

Social Entrepreneurship Activity and Different Skills Associated with Successful Social Entrepreneurship in South Africa

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ABSTRACT

Purpose – The various theoretical issues and debates regarding social entrepreneurship are investigated. A quantitative analysis is then conducted into social entrepreneurship activity (SEA) in South Africa together with the skills associated with social entrepreneurship.

Methodology – Primarily an exploratory study, with factor analysis and inferential statistical testing, based on a surveyed sample of 287 respondents. SEA with the concomitant skills required for successful SEA was operationalised, and subsequently study's empirical findings were interrogated in the context of existing research.

Findings – Findings were modest, particularly in the number of active and future social entrepreneurs, moreover the validity and reliability of the instrument used to assess competencies was established which offers insights into SEA and skills required.

Limitations – Study is limited by early stage of theoretical development on construct.

Implications – Based on the empirical findings, understanding of SEA and what skills are associated with it, serves as a catalyst for this emerging and important activity in SA.

Originality of paper – A first where SEA was empirically measured with concomitant skills. This initial South African interrogation advances the topic where it has much relevance.

Key words: Social Entrepreneurship, South Africa, entrepreneurial and managerial skills.

Paper type: Research paper

INTRODUCTION

As with any change orientated activity , social entrepreneurship (SE) has not evolved in a vacuum, but rather within a complex framework of political , economic and social changes occurring at the global and local levels (Johnson, 2000; Kramer, 2005; Harding, 2006). The contribution of social entrepreneurs is increasingly celebrated as was witnessed at the World Economic Forum's (WEF, 2006) conference on Africa in Cape Town recently. Correspondingly, Warren Buffett's recent \$30.7 billion donation to the Bill &

Melinda Gates Foundation (Cole, 2006) indicates that venture philanthropy means a significant change in how people think about transferring wealth.

SE has evolved into the mainstream after years of hovering around the edges of the non-profit sector; venture philanthropists, grant makers, board of directors, non-profit entrepreneurs, consultants and academics are now interested in the field of SE (Boschee, 2001; Kramer, 2005).

Over the last decade, a critical mass of foundations, academics, non-profit organisations, and self-identified social entrepreneurs have emerged and begun to coalesce SE into a distinct discipline (Kramer, 2005; Dees, 2001). Worldwide policy makers are using the language of local capacity building as a strategy to assist impoverished communities become self-reliant (Peredo and Chrisman, 2006). Many dedicated centres for SE have also evolved, for instance; the Skoll Centre for Social Entrepreneurship at Oxford University - created by Jeff Skoll the foundations mission is to advance systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs - exemplifies the growing trend for academic institutions to take this phenomenon seriously (Economist, 2006). Many similar institutions exist and researchers (Dees, 2001; Christie and Honig, 2006) suggest that time is certainly ripe for entrepreneurial approaches to social problems; since SE merges the passion of a social mission with business discipline, innovation, and determination, commonly associated with the high-tech pioneers of Silicon Valley.

Although not new in the commercial/business sector, corporate governance and corporate social responsibility (CSR) have gained unprecedented prominence in the modern corporation and are well documented in academic research and popular literature. Due to increased stakeholder activism, business can no longer focus solely on profits, and must be more responsive to societal needs. By its very nature a business needs to serve the interests of society and in this way ethics is implied in business; businesses receive their ultimate justification not from economic objectives, but from the moral objectives they pursue (Rossouw and van Vuuren, 2004). South African companies have taken steps to benchmark their CSR practices and report standards with the socially responsible investment (SRI) index (Jackson, 2006 p. 20). Such an instrument specifically designed for developing countries, and recently implemented at the Johannesburg securities exchange (JSE), measures company's policies, corporate governance practices, and relates this to the triple-bottom-line measures. While many corporations and MBA students are interested in issues concerning social responsibility, sustainable enterprise, business ethics, or social impact management, there is a less information and studies on these topics relevant to new ventures and entrepreneurs, particularly in South Africa(SA) where SE remains an under researched and practice area in general.

However there is long-standing literature that points to the importance of SE as a phenomenon in social life and as a feature of CSR (Harding, 2006).

Social entrepreneurs contribute to an economy by providing an alternative business model for firms to trade commercially in an environmentally and socially sustainable way, and also provide an alternative delivery system for public services such as health, education, housing and community support (Harding, 2006 p. 10). In the international arena, due to a surge in non-profit organisations, SE has been on the rise in recent decades, although as an academic enquiry SE is still emerging (Austin, Stevenson and Wei-Skillern, 2006).

RELEVANCE OF STUDY

The central driver for SE is the social problem (Austin *et al.*, 2006), and driving forces for social entrepreneurs include: politically, the devolution of social functions from the national to the local level and from the public to the private; economically, the reduction of funding from the public purse; and socially, the increasing complexity and magnitude of problems (Lock, 2001 p. 1). Moreover the non-profits are also seen as a growing source of solutions to issues that currently plague society, such as poverty, crime, and abuse (Schuyler, 1998). Social entrepreneurs provide solutions to social, employment and economic problems where traditional market or public approaches fail (Jefferies, 2006), yet despite these achievements, government in SA appears reluctant to directly engage with SE endeavours, viewing social entrepreneurs as innately risky - maverick endeavours. In SA, SE has unequivocal application where traditional government initiatives are unable to satisfy the entire social deficit, where an effort on the reduction in dependency on social welfare/grants is currently being instituted, and where the survival of many non-governmental organisations (NGO's) is at stake. Such challenges are exacerbated by a social context characterised by massive inequalities in education, housing, the HIV/AIDS pandemic, and high unemployment and poverty rates (Rwigema and Venter, 2004).

Accompanying these massive social deficits, many governmental and philanthropic efforts have fallen far short of their target markets expectations, with social sector institutions often viewed as inefficient, ineffective, and unresponsive. In particular, policymakers have limited guidance, and recognise that the invisible hand frequently fails to assert itself in the most socially beneficial outcomes (Christie and Honig, 2006). Moreover, many poverty alleviation programs have degenerated into global charity rather than serving local needs, since most projects have been conceived and managed by development agencies rather than by members of the community, resulting in a lack of ownership on the part of the target

beneficiaries (Peredo and Chrisman, 2006).

Such failures suggest that there are many gaps in understanding SE activities under conditions of material poverty and in different cultural settings (Peredo and Chrisman, 2006).

RESEARCH PURPOSE AND APPROACH

The paper seeks to interrogate existing theory on SE, and then in relation to the existing controversies analyse quantitatively students' intentions to engage in SE. Furthermore the types of SEA undertaken, profiles of social entrepreneurs, and the levels of entrepreneurial and managerial skills typically associated with successful social entrepreneurs are examined.

Research approach: Broadly the approach is once the various theoretical issues and debates that have made significant contribution to the evolution of SE theory and practice are scrutinised, author then designates a position in relation to these debates and conducts empirical investigations. The following measures help operationalize the study variables.

A mechanism for measuring SE, the social entrepreneurship activity (SEA) index, as conceptualised in the UK Global Entrepreneurship Monitor (GEM) 2005 report (Harding *et al.*, 2005), is adapted for the purpose of this study to measure students SE intentions. An intention is a representation of a future course of action to be performed (Ajzen, 1991); it is not simply an expectation of future actions but a proactive commitment to bringing them about. Intentions and actions are different aspects of a functional relation separated in time. Intentions center on plans of actions. Absent intention, action is unlikely (Bandura, 2001). Moreover, an instrument is designed to measure typical skills associated with successful social entrepreneurs. This skill set which is initially investigated through qualitative case studies and lessons learnt in successful SE practices (e.g., Thompson, 2002; Weerawardena and Mort, 2006), is further validated through quantitative factor analysis.

The justification for using a positivist approach to establish a skill set, rather than rely on a qualitative methodology, is not only supported by previous investigations (Turner and Martin, 2005; Chell, Karatas and Nicolopoulou, 2005), but analysing non-quantified data on several variables from many cases is beyond the cognitive and affective limits of most researchers (Davidsson, 2004). It could also be argued that applying formal measurement and statistical analysis to the different skill levels cannot truly be deemed to be a positivistic approach, since data derived from measurement, do not make the researcher a positivist or the research deductive. There is nothing in the nature of this data that will prevent

deeper speculations and insights to emerge when analysed; moreover published research is full of exploratory findings and the use of techniques – such as factor analysis – that a true positivist would deem unscientific (Davidsson, 2004).

The rationale for the focusing on SE skills is that in many instances it is impossible to obtain start-up funds without demonstrating proof of concept together with commensurate abilities required to execute such an initiative. Those who fund social entrepreneurs are looking to invest in people with a demonstrated ability to create change, and the factors that matter most are the financial, strategic, managerial, and innovative abilities of social entrepreneurs (Kramer, 2005). Therefore an investigation into the mix of managerial and entrepreneurial skills associated with successful SE is of prime importance for the study. Insofar the economic value of entrepreneurial ability which is acquired through education can be identified and measured goes back to 1980's, where Schultz (1980) recognised that the returns that actually accrue to education are substantially undervalued. Despite early notions that entrepreneurship is an innate skill, recent studies (e.g., Fayolle, Gailly, Lassas-Clerc, Whitcanack, 2005) indicate that entrepreneurship education influences both current behaviour and future intentions. Identifying business opportunities and having confidence in personal skills to implement a business may be enhanced through education and training with evidence suggesting that those with more education are more likely to pursue opportunity entrepreneurship (high-growth ventures). Due to the exploratory nature of the study and since specific associations are predicted between the variables under study, hypotheses are formulated. These hypotheses are based on the definitional controversies and distinctions between managerial and entrepreneurial skills associated with successful SE. Implications and conclusions drawn from the empirical analysis are then discussed in the context of existing theoretical discourse with differences in findings emphasised. The recommendations made will hopefully serve as a catalyst for this emerging and important activity in South Africa.

CONSTRUCT DEVELOPMENT - SOCIAL ENTREPRENEURSHIP

The purpose of this section is to demonstrate why SE is better understood as a construct rather than a concept. As used in social sciences research, a construct is an idea specifically invented for theory-building purpose, a construct combines simpler concepts especially when idea is least observable and most complex to measure (Cooper and Emory, 1995). To a large extent SE embodies such tendencies, where social entrepreneurs are reformers and revolutionaries, as described by Schumpeter (1934), but with a social mission, they affect fundamental changes in the way things are done in the

social sector (Dees, 1998). Social entrepreneurs are perceived as mission-based businesses rather than as charities, they seek to create systemic changes and sustainable improvements, and they take on risks on behalf of the people their organisation serves (Brinckerhoff, 2000). Though they may act locally, their actions have the potential to stimulate global improvements in various fields, whether that is education, health care, economic development, the environment, the arts, or any other social field (Dees, 1998).

To further elucidate the SE construct several definitions are investigated and their components analysed. The language of social entrepreneurship may be new, but the phenomenon is not. Peter Drucker (1979 p. 453) introduced the concept of social enterprise when he advocated that even the most private of private enterprise is an organ of society and serves a social function; additionally he advocated a need for a social sector in addition to the private sector of business and the public sector of government to satisfy social needs and provide sense of citizenship and community. Similarly, Spear (2004) poses the question of whether SE is about creating social enterprise or is more concerned with those particular aspects of entrepreneurship that have a social dimension.

Based on the Global Entrepreneurship Monitor reports (GEM), SE is defined as follows:

Social entrepreneurship is any attempt at new social enterprise activity or new enterprise creation, such as self-employment, a new enterprise, or the expansion of a existing social enterprise by an individual, teams of individuals or established social enterprise, with social or community goals as its base and where the profit is invested in the activity in the activity or venture itself rather than returned to investors (Harding, 2006 p. 5).

Subscribing to the precept that 'Social entrepreneurs are one species in the genus entrepreneur' and any definition should be build on the foundations of entrepreneurship theory and research, Dees (2001) offers the following definition:

Social entrepreneurs play the role of change agents in the social sector, by:

- *Adopting a mission to create and sustain social value (not just private value),*
- *Recognizing and relentlessly pursuing new opportunities to serve that mission,*
- *Engaging in a process of continuous innovation, adaptation, and learning,*

- *Acting boldly without being limited by resources currently in hand, and*
- *Exhibiting heightened accountability to the constituencies served and for the outcomes created (p. 2-4).*

Each element in this definition is based on the body of entrepreneurship research and this is the core of what distinguishes social entrepreneurs from business entrepreneurs, even from socially responsible businesses. It is also worth noting that these definitions, primarily individualistic in their conception, fail to adequately acknowledge a collective form of entrepreneurship.

Collective entrepreneurship

The essence of social enterprises, i.e., community or collectively owned businesses, is that they have fulfilled a vital function in the evolution of a commercial culture in any society and have a long tradition. SE has its origins in the 18th and 19th centuries where philanthropic business owners had welfare concerns of employers and attempted to improve their working, educational and cultural lives. Jeffs (2006) outlines the origins of social enterprise, where the social enterprises are seen as the building blocks for enterprise development and were probably the original business formed. Indeed, scholars now highlight the importance of recognising entrepreneurship as building on a collective process of learning and innovation (Peredo and Chrisman, 2006). Human functioning is rooted in social systems; therefore personal agency operates within a broad network of social structure influences i.e. it involves a dynamic interplay between individuals and social systems (Bandura, 1997). People live their lives neither entirely autonomously nor entirely interdependently in any society. Building on these conceptual foundations of understanding the role of individuals in entrepreneurship, it seems logical to assume that entrepreneurship involves human agency. Bandura (2001) states to be an agent is to intentionally make things happen by ones own actions. The entire entrepreneurial process unfolds because individual entrepreneurs act and are motivated to pursue opportunities. Self-conceptions embody both personal and collective affects although their reactive emphasis will vary depending on the type of culture in which people are raised.

Culture presupposes a collectivity. Hofstede (2001) in discussing culture declares it is always a collective phenomenon because it is at least partly shared with people who live within the same social environment, which usually is where it was learned, hence it is the 'collective programming of the mind that distinguishes the members of one group or category of people from another' (Hofstede, 2001 p. 9). Peredo and Chrisman (2006) develop the concept of community-based enterprise (CBE) which they define as a

community acting corporately as both entrepreneur and enterprise in pursuit of the common good (p. 310). Documented cases of CBE include the Mondragon Corporation Cooperative in Spain (Morrison, 1991). Moreover some of the oldest, and some of the most modern social enterprises are co-operatives. A co-operative is defined as an autonomous association of voluntary united persons who meet their common social, economic, and cultural needs through a jointly owned and democratically controlled enterprise. It is estimated there are 800 million members of co-operatives around the world. The Social Enterprise Coalition is an example of this type of co-operative (Cabinet Office, 2007).

Such views resonate with Cooper's and Denner's (1998) perspective i.e. culture as capital - a theory of social capital, which refers to the relationships and networks from which individuals are able to derive institutional support. Social capital is cumulative, leads to benefits in the social world, and can be converted into other forms of capital. Based on these collective propositions, SE can be viewed as a process that catalyses social change and varies according the socioeconomic and cultural environments. Combining insights from sociology, political science, and organisation theory, Mair and Marti (2006) propose the concept of embeddedness to stress the importance of the continuous interaction between social entrepreneurs and the context in which they are embedded.

Although Africa is largely characterized as a collectivist nation, there is school of thought that believes that capitalism was practiced in Africa long before colonization; the amount of cattle possessed was the barometer for measuring an individual's wealth. Whereas a second school of thought argues that socialism has been part of Africa because it is a collectivist society. In terms of Hofstede's (2001) cultural dimensions factors that have been identified as limiting entrepreneurial activities in sub-Saharan Africa are - power distance and collectivism (Takyi - Asiedu, 1993). A concept like Ubuntu (with an element of high community involvement) is in conflict with individualism yet differs from collectivism, where the rights of the individual are subjugated to a common good. It is this collective enablement approach that is essential for collective SE, which is more socially orientated that builds on strengths rather than dwelling on deficits, and encompasses socio-structural factors among the sources and remedies for human problems. Not only by people changing themselves but by also creating living environments that remove impediments and expand opportunities achieves this. Self-governing communities are more successful in changing people lives for the better than are professional services (Bandura, 1997).

Such views are reinforced when Weerawardena and Mort (2006), advance the concept of SE through empirical research and find that SE is a bounded

multidimensional construct that is deeply rooted in an organisations social mission with its drive for sustainability, which in turn is shaped by environmental dynamism. Similar is Giddens' (1998) view, that SE is the way to reconstruct welfare and build social partnerships between public, social and business sectors by harnessing the dynamism of markets with a public interest focus. Consequently, profit is not the gauge of value creation, nor is customer satisfaction, social impact is the gauge in SE. Social entrepreneurs look for a long-term social return on investment. Indeed they are not simply driven by the perception of a social need or by their compassion, rather they have a vision of how to obtain improvement and they are determined to achieve their vision (Dees, 2001).

Construct differences and similarities

In general, based on established literature, the concept of SE remains poorly defined and its boundaries to other fields remain fuzzy (Mair and Marti, 2006). Conceptual differences are noticeable in definitions of social entrepreneurship (focus on process or behaviour), social entrepreneurs (focus on founder of initiative), and social enterprise (focus on tangible outcome of SE). Indeed as Peredo and McLean (2006) propose one can ask fruitfully both what makes SE social, and what makes it entrepreneurship. Research on SE is obviously based on the knowledge base of entrepreneurship and any definition of SE is shaped by the prevailing findings on entrepreneurship theory and practice. Although it is beyond the scope of this article to expound on the field of entrepreneurship, suffice to provide a contemporary definition which views the field of entrepreneurship as a 'scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated and exploited' (Shane & Venkataraman, 2001 p. 218). The social element in the definition of SE, is often used to differentiate SE from commercial entrepreneurship, with the altruism motive associated with SE and the profit motive with commercial entrepreneurship. However Mair and Marti (2006) argue that such dichotomy is incorrect since SE, although based on ethical and moral issues can include less altruistic reasons such as personal fulfilment, and creation of new markets and new jobs. Correspondingly commercial entrepreneurship also has a social aspect as previously discussed, in terms of CSR. Rather than profit vs. non-profit, Mair and Marti (2006) suggest that the main difference between business and social entrepreneurship lies in the relative priority given to social wealth creation vs. economic wealth creation. Similarly, Peredo and McLean (2006) interpret a range of social entrepreneurs, with a continuum of possibilities ranging from solely socially benefits accrued to a firm to social goals being only but one requirement of the firm; such conceptualisations reflect the absence of sharp boundaries in the SE phenomena.

An additional difficulty in defining SE is to differentiate from the small scale, often voluntary or charitable work done by individuals making a social difference, from the social entrepreneur who establishes a high turnover social enterprise (Harding, 2006). Similar parallels are evident in the entrepreneurship literature (Gibb, 2000) where the difference between small business owners vs. high-growth entrepreneurs are often juxtaposed by way of seeing and doing things which are in sharp contrast to those associated with small business, which is informal vs. the more formal nature of entrepreneurship.

Most definitions of SE in popular discourse as well as in the academic literature focus primarily on social entrepreneurs within and across the non-profit and business sectors. To build on previous work and for the purposes of this article, the term SE, which includes any kind of social, non-profit, voluntary, community service activity or initiative, is used. Definitions of SE range from referring to innovative activity with a social objective in either the for-profit sector, which includes social-purpose commercial ventures and general corporate social entrepreneurship, or in the non-profit sector. SE combines the resourcefulness of traditional entrepreneurship with a mission to change society (Seelos and Mair, 2005). Social entrepreneurs are pathbreakers with powerful new ideas (Bornstein, 1998); they are non-profit executives who pay increasing attention to market forces while maintaining strong social missions (Boschee, 2001). SE is also defined as a behavioural phenomena expressed in a non-profit context aimed at delivering social value through exploitation of opportunities (Weerawardena and Mort, 2006). Focusing on service to the community and research based involvement on current problems of practice, Rosseel (2004) delineates outward-bound academic SE. The UK Small Business Service defines SE as businesses with primarily social objectives, whose surpluses are reinvested in the business or community, rather than being driven by profit maximisation motive (Harding, 2006 p. 4). Because of their structure and constitution social entrepreneurs are able to serve a triple bottom line achieving profitability, societal impact and environmental sustainability, simultaneously (Harding, 2006).

In addition to innovative not-for-profit ventures, SE can include social purpose business ventures, such as for-profit community development banks, and hybrid organizations mixing not-for-profit and for-profit elements, such as homeless shelters that start up businesses to train and employ their residents (Dees, 2001). The non-profits sector's vast array of approaches in pursuing a diverse range of missions is highly creative (Sauer, 2006).

Social entrepreneurship key differences

In developing a body of theory on SE, Austin, Stevenson, and Wei-Skillern (2006) highlight the differences between social and commercial entrepreneurship, and based on a prevailing commercial model explore new parameters when it is applied to SE. Although this distinction clearly overlaps with previous differences highlighted on social goals versus profit, an insight is noted in that the distinction between social and commercial entrepreneurship is not dichotomous, but better conceptualised as a continuum ranging from purely social to purely economic. Some of the key differences that emerge from case examples (Austin *et al.*, 2006) are:

- SE focuses on serving basic, long standing needs more effectively through innovative approaches rather than commercial entrepreneurship which tends to focus on breakthroughs and new needs.
- The context of the SE differs from commercial entrepreneurship because of the way the interaction of a social ventures mission statement and performance measurement systems influence entrepreneurial behaviour (quantification of social impact is difficult).
- The nature of the human and financial resources for SE differs in some key respects because of difficulties in resource mobilisation.

Similarly, Thompson, Alvy and Lees (2000) distinguish between social entrepreneurs and managers as the former being catalysts for entrepreneurial projects, while the latter being critical for seeing initiatives through. Similarly, Thalhuber (1998) notes several major differences between non-profit vs. for-profit social entrepreneurs, such as:

- Strength from collective wisdom vs. personal skills
- Focus on long term capacity vs. short term financial gain

To elaborate on this position emphasizing social value and innovation, the next section explores the related theme of philanthropy.

Venture philanthropy

Dees (2006) defines entrepreneurship in philanthropy as successfully implementing new and better ways of engaging in philanthropy, with the understanding of the term philanthropy broader than giving money, but narrower than any expression of love for humankind; he suggests philanthropy as mobilizing and deploying private resources including money, time, social capital, and expertise, to improve the world. Venture philanthropy has been coined to refer to a method of funding voluntary

organisations based upon the venture capital model that is so prevalent in the high-technology industry (Frumkin, 2006). The idea of venture philanthropy represents a paradigm shift from the notion that voluntary sector organisations merely receive funds from charitable donors, to the notion of earned investment through a collaborative relationship. The emergence of more social entrepreneurs with their improved access to growth capital, and networks to philanthropists has created enormous opportunities for this sector. Recently a trend, identified as philanthropic disintermediation, has emerged where younger donors have eliminated all philanthropic middlemen and look to themselves as the principal agents of their own philanthropy (Frumkin, 2006).

Theoretical conclusions

A summary of the SE academic literature, suggests a number of themes, preoccupations and domains (Weerawardena and Mort, 2006), which have emerged, generally these are: SE may be expressed in a vast array of economic, educational, welfare, and social activities, reflecting such diverse activities. SE may be conceptualised in a number of contexts, i.e. public sector, community, social action organisations, and charities. Finally the role of innovativeness, proactiveness and risk taking in SE are emphasised in distinguishing SE from other forms of community work.

Additionally the definition of sustainability in the non-profit sector is quite different from the for-profit sector, with the advocacy of sustainability vs. stability being contentious in view of organisations having sustainable finances, but no community support and therefore probably not sustainable. Moreover, there may be a danger, considering the non-profit sector is becoming more business-like, that they miss out on those audiences traditionally supportive of this sector. Moreover, SE, which is rooted in entrepreneurial approaches and ideology, uses the language of business and for many individuals committed to improving social conditions, there is a discomfort with terminology such as revenue streams and return on investment in reference to social goals; at one level such discomfort may be encountering the unfamiliar territory of business jargon, and at another level the deep discomfort may reflect ideological differences (Johnson, 2003). Although it is impossible to draw clear lines between social entrepreneurs, other non-profit leaders, and for profit entrepreneurs with socially beneficial businesses (Kramer, 2005), social entrepreneurs are frequently reported as a distinct group with more positive attitudes than the general adult population, and less positive attitudes than mainstream entrepreneurs (Harding, 2006). GEM UK finds a fragile attitudinal base in the SE community, with disillusionment setting in the longer they are in practice.

Paper position in relation to debates:

In order to draw some conclusions from these varying debates and definitional controversies, an attempt is made to offer a position in relation to such debates, which allows for further interpretation and analysis. The existing theory has revealed a commonality across all definitions of SE. This is the fact that the underlying drive for social entrepreneurs is to create social value, rather than personal and shareholder wealth, and that the activity is characterised by innovation or the creation of something new rather than simply the replication of existing enterprises or practices. In concordance with other SE reports (Harding, 2006 p. 5) it is argued that the SE definition must reflect two critical features of a social as opposed to a mainstream enterprise: the project has social goals rather than profit, and revenue is used to support social goals instead of shareholder returns.

Operalization of skill requirements for successful SE

Since the focus of this study is on creation of social value through innovation, it is recognised that the mix of managerial competencies appropriate to successful SE may however differ in significant ways from the mix relevant to success in entrepreneurship without the social component (Peredo and McLean, 2006). Because of this distinction, a definition of entrepreneurial competencies/skills is offered:

'An entrepreneurial competency consists of a combination of skills, knowledge and resources that distinguish entrepreneurs from their competitors' (Fiet, 2000 p. 107).

Several emergent themes of SE competencies arise from in-depth case study interviews (Thompson, 2002; Weerawardena and Mort, 2006), some of these are: networking, people management, fund raising, mentoring, business training, environmental dynamics, innovativeness, proactiveness, risk management, sustainability, social mission, and opportunity recognition. Additionally, Thompson (2002) identifies four central themes in the form of a SE map; these are job creation, utilisation of buildings, volunteer support, and focus on helping people in need. In most areas of the map a range of activities can be found involving different degrees of entrepreneurship. Similarly Brinckerhoff (2001) provides a SE readiness checklist which incorporates the areas of mission, risk, systems, skills, space, and finance. It seems the ability to develop a network of relationships is a hallmark of visionary social entrepreneurs, as is the ability to communicate an inspiring vision to motivate staff, partners, and volunteers (Thompson *et al.* 2000). Orloff (2002) identifies one element to be the key to both the emergence of a social venture partnership and its continued success - leadership: the right

person heading up the organisation. Lock's (2001) report on strategic alliances between non-profits and for profit organisations finds the following criteria key to the success of the program:

- A real and tangible mission and vision
- Reliability and commitment of partners
- Trust between the partners
- Setting aside competitiveness for funding purposes
- Power based action plans

Similarly, identifying factors contributing to SE success, Sharir and Lerner (2006) demonstrate that eight variables contribute to success, arranged in order of their value:

- Entrepreneur's social network
- Total dedication to the ventures success
- The capital base at the establishment base
- The acceptance of the idea in the public discourse
- The composition of the venturing team (salaried vs. volunteer workers)
- Forming long term co-operations in the public and non-profit sectors
- The ability of the service to stand the market test
- The entrepreneur's previous managerial experience

These above factors should also be read in conjunction with the type of enterprise in which a community based entrepreneur embarks, which is likely to be a function of skills, trades, and resources available within the community (Peredo and Chrisman, 2006). Additionally, the start-up and success of social entrepreneurs may alter the assessment of the feasibility of engaging in entrepreneurship, where the success of one venture increases the perceptions of the acceptability and desirability of other social initiatives. Many social entrepreneurs find that lessons accumulated from the pioneers in the field are invaluable for future success, and consequently many prescriptions are offered (Boschee, 2001; Fernsler, 2006; Emerson, 1997; Brinckerhoff, 2001), some of these are:

- Earned income is paramount
- Practice organised abandonment (focus efforts and resources)
- Unrelated business activities are dangerous

- Recognise the difference between innovators, entrepreneurs, and managers
- Don't allow non-profit culture to get in the way (take risks, relinquish control)
- Stress customer service/Expect to need large amounts of start-up capital
- Conduct market and pricing research/Pay a good wage

This cumulative set of success factors and the mix of different managerial vs. entrepreneurial competencies are subsequently operationalised in the research design section.

Hypotheses formulation

Based on the exploration of the theoretical issues, together with the aligned view on such debates it is recognised that the underlying drive for social entrepreneurs is to create social value, and that this activity is characterised by innovation or the creation of something new using a mix of managerial and entrepreneurial skills. The following hypotheses are formulated and set at the 0.05 significance level:

Hypothesis 1: The mix of skill items required for successful social entrepreneurs will reflect distinct factor structures.

Hypothesis 2: There are significant differences in factor structures for SEA.

INSTRUMENT DESIGN AND SAMPLING

Extending the SE construct, it seems reasonable to assess prospective social entrepreneur's capacity for practicing SE with a modified skills instrument as gleaned from the literature findings. Hence for the SE skills instrument, several competency/skill items are measured on a 1-5 Likert scale, which constitutes a mix of entrepreneurial and managerial skills. Additionally, two questions pertaining to respondent's involvement or inclinations towards trying to start/manage any kind of social, voluntary, or community service, activity or initiative are posed as yes or no questions.

Pilot testing was used to detect weaknesses in the instrument. Based on the recommendations for the correct size of a pilot group, i.e., 25-100 respondents not having to be statistically selective (Cooper and Emory, 1995), the instrument was pre-tested on colleagues (n = 5) and actual respondents (n = 30) to refine the instrument. Moreover, questionnaire length, instructions to respondents, and anonymity were all considered in the final questionnaire design in order to generate a high response rate (Cooper and Emory, 1995). Notwithstanding these precautions, due to the

exploratory nature of the study, the validity and reliability of these measures is important and factor analysis was employed.

In terms of sampling, the objective was to use students and not the general population. Student populations add control and homogeneity to such a study because individuals studying have been identified as more likely to have interest in pursuing SE. Respondents in this group possess the talent, interest and energy to become the next generation of social and civic leaders (CCSE, 2001 p. 9). Based on these indicators of social entrepreneurs it was decided to target university students from various faculties at different levels of study (undergraduate to post-graduate), with various ethnic backgrounds, in order to obtain representativeness of a typical student population. A judgmental sampling approach was used to represent sample characteristics of respondents most likely to be social entrepreneurs.

Hemmasi and Hoelscher (2005) consider the common practice of using university students as proxies for entrepreneurs convincing, they find that the student sample is very similar to actual entrepreneurs provided that it has high entrepreneurial potential. This notion was extended to include social entrepreneurs.

STATISTICAL RESULTS AND INTERPRETATIONS

Sample statistics

As a matter of practicality the instrument was distributed to students of various faculties in a classroom setting, this allowed the researcher to maintain control over the environment, and ensured that a high response rate was achieved (n = 287).

The sample characteristics in percentages, in terms of: gender, male = (48.8 %) , and female = (49.7 %); age groups, 17-20 = (64.6 %), 21-24 = (30.6 %); education, completed matric and were undergraduate students = (94.1 %); faculty registered in, engineering and built environment = (33.3 %), management = (24.7 %), art and design = (20.3 %), and economic and financial sciences = (15.5 %), with negligible participation from the health and sciences faculties. In terms of ethnicity respondents categorized themselves as Black Africans = (81.8 %), Caucasians/whites = (9.6 %), Asians = (4.8 %), or Coloured South Africans = (2.1 %). Although such ethnic/racial distributions are not typical of all university populations in SA, these categorisations are representative of the broader South African population demographics.

In terms of type of SEA the highest recorded category was religious activities = (25.3 %), followed by sport = (19 %), and education = (12.8 %), with

even distributions among other categories accounting for the balance.

Factor and reliability analysis

Kaiser-Meyer-Olkin measure of sampling adequacy and Bartlett’s test of sphericity were used for the factor analysis and the extraction method was based on principal axis factoring. Two factors were extracted on 8 iterations, with eigenvalues of 4.799 and 1.287, which explained 39.9 % and 10.7 % variance respectively. Referring to table I, all items had factor loadings above .30, with items 12, 14, 15 constituting factor two (named here as the core SE-factor). Factor one (with a mix of entrepreneurial/managerial items) was represented by the majority of the remaining 9 items. The two factors were correlated at .556. The Cronbach’s Alpha for factor one and two are .836 and .712 respectively; with a composite factor Alpha of .858.

Table I. Factor structure for SE skills

	Variables		Factor 1	Factor 2	
1.	Managing finances (M)		.321		
2.	Taking risks (E)		.396		
3.	Networking (E)				
	.424				
4.	Fund raising (E)				
	.657				
5.	Managing people (M)		.424		
6.	Administering a funded program (M)				.736
7.	Producing visionary projects (E)				
	.527				
8.	Managing a team (M)		.554		
9.	Stressing customer service (M)			.339	
10.	Focus and dedication to project (E)			.799	
11.	Being innovative in a project (E)			.918	
12.	Conducting market research (M)			.702	

E = entrepreneurial skills, M = managerial skills

Mean score analysis

Descriptive statistics were calculated for the two-first order factors and the one-second order factors (refer to table II). Based on the initial descriptives,

it was established that age, level of education, and ethnic group were skewed and fell predominantly into one category and were thus accordingly excluded from inferential testing. The mean scores for both the factors are relatively high, i.e., above the midpoint on the 1-5 Likert scale.

Table II. Descriptive statistics on variables

	Factors				Mean	Std. Dev	
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	Factor 1	
2.808	.781	
	Factor 2	
3.078	.924	

Gender							
---------------	--	--	--	--	--	--	--

	Factor 1 Male	
2.776	.815	
	Female	
2.841	.748	
	Factor 2 Male	
3.081	.885	
	Female	
3.076	.969	

Are you currently trying to start any SE							
---	--	--	--	--	--	--	--

	Factor 1 Yes	
2.661	.814	
	No	
2.856	.768	
	Factor 2 Yes	
3.030	.787	
	No	
3.096	.972	

Are you currently involved with or managing any SE							
---	--	--	--	--	--	--	--

	Factor 1 Yes
2.766	.679
	No
2.821	.802
	Factor 2 Yes
3.030	.850
	No
3.091	.944

Which faculty are you currently studying in
--

Factor 1 Art, Design and Architecture	2.886	.829
Economic and Financial Sciences	3.056	.795
Engineering and Built Environment	2.561	.762
Management	2.858	.714
Total	2.799	.789
Factor 2 Art, Design and Architecture	2.919	1.045
Economic and Financial Sciences	3.224	.847
Engineering and Built Environment	2.983	.845
Management	3.263	.973
Total	3.084	.932

Inferential testing

Where mean scores on separate factors were calculated, the following test results were analysed: gender - the independent samples t-test procedure was carried out with no significant differences at the 0.05 level detected; current or future SEA, no significant differences at the 0.05 level were detected; and faculty registered in, using ANOVA (see table III), for factor 1 there is a .004 (4.00 %) probability of obtaining an F Value of 4.506 if there are no differences among group means in the population. Since this probability does not exceed the .05 level one can conclude that there are significant differences for factor 1 relating to type of faculty. Hence to determine which specific faculties differed on SEA, a more stringent test, i.e., the Multiple Comparison Scheffe test was calculated for the dependant variables as factor 1 and the final factor solution. There was a difference within specific faculties; engineering and built environment (EBE) vs. economic and financial sciences (EFS) (factor 1 = 0.010), and (factor 2 = 0.022).

CONCLUSIONS ON EMPIRICAL RESULTS AND CONCEPTUAL INTEGRATION

In conclusion based on the above findings, although results are modest, particularly in the number of active and future social entrepreneurs, they are not trivial. Such findings are reasonably good for exploratory research in a new domain such as SE in SA. The profiles of the individuals represented in this sample are typical of potential social entrepreneurs, with previous studies conforming that such respondents are likely to have interest in pursuing SE.

Although any generalizations would mar the rigor of the analysis undertaken it is tempting to categorize SEA in SA as generally low. Discussions that follow, with respect to empirical results will be of a specific nature, in order not to go beyond these findings, and on a more general level findings are discussed and juxtaposed against existing research.

Empirical conclusions:

The validity and reliability of the instrument used to assess SE competencies was established and offers insights into the levels and mix of skills used by current and potential social entrepreneurs; specifically the eclectic mix of managerial and entrepreneurial skills is reaffirmed as both being necessary for practicing SE. Partial support for hypothesis 1 is offered in that two factors were obtained, and consequently named as the core skill set (factor 2), and the entrepreneurial/managerial skill set (factor 1). It could be argued that the three items representing factor 2 – fund raising, administering the project and visionary leadership are critical and constitute the core to any type of SE engagement. Factor 1, comprising the majority of the items used to measure SE skills - a mix of 9 managerial and entrepreneurial items - indicates that individuals displaying both sets of skills, may regard themselves as are more efficacious than when only one set of skills is solely relied upon. Although based on the empirical results both factors also had a relatively high mean score.

In accordance with previous findings (Turner and Martin, 2005), it is apparent that although the SE construct is naturally focused on distinct entrepreneurial competencies, these skills are complemented with more traditional management skills. These two sets of skills are not perceived as mutually exclusive, as both are required for successful SE. Complementary competencies are a key determinant for successful SE (Turner and Martin, 2005). A pure managerial approach, without reference to entrepreneurship skills would have counteracted the purposes of practising SE, as was conceptualised for this study.

For hypothesis 2, in relation to differences between factors among the study

variables, the only statistically significant differences were found between types of faculties, with the EFS faculty having significant higher scores on both factors. It is plausible that the sample of respondents from the EFS faculty consider their abilities in financial and managerial related matters to be greater than other faculty members, probably as a result of exposure to similar type of discourse used in SE and the EFS faculty.

In relation to previous studies these findings also contradict the order and priority of variables where substantive differences in networking have a much lower correlation than stipulated in Sharir and Lerner's (2006) findings, specifically where being innovative, focused and conducting research are higher order priorities. These differences imply a different skill set arrangement with commensurate differences in educational and training priorities which target fostering innovation and employing research principles amongst other skills.

SEA as comparative indicator:

As conceptualised for the UK GEM report, SEA does not measure all socially motivated enterprise activity but rather provides an indication of propensity of particular groups to strive for entrepreneurial rather than economic means. In the UK the SEA rate is 3.2% of the adult population, which is directly comparable with their Total Entrepreneurial Activity (TEA) rate of 6.2%. The UK sample results indicate that 24.4 % of the sample is currently trying to start a venture; however the majority, 73.9 % answered no to any such inclination towards SE initiatives. In this study 17.2 % of respondents indicated yes to current involvement with SEA, and 81.4 % answered no to such involvement. Nonetheless a meaningful comparison between these rates is not entirely suitable as the UK GEM 2006 uses survey data from 27, 296 18-64 year olds randomly stratified.

Based on this study's exclusive student sample, results indicate that students are likely as a group to be engaged in SE, although no comparison with any non-student population groups were made. In the UK, some 5% of student population are social entrepreneurs compared with 3.5% of those in full-time employment (Harding *et al.*, 2005), this indicates that younger people more likely to be involved in social initiatives; the highest SEA rate of 3.9% is in the 18-24 age group, compared to 2.7% in 25-34 age group, with significant differences between youngest and oldest age groups. Education is also predictor of propensity to be a social entrepreneur in the UK, with 5.5% of people with post-graduate qualifications socially active compared with 2.4% of with only undergraduate qualifications. Ethnic group differences were also reported in the UK GEM, where non-white groups (5%) are more likely to be social entrepreneurs than their white counterparts (3%)

(Harding, 2006 p. 15).

As findings indicate the prevalence of SE is more widespread amongst younger people with education, and who are labour market inactive, characteristic of our study sample.

Conceptual integrations:

Based on the existing literature, it seems recently there has been an upsurge in SEA driven by changes in the competitive environment. Today non-profit organisations are operating in a highly competitive environment characterised by tighter financial restrictions, with several organisations vying for the same donor funds (Weerawardena and Mort, 2006). Currently the non-profit sector is facing intensifying demands for improved effectiveness and sustainability in light of diminishing funding from traditional sources. Moreover the increasing concentration of wealth in the private sector is mitigating calls for increased social responsibility and more proactive responses to complex social problems (Johnson, 2000 p. 1). Internationally, the SE situation is much the same, with non-governmental developmental organisations (NGDO's) working in developing countries noting their role as primarily providing subsidies on behalf of global donors; this has created the circumstances for 'patronage, dependency, pathological institutional behaviour and financial malpractice' (Johnson, 2000 p. 3). What may be called a beggar mentality has emerged in many communities where there have been massive aid interventions (Peredo and Chrisman, 2006 p. 311).

People identified as social entrepreneurs are viewed as essential proponents of social change, with their capabilities, character, and leadership abilities often under scrutiny (Kramer, 2005). Established research indicates a wide range of both entrepreneurial and managerial skills, with significant overlaps, as necessary for successful SE. Like business entrepreneurs, social entrepreneurs initiate and implement innovative programs, even though they are differently motivated, the challenges they face during start-ups are similar to those faced by business entrepreneurs (Sharir and Lerner, 2006). The commercial entrepreneur thrives on innovation, competition and profit, whereas the social entrepreneur prospers on innovation and inclusiveness to change the systems and patterns of societies (Jeffs, 2006). Moreover it seems that a core set of skills seems indispensable to undertake SE, even though a large number of elements play a role in SE, i.e., local culture, community management practices, previous occupational or technical skills, perceptions of macroeconomic, and the legal, social, and political environments (Peredo and Chrisman, 2006).

Challenges for Social entrepreneurs

Social entrepreneurs and philanthropic efforts are not without criticism and widespread flaws are evident in their foundations. Specifically the unjustifiable high administration costs, which remain to this day (Economist, 2006). With little effort devoted to measuring results involving the double bottom line (financial and social performance) or the triple bottom line (financial, social and environmental), which in any case are readily susceptible to statistical manipulation, the fuzzier goals of empowering people or changed lives further obfuscate the outputs of SEA. Cook, Doods and Mitchell (2003 p. 64) highlight the false premises and dangerous forebodings of SE when they argue that pursuing social justice aims, which cannot be valued in the market, using a private entrepreneurial model, is likely to violate the case for market efficiencies. Hence the difficulty for social entrepreneurs to balance resource allocation between profit-making and welfare-providing activities becomes apparent. In fact it could be argued that it is undesirable to implement a welfare system where the beneficiaries are now subject to the vagaries of the entrepreneurial model.

Recent research (Madden and Scaife, 2006) has identified key barriers for SE community engagement as: overwhelming requests and choice of viable options, lack of formal processes to handle requests, and lack of vision for community engagement, all of which are also highly relevant towards explaining the low SEA rate as reported in the findings.

Study limitations

The study is limited by the early stage of theoretical development in the SE construct and related measures. Moreover, research is limited by the restricted sampling frame; the use of students may underestimate the psychological diversity of the general population, even though SEA is predominant among student populations. Since survey data were self-reported; the study is also prone to bias (e.g., self-serving bias with regard to skills level).

Study implications

It is a first in SA that SEA was empirically derived, and also measured associated competencies. A contentious issue in SE, because of the newness of the concept, is that there are few institutional mechanisms in place to support this work (Johnson, 2000); related to this issue of support is the issue of training and capacity building for SE; if SE is defined as principally employing entrepreneurial and managerial skills to the non-profit sector, then these skills are fairly replicable. However if SE is defined as a highly

creative and innovative individual approach , replication will be much more difficult to achieve and focus would then be on developing conditions in which latent entrepreneurial talent can be harnessed for social purposes (Johnson, 2000). Moreover, social entrepreneurs based in the community are able to add value in ways that are often not possible through mainstream policies, i.e., their closeness to the community, and their perception for having a capacity for innovation that autocratic bureaucracies traditionally do not have (Turner and Martin, 2005).

As with mainstream entrepreneurship, SE activity is heavily influenced by access to training, modelling, and by promoting SE as an alternative business model within schools, colleges, and universities, exposure and training could induce early stage SEA. As construed from the literature, social entrepreneurs are community-centric and rely heavily on networks and support structures, such networks being easy and cheap to establish (Harding, 2006, Sharir and Lerner, 2006). Since competencies can be nurtured, and since funding requests often require concomitant competencies to add value, and there is a positive link between SE success and skills, training and development for SE should be mandatory (such as the school for social entrepreneurs in the UK) (Sharir and Lerner, 2006). Perhaps particularly in SA, which is currently beset by social inequalities, social entrepreneurs should look for the most effective methods of serving their social mandate through funding and sponsoring the activities of community based projects. By developing capacity through relevant interventions and partnerships, social entrepreneurs can add value and meet the needs of groups who have been failed by previous government attempts in social redress. But government also has a role in fostering a culture of social enterprise by raising awareness of social enterprises among students through education and through disseminating information and providing resources to promote social entrepreneurship.

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Table III. ANOVA for Faculty registered in.

		Sum of Squares	df	Mean Square	F	Sig.
Factor 1 4.506	Between Groups	8.073	3	2.691		
	Within Groups	139.150	233	.597		
	Total	147.223	236			
Factor 2 1.992	Between Groups	5.137	3	1.712		
	Within Groups	204.599	238	.860		
	Total	209.736	241			
Final Factor .013	Between Groups	5.923	3	1.974		3.675
	Within Groups	121.961	227	.537		
	Total	127.884	230			