reasons. Persistently high levels of poverty, inequality, market and state failure (Amoako, 2019; Lyon, 2000) together with institutional systems inherited from colonialism, which are adapted – and are adapting - to local norms and practices (Amoako, 2019; Rivera-Santos et al., 2014), results in high levels of micro and informal entrepreneurship. The complexity of the African context is regarded as the antithesis of the western, developed model and it therefore presents a rich contextual landscape for further study (Amoako, 2019; Holt & Littlewood, 2015; Rivera-Santos et al., 2015; White, 2004).

Consequently, there is a body of literature on informal, micro entrepreneurship in Africa, such as the experiences of traders in Madagascar explored by Fafchamps and Minten (1999) and in Burkino Faso by Berrou and Combarnous (2012), to the value of relationships for micro-enterprise entrepreneurs in Ghana (Amoako et al., 2020; Barr, 2002; Lyon, 2000) and Uganda (Khayesi et al., 2014). These African entrepreneurial experiences are an important lens through which data can be

understood. When viewed together with literature on micro entrepreneurship in other non-western, complex contexts (such as Bruton et al., 2008; Kistruck et al., 2015; Webb et al., 2010) it is possible to identify common themes in the entrepreneurial response, such as a higher reliance on cultural mechanisms, relationships and localness. By doing so, a "plurality of perspectives and processes" which shape entrepreneurship emerges, strengthening our understanding of the "intimate link" between entrepreneurial process and context (Zahra & Wright, 2011, p. 67).

Hamann et al. (2020, p. 3) however, describe management and organisational studies that consider African contexts as a *"tabula rasa"* or blank slate. These environments are then misunderstood and mis-represented, with the literature permeated with negative assumptions and language, which goes unchallenged. Hamann et al. (2020) for example, critiques a description by Bruton et al., (2012, p. 1) who describe the informal economy as a "shadowy zone," a negative conceptualisation that undermines the informal sector's contribution to African markets and livelihoods. This call to understand the nuances of non-western contexts is repeated by Nason and Bothello (2019), and is part of a growing focus of academic work to focus on Grand Challenge research (Di Lorenzo & Scarlata, 2019; George et al., 2016; Kaspersen & Egholm, 2021).

In terms of social entrepreneurship, Africa's context is under-studied and consequently, poorly understood, with Claeyé (2017, p. 5) describing it as "*terra incognita*," which loosely translates as 'unknown territory' from the Latin. Multi-country studies are scarce: limited to the 19 African-countries studied by Rivera-Santos et al., (2015), the 17 African countries included in an analysis of online data

available through the Ashoka network (Bewayo & Portes, 2016), the two African countries included in the emerging market comparison by Hanley et al.(2015), the African countries included in the Global Entrepreneurship Monitor's (GEM) social entrepreneurship-focused reports (Bosma et al., 2015; Terjesen et al., 2011) and a study into the job creation potential of social enterprises by the British Council in Sub-Saharan Africa (Richardson et al., 2020). Of these, only the study by Rivera-Santos et al. (2015) and by GEM (Bosma et al., 2015; Terjesen et al., 2011) assess the effect poverty has on the functioning of the social entrepreneurial organisation.

Africa's context is therefore described as a laboratory, an opportunity to test concepts outside of western knowledge-systems, and develop an understanding of the effects of institutional voids and global challenges such as poverty and inequality, on social entrepreneurship (Barnard, 2019; Gümüsay et al., 2020; Jankelowitz & Myres, 2019; Richardson et al., 2020).

The contextual ambition of this study precludes a continent-wide study. Navigating the lack of research on social entrepreneurship outside of western paradigms, and to address Gaiger's (2018) 'abyssal lines', this study draws from the literature on micro-and small enterprises, such as 'subsistence', 'Base of the Pyramid', 'developing', 'informal', 'survivalist' or 'emerging markets' (Amoako, 2019; Berrou & Combarnous, 2012; Bruton et al., 2008; de la Chaux & Haugh, 2020; Fafchamps & Minten, 1999; Kistruck et al., 2015; Kolk, 2014; Lyon, 2000; Rivera-Santos et al., 2015; Webb et al., 2020).

These markets all have distinct characteristics which warrant their label. Hoskisson et al. (2000), for example, regard emerging markets as countries with low income, high growth and having policies of economic liberalisation, whilst Barr (2002) identifies developing country contexts as having persistent poverty and inequality characteristics. Kistruck et al. (2015) define Base of the Pyramid markets as impoverished regions of the world where the average individual survives on less than $3000 per year (Bosma & Levie, 2009).

The golden thread between these different descriptors is that they all research entrepreneurship in environments which can be described theoretically, as institutionally void. Institutional voids are discussed in Chapter 3. but is the term applied to contexts where there is a misalignment between and weakness in, dimensions of the institutional environment, which severely limits entrepreneurial activity. By clustering these void environments under the label of the Difficult Market, this study is able to draw on literature from a range of contexts, which otherwise are not considered together. This umbrella approach helps identify characteristics and approaches to entrepreneurship, which could apply to social entrepreneurship.

2.2. CHARACTERISTICS OF MICRO-ENTREPRENEURSHIP IN DIFFICULT MARKETS

The common characteristic of these environments is that they are institutionally void, in that there is a failure in the established institutions to support efficient and effective market transactions, with detrimental results (Khanna & Palepu, 1997; Webb et al., 2020). These institutionally void environments according to Khanna and Palepu (1997, p. 41) “fall short in varying degrees when providing the

institutions necessary to support basic business operations," which hampers the ability of the entrepreneur to function, by amplifying operational and transaction costs, having a pernicious effect on entrepreneurial action (Dhanaraj & Khanna, 2011, p. 687). These voids are predominantly described in the formal domain, where a lack of state systems and governance mechanisms fail to provide adequate to entrepreneurs.

To address the challenges arising from these institutional voids, entrepreneurs must develop alternative or compensatory approaches to perform these market functions (Ge et al., 2019). These are typically described in the informal dimension, where the rules are set by ethnic, cultural, and local values and principles.

By studying strategies adopted by entrepreneurs in difficult market contexts, insight can be gained around how entrepreneurs respond to the environment within which they operate. Here the literature review focused on micro-entrepreneurship in particularly the African, South American and Asian contexts, where informal organisations account for more than 70% of economic activity, setting the tone for the nature and type of entrepreneurship occurring outside of the *formal regulatory conditions* imposed by the state (Bonnet et al., 2019).

Although not exhaustive, the points outlined below, describe how entrepreneurs navigate the institutionally void environment:

- Lyon (2000) investigates responses by small-scale tomato producers in Ghana, with limited access to legal measures, who resort to relational mechanisms to function, which facilitates complex exchanges and on-the-spot transactions. Farmers struggle to access finance and markets, and

harvest outcomes influence the supply of credit. Farmers compensate by developing strong relations with traders, thereby mitigating the price fluctuations associated with harvest outcomes, whilst making them highly dependent on **trust and mutual co-operation**. Alongside individual relationships, associations are formed to manage price-and market spaces. Enforcement is through both cultural systems, such as local chieftainships, and associational networks, where disputes are settled, transaction costs benchmarked, credit offered and trust built. The chain from supply to market is, therefore, dependent on mechanisms which are highly relational, local, cultural and trust-dependent.

- De la Chaux and Haugh (2020) investigate entrepreneurial practices in the Dadaab refugee camp in Kenya, a scenario where there are legal limits on the rights of refugees to work, yet all basic needs are met. The case emphasises how entrepreneurial activity occurs irrespective of the provision of basic supplies, as it is an opportunity for refugees to trade, and reclaim agency and self-determination. By making decisions and taking responsibility for their own actions, refugees use entrepreneurial activity as a means of securing independence within, and of, the system (de la Chaux et al., 2018). In doing so they show how entrepreneurs operate across formal and informal institutional pillars, demonstrating a flexibility and keen awareness of how to leverage the system for their benefit. Entrepreneurs rely on networks with camp guards or with people outside of the camp boundaries, who act as suppliers and traders; whilst bribery is accepted, particularly the payment of facilitation fees to side step enforcement. The case emphasises the agency of the entrepreneur, with **entrepreneurial**

activity occurring irrespective of formal constraints, with de la Chaux and Haugh (2020) finding that entrepreneurs leverage the weaknesses in the system to create a conducive institutional environment which supports their entrepreneurial circumstance. In this manner, the entrepreneurs build networks and promote the cultural norms and values that underpin informal approaches to entrepreneurship.

- In Madagascar, Fafchamps and Minten (1999) study how agricultural farmers and retailers struggle to communicate, access equipment, infrastructure and credit. These are all formal institutional voids, as described in 4.4.8. which constrain trade to such an extent that it remains on a micro scale. Trading is highly seasonal, and working capital is drawn from personal resources rather than lines of credit, reflecting the lack of access to formal financial systems, described as “almost non-existent” (Fafchamps & Minten, 1999, p. 8). Although informal credit through savings associations compensates, to an extent, it is negligible. The presence of extreme formal voids limits the reach of traders, who therefore trade locally in their area of birth or where they grew up, employing few people other than themselves and creating close-knit, homogenous entrepreneurial circles. Most sell at food markets, or at on the-side-of-the-road stalls with no fixed selling points. To compensate for formal voids, traders **rely on relationships** which allow them to build their reputation facilitating access to start-up support and lines of credit. Furthermore, these networks facilitate negotiations, enforce transactions, and lessen risk through the sharing of information. Relationships, therefore, help mitigate the lack of supportive formal institutions with the authors concluding that “*successful traders owe*

their success not so much to individualism, but rather to relationships" (Fafchamps & Minten, 1999, p. 30) (italics authors own).

- Berrou and Combarnous (2012) studying entrepreneurship in Burkina Faso, one of the world's poorest countries, find that informal African entrepreneurs blend business, friendship and kinship relationships. It is through these strong, localised relationships that entrepreneurs access resources, credit, advice, and information. Access to markets and financial support is also achieved in this way and consequent networks act as a form of social insurance, enabling the entrepreneur to navigate the fragility and instability of the highly-competitive informal market context. As in the examples above, entrepreneurs are **highly localised**, which facilitates the circulation of tacit knowledge and the building of trust. Their localness then is useful to the entrepreneur as they develop a mix of networks, that are valuable, from familial to business connections. They conclude that there is a distinct need for institutions that foster interaction between entrepreneurs, and that encourage the development of solidarity and formal institutional connections.
- Barr (2002) finds that much of the uncertainty facing enterprises in sub-Saharan Africa is attributable to a lack of information, which leads to high transaction costs. In more developed countries formal market-supporting institutions such as, inter alia, business registries, credit bureaux and law courts, have emerged reducing uncertainties, improving contract discipline, and lowering these information asymmetries and the resulting transactions costs. In Sub-Saharan Africa, while many similar institutions exist, they tend not to permeate the environment within which most enterprises operate.

Instead, **entrepreneurs rely on their networks** to facilitate flows of information and access credit and opportunity.

Outside of Africa:

- Kistruck et al. (2015) explore legitimacy approaches for formal and informal micro-entrepreneurs in Guatemala. They find that, organisations in Guatemala **benefit from registration** and compliance to the formal system, with registered organisations considered to be more stable and trustworthy as a result. However, the authors identify a risk to entrepreneurs in that registration increases their exposure to crime. Their conclusion is that institutional environments in country-contexts like Guatemala are extremely complex, and that the effects of legitimacy are poorly understood.
- In Bangladesh, Mair and Marti (2009) explore entrepreneurship in ultra-poor communities, where women in particular are culturally excluded from the market. They describe the institutionally void environment being rich with activity and opportunity, examining how entrepreneurs navigate this environment through bricolage, an **entrepreneurial 'make do' approach.** Moreover, they articulate the nature of informal institutions, describing culturally-specific means of solving disputes such as the system of *shalish*, which is a form of mediation which is preferred over legal mechanisms of contract enforcement. However, they also identify informal voids as being cultural in nature, which have an acute effect on how entrepreneurs can function within the system. They describe the cultural barriers that prohibit women from participating and benefiting from markets, and the systems of patriarchy which reduce a woman's autonomy and decision making. These

> are informal voids which prevent full and equal participation in the market by a marginalised group (Mair & Marti, 2009)

These selected summaries from the literature introduce a number of themes on how entrepreneurs navigate the institutionally void, difficult market context. The literature review highlights common characteristics and approaches taken by entrepreneurs as they seek order and stability through their interactions. As is discussed next, organisations tend to be micro in size, financially insecure and highly localised. They rely on formal and informal mechanisms to function, which ranges from aligning to the formal system through registration, whilst depending on networks, relational agency and their localness to build trust (Amoako, 2019; Bruton et al., 2013; Webb et al., 2020).

2.2.1. Characteristics Common to Organisations in the Difficult Market Context

Organisations in difficult market contexts have particular characteristics, and strategies. A consequence of operating outside of the formal system is that they are likely to be micro in size, financially insecure as they have limited access to formal lines of credit and so depend on funds from familial, kinship and community sources (Amoako et al., 2020; Burns, 2016; Khayesi et al., 2014; Lyon, 2000).

Micro organisations are described as having fewer than ten employees, and are likely to have a single owner-manager, and minimal assets. There is little, if any, distinction between the entrepreneur and the organisation (Daroll, 2019; IFC, 2018), which amplifies the likelihood that the work is highly localised, with the entrepreneur living and working in the same area, where they market their goods

and services (Rivera-Santos et al., 2015). The fish-traders of Madagascar described by Fafchamps and Minten (1999), refugee-camp entrepreneurs studied by de la Chaux and Haugh (2020), and the manufacturing efforts of entrepreneurs in Ghana described by Barr (2002) are all reflective of this.

Conversely, organisations which align with formal systems in institutionally developed contexts are described as being more sophisticated in their form and function; and are more likely to be registered, banked, and operating within the legal system. These organisations, would, for example, use contracts to manage agreements (Amoako & Lyon, 2014; Gopaul & Rampersad, 2020; IFC, 2018). In this case, financing is likely to be through formal channels where evidence of compliance with the formal system is required, inter alia, through grants, donations, and banking. Formally oriented organisations are the least likely to be micro in size and nature. They are positioned for growth and geographic scale, with more sophisticated means of operating and options in terms of access to finance when supporting organisational transitions (Gopaul & Rampersad, 2020).

Themes that emerge from the literature emphasise the importance of trust for entrepreneurs, which together with being local to their market, enables them to navigate the difficult market context. They do this through strategies that include aligning with the formal system, building networks and continuously demonstrating their value to their market. These characteristics are more easily understood as an approach, or style of operating, and if understood, provide insight into how the organisations interact with and respond to, their environment.

2.2.2. Approaches Common to 0rganisations in Difficult Market Contexts: The Role of Trust in Building Legitimacy

In difficult market contexts, the weak formal institutions are replaced by indigenous cultural institutions to enhance trust development in entrepreneurship. This is because norms of behaviour guide the actions that people take in difficult situations, enabling individuals to take decisions that have long, rather than short term, benefit (Ostrom, 2008). Trust is an essential ingredient of this collective action and is needed if shared problems are to be resolved or solved (Ostrom, 2010). Trust is closely linked to reputation and reciprocity; and it is in this way that entrepreneurs are able to access opportunity, navigate difficulty and build legitimacy (Amoako, 2019; Ostrom, 2010).

Generally, there is a lack of knowledge about how entrepreneurs in Africa draw on norms, particularly those that are considered informal and culturally embedded (Amoako & Lyon, 2014), but what is detailed is the reliance entrepreneurs in difficult market contexts have on trust, which is credited with reducing uncertainty in the environment, by serving as a “glue” which brings stability, binds relationships and incentivises long-term co-operation (Amoako, 2019, p. 167; Amoako et al., 2020; Pathak & Muralidharan, 2016; Troilo, 2010; Welter & Smallbone, 2006). Trust facilitates economic activity and without it, organisations cannot succeed (Troilo, 2010). In this way, trust has very similar attributes to the theoretical construct legitimacy, and the two conceptually overlap in difficult market contexts. For instance, in the face of untrustworthy behaviour on the part of formal institutional agents, organisations that are informal and operating outside of the formal, state system, are perceived as more trustworthy (Webb et al., 2013). Their

ability to respond to culturally understood logics, and work together as a result of being geographically close, enhances their position as the legitimate alternative (Webb et al., 2013). Bruton et al. (2012) find that trust is central to understanding why informal organisations exist, and is needed if organisations want to operate informally. Molden et al. (2017, p. 61) find similarly, arguing that it is through trust that organisations develop their local legitimacy, earning their "licence to lead". Ostrom (2010, p. 162) argues that it is in an individual's interest to build trust, as it is both "a good investment, as well as an intrinsic value". In this scenario, levels of trust, reciprocity and an individual's reputation for trustworthiness together affect levels of co-operation and joint benefits. Hence, in difficult market contexts, entrepreneurs employ a variety of social strategies to earn trust where formal legitimacy may be impossible or difficult to establish (Lee & Hung, 2014). Titeca and Flynn, (2014, p. 74) describe the "social foundations" of entrepreneurial hybridity and the impact this has on practice. Conceptually then, trust is a positively reinforcing, ongoing and dynamic process in "in which institutions and actions are entangled," and appears to be a vital contributor to achieving legitimacy (Ostrom, 2010; Shockley et al., 2016, p. vii).

What role trust plays, independently of and in conjunction with legitimacy, has not been fully explicated. Walker and Ostrom (2009), argue that normative behaviour is overlooked by formal institutional players (such as governments), which consequently fail to understand the important role trust plays in the legitimacy that is needed to sustain collective action. Authors such as Amoako (2019), Fink et al. (2010) and Shockley et al. (2016) agree, finding that without trust, entrepreneurs in difficult markets struggle to build the legitimacy needed to function. Amoako

(2019) specifically links trust to legitimacy for entrepreneurs in the difficult market context, because they conform to the rules of what is locally legitimate. This is because legitimacy is a process rather than a fixed reality, informed not just by formal rules, but also by local practices (Titeca & Flynn, 2014).

The importance of trust then cannot be overstated as it helps organisations make decisions in ambiguous, uncertain situations (Seanor & Meaton, 2008), bringing a stability essential to the optimal functioning of institutions and social systems (Shockley et al., 2016).

There is no agreed upon definition of trust in the literature, which is multi-disciplinary in its nature and understanding, and contested with few common themes. It is broadly conceptualised as 'good faith' (Troilo, 2010), stemming from the reliance of one party on another party, under conditions of risk (Bachmann, 2011). Risk and trust exist symbiotically (Shockley et al., 2016) as there must be interaction and vulnerability between parties for trust to occur (Schoorman et al., 2007, p. 346). Lyon (2000) describes trust in Africa as "tied to expected and past exchanges". These localised exchanges which encourage the gathering and sharing of information, allow entrepreneurs to gauge how potential partners operate within local systems and structures, and vice versa. Lyon (2000) describes how entrepreneurs in Ghana, leave money with traders for long periods of time to build trust, and traders purchasing from farmers irrespective of the price fluctuations associated with supply and demand. In these circumstances, trust building is developed through social visits and the sharing of gifts and is enforced through a local embeddedness which is both tangible and intangible (Lyon, 2000). Creditors lend not only because they know where a person lives and works, but

also because reputation is imperative and significant. There is, therefore, an implicit buy-in to culturally accepted means of doing business (Amoako et al., 2020), and a close link between trust, reputation and reciprocity (Olstrom, 2010).

Trust, therefore, represents a relational reciprocity, reflective of local customs and norms, demonstrating good faith in daily transactions, because it is in the entrepreneur's interests to do so (Ostrom, 2010; Troilo, 2010). It is an example of social acceptance, a stamp of approval, culminating in a "licence" to operate within the community (Molden et al., 2017, p. 61). Möllering (2005) writes how trust reflects agency which draws from the social context in which the entrepreneur is embedded. Insofar as this context is institutionalized, trust is achieved fairly easily through compliance to institutionalized rules, roles and routines.

"Trust is more important for entrepreneurs in developing economies - more so than for entrepreneurs in wealthy nations," concludes Troilo (2010, p. 137) in his global study of trust for small enterprises. The reason for this is that entrepreneurs in difficult markets are heavily vested in trust building processes, recognising the primacy of its role in bringing stability in uncertainty, the close relationship it has with legitimacy processes, and in this manner affirming its close connection to conceptualisations of success (Amoako, 2019; Lyon, 2000). There are a number of approaches identified in the literature, which entrepreneurs employ to develop trust. These build on localised norms and practices, and revolve variously around organisational compliance, networks, being local and relational agency.

2.2.2.1 Organisational Compliance as a Means of Building Trust

The reasons for non-compliance to the formal system can often be attributed to the mechanisms of that system, such as bureaucracy and regulatory frameworks which are variously inefficient, inaccessible or irrelevant (Su et al., 2017), corrupt (Amoako & Lyon, 2014), or counter-intuitive and so increase the risk the organisation is exposed to. This heightens instability (Kistruck et al., 2015).

Studies have, however, found that organisations in difficult markets, derive benefit from conformity to the formal system, as this status quo suits the entrepreneur who is regarded legitimate because of it (Bitektine & Haack, 2015; Kistruck et al., 2015; Webb et al., 2009, 2010). This is because entrepreneurs are strategic in how they leverage their institutional contexts, engaging in ways which allow them to maximize their perceived advantages while minimizing potential disadvantages (de la Chaux & Haugh, 2020). This is an example of the agency that entrepreneurs have, as they select which elements of the formal system with which they comply - or do not comply - to (Kistruck et al., 2015; Webb et al., 2020). Simply put, entrepreneurs conform to what works for them, leveraging weaknesses in the institutional system to their advantage.

Organisational registration is an often-used measure which assesses compliance by entrepreneurs to the formal-regulatory system. By being registered, organisations are perceived as trustworthy (Bitektine, 2011; Kistruck et al., 2015). This is important for organisational survival in general because it acts as an endorsement of the organisation, resulting in resources, support, and credibility. Registered organisations experience numerous benefits ranging from an increase in sales (Sharma, 2014), to being able to access credit through the formal banking

system (Kistruck et al., 2015). But primarily, registration brings a perception of stability, as compliance to the formal system is widely linked to trust and legitimacy outcomes, irrespective of how informal the organisation may or may not be (Bitektine, 2011; Webb et al., 2020).

Organisational registration, nevertheless, does not indicate regulatory compliance. In South Africa, for example, more than 80% of registered non-profit organisations are non-compliant with legal requirements to submit annual-and financial statements (Department of Social Development, 2021; Husy, 2005). Instead, the organisations seem to benefit from the implied trust and legitimacy that results from the access to resources, particularly finance and funding, that formal association brings (Okem & Tshishonga, 2016; Wyngaard & Hendricks, 2010a). This discrepancy between registration and compliance raises the question as to whether organisations, in difficult market contexts, align or comply to the formal institutional system. Although this question is not answered in this study, it is a position that warrants further research in the institutional environment, and has bearings on interpretations of how logics are followed (Shockley et al., 2016)

2.2.2.2 Networks as a Means of Building Trust

In difficult market contexts, where there is a high degree of localness, networks act as facilitators, connecting entrepreneurs to influential figure-heads such as religious leaders, elders, officials, customers and suppliers (Amoako, 2019; Ebrashi & Darrag, 2017). It is through these networks that opportunities are identified, transactions negotiated, deals upheld and rule breaking managed (Webb et al., 2020). Networks are socially constructed and represent the explicit

and implicit personal relations which generate trust, establish expectations and enforce norms (Coleman,1988; Granovetter, 1973). Described as a “constellation” of connections, networks involve the direct and specific relations which an individual has with others (Jack et al., 2004, p. 108).

Entrepreneurs in difficult market contexts, therefore, rely on a diversity of networks through which to accumulate “essential resources” for work (Amoako et al., 2020; Berrou & Combarnous, 2012, p. 3). Networks are useful to the entrepreneur, as they create congeniality, which together with solidarity and reciprocity, enhance entrepreneurial agency and performance (Barr, 2002). They represent a system through which implicit cultural and cognitive logics are made explicit (Amoako, 2019; Jack et al., 2004; Kerlin, 2017). Moreover, the social exchanges occurring through networks contribute to trust building as entrepreneurs are connected through personalised sources and referrals emanating from within social networks (Amoako, 2019; Bachmann, 2011; Lyon, 2000). Networks are, therefore, described as a “passport to prosperity,” as they bridge institutional voids (Jack et al., 2004) by facilitating access to opportunity and information sharing whilst reducing risk and costs (Fafchamps & Minten, 1999, p. 32; Jack et al., 2004). It is therefore in the entrepreneur’s interest to adopt a strategy of networking and collaboration that supports their trust-building intentions. Examples of networks range from personal networks, which typically involve friends and family, or community networks where people are linked through culture and ethnicity; to those where the connection is thematic, for example religious and political groupings (Barr, 2002; Berrou & Combarnous, 2012; Lyon & Fernandez, 2012). These networks are characterised by the relationship the entrepreneur holds within the network, with familial and

kinship networks described as close, and professional networks, for example, as far (Granovetter, 1985; Khayesi et al., 2014).

The question which arises, however, is which networks to foster? There is some evidence that external (far) networks are valuable to enterprises in difficult market environments. Granovetter's (1973) S*trength of Weak Ties* theory champions the value of networks outside the entrepreneur's direct social circle, arguing that it prompts accessibility to resources, markets, goods, services, skills and knowledge. For Granovetter (1973) the direct social circle, made up of close ties such as family and kinship connections, are constraining to the entrepreneur, trapping them in a closed relational loop that stifles growth. This is connected to discussions of '*amoral familism*,' which describes the limitations of close familial ties that trap entrepreneurs, preventing them from advancing economically, moving geographically and resolving disorder with outsiders amicably (Lyon, 2000, p. 665). These closed networks result in outcomes of "getting by," rather than "getting ahead" (Evans & Syrett, 2007, p. 58).

This paradox of local (close) networks, captures how different network types bring different returns, and emphasises the value to a *diversity of connections* (Berrou & Combarnous, 2012). As Amoako (2019, p. 201) states "relationships and interactions with officials of institutions, family/kinship and friendship, and customers and suppliers, shape entrepreneurs' trusting behaviours". All of these network types are useful to the entrepreneur and it is for this reason, that entrepreneurs in difficult markets find value in a *diversity of localised networks*, which are described as essential to their survival (Barr, 2002; Drakopoulou Dodd & Anderson, 2007; Lyon, 2000; Qureshi et al., 2016). For the social entrepreneur,

whose work is oriented around the community which they serve, the need for a diversity of networks is likely to be amplified. Plus their micro-size deepens reliance on the mechanisms through which tacit informal-cognitive logics are understood (Jankelowitz & Myres, 2019).

For Berrou & Combarnous (2012, pp. 25, 26) it is “not that surprising” that micro- and small entrepreneurs in difficult market environments, draw on a diversity of relationships to accrue resources and results, especially as these networks are a substitute for formal systems and the legitimacy they would otherwise provide.

2.2.2.3 The Importance of Being Local and Having Local Knowledge

The literature emphasises how the act of being local reinforces trust, as it is seen as a commitment by the entrepreneur to their community, and emphasises the benefit that entrepreneurs bring to the community through their work (Molden et al., 2017; Puffer et al., 2009; Sengupta, Sahay & Croce, 2018; Welter & Smallbone, 2006). The physical presence of the entrepreneur in the community is an important enabler of trust.

Being local, therefore, *facilitates the effectiveness of trust-building strategies*, as it enables closer monitoring, more responsive enforcement and incentivises socially desirable behaviours, equating to accountability and trust (Webb et al., 2020). Consequently, entrepreneurs in difficult market contexts are highly localised.

Fafchamps and Minten (1999) studying fish traders in Madagascar find that in this difficult market context, entrepreneurs are born, live and work in the same place; or if they move, do so within ethnic and tribal groupings. This commonality of geography and culture, embeddedness and trust facilitates the entrepreneur’s

alignment with local norms and customs, ensuring that they are seen as an insider, who contributes positively to community life (Fafchamps & Minten, 1999; Möllering, 2005).

Puffer et al. (2009) and Sengupta et al. (2018) draw similar conclusions in their studies of entrepreneurship in emerging markets, including in Brazil and China where they found that entrepreneurs who live and work in their community are more likely to be accepted within it. With that acceptance comes opportunity and trade.

Physical localness, therefore, is in of itself, insufficient, and must translate into acceptance (Amoako, 2019; Bonnet et al., 2019; Chen, 2012; Welter & Smallbone, 2006). A measure of acceptance is local knowledge, which demonstrates the entrepreneurs' integration into cultural and indigenous structures that reflect the values, practices and morals of their community (Amoako et al., 2020; Molden et al., 2017). In this manner, entrepreneurs acquire embedded knowledge of the tacit, largely unwritten rules which enable them to be shrewd navigators of the difficult market context (de la Chaux & Haugh, 2020). Amoako (2020) captures this sentiment in his article on trust and credit in difficult markets, titled: "*We Know Their House, Family, and Workplace.*"

Neves and Du Toit (2012) provide an example of how entrepreneurs navigate regulatory and social rules, through these localised, tacit agreements that balance compliance and non-compliance (Burns, 2016; Neves & Du Toit, 2012). They use the example of the taxi driver in South Africa, who must stay up to date on what arrangements are in place through his or her local taxi association. These arrangements determine what rules the police will overlook, such as limits on

passenger numbers; and what rules will be enforced, for example the checking of legitimate driver's licences. In order to navigate these unwritten rules, the taxi driver needs to be embedded in the local culture and its networks, to acquire knowledge regarding its practices and agreements. The taxi drivers therefore makes sure that their licence is always valid, whilst ignoring regulations on overloading. Roberts (2011) in his study of trust relationships in early childhood development centres, finds that trust is constructed through observation and interaction, which requires a physical localness which enables trust to develop, over time. Applying this thinking to the entrepreneur, it is in their interest to be local to, and immersed in, social relations and practices, to benefit from reciprocal exchanges (Dawson, 2021).

This approach of 'localness' of the entrepreneur is linked to the characteristic of organisational size. Micro organisations are bound to the communities within which they operate, from whom they derive a 'licence to lead,' an intangible 'permission' which enables them to operate within that environment (Molden et al., 2017, p. 61). In living and working in the same place entrepreneurs are most likely to be connected to the communities they serve (Molden et al., 2017). Their ability to grow outside of their community is limited but as an organisation grows, this obligation shifts as the entrepreneur benefits from wider networks that are external to, and separate from, that local environment (Barr, 2002; Fafchamps & Minten, 1999; Granovetter, 1973). Therefore, in expanding, organisations must accrue trust in different ways. They are less reliant on localised, cultural rules, drawing instead, on external validation and networks (Granovetter, 1973). By expanding outside of

the community to which it is local, and within which it is trusted, an organisation risks trading off the advantages of localness, for other forms of trust building.

2.2.2.4 Everyday Actions that Build Trust (Relational Agency)

In difficult market contexts, trust is achieved through processes and practices which demonstrate value at an individual and organisational level. Here, the entrepreneur puts substantial effort into understanding the values and principles of their locale, aligning actions to the cultural and indigenous values and principles that are particular to it (Amoako, 2019). Doing so signifies that entrepreneurs reflect moral standards aligned with cultural norms of right and wrong, and therefore, foster trust - and legitimacy (Amoako, 2019).

Entrepreneurs must therefore take deliberate steps to demonstrate their value to the community within which they operate (Amoako, 2019; Schoorman et al., 2007), which aligns with the embedded agency that is central to Möllering's (2005) conceptualisation of trust. Actions differ according to context, but represent principles such as credibility through honesty, resolving conflicts, making and meeting promises and commitments, and being efficient and effective in operations (Amoako et al., 2020; Drakopoulou Dodd & Anderson, 2007; Lyon, 2000; Villena et al., 2011). Consequently, the entrepreneur exhibits a congruency of actions and words through which integrity, reliability, fairness and effectiveness are projected (Bachmann, 2011; Bohn & Roelfs, 2020; Fink et al., 2010; Mayer et al., 1995). These trust-building actions are continuously repeated, through a process labelled as 'relational agency.' Relational agency connects the entrepreneur and their

audience through actions of collaboration and co-operation that enables help to be asked for and provided (Amoako, 2019; Edwards, 2005; Fink et al., 2010).

This permutation of behaviours blurs the boundary between individual and organisation, and both are considered as being one (Berrou & Combarnous, 2012; Fafchamps & Minten, 1999; Lyon, 2000). It results in a self-reinforcing "spiral of trust", which once garnered, is upheld as a moral imperative to sustain, owing to the benefits accruing to the entrepreneur (Fafchamps & Minten, 1999; Welter & Smallbone, 2006, p. 471).

In a difficult market context relational agency occurs alongside network building, with entrepreneurs leveraging both simultaneously, to derive the benefits of trust. Examples cited are in micro-finance, where the Grameen Bank in Bangladesh relies on trust held in local networks and relationships, to sustain the provision of micro finance to entrepreneurs who are mostly poor and therefore lack access to formal bank finance (Amoako et al., 2020).

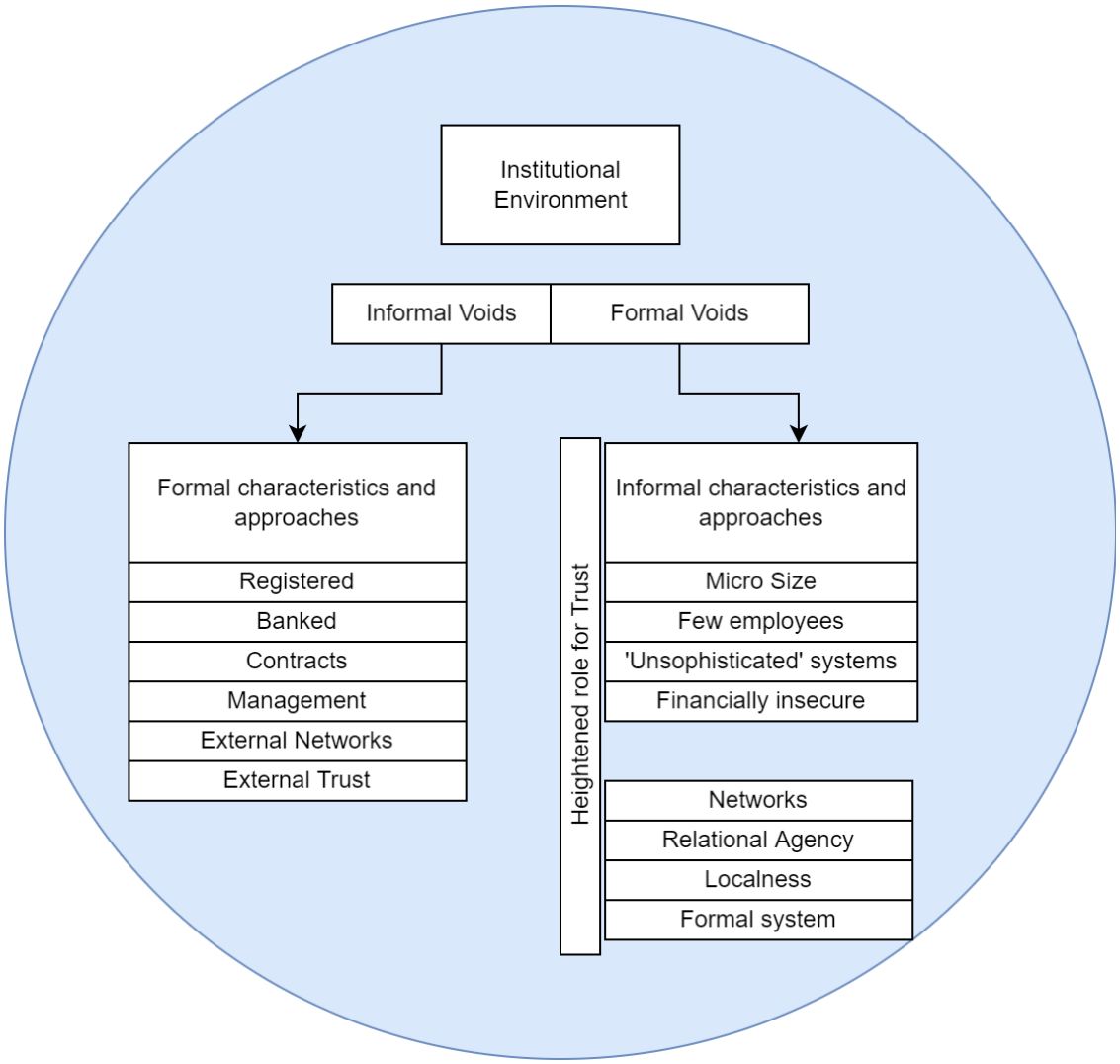
These everyday trust building actions at an individual and organisational level, conceptually align to the processual nature of legitimacy for social organisations, outlined by Egholm et al. (2020). Here, it is through everyday practices and activities that organisations develop the relational legitimacy that they need, to both respond to, and operate in, difficult contexts.

2.3. SUMMARY OF LESSONS FROM THE DIFFICULT MARKET CONTEXT

The institutional voids, particularly formal voids which dominate studies and frame the difficult market context, have a profound effect on entrepreneurship, affecting both its shape, form, and approach.

As is shown in Figure 2-1, the classic conceptualisation of institutional void environments is as a conceptually binary relationship where formal and informal voids replace, supplant or act as a replacement for the other. Those environments that are characterised by informal voids are typically regarded as institutionally strong, in that the formal regulatory system is functional, resulting in high levels of compliance. Here organisations are registered, banked, and operate with high degrees of sophistication in both organisational structuring, management, and operation, shifting legitimacy away from informal systems. However, environments of high formal institutional voids are likely to result in organisations with informal characteristics and approaches. In these environments organisations are typically micro in size and local in nature, orientated to community, kinship, trust and other localised and relational systems through which they gain legitimacy (Titeca & Flynn, 2014). There is an amplified role for trust in this difficult market context as it acts as a “glue” and is considered essential if organisations are to operate within their highly localised, complex and contradictory environment (Amoako, 2019, p. 167). Trust is then a much sought after outcome that is rooted in everyday actions, associated with having a “world in common” with others (Möllering, 2005, p. 8). It therefore is conceptually aligned to the theoretical concept of legitimacy which is detailed in the following chapter, as without it, organisations are not able to operate within the community they serve. Trust building approaches are highly relational, in that they depend on networks as well as everyday actions that demonstrate the value of the entrepreneur and their organisation to the community within which they operate.

Figure 2-1: Summary of approaches in the institutionally void environment



An emerging position is that many of these complex environments are not binary, and that formal and informal voids do not occur as an ‘either-or.’ Instead, it is likely that they happen together, with organisations responding to an interplay of formal and informal logics, rather than one or the other (Gümüsay et al., 2020). Similarly, the academic disagreement on the role of networks - seen in Granovetter’s (1973) flagging of the risks associated with highly localised networks versus the value of

a diversity of localised networks advocated for by Berrou and Combarnous (2012) - again shows how unlikely it is that these concepts are dichotomous.

Clearly, context plays an important role in how entrepreneurship manifests. This is likely to be amplified for social entrepreneurship considering how it is formed as a direct response to its context (Kerlin, 2017). By understanding the voids that are experienced; then exploring organisational characteristics and approaches, insight can be gained into what local logics are at play, and how legitimacy is developed. Therefore, by applying a difficult market context lens, the study aims to expand our understanding of social entrepreneurship outside of western paradigms and inside an environment of poverty and inequality extremes.

CHAPTER 3. THE THEORETICAL FRAME: INSTITUTIONAL THEORY, VOIDS, AND THE ROLE OF LOGICS IN ACHIEVING LEGITIMACY

Institutional theory, extensively used as a conceptual lens to study entrepreneurship, theorises how organisations and management practices are a product of social rather than economic pressures (Kerlin, 2017). It addresses the core topics of social order and social change (Scott, 2014), and is, therefore, an appropriate theoretical lens to apply to frame the study's goals, particularly the mapping of context to theory—rather than theory to context—which is important in terms of the 'mindful' inclusion of context requested by Johns (2018).

Institutional theory is also useful in that it measures 'success' not as organisational efficiency or effectiveness, but as legitimacy, with the emphasis on trust, and traits such as worthiness and trust-worthiness (Scott, 2008; Suchman, 1995; Suddaby et al., 2017). Legitimacy occurs through compliance with, and conformity across, the two dimensions of institutional theory, formal and informal, with its regulatory, normative, and cognitive pillars. The formal dimension has the regulatory pillar with its navigable rules and standards, whilst the informal dimension has the normative and cognitive pillars, with their focus on value systems, cultural expectations of what is right and indigenous knowledge. The informal dimension is particularly useful to this study, considering the localised and "community" nature of social entrepreneurship (Bitektine, 2011; Stephan et al., 2015; Suddaby et al., 2017).

Overall, the impact of the institutional environment on entrepreneurship is under-researched, creating a one-dimensional narrative that is understood in environments characterised by certainty and stability, leaving unanswered

questions on how organisations function in uncertainty (Bruton et al., 2008, 2021; de la Chaux & Haugh, 2020; Rodrik, 2008a; Urban, 2013; Webb et al., 2020).

This chapter explores institutional theory and how it frames success through the lens of legitimacy. Here organisations conform to logics within the institutional environment, and in so doing, are able to bring stability, certainty and attract resources (Scott, 2014; Suchman, 1995).

3.1. INSTITUTIONAL DIMENSIONS

Institutions are described as "the regulative, normative and cultural-cognitive elements, that together with associated activities and resources provide stability and bring meaning to social life" (Scott, 2008, p. 428). In doing so, institutions represent humanly orchestrated boundaries which structure social interaction across the economic, political, and social spheres. They act as guidelines and constraints, dictating the actions of individuals and organisations because that which they represent, is considered right and acceptable (de la Chaux & Haugh, 2020; Dimaggio & Powell, 1991; Kerlin, 2017; North, 1992, 1993; Rodrik, 2008a; Stephan et al., 2015); a taken for granted-ness that is embedded in everyday life (Möllering, 2005).

Institutions serve as a 'rulebook,' with codified actions and routines to which individuals and organisations can work, and in doing so, bring about order and certainty, permanence and stability (Möllering, 2005; North, 1992; Rodrik, 2008a).

The institutional environment is described as having three dimensions.

The formal dimension represents the formalized laws, rules, systems, and regulations which prescribe what is socially acceptable (North, 1992). These

institutions represent not only the legal and regulatory apparatus, but also the supporting structures such as regulatory agencies and capital and labour markets (Bruton, 2010; Shafer et al., 2005). Typically well defined, the formal dimension ranges from macro-structures such as international organisations such as the European or African Union, to national, local and regional governments, through to the bodies which constitute civil society and the market (Kerlin, 2017; Webb et al., 2020). Infrastructure, such as roads and telecommunication systems are also represented. It encompasses the rules such as laws, regulations and other bodies established by the state. The organising principles of this pillar represent established, regulated boundaries within which economic and social activity occurs (Urban & Kujinga, 2017). Formal institutions are at the heart of an efficient institutional environment and provide the framework within which entrepreneurship occurs (de la Chaux & Haugh, 2020).

The second dimension reflects the cluster of informal institutions governed by logics, derived from cultural norms and social codes which embody collective values and expectations. Defined as the 'codes of conduct, norms of behaviour, and conventions,' informal institutions draw from normative and cognitive structures, which guide expectations, ensuring predictability in social exchanges (Amoako, 2019, p. 24; North, 1992, 1993).

The cognitive pillar represents the values and moral systems that affect actions and interactions. Here the rules – or logics – are not explicitly encoded or written, instead they are transferred through acceptance within a cultural group or community (Casson et al., 2010; de la Chaux & Haugh, 2020; North, 1993). Cultural norms may, for example, determine the rights of women to participate in

economic activity (Mair & Marti, 2009); prioritise transactions with family (Jack et al., 2004) or exclude entrepreneurs who come from outside the community (Puffer et al., 2009).

The normative pillar is transitionary, blending elements of the formal regulatory pillar with its cognitive counterpart. This is because logics form, inform and transform each other, with normative logics representing those that are transitioning from cognitive to regulatory acceptance (Gümüsay et al., 2020). Consequently, normative logics represent generalised attitudes, a societal level of agreement of that which is acceptable and right (Urban & Kujinga, 2017). This is materialised, inter alia, through business, trade associations, accreditation and certification systems or Codes of Governance and standards of reporting (Ebrashi & Darrag, 2017; Scott, 2008).

3.1.1. Institutional Logics

As is briefly described above, each dimension has its own rules or logics, infused with value, that brings “unity in diversity” by providing an explanatory bridge between institutions and the agency of individuals acting within their environment (Gümüsay et al., 2020, p. 150). Logics, therefore, are the “socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time, space, and provide meaning to their social reality” (Thornton & Ocasio, 1999, p. 804). In order to survive, organisations need to conform to the societally rationalized requirements of their external environment with the ultimate goal of achieving legitimacy. Institutional logics, therefore, provide the formal and informal

rules of action, interaction, and interpretation which guide and constrain how the organisation approaches gaining legitimacy (Thornton & Ocasio, 1999).

Thus, logics are positioned as being different from and being as powerful as the institutions they shape and infuse with meaning. They also act as a bridge connecting institutions and individual agency (Gümüsay et al., 2020; Thornton & Ocasio, 2008). This is attributable to logics deeply embedded understandings of mutually accepted behaviour, which govern socio-economic exchanges, facilitate transactions and provide systems of sanction and, support through, for example, networks and resource sharing (Webb et al., 2020). Logics align with the pillars which they associate with.

Formal-regulatory logics govern the "*how to"* of conformity to the regulatory pillar. Regulation, observation, and sanctioning ensure that the actors' behaviour conforms to certain standards (Thornton & Ocasio, 2008).

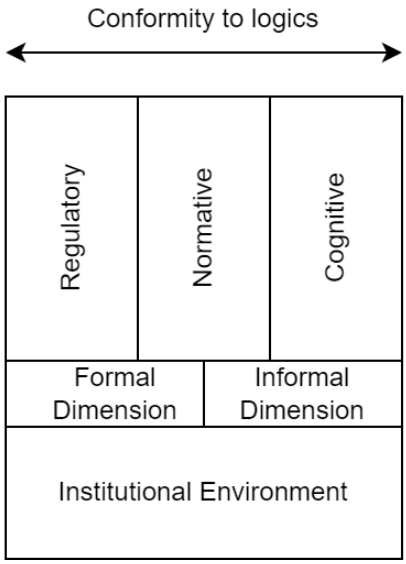
Cognitive logics provide actors with a highly contingent set of social norms where behaviour is driven not by a logic of consequences, but rather by a *logic of appropriateness* (Thornton & Ocasio, 1999). Cognitive logics are central to the functioning of the market (de la Chaux & Haugh, 2020; Kerlin, 2017; Webb et al., 2020) and, according to Puffer et al. (2009, p. 444), have a "primary institutional influence on entrepreneurship."

Normative logics specify not only how certain things should be done, by presenting a set of objectives for actors, but also the ways in which they should be achieved. Normative institutions are typically regarded as being more accessible than regulative institutions because actors perceive an internal commitment toward

norms and values. Moreover, they perceive social expectations to behave in a specific way (Edvardsson et al., 2014).

The two institutional dimensions, formal and informal with their regulatory, normative, and cognitive pillars, are shown visually in Figure 3-1.

Figure 3-1: The institutional environment comprises two dimensions: Formal and informal, with regulatory, normative, and cognitive pillars



3.1.2. Institutional Voids

Quality institutions matter because they uphold the logics which determine how organisations and individuals transact and interact. The underlying philosophy of institutional theory is one where “institutions rule” in a causal relationship between economic prosperity and quality institutions (Rodrik, 2008a, p. 184). This is attributable to institutions creating an environment conducive to entrepreneurship by supporting efficient and effective markets transactions, creating stability, trust

and certainty (Scott, 2014; Webb et al., 2013). Institutional environments are, however, not one-dimensional, and this theoretical model lacks nuance or understanding of the complexity of institutional development (Amoako, 2019; Kerlin, 2017).

Many countries are, by their nature, developing their formal institutional fabric, through processes of convergence and divergence (Puffer et al., 2009; Tracey & Phillips, 2011). Furthermore, in diverse societies, such as emerging or subsistence markets, or where inequality or poverty result in different experiences of growth, formal institutions may not have developed from informal mechanisms, and may be out of kilter with cultural values (Amoako, 2019; de la Chaux & Haugh, 2020; Rivera-Santos et al., 2015; Webb et al., 2020). Formal institutions also have high infrastructural costs, constraining their development in resource scarce contexts (Rodrik, 2008a), or they may lack enforcement owing to spatial distance, geographic complexity or cultural dissonance (Webb et al., 2020). If difficulties exist in complying with formal-regulatory logics, they are 'filled' by informal institutions and their logics. Consequently, entrepreneurs maintain *their* institutional stability, by adapting to the complexities of their specific environment (de la Chaux & Haugh, 2020; Webb et al., 2020). If institutions, however, do not compensate, replace or supplant for each other, a systemic misalignment occurs resulting in institutional voids (de la Chaux & Haugh, 2020; Webb et al., 2020).

Khanna and Palepu (1997) first used the term "institutional void" to describe an ecosystem with persistent institutional failings. They create an environment where "markets work poorly" affecting the nature and form of entrepreneurial activities within a society (Dhanaraj & Khanna, 2011, p. 687; Webb et al., 2020). Institutional

voids are experienced in all market systems, but are pronounced in market contexts which are classified in this study as difficult. Voids are considered a defining characteristic of these contexts, and their severity has a profound effect on entrepreneurship (Dhanaraj & Khanna, 2011; Webb et al., 2020).

This is because institutional voids amplify the existing weaknesses in difficult market contexts, by reinforcing social inequality (Ebrashi & Darrag, 2017), hampering market functioning, development and participation (Mair & Marti, 2009). Moreover, voids increase the cost of transacting (Khanna & Palepu, 1997), whilst constraining governance structures by over-emphasising the role of legacy institutions such as those established through colonial systems, or which existed prior to an economic regime change from, for example, communism to capitalism (Mair & Marti, 2009). Overall, institutional voids restrict the ability of the organisation to function and in doing so, perpetuate exclusion (Ebrashi & Darrag, 2017; Mair & Marti, 2009; Webb et al., 2020).

While the concept of formal institutional voids has served as the basis for a significant stream of research concerning entrepreneurship, less effort has been placed on understanding how informal institutions support or constrain entrepreneurship (Webb et al., 2020).

3.1.2.1 Formal institutional voids

Formal institutional voids are defined as the lack of, or failure within, existing regulatory or legal institutions to support efficient and effective market transactions (Mair et al., 2012; Webb et al., 2020). Formal voids are often attributed to a failure of state institutions to provide the basic systems of governance, rule of law,

property rights and infrastructure, inhibiting the creative and effective functioning of the market (Puffer et al., 2009; Webb et al., 2020). The formal institutional environment comprises nine voids which have been identified, namely

Capital market voids represent weak support in the capital markets for entrepreneurship, and manifest as difficulties in mobilising resources, such as, for example, accessing formal sources of credit (Ebrashi & Darrag, 2017; Ge et al., 2019; Parmigiani & Rivera-Santos, 2015). This results in complex financial strategies which evolve to compensate for the lack of formal access to capital, and range from local loan providers and lending circles to micro-finance institutions. The lack of significant capital through these lending mechanisms, thwarts growth which is stunted by the lack of financing options (Parmigiani & Rivera-Santos, 2015).

Labour market voids relates to difficulties in the labour market system which harms entrepreneurial activity. A low-skilled, and poorly educated population results in unstable, uncertain or under-employment, and an unfavourable match of skills to work (Ebrashi & Darrag, 2017; ILO, 2015). Skills mis-match is experienced as an under-supply of specialist skills or an oversupply of skills developed through everyday activities such as cooking, cleaning, and activities requiring physical labour (Parmigiani & Rivera-Santos, 2015). Labour market voids translate into an imbalance in supply and demand, with there being too many people available to work and the consequent ramifications of insufficient paid employment for low-skilled work, and scant placements in specialist positions (Stats SA, 2019, 2021).

Gaps in the **product market** develop from severe information asymmetry, where the lack of information hinders both consumer knowledge and product development. Quality assessments in the supply chain, for example, are hampered by a lack of intermediaries such as independent certification bodies, impacting quality control systems (Kolk, 2014). For consumers, a lack of access to information, is compounded by poor levels of education, which limit how available information is understood and interrogated (Ebrashi & Darrag, 2017; Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015).

Entrepreneurship formalised through legal contracts is regarded as being productive and efficient, with higher returns and lower risks (Webb et al., 2020). When the rules of exchange that set the regulations around which agreements take place, is weak **contractual voids** occur (Fligstein, 1996). Enforcement of contracts is limited, and the process of contracting lacks relevance. It results in organisations functioning outside the 'protection' offered by the regulatory system (Amoako & Lyon, 2014). In these environments informal institutions dominate, and agreements are, instead, governed by socially embedded relational mechanisms, highly dependent on trust (Amoako & Lyon, 2014; Ebrashi & Darrag, 2017; Parmigiani & Rivera-Santos, 2015).

Regulatory voids occur when existing rules are complex and contradictory, with compliance also offering few returns. In these environments the costs of compliance can be high (Bosma et al., 2020). Furthermore, regulation lacking legitimacy and credibility, is poorly enforced and deemed to be

irrelevant (Amoako, 2019; Tracey & Phillips, 2011; Webb et al., 2009). This results in alternative approaches, 'outside of the system' where, for example, community decision makers step in, creating a self-regulating system which is codified by local logic (Amoako, 2019; de la Chaux & Haugh, 2020; Mair & Marti, 2009; Parmigiani & Rivera-Santos, 2015).

Weak enforcement of the rule-of-law limits market operation, participation, and undermines trust owing to the lack of redress (Zhao et al., 2014). Enforcement is needed to provide legal protection and relevance. Without it, the environment is characterised by uncertainty, low participation, and poor growth (Narooz & Child, 2017), resulting in limited risk-taking or support for risk-taking, for example, through lending (Amoako et al., 2020). A weakness in official sanctioning structures is associated with corruption and inefficiency. Consequently, social, and informal control mechanisms such as networks 'step in,' acting as an alternative mechanism through which enforcement happens. These systems are highly relational, culturally specific and draw on a "mix" of informal institutions and approaches that are varyingly available and accessible (Amoako & Lyon, 2014, p. 132).

Conception of control refers to the knowledge entrepreneurs rely on to analyse their context and its market structures, which is information they use to be competitive (Fligstein, 1996). A lack of access to information results in poor access to networks which in turn, harms trust, market access and the ability of the enterprise to function (Ebrashi & Darrag, 2017). This local knowledge, often provided through intermediaries, such as research

agencies and “think tanks” provides information regarding strategy, tactics, collaboration, co-operation and competition (Fligstein, 1996).

Property rights is the system which exists to transfer, exploit, or enjoy property ownership. Property rights is a crucial determinant of the efficiency of the market, and is an indicator of the rule-of-law (North, 1992; Stephan et al., 2015). In institutionally void environments, property rights may be conferred through privilege rather than through systems of law, resulting in vulnerable or non-elite groups excluded from property ownership (North, 1992; Puffer et al., 2009).

A **lack of infrastructure** translates into limited telecoms, utilities, transportation, or other infrastructure-related support structures. Rural areas, for example, may not have access to the same infrastructure as urban areas, increasing operating costs, limiting growth, and entrenching spatial inequality (Webb et al., 2020). Owing to the high costs associated with infrastructure, this is often a domain where localised structures or entrepreneurial solutions struggle to compensate. South Africa’s spatial separation policies are cited as an example in Webb et al. (2020) of how property rights do not translate into equal access, especially between urban and rural areas.

It is clear from the literature that voids manifest owing to the institutional context, and co-exist and interconnect because of it. Product and conception of control voids, for example, occur not only because of a lack of intermediaries, but also because of other voids such as poor infrastructure or a lack of capital. Regulatory, property rights and contracting voids involve the legal system and require rigour in

the judiciary and local and national government administrations (Parmigiani & Rivera-Santos, 2015). Consequently, voids differ across locale, with variations in robustness of the formal institutional systems within a single institutional context. Formal voids amplify each other, creating the "pernicious" effects described here (Dhanaraj & Khanna, 2011, p. 687).

It is generally understood that where formal voids exist, they are compensated for by informal institutional mechanisms such as religious, cultural, tribal, ethnic and caste-systems. Here the logics are localised and culturally specific, representing local, cultural morals and value systems (Casson et al., 2010). Voids, however, also occur in these informal dimensions. Although they are more difficult to research as they are socially constructed and intangible, it is becoming increasingly important to understand formal and informal institutional voids together as they have a profound effect on the nature of social entrepreneurship (de la Chaux & Haugh, 2020; Webb et al., 2020).

3.1.2.2 Informal institutional voids

Informal institutional voids represent an absence or suppression of the informal institutions that support stable, efficient, and effective market activities and are defined as "the inability of norms, values, and beliefs and their localized representations to facilitate stable, efficient, and effective transactions" which contribute to the development of productive markets (Webb et al., 2020, p. 505). Environments where trust is low, or where cultural beliefs exclude people from participating in economic activity, are examples of informal institutional voids. Informal institutional voids are, therefore, wide ranging and heavily context

dependent (Mair & Marti, 2009; Webb et al., 2020). Informal voids are harder to identify as they can differ within a context, with differences occurring at community and country level. The informal voids identified here, are, therefore, not exhaustive, and can be seen to be overlapping and highly nuanced.

Trust is crucial in institutional environments where formal structures are weak. **A lack of trust** damages the effectiveness of business relationships and undermines the self-regulation which compensates for the lack of regulatory or contracting systems (Ebrashi & Darrag, 2017). In markets where there is limited legal protection such as Ghana (Amoako et al., 2020), Burkina Faso (Berrou & Combarnous, 2012), Madagascar (Fafchamps & Minten, 1999), Russia and China (Puffer et al., 2009), entrepreneurs rely on the trust and the solidarity networks they build, to offer and enforce agreements. In low-trust environments relationship development is stunted, deterring economic activity by undermining the value of collaboration and partnership. A lack of trust limits investments, increases the costs of transacting and enhances risk (Webb et al., 2020).

Social acceptance, hierarchy, elitism, and **social exclusion** are identified as separate voids, but relate to marginalisation and exclusion determined by inherent cultural and normative logics. If communities are closed, for example, to people who come from outside the characteristics of that community, it is difficult for outsiders to engage in entrepreneurial activity (Tracey & Phillips, 2011). It may be difficult, for example, for outsiders to own property, increasing their reliance on formal systems, where ‘insiders’ would rely on property privileges conferred through culture

or localised hierarchy (Puffer et al., 2009). **Social acceptance** is, therefore, an institutional void if it is not in place, as outsiders are excluded from the informal mechanisms that facilitate entrepreneurial activity. A separate, but similar void, described by Webb et al. (2020) is **Social hierarchy and elites** which is when inter alia, cultural elites, religious leaders, community or tribal leaders, circumvent and subvert norms and standards and provide preferential treatment in terms of access to beneficial networks, resources and rights (Webb et al., 2020). **Social exclusion** occurs when people are excluded based on characteristics such as age, race, gender, or their position in society (Webb et al., 2020). In a case study in Bangladesh, Mair and Marti (2009) observed how women and the extremely poor were institutionally excluded from participating in markets through a complex set of social relations, such as traditions, religious beliefs and governance structures. The continued exclusion of non-white people in South Africa from full participation in the economy (Webb et al., 2020) are scenarios of culturally entrenched exclusion. This exclusion, is embedded as social norms and values and results in isolation and discrimination through a lack of social acceptance (Conceição, 2019; Stats SA, 2019).

In this thesis, social acceptance, social exclusion and social hierarchy and elites are addressed as one void-type, as they all manifest as a deliberate or culturally institutionalised marginalisation.

The void **Restrictive Social Obligations** results when the accepted rules of that society deliberately favour the ineffective use of resources, or harmful practices, eroding the options available to entrepreneurs over time. A

deliberate aversion to innovative or new ways of doing things exists as they are considered a threat to the established 'way of doing things' (Webb et al., 2020). This "taken-for-grantedness", often endorsed by power or cultural structures, fails to question to an extent the rationality and appropriateness of these activities, and old ways persist (Oliver, 1997, p. 700).

The void **Social Support** results from poor networks which fail to compensate for weaknesses in the institutional system such as the capital market (Amoako & Lyon, 2014; Ebrashi & Darrag, 2017). Here for example, kinship and community connections are expected to compensate as a source of funding and financing (Ge et al., 2019). Networks are defined as the regular social relations of entrepreneurs, which facilitate access to resources and support entrepreneurial activity, enabling entrepreneurs to navigate uncertainty and the complexity of their environment. Exclusion occurs when there are gaps in the network structures (Berrou & Combarnous, 2012; Mair & Marti, 2009). Building on Granovetter's (1973) *strength of weak ties*, Berrou & Combarnous, (2012) write of the importance in African contexts of both external and close community networks used to overcome institutional voids (Ebrashi & Darrag, 2017). When access to diverse networks is weak, entrepreneurs are unable to mobilise the required resources, heightening the risk of entrepreneurship being constrained by its informality (Bruton et al., 2021).

This can also lead to **limited localised relational mechanisms** which Webb et al. (2020) describe as a tie committing entrepreneurs to community networks, excluding them from building on external opportunities as they

> are 'outside' the community. This reliance on internal, localised mechanisms is a risk factor, especially when shocks to the system, such as natural disasters or economic adversities arise. Although somewhat mitigated by social finance insurance mechanisms, if not in place, the vulnerability of the entrepreneur makes it difficult for them to recover and re-establish themselves (Webb et al., 2020).

In presenting the voids which occur in the formal and informal dimensions, the study shows both the presence and developmental impact of institutional voids. Voids undermine logics, which are then disparate, contradictory, irrelevant and meaningless and make it consequently harder for entrepreneurs to navigate (Serletis & Azad, 2020). Voids, therefore, independently and jointly, shape entrepreneurship in society and can be seen in the characteristics of an enterprise, and its entrepreneurial activity (Webb et al., 2020). Mair and Marti (2009) are, at pains to explain that institutionally void environments are not devoid of activity and are instead rich in other institutional arrangements, and legitimacy approaches, a view supported by this author. It is the position of this study that understanding legitimacy in such settings requires a finer-grained perspective, as it is through legitimacy that the organisations' 'success' can be viewed. The voids experienced by entrepreneurs directly affects the logics they align to and their legitimacy building processes: contexts with high formal voids are theorised as reliant on informal logics to legitimate and vice versa. Identifying institutional voids is therefore crucial to understanding logics and legitimacy approaches.

3.2. THE QUEST FOR LEGITIMACY

Legitimacy in institutional theory is the mark of success, bringing with it stability and certainty; an endorsement of the organisation, with resulting resources and support, trust and credibility (Scott, 2008; Suchman, 1995; Suddaby et al., 2017). It is described as a condition which reflects “cultural alignment, normative support, or consonance with relevant rules or laws” (Ruef & Scott, 1998, p. 879; Scott, 2008). It is a perception of trust and responsibility, of operating within the system. It results in continuity, credibility, persistence, meaning and social worthiness as the legitimate organisation is stable, credible, worthy and trustworthy, able to navigate environmental uncertainty (Bastedo, 2004; Friedman, 1970; Oliver, 1991; Scott, 2008). Organisations are legitimacy-seeking systems, open to and influenced by their environments, where actions are sanctioned if they are deemed “desirable, proper, or appropriate” within the socially constructed system of norms, values, beliefs, and definitions (Suchman, 1995, p. 574).

As discussed in the previous section, the formal and informal dimensions of institutional theory each have logics across the formal, normative, and cognitive pillars. If followed, these result in legitimacy (Battilana, Sengul, Pache, & Model, 2015; Pache & Santos, 2013; Scott, 2008; Smith, Gonin, & Besharov, 2013).

Legitimacy across the formal dimension is obtained through conformity to the logics of the formal pillar. This is done by operating within the rules often established by the state and enforced through legal or regulatory means. Adherence to the rules and sanctions for rule-breaking, creates an impression of trustworthiness and continuity culminating in increased resources and improved organisational outcomes (Kistruck et al., 2015).

Legitimacy across informal dimensions is conferred when there is agreement between the societal expectations of the organisation and the environment in which it operates. Conformity at the cognitive level is to tacit and implicit codified in the morals, values and cultural 'rules' that represent social acceptance. At this level, the organisation is taken for granted within its setting, a trusted part of the day-to-day, embedded in the environment and an accepted part of it (Bitektine, 2011; Mitteness et al., 2013). In reflecting cultural logics, the organisation creates a certainty of what it is and represents, and embodies a continuity of thought and action that builds individual and organisational trust (Amoako, 2019; Saebi et al., 2019; Shepherd & Zacharakis, 2003).

Legitimacy at the normative level blends elements of the regulatory and cognitive dimension. Here general values, norms, and beliefs about acceptable types of behaviour are codified by intermediary or representative entities such as professional societies which delineate roles and expectations for specific groups (Puffer et al., 2009). Consequently there is an obligation to comply, that is rewarded through certification, accreditation or training (Scott, 2008).

Conformity to logics is central to gaining legitimacy. Organisations adapt to their social environment to gain legitimacy in the same way that they also adapt to their economic environment to gain material resources. Thus, legitimacy, is an outcome of ongoing adaptations, which maintain congruence between the norms and values of the organisation and the norms and values of the institutional environment (Suddaby et al., 2017)

There are three dominant approaches to how legitimacy is gained by organisations in the literature: Legitimacy as Property, Legitimacy as Perception and Legitimacy as Process.

The prevailing view is that of Legitimacy as Property, when legitimacy is the outcome of a process which indicates a symmetry between the organisation and the institutional environment. The organisation is connected to the institutional environment, to which it has a binary "dyadic" relationship, and from which it draws cues on what to conform to, and how (Egholm et al., 2020, p. 3). The legitimacy which accrues is described as a commodity, an asset or resource that is held, and lost (Ruef & Scott, 1998; Suchman, 1995; Suddaby et al., 2017). Legitimacy, as Property, is hampered by a limited focus on agency and bottom-up approaches. Moreover, it has limited application in environments that are unpredictable or constrained (Egholm et al., 2020).

Legitimacy as Perception is built from a process of 'legitimacy judgements' as to what is appropriate, made by evaluators at both individual and collective levels of analyses (Suddaby et al., 2017). Judgements at the individual level reflect propriety, a conformity to personal or cognitive judgements of that which is accepted. Collective level judgements are drawn from a more generalised societal consensus regarding what is acceptable. Collective judgements are regarded as more valid, whilst individual judgements (which can differ from the collective position), may or may not be appropriate. (Tost, 2011). Legitimacy as perception is, therefore, highly subjective, focused on how organisations are perceived to comply with rules of acceptable behaviour. Legitimacy here has commodity-like characteristics in that it can be acquired and lost, but there is an emphasis on

agency, in that individuals influence how the organisation is viewed (Bitektine, 2011; Bitektine & Haack, 2015; Suddaby et al., 2017).

Legitimacy as Process places legitimacy as an ongoing interactive and transactive process of negotiation involving multiple participants across numerous dimensions. Legitimacy is not a static or stable condition, and the focus is on the actions needed to achieve legitimacy, rather than the outcome of that process. Legitimacy as Process requires a high degree of personal agency, with continuous efforts by the entrepreneur and the organisation, to influence perceptions across macro-, meso- and micro- structures (Suddaby et al., 2017). There is no single set way to achieve legitimacy through the process-view. Instead, it is built through an infinite range of relations, activities and practices which are co-created and contested (Suddaby et al., 2017).

These three approaches have been criticised for not fully explaining how organisations, especially social entrepreneurship organisations, approach legitimacy in institutionally void environments. In particular, little is known about the role of individual agency (Egholm et al., 2020; Suchman, 1995; Suddaby et al., 2017) especially if what is legitimate is determined by local norms and practices (Titeca & Flynn, 2014), the consequent value (if any) of being local (Molden et al., 2017; Suchman, 1995), and the strategies adopted in institutionally void environments where logics are complex and contradictory (Amoako & Lyon, 2014; Ebrashi & Darrag, 2017).

Needless to say, legitimacy in institutionally void environments remains a developing and at times contradictory discussion, as is understanding the means and methods through which it is conferred (Oliver, 1991; Scott, 2008). This is true

for entrepreneurially focused studies and is exacerbated in the more niche study area of social entrepreneurship. An emerging framework, however, developed by Egholm et al. (2020) builds on the legitimacy as process approach, and gives consideration to the effect of the institutionally void environment on social organisations. This framework builds on the understanding that legitimacy is constantly re-negotiated, as it responds to localised logics and relationships (Titeca & Flynn, 2014). In this ever-changing environment the role for trust as the glue, through which legitimacy is framed, is amplified (Amoako, 2019).

3.2.1. Legitimacy as Relations in Process

Egholm et al., (2020) write that the predominant view of legitimacy as gained through property, perception and process, fails to accommodate the legitimacy-building realities for social entrepreneurship organisations that operate at a local level, in institutionally void environments. Building on the legitimacy as process approach, they propose *Legitimacy as Relations-in-Process*. Here the authors describe legitimacy building as an evolving, and constant process, developed from power-with, rather than power-over relationships. In this approach, social entrepreneurship organisations, must be embedded in the areas they serve, attuned and responsive to the contexts within which they operate. If this is achieved, organisations are able to continuously evaluate and evolve their value within that context, responding as is needed to local logics and in so doing, gain legitimacy. This is evidenced in a “power-with” relationship with the community they serve, as the act of entrepreneurship draws from cultural, economic and political logics, without being constrained by them (Egholm et al., 2020; Egholm & Kaspersen, 2020).

This process of legitimacy building, is consequently highly relational, constituted in efforts to balance changing contexts and disruptive situations on a daily basis. In such an environment, relationships are needed to manage the ambiguity of the work, and the contexts of constraint (Egholm & Kaspersen, 2020, 2021). Legitimacy as relations-in-process relies on networks through which entrepreneurs are able to access opportunity, transact and sanction; and a localness, which provides the tacit permissions and flexibility necessary for the entrepreneur to operate. The inherent variability of work conducted by social entrepreneurship organisations as they respond to the complex and contradictory environment, is, therefore, a source of legitimacy (Egholm et al., 2020; Egholm & Kaspersen, 2021).

This variability results in a blurring of boundaries for social organisations as they operate across boundaries of state, market, and civil society. This hybridity of action transfers to legitimacy approaches which are unlikely to have fixed boundary conditions, because of the need for flexibility and boundary crossing. Academic understanding of how social entrepreneurship organisations develop their legitimacy is being reconfigured, as researchers call for greater fluidity in studies, whilst encouraging studies that focus on the moral, cultural and civic components of legitimacy building (Egholm et al., 2020; Egholm & Kaspersen, 2021).

3.3. BRIDGING THEORY AND CONTEXT

Table 3-1 summarises the literature on the difficult market context and institutional theory and summarises how each has influenced the framing of this study.

Table 3-1: Summary of literature: The difficult market and institutional theory discussions, and their influence on the study

	South African Literature	Difficult Market Literature Review	Institutional Theory Literature Review	Application in this Study
Nature of context	Described as institutionally void, with a regulatory environment that is inaccessible to micro entrepreneurs.	Described as institutionally void, especially in the formal-regulatory pillar, which is described variously as weak, poorly enforced, irrelevant.	Institutionally voids occur when there is a misalignment between formal and informal dimensions. The type and extent of voids is dependent on context.	Identifying what voids are experienced helps gauge which logics they are likely to conform to, and how they approach building their legitimacy.
Influence of institutional environment	The country's poverty and inequality increase likelihood of informal orientation for entrepreneurs. Rural, peri-urban enterprises are	Organisations are shaped by institutional environment. In difficult markets, there is a high orientation to informality – organisations are micro in	Entrepreneurship is shaped by the institutional environment within which it functions. Institutional voids constrain entrepreneurship.	Insights can be drawn on the institutional environment by understanding organisational characteristics.

	micro, financially insecure, and informal in nature, responding to local, tribal, or ethnic logics.	size, local in nature, and operate outside of the regulatory system.		
Conceptualisations of legitimacy	Research is limited on how organisation operate locally. Organisations are highly local, community focused.	Organisations rely on trust, relationships, and the benefits of being local to navigate difficulties.	Legitimacy is conceptualised as perceptions of worthiness, trustworthiness, credibility, and acceptance.	The study uses conceptualisations of trust as a means through which to gauge legitimacy.
Legitimacy/trust building approaches	Studies are limited, but organisations are mostly registered, local and community centred.	Organisations build trust through relational approaches, such as networks and trust-building processes described as Relational Agency.	Organisations build legitimacy by conforming to formal-and informal logics. Formal logics conform to the regulatory pillar, whilst informal, especially cognitive logics conform to cultural, indigenous ways of doing things.	A model of institutional hybridity is proposed, where social entrepreneurship organisations blend formal- and informal logics in efforts to build Trust.

		Organisations also align with the regulatory system as it suits them.		

Based on these streams of literature, the following conclusions are drawn:

Owing to the difficult market context, the role of trust becomes amplified for entrepreneurs as they seek legitimacy (Amoako et al., 2020; Kerlin, 2017; Lyon, 2000; Shockley et al., 2016; Troilo, 2010; Welter & Smallbone, 2006). Theoretically, trust is a dimension of legitimacy bringing credibility, worthiness, and trust worthiness. But practically, in the difficult market context it is an essential phenomenon, at the heart of co-operation, reciprocity and the collective action that is needed to resolve social dilemmas (Ostrom, 2010). Trust represents social acceptance and credibility, and is an outcome achieved through a multiplicity of actions (Amoako, 2019; Lyon, 2000). It is through trust that entrepreneurs are able to navigate weaknesses in the system, as successful and sustainable cooperation must be built on a foundation of trust and reciprocity (Walker & Ostrom, 2009). Recognising the importance of trust, entrepreneurs adopt trust building strategies to help them develop the legitimacy especially at a localised level, which is needed to navigate the difficult market environment. Amoako and Lyon (2014) show how Ghanaian entrepreneurs avoid the courts due to the weaknesses of the legal systems and instead rely on the trust and credibility held in indigenous institutions, such as trade associations, to resolve disputes and enhance trade. In Uganda, legitimacy is a process rather than a fixed reality, dependent on localised perceptions of what is right (Titeca & Flynn, 2014). In these environments, it is the entrepreneurs' networks, relationships, and everyday trust-building activities that give them the credibility needed to leverage the authority of their networks, and to access the resources and opportunities that result (Welter & Smallbone, 2011).

Further, everyday trust-building activities, affirm to their community the entrepreneurs' accountability and credibility, through processes that are relational and driven by an individual agency labelled as Relational Agency (Amoako, 2019; Amoako et al., 2020; Lyon, 2000). What these actions are, is determined by the context and include actions which demonstrate credibility through honesty, resolving conflicts, making and keeping promises and commitments, and being efficient and effective in operations (Amoako et al., 2020; Drakopoulou Dodd & Anderson, 2007; Lyon, 2000; Villena et al., 2011). Lyon (2000) and Amoako et al. (2020) detail the highly normative extent to which entrepreneurs build trust, through gifts and family support, accepting invitations to attend graduations, weddings and funerals. The quote from Amoako et al. (2020 p. 17) captures the sentiment of how deeply ingrained trust is to the entrepreneur: "After some time we get to know each other better and we become like a family".

The need to build trust also amplifies entrepreneurs' dependence on a diversity of networks which connect them to opportunity, and facilitate transactions (Amoako & Lyon, 2014; Barr, 2002; Putnam, 1993). In aligning with different networks, entrepreneurs are further able to foster the relationships which facilitate transaction and enforcement.

These normative approaches help the entrepreneur navigate the difficult market context, with its constraints and instabilities, resulting in the trust crucial to their survival (Barr,

2002; de la Chaux & Haugh, 2020; Fafchamps & Minten, 1999; Webb et al., 2020).

3.3.1. Linking Trust and Legitimacy

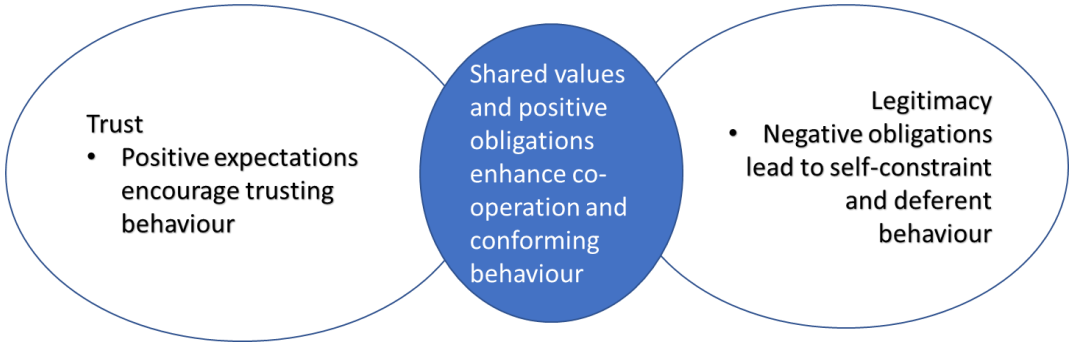
The above examples show how entrepreneurs in difficult market contexts blur boundaries between formal and informal dimensions, aligning and complying with the appropriate logics that build legitimacy. These logics are highly localised, flexible, and consequently highly relational requiring a flexibility of action from the entrepreneur that demonstrates their responsiveness; that can only be achieved through an embeddedness in their locale. As a result, legitimacy cannot be studied without an appreciation of the context, as it is this that determines the logics (Boettke & Coyne, 2009).

Trust emerges as a golden thread through which to understand these broad, hard-to-define phenomena such as legitimacy, social entrepreneurship, and context. Shockley et al. (2016) bemoan the lack of definition for legitimacy, whilst acknowledging that a critical component of it, is institutional trust, which drives behaviour of consent and compliance. According to Amoako (2019), trust enables entrepreneurs to access the critical resources they need to function. The entrepreneur therefore devotes substantial time to building trust, recognising the positive returns it brings (Amoako, 2019; Walker & Ostrom, 2009). As Ostrom (2008 p.8) outlines, it is no longer controversial to consider the role trust plays in addressing social dilemmas, to recognise its role in the “common language” individuals need to navigate these social situations they find themselves in; and importantly, its role in agreeing the rules around which people conform.

Trust and legitimacy are conceptually different, but overlap when shared values and positive obligations enhance co-operation and behaviour (Shockley et al. 2016). Summarised in Figure 3-2, Shockley et al. (2016) describe trust as a

mechanism through which common logics are agreed and, hence, as a crucial component of legitimacy. Legitimacy in turn reinforces trust, as it transfers authority to conformity to those logics. The two concepts overlap by identifying and bringing credibility to shared values, actions, and behaviours around which co-operation occurs.

Figure 3-2: a conceptual model of trust and legitimacy, adapted from Shockley et al. (2016)



According to Ostrom (2008), when humans learn to value trust it becomes a fundamental norm around which individuals organise their lives. In doing so, trust establishes the logics which people conform to (Ostrom, 2008) and underpins the systems through which these norms are consented to and enforced (Shockley et al, 2016). In this way, trust enhances legitimacy, and as such, is considered essential to how legitimacy is established, especially in difficult market contexts where there is an amplified reliance on local logics and systems. This amplification is particularly pronounced for social entrepreneurs, where legitimacy is dependent on social outcomes, often derived from a localised context (W. K. Smith et al., 2013). Legitimacy is therefore highly normative, realised through conformity to the

common logics that are developed as a result of trust, and sustained through activities that are focused on trust-building, which reinforce these logics. Consequently, in this study, legitimacy is measured through perceptions of trust; and trust building through activities that have trust as an outcome.

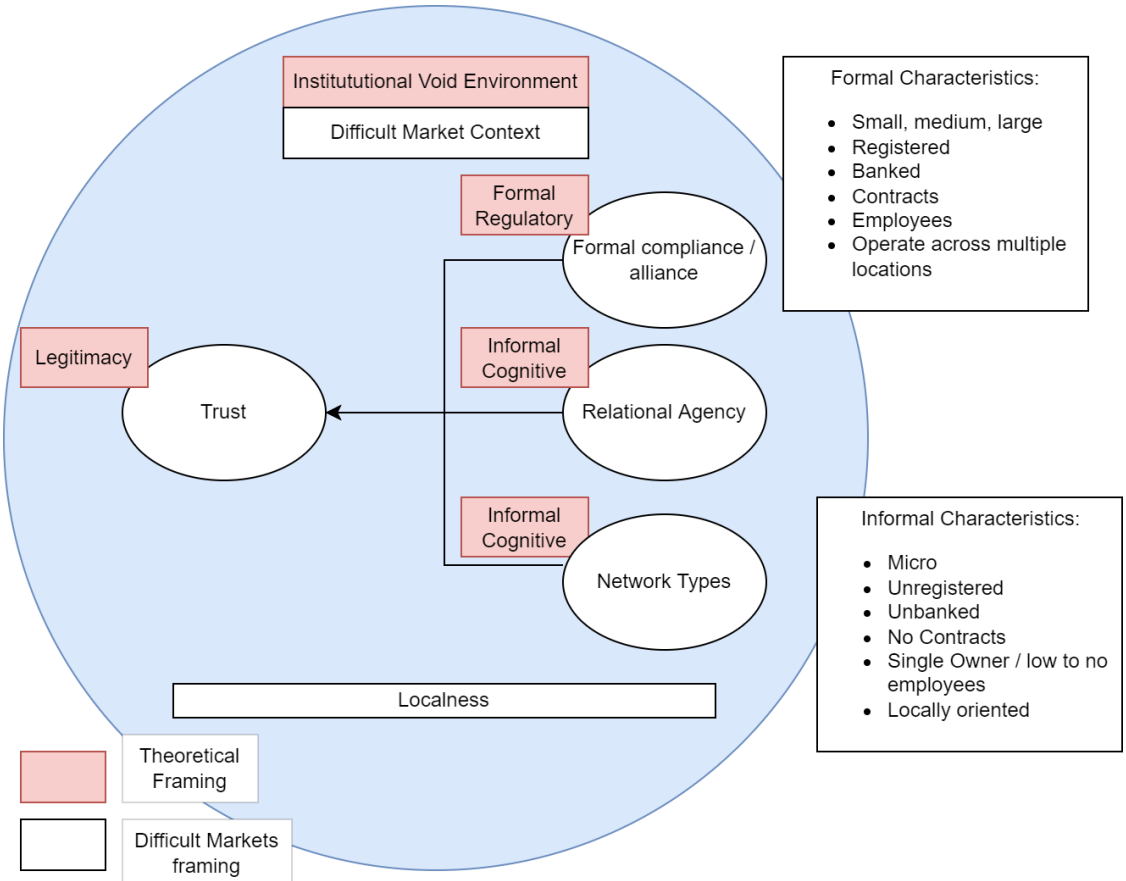
3.3.2. Developing a Conceptual Model – Formal and Informal Approaches to Building Trust and Legitimacy

The assumption of the study is that social entrepreneurship organisations, which by definition operate in environments of institutional failure in that they are set up to respond to market and state failures (Santos, 2012), adopt similar approaches as micro-entrepreneurs in the difficult market context.

It is expected then that they navigate the institutionally void environment by drawing on informal cognitive systems, which they are likely to be closely aligned to, because of the localised, community-focused nature of their work (Egholm, 2021). Relational roles are amplified, and it is likely that relational agency which orientates around trust-building and network-building activities, together with local knowledge, are valuable approaches to social entrepreneurs, as they build trust and, consequently, legitimacy. These entrepreneurs use their local position as a means of gathering knowledge and know-how which enables them to navigate the institutional system.

Figure 3-3 visually describes how the difficult-market context and the theoretical lens of institutional theory, with its outcome of legitimacy through processes of trust, merge in this study.

Figure 3-3: Bridging of theory and context - the institutionally void, difficult market context



To verify the conceptual model empirically requires a research environment where formal and informal dimensions can somehow be isolated and in so doing, understood. This requires a contextually varied sample group, which would indicate a myriad of localised logics. Because of the spatial nature of its inequality, poverty and diversity in culture, South Africa was deemed a suitably diverse context of investigation.

CHAPTER 4. INTRODUCING THE SOUTH AFRICAN CONTEXT

South Africa was selected as the country of study as it is culturally and linguistically diverse which implies varied informal-cognitive logics; whilst being a single country context which ensures that there is a national regulatory logic that all entrepreneurs are bound to. Furthermore, it has distinct poverty dynamics which manifest spatially. Poverty is measured across multiple dimensions that mirror the institutional context. If a sufficiently diverse sample group can be reached, insights can be gained from social entrepreneurs working in very different poverty contexts.

In 1994, South Africa formally ended the system of apartheid, with its first democratic election. However, centuries of deliberate exclusion had created a "pernicious inequality legacy at every dimension of wellbeing", which continues to be unresolved (Stats SA, 2019, p. 10). The country is one of the most income-unequal in the world, on both the GINI Index[1] and Palma ratios[2] (Stats SA, 2019; The World Bank, 2020). And South Africa, despite being classified as a middle-income country, has persistent poverty which mirrors its inequality in that it is evident along spatial (i.e., geographic), racial and cultural dimensions (Stats SA, 2019). The picture of poverty that emerges is that of chronic, multi-generational poverty which is experienced predominantly by black women, living in rural areas (Fransman & Yu, 2019; Sulla & Zikhali, 2018). South Africa's contradictions mirror

[1] South Africa reported a consumption expenditure Gini Coefficient of 0.063 in 2014, having increased from 0.61 in 1996 (The World Bank, 2014)

[2] The Palma Index analysis is based on the Global Monitoring Report 2015, 2016; and is available at http://datatopics.worldbank.org/gmr/palma-index.html

the complexities of the difficult market context, and it is variously described as an emerging or developing country context (Dhanaraj & Khanna, 2011; Sengupta et al., 2018; Urban & Kujinga, 2017). Two characteristics of the institutional environment, poverty, and inequality, are explored here, as they directly influenced the country's selection as the context of study, and so have a bearing on the sampling strategy, discussed in Chapter 6.

4.1. INTRODUCING THE INEQUALITY CONTEXT IN SOUTH AFRICA

Inequality is described by the United Nations as the state of not being equal, especially in status, rights, and opportunities. It reduces people's capabilities to exercise their freedoms and do what they aspire to in life (Conceição, 2019).

Inequality in South Africa is extreme, with income-index measures the GINI co-efficient and Palma Ratios ranking South Africa in the top three of the world's most unequal countries (Stats SA, 2019; The World Bank Group, 2015).

Peculiar to the South African environment because of apartheid's physical separation of people by race, is the unequal distribution of economic activities and social welfare outcomes along these historic spatial lines. The South African statistics agency, Stats SA, measures the resultant inequality across multiple-dimensions such as gender, race, social mobility, access to social services, asset wealth, labour and economic inequality providing empirical, longitudinal data that describes the phenomenon (Stats SA, 2019; Sulla & Zikhali, 2018).

Based on this data, inequality clusters can be seen at a local level and are empirically matched to spatial clusters of poverty (Sulla & Zikhali, 2018). For example, an estimated 40% of the population lives in rural areas where economic

activity remains limited and households experience persistent deprivation (David et al., 2018). These rural districts have poorer access to social services such as health care and education, and are economically disadvantaged through, for example, distance to markets, and poor physical infrastructure. The multi-dimensional poverty index for South Africa supports this spatial pattern of inequality, with high levels of multidimensional poverty in predominantly rural areas (Sulla & Zikhali, 2018). The people worst affected, are those residing in the country's former black homelands who are described as "particularly badly off," and highly prone to the socio-economic deprivations which drive contemporary poverty (David et al., 2018, p. 25). The provinces which incorporated the former homelands - KwaZulu-Natal, the Eastern Cape, Limpopo, Free State and the North-West - experience some of the country's worst poverty and inequality (David et al., 2018).

Inequality in South Africa, is therefore, closely associated with poverty, although the connection is not causal (Stats SA, 2019). Instead, inequality correlates with multiple measures of social problems; including health problems, mortality, crime and substance abuse. It is argued is that the psycho-social stressors that are heightened due to high levels of inequality lead to a systemic breakdown in the social structure, compounding effects such as poverty (Stats SA, 2019).

4.2. INTRODUCING THE POVERTY CONTEXT IN SOUTH AFRICA

South Africa has struggled to meaningfully address poverty rates, which remain high for a country with a high-human development categorisation (UNDP, 2020a). It is presented as a "real and violent problem," a power imbalance which perpetuates vulnerability, and represses freedoms (Davie, 2015a, p. 279).

The country's different contextual and cultural realities make poverty hard to define and measure. From a subjective perspective, poverty is understood through perceptions of deprivation as 'compared-to-others,' whilst objective measures rely on absolute approaches such as quantifiable poverty lines typically measured by income. The lack of consistency in measurement evident in this subjective-objective duel, has resulted in tension between "statistics and stories" approaches, and a lack of definitive meaning and understanding in the country, of what poverty is (Davie, 2015b, pp. 14, 282).

Multi-dimensional measures of poverty are increasingly used to counteract this dissonance in measurement. An empirical approach measures deprivation across three social and economic dimensions: health, education and living standards (Alkire et al., 2021). In South Africa, the multi-dimensional poverty index (MPI) published by Fransman and Yu (2019) was the most up to date at the time of study. It combines census data (2001 and 2011) and two community survey data sets (2006 and 2016) and provides a longitudinal analysis of poverty across three dimensions, namely health, education and living standards. The MPI analysis accommodates both the poverty headcount, the proportion of the population that is poor, and the deprivation the person experiences, with results presented at the local (district) level of administration. Furthermore, it includes an index, used in this study, which ranks the districts from the most poor to the least poor (Fransman & Yu, 2019). This is useful, as it allows local, district-level comparisons based on geographic data.

Overall, South Africa has seen declines in poverty since 1994, although rural poverty remains significantly high (Fransman & Yu, 2019; Sulla & Zikhali, 2018).

Poverty continues to mirror the spatial clustering of inequality, and rural areas have a larger share of chronically poor populations than other parts of the country (Hundenborn et al., 2018; Ozler, 2007; Stats SA, 2019; Sulla & Zikhali, 2018). This is affirmed in the MPI index where the country's urban metropoles are included in the upper rankings, assessed, and described as 'least poor' in that they have the lowest levels of deprivation.

4.3. IMPACT OF POVERTY AND INEQUALITY ON ENTREPRENEURSHIP

Globally, entrepreneurship in poor areas is characterised by informality, where enterprises operate outside of the regulation and protection of the state; the 'shadowy zone' described by Bruton (2012, p. 1), which represents insecure, unstable and unprotected employment (Rogerson, 2016). Informal economic activity, however, is both ubiquitous and essential to the livelihoods of poor people, and is typically small-scale (Bruton et al., 2012; Mair et al., 2012; Surender & Van Niekerk, 2008).

Micro-enterprises comprising fewer than ten people and representing the majority of entrepreneurial activity in poor areas, have traditionally been demonised by the South African government. Self-employment in the informal economy was strongly discouraged by apartheid legislation, and informal, micro-enterprise work was presented as criminal, deviant and unproductive (Dawson, 2021). Consequently, the micro-enterprise sector is regarded as the antithesis to the stability and prosperity associated with formalisation. The footprint of micro-enterprises in South Africa, then, remains strongly patterned and shaped by apartheid and its spatial legacy, occurring in the country's townships, or rural and peri-urban areas (Neves & Du Toit, 2012). .

Entrepreneurs in poorer areas are, therefore, at the lower end of receiving government support, which at its very best, is very poor already, presenting a vivid example of how poverty and inequality amplify an already difficult operating environment (Rogerson, 2016). These organisations have fewer opportunities and thus experience minimal support in terms of their entrepreneurial activity, which perpetuates poverty and inequality (Neves & Du Toit, 2012). The poverty context therefore affects the entrepreneurial activity.

South Africa is often described as a dual economy, with an established formal enterprise sector that functions alongside a large informal sector, which again has very clear spatial boundaries (Holt & Meldrum, 2019; The World Bank, 2020). The consequence of the dual economy is different logics, with established, formal enterprises governed by regulation such as the King Codes of Governance which is internationally recognised, (King Commission, 2009); whilst the logics that govern micro enterprises tend to be less formal. Here the formal institutional environment is considered to be unsupportive. Micro-enterprises struggle to access finance, information, and support, which results in survivalist enterprises that struggle to sustain themselves. South Africa's micro-and small enterprise sector is estimated at 5.7million enterprises of which only 14% comply with formal mechanisms (IFC, 2018). The spatial distribution of poverty in South Africa broadly mirrors data on South Africa's formal and informal enterprises (*FinMARK Trust*, 2016; IFC, 2018; Stats SA, 2019), and so presents an opportunity to explore social entrepreneurship in a context of poverty extremes, and in so doing, gain insights into the "institutional bits and pieces" that complicate contextual research (Mair et al., 2012, p. 819).

In studying social entrepreneurship across this varied poverty domain, insights can be drawn on the interplay of context on entrepreneurial efforts. Therefore, the value of South Africa as a research context is that its inequality equates to variation, which results in extremes in poverty realities, which is evident spatially, but within a single country system where entrepreneurs are bound to the same nationally established rules and regulations. Moreover, entrepreneurs are also being guided by their local context, with its influences from community and culture. The cultural context in South Africa is also diverse, with eleven languages, and very varied tribal and cultural structures, distributed along spatial lines (Dawson, 2021).

Theoretically, the country is described as emerging and developing (The World Bank, 2020; Urban & Kujinga, 2017) and is described as institutionally void, and so is included in this studies broad conceptualisation of difficult markets. This should result in organisations responding to formal and informal cues from the institutional environment. Understanding social entrepreneurship in the South African environment, in the first instance, will allow insights into how social organisations are affected by and respond to, their context.

4.4. LITERATURE REVIEW – SOCIAL ENTREPRENEURSHIP IN SOUTH AFRICA

4.4.1. Introduction

A literature review was conducted to identify the universe of knowledge regarding social entrepreneurship in South Africa at the time of the study. This was an important step to identify not just research gaps, but to confirm the country's selection as the focus of the study. The literature review captures all academically

published information between 2008 and 2021, showing the growing interest in the subject, particularly as a means of addressing inequality and poverty. Research output, however, lacks substance on the effect of context on social entrepreneurship, and 98% of studies frame social entrepreneurship within the western perspective, despite a definition having been proposed and adopted in 2009 and 2019 within South Africa (ILO, 2021).

4.4.2. Methodology

A literature review is a systemic way of collecting and synthesising existing scholarship and consequently uncovering areas where more research is needed (Snyder, 2019). As recommended by Levy and Ellis (2006) when studying emerging fields, literature reviews should include academic articles including cited practice-led reports and White Papers which have influenced the development of the field. A comprehensive literature review should have depth and rigor, with the method described so that it is replicable, and useful to both scholars and practitioners (Snyder, 2019).

The goal of this literature review was to answer the question: “What do we know about social entrepreneurship in South Africa?” This broad question, typical of an integrative review of a new and emerging topic, acted as a starting point to evaluate ‘the state of knowledge’ currently. Recognising the difficulty in identifying all published literature, the goal was to identify primary ‘grey’ and academic publications, and in doing so, synthesise what is known in the field. This was then analysed chronologically, to demonstrate the evolution of the field, its primary topics of discussion and research gaps.

For this literature review, published articles, chapters and books were identified by searching Google Scholar and the University of Pretoria and KU Leuven library academic databases. Both university libraries have subscriptions to the primary academic publishers such as Springer, Emerald and JSTOR, and databases such as EBSCOHOST, WORLDCAT and ProQuest, including African Scholarly databases to which the University of Pretoria specifically subscribes.

The search string "'social ent*' and 'social enterpr*'and 'South Africa,'" were used, and an 'all fields' search conducted.

This ensured that the phrases 'social enterprise', 'social entrepreneurship' and 'social entrepreneur' were included. Publications that did not mention social entrepreneurship, social enterprise, or other similar variations of the phrase, or did not relate to South Africa were excluded. Studies that focused on the non-profit sector and civil society were considered and included in the analysis only if they related to the wider institutional context or referenced social entrepreneurship.

Results were then manually filtered to publications which specifically focused on social entrepreneurship in South Africa. These were then collated chronologically, to help identify patterns or themes.

In all, 37 articles, chapters, books, and reports on social entrepreneurship in South Africa, were identified as is shown in Table 4-1.

The first peer reviewed, academically published article relating to social entrepreneurship in South Africa was authored by Urban in 2008, and published in the International Journal of Entrepreneurial Behaviour & Research

Around this time the conversation was also emerging in practice: The book *From Dust to Diamonds, stories of South Africa's Social Entrepreneurs* was published in 2007, the International Labour Organization (ILO) curated research and dialogue on social enterprise from 2008, and in 2009 the African Social Entrepreneurship Network (ASEN) was founded.

Prior to the 2008 milestone set by Urban, the focus of publications was on scoping and identifying the characteristics of the non-profit and co-operative sector. A sizing and scoping study conducted in 1998-1999 as part of the global civil society initiative led by Johns Hopkins University is pivotal, and measures the total number of non-profit organisations in South Africa at 101 289 (Swilling & Russell, 2002). The collapse of apartheid in South Africa is another prominent theme, which is credited to social movements and civic action (Ballard et al., 2005). The declines in funding for non-profit organisations which followed democratic elections in 1994, and changes in how foreign aid was directed, in line with international agreements (O'Riordan, 2010; OECD, 2010), framed multiple articles on the financing of social good (Deloitte Gap Consortium, 2009; Husy, 2005). Civil society organisations were deemed to "feel the pinch," (Ranchod, 2007, p. 8), a constraint which was aggravated by the global financial crisis of 2008 (Wyngaard, 2010). This sustained funding crisis resulted in growing interest in how non-profits were funded and financed, and it is from this that the discussion on first, enterprising non-profits and then, social entrepreneurship evolved (Fury, 2010; ILO, 2009; Krige, 2016; Moss, 2012).

The year 2008 then emerges as a start point for this literature review as it is when these narratives combine, academically with the first peer review article published

(Urban, 2008), and the curated research initiated by the ILO (ILO, 2009; Moss, 2012).

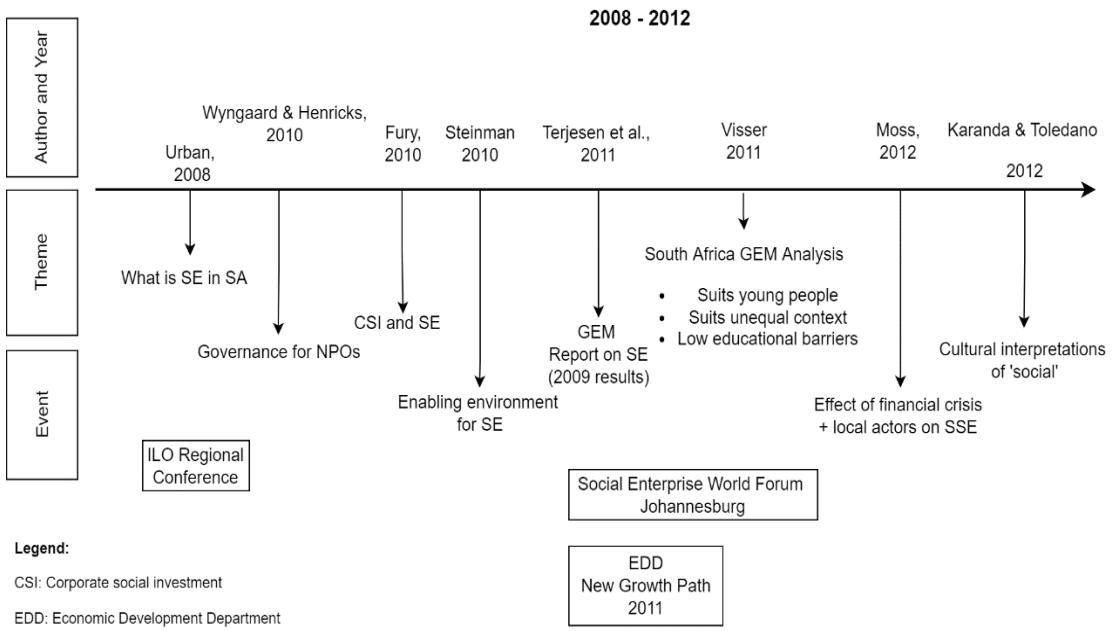
This literature review is organised in periods, from 2008 to 2012, 2013 to 2016, 2017 to 2019 and 2019 to 2021.

Table 4-1: Summary of South Africa-specific, social entrepreneurship literature (2008–2021)

Year Published	Number of Publications	Percentage of Total Publications(n=37)
2008	1	3%
2009	0	0%
2010	2	5%
2011	3	8%
2012	2	5%
2013	1	3%
2014	1	3%
2015	5	14%
2016	2	5%
2017	5	14%
2018	4	11%
2019	7	19%
2020	2	5%
2021	2	5%
Total	**37**	

4.4.3. From 2008 to 2012

Figure 4-1: Timeline of social entrepreneurship publications, themes, and events, 2008 - 2012



Urban (2008) is the first academically published author on social entrepreneurship in South Africa. His paper advocates the importance of the model, recognising the employment prospects it offers to young people, particularly those who are labour-market inactive. He argues the need for social entrepreneurship, flagging the slow collapse of the non-profit sector in South Africa which is underfunded. Additionally, there are promises made by government to provide services, which do not

materialise. Government institutions, labelled as “unresponsive, ineffective and inefficient” (Urban, 2008, p. 347) exacerbate this collapse further.

In 2009 a regional Social and Solidarity Economy (SSE) conference is hosted in Johannesburg. Here the definition of the SSE widely used by the International Labour Organization (ILO) is proposed and adopted (Borzaga et al., 2017), as is a definition for social enterprise, which is defined as addressing “social problems through a financially sustainable business model where surpluses, if any, are mainly reinvested for that purpose” (Fury, 2010, p. 5). In 2009, three university interventions evolve including the Social Entrepreneurship Certificate Programme through the business school of the University of Pretoria as well as the Centre for Social Entrepreneurship at the University of Johannesburg, dedicated to developing social entrepreneurship in South Africa (Littlewood & Holt, 2015). The founding of a social innovation centre at the Business School of the University of Cape Town is conceptualised, and launched in 2011 (Bertha Centre - UCT GSB, 2017).

Fury (2010) finds social entrepreneurship a novel and ill-understood concept in South Africa. There is, nevertheless, a compelling argument in that it brings lasting social impact by financing and addressing social need. One of the greatest barriers to developing social entrepreneurship is the lack of an agreed definition, despite the proposals of the ILO 2009 conference. The author argues that the term “social entrepreneurship” is used interchangeably with terms such as non-profit, civil society and non-governmental organisations which creates confusion. Furthermore, there is no “reliable database for the identification of role players working in the sector” (Fury, 2010, p. 6). This theme is echoed by Steinman (2010)

who seconds calls for a national database of social enterprises and an agreed definition.

In the interim, the Global Entrepreneurship Monitor (GEM) has conducted its annual study, which in 2009 included social entrepreneurial activity with South Africa a country of study (Terjesen et al., 2012). The results are officially published by GEM in 2012 but contextualised by Visser (2011) who describes the role social entrepreneurship can play in the country. Visser finds that this model should work because of the country's high inequality rate. The argument is that wealthy people are still connected and exposed to the reality of poverty, and are consequently, motivated to address it. Visser (2011) finds that social entrepreneurship has low educational barriers to entry and is therefore appealing to young people across race groups (Terjesen et al., 2012; Visser, 2011).

Wyngaard and Hendricks (2010a) write of the emerging conversation on social entrepreneurship in South Africa, in a government commissioned report on governance practices for non-profit organisations in South Africa. The authors recommend that non-profit organisations pursue business activities, but caution that the core function must remain social. Steinman (2010) summarises the enabling environment for social entrepreneurship, emphasising the need for a definition to support the development of policy. Steinman's (2010) report finds that there is political interest yet emphasises that greater commitment is needed at the regulatory and legislative level if the barriers, such as access to finance, are to be meaningfully addressed.

In 2011, the Social Enterprise World Forum is hosted in Johannesburg, described by Moss (2012, p. 36) as a "tipping point." In the same year, the extent of

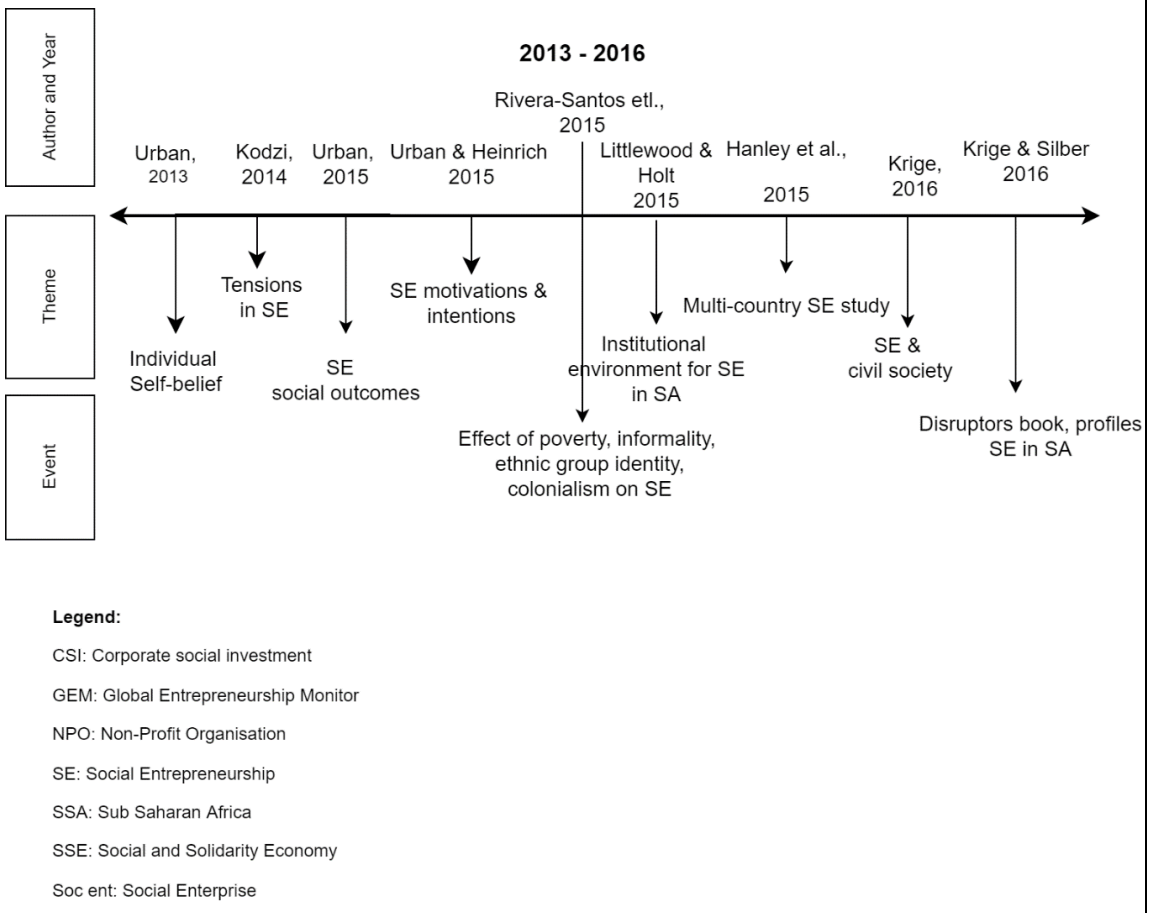
underfunding of the non-profit sector is highlighted by Budlender et al. (2011), who expose the lack of government financing of child-protection services, which is a statutory obligation. Instead, services are provided by non-profit organisations, who are critically underfunded. This accelerates the discussion on new funding models for socially-oriented work. Social entrepreneurship is increasingly regarded as an opportunity to enhance social outcomes, whilst promoting inclusion and job creation, and it is included in the governments vision for economic and social growth, titled The New Growth Path (2011).

Moss (2012) finds that this growing interest in social entrepreneurship is also amplified by the financial collapse of 2008, and frustrations with the big-business, big-government approach of the neo-liberal system. The finding is that social entrepreneurship in South Africa has grown largely because of the work of a few actors ranging from universities, international agencies to practitioner bodies such as Ashoka and the African Social Entrepreneurship Network (ASEN).

At this time, Karanda and Toledano (2012) introduce a sociological view, addressing local interpretations of the word 'social' and how this is shaped by context. Findings are that interpretations of social entrepreneurship in South Africa are culturally and geographically different. They motivate for local-level, contextually diverse research of the phenomenon, which captures the co-operative relationships generating social value. This article explains the complexity of the South African context, and proposes why a definition remains elusive.

4.4.4. From 2013 to 2016

Figure 4-2: Timeline of social entrepreneurship publications, themes, and events, 2013 - 2016



Legend:

CSI: Corporate social investment

GEM: Global Entrepreneurship Monitor

NPO: Non-Profit Organisation

SE: Social Entrepreneurship

SSA: Sub Saharan Africa

SSE: Social and Solidarity Economy

Soc ent: Social Enterprise

The literature from 2008 and 2012 is exploratory, mostly explaining why social entrepreneurship is an important model in the context of South Africa. The period 2013 – 2016 sees nuances emerge, as the academic discussion widens past definitional debates, to entrepreneurial strategies, motivations, management approaches and the role of context.

Urban (2013) explores the role individual self-belief has in fostering social entrepreneurship and the influence the institutional environment has on that self-

belief. Kodzi (2014) explores the clash of missions and the tension between profit and purpose, by researching the ability of the social entrepreneurial organisation to deliver on its mandate. Kodzi (2014, p. 1) analyses the trade-offs made between the logics of empowerment and control, and recommends social entrepreneurship be regarded as “a custodian of community empowerment” in South Africa.

Urban publishes two papers in 2015, exploring the impact of social enterprises and finds that the sector includes a diverse range of actors and consequently outcomes, which generate favourable social value (Urban, 2015). The second paper, explores motivations and intentions of social entrepreneurs. These are empirically affirmed as moral judgement, empathy, achievement and self-efficacy (Urban & Heinrich, 2015).

Rivera-Santos et al. (2015) explore the influence of poverty, informality, colonial history and ethnic group identity on social entrepreneurship in Sub-Saharan Africa, which includes South Africa as a country of study. The contextual dimensions that influence social entrepreneurs are found to be acute poverty and ethnic group identity. Importantly, the research finds that context frames the opportunity and, therefore, the type of activities the social entrepreneur is likely to pursue. The study represents a milestone in contextually-focused, African-centred scholarship on social entrepreneurship. Moreover, the study acknowledges the importance of micro-social enterprises that operate informally in the African context. The authors connect poverty with greater community engagement by the social enterprise, linking circumstance and embeddedness to social entrepreneurship activity.

Littlewood and Holt (2015) build on this work, exploring the influence of the institutional environment on social entrepreneurship in South Africa, and the

bridging role social enterprises play between the formal and informal economy. The findings outline how the country's socio-economic context informs opportunity and processes of production for social entrepreneurs. Moreover, it is determined that the institutional environment has a *significant impact on social entrepreneurship in South Africa*. The authors position the country's institutional context as in-between the deep institutional voids of subsistence markets, and the institutional strength of developed contexts. Social entrepreneurship then is connected to formal and informal economies, where it acts as an institutional bridge, providing linkages between the two systems (Littlewood & Holt, 2015).

A second study into social entrepreneurship by GEM conducted in 2015 finds that, despite contextual enablers, social entrepreneurial activity in South Africa is low and lags behind other African countries such as Botswana, Senegal and Cameroon with a total early stage entrepreneurial activity rate of between 1.6% and 2.3% (Bosma et al., 2015). This lag in social entrepreneurship is attributed to the institutional environment, which is regarded as insufficiently supportive, despite unique legislation which focuses on socio-economic transformation for people discriminated against by apartheid (Bosma et al., 2015).

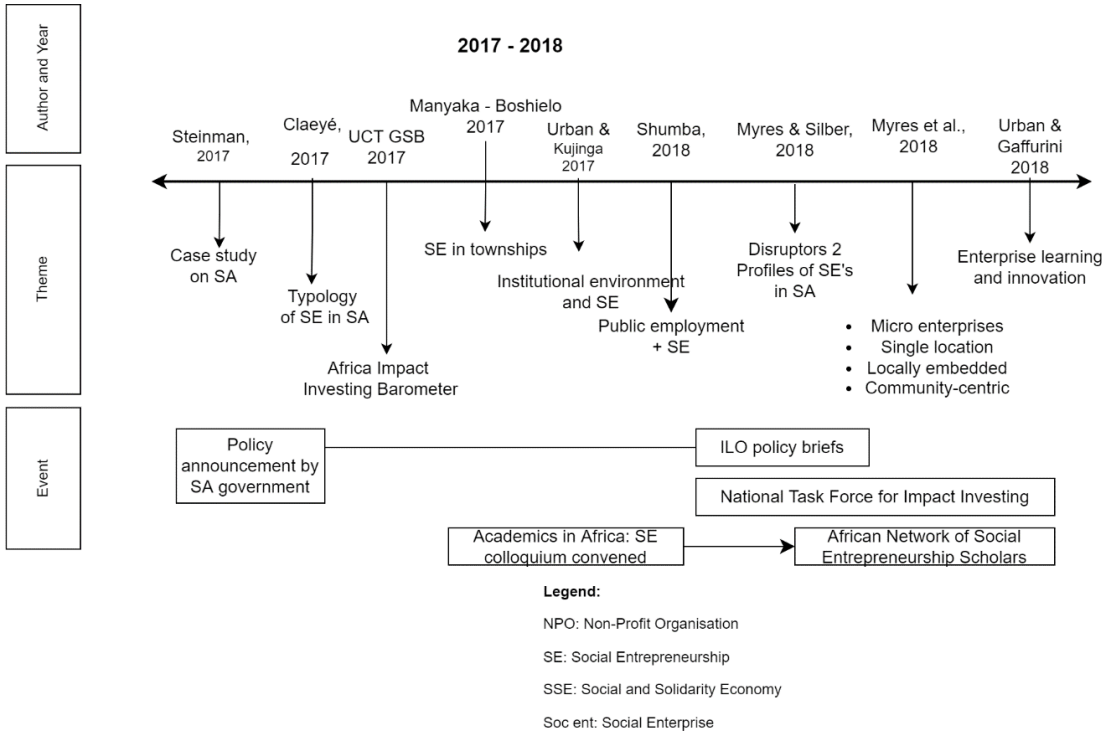
A multi-country mapping study (n=258) exploring social entrepreneurship in emerging markets and including South Africa, reports 14% of its South Africa sample as organisations which are hybrid, with dual non-profit and for-profit registrations (Hanley et al., 2015). This represents the first attempt to map the social entrepreneurship sector in South Africa. Organisations are primarily financed by founders-funds (57%), with little evidence of multiple sources of

funding (Hanley et al., 2015). Social enterprises are development-focused organisations working in a range of sectors from education and training, to health, culture, arts and the environment (Hanley et al., 2015).

A book chapter by Krige (2016) argues the case for social entrepreneurship from the enterprising non-profits perspective, positioning the income-earning potential inherent to the social entrepreneurship model as an opportunity to salvage the independence and sustainability of civil society. This is followed by a two-book series *The Disruptors* – authored by Krige and Silber in 2016, and Myres and Silber in 2018, which profile social entrepreneurs running hybrid organisations. Lessons are drawn on funding and financing, strategies of scaling, governance structures and tensions resulting from hybrid logics. Although a definition is lacking, the wider positioning of social entrepreneurship is from the enterprising non-profit perspective, with the focus being on scalability, organisational hybridity and a relationship between impact and income (Krige, 2016; Krige & Silber, 2016).

4.4.5. From 2017 to 2018

Figure 4-3: Timeline of social entrepreneurship publications, themes, and events, 2017 to 2018



From 2017 work is done to build on the definitional and organisational structuring discussions, and map the South African environment for social entrepreneurship. In doing so, it is hoped to evolve a South African-specific typology. Steinman (2017) publishes a case study of South Africa, reviewing the policy environment and profiling social enterprises.

The emerging consensus is that social entrepreneurship has a specific “for-good” mandate, which is delivered with an income earning potential and a business model which is scalable. It presents an opportunity to address severe constraints

in the institutional environment despite disagreement on definition and organisational form.

A typology of social entrepreneurial legal forms is published by Claeyé (2017) as part of the International Comparative Social Enterprises Model (ICSEM) project, and followed by a paper in 2019 which highlights how institutional voids at the local level hamper social entrepreneurship development (Nwauche & Claeyé, 2019). Constraints include deficient sector engagement and fragmented processes which risks the sector developing in isolation, outside of the co-ordinating and legitimating structures of local government (Nwauche & Claeyé, 2019). Urban and Kujinga (2017) empirically test the influence of the institutional environment on social entrepreneurial intentions, finding that the regulatory environment has a positive and significant effect on social entrepreneurial intentions.

Activities ‘on the ground‘ help frame the growing relevance of the social entrepreneurship discourse. A focus on impact investing and financing led by the University of Cape Town’s Graduate School of Business, leads to the first African Investing for Impact Barometer, published in 2017 and the formation of a National Taskforce for Impact Investing, which is included in initiatives by the office of the South African president, Cyril Ramaphosa (Bertha Centre - UCT GSB, 2017).

Engagement by the national government in social entrepreneurship efforts continues to gain momentum. In 2017, a process to develop a policy for the SSE is announced. This builds on commitments made at the regional conference of 2009 which were included in the policy action plan, the New Growth Path (Department of Economic Development, 2011). This leads to four years of focused attention by the South African government to develop the SSE and within it,

conceptualise and define social entrepreneurship. It is a milestone in the development of the social entrepreneurship debate, representing co-ordinated government action and engagement (ILO, 2021).

A community level exploration of township social entrepreneurs is a meaningful first step to understand what social entrepreneurship looks like outside of the 'urban bubble'. Manyaka-Boshielo (2017) finds that township-based social entrepreneurs are frustrated, despondent, lacking in skills, funding and networks hampering collaboration, and amplifying the isolation.

Further analysis of the community works programme, a large public employment programme addressing unemployment through community action, finds that government programmes can meet sociological characteristics of social entrepreneurship such as innovation (Shumba, 2018).

To connect the research agenda for social entrepreneurship in South Africa, and more broadly, the continent, a colloquium of social entrepreneurship scholars is convened, led by the University of Pretoria and Belgium's KU Leuven. The recommendations for future research are published in the journal *Social Business,* highlighting the importance of contextually relevant studies (Krige, 2019). By 2019 this group is formally convened as the African Network of Social Entrepreneurship Scholars (ANSES), which by 2021 has over 100 members.

A national mapping study (n=453) of social enterprises in South Africa is published in 2018. The sample comprises registered organisations, with a social or environmental mission where 25% of income is earned through revenue or memberships (Myres et al., 2018). Compiled through social media references and

a database of non-profit organisations, the study re-iterates the need for a national database. It finds that organisations are registered as either “for profit” and “not for profit” organisational legal forms, are micro-enterprises, embedded locally, and community-centric. There is some longevity to their work with 55% having been in operation for more than five years; and 50% operating without donor income.

This is the first large study affirming the micro-nature of social entrepreneurship in South Africa, first flagged by Fury (2010), Kodzi (2014) and Littlewood and Holt (2015). An editorial by Barnard (2019) and a book chapter by Jankelowitz and Myers (2019) are published, based on the study. These outline lessons for international business and policy makers; and detail the micro-nature of social enterprises and the importance of context (Barnard, 2019; Jankelowitz & Myres, 2019).

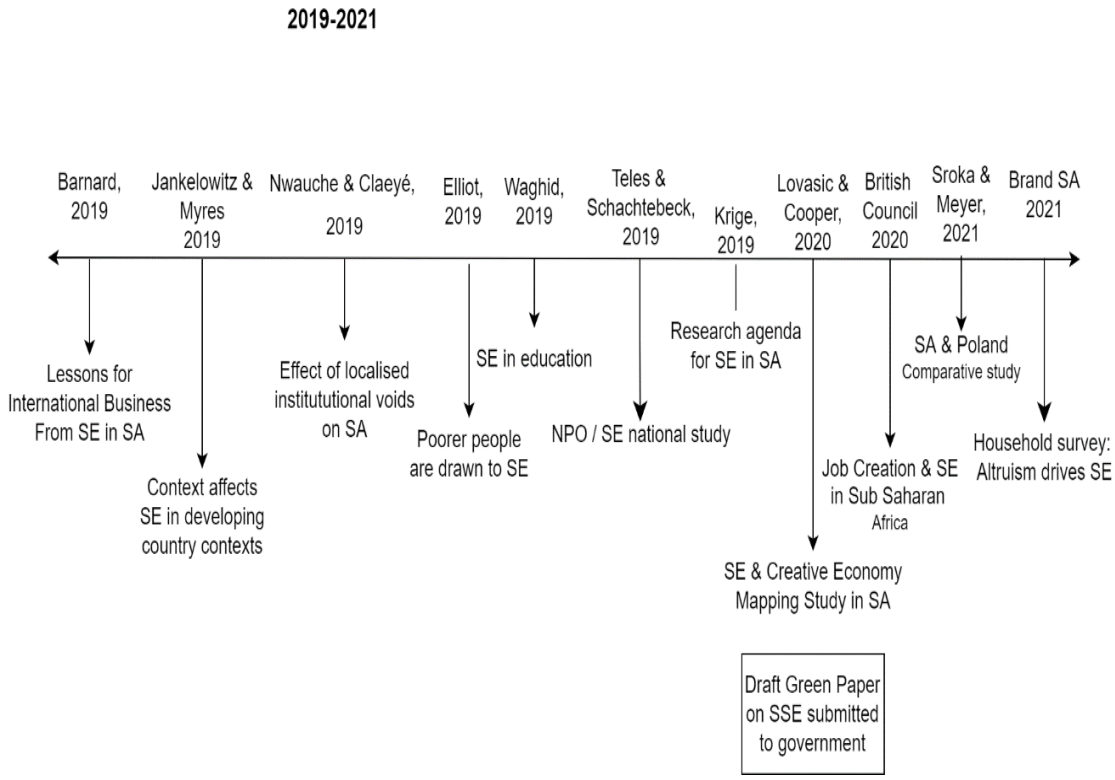
As part of the South African government’s work to develop the SSE, the International Labour Organization (ILO) commissions a series of policy-oriented research papers. Although they remain unpublished, they are publicly available as part of the development process of the social and solidarity economy policy. Both articles reflect the wide-range of topics within the sector, focusing on financing, measurement, best-practice approaches, and regulatory mechanisms. The findings highlight inconsistencies in terminology and approach, conclusions over legal form and regulatory inconsistencies, but affirm the potential that social entrepreneurship can offer the South African environment as it addresses poverty, inequality and unemployment (ILO, 2021).

Research output continues to increase through 2017 and 2019. Urban and Gaffurini (2018) explore the relationship between enterprise learning and social

innovation. The results show that the learning dimensions of knowledge conversion, risk management, organisational dialogue and participative decision making have a significant and positive relationship to social innovation. The extent of social innovation across social enterprises also varies (Urban & Gaffurini, 2018).

4.4.6. From 2019 to 2021

Figure 4-4: Timeline of social entrepreneurship publications, themes, and events, 2019 - 2021



Elliot (2019) draws on a rural student sample to assess social entrepreneurship in poorer areas, gauging its potential to break the poverty cycle. The study ascertains that poorer people are drawn to social entrepreneurship opportunities to address poverty as it is their lived reality (2019). Waghid (2019) identifies the lack of social

entrepreneurship education in secondary and in tertiary education, and makes recommendations for this to be included in the curriculum. A national study of non-profits (n=342) by Teles and Schachtebeck (2019) finds weak entrepreneurial orientation. Framed as a social entrepreneurship study, the registered-organisational sample is of predominantly urban organisations.

The British Council in 2020, supports a third mapping study which focuses on social and creative sector enterprises (n=417) (Lovasic & Cooper, 2020). The study has similar sampling difficulties to Myres et al. (2018), with an urban bias. Findings are that social enterprises are not reliant on grants, that there is low hybridity in registration (16%), and that these small enterprises struggle financially, in that few break even. Moreover, social entrepreneurship organisations are localised, working only in the province or area where they serve (Lovasic & Cooper, 2020).

In 2020, the British Council also publishes a report on the job creation potential of social enterprises across Sub-Saharan Africa, which highlights South Africa's transformation policies as advantageous to social entrepreneurship (Richardson et al., 2020). This is mirrored by a report published by the Siemen's Stiftung (Barran et al., 2020) which in a South African-focused chapter, uses data on small-and medium sized enterprises to draw conclusions on what is described as a largely positive institutional environment for social enterprises in South Africa.

Ongoing is the development of the SSE policy for South Africa which proposes a definition for social entrepreneurship in 2020 (ILO, 2021)

A policy brief also estimates the share of total jobs in the SSE sector at an average 5.6%, making it a significant contributor to the South African economy, on a par

with the agricultural and transport sectors (dtic, 2021). At a provincial level, Steinman (2020, p. 39) outlines work in the social and solidarity economy in KwaZulu-Natal province, recommending “long overdue” regulatory support and a legal structure for social enterprises.

In late 2020 the policy is submitted to the relevant minister’s office, and a report on the characteristics of the social and solidarity economy in South Africa is published (ILO, 2021).

A country comparison of social entrepreneurship in South Africa and Poland makes recommendations for a greater emphasis on the business rather than social orientation. The importance of organisational sustainability and local-level engagement is emphasised as crucial, if organisations are to succeed (Sroka & Meyer, 2021).

Lastly, a national household survey (n=2,501) by Brand South Africa (2021) tries yet again to confirm characteristics and conditions regarding the social and solidarity economy. The household survey finds that altruism and a desire to do good motivates and draws people to social entrepreneurship, but the method is not fully described and outside of a webinar and PowerPoint presentation, results are not published.

4.4.7. Literature Review: Discussion of Primary Themes

Social entrepreneurship as a field is still emerging, and the literature review highlights its exploratory nature. In summary, it identifies where there is agreement, namely, on the value that social entrepreneurship brings to addressing poverty and inequality whilst stimulating employment; the complexity of the institutional

environment, which is widely regarded as supportive and inhibiting; and the difficulties of researching the topic without a definition or sample frame. Common characteristics are that social enterprises are micro in size, and community-based organisations. But only three authors (Fury, 2010; Moss, 2012; Steinman, 2010, 2017) cite the locally presented and adopted definition of social entrepreneurship. Otherwise, authors favour social entrepreneurship definitions which draw from the western perspective. Consequently, and as is discussed below, conceptualisations of social entrepreneurship in South Africa are strongly influenced by western framings of the phenomena, with studies mostly taking place in urban areas. A study gap emerges on how social entrepreneurship is understood in the country, which is especially poignant considering the country's inequality and poverty.

Theme 1: Social entrepreneurship as a means of addressing systemic issues is agreed

The literature review shows there is agreement on the value social entrepreneurship brings to addressing systemic issues, particularly poverty, inequality, and unemployment. Overall, social entrepreneurship is widely cited for the potential it offers to positively address the country's unemployment, poverty and inequality positively (Claeyé, 2017; Krige, 2016; Littlewood & Holt, 2015; Urban, 2013; Urban & Heinrich, 2015). The GEM study, for example, finds that it is the most appealing and accessible type of entrepreneurship for young people across all race groups, because of its low educational barriers to entry (Bosma et al., 2015; Herrington & Kew, 2016; Visser, 2011). In rural and poor areas, where people are motivated to act against the problems they experience in their community it has an amplified effect, as these are the areas most affected by

poverty and inequality (Elliott, 2019). Social entrepreneurship is therefore widely touted for its ability to address deep seated issues, particularly poverty, inequality, and unemployment.

Theme 2: Regulatory environment is unsupportive and inhibiting

There is broad agreement that even though the country has a legal and regulatory framework which is focused on social and economic transformation that this does not translate into effective support to social entrepreneurship (Claeyé, 2017; Hanley et al., 2015; ILO, 2016b; Littlewood & Holt, 2015; Okem & Tshishonga, 2016; Rogerson, 2016; Urban & Kujinga, 2017). The conclusion drawn, (except by the report titled *Social enterprises as job creators in Africa* by Barran et al., (2020) which identifies a favourable institutional environment in South Africa for social entrepreneurship), is that the regulatory environment is complex, contradictory and out of step with the capacity of micro and small organisations to operate within it. There are multiple discussions on the burden of bureaucracy and how it hampers micro and small business development, including frustrations with the South African government's professed support for social entrepreneurship, which is not followed up with meaningful action (Daroll, 2019; IFC, 2018; ILO, 2016b; Moss, 2012).

Consequently, there are high levels of non-compliance across the country's social sector organisations. An example is that 80% of non-profit organisations do not meet legal reporting requirements, which are described as "onerous and intimidating" (Deloitte GAP Consortium, 2009; NPO Directorate, 2014; Wyngaard, 2013, p. 13). Compounding this irregularity is weak compliance by government

itself, which fails to adhere to its own legal obligations with poor enforcement and sanctioning when there is no adherence to rules. This both weakens trust and hampers effective administration of the social sector leading to a distrust attached to formal systems (Wyngaard, 2013; Wyngaard & Hendricks, 2010a). Recommendations by, for example, Steinman (2010), Hanley et al. (2016), Myres et al. (2018) and Jankelowitz and Myres (2019) are for new and wider regulation that is sensitive to the micro-nature of social enterprises. But whether regulation, considering the micro-nature of organisations, is the right response, is not questioned.

Theme 3: Lack of agreement on the definition and foundational philosophy for social entrepreneurship

Led by the country's business schools in Johannesburg and Cape Town, the social entrepreneurship discussion in South Africa evolved from the enterprising non-profit narrative, with its roots in the North American literature (Bertha Centre - UCT GSB, 2016; Krige, 2016; Steinman, 2017). Interpretations of social entrepreneurship draw from authors such as Dees (2001), Bornstein (2010) and Martin and Osberg (2007).

The severe resource constraints of the non-profit sector is credited with organisations seeking revenues through income earning mechanisms, and more effective and efficient management processes. From here, social entrepreneurship emerged as a response (Fury, 2010; Krige, 2016).

Yet, the policy-focused events held between 2008 and 2013 and the intentions of the South African government draw from the European social and solidarity

economy perspective, with its organising principles of mutualism, reciprocity and solidarity (ILO, 2009; Steinman, 2010). This approach is entrenched in the policy, developed from 2017, which is for the social and solidarity economy (ILO, 2021). This demonstrates a split in narrative between policy and academia, which hampers realising a country-specific definition, whilst demonstrating how the conversation is split between two different schools of thought. The definition of social entrepreneurship which was developed, proposed, and adopted in Johannesburg in 2009, is a case in point, in that it is seldom applied by South African academics. This is representative of not just the lack of agreement around definition, but crucially reveals a lack of agreement on the foundational philosophy through which social entrepreneurship is understood.

Theme 4: No sample frame of social entrepreneurship organisations results in a bias towards urban, student or technology-connected sample groups

The quest for a definition is further hampered in that there is no sample frame for social entrepreneurship, and consequently there are repeated calls for relevant databases of social entrepreneurship practitioners for research purposes (Fury, 2010; ILO, 2017; Littlewood & Holt, 2015; Myres et al., 2018; Teles & Schachtebeck, 2019). Although there has been positive progress in recent years towards large scale studies; these have been limited because of the lack of definition, representative networks, and databases. Therefore, large studies such as Lovasic and Cooper (2020), Hanley et al. (2015) and Teles and Schachtebeck (2019) all apply online survey-methodology which, with technology-inequality, results in urban-centred responses, and bias (Hanley et al., 2015; Lovasic & Cooper, 2020). Cross-study comparisons are also hampered in that studies don't

share the same questions, or questions are asked differently, or demographic information is not gathered or published. Not all of the national studies, for example, report on race, gender or age.

Another approach is to draw from student sample groups (Elliott, 2019; Urban, 2008, 2013; Urban & Heinrich, 2015) a convenient sampling strategy, which although frowned upon (Meade & Craig, 2012) is useful to gauge insights from young people. However, the risk of bias remains, with student sample groups, representing an advantaged group which represents at most, 12% of the country's school graduates (Spaull, 2013). Consequently, the national picture of social entrepreneurship remains stunted, in that it reflects experiences of advantaged groups be they urban, student, or with access to technology.

Theme 5: Organisational size and identity - micro, local and social

The work by Littlewood and Holt (2015) on social entrepreneurship in South Africa was prescient in that it raised the likelihood of the sector being micro in organisational size and informal in its orientation. This micro-enterprise and community responsive nature of South African social entrepreneurship is then affirmed across multiple studies (such as Kodzi, 2014; Lovasic & Cooper, 2020; Myres et al., 2018; Teles & Schachtebeck, 2019). Specifically, these studies show that social entrepreneurship organisations are micro entities, comprising fewer than ten employees, focused on delivering services that bring value to their communities. They benefit from being local, drawing on their specific contexts and networks, with people motivated to resolving a problem, because they are somehow close to it.

Consequently, all studies on social entrepreneurship in South Africa position social entrepreneurship as a socially beneficial phenomenon, although, as discussed in Theme 3, what social is, is understood differently. Some studies, such as Lovasic and Cooper (2020) measure alignment with the Sustainable Development Goals, whilst Myres et al., (2018) use the Statistics South Africa standard industry classifications to identify developmentally-focused sectors of work.

Karanda and Toledano (2012), nevertheless, emphasise how the term 'social' is culturally and contextually dependent, a theme which links to the informality introduced by Littlewood & Holt (2015). Context matters not only in interpretations of what social means, but also in terms of how social entrepreneurship manifests itself, because what constitutes 'good' is determined at the local level (Karanda & Toledano, 2012). Social entrepreneurs are, therefore, highly influenced by local values, culture and community, and the context within which they operate (Karanda & Toledano, 2012).

In the South African context, it has been found that local or embedded organisations are considered to be more 'social' than non-local organisations, as they are intrinsically connected to the people they serve, and can more easily identify the nuances of what constitutes common good (Elliott, 2019; Karanda & Toledano, 2012). In this way, social entrepreneurs act as "custodians of empowerment" for the community they work with, and wider society (Kodzi, 2014, p. 18). The likelihood of contextually influenced, localised, micro-organisations is therefore present in the literature, but is not explored in any meaningful way, a research gap that perpetuates misunderstanding.

Theme 6: Organisational characteristics

The findings of the national survey studies (see Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018) overlap in that all survey formally registered organisations. Myres et al. (2018) and Lovasic and Cooper (2020) find that organisations are financially small with an income of less than R1million. Grants and donations are a primary source of income, followed by income earned. Access to finance is identified as a primary barrier for social entrepreneurs, despite findings that organisations are trading.

There are, however, lower than expected levels of organisational hybridity, with few organisations registered as dual for profit and not for profit entities. This ranges from eight percent (Myres et al., 2018) to 16% in Lovasic and Cooper (2020). Although the likelihood of informality is introduced by Littlewood and Holt (2015) and Claeyé (2017) there is also little on the informal orientation of social entrepreneurship other than calls for it to be better understood by, for example, Steinman (2020). The default framing of social entrepreneurship from the North American or European positions results in social entrepreneurship being understood through a more formal, regulatory institutional lens, which, although useful, downplays the effect of informal institutions on the phenomenon.

4.4.8. Summary of Themes: South Africa at the Junction between Social Entrepreneurship and Difficult Market Literatures

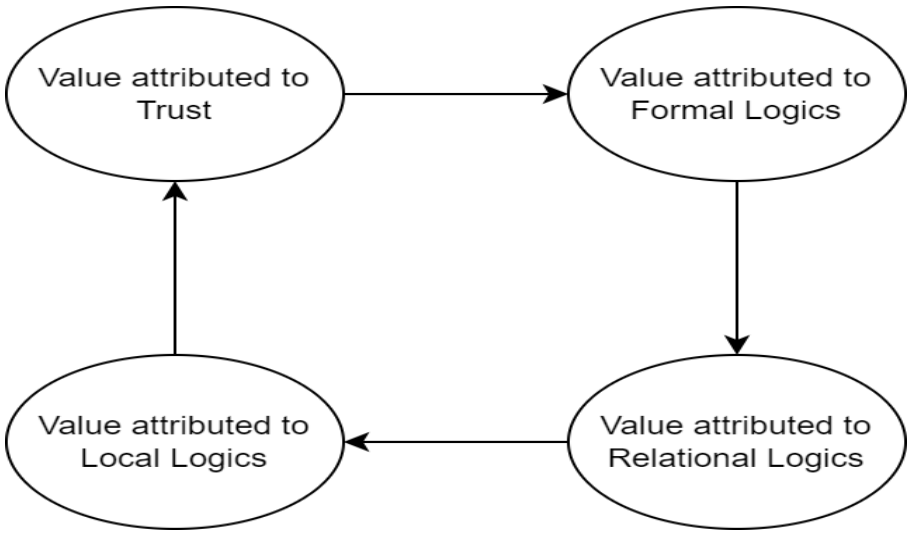
Overall, consensus in South Africa exists on the need for social entrepreneurship particularly when addressing socio-economic problems and identified weaknesses in the state to deliver social service. There is wide agreement that social entrepreneurs are working towards a common good and are beneficial in addressing the country's systemic ills, particularly poverty, inequality, and unemployment.

Common characteristics emerge, namely, that organisations are micro-entities, local, embedded and community focused. These are organisations that are registered as either for-profit or not-for-profit legal forms (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018), they are relational and community centric, described as "custodians of community empowerment," (Kodzi, 2014, p. 1), vested in "processes that engender trust" (Kodzi, 2014, p. 18). But structural hybridity, where organisations have a dual legal form, is low, indicating that this is not a useful organisational form for organisations, or that organisations are not sophisticated in their organisational structuring, or that studies have not captured un-registered, informal entities.

On review, South Africa's institutional context, and its social entrepreneurship landscape has similarities to the difficult market literature. The country's poverty, inequality and unemployment are symptoms of institutional void. That organisations are micro, and locally-embedded implies that they are bound to their local context. This should heighten the need to conform to the informal pillar of institutional theory, particularly localised, socially embedded values, and principles.

From this, a premise of this study emerged which is summarised in Figure 4-5, which is that social entrepreneurship in South Africa is potentially formal and informal in its orientation, as organisations respond to regulatory, relational and localised logics as a way to navigate the complexity of the country's inequality and poverty.

Figure 4-5 Conceptualisation of how organisations respond in the South African, difficult market context



In summary, fundamental gaps remain in the understanding of social entrepreneurship outside of South Africa's urban context, which are especially poignant considering the country's poverty and inequality and its dual economy, with formal and informal sectors. A western paradigm dominates the framing of social entrepreneurship, skewing understanding towards an urban view of organisational and managerial sophistication and structuring.

If social entrepreneurship is to be understood outside of this mainstream, westernised context, an open mind must be maintained in the research approach that is followed, to ensure that the peculiarities of the local context can be discovered. In this way, studies can address the gap that exists where research fails to accommodate the realities of the country's context, which entrenches a bias in understanding and hampers development of the sector.

CHAPTER 5. RESEARCH OBJECTIVES AND RESEARCH QUESTIONS

5.1. RECAPITULATING THE RESEARCH GAPS IDENTIFIED IN THE LITERATURE

The motivation for the study developed from a number of strongly-worded research statements such as Claeyé's (2017, p. 5) description of social entrepreneurship research in Africa as "*terra incognita*," that of Bruton et al. (2013, p. 169) describing research in emerging markets as "surprisingly limited," Suddaby et al., (2018, p. 391) declaring "we should be ashamed of our ignorance of inequality," and the dismay of Hamann et al. (2020, p. 2) at the conditions associated with bringing "Africa in" to management research. Mair and Marti (2012) and Kolk (2014) attempt to reframe the perception of institutionally void environments, positioning them as eco-systems rich, rather than devoid, of activity. The statement that institutional theory "depicts a biased social reality overlooking the environment, is Northern-centric, static and market-driven" (Gümüsay et al., 2020, p. 14). All capture a wide-ranging sentiment that management research lacks diversity in approach and interpretation.

If both entrepreneurship and social entrepreneurship are to be understood in a meaningful way, then studies should explore entrepreneurial practice and processes from diverse environments, (Saebi et al., 2019; Welter & Baker, 2021). Kerlin (2017), Bacq and Janssen (2011), Boettke and Coyne (2009), Shaw and de Bruin (2013), Kolk (2014), and the various writings of Mair and Marti (2009; 2006) and Mair et al., (2012), all highlight the diversity of the institutional environment outside of developed markets and the need to understand them in more detail.

However, there is ‘no one size fits all approach’ to understanding and conceptualising social entrepreneurship in these contexts. If both entrepreneurship and social entrepreneurship are to be understood in a meaningful way, then studies ought to explore entrepreneurial practice and processes from a range of diverse environments. These studies would then accommodate the peculiarities of the environment within which the phenomenon operates (Saebi et al., 2019; Welter & Baker, 2021).

The literature review highlighted a number of study gaps, around which the research questions were framed. Sandberg and Alvesson’s (2011, p. 33) position is to use the literature review to identify study gaps, described as areas of theoretical “confusion, and neglect” or to identify new areas of application. A central goal with this approach is to disrupt the reproduction and continuation of an institutionalized line of reasoning, to “endeavour to know how and to what extent it might be possible to think differently” instead of entrenching what is already known (Focault in Sandberg & Alvesson, 2011, p. 32).

Applying this philosophy, the following gaps and theoretical problems were identified in the preceding literature discussion, namely:

> **Research Gap 1**: The literature review confirmed limitations in studies focussing on the impact the institutional environment has on entrepreneurship, but particularly social entrepreneurship, in so-called institutionally void environments. The South African literature review highlighted the conceptual framing of social entrepreneurship through the western lens, with minimal attention given to the likelihood of informal characteristics despite there being agreement on the micro-nature of social

enterprises. Consequently, very little is known on how social entrepreneurship is affected by institutional voids.

Research Gap 2: It was found that legitimacy, typically gained through conformity to institutional logics, is complicated in institutionally void environments. Referring to the writings regarding entrepreneurship in difficult markets, practices emerge where entrepreneurs blur boundaries between formal-and-informal dimensions. Micro-enterprises then conform to formal and informal, regulatory-and-cognitive logics. This necessitates highly relational processes to legitimacy approaches, which amplify trust outcomes. These propositions remain untested for social entrepreneurship, and are poorly understood.

Research Gap 3: Context matters, particularly to social entrepreneurship which is established as a direct response to deprivation within that context. In South Africa, this is especially problematic considering the country's inequality which means that multiple 'realities' exist. Without a sample frame, researchers have the additional responsibility of sampling across dimensions of inequality, whilst allowing for methodological approaches which provide insight into contextual nuances. Despite efforts to do so, all of the national social entrepreneurship studies (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018) have a majority of urban respondents resulting in a picture of social entrepreneurship that fails to accommodate its nuances across poverty dimensions.

Institutional voids experienced by social entrepreneurs could, for example, be different in diverse poverty domains, resulting in divergent entrepreneurial processes and experiences.

Research Gap 4: Institutional theory and legitimacy approaches are largely studied in a one-dimensional, 'ideal' environment, which does not meaningfully accommodate the reality of institutional voids common to difficult market contexts. A close relationship between institutional voids and the strategies which organisations adopt to navigate the institutional system exists. An emerging, yet nascent narrative of the value of relational processes to these entrepreneurs, and the value of trust as a glue that binds practices and processes, is present.

Research Gap 5: Informal-cognitive logics are difficult to study because they are contextually and culturally specific, invisible, and taken-for-granted, part of the fabric of everyday life (Gümüsay et al., 2020; Möllering, 2005). For example, women may not know that they are excluded from the market, as it is culturally accepted and normal within their context (Mair & Marti, 2009). Scholarship therefore requires a focus on both formal and informal logics, to broaden understanding of the effects of both formal and informal voids. Recognising that organisations are shaped by the institutional environment, means that an organisations' characteristics can be a lens through which voids and logics can be better understood.

Based on the above, the study aims to explore characteristics and approaches for social entrepreneurship as they navigate the institutionally void environment.

What follows is the formulation and justification of each research question guiding the present study. The research questions are conceptually sequential in nature, the formulation of each presupposes being able to answer the previous question. This sequential logic will be mirrored in the empirical component of this study: as will be seen in Chapter 6, the study's data analysis followed a sequential approach, with three research phases each corresponding to the empirical work needed to answer each research question.

5.2. RESEARCH QUESTION 1:

What are the institutional voids experienced by social entrepreneurship organisations, operating in varied poverty conditions?

Rodrik (2008a) and North (1993) argued that institutional theory risks being one-dimensional in its interpretation, if it continues to ignore the 'invisible' institutions, and their embedded cultural, cognitive logics. Kolk (2014), Parmigiani and Rivera-Santos (2015), and Mair and Marti (2009), inter alia, emphasised that void environments are not absent of institutions, and should not be considered as such by researchers.

As institutional voids are a manifestation of the weakness in institutions, they are a lens through which to understand the institutional environment. Identifying the type of voids entrepreneurs experience, facilitates understanding of the logics to which organisations are conforming. Literature on entrepreneurship in difficult market contexts positions voids as formal, resulting in a reliance on informal logics and legitimacy approaches. The dominant position proposed by authors inter alia, North (1992), Suchman (1995) and Sudabby et al. (2015) is that high formal-

regulatory voids increases the likelihood that organisations conform to informal logics to build legitimacy, and vice versa. But is this the case?

For this question to be answered the context within which social entrepreneurship organisations form and conform, needed to be understood. The writings of Johns (2017, 2018) as well as Welter et al., (2019) provided motivation for the need to ground the study in context, whilst the writings of Bruton et al. (2008, 2013), Bruton (2010), Webb et al. (2009, 2010, 2020), together with Kistruck et al. (2015), Mair and Marti (2012; 2009), Rivera-Santos et al. (2015), and Ebrashi and Darrag (2017) highlighted the limited research of institutional voids in difficult market contexts. The consequence of this lack of focused studies of entrepreneurship in context has rendered, according to Welter and Baker (2021, p. 1168) many everyday elements of entrepreneurship "invisible," through lack of study. The heroic positioning of social entrepreneurship as a response to poverty is cited as an example, where the effects of operating in areas of deep socio-economic and institutional deprivation is ignored in favour of a heroic narrative. A consequence of this skewed narrative, is that the social entrepreneurship narrative in difficult market contexts is dominated by conceptualisations of organisational form and functioning that are anchored in the western paradigm (Littlewood & Holt, 2015; Rivera-Santos et al., 2015).

By anchoring the study in its context, the particular barriers entrepreneurs face across poverty contexts, the organisational characteristics and the logics that they are conforming to can be better understood. Research Question 1 therefore focuses on understanding, without presumption, what the institutionally void

environment is for social entrepreneurship in a context presenting a variety of poverty conditions—such as in the present context of investigation, South Africa.

5.3. RESEARCH QUESTION 2:

What are the characteristics for social entrepreneurship in an institutionally void, difficult market context?

The position of the study is that the characteristics of the organisation, are a lens through which the institutional environment can be understood recognising that it shapes the enterprise (Bruton et al., 2013; Kerlin, 2017; Webb et al., 2020).

This approach developed from the studies of entrepreneurship in difficult market contexts by primarily Bruton et al. (2008), Kistruck et al. (2015), Webb et al. (2010) and Amoako (2019), including social entrepreneurship specific literature such as Kerlin (2017) Mair and Marti (2009), and South African specific literature such as the *Unseen Sector* Report (IFC, 2018) and the national studies on social enterprise in South Africa (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018). All helped orientate the study's focus to micro-enterprises.

South African studies identified the following common characteristics of social enterprises, namely that organisations are micro in size, employing fewer than ten people; ii) they are developmental in nature and financially insecure; and iii) few are hybrid organisations with 'for-profit' and 'not for profit' legal forms. Claeyé's (2017) work on typologies in South Africa and recommendations by Littlewood and Holt (2015) to study both registered and unregistered social enterprises informed this research question.

Here the characteristics of organisations indicate the logics they complies with: organisations aligned to the formal dimension are more likely to be registered, have bank accounts and use contracts; whilst those aligned to the informal dimension are, local, micro-enterprises, that are financially insecure, and operating through relational mechanisms, such as relational agency and networks.

Therefore, by understanding characteristics within the context of the voids entrepreneurs experience, insight can be gained into the logics organisations follow, and pathways to legitimacy identified.

5.4. RESEARCH QUESTION 3:

What legitimacy approaches do organisations adopt in the institutionally void context?

The writings of Mair and colleagues (2010; 2009; 2015) together with Kolk (2014) and Rivera-Santos et al. (2012) provided insights into social entrepreneurship in the institutionally void, difficult market context. This helped identify the different approaches of organisations operating to formal and informal logics and the development of the conceptual model. The writings of Amoako (2019), Barr (2002), Bruton et al. (2008, 2013) and Bruton (2010), Lyon (2000), Kistruck et al. (2015), Kolk (2014) and Webb et al. (2009, 2010), were particularly influential in framing the difficult market context, and providing perspectives outside of the social entrepreneurship literature.

The role of trust and networks was a repeated theme with Troilo (2010, p. 137) declaring that “trust matters for entrepreneurs in developing economies more than for entrepreneurs in wealthy nations.” The later African specific research of

Amoako (Amoako, 2019) and Amoako et al. (2020) on trust and entrepreneurship; De la Chaux and Haugh (2020) on entrepreneurship in an African refugee camp; and the framing of trust as embedded agency that reflects the social context (Möllering, 2005)—helped contextualise the results.

Underlying this research question is the framework presented in Figure 3-3 which presents the legitimacy/trust building mechanisms across the institutional-theory and difficult-market-context literatures.

Here trust was revealed to be an outcome worked towards across the organisation; a process that contributes to legitimacy as well as being a characteristic of it. This position interpreted Suchman (1995) who describes the legitimate organisation as worthy and trustworthy; Welter and Smallbone (2006), Scott (2008), Troilo (2010) and Shockley et al., (2016), who all discuss how essential trust is to the optimal functioning of institutions and socio-economic systems. Möllering (2005, p. 17) describes the “trust entrepreneur” who actively shapes context in a trust-enhancing manner, and has a amplified role in environments where institutionalised systems are weak in the difficult market context, trust is an outcome that is closely linked to legitimacy outcomes (Shockley et al., 2016; Webb et al., 2013).

In the importance of networks, the study drew specifically from the work of Granovetter (1973, 1985) and Coleman (1988), and was influenced by African-specific studies such as Barr (2002), Berrou and Combarnous (2012) Ebrashi and Darrag (2017) Fafchamps and Minten (1999) and Lyon (2000), all of which explored the role of network type, in difficult market contexts.

The Relational Agency associated with the legitimacy process resulting in trust was developed from the difficult market literature and cross referenced to trust-based research such as the writings of Fink et al. (2010); Mayer et al. (1995) and Schoorman et al. (2007). Here the importance of conceptually similar actions reinforcing credibility, benevolence and ability (Schoorman et al., 2007), as well as credibility, efficiency and accountability (Möllering, 2005) were identified as being imperative to achieving trust outcomes.

5.5. SUMMARY

From the outset, the goal of the study was to comprehend what social entrepreneurship looks like outside of what is 'known.' In the South African context, this translates into extending our understanding from the established urban narrative, and into dimensions of poverty. Researching social entrepreneurship across poverty dimensions is important both to counteract the effects of inequality on our understanding of, but also to capture insights into, institutionally void contexts. By taking this approach, the study hopes to lessen the "surprise, doubt and anxiety" which characterises the contradictory responses to the literature on social entrepreneurship in South Africa (Reichertz, 2014, p. 126).

The three research questions frame the research goal of the study, with the aim of understanding legitimacy approaches in terms of social entrepreneurship organisations in an institutionally void, difficult market context. The study is exploratory, with the findings of each research question used to inform the next; namely that the nature of institutional voids identified in Research Question 1, supports the identification of logics through organisational characteristics in

Research Question 2, which in turn leads to developing and testing a legitimacy approach in Research Question 3.

By answering the above research questions, the study identifies an area of focus for future scholarship in social entrepreneurship, identifying core characteristics of the institutional environment and the approaches associated with legitimacy building for the social entrepreneurship organisation in an institutionally void, difficult market context.

CHAPTER 6. RESEARCH METHODOLOGY

This chapter details the research approach, design and methodology employed. It describes the efforts to reach a large and varied sample group, that was multi-cultural, multi-lingual—as well as the mixed method logic applied in this study. By following this approach, insights into how social entrepreneurship organisations function, and are influenced by their very different contexts could be gained. This chapter is structured as follows: an overview of the research process is provided, before exploring the research philosophy and design. The data collection and capture processes are outlined before the data analysis approaches are presented.

6.1. OVERVIEW OF THE RESEARCH PROCESS

As this study had as its primary goal, understanding the characteristics of social entrepreneurship in South Africa, across the country's poverty dimensions, it required a data collection approach that could reach a large and diverse sample. The sample group also needed to be multicultural if conclusions on informal logics were to have any meaning. The lack of a sample frame for social entrepreneurship and serious limitations in networks outside of urban areas, further complicated the ambitions of the study, and it became clear from early on, that a different approach was required.

The sampling design therefore adopted a hard- to-reach sampling strategy, so as to reach social entrepreneurs across the country's poverty dimensions, leveraging the spatial inequality characteristics of the country. Recording opinions from geographically diverse regions, particularly in rural and peri-urban areas, increased the likelihood of respondents coming from districts with different poverty levels. To

do this, a partnership with national- and provincial government was formed, and workshops, which were facilitated by the researcher, were held. The workshops not only acted as a convening event for people working in social entrepreneurship but also provided an opportunity for respondents through group work, to explore their interpretations of ambiguous concepts such as social entrepreneurship, community and what constitutes 'social good.' Difficulties arose in questionnaire design which were resolved by maintaining an exploratory approach to the study, recognising the value of identifying pathways for future research. In line with the theoretical framing resulting from the literature review on difficult market contexts and institutional theory—and considering that context plays a salient role in empirical investigation—trust rather than legitimacy was used as key construct, and the importance of concepts such as network types and actions associated with building trust (relational agency) were questioned. The success of the study hinged on reaching sufficient people involved in social entrepreneurship to attend the sessions. This was done through social media, leveraging existing networks and relying on in-community government networks. It was only known at the end of data collection process (which ran from June 2019 - December 2019) whether the sampling strategy had been effective.

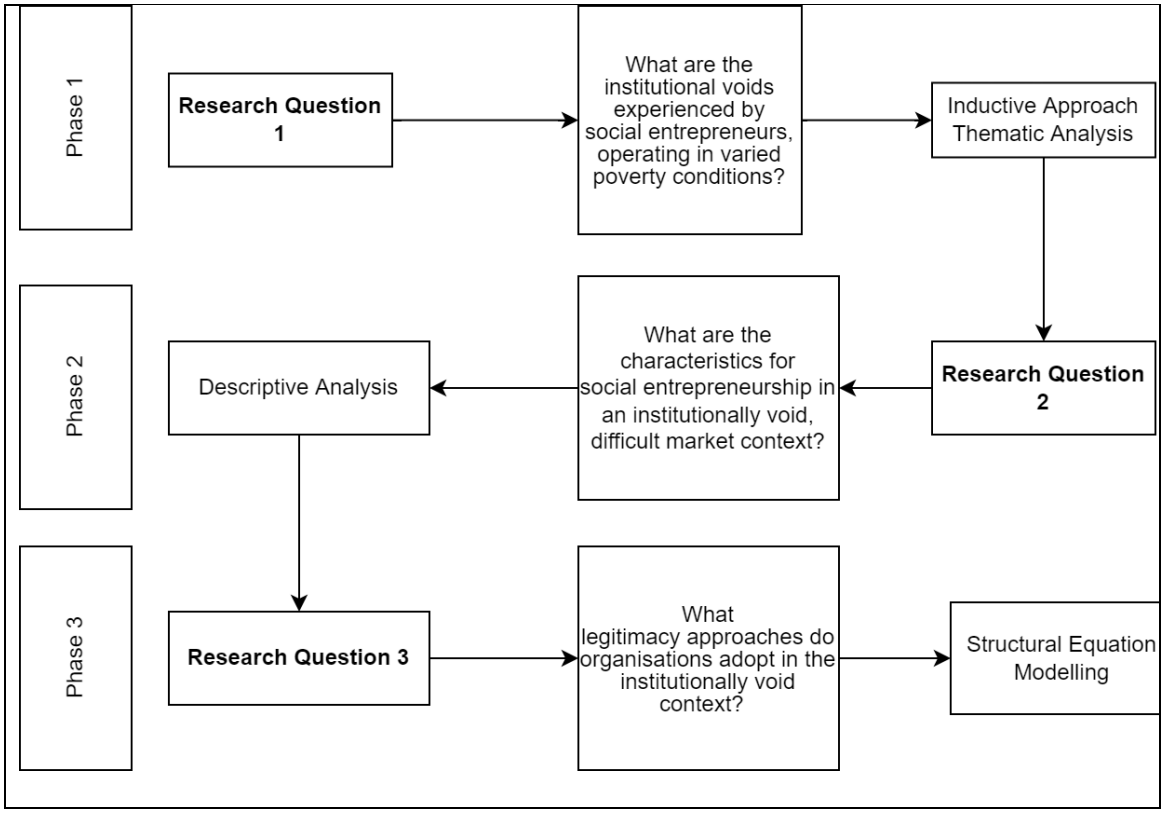
Each of these steps is discussed in detail below, beginning with considerations in the research design, sampling strategy, data capture and approaches to data analysis.

When it came to data analysis and interpretation, as hinted at in Section 5.1.2., the study followed a sequential, mixed method approach. In other words, since each research question builds on the previous one, data analysis and interpretation was

carried out sequentially, with the findings for one research question informing the data analysis and interpretation for the following one. Each research question was answered using the most appropriate research design with, for instance, Research Question 1 being investigated using an inductive approach and thematic analysis, while Research Question 2 entailed descriptive analysis. Research Question 3, instead, followed a deductive approach in validating a conceptual model built from theory and the findings for the previous two research questions—using Structural Equation Modelling and multi-group Confirmatory Factor Analysis to test the model empirically. Whilst the details of this research process will become clearer throughout this chapter, it was nevertheless needed to introduce this approach.

This process is summarised visually in Figure 6-1.

Figure 6-1: Visual summary of how the research questions interconnect



6.2. THE RESEARCH PHILOSOPHY

The research philosophy is the system of thought which frames and shapes the study. It influences the researcher's choice of strategy, problem formulation, data collection and analysis. Four main paradigms, determine the assumptions made in the study and orientate the philosophical position of the study (Morgan, 2007; Sefotho, 2015).

- **Positivism** is the epistemological position which advocates working with an observable social reality. A highly structured methodology facilitating replication is required (Aliyu et al., 2014; Guba & Lincoln, 1994).

- **Interpretivism** advocates no worldwide or universal truth. Impartiality is unlikely, and the focus is on understanding people and their differences (Aliyu et al., 2014).
- **Pragmatism** positions the research question as being central to the research philosophy, by bridging the positivist and interpretivist positions, and taking a practical approach to the research design (Tashakkori & Teddlie, 1998).
- **Constructivism** assumes realities are local, specific and constructed, but because experiences are socially- and experientially based, results cannot be generalisable recognising the different realities that exist (Eisenhardt, 1989).

Smith (1997, p. 4), however, writes that paradigms are "born and nurtured in the armchair," describing them as "irrelevant" and "disconnected" from the messiness of real life if researchers do not first acknowledge their own position prior to *embarking on the research process*. This is because it is the researcher's assumptions and presumptions held at the outset of the research work, which frame the questions asked, the approaches taken, the interpretation and the perceived truth of the result (Aliyu et al., 2014; Guba & Lincoln, 1994; M. L. Smith, 1997).

This study emerged from the researcher's professional experience working in the field of social entrepreneurship in South Africa. At the start of this doctorate, the researcher led a social entrepreneurship unit within one of the country's top-ranking business schools. Moreover, the researcher had written a book on social entrepreneurship in the country and chaired an advisory committee for the

country's only public social enterprise fund. The difficulties facing social enterprises were well articulated, but the reasons given for this situation were assumed rather than studied. It also became clearer that the social entrepreneurship discussion was limited to a small number of 'experts' and enterprises, mostly drawn from urban centres. Minimal discussion of rural social enterprise, or other 'social' organisational forms, such as co-operatives and mutuals, consequently was evident, with social entrepreneurship discussions focusing on 'business school' logics, such as management systems, governance structures and dual legal forms. This seemed out of kilter with early evidence that social entrepreneurship organisations were micro in size, and considering the dual-logics of South Africa's economy, likely to be in informal in orientation. The catalyst for this study then, was to gain an enhanced understanding of social entrepreneurship in the country, its characteristics, and its barriers to growth.

The professional experience mentioned above influenced the pragmatic study paradigm, and this is evident in the study goals, research methodology, sampling strategy and data analysis strategy (Morgan, 2007).

6.2.1. The Pragmatic Paradigm

The Pragmatic Paradigm is described by Tashakkori and Teddlie (1998, p. 30) as "study what interests and is of value to you, study it in the different ways that you deem appropriate, and use the results in ways that can bring about positive consequences within your value system."

The pragmatic paradigm, therefore, bridges positivist and interpretivist philosophies, bringing together the objective and subjective viewpoints of

quantitative and qualitative methodologies (Pennell & Hibben, 2016; Tourangeau, 2014). Its epistemology is relational, framed by what the researcher believes is appropriate for the study, and its ontology is non-singular, as it accommodates different interpretations of reality (Mertens & Wilson, 2018).

The pragmatic paradigm is, unsurprisingly, styled as an "integrative methodology" where researchers are encouraged to mix research techniques (Morgan, 2007, p. 73). From the pragmatic position, environments are viewed as complex, contextually contingent and mediated by individual interpretations (M. L. Smith, 1997). The researchers' prior knowledge and involvement in the research process is accepted, as it is their lens which contributes to the research process. The selection of the study method is justified if it results in functional content which is unlikely to be realised through interpretivist or positivist approaches. To mitigate the loss of objectivity, studies in the pragmatic paradigm must seek a comprehensiveness of views, drawing patterns of meaning which challenge existing presumptions and assumptions (M. L. Smith, 1997; Tashakkori & Teddlie, 1998; Teddlie & Tashakkori, 2012).

In terms of logical reasoning, the pragmatic paradigm draws from inductive, abductive, and deductive reasoning in its quest to produce useful knowledge. A deductive approach is when the research starts with theory, and the research strategy is developed from the literature to test the theory. An inductive approach is when data are collected and theory is developed from the data analysis. An abductive approach seeks a theory, but starts with facts rather than a theoretical position (Aguinis & Vandenberg, 2014; Casula et al., 2020; Reichertz, 2014).

Pragmatism relies on abductive reasoning moving back and forth between induction and deduction, theory and data (Morgan, 2007).

This study applies the principles of pragmatism in that it blends qualitative and quantitative, inductive, and deductive techniques, and uses a practical collaboration to meet its sampling goals. Evidence of the pragmatic paradigm can be seen in the following stages of the research process:

- **Pragmatism in Research Design and Strategy:** Needing to reach a large sample and capture a diversity of views, a questionnaire-led survey methodology was selected and delivered through face-to-face workshops initiated by the researcher. A practical partnership with national- and provincial government helped mitigate barriers to researching, posed by, inter alia, insufficient networks, geography and surveying in a multi-lingual, multi-cultural environment. This is typical of the 'workability' associated with the pragmatic paradigm and its commitment to practice-based principles (Kivunja & Kuyini, 2017; Mertens & Wilson, 2018; Tashakkori & Teddlie, 1998).
- **Pragmatism in Questionnaire Design and Interpretation** The questionnaire was designed based on social entrepreneurship theories and drew from the researcher's experience. The inclusion of elements of informality was based on a disquiet with the urban nature of research studies. As much as the goal of the study was to understand legitimacy, this in of itself was also a difficult concept to study, without more of how organisations approach conformity to logics. The study therefore took a

broad view, data across multiple themes, so as to identify research avenues relevant to the South African environment.

- **Pragmatism in Sampling Strategy:** Social media, existing databases, a government partnership and a snowball sampling approach, mobilised informal, community and unknown networks. In this way, the research was able meet its sample ambitions pragmatically in terms of size and reach, with respondents in the final sample group living and working in districts plotting across the Multi-dimensional Poverty Index. This focus on identifying "what works" is typical of the pragmatic paradigm (Kivunja & Kuyini, 2017, p. 35).
- **Pragmatism in Data Collection:** The pragmatic paradigm requires identifying useful points of connection, which facilitate actions best suited to studying (Kivunja & Kuyini, 2017). Data collection could take place during national consultations for a policy on the social and solidarity economy with numerous practical benefits including a reason for social entrepreneurship practitioners to meet, and language translation, in-group discussions of core concepts and face to face data collection, to take place. The use of community halls and provision of transport to the venues helped facilitate people's attendance at the workshops and mitigate difficulties associated with a hard-to-reach population.

Table 6-1 summarises the philosophical positions taken in the study, from the pragmatic paradigm which influences the practical ambition of its axiology and underlying epistemology. The study is interpretive, with the belief that people apply meaning to their experiences and so reality is socially constructed (Mertens &

Wilson, 2018). Consequently, an abductive-inductive-deductive reasoning is taken, to theory-building and theory-elaboration.

Table 6-1: Summary of the philosophical approaches taken in this study

Philosophy	Description of concept	Application in the study
Paradigm	Pragmatic paradigm: 'Study what interests and is of value to you, study it in the different ways that you deem appropriate, and use the results in ways that can bring about positive consequences within your value system'. (Tashakkori & Teddlie, 1998, p. 30).	Pragmatic approach informs the research design and strategy, sampling technique and data collection approaches of the study.
Axiology	The axiology of the Pragmatic Paradigm is a blend of objective and subjective viewpoints, accommodating the researcher's values, whilst serving as motivation to the value of the study and its benefits to people other than themselves (Kivunja & Kuyini, 2017).	The motivation is that the study be valuable to the social entrepreneurial eco-system and its stakeholders, and can influence how support is developed and provided by understanding the institutional environment, organisational characteristics and legitimacy.
Epistemology and Ontology	Social constructivism takes an interpretive view in that people apply meaning to their	Researcher's experience in the field of study influenced what was

	experiences. Within the pragmatic approach this translates into recognising that each person in the sample has personal views and interpretations of the reality (Mertens & Wilson, 2018; Morgan, 2007). Further, the researcher's experience in the field means that the underlying epistemology is grounded in existing knowledge, based on data, years of experience and information gathered from people (Kivunja & Kuyini, 2017).	studied, and how the study was conducted.
Logical Reasoning	The deductive approach is objective; beginning with a tested theory. Induction collects qualitative data and develops theory from the data analysis (Saunders & Lewis, 2012). The abductive approach attempts to initiate, as far as possible, its observations without	The pragmatic paradigm encourages researchers to move between deductive, inductive, and abductive modes of reasoning. In this case, inductive and abductive approaches were followed, through the empirical analysis. The abductive approach was modelled on a position of 'don't

	presuppositions, and without theory, which is sought through the process (Reichertz, 2014).	presume,' recognising that a broad view that referenced a wide theoretical lens would be useful to make sense of the data and realise the studies ambitions to understand social entrepreneurship within the South Africa context.

Central to the research philosophy of the pragmatic paradigm, is the research question, which determines the research design and the methods selected (Tashakkori & Teddlie, 1998). The question at the heart of this study is a 'what' question. Here, an integrated approach is recommended, that blurs qualitative and quantitative boundaries, so that the nature of the knowledge that is discovered meets the technical rigour that governs how knowledge is produced. In this way research can be both practically meaningful and rigorous, providing useful insights that respond to the complexity of real life (Tashakkori & Teddlie, 1998).

6.3. CONSIDERATIONS IN RESEARCH DESIGN

The goal of the study, to understand what social entrepreneurship looks like across South Africa's poverty and inequality extremes, and how social entrepreneurship organisations build their legitimacy in those extremes, required a particular research design. This needed to accommodate the complexities of the research environment, together with the ambiguity of the topics being explored. The following issues were considered when developing the study:

6.3.1. Defining the Target Population

The target population had as its goal all social entrepreneurship organisations in South Africa. However, a lack of networks and agreed definition made this group hard to identify. Moreover, the western conceptualisation of social entrepreneurship that was applied in South Africa excluded informal entities compounding these two difficulties. The research design, consequently, needed to consider not only a broad conceptualisation of social entrepreneurship so as to accommodate different views, but also to reach people who were not known. The target population therefore remains undefined and effort was made to reach as many people as possible.

6.3.2. Sampling Strategy

Obvious effort has gone into reaching representative samples in previous studies. Authors Littlewood and Holt (2015) and Hanley et al.,(2015) built networks around their sampling approach, Myres et al, (2018) used social media networks whilst Rivera-Santos et al., (2015) ran radio and print broadcasts encouraging participation in the study. However, despite this, South African studies are predominantly urban in their focus and framing.

The lack of a sample frame is noted (Fury, 2010; Steinman, 2010), and considering the urban bias inherent to existing networks, the author took the position that the target population be treated as ‘hard-to-reach.’ Populations are hard-to-reach when there is not a good list of the population members; or where there is a high degree of variation within the sample (Kalton, 2014; Lyberg et al., 2014).

Furthermore, without a definition or boundary conditions attached to the phenomenon, the study would struggle to screen respondents, undermining validity. The research design, therefore, needed to adopt innovative strategies which are encouraged when taking a “hard-to-reach” approach to the sampling strategy.

6.3.2.1 Mitigating Coverage and measurement error

Populations which are hard-to-reach, typically have no sampling frame, which presents a range of unique challenges to the research process (Kalton, 2014; S. Lee et al., 2014; Tourangeau, 2014). Coverage error occurs when there is inadequate reach of the target population; whilst measurement error occurs if the data collection mode does not suit the needs of the target population, resulting in high levels of non-responses. Construct invalidity and measurement error occurs when there is a disconnect between the constructs being surveyed, and how they are understood by respondents owing to contextual dimensions (Aguinis & Edwards, 2014; Lyberg et al., 2014).

Recommendations to address coverage error are to focus on sample size and reach; whilst construct and measurement validity errors are addressed in questionnaire design and data collection, with consideration attention given to how respondents ask and answer questions (Stern et al., 2014). B

6.3.3. A Multi-cultural, Multi-lingual Environment

The ambition of the study to explore informal-cultural logics required a setting that had a range of cultural realities. South Africa with its 11 official languages, and

distinct cultural groups, meets the criteria of a multi-lingual, multi-cultural study context. But this multi-cultural, multi-lingual context is a risk in research design in bilingual respondents may edit responses depending on the language in which the question is asked, and the cultural significance of the question (Warnecke et al., 1997). In these circumstances it is recommended that researchers create an environment that encourages understanding by respondents of the core concepts that are to be studied. Here face to face data collection approaches are preferred, as language support can be provided which helps overcome barriers and difficulties in understanding ambiguous concepts (S. Lee et al., 2014; Pennell & Hibben, 2016).

The research design then needed to accommodate this, by considering how social entrepreneurs could frame their understanding of social entrepreneurship, without undue influence from the researcher (Pennell & Hibben, 2016).

6.3.4. Social Distance

Related to the point above, the researcher as a white, female, English-speaking South African was also mindful of 'social distance.' Social distance is likely to occur in research contexts, where there is social or cultural distance between the researcher and respondents owing to gender, ethnicity, educational level, or other status indicators. It can result in non-responses, response editing or acquiescence, with the respondents answering what they think is right, or what they think the researcher is wanting them to say. South Africa's racial divide heightens the likelihood of social distance and so the research strategy needed to consider a data collection approach which encouraged equal participation in the study.

Recommendations to minimise prejudice in responses range, from employing facilitated techniques that encourage discussion and sharing, to group work and the visual capturing and presenting of feedback (Warnecke et al., 1997, p. 336).

6.3.5. Collecting Data in an Unequal Context

In South Africa, inequality in data access, and weaknesses in the postal service, excludes the use of online and mail survey methods as a viable means of collecting data from across the country's poverty districts (Stats SA, 2019). People in rural areas have poor access to stable data services, which are also expensive (Graham et al., 2012) and postal services are extremely limited (Stats SA, 2019). This has implications for how questionnaires are distributed, and responded to.

The literature on surveying in a multi-lingual, multi-cultural context recommends face-to-face data collection methods, as issues (such as comprehension) can be addressed immediately. Face-to-face data collection techniques also help contextualise the study within the respondents' reality, and result in higher response rates as the study occurs in a familiar context (Pennell & Hibben, 2016; Warnecke et al., 1997). It also facilitates the provision of language support. Lyberg et al., (2014) show positive results for self-administered questionnaires in a culturally supportive environment that includes access to language support (Lyberg et al., 2014).

6.4. ADDRESSING THE RESEARCH CONSIDERATIONS

These research considerations shaped the research design and approach. Special attention was given specifically to the broad framing of the target population, sampling strategy, and the need for in person data collection, which also allowed

respondents to shape their understanding of the ambiguous concepts studied, with minimal interference from the researcher. The following decisions were made to address the issues raised above.

6.4.1. Target Population

The study goal addressed the difficulties in identifying the target population by taking a more inclusive approach in defining the study's population. All people involved in social entrepreneurship organisations in South Africa irrespective of whether the organisation they associated with was a registered, legal entity, or not; were targeted. Respondents would be involved in the organisation, but at what management level was not specified. Instead, emphasis was placed on reaching as many respondents, across a wide geographic area, with varied poverty dimensions, recognising that the value of the study rested in the diversity of contexts respondents were drawn from. The study adopted two units of analysis; namely, the individual and the organisation, anticipating that these are blurred in institutionally void environments (Beta & Storey, 2019; Saebi et al., 2019).

The target population for this study was, therefore, any formal or informal social entrepreneurship organisation in South Africa, which specifically existed at that time of study. The study focused on the actions and activities of organisations and, therefore, drew from their recent activities and experiences.

6.4.2. The Sampling Approach

When studying hard-to-reach populations, a combination of different sampling approaches is recommended, recognising the compromises and trade-offs that

need to take place if this is to be effective (S. Lee et al., 2014). Stopher (2012), recommends sampling from existing lists whilst actively recruiting units of the population into the sample; Kalton (2014) supports restricting the target population to those who can be sampled, as long as the potential for coverage loss is acknowledged; whilst Tourangeau (2014, p. 17) encourages using "innovative strategies" to overcome the "unusual obstacles". Therefore, in this study, it was decided to sample for both reach and size. In focusing on reach, the study deliberately leveraged the country's spatial inequality to target people across poverty dimensions, and through its design, reach a high number of respondents (minimum n=200).

6.4.2.1 Sampling for reach

Location-based sampling techniques require going to places where the hard-to-reach population is likely to be found. In doing so, researchers are both likely to identify respondents and encourage participation in their study (Kalton, 2014; Lyberg et al., 2014).

Using the ranking system of the multi-dimensional poverty index (Fransman & Yu, 2019), main cities and towns were identified within each district and across all provinces, and shortlisted based on their poverty dimensions. By targeting a geographically diverse sample, the study was also able to target culturally and linguistically diverse groups, with each province associated with a particular language group (or groups) and identity (Stats SA, 2018b).

Other considerations during the shortlisting process included transport links, terrain, and distance to venues, to ensure the research process was accessible to people, irrespective of where they lived and worked.

The final list included 22 towns and cities in the country's nine provinces, with different language groups, and poverty characteristics, summarised here in Table 6-2:

Table 6-2: Summary of towns, their district municipality and MPI rankings

Province	City/Town	District / Municipality	Top three language groups (2011 census)	MPI ranking
KwaZulu-Natal (Pilot)	Durban	eThekwini	Zulu English Xhosa	14
Eastern Cape	Mthata	OR Tambo	Xhosa English Afrikaans	50
	East London	Buffalo City	Xhosa English Afrikaans	35 (under Amathole)
	Queenstown	Chris Hani	Xhosa Afrikaans English	42
	Port Elizabeth	Nelson Mandela Bay	Afrikaans English Xhosa	5
Limpopo	Thohoyandou	Vhembe	Venda Tsonga English	33
	Polokwane	Capricorn	Sepedi Afrikaans English	29
North West	Mahikeng	Ngaka Modiri Molema	Tswana Sesotho Afrikaans	38
	Klerksdorp	Dr Kenneth Kaunda	Tswana Afrikaans Xhosa	18
Free State	Bloemfontein	Mangaung	Afrikaans Sotho English	13

	QwaQwa	Thabo Mofutsanyane	Sesotho Zulu Afrikaans	25
Northern Cape	Kimberley	Frances Baard	Afrikaans Tswana English	19
	Upington	ZF Mgcawu District	Afrikaans Xhosa Tswana	22
KwaZulu-Natal	Richards Bay	King Cetshwayo	Zulu English Afrikaans	37
	Ballito	iLembe	Zulu English Xhosa	40
Gauteng	Vaal	Sedibeng	Sotho Zulu Afrikaans	8
	Krugersdorp	West Rand	Zulu Afrikaans Sotho	20
Western Cape	George	Eden	Afrikaans English Xhosa	3
	Cape Town	City of Cape Town	Afrikaans Xhosa English	1
Mpumalanga	Nelspruit	Ehlanzeni	Afrikaans English Swazi	31
	Ermelo	Gert Sibande	Zulu	30

			Afrikaans English	

6.4.2.2 Sampling for size

The sample size is the number of elements included in the study. There is no rule of thumb on what constitutes a 'good' sample (Kalton, 2014), but it is widely agreed that location based sampling approaches require large and diverse samples to mitigate coverage error (Dillman, 1991; Kalton, 2014; Lyberg et al., 2014; Stern et al., 2014). As recommended by Stopher (2012) the sampling strategy focused on attracting a spatially diverse and large sample. An initial target of n=200 was set.

To do this, the study used a combination of two non-probability sampling techniques, namely, purposive, or judgemental sampling and convenience sampling.

- **Purposive or judgemental sampling** is when the sample is arbitrarily and subjectively selected based on the study's research questions. It is useful when the researcher needs to target a specific group, and where sample representativeness is not a primary concern (Henderson et al., 2009). Snowball sampling techniques can then be followed to expand the number of people invited. "Members of the hidden population are not hidden from each other," writes Tourangeau (2014, p. 9), capturing the essence of snowball sampling, where the people reached, bring others into the research process.

- **Convenience sampling** is suitable in a non-normative situation and allows researchers to engage in intensive data collection and acquire a specific sample size. Convenience samples are used in exploratory studies, to conduct intensive analysis on small groups of individuals, allowing researchers to conduct large studies (Henderson et al., 2009).

6.4.2.3 Sampling process

The success of the research design hinged on reaching a wide number of people in the social sector, who lived and worked in varied poverty contexts and had anchors in a variety of cultural networks, to invite them to the workshop. However, the lack of a sample frame to work from, and very limited networks, especially outside of the urban areas, required an innovative sampling approach. A beneficial partnership was formed which allowed the researcher to manage many of the issues considered in the research design.

In 2017 the Government of South Africa announced its intention to develop a policy paper on the social and solidarity economy, including a definition for social entrepreneurship (Moss, 2012; Steinman, 2020). This study's researcher was an adviser to this process and in 2019, the draft Green Paper was published and the intention to canvas feedback through a national process was announced (ILO, 2021). It was agreed that the researcher would host workshops across the country where participants could give their feedback on the policy recommendations made in the draft Green Paper.

Prior to collecting research, the researcher would facilitate group work where participants in groups of 6–8 could discuss, share, and shape their views and

interpretations of social entrepreneurship, their understanding of community, and what constitutes ‘social good’ in that environment. In this way, many of the difficulties associated with definition and context could be resolved.

Local-language support was also organised, as was transport to and from the venues for people attending from outlying areas.

The data collection tool—namely, a questionnaire—would be completed by respondents, at the end of the workshop within a time frame of 60 minutes.

Owing to the partnership with government, workshops could be scheduled in public buildings, for example, community halls, municipal buildings, museums, and civic centres, all of which were close to public transport networks. This helped mitigate social distance by using public spaces, that embody community.

The success of the research relied heavily on the sampling process, which needed to attract a large and diverse group of respondents to the policy workshops, who were largely unknown at the time of initiating the study. Employing the problem-solving principles and values of the pragmatic paradigm, a number of steps were taken to reach people working in social entrepreneurship across the country:

Step 1: Publicly available social entrepreneurship, co-operative, non-profit and other associated database-lists were identified. These were integrated with government lists from, for example, the community works programme, creating a combined dataset of social entrepreneurship organisations with n=154,601 entries. This was sorted by province, and area of interest. Six weeks ahead of the scheduled workshop, organisations from the database were invited via e-mail and, to accommodate data inequality, through bulk text messaging. These text

messaging services proved the most effective method of reaching people, and helped counteract difficulties in e-mail access. A high volume of e-mails were returned as having invalid addresses, affirming the lack of useable databases, and the difficulties associated with digital inequality, in the South African context.

Step 2: The working partnership with national-and provincial government opened up provincial networks to the researcher. Each provincial office has a network of Local Economic Development officials, who were instructed through the national government partnership, to share the invitation with their social-and solidarity economy networks, including burial societies, co-operatives, social enterprises and stokvel groups. Invitations were forwarded through word of mouth and bulk text messages. These officials were also tasked with identifying accessible and convenient venues and arranging transport for participants on the day, if required. In this way very rural networks could be reached.

Step 3: Social media, particularly LinkedIn and Facebook, were used to target communities of interest, in social entrepreneurship, the social economy, co-operatives and non-profit entities. Notices were placed across South African NGO, and Social and Solidarity Economy forums as well as the African Network of Social Entrepreneurship Scholars, and the Social Enterprise Academy. Partnerships were also established through representative networks, for example, the Eastern Cape NGO Coalition who co-hosted sessions. This helped bring local validity, credibility, and legitimacy to the process.

Step 4: Snowball sampling techniques were applied. All communication encouraged people to extend the invitation within known and relevant networks,

hoping people outside of existing networks would participate. These referrals helped cement the validity and legitimacy of the sessions.

6.4.2.4 Difficulties with the sampling process

Owing to this exploratory sampling process, it was unknown how many people had been invited, or who would attend the workshop. Therefore, it was difficult during data collection to know whether enough respondents would be reached. The study uses the number of people who attended events as the study's sample, and the number of validly completed surveys divided by the sample as the response rate.

The limitations of a non-probability approach to sampling is that results are inferred to the population, but are not representative of it. This risk is somewhat mitigated through the targeting of a large sample (Kalton, 2014; S. Lee et al., 2014). Where possible, the study attempts to affirm, through triangulation findings from other large scale studies of South African social entrepreneurship, particularly those of Hanley et al. (2015) (n=224), Myres et al. (2018) (n=453), Lovasic and Cooper (2020) (n=417).

6.4.3. Summary of Research Considerations

The sampling strategy therefore represented a comprehensive effort to reach a broad set of people involved in social entrepreneurship, across poverty dimensions. The value of the partnership with national and provincial government was the access to community-based social enterprises, particularly in poorer areas. Aligning with the policy development process was a useful incentive for participation in workshops.

The workshop design enabled group work, with respondents able to explore their personal interpretation of social entrepreneurship, whilst exploring concepts of community and social good. Discussed in more detail under data collection, this approach helped lessen ambiguity whilst building a common, in-group understanding.

6.5. DATA COLLECTION

The literature on surveying in a multi-lingual, multi-cultural contexts recommends in person data collection methods, as issues (such as comprehension) can be addressed immediately. Face-to-face data collection techniques also help contextualise the study within the respondents' reality, and result in higher response rates as the study occurs in a familiar context (Pennell & Hibben, 2016; Warnecke et al., 1997). Lyberg et al. (2014) show positive results for self-administered questionnaires in a culturally supportive environment that includes access to translators (Lyberg et al., 2014). Language support helps overcome barriers and difficulties in ambiguous concepts (S. Lee et al., 2014; Pennell & Hibben, 2016).

Each of the above aspects posed methodological challenges for the research design, and meant that the sampling and data collection strategies had to be adapted to the unique context of investigation.

6.5.1. Data Collection Instrument

The ambition for a sample that was large in both numbers and size, eliminated qualitative data collection approaches, such as in-depth or structured interviews,

group discussions or observation as suitable data collection methods (Nel et al., 2017).

Questionnaire-led research is associated with surveys which Gideon (2012) describes as a method of gathering information from a sample of individuals, that represent the population. Questionnaire research provides a snapshot of a group of people at a given time, and enables general conclusions to be drawn on the larger group or population (Lyberg et al., 2014). It is, therefore, commonly used when researching hard-to-reach populations, and when a large sample size is targeted (Tourangeau, 2014).

Surveys can be conducted in many ways, including over the telephone, by mail, online, or in person (Gideon, 2012; Kalton, 2014). Through a survey process, respondents are asked the same questions in a similar manner, with the results being used to profile the population. A face-to-face interview was selected as the preferred method to collect data, considering the sample's characteristic as a hard-to-reach population.

A questionnaire was developed to understand the characteristics of social entrepreneurship, the conditions social entrepreneurship organisations operate in and the approaches taken as they navigate the institutionally void environment.

The goal of the questionnaire was to identify characteristics for social entrepreneurship as a means of understanding its formal and informal dimensions. It was primarily developed from the social entrepreneurship literature, particularly studies developed in emerging, subsistence and developing country contexts, and was structured around the following thematic areas:

- Theme 1: Individual characteristics (demographics)
- Theme 2: Localness
- Theme 3: Organisational characteristics
- Theme 4: Social orientation
- Theme 5: Institutional voids
- Theme 6: Organisational approaches (trust, relational agency, networks)

The literature review identified no applicable scales to measure social entrepreneurship that aligned with the goals of the study. All questionnaire items were therefore ad-hoc, self-developed statements/questions considering the literature—specifically on social entrepreneurship, difficult market contexts and interpretations of trust, legitimacy in these environments—as point of departure.

The questionnaire was designed as an English language form in Qualtrics. Drawing on recommendations made by Dillman and Edwards (2016) and Stopher (2012) the questionnaire was designed for multi-mode completion be it by hand, or online. This meant that it had no branching questions and a logical flow that led from one theme to the next, with questions that could be answered out of sequence. The final questionnaire had 44 questions, with questions carefully phrased considering the multi-lingual nature of the target population. The full questionnaire can be referenced in Appendix 1

6.5.1.1 Consideration in Question-types Used

Questionnaires that use scale types are recommended when a high degree of variation in the sample exists (Henderson et al., 2009; Hinkin et al., 1997; Pennell & Hibben, 2016). Therefore, in line with recommendations on surveying a multi-

lingual, multi-cultural population, question types ranged from nominal, to ordinal and ratio data. However, because of the influence of the western literature on conceptualisations of social entrepreneurship, a number of open-text questions were asked, to facilitate capturing nuance. Open-text responses were used to describe the community benefit of work conducted, and in identifying institutional voids by posing the question, "*What would you ask the President?".* This is a recommended approach by Warnecke et al. (1997) and Strauss and Corbin (1990) when collecting data on issues that have a high degree of individual interpretation and nuance.

6.5.1.2 Consideration in Visual Design of the Questionnaire

The visual design needed to be simple, clear and uncluttered, with sufficient space to provide detailed responses irrespective of whether the means of completion was online or by hand (Smyth, 2016; Stern et al., 2014). As recommended by Smyth (2016). the questionnaire used a large font, with three or four questions per page. It was printed over 16 back-to-back pages.

Universally recognised visual symbols such as square boxes for multiple choice tick box responses were used.

Online tools such as sliders and graphics were omitted, because they did not translate to the paper format (Dillman & Edwards, 2016). As single response questions cannot be enforced in a pen-and-paper environment, these were limited to questions with explicit answers regarding, inter alia, age, race, and gender etc.

6.5.1.3 Considerations in Question Phrasing

Warnecke et al. (1997) recommend that question design consider the four tasks respondents perform when completing surveys, namely, interpretation, memory retrieval, judgement formation and response editing. The goal is for each phase to be as effortless as possible, so that respondents provide accurate answers with minimal difficulty (Smyth, 2016).

- **Interpretation:** Warnecke et al. (1997) warn of the risk of category fallacy, where the respondent and the researcher have a different understanding of the questions' meaning, even if the question is posed in a common language. This results in 'lexical miscomprehension', where concepts are comprehended in different ways (Hardy & Ford, 2014, p. 141).

  The field of social entrepreneurship lacks universal definition. Consequently, it draws meaning from the local context, constituting a high risk. This was mitigated in the workshop design where group discussions of core-concepts preceded the completion of the survey. As recommended by Warnecke et al., (1997) and Pennell and Hibben (2016). All survey questions were phrased in a conversational style, using simple language. The term legitimacy was deemed too complicated, considering the multi-lingual, multi-cultural environment and the questionnaire instead focused on the informal and formal characteristics and approaches, important to the social entrepreneur.
- **Memory Retrieval:** The process of memory retrieval is described as the steps from comprehending the question, to retrieving the information needed when formulating a response, and making a judgement (Warnecke

et al., 1997). This was judged as being a low risk factor. Moreover, the questionnaire design limited the number of questions requiring respondents to recall complex information by using nominal, ordinal and ratio scales. The bracketing of responses such as inter alia, age and income ranges was also used and politically sensitive topics including questions on property rights were excluded.

- **Judgement Formation**: The manner in which the respondent consolidates information to create a single judgement is complex, and multi-dimensional. Additionally, the degree of memory retrieval, and consequent analysis of that memory, can also be influenced by cultural and ethnic realities (Warnecke et al., 1997). These concerns can be mitigated through logical flow, and by allowing respondents to circulate through the questionnaire, answering questions out of sequence (Smyth, 2016).

  The questionnaire design followed a traditional structure, starting with demographic information developed according to individual and then organisational perspectives. Respondents could move between questions, and nuance was captured through open text responses (Smyth, 2016; Warnecke et al., 1997).

- **Response editing**: This was considered the highest risk factor which needed addressing in the questionnaire design. Response editing is when answers are given because they are considered socially acceptable, or respondents acquiesce, providing the answer they think the researcher wants to hear (Stopher, 2012; Warnecke et al., 1997). There were a number of realities, that had to be considered that could result in response editing. As a white, English speaking, female South African, it was accepted that

there would be both social-and cultural distances between the researcher and respondents, which according to both Smyth, (2016) and Warnecke et al. (1997) results in response editing.

Additionally, the completion of the questionnaire was linked to a government-led workshop, which brought risks associated with authority and social acceptability (Warnecke et al., 1997). The authority principle says that people are more likely to comply with the request to complete the questionnaire, because it is linked to an institution that is seen as having authority. Conversely, responses could also then be skewed as a result, as people provide inputs that they believe the authority wants to hear (Stopher, 2012).

Acquiescence was also considered a risk element as this stems from category fallacy, when respondents are unsure of a question, and, adapt their answers accordingly. This is pronounced when people respond in a language other than their mother tongue (Smyth, 2016; Warnecke et al., 1997). Moreover, should respondents know each other, the answers could mirror their friends answers (Pennell & Hibben, 2016; Smyth, 2016; Warnecke et al., 1997).

Recommendations to address response editing range from having interviewers with the same racial or ethnic group as part of the data collection process, to applying the norms of conversation to the question-and-answer process (Smyth, 2016; Stopher, 2012; Warnecke et al., 1997). Both of these were applied through having a face-to-face approach with translation support, a colloquial, pen and paper questionnaire, and

facilitated group discussions, although the level to which this was mitigated is not known.

6.5.2. Questionnaire Development

The questionnaire was developed to identify characteristics of social entrepreneurship in South Africa. It look a deliberately broad view, the goal being, to understand the environment and avenues for further research, especially in the formal and informal dimensions. The themes measured through the study include demographics, organisational compliance, institutional voids, and questions that relate to trust, networks, relational agency, and localness. As outlined previously, the questionnaire used a range of scale-questions, particularly Likert and multiple response options, but also included open text questions.

The themes that framed the questions and the literature underpinning them is summarised in table form in the following sections.

6.5.2.1 Demographics

Demographic information focused on understanding the individual characteristics of the sample group, particularly, race, age, and levels of experience. Respondents were asked multiple choice questions on which racial group they identify as, gender and age bracket. Their level of experience was also asked, to help determine how many years they had been involved in social entrepreneurship. The variables investigated in the demographic section are summarised in Table 6-3.

Table 6-3: Questionnaire design: Individual characteristics (demographics)

Variable	Question Type	Scale Used	Scale Parameters	Literature Support	Origin of Measurement Instrument
Race	Multiple Choice Question	Nominal	Black African White Coloured Indian Other	Researching the demographics in hard-to-reach populations is important when facilitating an understanding of the population (Stopher, 2012). Little is known, however, on the demographic characteristics of social entrepreneurship. In South Africa few of the large scale South African studies report demographic results. Hanley et al., and 2015; Myres et al., 2018 do not, for example, report any demographic information). The Global Entrepreneurship Monitor Report shows that it involves people from across race groups, and attracts to young people (Visser, 2011). Gender is assumed to be dominantly female based on the recorded higher representation of women in the care economy in South Africa (Núñez et al., 2020), although this is unknown.	Self-developed. Guided by Stats SA (2019)
Gender	Multiple Choice Question, single response, 3 choices.	Nominal	Male Female Other Prefer not to say		
Age	Multiple Choice Question, single response, 5 choices	Ordinal	18-24 25-29 30-39 40-40 50-59 60+		
Years' experience	Multiple Choice Question, single response, 6 choices, list format	Ordinal	Little, just started 1-5 years 5-7 years 7-10 years 10 – 15 years 15+	There is no available information regarding the period of time in which people have been involved in social entrepreneurship.	Self-developed

6.5.2.2 Localness

Questions on where entrepreneurs live and work were asked at the provincial level, and district level. The district level analysis, as an open text question helped circumvent difficulties in municipal boundary changes, which are politically contentious (David et al., 2018) in that people could respond as living and working in the municipality they identify with. A question was asked on local knowledge, where respondents were asked to rate the depth of knowledge of their community and the benefits of this local knowledge, as is shown in Table 6-4:

Table 6-4 Questionnaire design: Local knowledge

Variable	Question Type	Scale Used	Scale Parameters	Literature Support	Origin of Measurement Instrument
Province where respondent lives	Multiple Choice, multiple response, 9 choices, list format	Nominal	Western Cape North West Northern Cape Mpumalanga Limpopo Gauteng Free State Eastern Cape KwaZulu-Natal	It is assumed that people live and work in the same geographic area. This correlates with the micro nature of social entrepreneurship work identified by Hanley et al., (2015) Myers et al., (2018) and subsequent data being collected by Lovasic and Cooper (2020). Micro-organisations are associated with being local, and consequently with informality. They are reliant on cognitive logics (Berrou & Combarnous, 2012; Fafchamps & Minten, 1999; Molden et al., 2017). The assumption being tested is that micro-enterprises rely on local knowledge as a means of functioning and legitimacy building (Berrou & Combarnous, 2012;	Jankelowitz and Myres, (2019); Myres et al. (2018), Hanley et al., (2015), Littlewood and Holt (2015)
Province where respondent works	Multiple Choice, multiple response, 9 choices, list format	Nominal	Western Cape North West Northern Cape Mpumalanga Limpopo		

			Gauteng Free State Eastern Cape KwaZulu-Natal	Fafchamps & Minten, 1999). Local knowledge confers a local legitimacy, at both individual-and organisational level (Molden et al., 2017). Molden (2017) outlines how social entrepreneurship organisations gain a 'licence to lead' based on their knowledge of, and activities in their community. Through this they gain access to networks, funding, financing, political support, and the trust needed to operate	
District municipality where work	Open text	Nominal	52 district municipalities		Fransman and Yu (2019)
Local knowledge	Ordinal	Statement rated on a 10-point scale	0% - No Local Knowledge - 100% Local Knowledge		Molden (2017), Amoako (2019), Lyon (2000), Khayesi et al. (2014), Amoako and Lyon (2014),
Benefits of local knowledge	Multiple choice question, 7 choices		Access to networks Community support Political support Business support Funding support Trust Other		

6.5.2.3 Organisational Characteristics

Questions here were developed from the literature that specified that organisations have formal and informal characteristics which indicated their orientation to particular logics. Questions ranged from asking whether respondents' organisations had a registered legal form (and what), and whether they had organisational or personal bank accounts. The respondents interaction with the legal system, measured through the type of contracting done, was asked.

Questions were also asked to ascertain the size of the organisation and the amount and nature of funding received. This is summarised in Table 6-5.

Table 6-5: Questionnaire design: Organisational characteristics

Variable	Question type	Scale used	Scale parameters	Literature support	Origin of measurement instrument
Organisation name	Open ended question	Nominal	Open text	Social entrepreneurship is embodied in organisational types that combine social or environmental missions with forms of economic activity. These are typically non-profit organisations, co-operatives, social enterprises, mutuals and voluntary associations, recognising that organisations may not be registered and therefore considered informal, and that respondents may belong to more than one organisation (Amoako & Lyon, 2014; Claeyé, 2016; Littlewood & Holt, 2015; Myres et al., 2018). The name of the organisation provides insight into the nature and type of work done. The literature on social entrepreneurial organisational forms in South Africa draws extensively from western literature, with its focus on organisational structure and management processes (Claeyé, 2017; Defourny & Nyssens, 2010; Littlewood & Holt, 2015). Social entrepreneurship in Africa is also poorly understand and does not accommodate the influence of context on the phenomena (Rivera-Santos et al., 2015). The selection of legal forms is taken from government documents which summarise the primary legal forms for social entrepreneurship organisations (Department of Economic Development, 2011)	Adapted from Littlewood and Holt (2015), Claeyé (2017), Myres et al., (2018), Urban (2013), GEM (2009, 2012, 2015)
Organisational legal form (as registered)	Multiple choice question, 8 choices	Nominal	Non-profit registration For-profit registration Co-operative registration Not registered		
Assessment of organisational bank account	Multiple choice question, single response, 4 choices,	Nominal	Yes - No	Studies show that micro and informal organisations in South Africa are likely to use personal bank accounts, rather than having organisational accounts. This is	Self-developed building on IFC (2018) and

				due to a range of reasons from low income, to organisational sophistication and business skills; and results in lack of access to finance (IFC, 2018). The existence of an organisational bank account is a proxy measure for formality. It is a requirement of governance practices that organisations transact through organisational accounts (*FinMARK Trust*, 2016; IFC, 2018; Wyngaard & Hendricks, 2010b). It is also a proxy indicator for voids – organisations that are unbanked are unlikely to access finance through the banking system (IFC, 2018)	FinMARK Trust, (2016)
Assessment of income amount (last month)	Single response option, 6 choices	Ordinal	No income R1-25,000 R26,000 – R50,000 R51,000 – R100,000 R100,000 – R200,000 R201,000+	Micro enterprises are measured on annual income, and employee numbers (Daroll, 2019). Social entrepreneurship organisations are mostly micro in the South African environment (Lovasic & Cooper, 2020; Myres et al., 2018) Micro-enterprises have less than 10 employees, whilst small enterprises have between 10 and 50 employees. Organisational size is also measured by an income threshold[3] which is applied at R2million per annum in this study for micro enterprises, and R22million for small enterprises (Daroll, 2019; *FinMARK Trust*, 2016).	Self-developed, based on Myres et al., (2018), Hanley et al. (2015) and various non-profit and social entrepreneurship studies e.g.: Littlewood and Holt (2015), Krige (2016)
Assessment of organisational size	Single response option, 5 choices	Ordinal	No employees 1-5 employees 6-10 employees 11+ employees		Self-developed building on Daroll (2019), GEM (2009, 2015), Myres et al. (2018)
Assessment of compliance with tax	Single response, 3 choices	Nominal	Yes – No – Don't know – Prefer not to say	Tax is a measure of compliance, and is associated with formality in enterprises (Burns, 2016; ILO, 2018). However, it is also a question that is flagged for bias in responses, especially considering the	(Burns, 2016; ILO, 2018)

[3] There are different income thresholds set across different pieces of regulation

				government-partnership through which the data was collected.	
Source of funds	Multiple response, 7 options	Nominal	Bank Family and friends My Savings Stokvel / Community Group Grants and donations Customers Membership Fees	Access to finance is widely regarded as a barrier to entrepreneurship, and is limited for people working in small and micro enterprises (IFC, 2018). Micro and small enterprises struggle to access funding and financing from formal sources (such as banks), and informal lending occurs, for example through family and friends and stokvel groups (Demirgüç-Kunt et al., 2018; *FinMARK Trust*, 2016)	(Demirgüç-Kunt et al., 2018; *FinMARK Trust*, 2016; IFC, 2018)
Assessment of extent of contracting (specifically employment contracts)	Multiple Choice, 5 choices	Nominal	Yes – No – In process – no employees	Weak contracting is a formal institutional void (Khanna & Palepu, 1997) and therefore is a proxy indicator for formality, and whether transactions are enforced through formal or informal mechanisms (Amoako et al., 2020; Amoako & Lyon, 2014; Fafchamps & Minten, 1999) The number of contracts, and the type of contracts is therefore a proxy indicator of formality and the level of sophistication the organisation operates to (Bruton et al., 2008; Dhanaraj & Khanna, 2011; Khanna & Palepu, 1997; Webb et al., 2010)	(Amoako, 2019; Amoako & Lyon, 2014)
Skills match	Statement rated on a 5-point (discreet) Likert scale	Ordinal	Definitely yes – Definitely not	South Africa's labour market inequality is characterised by a skills gap, which results in under-and un-employment, as people with low skills are trapped in low skilled work. This is particularly pronounced in rural areas, where low-skilled seasonal	Adapted from Khanna and Palepu (1997), Ebrashi and Darrag (2017), Bruton et al.,

				work contributes to overall poverty, or where employment mirrors household tasks (such as cooking and cleaning), which further stymies skills development. If organisations are unable to recruit the skills that they need to deliver on their work, they can be unproductive and unsustainable (Bakule et al., 2016; Jayaram & Engmann, 2017; OECD, 2017).	(2013), Amoako (2019)
Type of contracts	Multiple choice, 6 choices	Nominal	Partner contract Customer contracts Trustee contract Employment contract No contracts	If the regulatory environment is prohibitive, entrepreneurs are likely to seek transactional support through informal means, such as friends and family, for legal advice and support. Therefore, the type and extent of contracts provides insight into the level of compliance and engagement entrepreneurs have, with the formal system (Amoako et al., 2020; Amoako & Lyon, 2014; Lyon, 2000). Further how entrepreneurs access legal support – through kinship or formal, legal networks – again provides insights into whether entrepreneurs are preferencing formal or informal systems,	
Access to legal support	Statement rated on a 2-point scale	Nominal	Yes – No – Friends and family		
Assessment of access to information to be competitive	Statement rated on a 5-point (discreet) Likert scale	Ordinal	Definitely yes – Definitely not	Lack of information hinders consumer knowledge and product development and organisations struggle to be competitive (Ebrashi & Darrag, 2017; Khanna & Palepu, 1997)	

6.5.2.4 Social Orientation (Screening questions)

The following organisational characteristic questions were clustered and used to screen responses. These questions were designed to gauge the social orientation of the respondents so that the dataset could be reduced to just organisations with a social orientation. Respondents were asked to select which organisational form

they most associated with, which included social, business-and government entities, including the “not-for-profit" organisation, the co-operative, the credit-union style, stokvel and the hybrid social-enterprise. Respondents were asked an open text question, to describe, “*Why is the product / service that you provide important to your community?”* Respondents were then asked to tick the responses they thought applicable to the question, “*Whose responsibility is it to provide the goods and service you offer?”* The response options were, “*It is my responsibility, it is government’s responsibility, it is the responsibility of local business, it is our community’s responsibility.”* Finally, respondents were asked whether their organisation contribution to building tolerance and togetherness as a means of assessing social cohesion.

The questions used in the screening process are summarised in Table 6-6.

Table 6-6: Questionnaire design: Social orientation

Variable	Question Type	Scale Used	Scale Parameters	Literature Support	Origin of measurement instrument
Goods / services provided	Open text entry	Nominal	Open text	Sectors of work of the non-profit sector are established in the statistical literature and updated in 2019 (UN DESA, 2019). The researcher did not want to presume what those sectors of work were, therefore,, this question was asked as an open text question.	Coded to NPI Classifications of UN DESA (2019)
Social good	Open text entry	Nominal	Open text	Conceptualisations of what is good are socially constructed and should be asked at a local level, where 'good' has meaning (Karanda & Toledano, 2012). Self-reporting on the benefit of the work done, assists in understanding what constitutes 'social' in the South African environment (Egholm, 2021; Molden et al., 2017).	Self-developed based on Santos, (2012), Ballard (2019) and Barr (2002)
Social cohesion	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Definitely yes - Definitely not	Tolerance, togetherness and relationships are outcomes of social entrepreneurship, around which conceptualisations of social benefit can be oriented (Barr, 2002; Lyon, 2000). Social acceptance and tolerance are informal institutional elements employed by communities to overcome institutional voids (Ebrashi & Darrag, 2017). Irrespective of whether the organisation is registered or not, people still associate with a particular organisational type. Social organisational types include non-profits, co-operatives, stokvels and social enterprises. This question determines the organisations orientation, irrespective of registration.	
Organisational association	Multiple Choice question, multiple response, 4 choices	Nominal	Non-profit company For-profit company Academic Government Social enterprise Stokvel Co-operative		

6.5.2.5 Institutional Voids

This section asked questions to gauge the logics that organisations are conforming to—regulatory, cognitive, or normative on a five-point Likert scale, and the voids that they experience. An open text question was used to identify institutional voids. This question was phrased, using the country's President, a cross-cultural figure of authority, to determine what it is that social entrepreneurs need. Responses to this question were analysed to provide insight into the institutional voids experienced, and shown in Table 6-7.

Table 6-7 Questionnaire design: Institutional voids and logics

Construct Measured: Institutional voids and logics					
Variable	**Question type**	**Scale used**	**Scale parameters**	**Literature support**	**Origin of measurement instrument**
Regulatory codes	Statement rated on a 5-point (discreet) Likert scale	Ordinal	Definitely yes – Definitely not	Legitimacy occurs through compliance with and conformity across the regulatory, normative, and cognitive pillars that comprise the institutional environment. In environments of institutional void, conformity to the regulatory system is compensated through conformity to informal mechanisms. Or is it? Testing what systems people comply with is an indicator of where the institutional voids are, and where conformity is taking place (Kistruck et al., 2015; Suddaby et al., 2017)	(Ebrashi & Darrag, 2017; Gümüsay et al., 2020; Khanna & Palepu, 1997; Nason & Bothello, 2019)
Informal cognitive codes	Statement rated on a 5-point (discreet) Likert scale	Ordinal	Definitely yes – Definitely not		
Normative codes	Statement rated on a 5-point (discreet) Likert scale	Ordinal	Definitely yes – Definitely not		
Voids that are experienced	Open Text Question	Nominal	Open text	Voids are context dependent and may, consequently, be culturally endorsed, for example, the acceptance that women should not be entrepreneurs (Mair & Marti, 2009). They can, therefore, be hard to identify, requiring different research approaches (Amoako, 2019; Bruton et al., 2008)	

6.5.2.6 Organisational Approaches

The questionnaire included items that assessed organisational approaches that aligned with informal institutional logics. These drew from the literature on relational agency, networks, and local knowledge and used a blend of organisational and

individual levels of analysis, in line with the multi-level nature of organisations in institutionally void contexts.

Trust

Where legitimacy is the congruence between culture-and social values which frames norms of acceptable behaviour (Scott, 2008; Suchman, 1995), trust represents social acceptance (Amoako, 2019; Lawhon, 2012; Lyon, 2000). The variable “Trust” was therefore conceptualised as an outcome which organisations worked toward. Trust was operationalised at an organisational-and individual level, with respondents having to rate what they perceived their individual and organisational trust to be. This is summarised in Table 6-8.

Table 6-8: Questionnaire design: Trust

Construct Measured: Trust					
Variable	**Question type**	**Scale used**	**Scale parameters**	**What does the literature say?**	**Origin of Measurement Instrument**
Individual trust	Statement rated on a 10-point Likert (discreet) scale	Ratio	0%-100%	Legitimacy is individual and organisational, and results in trust at the individual and organisational level (Egholm & Kaspersen, 2021; Saebi et al., 2019). This is conceptually aligned to conceptualisations of Trust, especially as in institutionally void environments, legitimacy in institutions cannot be held without trust (Shockley et al., 2016; Troilo, 2010). Trust held at an individual and organisational level is therefore an outcome organisations work towards, especially in contexts that are unstable	Adapted from Schoorman, Mayer, & Davis, (2007) and Amoako (2019), Aldrich (1994), Shockley et al . (2016), Möllering (2005)
Organisational trust	Statement rated on a 10-point Likert (discreet) scale	Ratio	0%-100%		

Relational Agency

This variable was developed with examples of the constant actions that result in trust (Berrou & Combarnous, 2012; Lyon, 2000; Molden et al., 2017). Five statements, rated on a five-point Likert scale ranging from “extremely important” to “not at all important, gauged the value of trust building and relational actions representing credibility, (“What I say is What I do”), accountability, (“We do good and people see that”), effectiveness, (“Our organisation runs well”), and clarity, (“We are clear about what we do, and how we do it”). This is summarised in Table 6-9.

Table 6-9: Questionnaire design: Relational agency

Construct Measured: Relational Agency

Variable	Question type	Scale used	Scale parameters	What does the literature say?	Origin of question
Importance of trust building	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important	Trust is relational (Schoorman et al., 2007). Trust measurement is multi-dimensional: and occurs at individual, organisational and institutional dimensions (Amoako & Lyon, 2014; Bachmann, 2011). Trust measurement must be done within its context (Fink et al., 2010).	Adapted from Schoorman, Mayer, and Davis, (2007) and Amoako (2019), Aldrich (1994), Shockley et al . (2016), Möllering (2005)
Credibility	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important	Trust is developed through actions at organisational and individual level, through demonstrated actions of ability, benevolence and integrity which provide an adaptable framework for trust measurement (Mayer et al., 1995; Schoorman et al., 2007). Trust is relied on by entrepreneurs in African contexts, who set up trust systems to navigate weak enforcement and institutional voids (Amoako, 2019)	
Visibility	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important		
Clarity	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all Important		
Efficiency	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important		

Networks

This was operationalised to represent the value and type of networks to the entrepreneur. Five statements assessed the importance of networks to the success

of the venture rated on a five-point Likert scale ranging from “extremely important” to “not at all important”, measuring the importance of community, political, religious, and municipal leaders to the organisation. Table 6-10 below presents the measurement approach followed for networks.

Table 6-10: Questionnaire design: Networks

Construct Measured: Network Types					
Variable	**Question type**	**Scale used**	**Scale parameters**	**What does the literature say?**	**Origin of question**
Importance of networks	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important	Multiple studies of entrepreneurship in the informal sector, highlight the importance of networks to the organisation (Amoako, 2019; Barr, 2002; Berrou & Combarnous, 2012; Grohs et al., 2017; Lyon, 2000) Networks provide access to opportunity, facilitate transactions and enforce agreements (Amoako & Lyon, 2014; Berrou & Combarnous, 2012; Fafchamps & Minten, 1999).	Self-developed guided by Berrou & Combarnous, (2012); Granovetter, (1973, 1985), (Barr, 2002), Coleman, (1988)
Importance of community leaders	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important	Two network types (or ties) exist: autonomous networks which are institutionalised (for example religious, municipal and political networks) and social networks where the bond is through familial or kinship, or community means (Berrou & Combarnous, 2012; Coleman, 1988; Granovetter, 1985)	
Importance of political leaders	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important		
Importance of religious leaders	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important		

Importance of municipality	Statement rated on a 5-point Likert (discreet) scale	Ordinal	Extremely important – Not at all important		

The final questionnaire captured a broad range of characteristics with a focus on formal and informal domains. The thematic areas were laid out logically, whilst recognising that respondents could flip back and forth between pages. Respondents were encouraged to capture any views that fell outside of the multiple-choice options provided, in an effort to capture nuance and ambiguity.

6.5.3. Pre-testing and Piloting of the Questionnaire

It is generally accepted that the process of pre-testing and piloting of the questionnaire is an important quality control mechanism (Lyberg et al., 2014; Stopher, 2012).

Pre-testing is described as a series of small studies, using informal qualitative techniques to acquire information assisting in the design of the survey (Stopher, 2012). For this study, the questionnaire was developed over a period of a year (2018 – 2019). Demographic, organisational and open-text questions, such as, “What would you ask the President?” were tested at a series of workshops held between February and July 2019 in Johannesburg.

As the questionnaire developed, it was assessed at different stages by four subject experts from both practice and academia[4].

Piloting or Pre-testing is a “dress rehearsal” (Henninger & Sung, 2012, p. 304), an opportunity to assess where respondents struggle with the study.

Piloting needed to take place in a context which would reflect the diversity of the intended final sample group (Stopher, 2012). It, therefore, required social entrepreneurship respondents from ‘poor’ and ‘least poor’ district categories, who themselves were embedded in multi-lingual, multi-cultural context.

KwaZulu-Natal was selected for the pilot survey, because as a province, it mirrors the country’s poverty and inequality context. It has poverty extremes between rural and urban areas, and incorporates the former homeland of KwaZulu. Although the province has a predominantly Zulu population it also has an established Indian population. Both population groups have strong ethnic and cultural ties, and embody the multi-cultural, multi-lingual ambition of the study (Fransman & Yu, 2019; Sulla & Zikhali, 2018).

Students who attended the workshop were participants in a university social entrepreneurship programme and operated social enterprises in their communities. Forty-six students were sponsored to attend the workshop in that their travel and

[4] Inputs were received from senior leaders in: The Department of Trade, Industry and Competition (Deputy Director General), International Labour Organization (Senior Enterprise Specialist), Industrial Development Corporation (Head: Social Enterprise Fund), University of KwaZulu-Natal (Project Manager: Local Economic Development).

accommodation was paid for. Students came from districts with very different poverty dimensions, as is shown in Table 6-11.

Table 6-11: Piloting the questionnaire: Summary of districts and MPI ranking (Fransman and Yu, 2019)

District	Multi-Dimensional Poverty Index ranking (51 districts)
eThekwini Municipality	14
uMgungundlovu District Municipality	24
iLembe District	35
Ugu District	36
King Cetswayo	37
Amajuba	38
uThukela District	45
Zululand	47

Survey participants completed the questionnaire in the last hour of the three hour-workshop session. As recommended by Desimone et al. (2015), the researcher observed respondents. Particular attention was given to the time taken to complete the questionnaire, and the questions asked, which may have required clarification.

The respondents reported no difficulties in understanding the questions and concepts in the questionnaire. Students completed the survey with ease within the allocated 60-minute time frame and the questionnaires were all completed by hand.

Based on feedback from this session, questions were added to the questionnaire, or were expanded. A question regarding the payment of tax was added, as was a question on legal forms. ‘Membership fees’ was added as an option to the multiple-choice question on sources of income. This process is summarised in Table 6-12:

Table 6-12: Questions changed following the KwaZulu-Natal pilot

Questions edited or introduced
[Introduced:] Tick which box applies to you. I am a co-operative, I am with a stokvel, I am with a social enterprise
[Edited:] From where does your organisation's funding come from? Please tick those that apply. - Added Choice: Membership fees
[Introduced:] Does your organisation pay tax?

The final questionnaire is in Appendix 1.

The data collected from the pilot study were included in the final dataset, and forms part of the final analysis.

6.5.4. Executing the Data Collection Strategy

In July 2019, the pilot data collection session took place in KwaZulu-Natal. From here the researcher travelled to all provinces hosting workshops. As per the workshop design, the researcher facilitated discussions, where participants shared their interpretation of social entrepreneurship, the institutional environment, and barriers to growth. During this pre-survey session, respondents were separated into groups and encouraged to draw, share, and present their collective experiences of working in social entrepreneurship in South Africa. Each of the sessions was recorded, transcribed, and translated.

By December all data collection had been completed. Based on the signed attendance registers, 766 people attended 22 workshops hosted in South Africa's nine provinces. Table 6-13 lists each of the workshops, their location, and attendance details:

Table 6-13: Summary of Workshops held, by province, city, and date

Province	City/Town	Date	Total attendees	Percentage of total respondents
KwaZulu-Natal (Pilot)	Durban	21 July 2019	25	3%
Eastern Cape	Mthatha	19 August 2019	42	5%
	East London	20 August 2019	53	7%
	East London	21 August 2019	36	5%
	Queenstown	22 August 2019	39	5%
	Port Elizabeth	23 August 2019	52	7%
Limpopo	Thohoyandou	11 September 2019	66	9%
	Polokwane	12 September 2019	45	6%
North West	Mahikeng	17 September 2019	37	5%
	Klerksdorp	18 September 2019	62	8%
Free State	Bloemfontein	26 September 2019	34	4%

	QwaQwa	27 September 2019	16	2%
Northern Cape	Kimberley	01 October 2019	30	4%
	Upington	03 October 2019	35	5%
KwaZulu-Natal	Richards Bay	09 October 2019	42	5%
	Ballito	10 October 2019	11	1%
Gauteng	Vaal	16 October 2019	10	1%
	Krugersdorp	17 October 2019	17	2%
Western Cape	George	29 October 2019	43	6%
	Cape Town	30 October 2019	43	6%
Mpumalanga	Nelspruit	4 November 2019	6	1%
	Ermelo	05 November 2019	23	3%
Total Workshops held	22		767	100%

Workshop sizes varied, from 66 people in Thohoyandou to six in Ballito. Additional workshops were planned for the under-represented provinces and scheduled for March 2020, but were cancelled due to Covid-19. For a perception of the engagement and support that took place at the workshops see Appendix 2.

6.5.4.1 Permissions and Initial Screening of Respondents

The initial screening of respondents was done physically: people who felt that the workshop was relevant to them would attend. If they found the workshop useful, they would stay the duration of the session. If the survey was relevant, they would complete it. If they wanted their responses to be considered, they would submit them.

Questionnaires, together with informed consent, on the first page of the survey, were handed in on completion. This acted as a physical form of both screening and permission (Desimone et al., 2015; Kalton, 2014).

A second phase of data-screening was conducted using a cluster of questions to determine the ‘socialness’ of respondents. This process is described as part of the Data Analysis process.

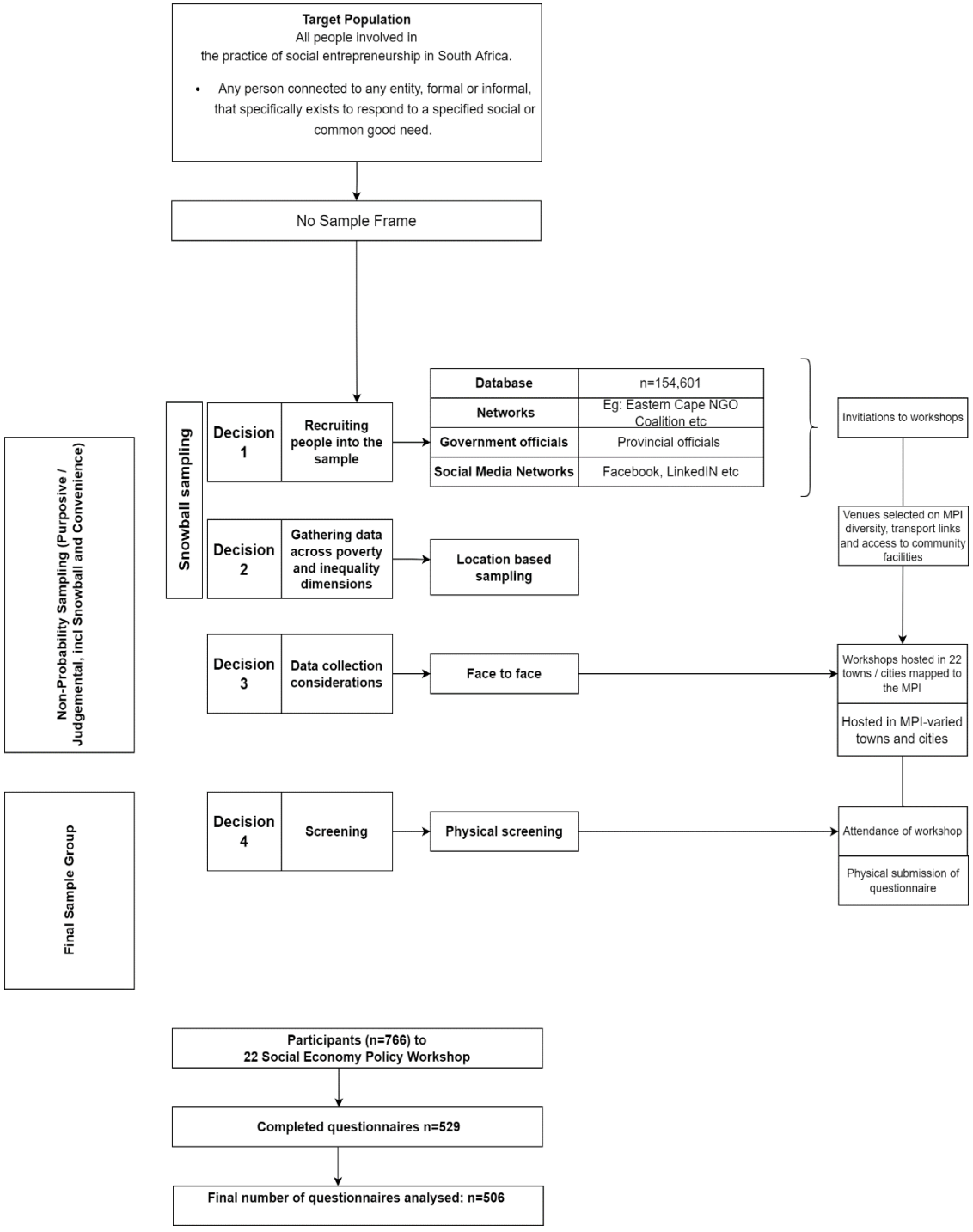
6.5.4.2 Final Attendance and Response Rate

Figure 6-2 summarises the research strategy and approach. However, if determining the population of the study is difficult, so is determining the exact sampling frame. This is because it is unknown how many people received the invitation to attend, due to the snowball sampling technique, and the use of multiple means of communication (e-mail, text message, social media platforms).

More certain in the study was the size of the sample, which was defined as the number of people associated with social entrepreneurship organisations who attended the workshops. As reported in Table 6-13, 767 people attended the workshops. However, 11 of these were individuals not fitting into the sample frame, so the final sample size was 756.

The response rate was calculated as the number of validly submitted questionnaires. Even though 529 questionnaires were returned, 11 belong to the above excluded individuals, 6 did not five consent and 6 filled in the questionnaire incompletely or invalidly. Hence, the number of validly completed questionnaires was 506 which, divided by the sample, yielded a response rate of 67%.

Figure 6-2: Summary of research methodology (sampling and data collection)



6.5.4.3 Difficulties in Data Collection

The use of community facilities posed new challenges, which required constant adaptation. In Durban, for example, university protests took place on the day of the pilot session, and the campus was closed. In Mthatha, Eastern Cape, the stadium venue did not have tables. In Thohoyandou, Limpopo, the room had two bee colonies living in the light fittings, and the team having to move venues. On arrival at the town hall, in Krugersdorp, Gauteng, the hall was locked, with no staff available to provide support. Some community venues did not have water, whilst in Cape Town, the banners marking the venue were stolen within ten minutes of being set up. In iLembe, KwaZulu-Natal , the venue booking was cancelled the day before the event posing a problem as a new venue had to be booked and the change of venue communicated to people who were difficult to reach. Overall, however, the partnership with national-and provincial government provided an important opportunity to reach outside existing social entrepreneurial networks and conduct research in areas characterised by poverty. Alignment with the policy process acted as an incentive bringing people together, and encouraging participation.

6.6. DATA CAPTURE, CLEANING AND DATA MANAGEMENT PROCESSES

An independent data capturer was commissioned to capture the handwritten forms in Qualtrics. This served as an opportunity for quality control, with the data capturer and researcher randomly conducting accuracy checks as recommended by Gideon (2012). The protocol for data capturing was that the data be captured verbatim. All spelling and grammatical errors were, therefore, included. Data were

captured by province, and then merged into a master spreadsheet with its n=529 responses.

6.6.1. Data Cleaning and Exclusion of Responses

Nine responses were excluded because of unit non-response, where the questionnaire had not been answered, and three were excluded with item non-response where some questions, such as demographic information had been provided, but were otherwise empty.

In addition, six people did not give permission for their feedback to be used in the study and were excluded.

Eleven responses were excluded as being out-of-scope, because they were completed by people outside of the framing of the target population. They worked, for example, with government or in business sectors that supported social entrepreneurship.

After data cleaning, the number of validly completed questionnaires was 506. The process is summarised in Table 6-14.

Table 6-14: Table summarising exclusion of responses

	Attendees	**Completed Survey**	**Incomplete Surveys**	**Did not give Permission**	**Out of Scope**
Sample group	766	529	6	6	11
Total			523	517	**506**

6.6.2. Limitations of the Data Collection Approach

Despite measures to address the risks associated with surveying hard-to-reach populations, it is acknowledged that these cannot be fully addressed, because, for example, as a non-purposive, judgemental and convenience sample a risk of coverage error exists, as the sample does not represent the population.

Acquiescence and response editing, which was mitigated through the use of the explanatory workshop and language interpretation, are also unlikely to be fully resolved (Pennell & Hibben, 2016; Warnecke et al., 1997). Steps taken to mitigate these errors are outlined as follows:

6.6.2.1 Non-respondent Bias

Non-response occurs when sampled individuals do not respond to a survey. Unit non response occurs when a member of the sample does not respond to the survey as a whole. Item non response is when one or more survey items are not answered by the respondent (Lyberg et al., 2014). If the experiences of those who did not participate in the study or items of the study, are systematically different to those recorded, bias occurs. The thresholds for unit non-response is less than 80%, and for item non-response rate, less than 70% (Tourangeau & Plewes, 2013).

Of the 529 completed surveys, nine (1%) were excluded for unit non-response.

However, because the population is not defined, the extent of non-response bias is hard to establish in this study an all results are, therefore, exploratory.

6.6.2.2 Coverage Error

As will be discussed in the next section, the final dataset (n=476) used for data analysis drew respondents from six of the eight metropolitan areas, and from 27 of the 44 district municipalities. The respondents live and work in both the country's poorest and least poor areas. The sample group is diverse, drawing respondents from the country's poverty dimensions. Whether or not, this is representative, is not determined. The size and diversity of the sample, however, considering it is the largest social entrepreneurship study to date in South Africa, mitigates the risk of coverage error and the bias associated with sampling error (Lyberg et al., 2014).

6.6.2.3 Processing Error

The risk of processing error was heightened because of the pen-and-paper format. Errors were mitigated by bringing in an independent data capturer, and through random quality checking and vetting of inputs.

In summary, although there is no methodological "silver bullet" (Berry et al., 2018, p. 21), especially when researching low incidence, hard-to-reach populations, the mixed method approach taken which used open text, Likert and multiple response option type questions does allow inferences to be drawn on the institutional environment for social entrepreneurship in South Africa.

6.7. DATA ANALYSIS

6.7.1. Mixed Method Approach to Data Analysis

Given the nature of the research questions, requiring a mix of inductive, abductive, and deductive approaches, a three-phase, mixed-method approach to data

analysis was finalised. The data analysis techniques can be categorised as descriptive analysis and statistical analysis, using Structural Equation Modelling (SEM).

For the descriptive analysis, the following data analysis techniques were applied:

- Phase 1: Open text questions were analysed following an emergent to axial, to *a-priori* coding process
- Phase 2: Scale responses were analysed using descriptive techniques, mainly frequency analysis, using Excel.

Results from this would contribute to strengthening the conceptual model, shown in Figure 3-3, with the aim being to operationalise this from the descriptive results to test its significance.

For the statistical analysis, which represents Phase 3, the following data analysis techniques were used:

- Exploratory Factory Analysis for reliability and validity testing
- Structural Equation Modelling for model testing
- Multi-group Confirmatory Factor Analysis for moderation

SEM was selected as the most applicable statistical means of theoretical testing, considering its application in exploratory and emerging fields (Blunch, 2012). By using SEM, the study could test the model developed, and in doing so, contribute better empirical rigour to the literature on social entrepreneurship in difficult market contexts.

In line with the pragmatic approach, this study uses a mixed method approach to its reasoning. Abductive, inductive, and deductive analytical thinking is applied,

with each research question informing the next step of the study. Because multiple techniques were used, each of the analytical approaches is described below, the results of which are presented in Chapter 6.

6.7.1.1 Open Text Coding Procedure

Coding is a means of analysing qualitative textual responses regarded as the "critical link" between data collection and the explanation of meaning. A code is described as a short word or phrase which assigns a summative, and salient attribute to the data (Saldana, 2013, p. 3). Coding is, therefore, heuristic, an exploratory problem solving technique leading to a deeper analysis (Saldana, 2012; Stopher, 2012).

Open text questions are useful when gathering data on exploratory concepts which are not yet well grounded, or have established boundary conditions. In this way, researchers gain nuanced, contextually relevant insights (Gabriel, 2015; Hardy & Ford, 2014; Saldana, 2013). Three open text questions were asked in the study, which were coded in a multi-phase process. The fourth question on which Districts respondents work from was analysed differently, against the Multi-dimensional Poverty Index.

- **Phase 1** was an open or emergent coding process to identify primary themes (Blair, 2015; Goulding, 2005; Strauss & Corbin, 1990; Wolfswinkel et al., 2013). First, a word frequency analysis was done to highlight the prominent words from the open text question (Brysbaert et al., 2011). This provided a 'map' to apply to the coding process, helping to identify primary concepts and associated insights (Wolfswinkel et al., 2013) whilst helping

manage the ambiguity of the coding cycles and bias of the researcher (Saldana, 2012).

Once the 'map' had been created an open-text coding process was done. This followed the "codes-to-theory" model proposed by Saldana (2012), who recommends a minimum of two rounds or cycles of coding. In conducting this process, the essence-capturing phrases or text strings representing the data, were identified.

- **Phase 2** refined these summative text strings into themes in an axial coding process that consciously applied principles of categorisation and reflexivity, a process which is described by Gabriel (2015, p. 335), as 'beachcombing'. It explores the relationships between codes to create categories or themes and sub-themes (Blair, 2015; Wolfswinkel et al., 2013). By clustering the codes, meaning is created through the creation of conceptual categories (Saldana, 2013)

  A minimum of three coding rounds were conducted, several weeks apart. The researcher would start from different points in the dataset to avoid fatigue and a possible 'glossing-over' of data, which is associated with repetition (Blair, 2015).

  This process of axial coding was repeated until saturation, when no new categories or clusters emerged, and there were no new properties or dimensions revealed in the data and the code-list (Strauss & Corbin, 1990).

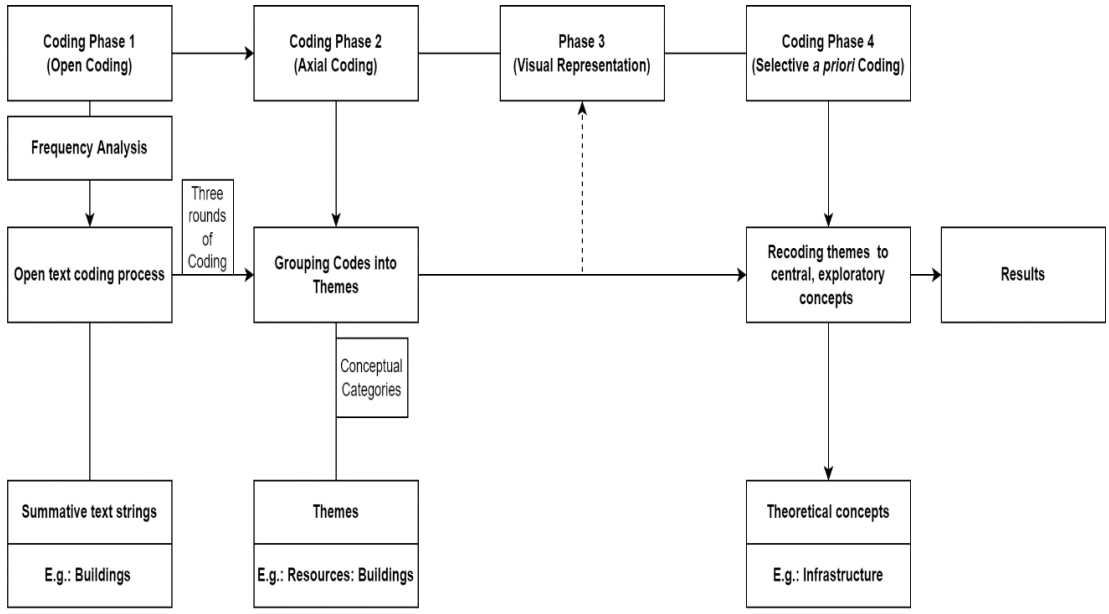
- **Phase 3** modelled the themes into a visual representation. This facilitated comparing the results to existing theory and literature and is recommended by Wolfswinkel et al. (2013), as a process of refinement to reflect the

"shape" of the data, as it transitions from the thematic to the conceptual (Saldana, 2012, p. 11). These visual models are presented in the Results section.

- For **Phase 4**, the themes were analysed against *a priori* templates developed from the literature. In this way, the coding process gains explanatory relevance (Saldana, 2013). Coding was done manually in Excel, which created a closeness to the data, that helped 'connect the dots' between the "what, how and why," so as to develop an "enhanced view" (Wolfswinkel et al., 2013, p. 8,9).

This cyclical and progressive process of 'emergent' open, axial, and selective *a-priori* coding is visually described in Figure 6-3.

Figure 6-3: The open, axial, and selective coding process



Blair, E. (2015). A reflexive exploration of two qualitative data coding techniques. Journal of Methods and Measurement in the Social Sciences, 6(1), 14–29.

This process was modified for one of the open-text questions that contributed to Research Question 2:

- Why is the product / service that you provide important to your community?

Because there is no *a*-priori template for community benefit, this was coded to a binary *Yes, community benefit is articulated* and *No, community benefit is not articulated*.

6.7.1.2 Analysis Applying the Multi-dimensional Poverty Index

South Africa's nine provinces are divided into 51 districts, which are smaller administrative boundaries (Stats SA, 2019). The district information provided to the

question *Which district do you work in*, was analysed against the district-ranking of the Multi-Dimensional Poverty Index of Fransman and Yu (2019), which ranks districts from 1 to 51, with district 51 being the poorest. This ranking is useful in that it combines census and national survey data, and accommodated the most recent municipal boundary changes at the time of the study (Fransman & Yu, 2019).

In this way it was determined whether the final sample group reflected the poverty extremes of the country, and whether conclusions should / could be drawn at a national level.

6.7.1.3 Descriptive Analysis through Frequencies

Measures of frequency were used to describe and summarise collected data in a logical, meaningful, and efficient way (Vetter, 2017). Valid and reliable descriptive statistics answer basic questions about the research dataset, and represent the first “scientific toe in the water” in new areas of enquiry (Vetter, 2017, p. 1797). Frequency analysis provides insight into the ‘count’ of responses and its relationship within the entire dataset, including cross tabulations (Stopher, 2012).

A descriptive frequency analysis was used to analyse all ordinal and ratio data, bringing meaning to Likert and ratio scales. A percentage of the total sample (n=476) was used to indicate the extent of the response within the group, providing insight as to what is considered important. This was further disaggregated by poverty dimensions, providing insight within each tier, as to which issues are important and which are not.

6.7.1.4 Model Testing of Trust in Institutional Voids - a Conceptual Model

The open text and descriptive responses to Research Question 1 and Research Question 2 will inform the preliminary conceptual model developed theoretically and presented in Figure 3-3. This preliminary conceptual model builds on those developed through the literature reviews on the difficult market contexts and institutional theory which theorised a role for formal and informal logics to legitimacy building. The results from the descriptive analysis, which uncover the organisational characteristics of social entrepreneurship organisation and, hence, the mechanisms they employ to build trust in an institutionally void environment, could lead to an empirically-driven adaptation of the preliminary conceptual model. The so-revised conceptual model will then be tested empirically through Structural Equation Modelling (SEM), recognising its usefulness in empirically testing exploratory theories. Given this deductive-inductive-deductive approach in theory building and testing, and considering the mixed-methods approach adopted where model testing constituted only once component of this exploratory investigation, hypotheses were not developed for the testing of the model. For the sake of simplicity, instead, the structural model depicting the relationships between independent variables and the dependent variable, as well as moderation effects, was verified empirically.

SEM is regarded as a “simplified approximation of reality” (McDonald & Ho, 2002, p. 71), and a number of indices have been developed to assess the goodness of that approximation.

These goodness-of-fit measures measure the extent to which a model can be considered as being adequate. Used together they provide satisfactory criteria for model evaluation (Bagozzi & Yi, 2012) and are an indicator of due diligence in the course of the research (Gefen et al., 2011).

The following goodness of fit measures were used in this study and are drawn from the following sources Hair et al., (2010c, 2014), Markolides and Rakov (2000); Kline (1998) and Marsh and Hocevar (1985).

- **Chi Square (CMIN):** Is a test statistic of the "goodness-of-fit" model used when testing the null hypothesis to establish whether the model fits the analysed covariance matrix perfectly. The model is rejected when the *p-value* is smaller than a pre-set significance value:

  $T=(N-1)\,F_{min}$

  - Chi square value = T
  - *N* = sample size
  - F_{min} = minimal value of the fit function for the parameter estimation method used
- **Normed Chi Squared (CMIN/df):** The CMIN value divided by degrees of freedom. CMIN/DF < 3 indicates an acceptable fit between hypothetical model and sample data with CMIN/DF < 5 indicating a reasonable fit where 3 is considered a conservative threshold and 5 a liberal threshold.
- **Root Mean Square Error of Approximation (RMSEA):** This takes model complexity into account, with less rigid requirements for degrees of fit, the primary principle evaluating the extent to which the model fails to fit the data. A value of 0.05 or less is considered a good fit, whereas values between

0.05 and 0.08 indicate acceptable fit. Values between 0.08 and 0.10 represent marginal fit and values above 0.1 are considered unacceptable fit.

- **Incremental Fit (IFI):** This compares *T* (chi-square value) against a baseline model or the independence model, which assumes that all the covariances are zero. IFI's should ideally be greater than 0.9 for acceptable fit. TLI and CFI are the most widely applied incremental fit measures (Hair et al., 2010).
- **Trucker Lewis (TLI):** Like CFI, it is a measure of fit relative to a null or baseline model, comparing the *T* (chi-square value) against the baselines of the independent model. It penalises model complexity and is a gauge of parsimony. TLI. Should be greater than 0.90 for acceptable fit.
- **Standardised Root mean square residual (SRMR):** This measures the difference between the observed correlation and the model implied correlation matrix. Well-fitting models have an SRMR of less than 0.05 and a cut-off point of ≤ 0.08 is recommended for sample sizes >200.

6.7.2. Structural Model Testing

SEM is useful when testing inter-relationships and as a causal inference method when testing for linear relationships (Hair et al., 2010). It encompasses a range of statistical models used to evaluate substantive or transferable theories empirically. As a multi-variate procedure, it tests the theoretical relationships between concepts presented by variables, using causal modelling, path analysis, confirmatory factor analysis and simultaneous equation modelling. (Bagozzi & Yi, 2012; Hair et al., 2010).

SEM has the ability to incorporate latent unobserved constructs. Latent variables are theoretical constructs which cannot be measured directly, and are instead measured indirectly through characteristics and concepts attributed to them based on relevant theory (Gefen et al., 2011). Latent constructs improve the statistical estimation of relationships between concepts by accounting for, and reducing measurement error, through the use of multiple measures of a concept (Hair et al., 2010). SEM is, therefore, able to assess how well the data of the study fits the conceptual model (Hair et al., 2010).

Furthermore, SEM is also useful in that the path diagram visually represents the measurement and structural elements of the SEM in one model. It distinguishes between endogenous and the independent exogenous variables, with the dependence of the endogenous construct visually represented through a one-headed arrow path between constructs (R. B. Kline, 2016). Dependence relationships are shown with straight arrows, which emanate from the predictor variable, pointing to the dependent construct or variable. Correlation is symbolised by curved arrows between constructs. Moreover, constructs are represented by ovals or circles. The measured variables are symbolised by rectangles or squares (Hair et al., 2010).

6.7.2.1 Moderation

Empirical testing allows researchers to test the effect a third variable has on the relationship between an independent and dependent variable (Li et al., 2019).

The moderator is described as “a variable that affects the direction and/or strength of the relation” between an independent variable and a dependent variable” (Jose,

2013, p. 22 quoting Barron and Kenny (1986)). Simply put, Hayes (2009) describes moderation as occurring when the effect X has on Y changes, owing to the third, M, which is the moderator variable.

Moderation analysis, therefore, seeks to understand the individual differences which either strengthen or change the direction of the relationship between the different variables (Muller et al., 2005).

Here the moderation effect could be enhancing, where increasing the moderator would increase the effect of the independent variable on the outcome or dependent variable. Buffering occurs when increasing the moderator would decrease the effect of the independent variable on the outcome variable, whilst an Antagonistic effect occurs when the presence of the moderator reverses the effect of the independent variable on the outcome variable (Hall & Sammons, 2013; Jose, 2013; Wu & Zumbo, 2008).

6.7.3. Summary of Data Analysis Strategy

Different analytical tools are used to explore the data and test insights. The final data analysis strategy uses mixed-method techniques, specifically exploratory, to axial to *a-priori* coding process and descriptive frequency analysis to identify characteristics of the ecosystem. It then uses these results to strengthen the conceptual model developed through the literature review discussion, and proposes testing it using Structural Equation Modelling, with moderation identified as a strategy for testing relationship effect. The study therefore adopts different analytical approaches for each Research Question:

Research Question 1 with its focus on identifying s uses an inductive approach to analyse open-text responses to identify what institutional voids are experienced in the South Africa environment;

Research Question 2: Organisational characteristics are explored through descriptive statistics which are analysed using an inductive-abductive reasoning. Linking the findings from Research Question 1, insight can be gained into what logics organisations are relying on to navigate the institutional environment. A model is developed based on the insights of the literature review and the data analysis.

Research Question 3: A deductive approach is taken by and inferential statistical approaches used to test the conceptual model that was developed in the previous question. In doing so, the study is able to affirm the relevance of the legitimacy approach developed.

In this way, the pragmatic paradigm's goal for an inductive-abductive-deductive data analysis strategy is realised, which builds both a theoretically and contextually relevant model, contributing to theory building in this nascent field.

This approach is recommended in studies in emerging fields where there is little empirical data and where ambiguity in concepts and constructs exist (Gabriel, 2015; Warnecke et al., 1997). By doing so, the study responds to multiple calls for quantitative studies in social entrepreneurship (Saebi et al., 2019; Sassmannshausen & Volkmann, 2018), and in difficult market contexts (Bruton et al., 2021; Webb et al., 2020) which contribute both empirically to the field and also advance theory building.

CHAPTER 7. PRESENTATION OF RESULTS AND DISCUSSION

This chapter presents the descriptive and statistical results, following the data analysis process.

Firstly, it presents the final sample group before presenting the results to Research Question 1 and Research Question 2, which closes with an update of the conceptual model developed through the literature review. Research Question 3 is then answered using statistical techniques to test the model.

As explained in Chapter 6, this study followed a mixed-methods, sequential approach in data analysis and interpretation. Since each research question can only be answered taking the findings for the previous research question into account, and also to facilitate the reader's understanding of the results, the study's results and discussion thereof are presented together for each research question. The next section describes the process followed to arrive at the final dataset for data analysis purposes.

7.1. THE FINAL DATASET

For the study to achieve its goals, the sample group needed to represent socially oriented organisations across South Africa's varied poverty dimensions. As much as the sampling strategy brought people involved in social entrepreneurship organisations together through a series of focused workshops, additional measures were applied to screen the dataset and to test its applicability to the goals of the study. This was done in two ways: the dataset was screened and reduced, to better reflect socially-oriented organisations; and the dataset was

analysed to ascertain whether it reflected social entrepreneurs and organisations operating across South Africa's poverty dimensions.

7.1.1. Screening: Reduction of Dataset for Analysis

The cleaned dataset (n=506) was analysed, to ensure that it represented socially oriented organisations.

A dilemma of the study was what to apply as screening criteria. The broad criteria to attend the workshop, and minimal screening at the point of data collection, warranted a review of the dataset to make sure it met some basic criteria of social entrepreneurship. Otherwise there was a risk that entrepreneurial activities, without any conscious social outcome, could be included.

A number of criteria were considered and rejected. Organisational registration, for example, applied in previous studies (Myres et al. (2018) and Lovasic and Cooper, (2020) for example) could not be used here as it would exclude unregistered organisations and the study's orientation towards informality. The earned-income model as a characteristic of social enterprises and as championed by north-American authors such as Dees (2001) and Martin and Osberg (2007) to which South Africa social entrepreneurship discussions subscribed to, also presented difficulties, as it could again exclude organisations. Here, income earned informally was unlikely to be declared, when considering the government nature of the workshop. Kistruck et al. (2015), Webb et al. (2009), and Titeca and Flynn (2014) provide examples of entrepreneurial organisations operating legitimately to local norms and standards, but which are earning income illegally or illegitimately when viewed against formal, regulatory rules and standards. Further, using income

earned as a criterion could also exclude organisations supported by informal financing mechanisms which are structured on savings rather than earnings systems, such as the stokvel which is widely credited with financing informal entrepreneurial activity (ILO, 2016).

Another method of sampling, i.e. self-identification as a social entrepreneur or as being with a social enterprise (see Mair et al., 2012; Santos, 2010), was also excluded. This was cautioned against by Rivera-Santos et al. (2015, p. 81) who advise that data collection strategies recognise "that social entrepreneurs may not self-identify as social entrepreneurs in some contexts, despite their having all the characteristics of social entrepreneurs in the literature." In their study of social entrepreneurship in sub-Saharan Africa, they find that many social enterprises do not regard themselves as such, and would not have been included in a sample if self-identification was the distinguishing criteria. They emphasise the need to balance individuals' self-perception against actual activities of good.

Lastly, because interpretations of what constitutes 'social' are culturally and contextually embedded, and therefore highly diverse, it was decided to apply a broad screening process that included both formal and informal conceptualisations of 'social'. These 'social' characteristics, neither of which was exclusionary, to be applied to the dataset were: organisational association, social intention, responsibility, and social cohesion. If organisations met *less than two* of these inclusion or screening criteria, they would be excluded from the study. In this way, the dataset would better represent social organisations, without excluding organisations because they fall outside of existing interpretations of what

constitutes 'social.' What follows is a more detailed explanation of these screening criteria.

- **Organisational association:** Respondents could select which organisational form they associated with. Options ranged from business and government entities, to not-for-profit organisations, co-operatives, the credit-union style stokvel and the hybrid social-enterprise. Responses were considered as social if they were non-profit, co-operative, stokvel and hybrid.

- **Social intention:** Respondents were asked an open text question, to describe, "*Why is the product / service that you provide important to your community?"*

  This was coded following the steps of the open-coding process described in the preceding chapter, although no *a-priori* template was applied. Responses that described the social value of the work done, were scored, and considered as 'social'

- **Responsibility orientation:** Respondents were asked to tick the responses they thought applicable to the question, "*Whose responsibility is it to provide the goods and service you offer?"* The response options were, "*It is my responsibility, it is government's responsibility, it is the responsibility of local business, it is our community's responsibility."* Only responses that gave evidence of social orientation – individual and collective responsibility - were labelled as 'social.'

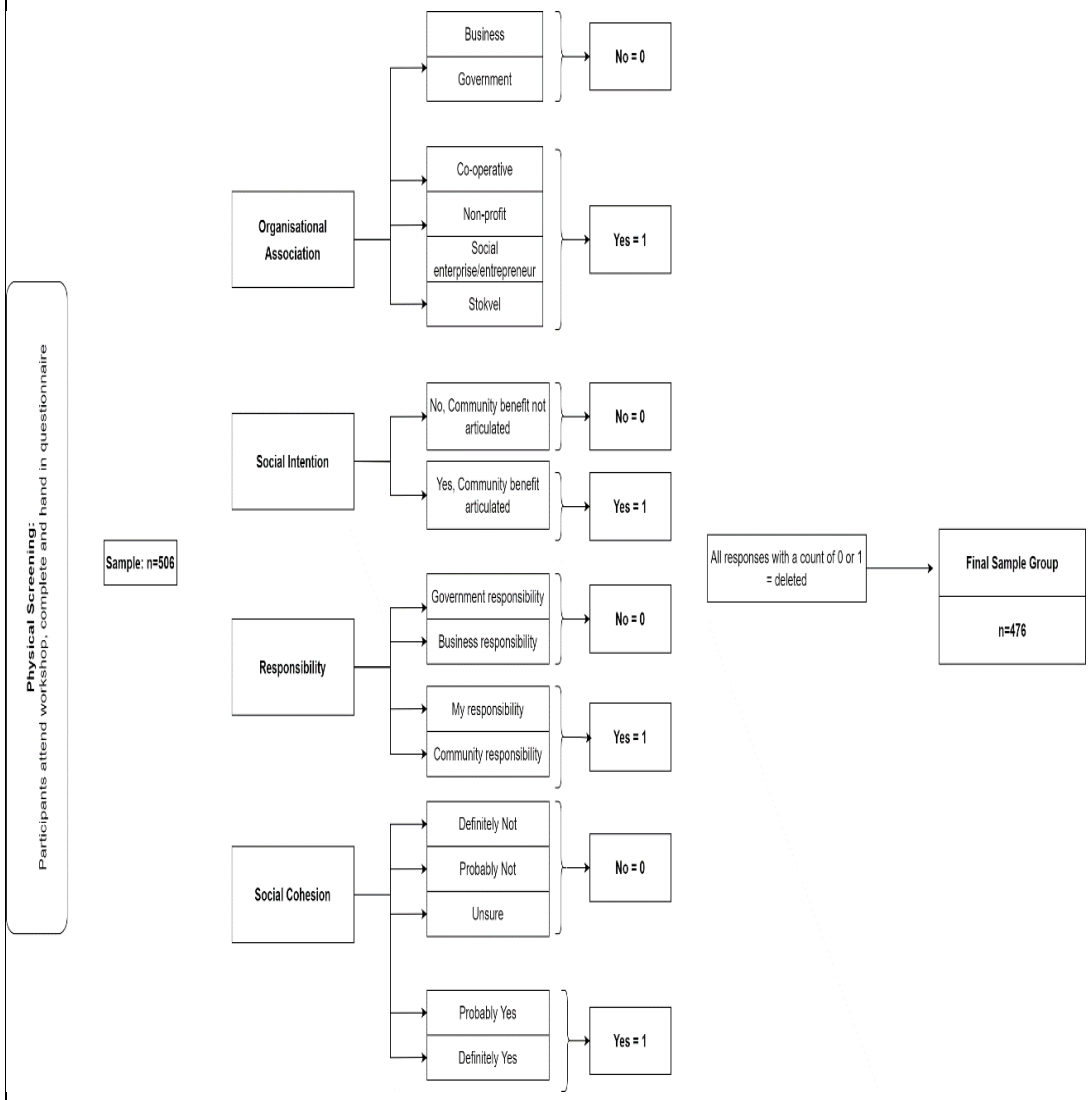
- **Social cohesion:** Respondents were asked to give feedback on a 5-point Likert scale, as to whether their organisation worked to social outcomes of

tolerance and togetherness. If “definitely yes” and “probably yes” were answered, the response was considered as ‘social.’

Overall, 30 responses were excluded through the screening process, and the final dataset was finalised at n=476.

The process of reducing the dataset is summarised in Figure 7-1:

Figure 7-1: Data screening procedure to arrive at final dataset (n=476)

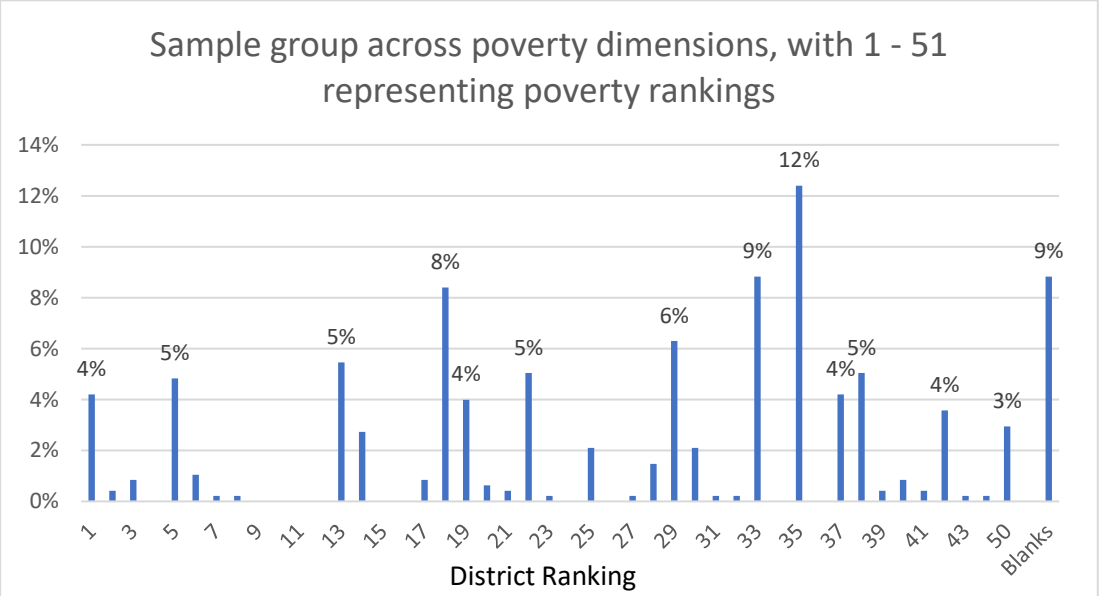


7.1.2. Representation of South Africa's Poverty Dimensions

South Africa's nine provinces are divided into 51 districts, which are smaller administrative boundaries (Stats SA, 2019). As a result, there are a number of empirical reports which use the district level of analysis to report on poverty conditions, with the multi-dimensional poverty index by Fransman and Yu (2019), used in this study. By analysing which districts respondents come from, the study is able to better understand the conditions respondents live and work in.

As is shown Figure 7-2, the final sample group of n=476 respondents work in districts that represent a range of different poverty realities, from those working in the least poor district (ranked 1), to those in the poorest (ranked 50) (Fransman & Yu, 2019).

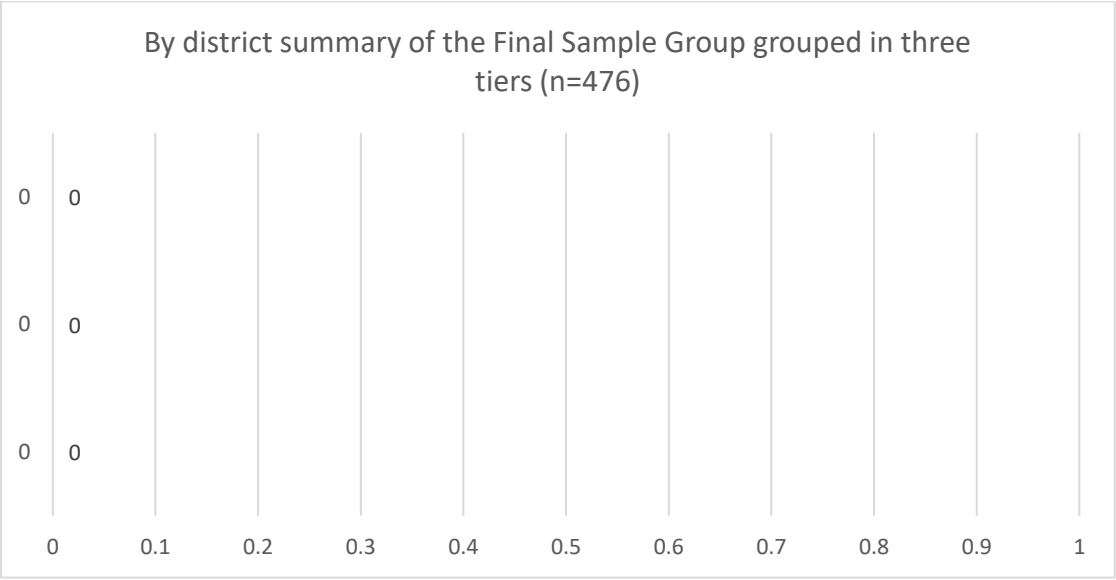
Figure 7-2: Sample Group across Districts 1 – 51 (n=476)



For analytical purposes, these results were then clustered into **three tiers** to help make sense of the data. Tier 3 represents the responses from the poorest districts (ranked 36-51), Tier 2 those districts in the middle (ranked 18-35) and Tier 1, the least poor districts (ranked 1-17), as is shown in Figure 7-3.

The graph shows that there are almost equal respondents from the country's most poor (20%) and least poor districts (22%), with a majority (58%) from the 'middle' of the spectrum. This indicates a reasonable spread of responses from across the poverty spectrum, and implies that the sample has sufficient variation in poverty conditions to counter the effects of South Africa's inequality on results. Insights can then be drawn on social entrepreneurship in a highly unequal context, across different poverty dimensions.

Figure 7-3: By District Summary of the final sample group, in Tiers using the Multi-Dimensional Poverty Index (Fransman and Yu, 2019) (n=476)



Following these two processes, the final sample group is confirmed at n=476 respondents from socially-oriented organisations, that work across the country's least and most poor areas.

7.2. RESEARCH QUESTION 1 - INSTITUTIONAL VOIDS IN SOUTH AFRICA

What are the institutional voids experienced by social entrepreneurship organisations, operating in varied poverty conditions?

7.2.1. Background to the question

The purpose of Research Question 1 is to provide insights into the institutional voids experienced by respondents. It is a means of gauging the logics – be they formal regulatory or informal- cognitive with which organisations are likely to align. Moreover, the type of voids experienced, shapes the characteristics of organisations. If the voids identified and organisational characteristics align, conclusions can be drawn on what logics organisations are responding to, and within, their institutional environment.

As is described in Section 6.7. it cannot be presumed what the institutional voids are in the institutionally void environment, therefore an open text question was asked. In this manner, the diversity and contextual nuances of the voids experienced could be extracted (Warnecke et al., 1997)

A figure of authority was used as a mechanism to identify informal voids and the question was phrased as follows "*You have a personal meeting with President Ramaphosa. He asks you what he can do for you, as a business owner. What would you ask him*?"

As is outlined in the Phase 1 – 3 Coding Process in Chapter 6, the responses were then coded applying open coding approaches which led to visualisation of the results, ahead of applying them to an *a-priori* template. The coding process is summarised here:

Phase 1: Open Coding Process

The n=476 responses were coded, resulting in 529 text-strings and 147 'initial' codes. These were reviewed and reduced to 72 codes, which on the third review was reduced to 32 categories, indicating the transition from open or emergent coding to axial coding (Blair, 2015; Wolfswinkel et al., 2013).

Phase 2: Axial Coding Process

The 32 categories comprising 588 text strings, were reviewed, resulting in four final categories. These were labelled 'Resources', 'Eco-system', 'Access To' and 'Specialist' each with several sub-categories:

The Resources category represented all responses which identified a need for resources required by the organisation to function effectively. This ranged from a need for funds and finance, to buildings, transport, land, and essential services such as water and electricity. The word cloud visualises the dominant text responses in the resources category as is shown in Figure 7-4

Figure 7-4: A word cloud of dominant text responses in the 'Resources' category



To further illustrate the process, specific examples of the open text responses and their codes, and sub codes, are summarised below, starting with the resources category in Table 7-1.

Table 7-1: Resources category: Summary of open text responses coded during Phase 1 - 3 of the coding process

Sub Theme	Example of Responses
Resources: Financial	Funds for my organisation so it can reach its goals.
	To assist NGO's and small businesses with funding
	To uplift our organisation with funding
Resources: Building	To give us a place where we'll work/buildings that are vacant will be filled with NPO and consultant of social economy.
	To build infrastructure like cool rooms to keep our veggies fresh for a long time
	Mr. President could you please help me to honour my mom wishes? To move the creche from back yard to the side? Please as you know children learn through play. The space we have is congestive for children to explore and develop.

The Eco-system category represents intangible codes, and is the translation of a general call for help. Here respondents in the eco-system see the environment within which they operate as being difficult and non-enabling, with their requests to the President focused on difficulties in accessing support to grow and frustration with bureaucracy, corruption, or indifferent officials. Fairness and transparency in procurement processes, a lack of training of officials, ignorance around the nature of social entrepreneurship organisations and how they can be supported is included in this category. A word cloud of dominant text responses in the ecosystem support category is shown here in Figure 7-5.

Figure 7-5: A word cloud of dominant text responses in the 'Ecosystem' category



Examples of open text response, summarised in Table 7-2, provides detailed insight into where respondents identify areas of need and support.

Table 7-2 Ecosystem category: Summary of open text responses coded during Phase 1 - 3 of the coding process

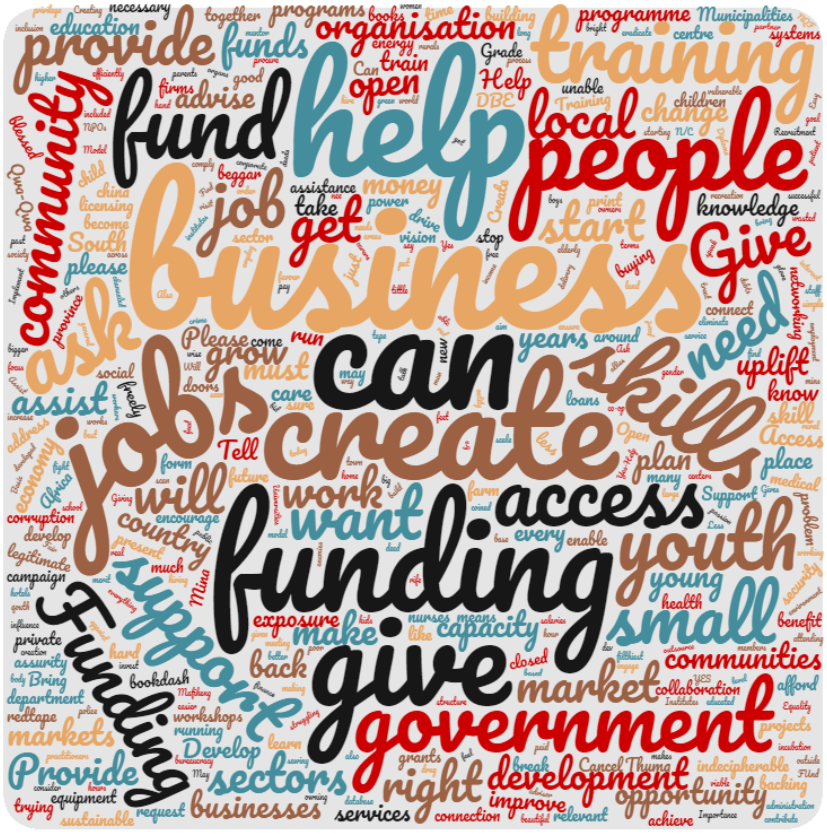
Sub Theme	Example of Responses

Eco-system: Support	To help me get on my feet. I don't need a favour but I will work hard for everything all I want from the president is to talk to the people. I want help to change the community and the youth of today.
	To assist us to move forward and leave a legacy to our children
Eco-system: Growth	Bring relevant departments to assist vision to grow and so that we can be able to eradicate poverty
Eco-system: Red Tape Reduction	Why all the red tape and closed doors around social entrepreneurship?
	Please improve the service delivery capacity and capability of public institutes - so much time and energy is wasted trying to comply; that time and energy could be channelled so much better!
	He can reduce red-tape and fast track the regulatory framework businesses, Create a conducive environment for local business, do more than survive and actually succeed.
	Creating a simple way to interact and do business with government.
Eco-system: Planning and implementation	To ask his social and economic ministers /MEC's to implement government project policy effective. Eradicate populous centre syndrome [urban inequality].
	An Industrial plan to support local section and broadening ownership in the economy.

	Ensure national processes are adopted to help the homeless and social enterprises and then mandate these to be implemented at all levels.

The '**Access to' category** represents requests to connect into systems of support. It has five sub-categories, namely, requests for skills training, particularly practical and business management skills; requests for formal networks and partnerships to support the enterprises development; requests for opportunities, and work, with a focus on employment for young people and women; requests for greater support to connect respondents' work to markets and finally, requests to improve access to information, particularly around funding and finance opportunities. These responses are shown as a word cloud in Figure 7-6.

Figure 7-6: A word cloud of dominant text responses in the 'Access-to' category



To provide further insight, a selection of responses in the 'Access to' category is summarised in Table 7-3.

Table 7-3: Access to: Summary of open text responses coded during Phase 1 - 3 of the coding process

Sub Theme	Example of Responses
Access to: Skills Development	Provide opportunities to do training of business skills to small business that unable to afford funding of training projects.
	Mr President can you take some of your people to China so that they can learn to train some skills, so that when they come back they can open our firms especially here in QwaQwa, you have been blessed with talented people who need education.
	How do I become a legitimate business and connect with the right people for knowledge, access, and funding when I have nothing and know nothing.
	Mr Ramaphosa, before you release any funding make sure you train your people
	Develop my community with the necessary skills so they could contribute to the economy of the country.

The Specialist Category, , focussed on specific requests to the President, relevant to that organisation, the individual or the locale. Topics ranged from the effect of crime and drugs and the need for elderly care, to the green economy and youth issues. The word cloud shown in Figure 7-7, provides a visual summary of the dominant text within this category, with quotations provided in Table 7-4.

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Figure 7-7: A word cloud of dominant text responses in the 'Specialist' category


youth
business
government
africa
people
can
young
jobs
elderly
president
construction
children
communities
provide
owned
make
beauty
ask
create
will
south
support
fund
give
female
women
develop
help
resources
access
language
start
build
salaries
funds
funding
work
unemployment
employment
tuition
run
proper
fees
respect
economy
country
less
like
change
feel
companies
crime
request
water
centre
also
may
need
room
get
small
academy
necessary
working
helped
please
towards
community
local
rural
youths
portion
stop
sectors
opening
organisation
drug
businesses
goes
sure
payed
assistance
participate
recognise
educated
process
gender
structures
participation
board
town
market
education
waste
liberate
official
disabled
center
beautiful
enable
mafikeng
around
matter
mentor
learnerships
woment
making
recycling
products
debts
must
quo
hope
cancel
service
open
want
money
boys
poor
high
monetary
parliamentary
bid
non-monetary
poverty
areas
grow
done
discuss
cook
painful
green
undermined
importance
tanks
tight
vulnerable
multipurpose
services
documentation
democracy
drive
persons
success
deeds

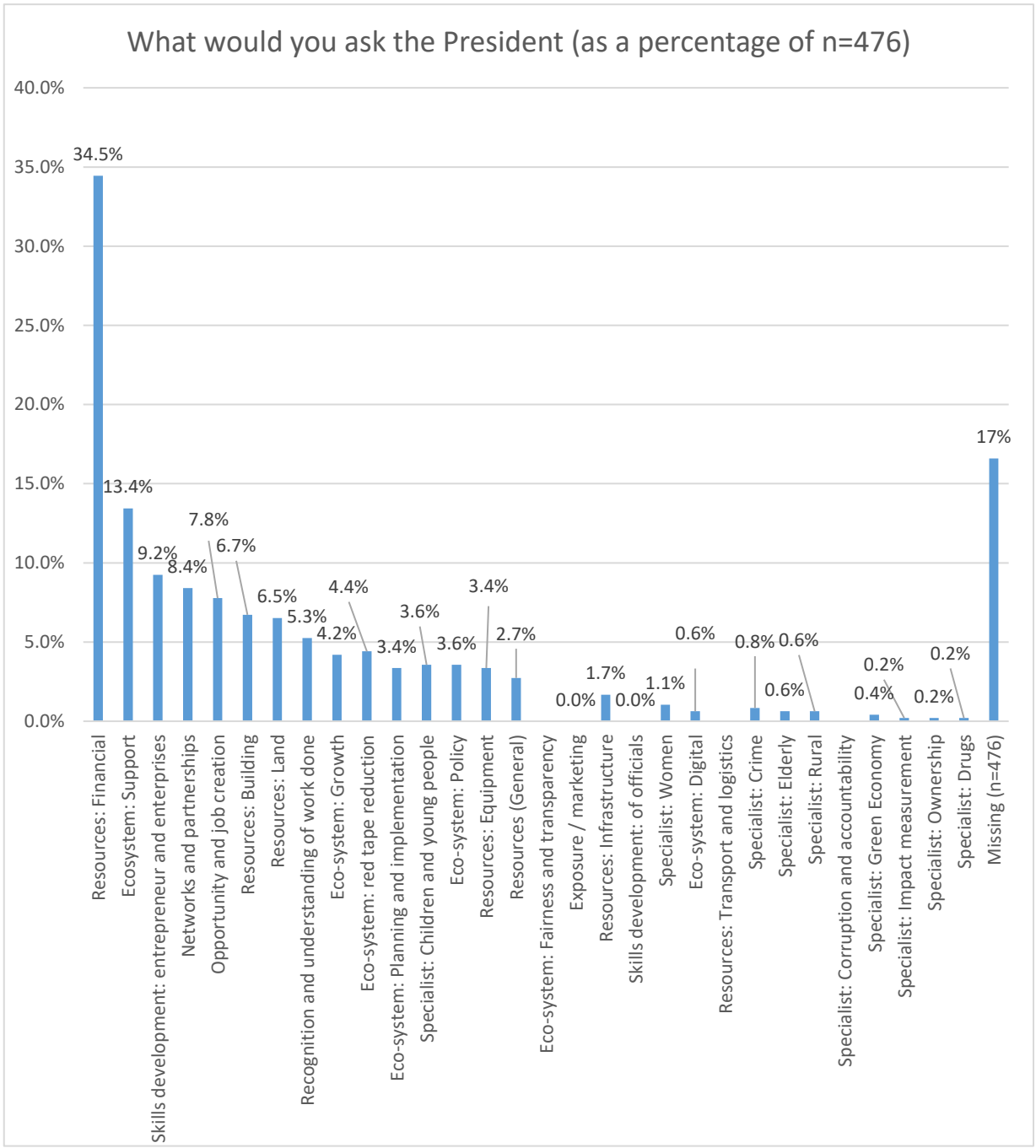
Table 7-4: Specialist: Summary of open text responses coded during Phase 1 - 3 of the coding process

Theme	Example of responses
Specialist	How we can together get SA to zero waste and change the status quo of recycling in our communities.
	To speed up the process to make SA Sign language the 12th official language in order for deaf people to participate fully in their language as social entrepreneurs as fully accessed citizens of South Africa.
	What is he going to do about drug abuse around the country?
	I will ask him why crime is so high in South Africa

Phase 3: Visualisation of Codes

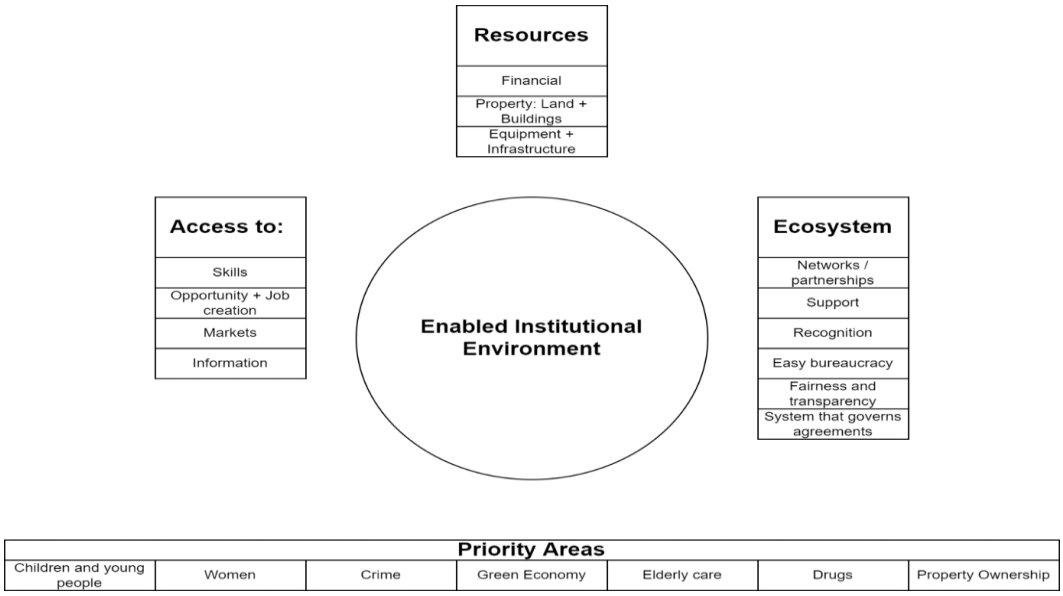
A frequency analysis was conducted on the initial results, with the number of codes per category expressed as a percentage of the final sample group (n=476), as is shown in Figure 7-8. The majority of responses are for financial support (34%), followed by requests for wider support from the eco-system (13%). Skills development (9%), networks (8%), job creation opportunities (7%) and resources (building – 6.7%) and resources (land – 6.5%) are the dominant requests for support from the President.

Figure 7-8: Phase 3 of the coding process, identifying institutional voids: "*What would you ask the President?"*



Building on the visualisation processes recommended in Phase 3, these themes and sub themes were modelled into a picture of the enabled eco-system as is shown in Figure 7-9. The diagram visually summarises the categories, of resources, helpful ecosystem, and access to. The model proposes that the enabled eco-system has easy access to resources, both physical and financial; such as buildings, land, equipment and infrastructure. Here suggestions include loan and sharing schemes, subsidised rent, and the use of unused buildings. The enabled eco-system is helpful with easy bureaucracy, networks, and systems of support. Within this eco-system there is access to skills training, markets, information, and opportunity. Social causes that warrant specific and particular attention, range from women and young people, property ownership through land reform to the green economy and elderly care.

Figure 7-9: What does the Enabled Eco-system look like? Visual Summary of Themes



Phase 4: A priori Selective Coding Process

The process of *a priori* selective coding to refine the 32 themes of the enabled ecosystem followed, to solve the "puzzle at hand" by connecting it to the theoretical template (Wolfswinkel et al., 2013, p. 7). This template, developed from the literature, summarised the nine formal-and seven informal voids and their characteristics, shown here in Table 7-5.

Table 7-5: Phase 4 *a priori* coding template: Formal and informal institutional voids

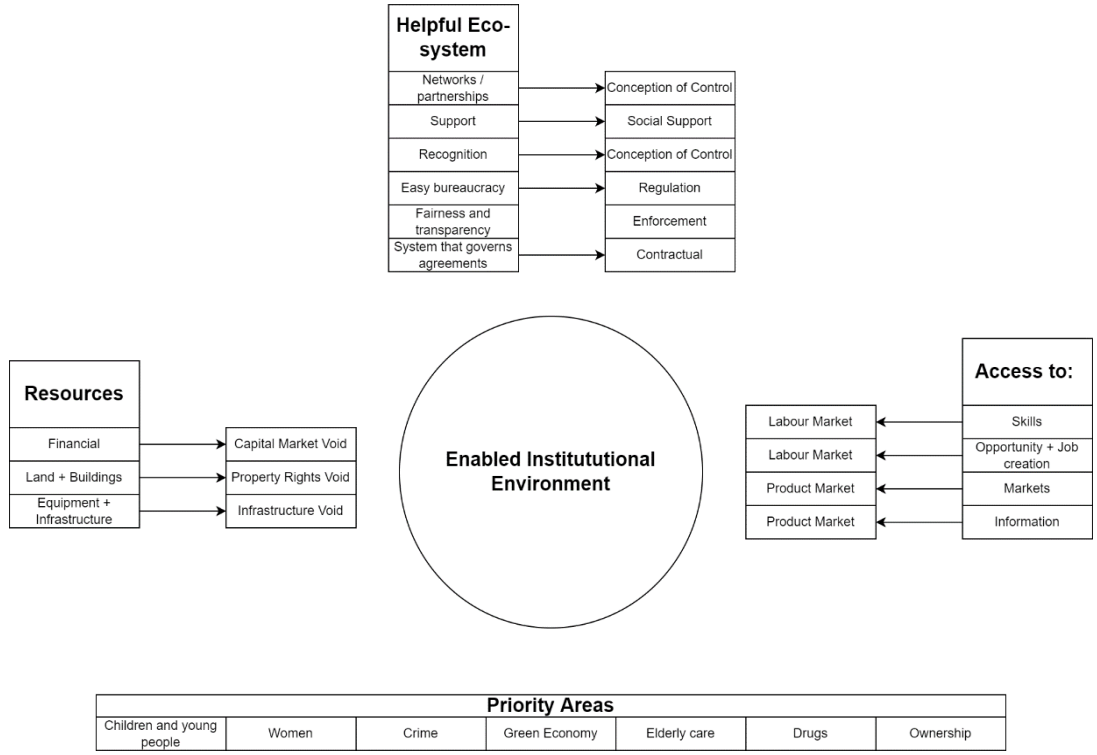
Coding Template			
Void		**Void Descriptor**	**Literature**
Formal Voids	Weak Enforcement	Poor monitoring and enforcement of regulations (for example, weak tax collection, policing, etc.)	(Amoako & Lyon, 2014; Narooz & Child, 2017; Zhao et al., 2014)
	Capital market	Weak access to financing, particularly formal sources of funding	(Ebrashi & Darrag, 2017; Ge et al., 2019; Parmigiani & Rivera-Santos, 2015)
	Labour Market	Lack of skills and poor training. The workforce is generally uneducated and unskilled, and there is a high asymmetry in labour matching	(Ebrashi & Darrag, 2017; ILO, 2015, 2020d; Narooz & Child, 2017; Parmigiani & Rivera-Santos, 2015)
	Product Market	Lack of information hinders consumer knowledge and product development	(Ebrashi & Darrag, 2017; Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015).

	Regulation	High bureaucracy, high corruption, ambiguity in the regulatory system. Rules are poorly enforced, lack legitimacy, credibility or are irrelevant. Rules are unpredictable and change.	(Amoako & Lyon, 2014; Ebrashi & Darrag, 2017; Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015)
	Contractual	Lack of formal written contracts, a lack of enforcement and consequently, irrelevance.	(Amoako et al., 2020; Webb et al., 2009)
	Property Rights	Property ownership, through exclusive processes that may be codified in law, or social custom, and excluding people from ownership.	(Fligstein, 1996; Ménard & Shirley, 2014; North, 1992; Puffer et al., 2009)
	Conception of Control	Lack of local knowledge : competition and market hierarchy. Collective identity enhances market activity through shared rules	(Fligstein, 1996)
	Infrastructure	Poor access to utilities, transport infrastructure etc.	(Webb et al., 2020)
Informal Voids	Lack of Trust	Low-trust environments result in a lack of business relationships and undermine the self-regulation which compensates for the lack	(Amoako, 2019; Berrou & Combarnous, 2012;

		of regulatory or contracting systems	Ebrashi & Darrag, 2017)
	Poor social support	Weak inter-group or external networks of support, limits ability of entrepreneurs to access funding particularly in the capital market.	(Berrou & Combarnous, 2012; Ebrashi & Darrag, 2017; Ge et al., 2019; Webb et al., 2020)
	Lack of social acceptance / Social exclusion / Social hierarchy and elites	Exclusion framed as variously, a lack of tolerance of other, and others. Systematised exclusion such as caste-based or Apartheid mechanisms, elites acting as brokers and in self-interests.	(Berrou & Combarnous, 2012; Mair & Marti, 2009; Puffer et al., 2009; Tracey & Phillips, 2011; Webb et al., 2020)
	Restrictive social obligations	Existing norms and beliefs, values, oppose new ways of doing things	(Webb et al., 2020)

The 588 text strings identified by the end of the Phase 3 analysis were cross referenced to this *a priori* template and re-assigned. For example, the text strings relating to the need for skills, opportunity, and job creation, were classified under the void Labour Market, as is shown in Figure 7-10. In this way a rigorous model was developed that enabled the identification of voids in the South African environment, across its poverty dimensions.

Figure 7-10: Applying institutional void descriptors to the conceptualisation of the enabled ecosystem

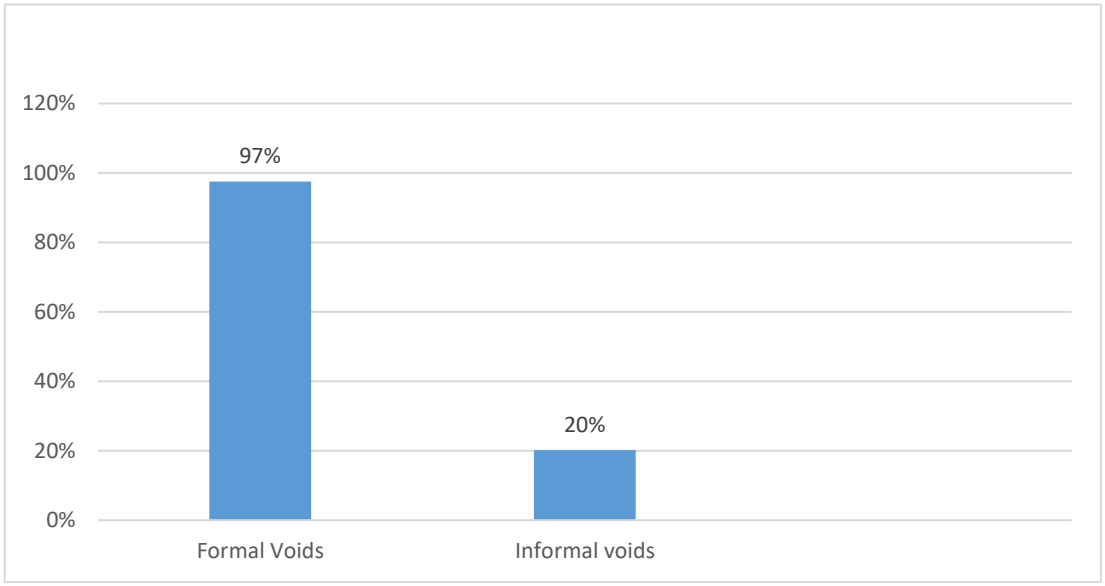


In all, 681 *a priori* codes were created through this coding process, with a maximum of four voids identified per respondent. The results of this process follow, presented as a descriptive analysis, using measures of frequency (percentages) to show the extent to which particular voids are experienced within the final sample group, and within their poverty tier. Percentages shown are a percentage of the total sample group (n=476) and are therefore over 100%.

7.2.2. Results: Institutional voids identified in the South African context

The results show that the South African environment is dominated by formal voids (97%), as is shown in Figure 7-11.

Figure 7-11: Formal vs Informal Voids (n=476)



Here, as is shown in Figure 7-12, the dominant void is in the capital market (44%), indicating a profound lack of access to finance and funding in the final sample group.

The informal void social support (18%) then follows, and represents a need for meaningful networks to promote access to supportive partnerships and market-opportunities. This is the helpful environment of the enabled eco-system.

Voids identified in the labour market are skills (9%) and access to employment (7%). Combined, this is the third highest void at 16%. Infrastructure voids at 14%, reflects the barrier of access to stable services and facilities such as water and electricity, as well as transport and warehousing facilities.

Barriers to property rights included the need to subsidise the use of vacant or under-utilised property for social causes (4%), together with requests for land and property (8%). Together this void is at 12%.

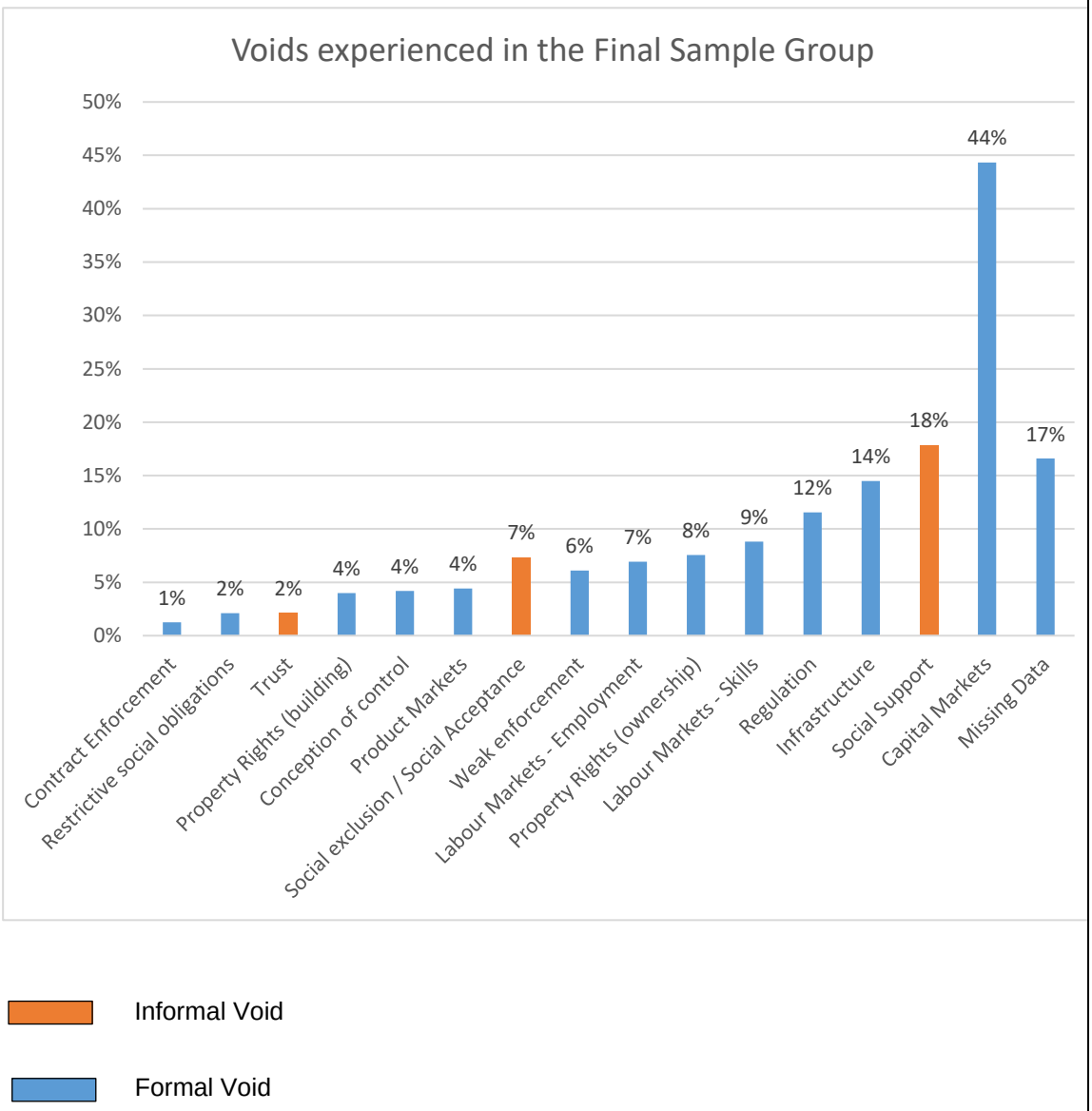
Regulation (12%) also scores highly and is regarded as a barrier to participation.

Low responses were returned for weak enforcement (6%), conception of control (4%) and contract enforcement (1%), showing that these voids are negligible in the wider context.

Informal voids are comparatively low: social exclusion stands at 7%, A lack of trust and restrictive social obligations both recorded at 2%, a negligible amount.

The graph (Figure 7-12) visually shows how extremely the capital market void is experienced, compared to the others; but also shows how voids cluster, with those experienced between 12% - 18%, those between 7% and 9% and voids experienced below 4%. Based on this analysis, it could be assumed that South African social entrepreneurship organisations orientate to informal logics to navigate the high number of formal voids; whilst orientating to formal logics to navigate the informal voids.

Figure 7-12: Institutional voids: Formal and informal



7.2.2.1 Analysing the Institutional Voids per Poverty Tier

An analysis was a conducted to show the percentage of formal – informal voids experienced in each of the three Tiers. The percentages shown are a percentage

of the number of respondents within that Tier, depicted visually in Figure 7-13. They therefore represent the degree to which that void is experienced *within that Tier*.

Overall, formal voids dominate the experiences of social entrepreneurs across the three Tiers, and as would be expected, are more pronounced in Tier 2 (119%) and Tier 3 (128%) respectively, compared with 95% in Tier 1. Informal voids are most pronounced in Tier 1 at 48%, double what is experienced in Tier 2 and Tier 3 where informal voids range between 24% and 26%.

Figure 7-13: Formal and informal voids by MPI Tier

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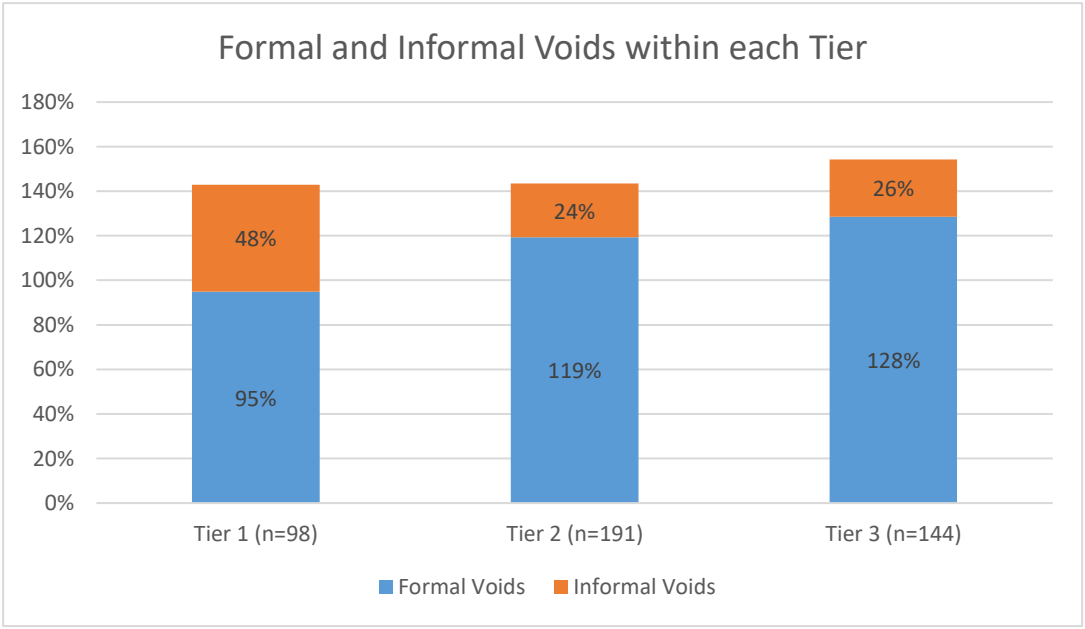


A further analysis shows the specific voids experienced per Tier, as summarised in Table 7-6, with percentages above the average marked in red.

- **In Tier 1**, the capital markets void (27%) together with the informal void social support (26%) are the primary voids experienced. The regulatory environment at 18% is the third biggest barrier to those working from the country's least-poor areas. This indicates that those working in the least poor districts experience their 'top' voids almost equally.
- **In Tier 2**, the capital market void is extreme compared to the other voids experienced, at 54%. Social support at 17% is the second highest void, followed by infrastructure at 15%. There are a cluster of voids experienced equally at 9% and 10%: regulation, property rights (ownership) and product markets. This indicates the extent to which capital market voids are experienced, and the diversity of voids that are experienced at almost equal levels in the middle Tier.
- **In Tier 3**, the country's poorest districts, capital market voids are experienced above average, at 49%. Social support is at 20%, followed by infrastructure and at 21%. As with Tier 2, this indicates the extreme nature of the capital market void in the poorest districts.

Table 7-6: Institutional voids across Tier 1 - 3

	Tier 1 (n=98)	Tier 2 (n=191)	Tier 3 (n=144)	Average
Capital markets	27%	54%	49%	43%
Conception of control	11%	4%	1%	5%
Contract Enforcement	10%	1%	1%	4%
Infrastructure	3%	15%	21%	13%
Labour Markets - Employment	3%	7%	11%	7%
Labour Market - Skills	6%	7%	13%	9%
Product Markets	5%	9%	8%	8%
Property Rights (building)	6%	3%	7%	5%
Property Rights (ownership)	5%	10%	7%	7%
Regulation	18%	9%	10%	13%
Restrictive social obligations	7%	0%	1%	3%
Social Exclusion / Social Acceptance	4%	9%	3%	6%
social support	26%	17%	18%	20%
trust	4%	2%	1%	2%
Weak enforcement	11%	4%	6%	7%

Using the same table, an analysis was conducted to ascertain which voids are experienced above the average.

- **For Tier 1** voids that are experienced above the average are regulation and conception of control, which indicates that this Tier struggles to navigate the bureaucracy, and doesn't have the local knowledge that is needed to navigate the market (Ebrashi & Darrag, 2017; Mair et al., 2006). It also experiences difficulties with Weaknesses in Enforcement and Contract Enforcement, voids that are not meaningfully experienced in either of the other two Tiers.
- **Tier 2** experiences voids that are above average in the capital market and in infrastructure. Property Rights (ownership) and Product Market voids which represent a general lack of information or access to public goods (Ebrashi & Darrag, 2017).
- Outside of capital markets and social support, and Infrastructure, **Tier 3** experiences high Labour Market voids, both in employment and skills. If these are considered together at 25%, they would be the second highest void in this Tier.

7.2.2.2 Discussion of Results: Formal and Informal Voids across the Poverty Tiers

Overall, the results indicate that social entrepreneurs in South Africa experience the institutional environment as void, with – as was expected considering the country's difficult market context - high levels of formal voids. These formal voids are highest in the poorest areas, Tier 3, and Tier 2, although the difference between the two is only 9%, indicating that formal voids are experienced to a similar degree across these two Tiers.

The dominance of the capital market void affirms findings in the entrepreneurship literature in South Africa. Cross reference to Daroll (2019); IFC (2018); Okem and Tshishonga (2016); for example, who argue how a lack of suitable financing hampers entrepreneurship and social entrepreneurship. Non-profit organisations have also experienced steady declines in funding and financing, as reported by Budlender et al. (2014), Wyngaard (2013), and Greater Good South Africa (2012). Clearly, social entrepreneurs, irrespective of their poverty tier, struggle to access finance and funding, which is severaly constrained for the entire social sector.

Capital market voids are a characteristic of the difficult market context according to Webb et al. (2010), where businesses usually encounter difficulties obtaining credit, and small and medium enterprises usually resort to less formal funding sources like family. A solution according to Ebrashi and Darrag (2017) and Parmigiani and Rivera-Santos et al. (2015) to capital market Voids is the informal institution, social support, which enables entrepreneurs to lean on informal funding mechanisms. The Grameen micro-finance model, for example, relies on social support approaches, as when a group member is not able to pay back the loan, other group members pay it back for him/her (Ebrashi & Darrag, 2017).

The high response to the void social support is a surprise, especially across all three Tiers, but particularly in Tier 2 and Tier 3, the poorer districts, where social support as an institution is assumed to be stronger (see for example, Ebrashi & Darrag, 2017; Webb et al., 2013), as it is relied upon to compensate for the extreme voids in the formal system. This does not appear to be the case.

However, considering the high scoring of social support, *it is unlikely that it is acting as a substitute*. social support is described as a lack of networks and meaningful

connections, at intergroup and external levels of support. It is experienced across all Tiers and at levels that range from 18% (Tier 3) to 26% (Tier 1).

The Open text responses below, with the sections which were coded as social support highlighted, provide insights into the difficulties social entrepreneurs are experiencing to effectively connect into the institutional environment to access support:

> "How do I become a legitimate business and connect with the right people for knowledge, access and funding when I have nothing and know nothing." (Tier 1 respondent).
>
> "To help me get on my feet. I don't need a favour but I will work hard for everything all I want from the president is to talk to the people. I want help to change the community and the youth of today." (Tier 2 respondent)
>
> "Access to support networks and advise markets." (Tier 1 respondent)
>
> "Getting support from government is too difficult. Officials are not here for us. Employ people with passion willing to help those who are already doing something." (Tier 2 respondent)
>
> "Request the local Municipalities to work us hand in glove." (Tier 2 respondent)
>
> "Create cohesion and collaboration across department in government and break silos to design SA future training systems" (Tier 3 respondent)

Therefore, despite the categorisation of social support as an informal void, it also represents barriers that entrepreneurs experience in accessing the formal system.

It appears that void descriptors can have logics that draw from both formal and informal dimensions. It is an example of how a void can occur *across formal and informal dimensions* of institutional theory, rather than being exclusive to only one.

This theme, that the void described in the literature did not match with how the void is experienced in the difficult market context, was common through the coding process. Many of the descriptions did not align with the *a-priori* template with its distinct market logic. This is an emerging discussion in the academic literature. For example, Nason and Bothello (2019) write how academic descriptors of the capital market void do not easily accommodate community, kinship, religious grant, donor or donation-based financing. The assumption is that these informal mechanisms substitute for the formal capital market void, rather than being part of it. As discussed above, the implication is that what is described as a formal void, has both formal and informal elements. This was experienced in the coding process. For example, voids in the Property Market, which refers to legal frameworks that enable ownership or company share rights, did not consider tribal or collective ownership, the possibilities of subsidised or shared ownership, or the processes of land redistribution as is happening in South Africa. Further research, understanding the specific nature and characteristics of a country's voids is recommended, to deepen our contextual understanding of institutional theory, void, and logics.

Secondly, the voids experienced, especially in Tier 2 and Tier 3 mirror systemic barriers well documented in this particular country context: the country's unemployment rate, one of the highest in the world, is seen in Tier 3's Labour (employment) barrier, and the ongoing land-redistribution programme, as mentioned above, is reflected in the Property Market (ownership) void identified in

Tier 2. That Tier 2 and Tier 3 experience infrastructure difficulties mirrors empirical studies that measure the increased costs entrepreneurs in rural areas have, as they have to spend large amounts of time and money travelling to cities to access markets, with transport costs accounting for a larger portion of working capital. Their ability to participate in the economy is therefore hampered by poor infrastructure, and regulation that inhibits more accessible (and informal) types of trading (IFC, 2018). Overall, the voids identified align with the South African institutional context.

Thirdly, the Informal Void Social Exclusion (9%) in Tier 2 warrants attention as it is low across the other two Tiers, but high here.

Examples here include:

> "To speed up the process to make SA Sign language the 12th official language in order for deaf people to participate fully in their language as social entrepreneurs as fully accessed citizens of South Africa." (Tier 2 respondent)
>
> "… to give more room for youth and women owned construction companies and make sure a portion goes to female and youths" (Tier 2 respondent)
>
> "…we as young women are undermined in terms of the business we do, they say [we are] female." (Tier 2 respondent).

These results show that exclusion persists, with people who are culturally marginalised and vulnerable, excluded from participating meaningfully in the economy. This exclusion of women, people with disabilities, and young people is mirrored in the country's national statistics which emphasise how each of these

groups are the most disadvantaged by poverty, inequality and unemployment (Stats SA, 2019)

Fourthly, the process of coding the open text responses and modelling these responses before conducting the *a priori* analysis, was practically and theoretically useful. The model of the enabled eco-system which was derived from the coding of open text responses, is contextually relevant and is not constrained by theoretical boundaries which are poorly studied outside of western contexts. The model developed here can contribute to efforts to strengthen social entrepreneurship in the country. This model describes what social entrepreneurs need, to be supported by the institutional environment, and identifies priority areas for focused intervention. Ultimately, people are looking for a helpful ecosystem, which is supportive, and with which they can interact.

Lastly, the process of identifying the voids is an indicator as to what logics are being followed by organisations. If the theory is applied, the dominance of formal voids is a strong indicator that informal logics are followed by social entrepreneurship organisations and vice versa. However, because the two dominant voids are *formal and informal* in nature, there is potential that organisations comply with both formal and informal logics. This is especially poignant in that the two highest voids, capital market (formal) and social support (informal), are described theoretically as having a relationship in that social support counters voids in the capital market. This indicates that voids don't replace each other and that the logics of the eco-system may not be either-or.

This aligns with the position that recognises formal voids not as an *absence of* institutions, but rather as a window to the informal logics. Although less visible,

informal institutions and their logics provide support to entrepreneurs that enable them to function (Nason & Bothello, 2019). In this paradigm, informal mechanisms such as friends and family, communities, religious systems, business associations and other localised networks are a system in their own right, through which entrepreneurs access capital, systems of sanction, enforcement and support. The point is a subtle one, but is an early indication that informal institutions do not act as a replacement or substitute of formal voids, but instead operate in a hybrid manger, alongside formal institutions.

In summary, the analysis answers Research Question 1, by affirming the environment as institutionally void, and highlights the presence of high formal voids, especially in the capital market. Tier 2 and Tier 3, which make up the bulk of the sample, experience voids similarly, with Tier 1 experiencing more acutely formal voids relating to regulation and conception of control. It is likely that Tier 1 organisations are more formally oriented than their Tier 2 and 3 counterparts.

Overall, however, the experience of significant formal and informal voids across all three Tiers means that results can be interpreted at a national level, and not per Tier. The high level of formal voids indicates that organisations will be conforming to informal cognitive logics, as they navigate the voids in the institutionally void environment; or, that there would be a blend of formal and informal characteristics, as organisations respond to the voids seen in both dimensions.

To further investigate this, the characteristics of social entrepreneurship organisations in South Africa will now be explored.

7.3. RESEARCH QUESTION 2: CHARACTERISTICS AND APPROACHES

Research Question 2: What are the characteristics for social entrepreneurship in an institutionally void, difficult market context?

With the institutional voids described, the study turns to the characteristics and approach of the social entrepreneurship organisations; exploring how their institutional environment shapes them. In this manner, the logics with which the organisations comply, can be better understood.

The *a priori* template of organisational characteristics and approaches (Figure 2-1) was used as an analytical tool, against which the results were plotted. A number of questions representing these characteristics across the formal-and informal dimensions were asked in the questionnaire. The questions that focused on the formal dimension recorded responses in terms of registration, banking and the type of contracts issued by respondents. Questions on the informal dimensions focused on approaches such as relational agency, networks and 'localness.'

To begin the discussion, the biographic and demographic information of the final sample group is presented first.

7.3.1. Results: Individual Characteristics

Data from the final sample group was analysed descriptively, using frequency analysis unless otherwise stipulated.

7.3.1.1 Gender, Race, Age

The final sample group has a higher proportion of women, with 62% of respondents being female, and 38% male. Of the respondents 84% are Black-African followed

by Coloured (8%), White (5%) and Indian (1%) ethnicity. These demographics broadly track the country's gender and racial demographics (Stats SA, 2018b).

A higher category of older respondents was reflected, with 25% in the 40-49 category and 33% aged 50 and above. By comparison, Lovasic and Cooper (2020) and Teles and Schachtebeck (2019) also both report a predominately older demographic in their sample groups.

7.3.1.2 Experience

Respondents are relatively new to social entrepreneurship, with 19% identified as little or no experience, or one to five years' experience (33%). The categories of experience from five years and above report similar ranges: 12% have 5-7 years' experience, 10% between 7–10 years' experience and 12% have 10–15 years' experience and 12 % have 15 years and above. Social entrepreneurs are from across South Africa's race groups, and are coming to social entrepreneurship later in life.

These results are summarised in Table 7-7:

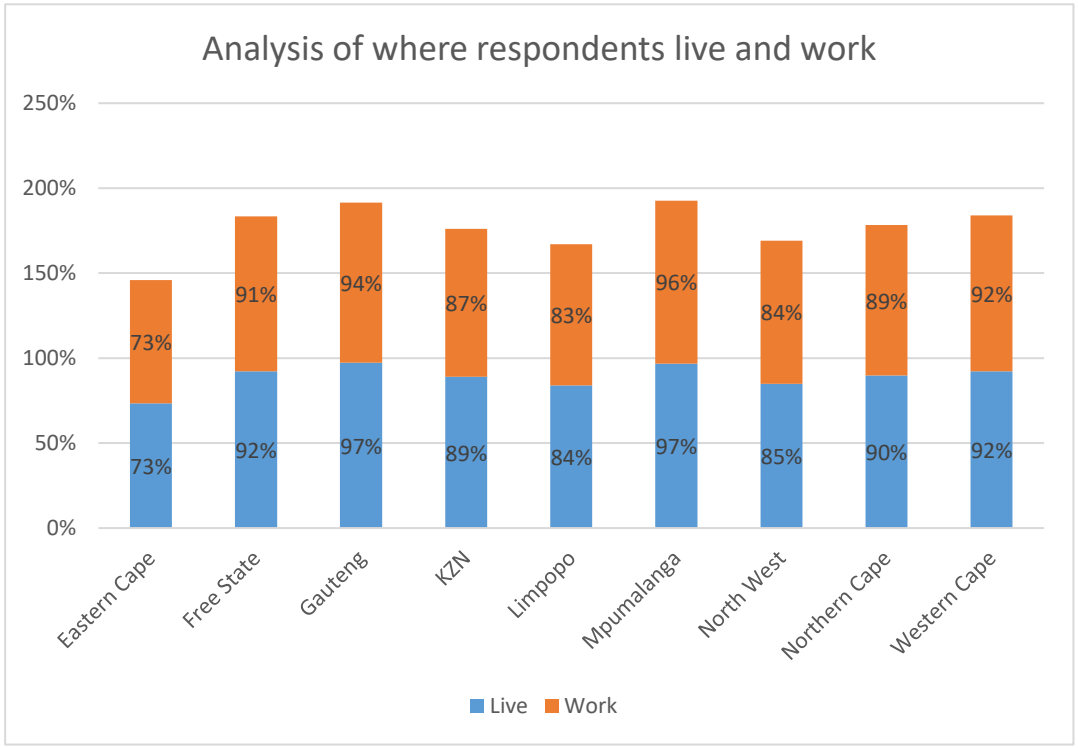
Table 7-7: Demographic summary: gender, race, age, and experience (n=476)

Variable		Percentage of Responses
Gender	Male	38%
	Female	62%
	Prefer not to say	0%
	Missing data	0%
Race	Black African	84%
	Coloured	8%
	White	5%
	Indian	1%
	Other / Prefer not to say	1%
	Missing data	1%
Age	18 - 24	6%
	25-29	11%
	30-39	24%
	40-49	25%
	50+	33%
	Missing data	1%
Experience	Little experience, just started	19%
	1-5 years' experience	33%
	5-7 years' experience	12%
	7-10 years' experience	10%
	10 - 15 years' experience	12%
	15 years, and above	12%
	Missing data	2%

7.3.1.3 Geographic Localness

The sample group is extremely local. Ninety-seven percent live and work in the same province, and only 2% operate across more than one province, as summarised in Figure 7-14. This is an early indication that organisations are physically bound to the communities within which they live and work.

Figure 7-14: By province analysis of where respondents live and work



7.3.1.4 Sectors of Work

An open text question was asked to avoid presuming the nature and type of work done by individuals through their social entrepreneurship organisations.

The Phase 1 – 4 open to *a priori* coding process detailed in Chapter 6. was followed.

As the responses below show, the area's respondents work in are diverse, and often, mixed, with individuals offering a range of services.

> "We host events like soccer tournaments in the community to help get kids off the streets and away from a life of crime. We also grow veggies for the local kindergartens" (Tier 1 respondent)

> "Support programme to equip homeless with skills to overcome homelessness, 2nd hand clothing store, software consulting to non-profit on sales future platform" (Tier 1 respondent)

> "Enabling organisations to put free books into the hands of children" (Tier 1 respondent)

> "Manufacturing clothing for both males and females - traditional, modern, school uniforms, church uniforms, laptop bags, organisation bags" (Tier 1 respondent)

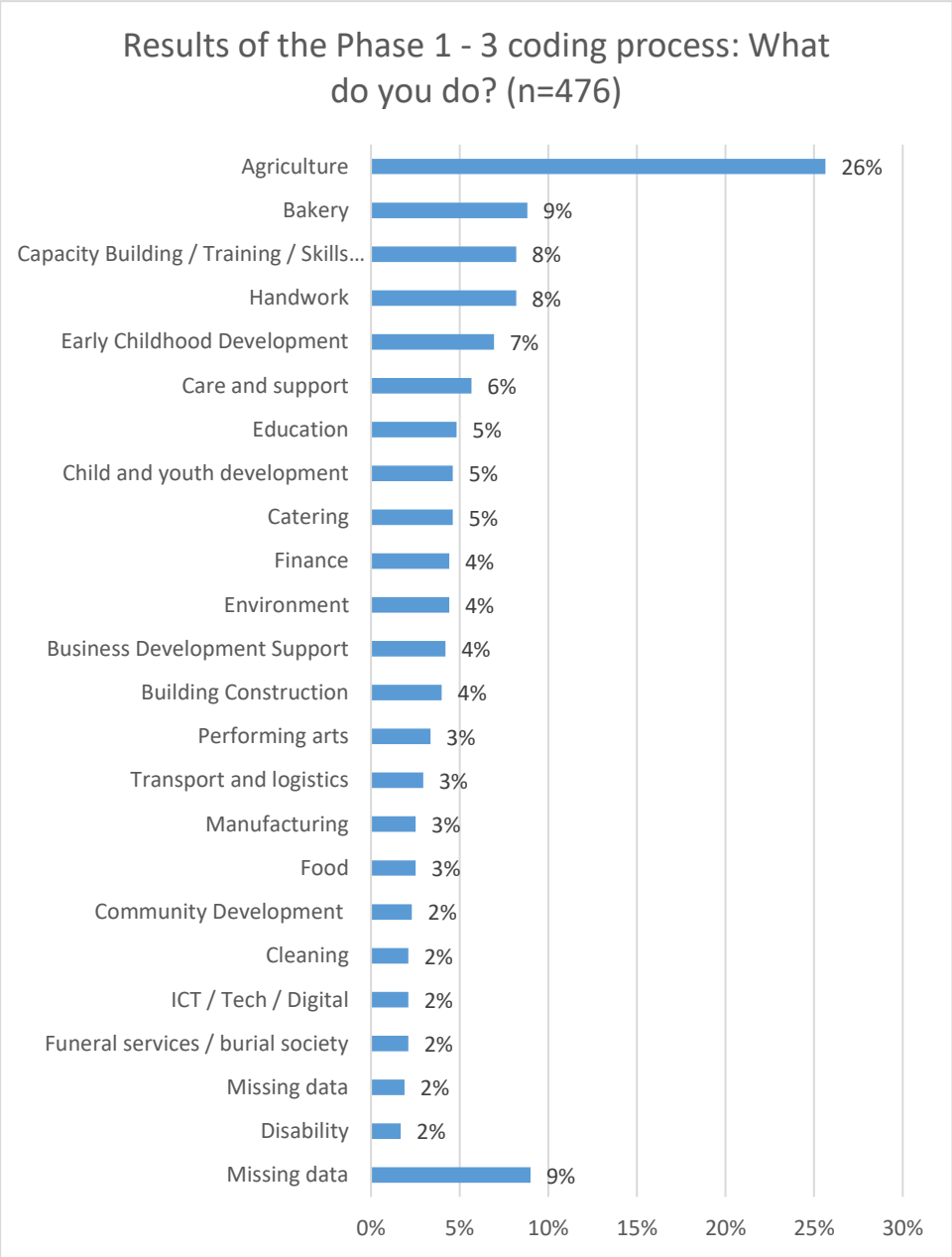
> "We mount stage production i.e., drama, musicals, storytelling and puppetry" (Tier 2 respondent)

> "The Co-operative has one hundred and sixty-four primary co-operatives and fourteen secondary co-ops that affiliate to our organisation. Our core business is transport services. We offer public transport all over the province" – (Tier 2 respondent)
>
> We are aiming at buying each tent, chairs, and tables, three legged pots, basins, and money for school fees" (Tier 3 respondent)

> “Community Nutrition: Nutritious meals to the vulnerable, poor, disabled and unemployed community” (Tier 3 respondent)

From the open text responses, 41 codes were identified and visually described at the end of Phase 3, shown here in Figure 7-15. Here a majority of respondents were classified as working in agriculture (26%), running bakery (9%) and handwork (8%) enterprises, offering training and skills development services (8%) or involved in early childhood development (7 %), typically by running a creche or baby-care centre.

Figure 7-15: Codes for sectors of work identified through Phase 1 – 3 of the coding process (n=476)



* Codes with less than 2% are not shown

These codes were then cross referenced to the categories of work in the *Satellite Account on Non-profit and Related Institutions and Volunteer Work* as reported by the United Nations Department of Economic and Social Affairs (UN DESA). The Satellite Accounts provide a comprehensive framework of universally applied social-and economic activities, and are the foundation of the *a-priori template* (UN DESA, 2019). In South Africa the UN DESA categorisation has relevance as it is the basis of the non-profit statistical assessments, used by the country's statistics agency (Statistics South Africa, 2017a).

The categories applied in the *a priori* coding process are shown in Table 7-8:

Table 7-8 *A-priori* template based on UN DESA coding

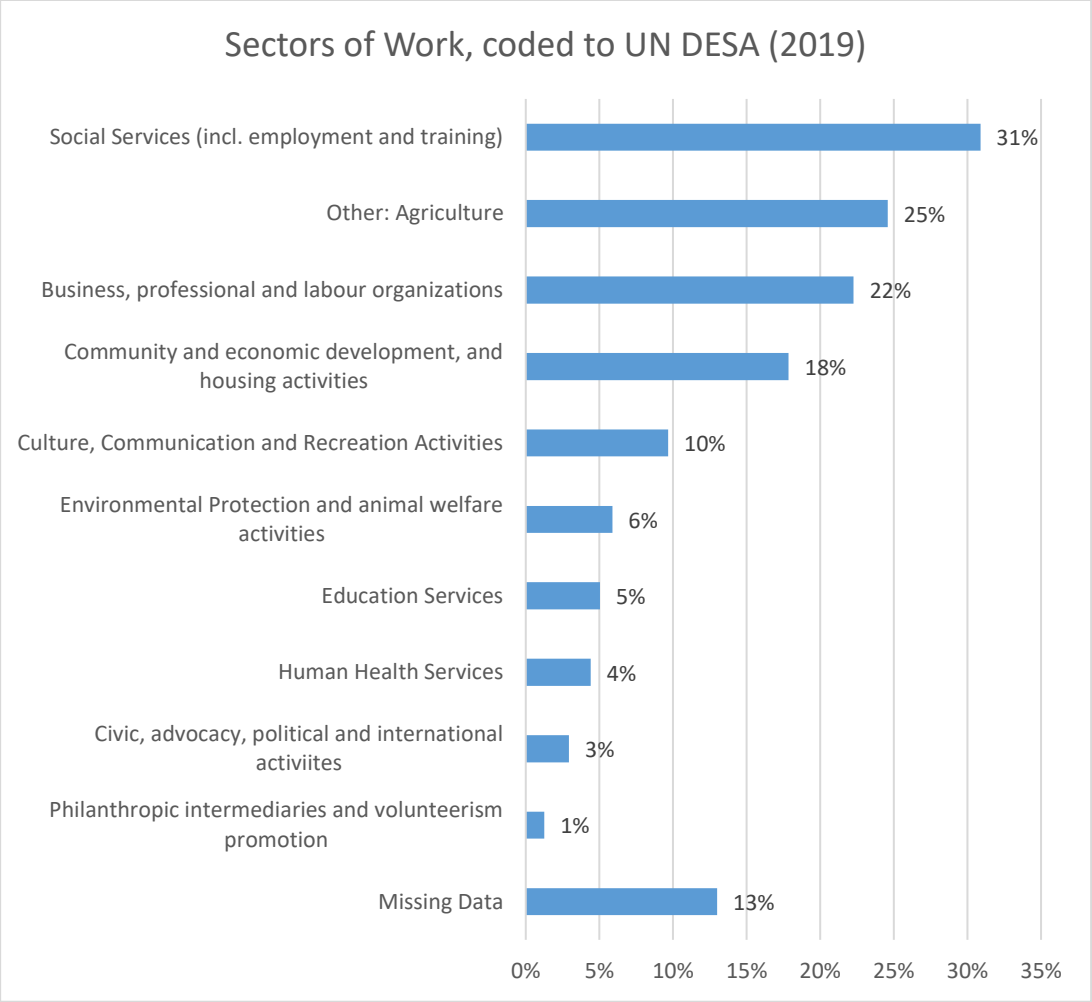
UN DESA Code Name	Code Descriptor in UN DESA (2019)
Culture and Recreation	Encompasses all sports and arts related activities, including theatres, galleries. Excludes member serving organisations.
Education and Research	All activities related to pre-primary and secondary, or higher education
Health	All health activities relating to hospitals, rehabilitation, mental health
Social Services	Encompassing all social services such as child and youth care, elderly care. Care for people with disabilities. Includes emergency and relief, income support, but excludes child day care.
Environmental Protection and Animal Welfare	All-natural resource management focused work, including animal welfare activities.

Community and Economic Development and Housing	Includes economic and community development, such as infrastructure, financing of community owned initiatives, and organisations established to manage and preserve indigenous assets.
Civic, Advocacy, Political and International Activities	Includes social advocacy, social clubs and organisations supporting social services such as elderly care. It also includes political parties.
Philanthropic Intermediaries and Voluntarism Promotion	Grant-making foundations and other philanthropic intermediaries were excluded from the study during the screening stage.
Religious Congregations and Associations	Institutions engaged in religious faith-based activities.
Business, Professional and Labour Organisations	Professional associations such as labour unions, employers' associations and organisations not elsewhere classified.

The results of the *a-priori* process are shown in Figure 7-16. Social Services dominate the sectors of work, with 29% of respondents operating in the field of social services, a phrase which encompasses services such as child and youth support, elderly care, and emergency relief. Twenty three percent of organisations operate in the agricultural sector. Business, Professional and Labour organisations which recorded 20%, promote group concerns, such as informal trading associations, primary co-operatives as well as organisations that blend their roles, encompassing both oversight and service delivery at the local level. This category also included small businesses specifically bakeries or catering. Community, economic development, and housing activities recorded 17% of responses,

encompassing entities providing housing support, civic advocacy, community participation and social clubs. Certain types of stokvels (informal savings groups) are also part of this sector.

Figure 7-16: Sectors of work (UN DESA NPI Coding, n=476)

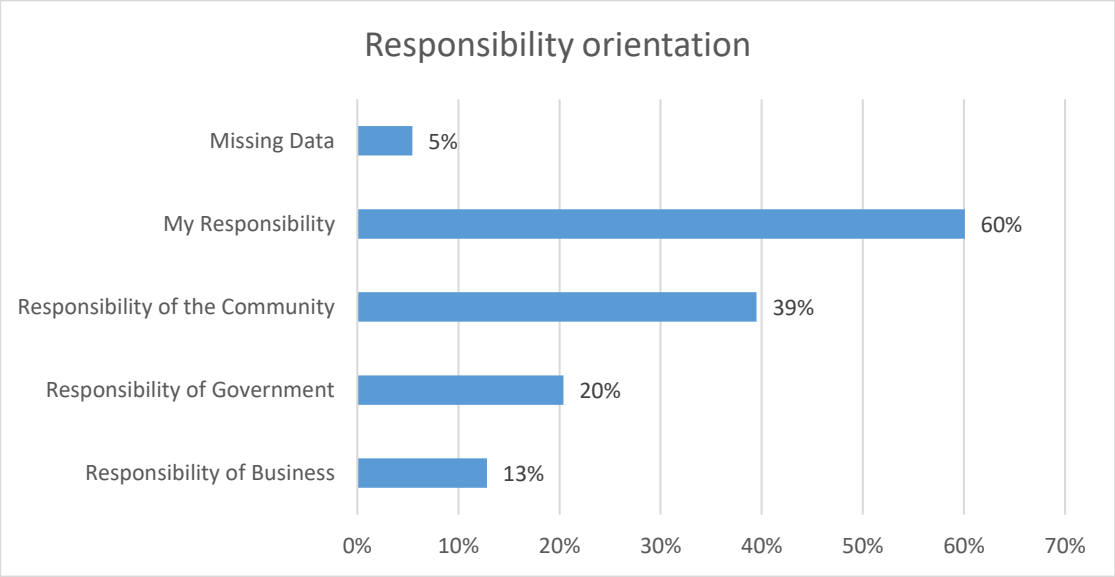


7.3.1.5 Responsibility Orientation

Respondents see the responsibility for delivering the social goods and services they work towards as theirs (60%), and that of their community (39%). This indicates an individual and collective responsibility-orientation to social

entrepreneurship and the provision of social services, over government (20%) and business (13%). The results are summarised in Figure 7-17

Figure 7-17: Responsibility Orientation of Respondents (n=476)



7.3.1.6 Working towards Social Outcomes

An open text question, asking respondents to explain the social benefit of their work, was asked. Examples of some of the open text responses are shown here:

> "It provides the bridge and enabling environment between funders/investors and organisations seeking funding/investment" (Tier 1 respondent)

> "We grow seedlings that is supplied to farms and community food gardens" (Tier 1 respondent)

> "Because it lowers the costs by cutting transport shares" (Tier 2 respondent)

> "So that people in my community do not have to go far to get things" (Tier 2 respondent)

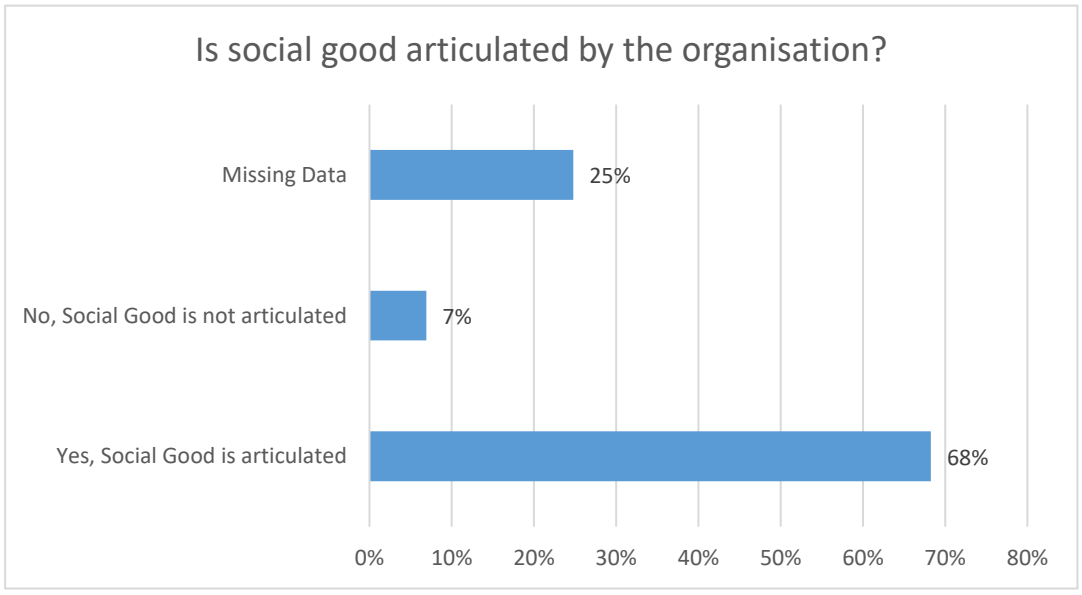
"Health of our community is at risk and my organisation support social economic and physical the total community"(Tier 2 respondent)

It enabled people of my community to live in a healthier and pollution free environment (Tier 3 respondent)

Empowering youth with skills and training to lessen the work shortage we have in our country (Tier 3 respondent).

The Phase 1 and 2 of the Coding Process was followed. However, because there is no theoretical template to apply to answer the question 'What is Social?', the responses were coded against a simple binary Yes – No response. Yes was allocated if a social intention was articulated, and No, if not. Based on this analysis, and as is shown in Figure 7-18, 68% of respondents articulated the value of their work to their community.

Figure 7-18: Analysis of responses to determine social intention and orientation.



7.3.2. Results: General Organisational Characteristics

Organisational characteristics were explored, with questions focused on further identifying the benefits of the work delivered, together with characteristics and approaches. From this analysis, the formal and informal orientation of organisations emerges.

7.3.2.1 Formally Registered with Government Systems and Banked

Organisations are mostly registered (90%); and 85% have an organisational (rather than a personal) bank account. Of the organisations that are registered, the majority are registered as social entrepreneurship organisations: 35% are registered as not for profit entities and 24% as co-operatives, whilst 63% are registered as for-profit entities, and 6% as hybrid, i.e., two or more organisational types. Both of these indicators (being registered and banked) reflect strong alignment with formal-regulatory logics as they require engaging in processes that not only are governed by regulation, but involve application processes which vet the organisations compliance to the formal system, through for example the submission of constitutional documents and governance procedures.

These results are summarised in Table 7-9.

Table 7-9: Organisational registration and bank account (n=476)

Variable	Percentage of Responses
Organisation is registered	90%
Organisation is not registered	7%
Registered as a not-for-profit organisation	35%

Registered as a co-operative organisation	24%
Registered as a for-profit organisation	37%
Registered as two or more legal forms (hybrid)	6%
Missing Data	3%

7.3.2.2 Mixed Interaction with the Legal System

A number of questions were asked to gauge the extent to which organisations interact with the legal system. This was done by exploring their approach to contracting, with questions asked on whether the organisation has contracts, the type of contracts and their approach to concluding agreements.

There is an even split regarding the number of organisations that enter into contracts (50% “Yes” and 50% “No”), a truly mixed response. Few organisations have multiple contracts: of the 50% of organisations that do have contracts (n=232), 74% have only one contract type, 15% two types of contracts and 7% three or more types of contracts. Further evidence that respondents have a mixed interaction with the legal system is that just over half do not have access to a lawyer (56%), with 21% relying on the informal approach of using friends and family as and when needed.

These results are presented visually in Figure 7-19; and summarised in Table 7-10 and Table 7-11:

Figure 7-19: Visual plotting of organisational characteristics across the formal - informal spectrum

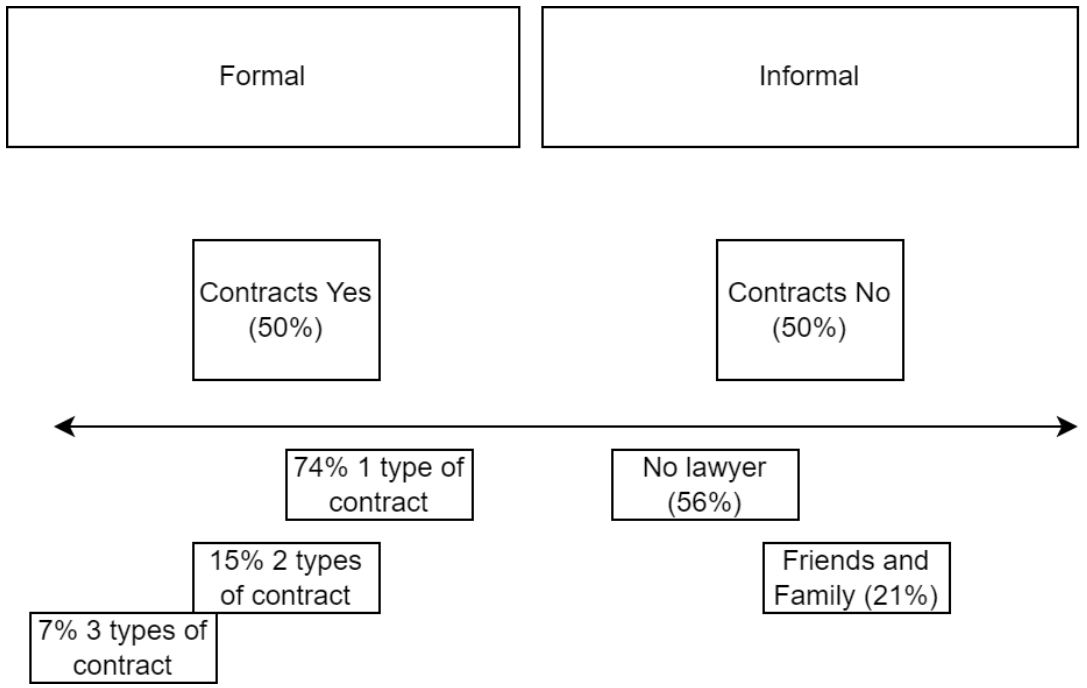


Table 7-10: Engagement with the legal system - level of contracting by the organisation (n=476)

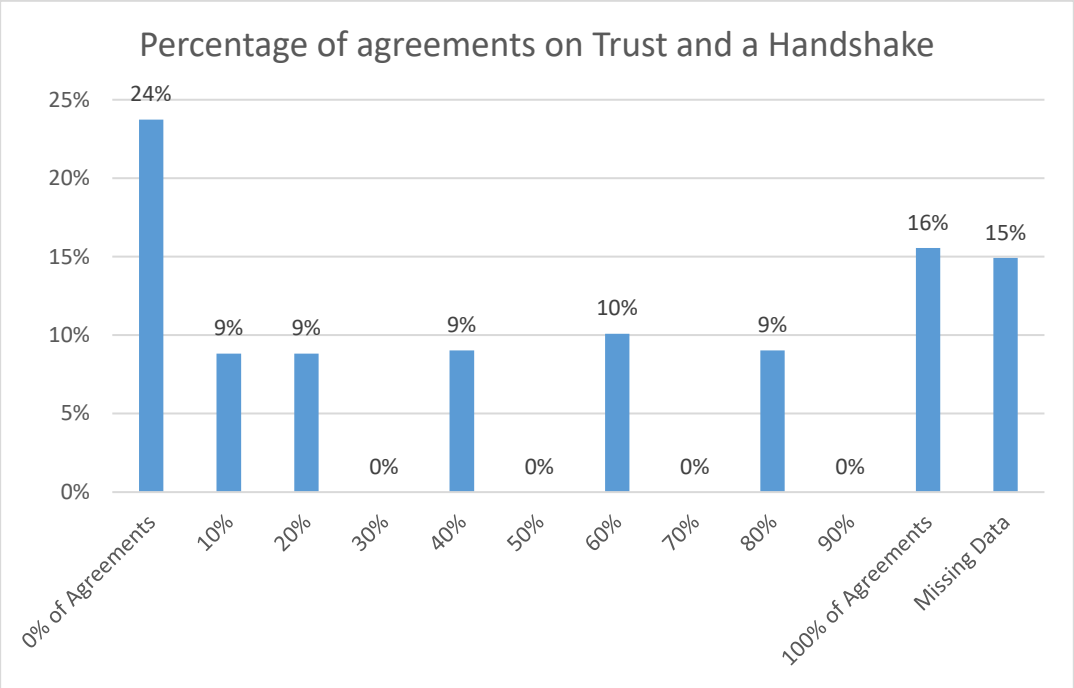
Variable	Percentage of responses
Have contracts	50%
No contracts	50%
One type of contract	74%
Two types of contracts	15%
Three types of contracts	6%
Four or more types of contracts	1%
Missing data	3%

Table 7-11: Do organisations have access to a lawyer? Summary of responses (n=476)

Variable	Percentage of responses
No Legal Access	56%
Yes, Legal Access	17%
Legal Access is through Friends and Family	22%
Missing Data	5%

A question on the percentage of agreements concluded through the relational approach of “trust and a Handshake,” shows that very few respondents (16%) are wholly dependent on the informal institution trust, whilst 24% do not rely on trust approaches at all. The range of responses, supports the conclusions above – that organisations engage with the formal-regulatory system, but to a limited degree and that organisations engage with the informal system, but also to a limited degree. These results are summarised in Figure 7-20.

Figure 7-20: Percentage of agreements concluded using trust and a Handshake



7.3.2.3 Organisational Size

A high percentage of organisations in the sample, 79%, are classified as micro based on thresholds established by the South African government in that they have ten or less employees whilst 13% of the sample fall outside of this threshold and are small or large enterprises (Daroll, 2019).

The amount of income earned per month is included here for information only as the question was introduced later in the data collection process and therefore is not comparable across the sample. However, the results are prescient as they support the micro-size of organisations in that 51% report income that falls below the thresholds for micro-enterprises (below R2.4 million) and 7% with income that

is above this threshold (above R2.4 million). In terms of funds, 16% did not earn any money in the previous month, and 32% earned between R1 – R25,000 the previous month, confirming the micro nature of social entrepreneurship organisations, but also indicating financial insecurity.

7.3.2.4 Sources of Income

A question was asked on sources of income for organisations. Here responses lack diversity, with 73% percent of organisations having only one source of income. Grants and donations contribute to 39% of the organisations' source of income. This is recognised as a formal source of funding which involves vetting processes and procedures. Income for organisations is forthcoming from sales through customers (24%) which together with membership fees at 11%, shows that earned income models exist. Financing from informal mechanisms is also high, 18% (personal savings), and 12% (Friends and Family). Combined this is the second highest category, at 30%. Financing through the formal banking system (7%), and the informal stokvel (3%) is low. The results are summarised in Table 7-12.

Table 7-12: Income characteristics of organisations

Variable		Percentage of responses
Sources of Income	Grants	39%
	Customers	24%
	Personal Savings	18%
	Friends and Family	12%
	Membership fees	11%
	Bank	7%
	Stokvel	3%
Number of income sources	One source of income	73%
	Two sources of income	13%
	Three sources of income	4%
	Four sources of income	1%
	Missing Data	10%

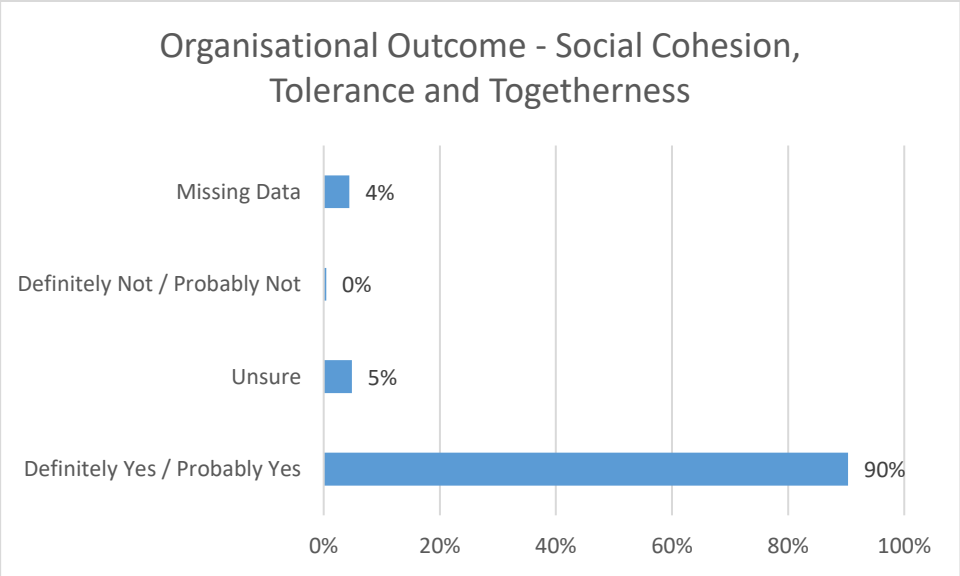
Overall, this shows that social entrepreneurship organisations lack diversity in their sources of funding and financing. Although earned income models exist, the bulk of respondents are reliant on the grant funding system although personal and familial sources are replied upon. Considered overall, organisations tap into both formal and informal financing mechanisms.

7.3.2.5 Organisation Contributes to Goals of Tolerance and Togetherness

Whether organisations work primarily towards social outcomes, described as building togetherness and tolerance in their community, was also assessed. The

question was phrased as a ratings scale, with respondents asked to rank the statement that their organisation builds togetherness and tolerance. Acknowledging the bias of self-perception, 90% of respondents say that their organisation works towards these goals as is shown in Figure 7-21.

Figure 7-21: Organisational Outcome: Social Cohesion, Tolerance and Togetherness (n=476)



7.3.3. Results: Organisational Approaches

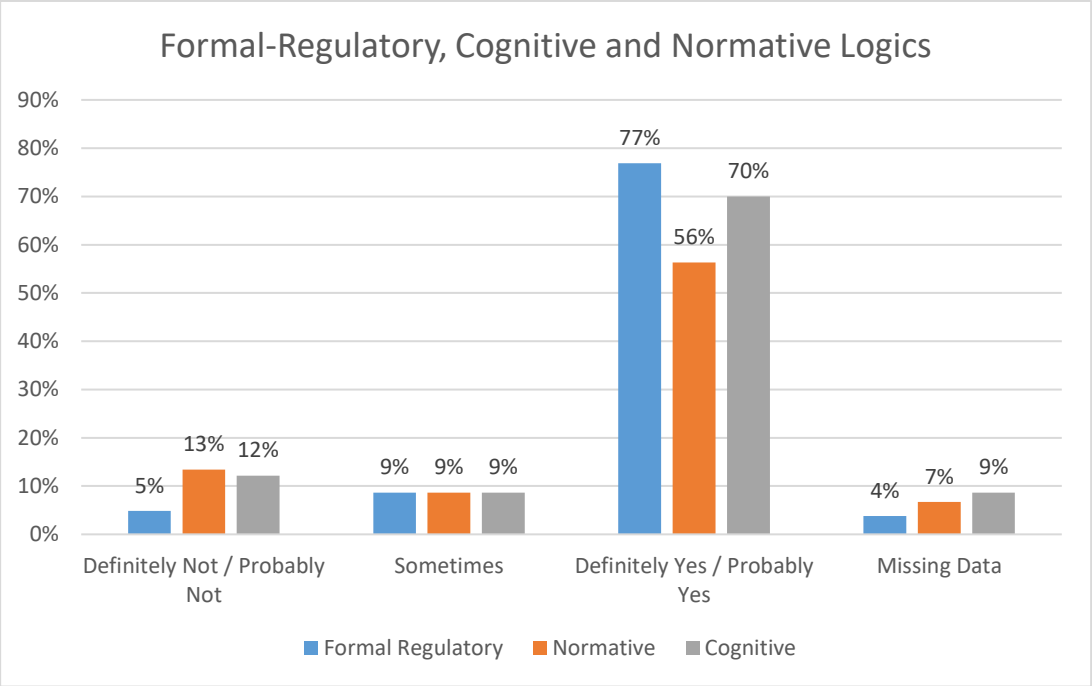
The study turns to understanding the approaches organisations adopt in their institutional environment, with a particular focus on informal logics.

7.3.3.1 Alignment with Regulatory, Normative and Cognitive Logics

The results to three, 5-item Likert scale questions are summarised in Figure 7-22. Respondents were asked to rate the degree to which they followed Regulatory, Normative or Cognitive logics. The results highlight that 77% of respondents report

"Definitely yes" / "Probably yes" for following Regulatory Logics, 70% for Cognitive Logics, and 56%, Normative Logics indicating that the primary logics respondents work to, are formal-regulatory and informal-cognitive.

Figure 7-22: Adherence to Formal Regulatory, Cognitive and Normative Logics (n=476)

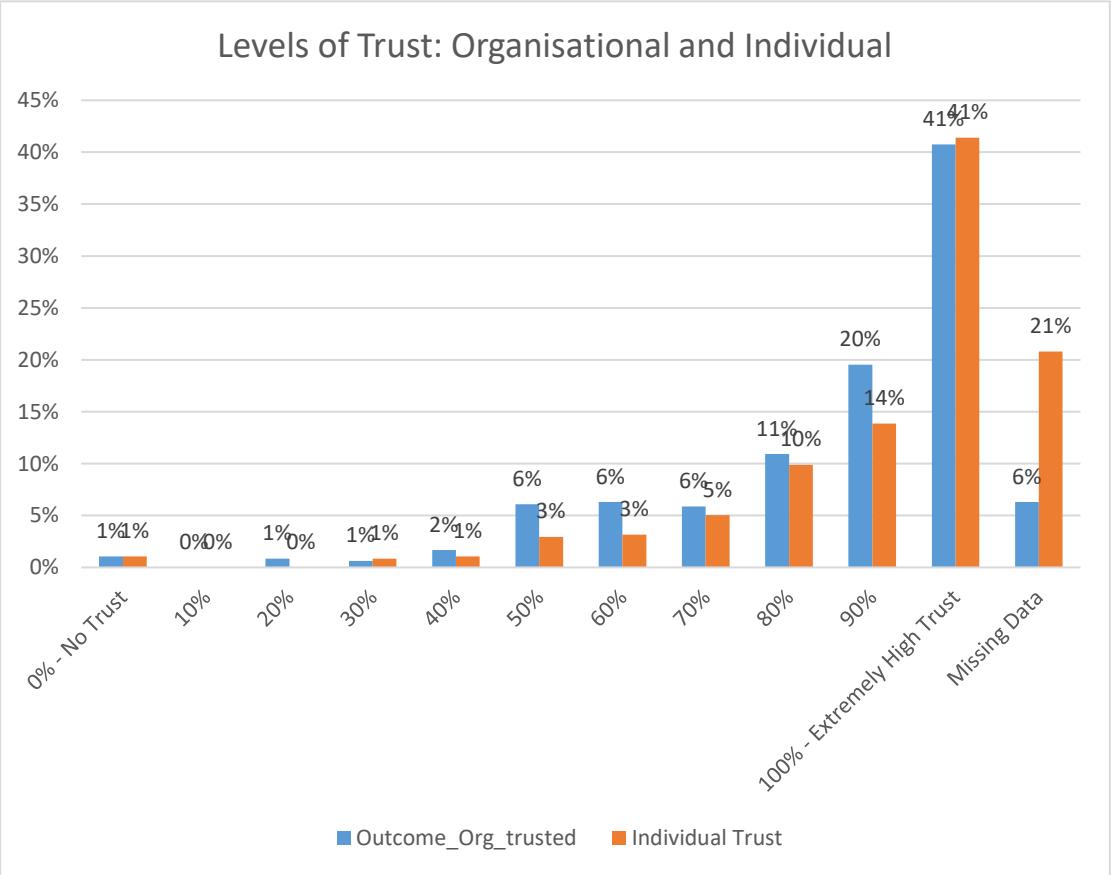


7.3.3.2 Trust at an Individual and Organisational Level

Respondents rated the level of trust that they perceive their community has in them as individuals, and in their organisation. Ratings were on a 0% - 100% scale and are shown visually in Figure 7-23. Overall respondents self-report high levels of trust from the community towards their organisations, with 71% rating organisational trust at 80% to 100%. This compares to 65% rating trust from the

community towards the individual as between 80% - 100%. The number of missing data responses (21%) to the question on individual trust although high, is within the threshold of item non-response (30%) (Lyberg et al., 2014).

Figure 7-23: Respondents assessment of levels of organisational and individual trust (n=476)



7.3.3.3 Relational Agency: Everyday activities that build trust

The maxim that *trust is earned* applies here, with respondents ranking highly the importance of their everyday relational efforts to build trust. These efforts were constructed based on activities and principles identified by Schoorman et al.(2007),

Möllering (2005) and Bachman (2011), who articulate the everyday activities around which trust is developed. Eighty-six percent of respondents rate trust as extremely / very important to the organisation, and score the following steps in realising it. Individual credibility (“what I say, is what I do”), visibility (“we do good and people see that”), organisational efficiency (“we answer calls”), and clarity (“we are clear about what we do”) hold almost equal importance in efforts to build trust. Eighty-six percent of organisations rate credibility as important or definitely important, followed by clarity (83%), visibility (82%) and efficiency (73%). The results are summarised in Table 7-13

Table 7-13 Results: Relational agency – importance of everyday actions in building trust (n=476)

Ratings Scale	Variable: relational agency				
	Importance of Trust	Trust: Credibility	Trust: Visibility	Trust: Efficiency	Trust: Clarity
Not Important / Definitely Not Important	2%	1%	0%	2%	1%
Neutral	0%	0%	0%	0%	0%
Extremely Important / Important	88%	88%	84%	75%	86%
Missing Data	6%	8%	11%	13%	9%

7.3.3.4 Importance of Networks

The importance of networks to social entrepreneurs was asked, with 84% responding that networks are regarded as Extremely / Very Important to the respondent.

Building on the work of Amoako and Lyon (2014), Berrou and Combarnous (2012) and Barr (200) the value of a range of network types was asked. Seventy-three percent of respondents rated the informal community network (community leaders) as definitely important / important, whilst 71% valued the formal municipality network. Sixty-three percent gave importance to religious leaders (informal) and 49% to political leaders (formal). These results show the importance to both informal (community) and formal (municipal) networks, as summarised in Table 7-14:

Table 7-14 Results: Importance of networks

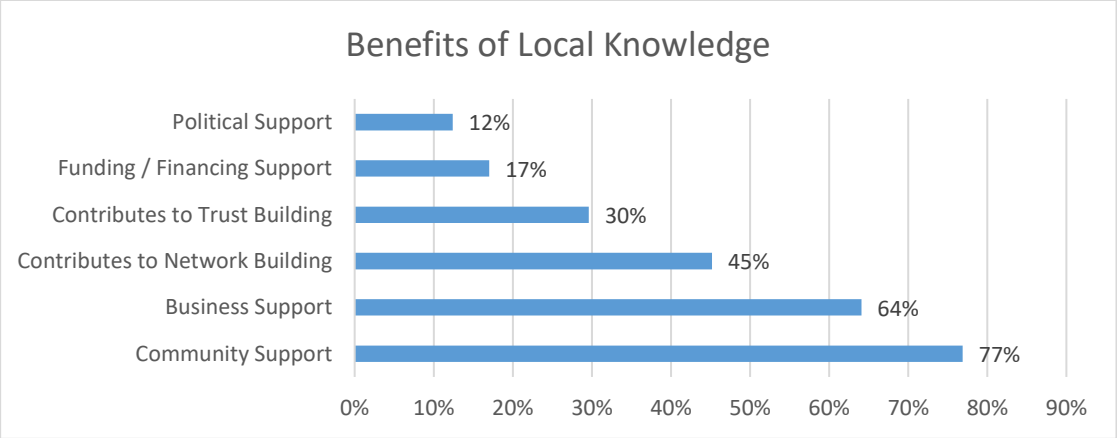
Rating Scale	Variables				
	Importance of networks	Community networks	Political networks	Religious networks	Municipal networks
		Informal	Formal	Informal	Formal
Definitely not important / Not important	4%	9%	22%	12%	12%
Not Sure	7%	14%	24%	21%	13%
Extremely important / important	84%	73%	49%	63%	71%
Missing Data	6%	4%	0%	0%	0%

7.3.3.5 Building on Geographic Localness: Local Knowledge

Respondents were asked to rate their local knowledge, recognising the value this plays in translating geographic localness into understanding tacit, informal logics. A majority (66%) of respondents reported that they know their communities well, with a rating of 80% - 100%.

The value of this local knowledge is that it translates into support - from the community (77%), from local business (64%) and results in networks (45%), and trust (30%).

Figure 7-24: Benefits of local knowledge to respondents



7.3.4. Discussion of Results

This study described the individual characteristics and demographics of social entrepreneurs in South Africa, who are drawn from across poverty dimensions and therefore varied institutional environments. Overall respondents reflect the racial, gender and cultural demographic of South Africa. Social entrepreneurs take personal responsibility in delivering their social goods and services to their communities. Their organisations are social in orientation and intention and the majority work towards social cohesion outcomes. Social entrepreneurs are highly localised, with people living and working in the same province and district. As is discussed later, this informs their ability to be local, to tap into informal-cognitive systems, and build local knowledge.

As is seen in the older profile of respondents and when cross referenced to experience, people are coming to social entrepreneurship later in life. As much as social entrepreneurship is positioned in South Africa as appealing to young people (Terjesen et al., 2011), and as a panacea to South Africa's high youth unemployment, its potential in bringing employment opportunity to older people, living and working in hard-to-reach places should not be overlooked.

As is discussed below, the results present a number of insights on social entrepreneurship in South Africa, ranging from validating the results of other large-scale studies to expanding our understanding of formal and informal voids and logics

7.3.4.1 Validation of Results from other Large-scale Studies

Some of the descriptive results of this study, validate characteristics identified in other studies, particularly the national studies by Myres et al., (2018), Lovasic and Cooper (2020), and Hanley et al., (2015). Firstly, this study confirms findings in Myres et al. (2018) and Lovasic and Cooper (2020) that social enterprises are micro-enterprises, which are registered as "for profit" and "not for profit" legal forms. Secondly, that few are registered as more than one legal form, established at 6% in this study, and between 8% - 16% in Hanley et al. (2015), Myres et al. (2018), and Lovasic and Cooper (2020) is validated. This has implications for how social entrepreneurship is understood in South Africa, where it is framed around concepts of hybridity, as an "alternative business model" (Urban, 2013, p. 348), that adopts "multiple legal forms" (Jankelowitz & Myres, 2019, p. 7), and "hybrid legal structures" (Hanley et al., 2015, p. 6). Here the influence of the western framing of

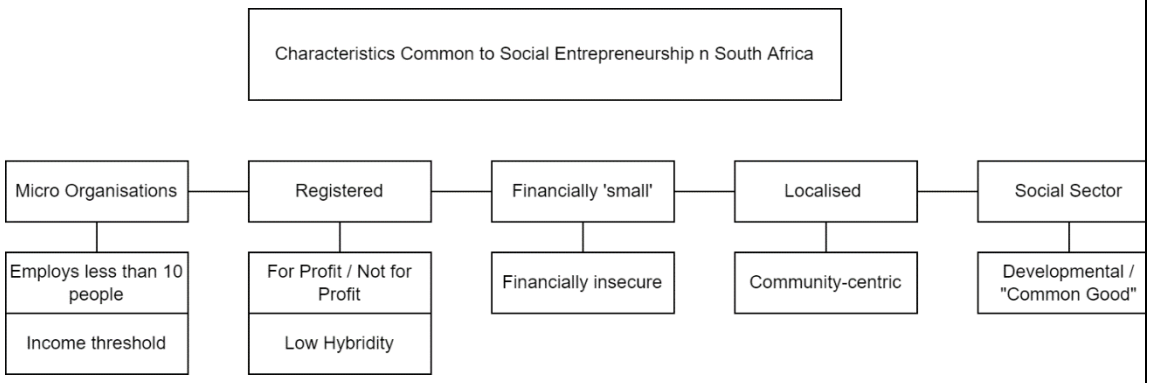
social entrepreneurship, which both Claeyé (2017) and Holt and Meldrum (2019) caution against, can be clarified in that hybridity of legal form in South Africa is unlikely considering the country's dual economy.

The study also affirms that social entrepreneurs are focused on doing good, operating in developmental sectors of work. Although different studies (Lovasic & Cooper, 2020; Myres et al., 2018) apply different theoretical frameworks against which these sectors are identified which limits direct comparison, taken together, the studies confirm the developmental nature and social orientation of social entrepreneurship organisations.

The study also confirms the findings of other studies that organisations are community based and financially small (Kodzi, 2014; Lovasic & Cooper, 2020; Myres et al., 2018), with income of less than R25,000 per month (Myres et al., 2018), and therefore micro in size (Lovasic & Cooper, 2020; Myres et al., 2018).

By being able to triangulate these characteristics to similar findings across other large-scale studies, this study confirms these characteristics, visually summarised in Figure 7-25. Based on this, links to the difficult market context outlined in Chapter 2, are drawn.

Figure 7-25: Characteristics common to Social Entrepreneurship in South Africa



7.3.4.2 Organisational and Individual Characteristics and Institutional Voids

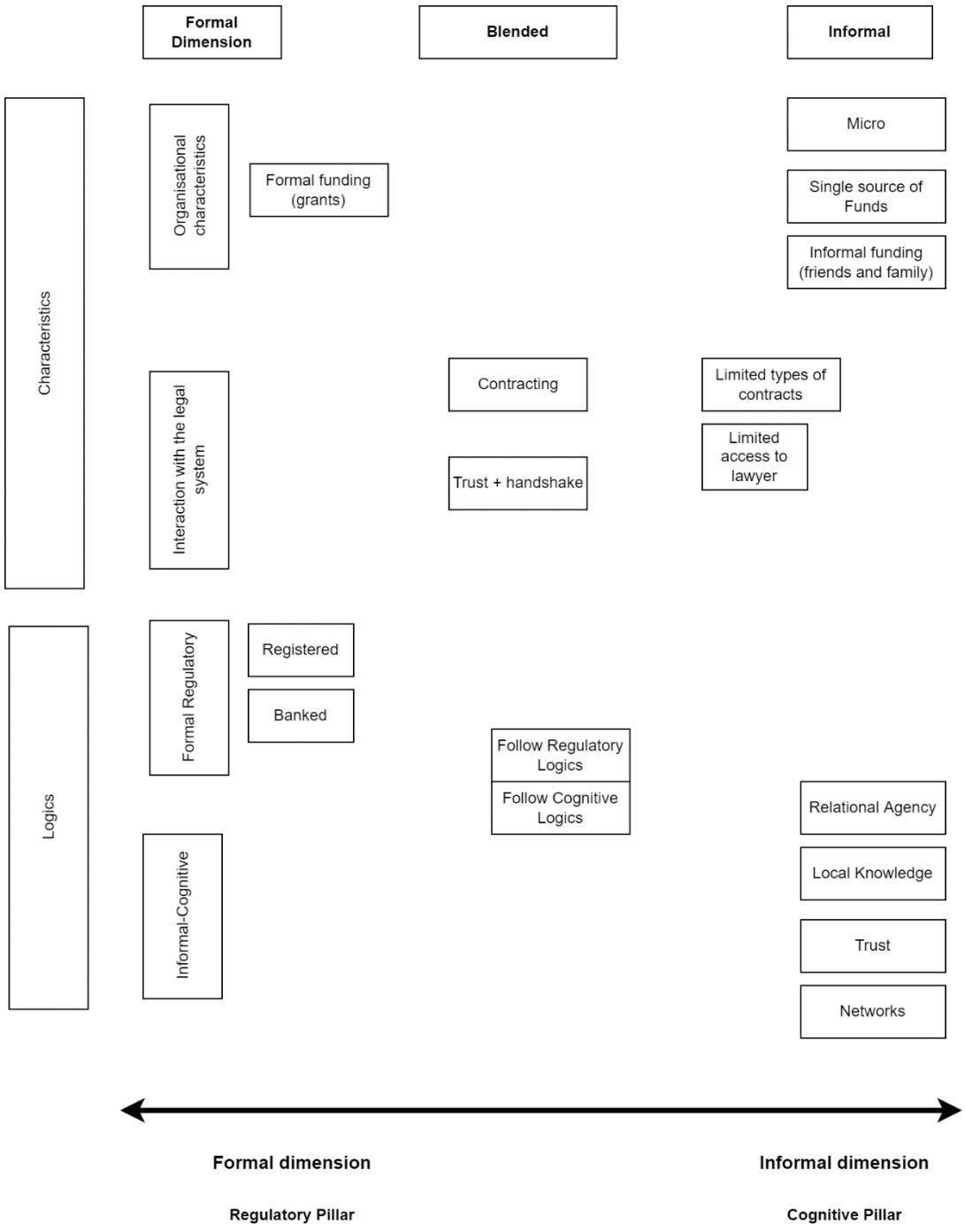
Based on the high formal voids identified in the institutional voids analysis it was expected that there would be a high number of informal characteristics (and therefore logics); or, that there would be a blend of formal and informal characteristics, as organisations responded to both formal and informal voids and logics. This is a subtle but important point, as it would indicate whether organisations use to informal logics to replace formal voids or, whether informal logics are adhered to *alongside* formal logics.

As is visually shown in Figure 7-26, organisations have distinct formal and informal characteristics. They are registered and banked; whilst also being micro and local, prizing networks and trust. There are a number of variables, where organisations operate across formal and informal logics, for example, contracting, source of funds and the use of trust to conclude agreements. Here results are genuinely

mixed with 50-50 levels of contracting occurring together with a low reliance on trust as an alternative approach. The results of the organisational analysis indicate that organisations use both formal and informal logics together to navigate the institutionally void environment. This indicates hybridity in how logics are adhered to.

This discussion first looks at the formal and informal characteristics that are followed, before exploring the blended responses that are revealed through this analysis.

Figure 7-26: Plotting of responses across the formal and informal spectrum



7.3.4.3 Formal-Regulatory Logics

The high number of organisations aligning to formal - regulatory logics through registration of their organisation and bank accounts, is strongly indicative that organisations are following, the formal-regulatory system. Both processes require independent vetting of organisational structures and compliance to the regulatory system, with approval given in confirmation of their registration. Further evidence of formal compliance is the high number of respondents who rely on grants as a source of funding. Accessing grant funding also involves a process of vetting of registration, governance, and financial documents. Compliance to the formal regulatory environment brings various advantages to the organisation ranging from trust, credibility, trustworthiness, stability and legitimacy (Bitektine, 2011; Kistruck et al., 2015; Roberts, 2011). Clearly, organisations see value in aligning with the formal system, and do so, in the South African context.

7.3.4.4 Informal-Cognitive Logics

However, an analysis across a number of indicators also positions the organisations in the informal-dimension. Here the informal approaches that are valued are local knowledge, networks and the trust building activities labelled relational agency.

Organisations are micro in size, and local in nature, and rate their knowledge of their community highly. This local knowledge is deemed necessary in gaining trust and consent from local residents, and brings benefits such as support from formal and informal institutions, networks and finance. In this way, local knowledge mirrors Molden et al's. (2017, p. 61) "licence to lead" which social entrepreneurship

organisations acquire through being close to and having knowledge of, their communities. In so doing, they are able to lead community development efforts that are supported by that community. Even recognising the limitations of the question, where respondents rate their perception of their local knowledge, this is an important point, as it highlights that local knowledge is important to the entrepreneur and has a direct bearing on their ability to access support, build networks and gain trust.

Organisations also rank as important, both the usefulness of networks and the everyday processes associated with relational agency. In terms of networks, the final sample group demonstrates the value of a range of networks types, but particularly community (informal) networks and municipal (formal) networks, which are both ranked almost equally by respondents. This supports findings by Berrou and Combarnous (2012) on the value of a diversity of networks to the entrepreneur in the difficult market context. These diverse networks represent a blending of logics, in that the municipality represents the formal dimension, as it acts as a gateway to the formal-regulatory system; whereas the community networks embody informal, close-knit, relational ties. This diversity of relationships is in line with findings by Amoako (2019) Barr (2002) and Berrou and Combarnous, (2012), who identify the value different network-types bring to entrepreneurs as they navigate the contradictions of the institutionally void environments. networks then reflect the contradictions of that environment.

The study also interprets the value of relational agency to social entrepreneurs who are engaged in the self-reinforcing ‘spiral of trust’ described by Welter and Smallbone (2006, p. 471) where trust is developed and maintained through

repeated, everyday activities that deliver the positive expectations that entrepreneurs need (Möllering, 2005). These are highly valued with social entrepreneurs actively demonstrating the value of the work that they do to the community that they operate in.

Further, entrepreneurs rate the trust that they hold in their communities at an individual and organisational level, which reinforces the value of trust within the institutionally void environment. Overall, organisations appear to be firmly complying with informal logics, at the level of relational agency and networks, navigated through local knowledge.

7.3.4.5 The Peculiarity of the Source of Income for Organisations

As the void in the capital market, dominated the voids list across all three of the poverty Tiers, it was expected that organisations would rely on informal financing approaches to either compensate or replace. This is a common position in the theoretical literature which positions informal systems as ‘alternate’ and ‘substituting,’ (Amoako et al., 2020; Amoako & Lyon, 2014; Webb et al., 2013); where the absence of a formal institution results in greater reliance on its corresponding informal institution (Nason & Bothello, 2019). However the high void experienced in social support, which typically compensates for the capital market void, made this ‘either-or’ approach less than certain (Ebrashi & Darrag, 2017).

The results show that social entrepreneurs have access to formal and informal sources of income social entrepreneurs drawing on grant-funding, as well as earned income (through membership fees and sales) to personal savings and

friends and family. Observed at this level, the type of funding that organisations receive is blended, and draws on both formal and informal approaches.

However, the analysis reveals that organisations are not drawing from multiple funding sources, in that the majority of respondents *have only source of funding*. This inability to access diverse income streams, is, according to the IFC (2018) one of the greatest risks micro entrepreneurs face, and heightens their vulnerability, with direct consequences on their ability to be stable, sustainable and scale (IFC, 2018). The funding shows that organisations are not effectively able to access capital through either formal *and* informal means, and so are instead reliant on either one or the other. Further evidence that organisations are not meaningfully able to garner resources is evident in that they are financially insecure with low monthly earnings, which is linked to their being micro in size and local in nature (IFC, 2018)

What does this mean? Firstly, this finding challenges perceptions that informal logics replace their formal counterparts. Or put differently, that a void in the formal dimension automatically equates to a compensatory void in the informal one. This may not be the case. The capital market void shows that even with informal sources of funding, the principal of the void – in this instance, the entrepreneurs inability to access forms of funding and financing, remains. This refers to an earlier point that voids are framed within a market logic, but should be understood as having formal and informal logics and characteristics.

It also shows, again, that voids exhibit dual logics that are formal and informal. This could also be a consequence of the high capital market and social support Voids, showing that social entrepreneurs do not have the networks to meaningfully adjust

to the lack of finance they experience, as is expected by Ebrashi and Darrag (2017). It further, reinforces the position, voids are characterised by both formal and informal logics, and that the positioning of a void in the formal domain (such as capital markets) does not preclude it from having informal logics, in this instance, the securing of capital through familial and kinship ties. In short, voids may be considered formal (or informal) but their logics, may draw from both formal and informal approaches. This is an area that is recommended in Chapter 7. , for further study.

7.3.4.6 When Organisations blur Boundaries

A number of responses exhibit organisational characteristics and approaches of blending, where neither formal or informal logics are strongly adhered to. This implies that logics in both domains are being applied. For example, the analysis of the legal environment shows that only 50 percent of respondents issue employment, trustee, and partner contracts; and of those that do, only 22% have more than one type of contract. Yet, over half of the respondents (56%) do not have access to a lawyer and 21% rely on friends and family. Clearly, organisations are not engaging meaningfully with the legal system in that they are not reliant on it to oversee agreements and transactions. Amoako and Lyon (2014) find that in difficult market contexts, entrepreneurs avoid recourse to the legal and court system, which is variously deemed irrelevant, expensive and deficient. Instead, social entrepreneurs use culturally specific relationships to settle disputes and manage agreements. However, it this study, few respondents rely entirely on informal logics either. Only 16% of transactions are "concluded" on trust and a handshake. Here the results are fairly even across the questions' ratings scale,

indicating that informal mechanisms like trust are used – but not to an extent where they can be regarded as replacing or substituting, formal ways of exchange.

The fusion of the formal-and informal dimensions is also seen in responses to the question on codes people follow. Here, there is almost equal preference by respondents, as they conform to the formal-regulatory and informal-cognitive logics.

A pattern of blending is emerging, where organisations are oriented to formal and informal logics as it suits them. Or viewed another way, entrepreneurs are interpreting and internalising through their actions, the duality of the context within which they are embedded. By conforming to formal and informal logics, organisations are able to navigate the void environment with its particular formal and informal voids. This again implies that formal and informal logics are not an either-or, but rather operate alongside each other.

7.3.4.7 Alignment with the Difficult Market Context

These insights align with findings in the difficult market literature, on how micro-organisations, operating in the institutionally void environment function. In this environment, organisations conform to formal and informal logics, to manage the uncertainty and instability of the institutional context (Amoako & Lyon, 2014; Bruton et al., 2012; de la Chaux & Haugh, 2020; Webb et al., 2020). Trust, is built by bridging both formal and informal institutional responses, recognising that the constitution of trust by entrepreneurs happens within and is shaped by, the institutional context that they find themselves in (Möllering, 2005; Oliver, 1991)

This permeability is apparent amongst the final sample group, where there is extremely high compliance to logics of the formal institutional environment, as measured through organisational registration and banking; but which occurs alongside informal institutional approaches. Like entrepreneurs in difficult market contexts, as described by Webb et al. (2013), Bruton et al. (2013) and Amoako et al. (2020), social entrepreneurs in South Africa are highly focused on activities and practices that demonstrate their relational agency, and prize networks and local knowledge, through which they garner support. In doing so, they rely on some informal institutions, and otherwise blend their engagement with formal and informal institutions.

The institutional voids discussion together with this analysis, indicates that treating the formal and informal domains as opposite ends of a continuum, may not be appropriate, as both are continuous rather than dichotomous concepts. Firstly, it appears as if voids themselves have formal and informal characteristics and secondly, that formal and informal institutions should not be treated as an either-or. This has implications for organisations in that it effects the logics they respond to, and their response.

7.3.5. Summary of Findings – Developing the Model for Testing

The analysis provides insights in response to Research Question 2, describing the characteristics and approaches of social entrepreneurship organisations in an institutionally void, difficult market context. Institutional voids and organisational characteristics together, provide a lens through which logics can be better

understood. By analysing the type and nature of the voids experienced together with organisational characteristics, the study was able to direct attention to the logics organisations are conforming to, and draw conclusions relevant across poverty dimensions.

The void environment with its varied formal voids, and informal void of social support indicates that organisations are likely to conform to multiple logics in both the formal and informal domain. The expectation is that conformity by organisations will primarily be to informal logics, because of the complexity and variety of the formal logics. This is upheld when reviewing the characteristics of organisations – they are micro in size (86%), highly localised, have a single source of funds and are financially insecure with unstable earnings, all characteristics of micro-and informal entrepreneurship in difficult market contexts. Organisations are operationally 'unsophisticated,' aligning with singular legal forms, with few employees and volunteers, all of which lessens the likelihood that they legitimate through formal mechanisms (Amoako, 2019; Fafchamps & Minten, 1999; Gopaul & Rampersad, 2020; Webb et al., 2010, 2020). Instead, they do lean on community networks and kinship mechanisms such as friends and family, where support is sought financially, or in navigating the legal environment. When asked about which pillars they align to, both regulatory codes (74%), and societal codes (69%) are emphasised. Further, these individuals and organisations are highly local, living and working in the same place, with emphasis placed on the importance of trust, local knowledge, and networks to their success.

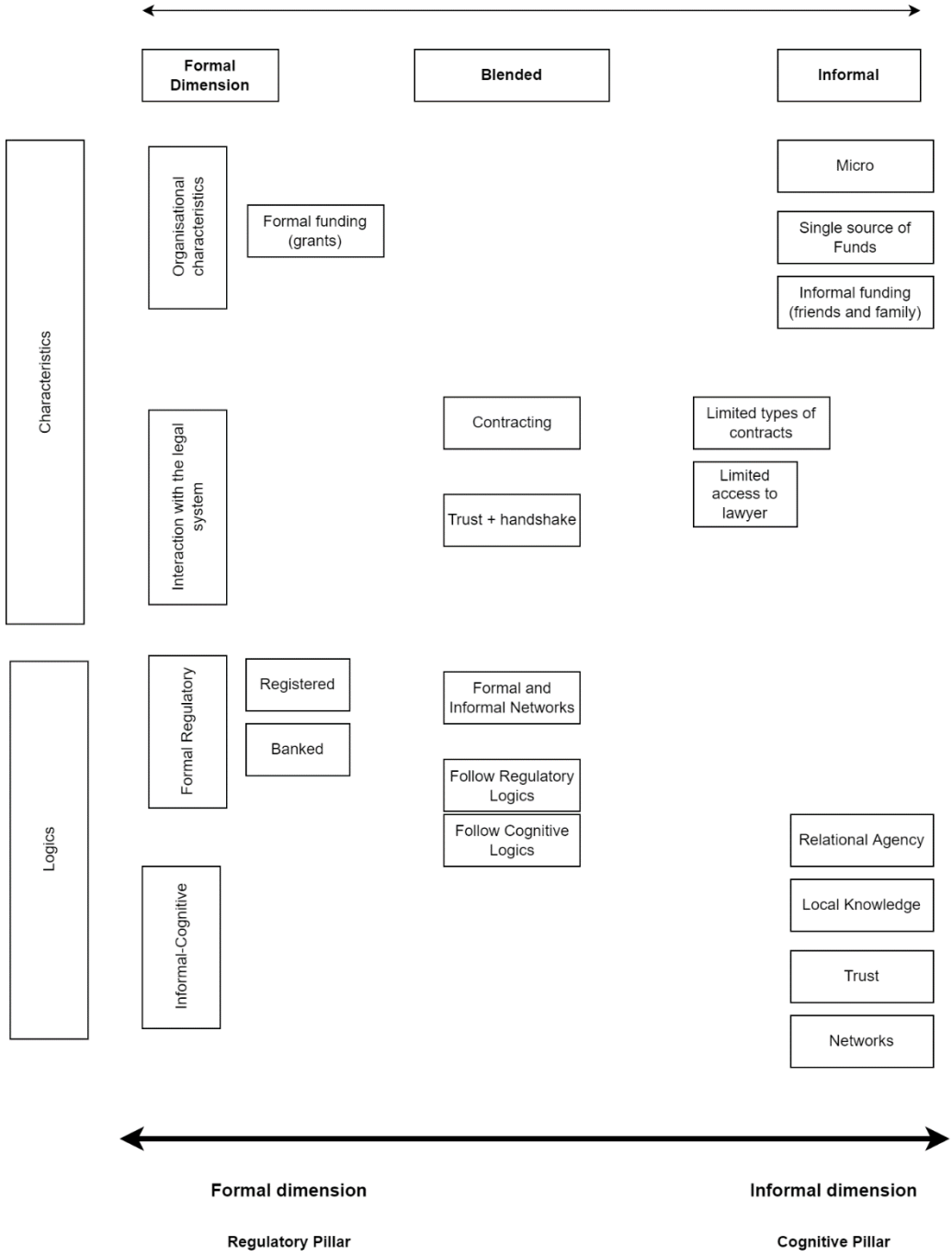
Conversely, the organisational characteristics and approach, also emphasise that informal approaches are not adopted in their entirety. Organisations are largely

registered and banked, and the majority secure financing through grant funding indicating alignment with the formal-regulatory system. These organisations also have very limited engagement with the legal system. but are also not entirely dependent on trust mechanisms to function.

What does this mean?

The plotting of voids across the spectrum as shown in Figure 7-3, is a useful visual tool to see how formal and informal approaches are used by organisations. Here the anchors of organisational compliance and the value of informal institutions such as networks and trust, relational agency and local knowledge can be seen against a blending of approach, where formal and informal mechanisms have weight.

Figure 7-27: Visual summary of descriptive results showing formal-informal characteristics



The visual summary shows that trust mechanisms are not entirely relied upon, indicating that formalised approaches do hold value for social entrepreneurship

organisations, as they operate across logics. This blending of formal and informal mirrors in some degree the voids identified, and the duality of logics of those voids. Importantly, as is discussed earlier, this does not mean that social entrepreneurship organisations are operating in the informal economy and therefore operate outside of the boundaries of state regulation and support as defined by Bonnet et al. (2019). But rather that these results show how they operate across informal-cognitive *as well as* formal-regulatory logics and institutions.

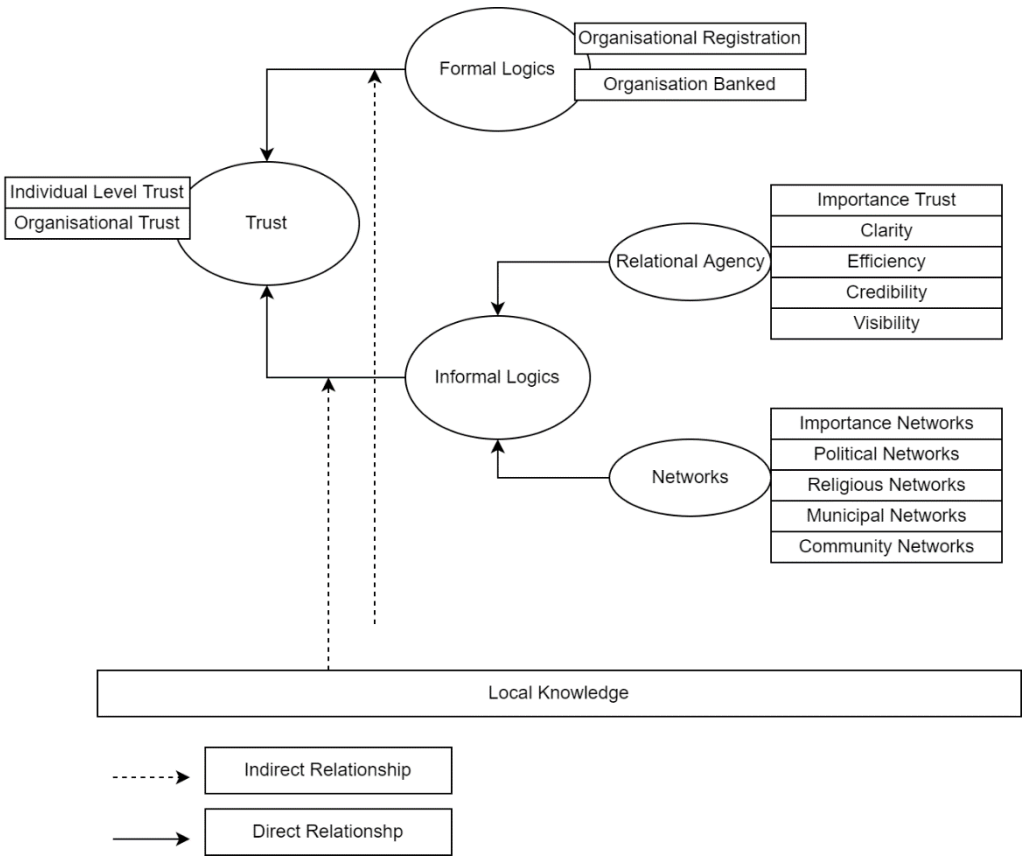
Applying these findings to the studies question of legitimacy approaches, it can be argued that social entrepreneurship organisations in institutionally void environments respond to the duality of logics inherent to those voids, by conforming to both formal and informal logics.

In this way, the study returns to the conceptual model developed in Chapter 3 and first developed in Figure 3-3, which bridges the theory and literature on the difficult market context by visualising how entrepreneurs, build legitimacy in the form of trust. For these entrepreneurs, it is important for the organisation to be aligned to the formal-regulatory system, whilst building trust through informal institutions, such as relational agency processes and networks.

If insights from the descriptive analysis are applied to this model, it is then theorised that social entrepreneurship organisations develop trust through a process called *hybridity of institutional logics* in this study. By responding to both formal and informal - and therefore hybrid - logics, social entrepreneurship organisations are able to manage the formal-informal hybridity that is inherent to their institutionally void environment. Localness is important to these entrepreneurs which they convert to local knowledge which influences their ability to develop trust, networks, and support. Local knowledge therefore has bearing on a number of activities and practices that inform and influence trust building.

This provides a line of reasoning that helps understand how social entrepreneurs legitimate in the institutionally void environment. A simplified model is shown in Figure 7-28, which shows the essence of the argument:

Figure 7-28: Conceptual Model for statistical analysis



To evaluate this proposal the model is tested statistically. If significant relationships are found between the formal and informal constructs, the *hybridity of* logics model is considered valid. The statistical analysis is therefore useful in that it confirms the conceptualisation of hybridity of institutional logics, and if proven, opens a pathway for further research.

This model is operationalised by taking the items from the descriptive analysis, that have distinct formal and informal logics. These represent the themes of organisational compliance, relational agency, and networks, together with local knowledge which all play a role in developing the trust the organisation needs as part of its legitimacy-building efforts in the difficult market context.

- The formal-regulatory logic is operationalised through the binary responses to organisational registration and banking which both have extremely high responses. The variables for contracting and access-to-a-lawyer are excluded because they had responses that denoted both formal and informal approaches.
- The informal logic is operationalised through variables relating to networks and the cluster of everyday activities that reflect relational agency, recognising the importance these two approaches bring to trust building in the difficult market context. There is insufficient variation in responses to the question on agreements concluded through trust and a handshake for this to be used, and so it is not considered in the development of this construct.
- The importance of being local was operationalised through the variable local knowledge, the self-assessment of how well respondents know their community. There was insufficient variation in the results on where entrepreneurs live and work for this to be used for statistical analysis. Local knowledge was conceptualised in the model as a moderator, recognising the role that it has in facilitating how organisations respond to the logics of the institutional environment. The assumption is that local knowledge influences how organisations access networks, act on their relational agency and informs their organisational compliance. Local knowledge acts as a compass, providing social entrepreneurs with the insights they need to navigate the complexity of the dual-logics of the institutionally void environment.

- Lastly, the outcome (latent) variable was operationalised as trust. Trust was selected as the outcome variable as it is both a component and outcome of, legitimacy and has an amplified role in difficult market contexts (Amoako, 2019; Suchman, 1995; Welter & Smallbone, 2006). This was measured at the individual and organisational level; based on the ratings entrepreneurs gave themselves, regards how much trust they think they hold in their communities.

Underlying the conceptual model presented in Figure 7-28 are the following hypotheses, which correspond to the relationships depicted in the conceptual model. These are only presented at this stage because they were informed by the empirical analysis corresponding to Research Question 2.

- H1: There is a significant positive relationship between relational agency and trust for social entrepreneurship organisations operating in an environment of institutional void
- H2: There is a significant positive relationship between organisational compliance and trust for social entrepreneurship organisations operating in an environment of institutional void
- H3: There is a significant positive relationship between networks and trust for social entrepreneurship organisations operating in an environment of institutional void
- H4: The relationship between relational agency and trust is moderated by local knowledge .
- H5: The relationship between networks and trust is moderated by local knowledge .

- H6: The relationship between networks and organisational compliance is moderated by local knowledge .

7.4. RESEARCH QUESTION 3: TESTING THE MODEL – *HYBRIDITY OF INSTITUTUTIONAL LOGICS*

Research Question 3: What legitimacy approaches do organisations adopt in the institutionally void context?

The conceptual model proposed in Figure 7-28, uses constructs that frame the concepts organisational compliance, relational agency, and networks, which represent the practices and activities that contribute to outcomes of trust, recognising its close conceptual relationship to legitimacy. The proposed model also identifies a role for local knowledge, which influences how organisations build trust, across formal and informal logics

These variables represent "critically important" strategies for micro, entrepreneurial enterprises in Africa, shaping the characteristics of these organisations (Amoako, 2019, p. 8). Testing the interplay of these three constructs, will provide insights into whether social entrepreneurship organisations blend formal and informal logics, as is implied through the descriptive analysis.

The analysis followed statistical processes associated with Structural Equation Modelling (SEM). First, the validity and reliability of the study's variables is assessed, using exploratory factor analysis (EFA), and for the variables yielding nominal data, categorical principal component analysis (CATPCA) is used.

Thereafter, a measurement model was built which included all the latent and observed variables; and confirmatory factor analysis (CFA) applied to assess the model's Goodness of Fit.

Next, a structural model corresponding to Figure 7-28, was built. This first tested the direct paths with trust as an outcome variable and organisational compliance, relational agency, and Local networks as independent variables using Structural Equation Modelling (SEM). SEM has the ability to incorporate latent (unobserved) constructs**,** and is appropriate in an exploratory study such as this, as latent variables are measured indirectly through characteristics and concepts based on relevant theory (Gefen et al., 2011). The statistical programme AMOS v27 was used in conducting the SEM analyses. In order to address the presence of missing data, the model is estimated by full information maximum likelihood (FIML) from the observed portion of the data.

To address the presence of missing data, the model was estimated by full information maximum likelihood (FIML) from the observed portion of the data (Blunch, 2012; Hair et al., 2010).

Finally, the study tested for moderation, using a multi-group CFA approach (Ro, 2012; Thorlby, 2011).

7.4.1. Results: Presenting the EFA and Reliability

The validity and reliability of the study's variables yielding discrete data was verified using Exploratory Factor Analysis (EFA); whilst for the variable yielding nominal data (organisational compliance), Categorical Principal Component Analysis (CATPCA) was employed.

7.4.1.1 Exploratory Factor Analysis

Exploratory factor analysis (EFA) was performed on the trust, relational agency, networks, and local knowledge constructs, measured using either a 5-point or 10-point Likert scale, to determine the dimensionality of each.

The initial EFA procedure began with a Kaiser-Meyer-Olkin (KMO) test for sampling adequacy and Bartlett's test for sphericity, which assesses the suitability of the data for factor analysis. For the factor analysis to be considered appropriate, Bartletts test of sphericity should be significant at $p < 0.05$ (P. Kline, 1994; Pallant, 2013). The KMO index ranges from 0 to 1, and a minimum value of 0.5 is appropriate for factor analysis (Hair et al., 2012; Pallant, 2013)

Principal axis factoring (PAF) as extraction method and Promax as rotation method was used in the EFA (Costello & Osborne, 2005; Garson, 2011; Wang Jin, Jae-On Kim, 2020). PAF is preferred when some items show deviations from a normal distribution. Values outside the -2 to +2 threshold for skewness and kurtosis values for each item indicated that some items deviate from the assumption. The eigenvalue criterion of eigenvalues larger than one was used to determine the number of factors / components to be extracted through the PAF (Rietveld & van Hout, 1993; Finch, 2013; Hair et al., 2010; Pallant, 2013;). Although it is recommended to use parallel analyses and map analysis in conjunction with the results from the eigenvalue criterium to determine the number of factors, the number of items per constructs and the results of the EFA do not warrant the use of these methods (Hayton *et al.* 2004:192). Factor loadings above 0.32 were considered for inclusion due to the exploratory nature of the study (Hair et al., 1998).

As the number of missing values exceed the threshold of 10% in some cases, analyses were conducted only on cases which had values for each item in the construct below this threshold (Gatignon, 2014; Newman, 2014).

Results of the Factor Analysis: Trust

The KMO value was 0.500, the minimum value required. KMO is always 0.5 on the case where an EFA is conducted on only two items (Darlington, 2005; Garson, 2011). The Bartlett Test of Sphericity showed statistical significance at $p<0.001$, supporting the factorability of the correlation matrix (P. Kline, 1994; Pallant, 2013). Therefore, it was appropriate to conduct EFA.

The results, based on the eigenvalue criterion larger than one, indicated one factor which explains 81.5% of the total variance in the data. The reliability statistics for the factors for trust are shown in Table 7-15. The factors demonstrated acceptable internal consistency as illustrated by the Cronbach Alpha coefficient as well as composite reliability , which at 0.897 and 0.898 respectively is above the general recommended threshold of 0.7 (Hair et al., 2010).

Although two item factors are not necessarily desirable, they are admissible (Eisinga et al., 2013).

The reliability statistics and factor loadings for trust are shown Table 7-15:

Table 7-15 Summary of the EFA –trust (n=476)

Construct: Trust		
Question Asked	**Variables**	**Factor**

Construct: Trust					
		KMO & Bartlett's test (sig. value)	**% Variance explained**	**Factor loadings**	**Cronbach's Alpha & Composite Reliability**
Does your community trust your organisation?		0.5 ($p < 0.001$)	81.5%	Factor 1	0.897 (CA) 0.898 (CR)
	Outcome: Organisation trusted			.903	
Does your community trust you?	**Outcome: Individual trusted**			.903	

Results of the Factor Analysis: Relational agency

The KMO value was 0.75, exceeding the value of 0.5. The Bartlett Test of sphericity showed statistical significance at $p<0.001$ supporting the factorability of the correlation matrix (P. Kline, 1994; Pallant, 2013). Therefore, it was appropriate to conduct EFA.

The results, based on the eigenvalue criterion larger than one, indicated one factor which explains 46.1% of the variance in the data. The factors demonstrated acceptable internal consistency as illustrated by the Cronbach Alpha coefficient as well as composite reliability, which at 0.693 and 0.707 respectively is above the

general recommended threshold for exploratory data of 0.6 (Hair et al., 2010; Taber, 2018).

The reliability statistics and factor loadings for relational agency are shown in Table 7-16:

Table 7-16: Summary of the EFA – relational agency (N=476)

Construct: Relational Agency						
Question Asked		**Variable and Variable Label**	**Factor**			
			KMO & Bartlett's test (sig. value)	**% Var. Ex.**	**Factor load.**	**CA & CR**
How important is trust to your organisation?		**Importance of Trust**	0.75 ($p < 0.001$)	46.1 %	0.375	0.693 (CA) 0.707 (CR)
		Importance_ trust			0.592	
Rate the importance of each of these in building Trust	**What I say is what I do**	**Credibility: trust_say_do**			0.679	
	We do good and people see that	**Visibility: trust_see**			0.604	
	Our organisation runs well: e.g.: we pay on time, we answer calls, we resolve disputes	**Efficiency: trust_service**			0.590	

	We are clear about what we do and how we do it	**Clarity:** **trust_clarity**			0.375	
Abbreviations: CA: Cronbach Alpha CR: Composite Reliability Sig. Value: Significant Value % Var: Percentage Variance Explained Factor load: Factor loadings						

Results of the Factor Analysis for Networks

The KMO for networks was 0.80, exceeding the minimum value of 0.5. The Bartlett Test of sphericity showed statistical significance at $p<0.001$ supporting the factorability of the correlation matrix (P. Kline, 1994; Pallant, 2013). Therefore, it was appropriate to conduct EFA.

The results, based on the eigenvalue criterion larger than one, indicated one factor which explains 53.6% of the variance in the data. The factors demonstrated acceptable internal consistency as illustrated by the Cronbach Alpha co-efficient as well as composite reliability , which at 0.781 and 0.785 respectively is above the general recommended threshold of 0.7 (Hair et al., 2010, 2010b).

The reliability statistics and factor loadings for networks are shown in Table 7-17

Table 7-17: Summary of the EFA - networks (N=476)

Construct: Networks	
	Factor

Question asked and variable measured		KMO & Bartlett's test (sig. value)	% Var. Ex.	Factor load.	CA & CR
	Networks	.80 ($p < 0.001$)			0.781 (CA) 0.785 (CR)
			53.6%		
How important are:	**Networks**			0.398	
	Community leaders			0.803	
	Political leaders			0.727	
	Religious leaders			0.642	
	Municipal networks			0.650	

CA: Cronbach Alpha

CR: Composite Reliability

Sig. Value: Significant Value

% Var: Percentage Variance Explained

Factor load: Factor loadings

7.4.1.2 Categorical Principal Component Analysis

Categorical Principal Component Analysis (CATPCA) is a more flexible alternative to Principal Component Analysis and is suitable for variables of mixed measurement levels such as nominal, ordinal, and numeric, that may not be linearly related to each other. To avoid this limitation, CATPCA, is an alternative in dealing with nominal data (Linting et al., 2007; Linting & Van Der Kooij, 2012). Like Principal Component Analysis, CATPCA reduces a data set consisting of many variables and correlation patterns to a smaller number of uncorrelated summary

variables (principal components) that represent the information in the data as closely as possible (Linting & Van Der Kooij, 2012). These categories of variables are assigned numeric values through optimal quantification / optimal scaling / optimal scoring which transforms categories of variables with nominal and ordinal analysis levels into numeric value variables (Linting et al., 2007).

Results of the Categorical Principal Component R analysis for 'organisational compliance"

CATPCA was conducted on the items assigned to the construct organisational compliance. This was analysed separately due to the binary format of responses (yes and no).

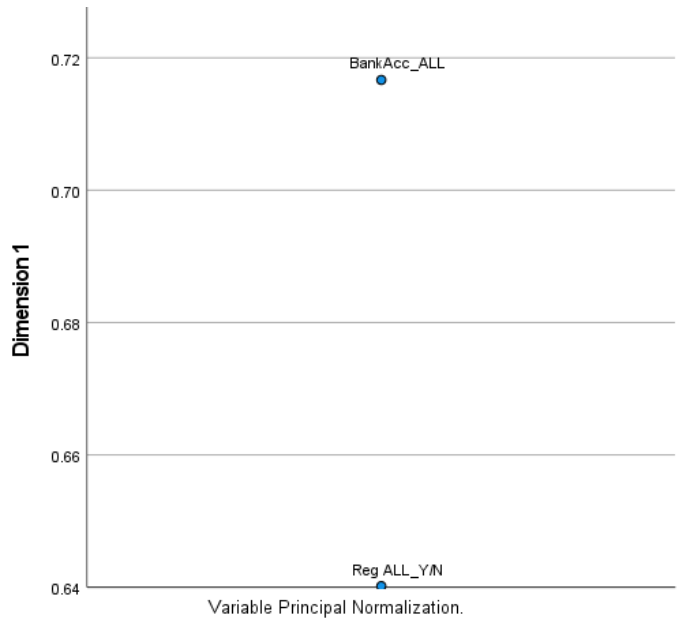
The analysis identified one dimension which explained 67.8% (eigenvalue = 1.357) of the total variance. The Cronbach Alpha value was 0.526.

The component loadings are depicted in Table 7-18 below, and shown visually in Figure 7-29.

Table 7-18: Component loadings: Organisational Compliance

Question Asked	Variable	Variable Label	Component 1
Does the organisation that you are with, have an organisational bank account?	**Bank Account**	BankAcc_ALL	.847
Is the organisation you're with registered	**Registration**	Reg_ALL_Y_N	.800

Figure 7-29: Discrimination Measures



To determine a cut off for the eigenvalue, this study used Kaiser's criterion. Kaiser's criterion is the most well-known technique in traditional PCA, and it recommends retaining all factors with eigenvalue above 1. This criterion is also reliable when the sample size is above 250 (Field, 2013). Component scores derived from CATPCA analysis can be interpreted in the same way as factor scores in standard PCA (Linting & Van Der Kooij, 2012). Although low, the Cronbach Alpha value of 0,526 is considered acceptable (Hinton et al., 2004)

7.4.2. Descriptive Statistics, Reliability and Correlations

Table 7-19 summarises the descriptive statistics, reliability and correlations of the factors resulting from EFA and CATPCA. Overall, the variables were deemed acceptable for the SEM analysis.

Table 7-19: EFA and CATPCA results

Constructs	Descriptive Statistics				Correlations		
	Mean	**S.D.**	**C.A.**	**C.R.**	**1. Trust**	**2. RA**	**3. LN**
1. Trust	86.132	18.739	0.897	0.898			
2. Relational agency (RA)	4.551	0.463	0.693	0.707	0.339**		
3. Local networks (LN)	3.917	0.780	0.781	0.785	0.305**	0.354**	
4. Organisational Compliance	1.891	0.252	0.926	-	0.170**	0.076*	0.176**
Legend:	S.D	Standard Deviation					
	C.A	Cronbach Alpha					
	C.R	Composite Reliability					

* $p < 0.05$

7.4.3. Structural Equation Modelling

Two hypotheses types are therefore presented in this SEM process:

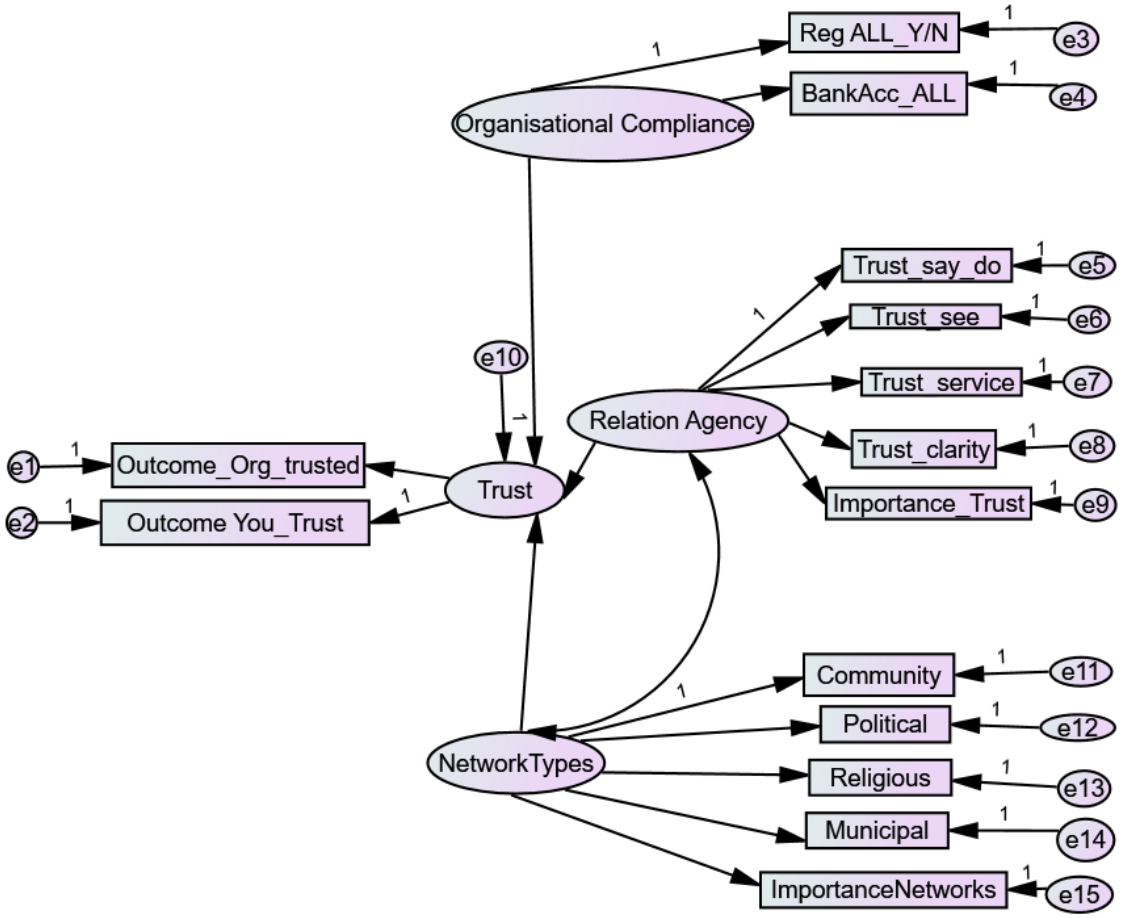
- **Directional Hypotheses:** H1 – H3 (relational agency, organisational compliance, and networks) are directional, describing a positive or negative relationship between constructs (outcome variable: trust).
- **Moderation Hypotheses:** H4 – H6 describe a moderated relationship of local knowledge between relational agency, organisational compliance and Network constructs to the outcome variable, trust.

The researcher proceeded to build a model with trust as the outcome variable; organisational compliance, relational agency, and networks as explanatory

variables; and local knowledge as a moderator of the direct paths. This corresponded to the conceptual model.

The structural model and the nature and magnitude of relationships between constructs was tested in the SEM. SEM tests the structural relationships between constructs (Hair et al., 2010), described through the study, from the theoretical model in Chapter 3, to the descriptive results presented earlier in this Chapter.

Figure 7-30: Hypothesised path diagram



7.4.3.1 Goodness of Fit

The Structural Model was run to obtain the Goodness-of-Fit indices, which measure how well the model reproduces the observed data (Hair *et al.*, 2010). As shown in Table 7-20, there was acceptable Goodness of Fit, which indicated that the Structural Model could then be analysed. RMSEA (0.048), is lower than 0.05,

indicating good fit, the CFI (0.942), TLI (0.916) and IFI (0.942) all are above the 0.90 threshold. The CMIN/df (1,320) is smaller than 3 indicating acceptable fit.

Table 7-20: Goodness of Fit indices

CMIN	Df	P	CMIN/df	RMSEA	CFI	TLI	IFI
96,377	73	0.035	1,320	0.048	0.942	0.916	0.942
Recommended value*		< 0.05	< 3 or < 5	≤ 0.08	≥ 0.90	≥ 0.90	≥ 0.90

* According to sample size and number of observed indicators, based on Hair et al. (2010).

7.4.3.2 SEM analysis

The structural path estimates are presented in the standardised and unstandardized regression weights and are shown in the next table.

The SEM analysis revealed that organisational compliance and relational agency had a statistically significant and positive relationship with *trust* (β = 0.197 and 0.493, respectively; p<0.05), in support of Hypotheses 1 and 2. Networks, however, had no statistically significant relationship with *trust* (β = 0.022, p > 0.05); hence, Hypothesis 3 was not supported. The results are shown in Table 7-21.

Table 7-21 Standardised regression weights: Trust

Hypotheses	**Standardised regression weights**		
	Relationships		**Estimate**
• H 1: There is a significant positive relationship between relational agency and trust for social entrepreneurship organisations operating in	trust	<---relational agency	,493**

Hypotheses	Standardised regression weights		
	Relationships		Estimate
an environment of institutional void			
• H 2: There is a significant positive relationship between organisational compliance and trust for social entrepreneurship organisations operating in an environment of institutional void	trust	<---organisational compliance	,197**
• H 3: There is a significant positive relationship between networks and trust for social entrepreneurship organisations operating in an environment of institutional void	trust	<---Network Types	,022

** indicates statistical significance at the 5% level

The SEM analysis revealed that organisational compliance and relational agency had a statistically significant and positive relationship with *trust* (β = 0.197 and 0.493, respectively; $p<0.05$), in support of Hypotheses 1 and 2. Local networks, however, had no statistically significant relationship with trust (Hypothesis 3 not supported).

7.4.3.3 Moderation

Finally, the moderating effect of local knowledge on the significant paths between organisational compliance and trust, and between relational agency and trust were measured.

To perform the moderation effect analysis using multi-group CFA, a constrained model and an unconstrained model are assessed: in the constrained model, the path of interest (where the moderator variable is to be assessed) is constrained at parameter = 1; if the difference in chi-square values between the constrained and unconstrained models is more than 3.84, then moderation occurs (Jose, 2013; Ro, 2012; Wu & Zumbo, 2008).

The following Hypotheses for moderation are tested

- H4: The relationship between relational agency and trust is moderated by local knowledge .
- H6: The relationship between networks and organisational compliance is moderated by local knowledge.

As the relationship between networks and trust is not significant, Hypothesis 5 (the relationship between networks and trust is moderated by local knowledge*)*, could not be tested.

Results Moderation: Local knowledge

The results of multi-group CFA showed that local knowledge only moderated the relationship between *relational agency* and *trust* in a positive direction ($\Delta \chi^2 = 7.4$ for low levels and $\Delta \chi^2 = 59.5$ for high levels of local knowledge), supporting Hypothesis 4 only. Therefore, better local knowledge improves the positive link between *relational agency* and *trust*. The results are summarised in Table 7-22.

Table 7-22: Local Knowledge as moderator between relational agency to trust and organisational compliance to trust

	Path			**Difference in value (chi-square x_2)**
Low local knowledge		**Constrained**	**Unconstrained**	
• H4:	**Relational agency to trust**	134.9	127.5	7.4
• H6	**Organisational compliance to trust**	127.6	127.5	0.1
High Local knowledge				
		Constrained	**Unconstrained**	
• H4:	**Relational agency to trust**	155.9	96.4	59.5
• H6	**Organisational compliance to trust**	99.2	96.4	2.8
*Moderation occurs if diff value is above 3.84 for both low and high values				

Summary of moderation results

Only H4 — the moderating effect of local knowledge on the relationship between relational agency and trust—was supported.

7.4.4. Summary of Empirical Results

The positive relationships between relational agency and trust (H1), and organisational compliance and trust (H2), were empirically supported; as is the moderating effect of local knowledge on the relationship between relational agency and trust (H4).

The lack of significance in the relationship between networks and trust is unexpected, as it is strongly indicated in literature, and the importance and benefit of networks is found in the descriptive analysis.

Theoretically and conceptually, the role for networks is substantiated, and accepted. Informal market academics such as Webb et al. (2013) and Bruton et al. (2013), the social capital theorists such as Coleman (1988), Berrou and Combarnous (2012), Barr (2002) and trust- scholars such as Amoako (2019), Lyon (2000) all confirm the value networks bring, particularly to organisations and entrepreneurs in their local communities. The measure in this study, of the value of network types specifically community, religious, municipal and political was developed to determine the value of a spread of networks to the entrepreneur, mixing formal networks with those that are considered informal in that they relate to closer, culturally-dependent ties. Studies such as Berrou and Combarnous (2012) found value to entrepreneurs in having a diversity of networks that were both business like and community focused. As is discussed in Chapter 8, the lack of significance in networks to trust, warrants further research. Is this an example of Granovetter's *strength of weak ties theory?* Or the principle of *amoral familism* which Lyon (2000) warns of, if community ties are restrictive? Although a diversity of formal and informal networks was tested, these could, potentially, still be

regarded as too close, and therefore of little benefit. It could be positioned that this finding supports Granovetter's (1973) argument that there is limited benefit to entrepreneurs building networks in their immediate community as close ties are constraining, and ultimately inhibit entrepreneurial activity. It could be an indicator that the extreme localness of the respondents who mostly live and work in the same place, and derive value from having good local knowledge, has a counter-intuitive effect in that the networks that they are part of are too local to be effective. Here the argument of 'amoral familism,' could be at play, resulting in relationships that are too local and a "cognitive dissonance," which Evans and Syrett (2007, p. 58) describe as occurring when entrepreneurs lose the community relationships that provide guidance and determine support and identity. In this scenario, entrepreneurs would lose their "licence to lead," which Molden (2017, p. 61) describes as a tenuous authority, reminding scholars that while it is accepted that networks are important, there is a danger of taking a romanticized view of them. Social organisations operate in areas that are socially contested where power struggles exist and where groups control resources and access.

Lastly, that the majority of respondents are older, and new to social entrepreneurship indicates that a percentage are personally vested in their social enterprises, using their savings, and that of friends and family and support from local business. This is a complex topic, especially considering South Africa's history of migrant labour and the centralisation of its markets in urban areas, but it could be that people have only recently started returning to their communities, and that the benefits of leveraging their networks as a mechanism through which trust is developed, is at an early stage.

Overall, the role for networks is context specific, and evolving, and warrants deeper understanding and investigation.

The moderating role for local knowledge also warrants further exploration, especially as it positively influences the every-day relational agency actions of entrepreneurs as they build trust. Theoretically the role for local knowledge is clear as it is how entrepreneurs learn about the tacit logics that govern informal institutions, and the practices and activities that they need to take to comply with them (Webb et al., 2020). The positive influence local knowledge has on relational agency is then expected, as the two are closely intertwined. After all, relational agency is described as connecting the entrepreneur and their audience through actions of collaboration and co-operation that enables help to be asked for and provided (Amoako, 2019; Edwards, 2005; Fink et al., 2010). That local knowledge is important is not in dispute: it is accepted that informal entrepreneurs benefit from being local. Webb et al. (2013) and Bruton et al. (2013) talk about the value of neighbourliness, and the entrepreneurial support that results from this solidarity; whilst geographically bound ethnic-and cultural groups set the rules that determine who accesses local markets, resources and support within their tribal areas (Ayob, 2018; Khayesi et al., 2014; Mair & Marti, 2009; Sengupta et al., 2018). In South Africa, being local gifts informal entrepreneurs with the right to operate, and, as a result, informal entrepreneurs invest substantial time in building local relations to gain the knowledge that is critical to them, to access the opportunities that exist within the local community (Dawson, 2021).

But it is Molden et al. (2017) who identify the theoretical link between local knowledge and the everyday efforts of social entrepreneurs that are needed to

build local legitimacy. Their study finds that local knowledge amplifies efforts to develop the “licence to lead” that is required if organisations are to operate with, and within a community (Molden et al., 2017, p. 61). Where efforts of relational agency establish trust at the level of the individual and organisation, it is local knowledge that confers an authenticity to those relational actions. The attention the entrepreneur gives to local identity and perceptions, anchors them in that community, and can accelerate achieving acceptance (Bitektine & Haack, 2015; Möllering, 2005). These concepts require further exploration and understanding, in particular the role local networks play in developing local knowledge, and vice versa.

Overall, the position that organisations conform to both formal and informal logics, developed through the theory and descriptive analysis is validated through statistical testing using Structural Equation Modelling, with these positively significant relationships. It affirms that organisations comply with the formal system, whilst also conforming to the informal system. Further, the importance of relational agency as a means to build trust, together with organisational compliance is confirmed, as is the role for local knowledge with its moderating effect on relational agency. The more local knowledge the person has, the greater their ability to develop trust through relational agency.

Based on results of the descriptive analysis and the SEM, it is the position of this study that organisations in institutionally void, difficult market contexts use a legitimacy approach that uses a hybridity of logics. In doing so, organisations are better able to navigate the formal and informal voids of the institutionally void environment, by responding to both formal and informal logics, to build trust.

Building on the descriptive analysis, it is likely that organisations conform to informal and formal logics at the same time, rather than as an either-or, where one compensates for another. This has implications for how legitimacy is understood for social entrepreneurship organisations in the institutionally void, difficult market context.

7.4.5. Conclusion

The testing of the empirical model shows the importance of both logics, formal and informal to achieving trust outcomes for the organisations. It brings statistical rigour to the goals of Research Question 3, to identify legitimacy approaches for social entrepreneurship organisations in an institutionally void context.

The significance of the relationships between relational agency and trust, and organisational compliance and trust shows how formal and informal logics, with a correlated relationship, together work to build trust, with local knowledge positively moderating relational agency.

The findings challenge the singular narrative that informal logics compensate for formal voids. Instead, it provides insights into the possibility that organisations adapt to their environment across formal and informal dimensions, with voids identified as having characteristics of both.

The potential of dual logics for social entrepreneurship in South Africa, was first flagged by Littlewood and Holt (2015). Presciently, they found: “This coexistence of the formal economy with a large informal economy often necessitates South African social enterprises to be active in both, perhaps providing linkages between them to address institutional gaps” (Littlewood & Holt, 2015, p. 19). This duality is

evidence of the institutional bits and pieces described by Nason and Roberts (2019, p. 2), and Mair, Marti and Ventresca (2012) that enable a revision of the persistent view that logics in the formal domain result in conformity to the informal one.

This challenges the established view of legitimacy in institutional theory, which is ultimately the framing of this study.

With a correlated relationship it does not appear that logics are followed as an 'either-or' situation, instead the analysis indicates a *primacy of both logics*, rather than one replacing another. This finding validates the entrepreneurial experiences studied in the difficult market literature, where entrepreneurs find value in conforming to formal logics through registration for example, (Kistruck et al., 2015), whilst relying on informal logics such as kinship relationships through which financing, opportunity and sanction is sought (Amoako, 2019; Amoako & Lyon, 2014; Barr, 2002; Lyon, 2000).

By conforming to relevant and useful formal and informal logics, organisations navigate the complexity of the institutional environment with its formal and informal voids, as they strive to build legitimacy.

By answering three research questions progressively, with the results of one, building on the other, the study has been able to develop an exploratory insight into how social entrepreneurship organisations operate in the institutionally void, difficult market context. By establishing the environment as institutionally void, and the formal-informal logics that dominated the voids, the potential of blurred logics

was revealed, as well as the likelihood that the voids themselves were made up of formal and informal dimensions.

The descriptive analysis bolstered this view, highlighting how social entrepreneurship organisations are anchored in formal and informal dimensions, in that they are registered, banked and prize trust, networks and their localness; but also exhibit blended responses in that they are neither dependent on either formal or informal approaches. By developing the conceptual model where formal and informal logics build trust, the study introduces a new dimension to how we understand legitimacy processes for social entrepreneurship organisations in the institutionally void, difficult market context. It shows how organisations respond to the duality of the environment through a hybridity of logics, which particularly values relational agency approaches and more traditional formal organisational compliance efforts, whilst showing the role local knowledge plays as a foundation to these approaches.

CHAPTER 8. DISCUSSION AND CONCLUSIONS

The study intention was to explore the characteristics of social entrepreneurship in South Africa and in so doing, better understand how social entrepreneurship organisations build their legitimacy through their interaction with that environment. This exploratory approach, anchored in the pragmatic paradigm, was born out of a frustration with the lack of knowledge on social entrepreneurship that took cognisance of the country's highly unequal poverty context. As an exploratory study, it had as an outcome, establishing how social entrepreneurship organisations build their legitimacy, and the identification of future research pathways.

The study achieves this, through a number of findings that have both practical and theoretical implications. The primary findings and the rationale underpinning the conclusions drawn, are summarised below.

8.1. FINDING 1: IDENTIFYING INSTITUTIONAL VOIDS

Research Question 1 set out to understand the institutional voids experienced by social entrepreneurship organisations in varied poverty conditions. In answering this question, the study identified how the institutional environment is experienced by social entrepreneurs. This was a novel step, in that voids are assumed as an inherent characteristic of difficult market contexts, the definition by Khanna and Palepu (1997), being a case in point. Problematically, the type and nature of those voids is predominantly understood from a western perspective, with a focus on formal-regulatory mechanisms and a market logic (George et al., 2016; Gümüsay et al., 2020; Rodrik, 2008b). Recent literature (for example Gümüsay et al., 2020;

Webb et al., 2020) published after this study was initiated, has begun to explore informal voids, logics and their implications on entrepreneurship, recognising that "voids can exist in both formal and informal institutions and that they are capable of hindering entrepreneurial behaviour that is favourable to development progress" (Webb et al., 2020, p. 504).

It is only in understanding the voids in the institutional environment that logics can be identified and legitimacy processes better understood. Institutional voids were identified by asking a question that explored the support organisations needed, and through that, identifying the voids experienced and aligning them to the theory. This open text process and the descriptive analysis helped identify nuances in how voids are experienced, as well as any differences between theory and practice. This process of identifying voids is analytically useful: firstly, in understanding the institutional environment that organisations operate in, legitimacy approaches can be better understood. Secondly, it brings meaning to the interplay between voids and logics within that environment. In so doing, legitimacy approaches that organisations are likely to follow can be identified and explored more meaningfully. These themes are explored below.

8.1.1. Affirming and Understanding the Institutionally Void Environment

The identification of voids helped establish the context of the study by framing the barriers social entrepreneurship organisations experience, across poverty dimensions. The study *confirms the environment as institutionally void*, and finds a dominance of formal over informal voids. These voids are experienced across poverty dimensions, and although some voids are more pronounced in some tiers

over others, overall, the environment is experienced as formally void. This is an important finding, in that despite South Africa's inequality, conclusions drawn nationally from this sufficiently varied sample, are applicable locally. But as will be noted later, what is required overall, is equal treatment of formal and informal institutions and their voids, if the ecosystem in social entrepreneurship is to be strengthened.

An environment of high formal-regulatory voids is expected in the difficult market context, with voids that range from weakness in infrastructure, capital markets, property rights and ownership and labour to the enforcement of regulations (Boettke & Coyne, 2009; Fligstein, 1996; Gao et al., 2017; Webb et al., 2020). An expected consequence of these formal-regulatory voids is that organisations are likely to be more informal in nature as they orientate to informal institutions and their logics, to navigate the formal voids. Whether informal institutions replace, supplant or are alternatives to formal institutions, or whether they act alongside of each other, is unclear in the wider literature (Amoako, 2019; Urban & Kujinga, 2017; Webb et al., 2013, 2020) and is important to understanding how organisations build their legitimacy.

In this study, the ranking of the informal institution 'social support' as a void is an insight into how formal and informal institutions interact. As discussed in the literature review, social support is important theoretically, as it is theorised as countering the effect of the formal capital market void (Ebrashi & Darrag, 2017; Parmigiani & Rivera-Santos, 2015). Social support is when informal networks, especially those oriented around solidarity systems, compensate for weaknesses in the formal institutional environment, specifically in the capital market (Parmigiani

& Rivera-Santos, 2015). When described as a void, those informal networks are insufficient, hampering the ability of the entrepreneur to function and limiting their access to resources. This institution is particularly studied in relation to micro-finance initiatives, which is why it has such a specific association to the capital market (Ebrashi & Darrag, 2017; Yunus et al., 2010). However, that social support is the second most prominent void, after the capital market, provides a number of insights in terms of how organisations are orienting within the institutional environment and building their legitimacy.

Firstly, it shows that it cannot be assumed that informal institutions compensate or act as alternatives, for formal ones. Because social support is also a void, it clearly is not operating effectively as a counter to any void, *but especially to the void, capital market* (Ebrashi & Darrag, 2017). The depth of the void in the capital market is evident in the descriptive statistics, where the financial insecurity of organisations in terms of their monthly income, but also in their singular sources of income, is identified as their primary barrier. Organisations are financially unstable, as they don't draw from multiple sources of funding. This raises a question: is it then correct to assume that informal institutions compensate for formal voids in the difficult market context? And vice versa? Clearly the institution social support is not compensating for, but rather is deepening, the void in the capital market. This is a subtle but important point, that institutions and their voids occur alongside or together with other institutions, rather than instead of one another.

This introduces a second element to the study's interpretation of the institutional environment, and its interpretation of how organisations legitimate. Are voids constituted by formal and informal logics?

To explore this conclusion further, it is helpful to look at the coding process of the open text question against which voids were identified. The value of asking an open text question, and the framing of the question from the perspective of what is needed (rather than what was wrong with the system), is that the analysis first described what the enabled eco-system should look like. And only once this was established, how this aligned to the theoretical description of voids.

Through this process, it became clear that the description of voids by respondents did not always align with how voids are described in the literature. The coding of responses to the institution social support included descriptions of a lack of networks, *that were formal in nature*. These range from a frustration with the lack of access to government systems and services, requests for help from officials, and attempts by the social entrepreneur to navigate the bureaucracy without support from it.

Similarly, the institution property rights was described not just as difficulties associated in owning property and the need to accelerate land reform programmes, but also in using existing property through shared, communal, and community-led schemes. The capital market void described a lack of access to finance that was caused by both *formal and informal barriers*, with people struggling to access finance because of their gender, culture or because they were in rural areas.

These insights introduce a perspective to the institutional void discussion, that is emerging in the literature: that the description of voids in the academic literature is dominated by formal, market-led thinking, which excludes, or at least does not give equivalent value to, informal institutions and their logics. In doing so, the possibility that *voids consist of formal and informal logics* is ignored (Gümüsay et

al., 2020; Hamann et al., 2020). Nason and Bothello (2019, p. 3) describe as "specious" current ontological assumptions that frame voids from this position. They argue that entrepreneurship research in poverty contexts minimises the role of informal institutions, and in so doing, fails to understand the role that informal institutions, voids and logics play, to constrain or enable the institutional environment.

These two themes together – that informal institutional voids do not necessarily compensate or replace formal ones and instead operate alongside each other; and that the voids themselves are made up of formal and informal logics – have a significant impact on how we interpret legitimacy approaches. It is a move away from the established, rigidly structured view which sees the formal pillar as constituted by formal logics and voids and legitimacy as conformity to those logics; and the informal pillar constituted by informal logics and voids which determines these legitimacy approaches (Suchman, 1995). This leads to the primary proposal of this study that organisations legitimacy building is hybrid in approach because the logics and context that they are conforming to, is inherently hybrid.

8.2. FINDING 2: HYBRIDITY OF FORMAL AND INFORMAL LOGICS

Research Question 3 set out to understand what legitimacy approaches organisations adopt in the institutionally void context. Conceptually, the descriptive analysis introduced the possibility of a *hybridity of formal and informal logics,* as a result of the formal and informal characteristics identified through answering Research Question 2. In difficult market contexts, with their formal and informal logics, organisations *must respond to both formal and informal logics*, as this is the institutional environment that they experience (Amoako, 2019; Amoako & Lyon,

2014; Barr, 2002; Lyon, 2000; Webb et al., 2020). Social entrepreneurship organisations, then are chameleons to the hybridity of their specific contexts. If organisations are to effectively secure capital, they cannot just rely on accessing finance through formal systems, but must also access finance through their informal financial networks.

Applying this interpretation of the institutional environment, where voids have formal and informal logics, the findings of the descriptive and SEM analysis, can be better understood. The analysis finds that organisations are not beholden to either a formal or an informal logic. Instead, they leverage both, and in doing so are able to develop trust. In confirming the importance of organisational compliance and relational agency to trust outcomes, the SEM validates the approach of *hybridity of institutional logics*, where organisations employ both formal and informal approaches as they navigate their institutional environment.

Conformity to formal institutions is typically how legitimacy-building for organisations is understood (Scott, 2014; Suchman, 1995), and whilst conformity to informal institutions is recognised as important for organisations operating in the informal, difficult market context (Amoako, 2019; Amoako & Lyon, 2014; Lyon, 2000), it too is poorly understood (Nason & Bothello, 2019; Webb et al., 2020). What the findings of this study propose is that legitimacy building for social entrepreneurship organisations is done through conformity to formal and informal logics, which *together* enable the entrepreneur to navigate the institutional environment, with its voids that are constituted with formal and informal elements. Conforming to a hybridity of logics is central to how the social organisation builds its legitimacy.

In answering Research Question 3, the conceptual model for legitimacy developed from the literature in Chapter 3, and tested in Chapter 7, frames our understanding of the constructs trust, organisational compliance, relational agency, networks and local knowledge and the role that they play in the legitimacy process.

8.2.1. Trust

The study confirms the difficult market literature, with its focus on trust outcomes and the value that it brings to organisations (Amoako, 2019; Amoako & Lyon, 2014; Barr, 2002; Berrou & Combarnous, 2012; Fafchamps & Minten, 1999; Lyon, 2000). Trust was highly valued by respondents, at an individual and organisational level, and entrepreneurs take deliberate steps in developing trust. Trust represents a foundation from which organisations in the study can function, in the absence of what Gopaul and Rampersad (2020, p. 8) describe as a “step-by-step” guide on how to operate, and was confirmed as an outcome through the analysis, that organisations actively work towards.

Trust in the literature as a characteristic of legitimacy is closely related to concepts of credibility and validity (Fink et al., 2010; Möllering, 2005). Social entrepreneurship organisations in institutionally void, difficult market contexts deliberately develop trust at an individual and organisational level, leveraging the formal and informal institutions available to them whilst engaging in deliberate acts that demonstrate the value of the work that they do. This is because informal logics emerge from situations of shared value and meaning. In these circumstances there is a heightened focus on demonstrating value and credibility,

as these actions are closely linked to how resources are gained. Consequently, there is a value to demonstrated collaboration and co-operation, and other actions that show shared endorsement of the rules that govern how resources are accumulated (James Walker & Elinor Ostrom, 2009).

8.2.2. Organisational Compliance

The study finds that respondents take deliberate steps through conformity to formal logics associated with organisational compliance, to develop trust. These actions are needed as part of trust building, legitimacy-focused strategies. It is unlikely that on its own, organisational compliance results in legitimacy as identified in multiple studies on the difficult market context (Bitektine & Haack, 2015; Egholm et al., 2020; Kistruck et al., 2015). But there is an interesting paradox that warrants further exploration in that the South African literature review shows the non-profit sector, as mostly registered but with very low compliance in that they do not file financial or narrative reports as is required by legislation. This introduces the perspective of *alignment to the formal system, rather than conformity to it*. Conformity implies that organisations are registered, and comply with the rules of registration, in that they file documentation required by law with the relevant authority. Alignment indicates that organisations are registered, but not conforming to the rules of that system and therefore not compliant. The lack of enforcement around compliance is well documented in South Africa (Gastrow, 2012; Wyngaard & Hendricks, 2010a, 2010b), and so it is feasible that social entrepreneurship organisations are registered but not compliant with the rules of registration. This introduces an intriguing concept for legitimacy, which is understood as conformity to the rules of

the institutional environment, but in this instance, alignment to those rules could be enough.

8.2.3. Relational Agency

The study finds that respondents highly value the everyday actions labelled here as relational agency, through which trust is developed. In demonstrating their value, credibility, efficiency and ability to resolve conflicts, the difficult market literature (Amoako, 2019; Amoako & Lyon, 2014; Barr, 2002; Berrou & Combarnous, 2012; Fafchamps & Minten, 1999; Lyon, 2000) is affirmed as relevant to this study.

Further, relational agency actions align with emerging thinking of both legitimacy and trust as being highly relational. Egholm and Kaspersen (2020) for example, describe legitimacy as being built through constant processes that are highly flexible, and which are developed with the community that is being served and from whom legitimacy is earned. The identity of the social entrepreneur and their organisation is then closely intertwined with the culture and logics of the community. In recognising that social entrepreneurship organisations, embedded and responding to their context, are continuously evaluating and evolving their value, helps mitigate the ambiguity and uncertainty associated with the sector and its “lack of fit” (Egholm et al., 2020, p. 13). Their everyday actions organisationally and individually are centred on activities that demonstrate their credibility and value, all oriented to building trust.

8.2.4. Networks

In the descriptive analysis, respondents highly value their networks, which directly connect them to forms of organisational support. Here community (informal) and municipal (formal) networks have almost equal value, indicating the importance of a diversity of network types for social entrepreneurs. But that networks does not have a significant result in the statistical analysis to trust outcomes is a surprise as it was strongly implied in the descriptive analysis. There is academic disagreement on the value of types of networks, with Granovetter (1973) and Coleman (1988) offering different views on the constraints and opportunities that they present. What this could mean is that networks are important as mechanisms through which entrepreneurial actions take place, but in of themselves, do not directly lead to trust.

This requires more research to establish the value of networks, the type of networks, and the value-return of networks to the social entrepreneur in the institutionally void, difficult market context. Here the findings of the SEM do not support the difficult market literature, but as is explored in the section on local knowledge, this does not mean that networks are not important.

8.2.5. Local Knowledge

Localness is important to social entrepreneurship as is shown in the results where local knowledge is positively linked to efforts to build relational agency, and with social entrepreneurs bound to the community that they serve in that this is where they live and work. Their local nature and the value that they derive from being embedded in the community bring value to the organisation, and leads to trust.

Webb et al. (2020) position localness as a commitment, an investment that favours the community entrepreneurs' work, as it enables closer monitoring, more responsive enforcement, and incentives for socially desirable behaviours, which equate to accountability and consequently trust.

All of the organisations in the study are highly localised, and geographic localness is accompanied by a keen appreciation of local knowledge. For social entrepreneurs, across poverty dimensions, being local is a physical lived reality that is translated into local knowledge from which multiple benefits accrue.

This affirms findings in the difficult market literature, which positions multiple values to being local, in that it translates into support, trust and networks and results in finance and new opportunity (Amoako & Lyon, 2014; Lyon, 2000; Molden et al., 2017). Being local is a mechanism through which trust and networks are developed, a neighbourliness that results in shared resources (Webb et al., 2013) whilst also acting as a sanctioning mechanism (Amoako, 2019; Baumol, 1990; Welter et al., 2019). By being local, organisations are able to know, understand and respond to the local logics of the communities within which they operate (Amoako, 2019; Kerlin, 2017; Mohapi, 2018).

But there is a paradox to being local. Multiple articles (Bruton et al., 2012; Nason & Bothello, 2019; North, 1993; Rodrik, 2008b) query the inability of micro-enterprises to grow beyond financial insecurity and subsistence into small and medium-sized enterprises. Here organisational growth is intrinsically linked to conceptualisations of success, and is regarded as a means of reducing poverty and inequality.

Could their localness be constraining the sustainability of the social enterprise? This talks to Granovetter's (1973) *strength of weak ties*, which argues that there are negative consequences to being local, as it traps entrepreneurs in closed, and close networks, ultimately hampering the organisation, by limiting its ability to develop opportunity outside of the local system.

The study emphasises this paradox, in that by needing to align with the local environment, social entrepreneurship organisations cannot be divorced from that context. This is a position championed by inter alia, Saebi et al. (2019), Bacq and Janssen (2011) and Munoz (2010), who call for greater geographic diversity in social entrepreneurship studies so that the phenomena can be better understood.

At a practice-level, localness has implications for how social entrepreneurship is interpreted and understood. It has implications for policy support that encourages organisations to scale their operations geographically, for example. These initiatives may not recognise the value of being local and the benefits it brings to the organisation in terms of developing trust.

Conversely, the principle of *amoral familism* which is central to Granovetter's (1973, 1985) *strength of weak ties* theory, can potentially be interpreted in the lack of a significant relationship in the empirical model between networks and trust. Here, the argument is that social entrepreneurship organisations are constrained by their extremely local position, and because of this, the inherent limitation of local networks fails to translate into trust.

Further, in the coding process of the open text question where respondents were asked to explain the value their enterprise brought to the community, there are

lessons in the responses coded as 'no.' In some cases, this was linguistic (short answers were provided, which did not provide a meaningful response to the question and so could not be coded), but in others, it is because the work that they organisation does is transactional, with no social focus. These are organisations that are providing healthy food, carpentry services and manufacturing goods because there is a market need. In almost all the explanations, the lack of access to goods and services through distance and poor infrastructure was cited as the rationale. As entrepreneurs, people are responding to community needs, not through a social, common good imperative, but rather because of an entrepreneurial once.

Although these organisations don't have an intentional social orientation, and they were eliminated from the study, they are addressing state and market-failures and strengthening community market systems.

8.2.6. Implications for Legitimacy Approaches for Social Entrepreneurship Organisations

Overall, the re-framing of institutions as having formal and informal elements, has a profound effect on our understanding of how legitimacy is undertaken by social entrepreneurship organisations. If scholars are to understand institutions and their formal and informal logics, specific research is required on how informal institutions constitute voids, and how they intersect with the formal institutional environment.

This view – that the institutional environment is constituted of voids and logics that constitute both formal and informal approaches, blurring the lines between formal and informal pillars – aligns with emerging thinking in the civil society literature.

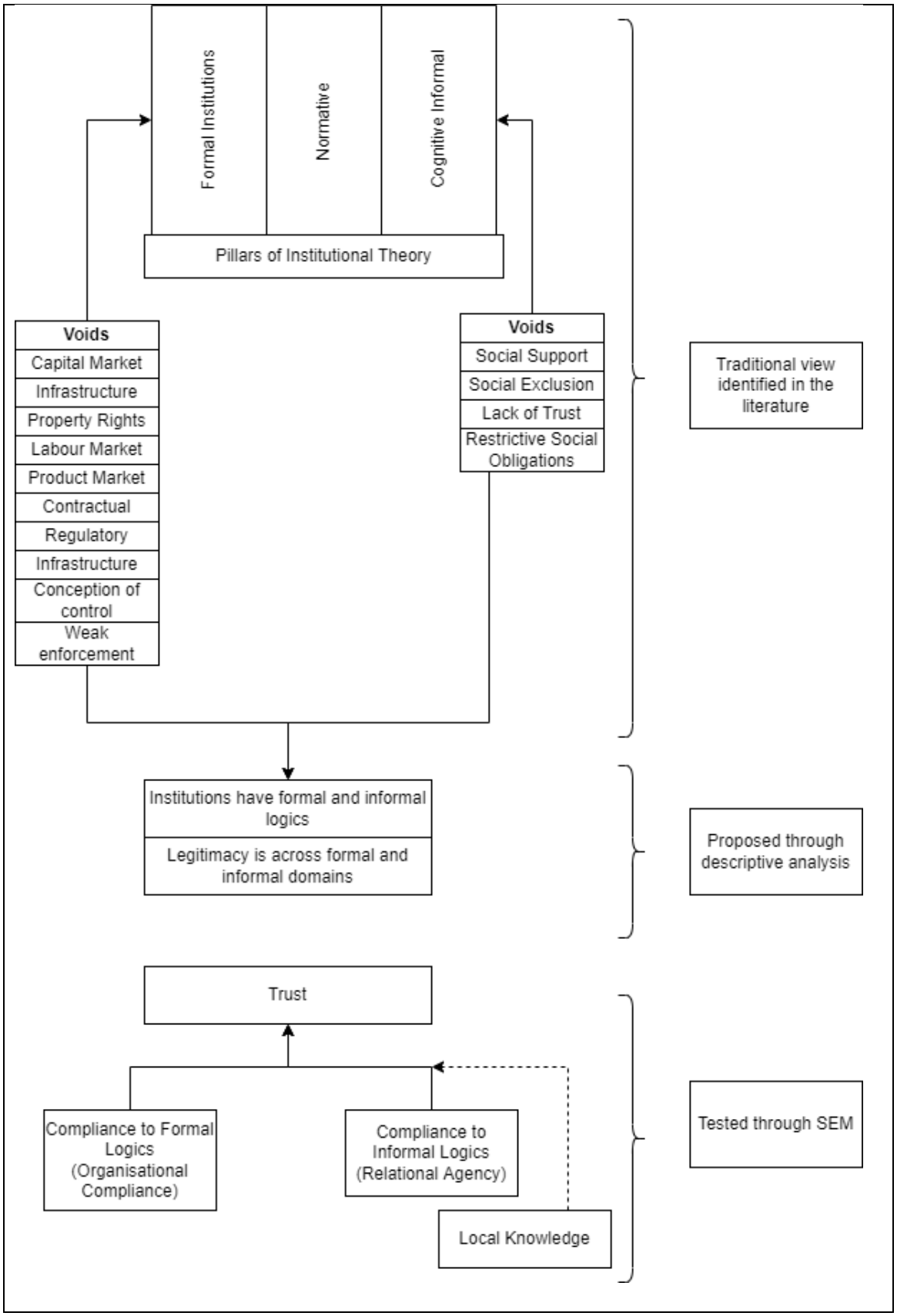
Egholm (2021) proposes a view of the institutional environment which does away with the sectoral view of civil society, which traditionally positions civil society as a societal sphere beside and against the market and the state, each with their own typical behaviour, relations, and benefits. Their emerging position is that it is not through the boundary conditions imposed by each of these sectors that determine the legitimacy of social entrepreneurship organisations, but rather that legitimacy is gained through the relations, activities and practices of organisations, across all three sectors (Egholm, 2021; Egholm et al., 2020; Egholm & Kaspersen, 2021). Egholm (2021) argues that the traditional framing of the institutional environment as having a first, second and third sector is contrived and unhelpful, and central to the tensions attributed to civil society which although a sector in its own right, hosts organisations which cross cut the market and state. Instead, Egholm (2021) argues that these organisations by the nature of what they do, are intrinsically and inherently hybrid in nature and form, and grounded in relational practices, processes, and activities, which requires them to be fluid and flexible, operating across market, civic and state sectors *without being defined by them*. Their legitimacy is drawn from *their lack of conformity to one particular sector*, and their ability to be flexible across them (Egholm et al., 2020). This is a contentious view which has been challenged. Dekker (2021, p. 1187) for example, describes the position of Egholm et al. (2021) as being anchored in “vague generalised notions.” But it does show that the conceptualisation of blurred boundaries for social entrepreneurship organisations as a means of legitimacy, as a viable field of study.

This study highlights, how the institutional environment is constituted in formal and informal logics, which social entrepreneurship organisations must respond to, if

they are to navigate the voids which, are also constituted by formal and informal institutions. In this environment, it is unlikely that one institution replaces another, but rather that they operate alongside each other. Legitimacy approaches for social entrepreneurship organisations in the institutionally void, difficult market context must then conform to the hybridity of institutions, through a hybridity of logics. If this view is adopted, equal value should be attributed to formal and informal institutions, appreciating that the voids that organisations experience are constituted by formal and informal logics.

These findings are visually summarised in **Figure 8-1**:

Figure 8-1: *Legitimacy through hybridity of* logics – the blending of formal and informal logics


Formal Institutions
Normative
Cognitive Informal
Pillars of Institutional Theory
Voids
Capital Market
Infrastructure
Property Rights
Labour Market
Product Market
Contractual
Regulatory
Infrastructure
Conception of control
Weak enforcement
Voids
Social Support
Social Exclusion
Lack of Trust
Restrictive Social Obligations
Traditional view identified in the literature
Institutions have formal and informal logics
Legitimacy is across formal and informal domains
Proposed through descriptive analysis
Trust
Compliance to Formal Logics (Organisational Compliance)
Compliance to Informal Logics (Relational Agency)
Local Knowledge
Tested through SEM

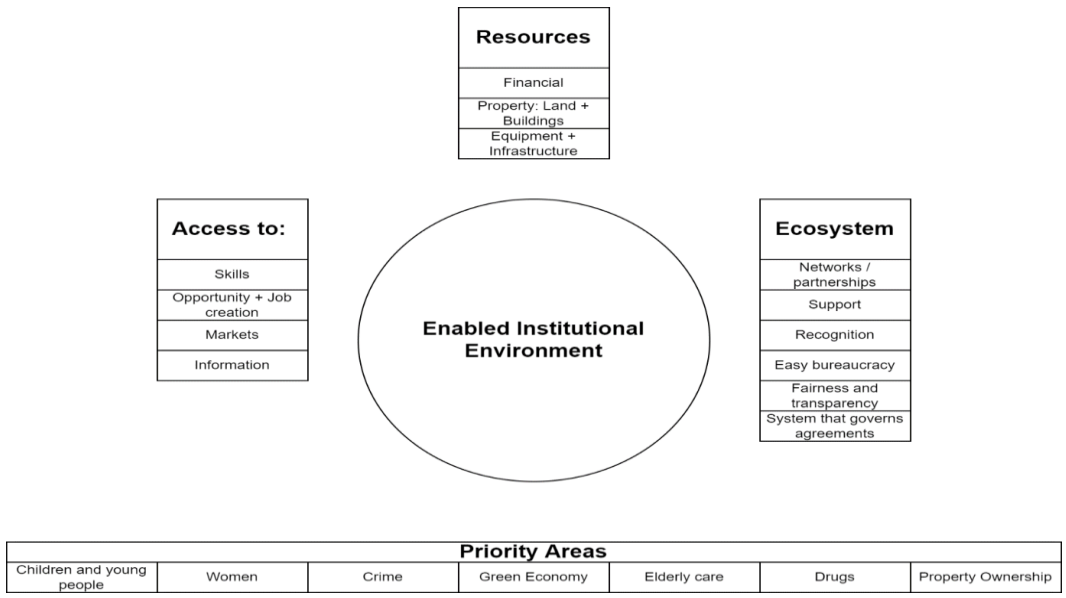
8.2.7. Implications of Findings for Policy Makers

The findings have particular value for policy makers in South Africa, and show that policy that focuses on formal mechanisms (such as regulation and legislation) as enablers will have limited effect. Instead, policy makers should design interventions that strengthen both formal and informal approaches to social entrepreneurship. For example, by understanding the void in the capital market as having both formal and informal logics, policy makers know that strengthening the formal, regulatory system will be insufficient. Instead, if they want to improve the access social entrepreneurship organisations have to finance, effort must be put into strengthening the formal and informal mechanisms through which finance is sourced. This would mean enabling the eco-system for finance for example, through stokvels, friends and family and other cultural lending and loan schemes, together with formal mechanisms such as grants, banks and statutory-sanctioned lending and loan schemes.

Similarly, if organisations want to benefit from property ownership, informal means of ownership – ranging from tribal and cultural systems, through to methods of sharing and co-owning – should be recognised. Here policy makers could recognise that the value of property is not just in direct ownership, but rather, that there is legitimacy for organisations in being able to have property *access*. For example, the community legal advice centre benefits from using an unused municipal building, the creche benefits from having the use of land close to commuter hubs, the sewing co-operative has a rent-free outlet within the government-school building.

What these findings demonstrate is that the opportunity to strengthen the environment for social entrepreneurship does not reside solely in passing regulation or legislation. The informal orientation of social entrepreneurship requires support that is relevant at a community-implementation level. Here the visualisation of the enabled ecosystem, shown again here for reference in Figure 8-2, is a useful contribution, identifying points of intervention that have both formal and informal characteristics.

Figure 8-2: Conceptualisation of the enabled ecosystem



This research process has revealed that engaging with communities on what support is required, is a useful tool for policy making. The workshops highlighted the value of processes championed by Ostrom (2008) such as stimulating

conversations, sharing experiences, building ideas, and providing recommendations for support. In doing so the policy has taken steps outside of the exclusive, legal processes of traditional policy making.

Recommending more meaningful policy interventions at local level is easier than achieving them. In an attempt to balance formal and informal approaches, the policy process associated with this research study submitted both a policy strategy document, for ratification by Cabinet, which outlined principles, philosophies and a template for action. But it also worked with government teams to operationalise these principles outside of the traditional 'paper' policy document. Building on the findings around the importance of the informal orientation of social organisations #, the Social Employment Fund (SEF) was conceptualised, which received USD 70 million from South Africa's National Treasury, in the year 2022.

The SEF is a public-employment programme launched that funds part-time work at community level, delivered by social and solidarity economy organisations with particular attention given to social enterprises. It is delivered through the development agency, the Industrial Development Corporation, and, with support from the office of the President, is regarded as a milestone in how government has operationalised policy. The SEF directly funds social enterprise entities, works through intermediaries, such as larger non-profit organisations, to enable reach into more isolated local communities. In doing so, it provides government support directly to community organisations, but relocates the burden of bureaucracy to established intermediaries, who in turn support the local entities to build on their existing networks and relationships. A requirement is that organisations are registered and banked, which provides relevance to these formal regulatory levers,

whilst government benefits by leveraging the local organisations' informal networks to bring people unemployed and in need of support into their orbit.

At the time of writing, the impact of the SEF has not been assessed, however, the design of the Fund does demonstrate the opportunities that exist for policy makers to develop traditional policy (such as regulation, legislation), whilst operationalising the principles of these policies through mechanisms such as the SEF.

8.3. FINDING 3: THEORETICAL IMPLICATIONS - A MISPLACED PARADIGM

In order to contribute to theory, it is important to offer an explanation as to how and why a phenomenon occurs, and provide clarity regarding a problem that is not well defined (Corley & Gioia, 2011).

This study with its broad sampling strategy and deliberately open conceptualisation of core concepts such as social entrepreneurship and social entrepreneurship organisations, raises questions on the western paradigm through which social entrepreneurship in South Africa is understood.

Three national studies (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018) all find that social entrepreneurship organisations are micro and registered as one type of legal form and not making a profit. However, all also reference western interpretations for social entrepreneurship, evident in discussions on, scaling, management systems, governance structures, dual legal forms, and financial mechanisms such as blended finance and how assets are deployed when an organisation closes. This is not to say that the findings of the previous studies are incorrect, but rather to challenge the paradigm within which social

entrepreneurship is currently understood and evaluated in the country. The study finds that it is likely that that organisations are operating in a context of formal and informal logics, across formal and informal dimensions of institutional theory. By applying a developed market, western paradigm with its almost singular focus on formal logics, limits understanding of social entrepreneurship in the South African context.

The results affirm that it is unlikely that the formal hybrid systems associated with social entrepreneurship in western contexts – dual legal forms, blended finance, sophisticated management systems through which profit and purpose mandates occur (Lyons & Kickul, 2013; Pache & Santos, 2013; Urban & Kujinga, 2017) – are wholly applicable in social entrepreneurship organisations in poverty contexts. Yes, South Africa's larger social entrepreneurship organisations are likely to mirror the western paradigm, but the survey shows that overall, the picture of social entrepreneurship in South Africa is one where organisations are micro, community based and oriented organisations, and financially small.

Acknowledging the implications of these characteristics, would help reposition the narrative in South Africa away from the western characterisation of social entrepreneurship, focusing instead on the parameters that are particular to its context, particularly the likelihood of formal and informal characteristics. In this way the micro nature of social entrepreneurs could be supported: for example, should organisations be encouraged to scale outside of their local area? How can finance mechanisms to micro-community-based organisations be improved?

By affirming the informal orientation of social enterprises in South Africa, the study also challenges an assumption associated with informality. Alignment to the

informal institution, does not mean that social entrepreneurship organisations are informal, or operating in the informal economy (Bonnet et al., 2019), but rather that they draw on logics from both formal and informal domains, and therefore their structuring should be understood from this dual perspective (Holt & Littlewood, 2015).

It is because of this, that the study recommends the field of social entrepreneurship, particularly studies conducted in the African context, draw more extensively from the entrepreneurial scholarship in the difficult market context. Extending this reasoning, social entrepreneurship studies would benefit from drawing on different disciplines such as sociology, anthropology, and other cross-over fields where context and human actions dominate. This study shows that there are clear linkages between these domains, which could help balance the influence of western paradigms in framing how the field is understood.

8.3.1. The Influence of the Western Paradigm on Institutional Theory

Institutional theory has long been criticised for its focus on developed country contexts, where institutions function well, and the rules, also called logics, to which organisations conform to, are regulatory in nature and well understood (Rodrik, 2008a). The theory consequently lacks substance in its application to environments where the logics are complex, contradictory or invisible in that they are culturally embedded, and institutional voids are prevalent (Suddaby, 2010).

The theory also lacks focused study in environments where informal logics are applied (Amoako, 2019). Here relational mechanisms such as trust systems,

networks and the individuals embeddedness in their context are poorly understood (Amoako et al., 2020; Amoako & Lyon, 2014; Barr, 2002).

This study emphasises the value of taking a contextual lens to the application and interpretation of theory and contributes to arguments to broaden its application in difficult market contexts. By expanding the literature review to the difficult market context, the study was able to identify informal approaches used by entrepreneurs, which helped make sense of the results. As discussed earlier, it is possible that the pillars of institutional theory are not as rigid as they appear, and that organisations instead legitimate directly to the context that they find themselves in. In doing so, social organisations are chameleons of context, adapting to the hybridity of their environment, which frames their actions and approach. Institutional theory-based studies must address the full complexity of the institutional environment rather than this singular focus on formal dimensions, which understandably is easier to research, frame theoretically, and understand.

It is the position of the researcher that more can be done theoretically to diversify understanding of voids, and how they are experienced by social entrepreneurs in difficult market contexts. For Hamann et al. (2020) this can be done by deliberately bringing contextual differences to theorising, through processes of contextual reflexivity which consciously bridges the differences in lived experiences between scholars. In this way the uncritical assumption of shared context can be addressed. “This fixation on common deficiencies encourages a homogeneous treatment of non-Western contexts and obscures the reality of tremendous differences across informal economies” write Nason and Bothello (2019, pp. 6–7). They advocate for

greater understanding of market informality, recognising that retro-fitting theory to these contexts prejudices our understanding of them (Nason & Bothello, 2019).

In demonstrating the importance of these formal and informal logics, the study is able to give credence to both organisational compliance and the everyday actions that are associated with trust building, through relational agency.

8.4. FINDING 4: CROSS REFERENCING CHARACTERISTICS OF SOCIAL ENTREPRENEURSHIP IN SOUTH AFRICA

Research Question 2 set out to understand the characteristics for social entrepreneurship, in an institutionally void, difficult market context. In doing so, it identified the hybrid nature of organisations as they respond to the duality of logics within their eco-system. Through this process, characteristics of social entrepreneurship in South Africa were validated through this study, as they are mirrored in a minimum of two or more large-scale South African studies, with a minimum sample size of n=200. Summarised these are:

Social Entrepreneurship Organisations are Registered

Studies by Hanley et al. (2015), Lovasic and Cooper (2020), Myres et al. (2018), and this study, show that social entrepreneurship organisations in the main, are registered entities, and using either for profit and not for profit legal forms.

Social Entrepreneurship Organisations are Registered as One Legal Form

Social entrepreneurship organisations are in the main, registered as only one organisational legal form. Organisations that are registered as more than one legal form ranges from eight percent (Myres et al., 2018) to 14% (Hanley et al., 2015) and 16% in Lovasic and Cooper (2020), and in this study, 6%.

Social Entrepreneurship Organisations are Resource Constrained

Access to resources is the primary issue for organisations, primarily access to finance. For Lovasic and Cooper (2020) the top three constraints to financing are network access and investment readiness, and limited access to grant funding, whilst Myres et al. (2018), see limitations on finance and resources as the primary barrier to the growth and sustainability of social entrepreneurship organisations. This study confirms that social entrepreneurship organisations are financially constrained, and in the modelling of the enabled eco-system, how this translates into a need for resource support in terms of access to infrastructure, buildings, and finance.

Social Entrepreneurship Organisations are Micro in Size

Although there are different thresholds applied in South Africa to how micro-enterprises are defined, social entrepreneurship organisations report as micro, both in terms of employees (less than ten) and income (less than R2m per annum income) (Daroll, 2019). Lovasic and Cooper (2020) and Myres et al. (2018), describe micro and small enterprises, across both levels of analysis.

Social Entrepreneurship Organisations are Socially Oriented

The work of social entrepreneurship organisations across multiple ‘social’ sectors is affirmed (Hanley et al., 2015; Lovasic & Cooper, 2020; Myres et al., 2018; Teles & Schachtebeck, 2019; Terjesen et al., 2011), with social entrepreneurs working in a range of sectors framed as developmental, and towards the common good

It is the authors position that there is now sufficient triangulated data across these multiple studies to describe social entrepreneurship organisations in South Africa as micro in size, developmental in nature and using a single legal form.

These are important findings, and provide a foundation from which further social entrepreneurship research in the South African context can build.

8.5. FINDING 5: THE IMPORTANCE OF CONTEXT IN SOCIAL ENTREPRENEURSHIP STUDIES

The study is able to challenge the theoretical paradigm within which it is anchored, because of its focus on context. The motivation to significantly and meaningfully include poverty dimensions using the country's spatial inequality as a mechanism through which people could be targeted, was in direct response to Johns (2017) call to include context in studies; as well as the multiple studies that affirmed the close relationship between entrepreneurship and its context (Jack et al., 2004; Kerlin, 2017; Saebi et al., 2019). Because of the study's sampling strategy its results, although exploratory, challenge established perspectives and views on how social entrepreneurship is viewed in South Africa. The study identifies the types of institutional voids experienced across poverty dimensions, establishes the dominance of formal voids, and challenges assumptions that informal institutions replace formal voids. By drawing on hard-to-reach-sampling strategies, the study was able to draw conclusions that challenge the established view, whilst confirming core characteristics for social entrepreneurship across the country.

The focus on context, validates the position that context sets the boundaries for entrepreneurial actions and is important for understanding when, how, and why entrepreneurship happens. Embedding contextual frameworks and applying these context-rich results to institutional theory strengthens its applicability and relevance outside of non-western contexts (Johns, 2018; Welter et al., 2019; Zahra & Wright, 2011, 2016) and brings relevance and credibility to the conclusions drawn. In this

way, the research responds to Welter's (2011) call to challenge preferred research paradigms, and not assume one-way relationships between context and entrepreneurship.

Further, the study responds to a growing movement in the management literature for studies that consider 'grand challenges,' described as the difficult but important problems such as poverty and inequality that have failed to be meaningfully addressed over multiple decades. Grand challenge research should focus on sampling disadvantaged and hard-to-reach populations, recognising that these are the people who fall outside of normal study strategies and therefore have little prominence in the entrepreneurship literature (Wiklund et al., 2022). It is this exclusion that leads to Gaiger's (2018, p. 3) "abyssal lines," and the deep divide between the euro-centric, western perspective on social entrepreneurship which occurs at the expense of other realities. Wiklund et al. (2022) encourage entrepreneurial studies that focus on informal entrepreneurship, arguing that this receives scant attention despite being where the large majority of people worldwide work, to sustain their livelihoods (ILO, 2018).

By integrating a broad set of studies on entrepreneurship in institutionally void environments under the umbrella phrase difficult market context, this study was able to connect the experiences of social entrepreneurship organisations in South Africa, to that of informal and micro entrepreneurship in other country contexts, particularly those in Africa. In doing so, the study builds a bridge between these two fields, which hopefully stimulates context-led studies on social entrepreneurship. It is the researchers recommendation, that studies on social entrepreneurship in South Africa must meaningfully integrate context; particularly

poverty and inequality. It is only through nuanced, contextual understandings that social entrepreneurship scholarship can address Gaiger's (2018., p. 3) "abyssal lines"

8.6. CONCLUSION TO THE STUDY

The steps taken to study the phenomena within a single country context across varied poverty domains provide insights that emphasise the importance of studying social entrepreneurship within its context. This bears out the recommendations by Littlewood and Holt (2015), Amoako (2019) and Hamman et al. (2020) who

Social entrepreneurship in South Africa is often framed through the lens of western schools of thought, a reality bemoaned by Nason and Bothello, (2019), Hamann et al. (2020), Gümüsay et al. (2020) and others. "This fixation on common deficiencies encourages a homogeneous treatment of non-Western contexts and obscures the reality of tremendous differences," write Nason and Bothello (2019, pp. 6–7). In doing so, the contextual nuances of phenomena have been over-looked. By having context as a central theme around which the research methodology is designed, the study goes some way to addressing the prejudices that have arisen as a result of this one-dimensional reality. The focus of social entrepreneurship studies on organisational form, and management systems such as governance, strategy and intention is useful for established, formally oriented entities, but perpetuates an exclusivity in narrative as it ignores the reality of organisations which are operating informally. The push by scholars such as Baker and Welter (2020), Zahra and Wright (2011), and Bacq (2011) to anchor social entrepreneurship scholarship within its context is thereby validated through this study, with its insight into how logics interplay in poverty and inequality. The study then responds to the call by

Webb et al. (2009, 2020) to focus on understanding institutional voids from applying the lens of context; and then secondly, to gauge how entities approach legitimacy building in these institutional environments recognising that formal-regulatory logics may not be the dominant logic followed.

Institutional theory has long been criticized for its emphasis on the contexts of developed countries, where institutions work well and the regulations that organizations must adhere to are clearly known and are of a regulatory nature (Rodrik, 2008a). As a result, when applied to contexts where institutional voids are common and the logics are intricate, conflicting, or undetectable because they are ingrained in culture, the theory falls short of being useful (Suddaby, 2010).

Therefore, social entrepreneurship needs to be understood as hybrid not just because of its hybridity of approach as it balances profit and purpose mandates, but because of the hybrid logics that are being responded to, as a result of the hybridity *inherent to the context* within which the organisation finds itself. This chameleon like response goes some way to explaining how social entrepreneurs operate in poverty contexts and why social entrepreneurship manifests differently across these contexts. For example, the value of being local has implications for how social entrepreneurs are supported to scale their operations, the networks they form, and the processes through which they legitimate.

Social entrepreneurship organisations are already noted for their bridging role, delivering goods and services that respond to market failure and neglected problems (Ebrashi & Darrag, 2017; Mair & Marti, 2009; Santos, 2012), blending profit and purpose logics (Doherty et al., 2014; Seanor & Meaton, 2008; Tracey et al., 2011).

But this study helps to identify that boundaries are blurred between formal and informal logics, and that a blurring of logics is likely to be the cause. Consequently, organisations must build their legitimacy by adopting formal and informal approaches as they respond to formal and informal logics. The validation that comes with being registered and banked is needed together with the trust-based relationships that underpin informal approaches. The model developed in this study provides a useful summary on this transition in thinking, as to how institutional conditions affect the entrepreneurial activity.

Overall, this study looked at the importance of the institutional environment for social entrepreneurship and its effects on legitimacy approaches. It finds that formal and informal logics are inseparable from each other, and that the informal and formal dimension co-exist.

The blend of formal and informal voids, and the dual nature of the economy indicates that if efforts to enable the institutional environment are to be more supportive of social entrepreneurship, then formal-regulatory interventions cannot solely be relied upon. Rather, policy makers and eco-system enablers should focus on balancing interventions so that they respond to strengthening formal and informal logics, recognising how influential both domains are to social entrepreneurship.

It is the researcher's view that the formal and informal logics that make up voids should be given equal attention, as it informs our understanding of how organisations navigate the institutionally void, difficult market context.

Lastly, there are multiple studies on the risks of assuming context and imposing the dominant western paradigm when interpreting institutional contexts and their logics – Nason and Bothello (2019), Hamann et al. (2020) and Gümüsay et al. (2020) are particularly vocal. This study demonstrates the value of context-led studies and emphasises this as an important avenue for further study.

8.7. LIMITATIONS OF THE STUDY

The study set out to explore the institutional environment for social entrepreneurship in South Africa, and is therefore highly exploratory. Findings are not conclusive and are intended to open up pathways for future research rather than provide conclusive insights on them.

Primary limitations to this study is the lack of sample frame, which effects the generalisability of results. This was mitigated through the canvassing of input from a large sample, but is also not the intention of the study, which instead took a contextual approach. This was reflected in the research design with its hard-to-reach sampling strategy, and the multiple theoretical lenses applied.

Language did prove to be a barrier, and is seen in the lower response rates to the open text questions, and responses which are inconclusive (for example, *What is the value of the work that you do? "It helps"* was a not uncommon response). This in of itself raises interesting perspectives for social entrepreneurship in poverty environments, where the nuances of the social good may not be perceived by respondents, as they are deeply immersed in their reality. Rivera-Santos et al. (2015, p. 81) found similarly that "a large proportion of these social enterprises do not see themselves as such."

The open text data was coded by the researcher, which brought with it limitations relating to credibility and internal validity (Eisenhardt & Graebner, 2007). This was mitigated through the use of an independent data capturer.

Overall, the study took a broad view on ambiguous concepts, such as social entrepreneurship, legitimacy, voids, and trust. It did this deliberately so as to avoid presumption and to ensure the questionnaire was approachable in how questions were asked and could be answered. As much as the pen and paper format and pre-workshop activities helped overcome some of the difficulties of the study, there are still a number of limitations to this approach.

The care taken to avoid asking what the barriers experienced by respondents were to identify the voids experienced, resulted in only one question being asked for Research Question 1 (‘what would you ask the president’). Clearly this is insufficient to draw complex conclusions on institutional voids, and more research into the voids experienced from a positive-perspective is required.

Secondly, the core concepts (such as trust, legitimacy, and social entrepreneurship) although discussed in the workshops, were not explained in the questionnaire, and the respondents’ interpretations of each, was not asked or captured. The contextual nuances in what trust is and how it is experienced by social entrepreneurs, for example, is not captured and conclusions cannot be drawn. Further, in an effort to simplify the questionnaire considering the multi-lingual context, multiple choice options were presented for respondents. These provided multiple choice and Likert scale options for respondents to select; for example, in measuring the importance of different network types, respondents

were presented with a list (elders, religious networks, political or kinship). This limits the richness of the data gathered and the conclusions drawn.

Regarding the quantitative analysis, the constructs developed for the SEM analysis (Research Question 3) are not drawn from an existing theoretical framework, and are developed from the emerging narrative of the descriptive results. This cyclical approach (developing results through descriptive analysis, and re-analysing the data through statistical analysis) means that any errors in the data collection approach are not corrected.

Lastly, the difficulties in applying the theory to the results must be noted. The questionnaire was developed from the social entrepreneurship literature, which included then emerging views (for example, Ebrashi and Darrag, 2019) of informal institutions. On analysing the results, it became clear that neither the social entrepreneurship literature nor the established institutional theory literature was the right lens through which to understand what the data was saying. The second literature review on the difficult market context was conducted, and it is through this that the results can be explained and understood. Therefore, despite this study being presented as a linear process, it was far from linear in how it was conducted. The shift from a western-style of thinking towards informally-oriented social entrepreneurial practice has been profound for the researcher. It is hoped that the impact of the study is in encouraging a wider view of social entrepreneurship scholarship that is appreciative of the micro, informal nature of social entrepreneurship in institutionally void, difficult market contexts.

Overall, these limitations mean that the study's findings are exploratory rather than confirmatory, are intended to be insightful rather than concrete, and affirm rather than confirm the proposed model of a *hybridity of logics.*

8.8. THEORETICAL IMPLICATIONS OF THE STUDY

This study responds to a number of theoretical 'gauntlets' thrown down by academics across disciplines.

The first is that it responds to concerns raised by early institutionalists such as Rodrik (2008) and North (1993) that institutional theory risks being one dimensional as it lacks study outside of institutionally developed contexts. This evolved into calls for studies into 'invisible' institutions, that have embedded cultural, cognitive logics by for example Kolk (2014), recognising that institutionally void environments are not absent of institutions (Parmigiani & Rivera-Santos, 2015; Mair & Marti, 2009). Suddaby (2010) writes that institutional theory, then, lacks substance in institutionally void environments, as it is lacks study in these contexts. This research contributes to addressing this gap, as it explores institutional voids in a difficult market context; and identifies formal and informal voids across varied poverty dimensions. In particular, the finding that voids have informal and informal dimensions, supports an emerging narrative championed by Nason and Bothello (2019), who write how academic descriptors of voids do not easily accommodate informal mechanisms. Here their example of capital market voids having formal and informal dimensions is supported by the findings of this study where the capital market void is experienced across formal and informal dimensions. This provides nuance to our academic understanding of voids in difficult market contexts.

Secondly, entrepreneurship scholars have increasingly advocated for studies that take specific cognisance of context in research design. This is championed by Johns (2017), Jack et al. (2004), Kerlin, (2017), Saebi et al. (2019) and others. With contextualisation, explanations of the complex web of connections, relationships, and interactions where the context creates the enterprise, and the enterprise informs the context, are revealed (Baker & Welter, 2020; Welter & Baker, 2021). By applying a contextual lens to the research design the study draws conclusions on how social entrepreneurship manifests in areas that are distinct in their poverty, inequality, rural, urban, and cultural dimensions; and described as institutionally void. In applying the umbrella phrase 'difficult market context,' the study draws on entrepreneurship research conducted in institutionally void, typically informal environments, mostly in the African context. These African entrepreneurial experiences are an important lens through which data can be understood. When viewed together with literature on micro entrepreneurship in other non-western contexts, a "plurality of perspectives and processes" shaping entrepreneurship emerges, strengthening our understanding of the "intimate link" between entrepreneurial process and context (Zahra & Wright, 2011, p. 67).

The study therefore contributes to the transition of the academic conversation from its current foundation, which according to Johns (2018) assumes the universal applicability of the dominant context, to one which is appreciative of contextual nuance, and its effect (Hamann et al., 2020). This enables more meaningful interpretations of the "when, how and why entrepreneurship happens" (Kerlin, 2017; Welter 2010 p. 166; Welter, 2011; Welter et al., 2019). This can be seen in

the detailing of what voids are experienced, and to what degree, in areas that experience distinctly different levels of poverty.

Thirdly, results reveal that social entrepreneurs navigate voids by blending formal and informal approaches, because the voids themselves are constituted by formal and informal logics. This aligns with Gümüsay et al. (2020) who argue that contexts are not binary and as a result, formal and informal voids do not occur as an 'either-or.' Instead, they happen together, with organisations responding to an interplay of formal and informal logics, an approach which brings, according to Gümüsay et al. (2020, p. 150) a "unity in diversity," in that organisations are able to navigate the complexity and contradictions of the institutional environment.

All of these findings help develop scholarship on legitimacy in difficult market contexts. It validates the importance of informal logics, particularly trust and relational agency, together with formal logics. The proposed model of *hybridity of institutional logics* provides a framework against which legitimacy can be understood for social entrepreneurship organisations in difficult market contexts. It also affirms recent work by Egholm and Kaspersen (2020) on legitimacy for civil society organisations, which they argue, is gained through processes that emphasise the day-to-day, community-level interactions. This highly relational approach to legitimacy focuses attention on the role of trust, through which relationships between stakeholders and social organisations are negotiated (Egholm et al., 2020). This study's findings around the importance of trust, and the blending of formal and informal approaches in the *hybridity of institutional logics* model have similarities.

An interesting paradox also emerges, when considering findings in the literature showing how non-profit organisations in the country fail to comply to regulatory standards but instead align to them through registration. This introduces the possibility that in difficult market contexts organisations align with regulatory requirements, rather than conform (or comply) with them. This is an area proposed for further study.

8.9. PRACTICAL IMPLICATIONS OF THE STUDY

This research was conducted as part of a policy process for the South African government, and informed the writing of the social and solidarity economy policy for South Africa and later, a strategy paper for the African Union. The findings on institutional hybridity resulted in a dual approach to the policy's development, recognising that recommendations that focused on regulation were unlikely to be useful. A hybrid approach was then taken: a formal policy document was submitted to the executive for ratification with recommendations for a legal form for social enterprises, and certification systems as a means of legitimising the sector. However, mindful that "institutions and actions are entangled," (Shockley et al., 2016, p. vii); a policy mechanism that targeted informal logics was developed.

By identifying the voids experienced and modelling the enabling environment for social entrepreneurship in the country, the findings of the study helped inform the development of the Social Employment Fund, initiated by the South African government launched with USD 70 million in 2021. Social entrepreneurship organisations, through digital wage payments, receive financial support, to deliver services needed in their communities; whilst creating part-time work. With a network of intermediary non-profit organisations providing systems of

accountability, oversight and governance, the Fund represents attempts by national government to provide support to micro organisations without overburdening them with the bureaucracy that accompanies receiving public funds. Early, observational insights are that the Fund is achieving this, bringing legitimacy to micro organisations in that they are associated with the regulatory authority; whilst still being able to respond to the informal logics through which they build trust.

The study has also succeeded in confirming the basic characteristics of social entrepreneurship organisations in South Africa. This brings clarity on characteristics to the field. By confirming that these organisations are mostly micro in size and informal in nature, registered, developmentally focused and financially insecure has enabled programme design (like the Social Employment Fund) to be more sophisticated and nuanced. Further the modelling of the enabled eco-system for social enterprises, has opened avenues of indirect support such as training.

During Covid-19, the database of social entrepreneurship organisations created through this process was used as part of a national initiative to mobilise emergency response to the pandemic.

Further, the motivation for the study and the consequent VLIR-UOS grant led to the founding of the African Network of Social Entrepreneurship Scholars, with a mandate to develop African-led studies and teaching of social entrepreneurship, and international collaborations and partnerships. This network has grown to over 230 scholars from different countries, and is institutionalised within KU Leuven and the University of Pretoria. This study was developed as a response to recommendations made by academic researchers, gathering in 2018 to “grow the

base of knowledge on how it [social entrepreneurship] manifests outside of the Western discourse" (Krige, 2019, p. 191). In this way, this study contributes to ambitions to transform knowledge on social entrepreneurship in Africa from *terra incognita* to *terra firma*.

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APPENDICES:

Appendix 1: Questionnaire

(September 2019)

Thank you for being part of our research.

The information you provide in this survey will be used to build our understanding of the Social Economy, and will be part of a PhD study on the institutional landscape in South Africa. Your feedback will be kept **confidential** - we capture your name and organisational details to help with our comparisons, but they will not be published, or shared.

Your involvement in the study is voluntary and you can withdraw at any time. Even after this session, once you've handed in your form, you can ask for your responses to be kept out of the study by contacting us.

If you have any questions, please ask me or you can e-mail ayandamalindi@yahoo.co.uk / WhatsApp +27 (0) 663018278

You can also contact my supervisor Dr Alex Bignotti - alex.bignotti@up.ac.za

Many thanks,

Kerryn

(PhD Student University of Pretoria / KU Leuven - 95294113)

☐ I have read and understand the information above

☐ I give my consent for my responses to be used in the study

☐ I have questions and would appreciate more information

☐ I would prefer that my answers **do not** get used in the study

Event attended

- Bloemfontein (26 September)
- QwaQwa (27 September)
- Kimberley (01 October)
- Upington (03 October)
- Richards Bay (9 October)
- Durban / iLembe (10 October)
- Vaal (16 October)
- Krugersdorp (17 October)
- George (29 October)
- Cape Town (30 October)
- Nelspruit (4 November)
- Ermelo (5 November)

Getting to know you and your organization:

Your name

_____

Your surname

_____

Name of organisation

_____

What goods / service does your organisation provide?

_____

Gender

- ○ Male
- ○ Female
- ○ Prefer not to say

Race

- ○ Black African
- ○ White
- ○ Indian
- ○ Coloured
- ○ Other race group
- ○ Prefer not to say

How old are you?

- ○ 18 - 24
- ○ 25 - 29
- ○ 30 - 39
- ○ 40 - 49
- ○ 50 and above

Tick which box applies to you:

- ☐ I am with a co-operative
- ☐ I am with a stokvel
- ☐ I am a social enterprise
- ☐ I am a social entrepreneur
- ☐ I am with a Non-Profit Company
- ☐ I am an academic
- ☐ I am with a business
- ☐ I am with government
- ☐ Other, please describe

_____

How many years' experience do you have working in the social economy?

- ○ Little experience, I've just started
- ○ 1-5 years
- ○ 5-7 years
- ○ 7-10 years
- ○ 10-15 years
- ○ 15 and above

In which province do you live?

- ☐ KZN
- ☐ Eastern Cape
- ☐ Free State
- ☐ Gauteng
- ☐ Limpopo
- ☐ Mpumalanga
- ☐ Northern Cape
- ☐ North West
- ☐ Western Cape

In which province do you work? Tick those that apply.

- ☐ KZN
- ☐ Eastern Cape
- ☐ Free State
- ☐ Gauteng
- ☐ Limpopo
- ☐ Mpumalanga
- ☐ Northern Cape
- ☐ North West
- ☐ Western Cape

Please write which district / local municipality you work from.

- ○ I work in...

_____

Is the organisation you're with registered? Tick those that apply

- ☐ Registered as a not for profit company (e.g.: NGO)
- ☐ Registered as a for profit company (e.g.: PTY LTD)
- ☐ Registered as a co-operative
- ☐ Not registered
- ☐ Don't know

Does the organisation that you work for have a bank account?

- ○ Yes, we have a bank account for the organisation
- ○ No, we don't have a bank account for the organisation
- ○ I use my personal bank account for the organisation
- ○ Other, please describe

_____

Approximately how much money did your organisation make last month?

- ☐ We didn't make any money
- ☐ R1-R5,000
- ☐ R6,000-R10,000
- ☐ R11,000-R25,000
- ☐ R26,000-R50,000
- ☐ R51,000-R100,000
- ☐ R101,000-R200,000
- ☐ R250,000 and above

Does the organisation pay tax?

- ○ Yes
- ○ No
- ○ Prefer not to say
- ○ Not sure

Does your organisation follow legislation, such as the Companies Act or NPO Act?

	Definitely yes	Probably yes	Sometimes	Probably not	Definitely not	Not sure
Does your organisation follow legal codes	○	○	○	○	○	○

Does your organisation follow any industry sector codes. These are Codes of Good Practice that are written and which you are often checked against, such as Tourism Industry ratings, or food production standards

	Definitely yes	Probably yes	Sometimes	Probably not	Definitely not	Not sure
Does your organisation follow industry codes	O	O	O	O	O	O

Does your organisation follow any societal codes? These often aren't written down, but are instead what we and our communities think is right and wrong

	Definitely yes	Probably yes	Sometimes	Probably not	Definitely not
Does your organisation follow social codes	o	o	o	o	o

Where does your organisations funding come from? Please tick those that apply.

- ☐ Bank
- ☐ Family and friends
- ☐ My savings
- ☐ Stokvel / Community Group
- ☐ Grants and donations
- ☐ Customers
- ☐ Membership fees
- ☐ Other, please describe

_____

How many people are employed by your organisation?

- ☐ We don't have employees, its just me
- ☐ We don't have employees but we have volunteers
- ☐ We have 1-5 employees/volunteers
- ☐ We have 6-10 employees/volunteers
- ☐ We have 11 and above employees / volunteers

Do your employees / volunteers skills match the job that they are doing?

	Definitely yes	Probably yes	Sometimes	Probably not	Probably not	Definitely not
Do your employees skills match the job they are doing?	o	o	o	o	o	o

Do your employees / Volunteers have employment contracts?

- ☐ Yes
- ☐ No
- ☐ We're working on it
- ☐ Not sure
- ☐ No Employees / Volunteers

Which of the contracts below do you have in your organisation?

- ☐ No contracts
- ☐ Employment contracts
- ☐ Trustee contracts
- ☐ Customer contracts
- ☐ Contracts with partners and suppliers
- ☐ Other, please describe

_____

Do you have access to legal advice?

	Yes I have a lawyer	No I do not have a lawyer	I have a friend / family member I ask for help when I need it
Do you have access to legal advice?	O	O	O

What percentage of your agreements do you run on trust and a handshake?

	100%	80%	60%	40%	20%	10%	0%
% of contracts run on trust and a handshake	O	O	O	O	O	O	O

How important are your networks to your organisation? These are the people you know such as local leaders, elders, religious leaders etc.

	Extremely important	Very important	Moderately important	Slightly important	Not at all important
How important are networks to your organisation?	O	O	O	O	O

Why is the product / service that you provide important to your community?

_____

Whose responsibility is it to provide the goods and service you offer?

- ☐ It is government's responsibility
- ☐ It is the responsibility of local business
- ☐ It is the community's responsibility
- ☐ It is my responsibility
- ☐ Other, please describe

_____

Do you have access to information on the work that you do, that allows you to stay ahead of competition?

	Definitely yes	Probably yes	Might or might not	Probably not	Definitely not
Do you have access to information?	O	O	O	O	O

How important are community leaders to the functioning of your organisation?

	Extremely important	Important	Sometimes important	Not important	Definitely not important
How important are community leaders to your organisation?	o	o	o	o	o

How important are political leaders to the functioning of your organisation?

	Extremely important	Important	Sometimes important	Not important	Definitely not important
How important are political leaders to your organisation?	o	o	o	o	o

How important are religious leaders to the functioning of your organisation?

	Extremely important	Important	Sometimes important	Not important	Definitely not important
How important are religious leaders to your organisation?	o	o	o	o	o

How important is the municipality to the functioning of your organisation?

	Extremely important	Important	Sometimes important	Not important	Definitely not important
How important is the municipality to the functioning of your organisation?	o	o	o	o	o

How well do you know your community? Give yourself a rating

100 % I know them	90%	80%	70%	60%	50%	40%	30%	20%	10%	0% I don't know

very well										my community well at all.
○	○	○	○	○	○	○	○	○	○	○

What are the advantages of this local knowledge that you have described above?

Tick those that apply

☐	I have access to networks
☐	I am supported by the community
☐	I have political support
☐	I have support from local business
☐	It helps with funding
☐	I am trusted
☐	Other, please describe _____

Rate how important trust is to the success of your organisation?

	Extremely important	Very important	Moderately important	Slightly important	Not at all important
How important is trust to your organisation?	O	O	O	O	O

Do you think your organisation brings people in your community together? In other words, do you help build relationships, tolerance, and togetherness?

- O Definitely yes
- O Probably yes
- O Unsure
- O Probably not
- O Definitely not

Rate the level of trust you and your organisation has in your community.

Does your community trust **your organisation?**	100% Trust	90% trust	80% trust	70% trust	60% trust	50% trust	40% trust	30% trust	20% trust	0% - no trust
	O	O	O	O	O	O	O	O	O	O
Does your community **trust you?**	O	O	O	O	O	O	O	O	O	O

Rate the importance of each of these in building trust

	Very important	Important	Neutral	Not important	Definitely not important
What I say is what I do	O	O	O	O	O
We do good and people see that	O	O	O	O	O
Our organisation runs well: e.g.: we pay on time, we answer calls, we resolve disputes	O	O	O	O	O
We are clear about what we do and how we do it	O	O	O	O	O

None of the above – please describe:

You have a personal meeting with President Ramaphosa. He asks you **what he can do for you**, as a business owner. What would you ask him?

Thank you for your time and insights. Please get in touch if you have any questions

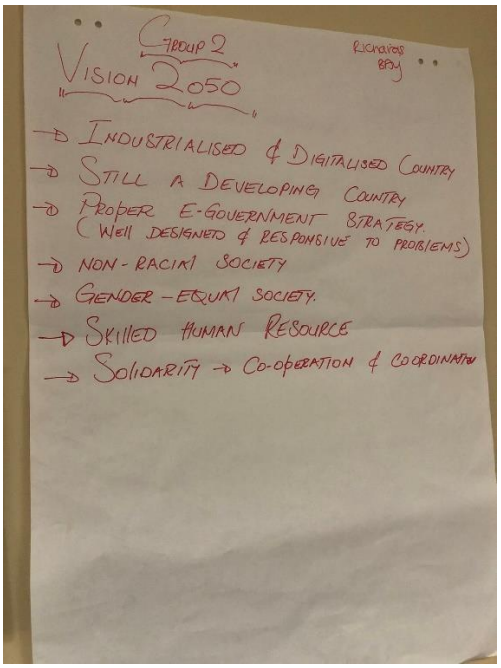
ayandamalindi@yahoo.co.uk or WhatsApp 0663018278

Appendix 2: Photographs of Provincial Workshops

Appendix Figure-1: Group work in East London, Eastern Cape



Appendix Figure 2: Results of Group Work in Richards Bay, KwaZulu-Natal, identifying strengths (and weaknesses) in the South African environment



Appendix Figure 3: A translator provides support during the research process in Upington, Northern Cape



Appendix Figure 4: No tables at the stadium venue in Mthata, with groups using floor and wall space to share insights



Appendix Figure 5: A high turnout in Thohoyandou, Limpopo, resulted in creative ways of getting people to work together in a small space

