

BEST PRACTICES OF (*HYBRID*) SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA
LODGE, EASTERN CAPE

by

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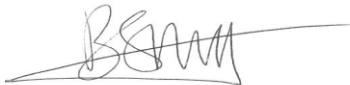
BLOEMFONTEIN
02 February 2018

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DECLARATION

I, Bulelani Silangwe (student number 2013121484) declare that the dissertation submitted for the qualification, Master's Degree in Development Studies is my own work and that I have not submitted the same work previously for a qualification at a university.

I further cede copyright of this dissertation to the University of the Free State.



Bulelani Silangwe

DEDICATION

To my family, who unconditionally support all my ambitions

This dissertation is specially dedicated to my late niece, Namhla “Hlehle” Mbambe (28 December 1987 – 05 December 2017) who was always telling me how much she admired my passion for learning.

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This research journey has been a humbling experience that has shaped my thinking about development, particularly in the remote areas of South Africa. I have grown both personally and professionally during the time of conducting this study.

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CHAPTER 1: SETTING THE SCENE

1.1 INTRODUCTION

Poverty remains a huge socio-economic challenge facing people worldwide, particularly in developing countries. One billion people, who live in extreme poverty, represent 14,5% of the world's population. In Sub-Saharan Africa, 47% of the population experience poverty (Martin, 2015; World Bank, 2015). In South Africa, where this study is based, 26% of the population is unemployed, according to Statistics South Africa (2016).

Neither development agencies nor multinational enterprises are better placed to come up with innovative solutions to address global socio-economic challenges, at least not on their own. The interconnectedness of problems that make up large-scale social challenges are usually context-specific and cannot be addressed only through direct interventions, such as donations of food and medicine. Social entrepreneurial interventions, on the other hand, have the capacity to respond to the ecosystems (within the economy) that generated the social problems in the first place (Seelos, Ganly & Mair, 2005).

According to VanSandt, Sud and Marmé (2009), the emergence of social entrepreneurship is one of the significant interventions on the rise in the efforts to fight poverty. This research is therefore within the context of a need to explore innovative ways to eradicate poverty and to bring about positive social change.

Social entrepreneurship (SE), as a rapidly growing phenomenon worldwide, has become an enthralling field of interest for many sectors. It receives attention from academics and the public and private sectors because of its capacity to drive social change, thereby bringing about positive transformation in societies (Martin & Osberg, 2007). Battilana and Lee (2014) add that there is a strong case for further research in the field of SE to advance social and market goals.

This study explores best practices of hybrid social entrepreneurial organisations from the viewpoint of a community-based social enterprise. Looking at a single case study, the researcher examines the management and operations of the Bulungula Lodge and

Incubator in the Eastern Cape, management processes and their effect on the sustainability of the enterprise, as well as the dynamics faced by these organisational forms in advancing both social missions and financial sustainability. Depicted in the table below is the outline of this dissertation.

Table 1 Structure of the dissertation

Chapter 1	Introduction Problem statement Aim and objectives Research methodology
Chapter 2	Institutional theory Social entrepreneurial literature The story of Bulungula
Chapter 3	Hybrid social entrepreneurship Profile of the case study
Chapter 4	Findings from the case study
Chapter 5	Concluding thoughts and recommendations

1.2 PROBLEM STATEMENT

When looking at the ideals of social entrepreneurship, it is evident that it represents an important vehicle for addressing socio-economic challenges such as poverty, particularly in developing countries. However, given the novelty and complexity of the SE phenomenon (Doherty, Haugh & Fergus, 2014), there remains a gap in understanding best practice models that can be adopted to achieve self-sustainability to address social challenges on an expansive scale (Bloom & Smith, 2010).

Thus, there is a need to look closely at institutions that implement social entrepreneurial activities, particularly those based in poor regions (Alvord, 2004), in order to explore a range of practices and models of operations that could significantly contribute to addressing socio-economic challenges and scaling of social impact. SE is still in the initial phases of theoretical development (Urban, 2008) and one of the models that have not received much attention is the concept of Hybrid Social Entrepreneurship (HSE), on which this study is based.

1.3 AIM AND OBJECTIVES

The aim of the study was to explore best practices in a hybrid social entrepreneurial organisation. An analysis was conducted of the mechanisms (DiMaggio & Powell, 1983) and processes used to operate the Bulungula Lodge and Incubator as a hybrid social enterprise model in the rural Eastern Cape in order to determine factors that influence the self-sustainability and scalability of such a model. To achieve the aim articulated above, the researcher sought to address the following objectives addressed by this study:

- To ascertain socio-economic benefits brought about by a hybrid social enterprise
- To explore mechanisms used in the institutional theory in management processes of social enterprises
- To determine factors that influence management and operations processes in a hybrid social enterprise
- To highlight best practices and recommendations on how (hybrid) social enterprises can achieve self-sustainability, expansion and scaling

1.4 RESEARCH METHODOLOGY

1.4.1 Introduction

This section presents the methodology the researcher used to explore best practices of a hybrid social entrepreneurial organisation, which looked at a single case study based in the Eastern Cape province of South Africa. The research paradigm used to approach the study, as well as the case study design, is outlined. Further, a data collection strategy is presented by describing the tools used to collect the data, followed by a sampling design to contextualise the involvement of the research participants. The researcher has considered ethical issues related to conducting the research and the considerations are contextualised in this section. The last three divisions present a measurement map to guide the study on the framing of the research questions, as well as how the data was analysed and, finally, the limitations of the study. The approach to the study is presented in the following section.

1.4.2 Approach to the study

This study adopted a qualitative paradigm that led to a single method design. To gain deeper insights and an understanding of the complex phenomena contained in social entrepreneurial organisations, the researcher conducted a case study analysis (Baxter & Jack, 2008). This involved the use of individual semi-structured interviews and a focus group for the data collection. Thematic data analysis was used to analyse these instruments.

The next section provides reasons and justification for the choice made by the researcher in relation to the suitable research approach, research design and research methods that were employed for data collection.

1.4.3 Qualitative approach/research paradigm

The study explored the best practices of social entrepreneurial organisations by examining the management and operations processes in a single case study, namely, the Bulungula Lodge and Incubator. The what, why and how questions (Bryman, 2012), related to mechanisms used and management processes that influence the operations and running of the Lodge, were asked to understand and determine the best practices.

Qualitative research is defined as the social science research paradigm that explores developments that trigger human behaviour. It is classified as a non-experimental method as it does not measure cause and effect phenomenon. Qualitative research uses exploratory techniques such as case studies, interviews and other personal methods (Salkind, 2012). The differentiating factors of qualitative research, according to Creswell, Creswell, Ebersöhn, Eloff, Ferreira, Ivankova, Jansen, Nieuwenhuis, Pietersen and Plano Clark (2016), are that it is dependent on words as opposed to numerical data like in quantitative research, and uses meaning-based methods of analysing data as opposed to statistical methods. The researcher recognises that what the participants said in the focus group and their responses to the interviews generated a rich, deep understanding of what happens at the Bulungula Lodge and Incubator.

There are some benefits to using the qualitative research approach, particularly for this study. Qualitative research enabled the researcher to explore the research setting through gaining preliminary insights into a phenomenon (i.e. hybrid social entrepreneurship) that has not been well researched previously (Leedy & Ormrod, 2015). Research acknowledges that social entrepreneurship is a multidimensional phenomenon that many people struggle to understand (Masseti, 2008) and, as such, the Bulungula Lodge as a social enterprise presented a myriad of complex contexts during data collection. Qualitative research was therefore a suitable approach as it has the ability to uncover multifaceted relationships between concepts and people, as well as the research setting itself (Leedy & Ormrod, 2015).

The researcher took note of the criticisms levelled against qualitative research, as highlighted by Bryman (2012). In qualitative research, the researcher develops a close relationship with the participants and this provides an opportunity for bias as the findings can be too reliant on the researcher's discretionary assessments of what is important. Another limitation is that the study's findings cannot be generalised. Therefore, the findings of one case cannot be demonstrative of what could happen in another case not involved in the study (Bryman, 2012). As cost-effective as online interviews are, semi-structured interviews cannot be administered online, as interviews in quantitative studies (Gray, 2013); therefore, a qualitative study is more costly and time-consuming. Lastly, another disadvantage of qualitative data analysis worth noting has to do with coding; through removing some of the texts from the settings, context can easily be lost (Bryman, 2012). That said, the study explored an case study to gain a better understanding of the case setting and what it presents (Baxter & Jack, 2008).

1.4.4 Single method research design

For this study, the researcher used a case study. The researcher considered a single case method as suitable for this study to gain deeper insights into the hybrid social entrepreneurship phenomenon (Yin, 2003).

1.4.4.1 Case study

A case study is a technique, which can be used to study an institution in a distinctive setting in as much detail as possible. A case study allows the researcher to gather as much information as possible about the conditions surrounding the institution and about the institution itself in a unique manner (Salkind, 2012). A single case can be used to examine the extraordinary qualities found in the particular case. It has the ability to provide a clear understanding of the phenomenon being studied and can inform application in similar circumstances (Leedy & Ormrod, 2015). The Bulungula Lodge and Incubator have exceptional qualities in the sense that both institutions combine community-based development and eco-tourism. They also have a strong focus on addressing social challenges through education, health and sustainable livelihood programmes (Bulungula Incubator, 2014; Bulungula Lodge, 2016). The reason this study used a single case study, as the research design, was to gain in-depth insights into the operation and running of the Bulungula Lodge in its implementation of the aforementioned initiatives.

The advantage of utilising a case study approach is that it allows the researcher to focus on one institution; thus, providing the opportunity to examine the institution in depth, leading to detailed data collection and analysis (Salkind 2012). Data collected through a case study tends to be richer when using qualitative data, rather than using a questionnaire. The researcher also develops a closer personal relationship with the participants. According to Morris and Wood (1991), a case study's ability to generate rich data provides the researcher with an understanding of the research setting and the processes involved. Furthermore, in an exploratory study such as the current study, the use of a case study as the research design is highly recommended (Saunders, Lewis & Thornhill, 2009).

The case study method also has several limitations. Firstly, it is a time-consuming method of research due to the complexity of the settings and conditions that need to be adhered to. There is also no room for speculation based on what has been observed by the researcher. Furthermore, the cause and effect link cannot be determined between what is observed and what the researcher thinks might have led to the outcomes (Salkind, 2012). For this study, the researcher acknowledges that the Bulungula Lodge is based in the community and that community members are

involved in the running of the Lodge (Bulungula Lodge, 2016). During data collection, the researcher observed a range of activities, yet could not determine cause and effect. One of the major limitations of case study research that many researchers agree on is the non-generalisability of the findings. Even if another institution presents the same characteristics as the case under study, the researcher cannot base conclusions on the similarities to reach a conclusion (Creswell *et al.*, 2016; Mouton, 2015; Salkind, 2012). Leedy and Ormrod (2015) concur by highlighting the uncertainty on the generalisability of the findings to other settings, particularly in the use of a single case study. In this case, Saunders *et al.* (2009) recommend that an explanatory format of what is happening in the research setting be followed. According to Salkind (2012), different methods can be used to source crucial information for the study. Therefore, this study made use of two data collection instruments, semi-structured individual interviews and a focus group. They are explained in further detail in the section below.

1.4.5 Data collection strategy

Qualitative research offers a multitude of data collection methods to give the researcher an opportunity to gather rich data (Leedy & Ormrod, 2015). The benefit of using qualitative methods of data collection is that they offer a good opportunity for the researcher to explore and gain insights into deeper perspectives, while availing room for interpretation (De Vos *et al.*, 2011).

This study used semi-structured individual interviews and a focus group as tools to collect data. Both tools are introduced in the section below.

1.4.5.1 Semi-structured interviews

This qualitative method of questioning is based on a set of themed questions prepared by the researcher in advance (Saunders *et al.*, 2009), with open questions asked first, then interviewees are asked to further clarify, and discussions emerge from probing (Creswell *et al.*, 2016). The researcher was aware of the significant amount of time the interviews usually take and the deep engagements involved, as highlighted by De Vos,

Strydom, Fouché and Delport (2011). This was the case at the Bulungula Lodge and Incubator, given the multifacetedness of the research setting. The Lodge is a community-based institution, fully owned by the community members, with some of them part of the management team (Bulungula Incubator, 2014).

There are important factors that were taken into consideration when conducting the semi-structured interviews. Whitting (2008) provides some guidance on semi-structured interviews to novice researchers, which includes emphasising the importance of identifying the participants and establishing their appropriateness. The characteristics of suitable interview participants include the following: the participants' expertise defined by their active involvement in the key activities within the research setting; their capability to articulate comprehensive information about the setting drawing from their experiences; and lastly, their willingness to participate in the interview (Morse, 1991; Whitting, 2008).

After identifying suitable participants for the interview, the researcher ensured that two key probing strategies were employed for the study, as recommended by Maree (2016). These were elaboration and clarification probes, which enabled the researcher to obtain a comprehensive depiction of certain aspects of the Bulungula Lodge and the Incubator, as well as to paraphrase what was said by the interviewees (Creswell *et al.*, 2016). Bryman (2012) highlights the flexibility offered by semi-structured interviews, in that participants are given an opportunity to elaborate on their responses, and they can further clarify when the interviewer probes. This tool was beneficial to this study when community members, management officials of the Bulungula Lodge and the Incubator, Mbhashe Municipality officials, and staff of the Eastern Cape Parks and Tourism Agency were interviewed. The interviews had the capacity to generate further insights into the processes of the operations at the institution, as well as highlight relationships between the constructs (Bryman, 2012).

An interview schedule was developed to assist in capturing the responses and guide the interview in an orderly manner. Further, the researcher carefully thought through and chronologically drafted the questions to control the flow of the interview (De Vos *et al.*, 2011). A voice recorder was used to record most of the interviews for ease of transcription during data analysis (Creswell *et al.*, 2016). Of all the participants, two

agreed to be interviewed, but asked not to be recorded; thus, only notes were taken by the researcher.

1.4.5.2 Focus group

Bryman (2012:502) defines a focus group technique as:

A form of group interview in which: there are several participants; there is an emphasis in the questioning on a particular fairly tightly defined topic; and the accent is upon interaction within the group and the joint construction of meaning.

Focus groups involve group interactions, whereby even the shy participants are able to take part and express their perspectives and feelings. Therefore, data generated in focus groups tend to be rich in content and group dynamics can be an important aspect for data analysis (Salkind, 2012). This technique was beneficial as it gave the researcher an opportunity to gain various perspectives that emanated from the discussions about operations at Bulungula Lodge. The researcher also learnt much more from the interactions between the participants on the various benefits brought about by the establishment of the Lodge (De Vos *et al.*, 2011). Salkind (2012) further highlights the benefits of the interaction that occurs among participants. It offers the researcher insight as the participants' ideas are able to feed off each other, thus generating rich content that benefit the study. This usually occurs when unsolicited comments and new perspectives emerge easily during focus group interactions; hence, they can offer invaluable inputs to the study (Salkind, 2012).

For this study, a focus group was a beneficial tool to engage the employees of Bulungula Lodge, who are also community members and involved in the operations, to gather more in-depth information about the Lodge. The researcher selected the relevant population sampled during data collection; the sampling design is outlined in the following section.

1.4.6 Sampling Design

Given limited time and financial resources, having an entire population participating in any study is not practical. The sampling technique therefore assists the researcher to extract scientific samples that are representative of the research setting population (Creswell *et al.*, 2016). Contrary to quantitative research's goal of generalising results from the population to interpret data, the objective of qualitative research is to try to solicit insights and perspectives from the participants in order to understand the practices within the research setting (Onwuegbuzie & Leech, 2007).

1.4.6.1 Purposive sampling

This study used a purposive sampling method for the semi-structured interviews as the researcher had a particular purpose (Creswell *et al.*, 2016) of understanding a multitude of focus areas managed by the Incubator (education, health and nutrition, basic services, and sustainable livelihoods) and determine the relationships between contexts at Bulungula Lodge and the Incubator (Woodroffe & Martin, 2012). A purposive sampling method is an example of a non-probability sampling technique in which the participants are selected based on the researcher's judgement about who are the most useful and representative (Babbie, 2013). It also means members of the population did not have an equal opportunity of being selected (Salkind, 2012). For the semi-structured interviews, the researcher interviewed the founder of the Bulungula Lodge, the co-founder of the Bulungula Incubator, and the management of both the Lodge and the Incubator, based on their roles within the organisation. Table 1.1 presents information on the sample that participated in the semi-structured interviews and the focus group interview. The researcher obtained more information during the first contact with the case study. Interviews were conducted with those involved in the Bulungula Lodge and Incubator until data saturation was reached. Data saturation refers to a situation during data collection where no new information on the phenomena is emerging, with respondents repeating the same response (Creswell *et al.*, 2016).

The researcher made use of one focus group that included ten employees who work at the Lodge. The researcher purposely selected these employees for the following reasons: firstly, they were involved in the operations of the Lodge; secondly, they were fulltime members of the community; and lastly, they were beneficiaries of the programmes implemented through the Incubator. The sample included in the focus group was selected purposively. The researcher selected general employees, working at the Lodge, who also are members of the Nqileni community with knowledge of the work done at Bulungula.

Table 2 Purposive sample of participants involved in the study

Participant (pseudonym)	Method of data collection	Date of interview	Institution	Reference
Martin	Semi-structured interview	17/08/2017	Bulungula Incubator	Martin, 2017
F02	Semi-structured interview	15/08/2017	Bulungula Incubator	F02, 2017
JO1	Semi-structured interview	16/08/2017	Bulungula Incubator	JO1, 2017
JO2	Semi-structured interview	16/08/2017	Bulungula Incubator	JO2, 2017
MP1	Semi-structured interview	17/08/2017	Bulungula Lodge	MP, 2017
MS1	Semi-structured interview	18/08/2017	Bulungula Lodge	MS1, 2017
MS2	Semi-structured interview	17/08/2017	Bulungula Lodge	MS2, 2017
AB1	Focus group (10 participants)	15/08/2017	Bulungula Lodge	AB1, 2017
OZ1	Semi-structured interview	17/08/2017	Incubated entrepreneur (Bulungula Lodge)	OZ1, 2017
OZ2	Semi-structured interview	17/08/2017	Incubated entrepreneur	OZ2, 2017
INS1	Semi-structured interview	06/10/2017	Eastern Cape Tourism and Parks Agency	INS1, 2017
INS2	Semi-structured interview	31/10/2017	Mbhashe Local Municipality	INS2, 2017

Purposive sample of participants involved in the study

The table above provides information on the participants who took part in the study. Pseudonyms, according to Orb, Eisenhauer and Wynaden (2000), are used to protect the identity of the participants. However, David Martin, who is the founder of Bulungula Lodge and the Incubator, is the only participant referred to by his real name, because he is easily identifiable in the text. Rejane Woodroffe, co-founder of the Bulungula Incubator and wife to David Martin can also be identified easily.

1.4.7 Ethical considerations

Any type of research is subject to ethical considerations for protection of the researcher and the participants, as well as to maintain the research integrity and credibility of the results (Orb *et al.*, 2000). Research offers the researcher an opportunity to engage freely with the participants guided by mutual respect, reasonable expectations, and acceptance. There are limited restrictions guiding this interaction (Sarantakos, 2000), and the researcher in this study exercised great caution in not infringing upon the human rights of the participants. The study did not involve vulnerable people, such as children, therefore the researcher was not required to obtain ethical clearance from the Faculty involved at the University of the Free State.

For this study, the researcher drew and used data only from the participants invited to the semi-structured interviews and the focus group. This was done by taking into consideration issues of voluntarism in terms of participation and sharing of information. As recommended by Salkind (2012) and Mouton (2015), the researcher considered the following ethical issues for this study:

- A written consent form was developed and disseminated to all the invited participants, as well as to the management of Bulungula Lodge and the Incubator. The form clearly stipulated the purpose of the study and the participants were requested to sign the form to provide official consent. Informed consent means that detailed information on the research objectives, the expected length of the participants' involvement, and the procedures followed to conduct the study was clearly communicated to the participants, and they agreed to participate (De Vos *et al.*, 2011). Furthermore, as highlighted by Yates (2004), consent was also

solicited from the heads of the Lodge and the Incubator and from the tribal chief of Nqileni village.

- As recommended by Salkind (2012), privacy and confidentiality was exercised by the researcher by using pseudonyms for the participants to protect their identity. The participants' right to maintain their anonymity was also respected. However, as highlighted by Orb *et al.* (2000), the use of a pseudonym may not be enough in the case of participants from a small community who can easily be identified. As this is the case at Bulungula, it is suggested that circulation of the research study be restricted.
- The researcher did not make empty promises about addressing socio-economic challenges affecting the communities and the participants of the study.
- The researcher ensured that the participants and the community at large were not subjected to any harm, be it physical or psychological.
- Lastly, the participants were assured of their right to withdraw from participating in the study at any time, without facing any consequences (Salkind, 2012).

The researcher considered the storage of data in both hard copy and electronic format to comply with the Protection of Personal Information Act (Department of Justice, 2013). Hard copies are stored in a locked cabinet, which only the researcher has access to. Electronic copies are stored in a secure password-protected file. The information will be kept for five years and disposed of by shredding the hard copies and deleting the electronic version thereafter.

1.4.8 Measurement map

The researcher developed a measurement map that guided the study on the framing of the questions, and how the data was analysed. Thematic and literature analyses were used as techniques to analyse the data. The researcher used thematic analysis as a qualitative research strategy to analyse the data. Thematic analysis involves a process of identifying themes through interrogation of the data generated from the data collection process (Rice & Ezzy, 1999). According to Fereday and Muir-Cochrane (2006), thematic analysis is a method of organising data through recognising patterns within the collected data, from which emerging themes are systematically organised into categories for ease of analysis.

As the study was conducted using the qualitative paradigm, theming and coding data were suitable techniques of analysing the large amount of data that was generated from the focus group and structured interviews. Thematic coding, according to Gibbs (2007), is a method of data analysis in qualitative research, which helps a researcher identify passages of text associated with a common theme or idea allowing him/her to catalogue the text into categories and therefore establish a structure of thematic ideas. Coding helped the researcher label the content and meaning according to the needs of the research questions (Saldana, 2009). Secondary analysis of the literature was done to help the researcher introduce new viewpoints in the existing data (De Vos *et al.*, 2011). Below, find a table aligning the objectives with the research questions, instruments and analysis.

Table 3 Representation of the research measurement map

Objective/Question	Construct	Variable/s	Data source	Data/Questions	Data analysis
Objective 1: To ascertain socio-economic benefits brought about by a Social enterprise	Socio-economic status	<ul style="list-style-type: none"> - Employment - Education - Income 	Semi-structured interviews with management Focus group with employees	<p>Outline socio-economic benefits that accrue to staff and the community at large brought about by establishment of the Bulungula Social Enterprise.</p> <ul style="list-style-type: none"> - How much have you spent on skills development since the establishment of Bulungula? - How many people are employed by the establishment? - How does the establishment earn its income? 	Thematic analysis
	<p>Social entrepreneurship</p> <p>Socio-economic status</p>	<p>Social value creation</p> <ul style="list-style-type: none"> - Employment - Education - Income 	Semi-structured interviews with incubated programmes and individuals	<p>How has social entrepreneurship been influential in the creation of social value in the communities?</p> <ul style="list-style-type: none"> - How are you involved in decision-making processes? 	Thematic analysis

				<ul style="list-style-type: none"> - Are your views taken into consideration and incorporated in the final decisions? - What is your role in the running of the Bulungula? <p>What are the socio-economic benefits brought about by the establishment of the Bulungula social enterprise?</p> <ul style="list-style-type: none"> - How has your level of income been affected by the Bulungula social enterprise? - What is your highest qualification and which skills development opportunities have you been offered by Bulungula? - Where were you employed before the establishment of Bulungula? 	
To explore mechanisms used in the institutional theory in relation to the management processes in social enterprises	Organisational culture	Business processes	Semi-structured interviews with management	What mechanisms are used in the institutional theory in relation to management processes in social enterprises?	Thematic analysis
	Institutional theory	Different theoretical perspectives	Literature review	<ul style="list-style-type: none"> - What are other existing perspectives on institutional theories? 	Literature analysis

				<ul style="list-style-type: none"> - Are there international cases that present interesting business practices and models? - Obtain information on management and operations of different types of social enterprises both locally and internationally 	
To determine factors that influence management and operations processes in a social enterprise	Management and operations processes	Business practices	Semi-structured interviews	What factors influence management and operations processes for best business practices?	Thematic analysis
To highlight best practices and recommendations on how (hybrid) social enterprises can achieve self-sustainability, expansion and scaling	Sustainability	<ul style="list-style-type: none"> - Profitability - Governance - Social capital 	Literature review	How can SEs achieve self-sustainability, expansion and scaling?	Thematic analysis Literature analysis
	Expansion		Semi-structured interviews		
	Scalability		Focus group		

The section below will discuss the data analysis in detail.

1.4.9 Data analysis

In qualitative research, data analysis is usually co-operative and follows a continuing process. As depicted in Figure 1 below, that process is cyclical in nature as the researcher observes certain elements in the data, then continues to the collection of data, and this process leads to reflection whereby the researcher thinks through the data. This reflection usually generates new ideas and follow-up questions, which lead the researcher back to the field to collect more data and to further interaction with the participants (Creswell *et al.*, 2016).

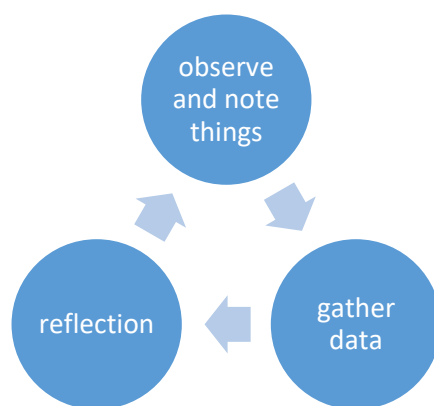


Figure 1 Process of data collection (Creswell et al., 2016:109)

Analysis of the data encompasses the splitting of a set of data into themes, allowing the researcher to determine the relationships between concepts and perspectives for ease of interpretation. The main objective is to understand the link between the concepts in order to ascertain their configurations and trends so that they can be isolated (Mouton, 2015). This study explored the practices employed to manage and run the Bulungula Lodge and Incubator. The researcher also sought to understand the relationships between concepts that make up those practices and test them against scientific literature on best practices in social entrepreneurship.

The data was analysed utilising qualitative content analysis with coding according to themes and sub-themes in the data (Bryman, 2012). The application of inductive and deductive reasoning (De Vos *et al.*, 2011) meant that the researcher explored the research

problem by asking open-ended questions, first to gather as much information as possible, and to learn as the inquiry was being conducted. This is referred to as analytic induction. Deduction reasoning, as a final process of reflecting on the collected data, is done to determine conclusive explanations (Saldana, 2017). This hybrid thematic analysis approach (inductive and deductive) complemented the responses to the research questions in that it allowed the views of the participants to be integrated in the deductive analysis and at the same time allowed for the emergence of themes from the data using inductive reasoning (Fereday & Muir-Cochrane, 2006).

1.4.10 Conclusion

Social entrepreneurship has become a field of interest for researchers because its initiatives contribute to addressing social challenges, such as poverty (Vasakarla, 2008). It was thus important for the researcher to give the context of the study and provide background on what inspired the research in the field of social entrepreneurship. In this chapter, the problem statement was provided to guide the research objectives, which also were outlined. Finally, the researcher clearly described the methodology used to collect and analyse the data. In the next chapter, the literature review will come under the spotlight.

CHAPTER 2: SOCIAL ENTREPRENEURIAL LITERATURE

2.1 INTRODUCTION

This chapter presents the literature reviewed by the researcher, as well the institutional theory, a lens used to explore the processes, operations and influences at the research setting. Background on the social entrepreneurial phenomenon is outlined using published peer-reviewed literature on the concept and hybrid social entrepreneurship as a model.

2.2 DEFINITION OF KEY CONCEPTS

There are certain concepts that need to be defined before an in-depth discussion on the literature is provided:

Social entrepreneurship is concerned with a concept that refers to entrepreneurial behaviours, which are employed to address social challenges through entities called social enterprises that are financially and self-sustainable (Bruton, Ahlstrom & Li, 2010).

Social innovation refers to new, effective and transformational solutions to social challenges. These solutions must be more sustainable than the existing solutions with the value created benefitting broader society, as opposed to individuals (Stanford Graduate School of Business, 2017).

Social value refers to the positive effects of social organisations and their programmes on communities. These benefits can be financial or non-financial and must accrue to a society rather than an individual (Social Value Portal, 2016).

Hybrid social entrepreneurship refers to a form of social entrepreneurship phenomenon whereby two or more structural categories are allowed to exist, combining non-profit and for-profit approaches in its operations to advance a social mission (Doherty *et al.*, 2014).

Institutional theory refers to the process of how different organisations are structured in relation to how they conform to regulations, norms, and cultural and social influences that advance the continued existence and legitimacy of the organisation (Desa, 2012).

Isomorphism (in an organisational context) is a process that defines the similarities of organisational structures and processes resulting from facing the same environmental conditions (DiMaggio & Powell, 1983).

The next section introduces the institutional theory as a theoretical background that can be applied to the social entrepreneurship perspective.

2.3 INSTITUTIONAL THEORY

This study draws a theoretical perspective from the institutional theory. Institutional theory provides insights on how organisations legitimise their position in the marketplace (Desa, 2012). In the social entrepreneurship context, legitimacy is gained through recognition by various institutions by virtue of a social enterprises' social mission. These institutions include government agents, influential individuals, and high status organisations (Agrawal & Hockerts, 2013). According to Bruton *et al.* (2010), institutional theory relates to organisations' compliance with rules and the mode of operation in the locations in which they are situated. The researcher explored institutional influences such as culture, regulations and norms using institutional isomorphism as theorised by Paul DiMaggio and Walter Powell (DiMaggio & Powell, 1983).

For this study, the researcher used institutional theory as a lens through which to explore institutional influences that directly and indirectly affect the legitimacy and sustainability of social enterprises, using Bulungula Lodge and Incubator as a case study. The ultimate goal for the researcher was to explore the best practices of (hybrid) social entrepreneurial organisations by determining if they are influenced by the environments they operate in, as well as the strategic choices made to operate in an organisation (DiMaggio & Powell, 1983).

Institutional isomorphism contends that all organisations tend to evolve toward homogeneity due to similar environmental forces that influence their structures and processes (DiMaggio & Powell, 1983). There are three forms of institutional isomorphism discussed in the study - coercive isomorphism, mimetic processes, and normative

pressures. These mechanisms outline formal and informal forces that contribute to the legitimisation of organisations, as well as determine their survival.

2.3.1 Institutional isomorphism

Coercive isomorphism is a consequence of environmental forces, which can be both formal and informal. These pressures are exerted on the organisation by other institutions, as well as the cultural dynamics existing within a society surrounding the organisation. Formal pressures may include rules and regulations imposed by the government to force organisations to adopt certain laws and systems, and surrounding communities may influence the organisation to adopt a set of cultural notions to blend in with the societies the organisation operates in (DiMaggio & Powell, 1983). According to Pfeiffer and Gerald (1978), organisations scan the politically-orientated environment in order to respond appropriately to the forces and reduce difficulties. These authors (1978) conclude that political decisions affect the socio-economic ecosystem, making organisational decisions more rigid and minimising opportunities to adapt.

Mimetic processes refer to the uncertainty an organisation finds itself in. When processes, systems and adopted technologies are too ambiguous to be comprehended, the focal organisation may decide to model itself on other organisations to clarify its identity. The modelling however is never formally discussed when the institution is being modelled, and may inadvertently be diffused through joint ventures and employee movements as innovations and processes are shared intentionally and sometimes unintentionally. Despite organisations seeking diversity and wanting to set themselves apart from other organisations, there is little room for divergence as tried and tested models are always in demand (DiMaggio & Powell, 1983). One of the key challenges facing social enterprises is scaling up. According to Haigh and Hoffman (2012), scaling up is the driver of sustainability and a means to provide more quality goods and services. Moreover, the adoption of mimetic processes by a social enterprise has the potential to stimulate growth and maximise replication, thus achieving sustainability. This can be done by mimicking some of the best practices from established entities.

Normative pressures are strongly built on professionalisation. DiMaggio and Powell (1983: 152) define professionalisation as follows: “The collective struggle of members of

an occupation to define the conditions and methods of their work to control the production of producers, and to establish a cognitive base and legitimation for their occupational autonomy". There are two characteristics of professionalisation that were introduced as key sources of isomorphism. The first feature is embedded in formal education, particularly in institutions of higher learning. Educational Institutions have become known for developing norms, standards and guidelines, and preparing students for their professions, thereby formalising professionalism and related behaviours. The second feature focuses on the rapid growth of professional networks and how widely they are adopted by a myriad of organisational forms, therefore creating exchangeable employees who have adopted and internalised professionalism (DiMaggio & Powell, 1983).

Thornton and Ocasio (2008) are two scholars who emerged later to concur with DiMaggio and Powell's (1983) theories. For instance, the assumption that individual organisations' behaviours are largely influenced by big institutions clearly resonates with the theory of organisational homogeneity. Another observation relates to the fact that political and corporate influence plays an important role in shaping the societies modern organisations operate in, contrary to earlier times when organisations tied in with families, religions and cultural prospects.

Opposing isomorphic institutional change theory, a British organisational theorist, John Child (1972), held a different view regarding institutional influences. His theory, the strategic choice theory, is based on the view that institutions' operational actions are substantial and resolute; therefore, external pressures do not automatically influence organisational behaviour and homogeneity. He believed that institutions' decision makers had free will to make choices that regulated both required behaviour and activities essential for the running of organisations (Child, 1972). In the context of how institutions are structured in the 21st century, the strategic choice belief cannot work, as cultural and social dynamics play a larger role in shaping organisations.

Social enterprises are based in communities, and because communities become actively involved in operations, their influence and other external forces are significant in shaping how social enterprises are structured and operated (Tan, Williams & Tan, 2005). The

section below looks at the overview and background of the social entrepreneurship phenomenon.

2.4 SOCIAL ENTREPRENEURSHIP: AN OVERVIEW

2.4.1 Introduction

The next section discusses the concept of social entrepreneurship in detail. The researcher begins by providing the historical background of social entrepreneurship.

2.4.2 A historical view of the social entrepreneurship phenomenon

The term social entrepreneurship may be new, but the evolution of social organisations can be traced back to the 18th century when the biggest social challenge was poverty. Charity was the practice of providing short-term relief to the poor in the form of basic needs, such as food and clothing. Charities were mainly operated in churches. The charity-oriented initiatives were later criticised for their small-scale impact, promotion of a dependence culture amongst poor people, and contributing to the worsening of the social problems they were trying to address. Upon realisation of the unsustainability of the practice of charity, key political thought leaders of the time, such as Thomas Paine and Marquis de Condorcet (Dees, 1998) proposed more meaningful alternatives that would position the state as the main player in addressing social challenges. A welfare system within the state was created to effectively drive social and environmental programmes (Dees, 1998). The shift toward a government-led approach brought about its own challenges. With ever-increasing global social challenges and global economic crises, the welfare system weakened and partners were needed to assist in tackling some of the problems. The emergence of the so-called “third sector” in most industrialised economies was a result of a weakening government welfare system. The third sector comprises of social and economic activities driven by voluntary organisations (faith-based, co-operatives, non-government and non-profit organisations), that are neither conventional private sector led, nor are they public sector driven. This sector is characterised by civil

society activities (Defourny, 2001), and its evolution inspired various developments and revolutionary individuals passionate about addressing social challenges.

Sen (2007) acknowledges a historic figure named Florence Nightingale as one of the earlier revolutionists for social change, who was behind professionalisation of modern day nursing. However, it was only recently that social entrepreneurs received global attention when William Bill Drayton founded a non-profit organisation called Ashoka: Innovators. He created and invested in a global community of visionaries whose ideas could be scaled to large and self-sustainable initiatives that address national social challenges using small cash investments. Ashoka came into existence in 1980 and has revolutionised the way institutions and societies look at social transformation (Ashoka, 2018). Drayton coined the term social entrepreneurship to describe individuals who integrate the practical and outcomes-based initiatives of an entrepreneur with the vision of a social activist (Sen, 2007). The concept of social entrepreneurship is defined in more detail in the next section.

2.4.2 Social entrepreneurship defined

There is no universal definition of social entrepreneurship and scholars disagree on various constructs of the phenomenon in pursuit of an all-encompassing definition. Dees (1998) defines social entrepreneurship using the characteristics he thinks a social entrepreneur should possess. He states that social entrepreneurs display their critical role of being activators of social transformation by doing the following:

Adopting a mission to create and sustain social value, recognising and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation and learning, acting boldly without being limited by resources currently in hand and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created (Dees, 1998:4).

Some scholars have however levelled criticism at Dees for excluding financial sustainability in his definition (Lee & Zhang, 2010). It is further argued that the omission of profitability in Dees's definition is in contrast to the perspective that social entrepreneurs strive for self-sustainability (Boschee, 2008).

Researchers agree that social enterprises' primary objective is to promote social and environmental change (Doherty *et al.*, 2014). To corroborate this view, Holt and Littlewood (2015) highlight two characteristics essential for identifying social enterprises. Firstly, they represent a boundary between non-profit and traditional commercial business models. Secondly, they implement a business philosophy that is centred on addressing a social and environmental mission. Social and environmental missions are the primary objectives and epitomise the reasons for the existence of social entrepreneurship. Economic value is therefore secondary. Martin and Osberg (2007) have added features believed to epitomise social entrepreneurship, which emphasise the identification of imbalances that exist in the societies brought about by the exclusion and suffering of people with inadequate access to financial resources and political influence. Additionally, social entrepreneurship has the capacity to recognise opportunities and develop social value proposals, and direct actions to inspire social transformation (Martin & Osberg, 2007). Social entrepreneurs are always looking to maximise their impact. In their pursuit of achieving self-sustainability and scaling of social impact, some social enterprises have evolved into hybridisation. The next section discusses the benefits of social entrepreneurship.

2.4.3 Social entrepreneurship's benefits explored

The global society continuously struggles with significant social challenges and usually with inadequate cost-effective solutions to address them. The economic, environmental and social uncertainties and changes contribute to even more complex challenges in dire need of new solutions. Social entrepreneurship, with its capacity to develop innovative solutions and activate positive change by addressing current and future social and environmental challenges, plays a key role in society (Zeyen *et al.*, 2013). Social entrepreneurship therefore has the ability to generate rewarding transformation in communities through the management of financial, social and environmental objectives, also referred to as the "triple bottom line" (Okpara & Halkias, 2011). These attributes are important to the advancement of the socio-economic welfare of societies. Although research contends that measuring the socio-economic benefits generated by social entrepreneurship programmes is often tricky, and at times impossible, it is crucial that continued efforts to develop appropriate mechanisms quantify the benefits in order to have

a better understanding of the extent of the social impact (Mair *et al.*, 2006; Okpara & Halkias, 2011). Nonetheless, it is worth highlighting some of those key socio-economic advantages.

One of the most important social benefits from social entrepreneurship is the provision of employment. Social enterprises tend to employ local people who may not have relevant skills to enter the mainstream labour market. For these people, social entrepreneurship is a vehicle through which they can earn an income and develop the skills and potential to improve their welfare and contribution to the economy. The beneficiaries of employment generated by social enterprises comprise of designated groups, such as youth, women, minority racial groups and people living with disabilities (Okpara & Halkias, 2011). Even government administrations acknowledge that social enterprises play a key role in areas such as education, environmental management, poverty alleviation strategies, and health (Visser, 2011). The next section introduces an international case study, an example of a for-profit hybrid social enterprise with a non-profit subsidiary.

2.5 SOCIAL ENTREPRENEURSHIP IN THE SOUTH AFRICAN CONTEXT

The concept of social entrepreneurship in South Africa is relatively new and its footprint can be traced to the late 1970s. Most of the initiatives that involved the creation of social value during that period were pioneered by non-governmental organisations (NGOs) with a social aspect, established to implement social programmes meant for marginalised communities (Visser, 2011). According to Austin, Stevenson and Wei-skillem (2006), a driving force behind the emergence of social entrepreneurship in South Africa is the increasing social challenges, on the one hand, and the decline of NGOs due to reduced funding from the public sector and international donors, on the other hand. Other drivers include the public sector's inability to provide adequate social services, increasing unemployment and poverty rates, as well as the delegation of social services from national to regional level (Urban, 2008).

In Visser's (2011) review of the 2009 Global Entrepreneurship Report (GEM), he however found that South Africans' understanding of the social entrepreneurship phenomenon was poor; thus, they were less likely to start or be involved in social entrepreneurship (Bosma

& Levie, 2009). One of the major challenges facing social entrepreneurs is that South Africa does not have a legislative framework that specifically governs setting up and operating social enterprises (Watters, Willington, Shutte & Kruh, 2012). In striving to bridge this gap, the Bertha Centre for Social Innovation and Entrepreneurship has developed guidelines to help social entrepreneurs choose legal forms that will assist them in aligning their commercial models with their legal identities in order to take advantage of available funding opportunities (The Bertha Centre for Social Innovation and Entrepreneurship, 2015). The Centre recommends that for-profit social entrepreneurs establish a board of directors to ensure their custodianship of the social mission. It further proposes that social entrepreneurs should position their entities to have access to multiple sources of funding, made up of philanthropic, profit making, private and government funds. Referring to another major challenge that faces social entrepreneurs, Bloom and Chatterji (2009) mention scaling social impact. The next section will discuss scaling of social enterprises in detail.

2.6 SCALING SOCIAL ENTERPRISES

The challenges that social entrepreneurship attempts to address are usually far-reaching and in need of large-scale interventions. Social entrepreneurs are therefore always striving for social impact maximisation as the concept of growth is a key imperative in social entrepreneurship. In the field of social entrepreneurship, growth is referred to as “scaling”, and it is sought, among other things, to achieve social and financial return on investment (Kickul & Lyons, 2012). Scaling of a social enterprise refers to “increasing the impact a social-purpose organisation produces to better match the magnitude of the social need or problem it seeks to address” (Dees, 2008:18). Thus far, attempts to scale the impact of social entrepreneurs have been addressed in various ways through frameworks developed to guide social enterprise practitioners to come up with relevant strategies to achieve growth. The frameworks are based on the theoretical thinking found in phenomena such as organisational behaviour, economics, strategic management and sociology. However, the theoretical basis has been limited and provides little insights into social entrepreneurship research to contribute to scaling in practice (Bloom & Smith, 2010; Dees, 2001).

Previously, work on scaling mainly focused on internal policies and regulations, as well as staff and their effect on organisational growth and social impact. More recently there has been special focus on interaction with external environments. There have been efforts to establish strategic alliances to gain political support and acquire resources (Sharir & Lerner, 2006), as well as influence behaviours of beneficiaries and take advantage of the socio-economic trends to make the social entrepreneurship causes more appealing (Bloom & Smith, 2010). For growth to be achieved, social enterprises must have access to relevant resources, human and social capital, as well as financial resources. Strategies are usually developed by social enterprises to help them make their ventures scalable, but successful execution of those growth strategies are fully dependent on the availability of essential resources (Bloom & Smith, 2010). The capacity to acquire the resources for growth is sometimes negated by various challenges, which will be discussed in the section below.

2.6.1 Challenges facing social enterprises in their pursuit of scaling

Bloom and Smith (2008) highlight some of the typical challenges facing social enterprises in acquiring resources for growth. Firstly, social enterprises tend to operate in remote environments where there are limited economic and financial sources to attract investment and funding, access to a pool of appropriate employees, as well as the required supply chain. To attract stakeholders to participate in the scaling strategies, SEs often have to encourage selflessness, volunteerism and compassion, as well as promote the creation of social value. Secondly, there is usually a lack of established physical infrastructure to create a conducive environment for social enterprises to thrive and facilitate social entrepreneurial growth. Social enterprises often have to depend on the infrastructure to be built from the ground up. Finally, social enterprises often service communities in poor areas, with a lack of education and no access to decent income to pay the full cost for the services offered by them. Therefore, social enterprises have to provide goods and services at a discount and find other means of funding the difference between the real and the discounted cost.

To indicate that there are many challenges that prevent social enterprises from achieving scaling, Kickul and Lyons (2012) outline additional key challenges that are discussed by Brooks (2009). These include the fact that the people involved in operating a social enterprise do not always share the same vision as the social entrepreneur. Social entrepreneurs are prone to change positive disruption to achieve growth and tend to clash with board members and employees who want to maintain the status quo. In addition, market-based growth strategies make some people who are part of social entrepreneurial organisations uneasy as they are perceived to be in conflict with the social mission, as opposed to maximising social impact. The board of directors, who legally control social ventures, may also block growth initiatives that are not aligned with their agenda. Furthermore, the multiplicity of stakeholders, which includes communities in social entrepreneurships, makes it difficult to find the middle ground in relation to the mobilisation of resources for growth purposes. These stakeholders, including investors and funders, require social enterprises to account for the use of resources and measure social impact. Social enterprises are always under pressure to prove sustainability, while measuring impact to pursue growth, and this is a difficult balance to strike. Lastly, capable human capital is important for achieving growth. Social enterprises struggle to attract and retain human resources with a relevant set of skills and personal attributes. It has also been found that there are limited career development programmes for employees involved in a social enterprise (Kickul & Lyons, 2012).

These challenges were highlighted in order to paint a broad picture of what social enterprises encounter on their journey to achieve social mission, as well as scaling of their social impact. More importantly, these challenges also inform the development of appropriate strategies that enable social enterprises to counteract the stumbling blocks and resistance to change. The next section discusses some of the growth strategies social enterprises develop to achieve scaling.

2.6.2 Drivers of scaling: A SCALERS Model

Social entrepreneurs and stakeholders (such as donors and funders of social entrepreneurs) are continuously looking for ways and means how small-scale SE programmes can be scaleable in order to address more problems. However, given the novelty of the social entrepreneurship field, there has been limited theoretical and empirical work on scaling (Bloom & Smith, 2010).

The SCALERS model seeks to offer social enterprises a guide and give insight into a new theoretical and empirical perspectives on scaling social impact. SCALERS is an abbreviation for Staffing, Communications, Alliance building, Lobbying, Earnings generation, Replication and Stimulating marketing forces (Bloom & Chatterji, 2009:115):

Staffing refers to the organisation's capability to acquire and retain people with relevant skills and passion to fill the positions within the social enterprise. Central to this driver is the social enterprise's ability to ensure the recruitment, training and remuneration of employees are done effectively and efficiently (Bloom & Chatterji, 2009). Boards of directors are also required to be skilful in attracting and retaining effective leadership for the SE. It is however noted that the levels of staffing requirements for scaling differ from enterprise to enterprise and are dependent on the situation of an organisation. Depending on the direction of the SE's scaling, there might be a need for a certain set of skills or shift towards labour intensity.

Communicating is the second driver for scaling and it involves the art of persuasion and good public relations management. SEs should have the ability to convince stakeholders to adopt the proposed change strategies, and the capability to clearly articulate the positive qualities of its programmes and services, as well as the social value to beneficiaries, employees and other stakeholders. All of this can lead to scaling (Bloom & Chatterji, 2009).

Alliance Building means a social enterprise is not operating in isolation, but strives to build strategic partnerships and relationships to achieve its social mission. Joint ventures and mergers with other institutions can give an edge to scaling as efforts, skills and capabilities are consolidated. Benefits of mutual interest are also easily shared, particularly when a social enterprise strategically collaborates with organisations that share similar social objectives/mission (Bloom & Chatterji, 2009). Research has also shown that

strategic organisations that form strategic alliances achieve scaling without difficulty (Sagwa & Segal, 2000).

Bloom and Chatterji (2009) define **lobbying** as the enterprise's capability to mobilise action by government to provide support that will work favourably for the organisation wanting to scale. Having political support, legislative frameworks and government administrative agencies that advance a social enterprise's objectives can create value for the organisation in its scaling pursuit. Sometimes social enterprises need to make use of seasoned lobbyists and reputation management companies with political acumen and affiliations. These firms can help a social enterprise influence policy-making at all three spheres of government, that is at the local, provincial and national level. Progressive public policy that is supportive of social innovation can help ease the process of scaling, but it should be noted that some SEs find the public weak and neutral with limited potential to positively impact scaling (Bloom & Chatterji, 2009).

Earnings Generation refers to the social enterprise's proficiency in making profits that surpass its expenses. This means that the enterprise has the ability to pay for all its expenses and still fund its programmes. Sources of income can include the following: earned profit from the provision of goods and services, donations and grants, direct investments, affiliation fees and sponsor funds. This capability is important for the sustainability of the social venture and directly contributes to the success of other drivers as the earnings can be used to fund lobbying and advocacy programmes. An enterprise with adequate financial resources can easily fund its scaling activities (Bloom & Chatterji, 2009).

Replicating capability refers to the successful reproduction of programmes a social enterprise has initiated. This means that the goods, services and programmes an enterprise offers can be reproduced in an imitative form without compromising quality and be implemented anywhere (Bloom & Chatterji, 2009). Social franchising is one of the most common tools used to replicate social programmes (Kickul & Lyons, 2012). It should be noted that this could cause potential conflict between the main organisation and the replicator. Striking a balance between suppressing the replicator's innovation and maintaining the franchisor's brand identity is important. This requires the practice of high levels of maturity by both parties, as well as the ability to compromise (Bloom & Chatterji, 2009). A social enterprise's proficiency in practicing replication has the potential to accelerate scaling as it can reach more people with its social programmes. Such success

can be enabled by establishing systems, such as relevant contractual agreements, marketing and communication, as well as skills capacity (Dees *et al.*, 2004).

Stimulating Market Forces is the final driver of scaling. It refers to the social venture's capability to inspire a demand for the goods and services that it is providing to address social challenges. To succeed in stimulating market forces, a social enterprise must have the capability to scan the market ecosystem and its related influences, such as socio-economic and cultural trends as well as the political climate, in order to identify relevant business opportunities for its mission. This capability has the potential to achieve social transformation as consumers would have access to high quality goods and services, while at the same time contributing to achieving social change (Bloom & Chatterji, 2009). The next section reviews literature on various strategies that social enterprises can adopt to achieve scaling.

2.6.3 Strategies adopted by social enterprises to achieve scaling

For social challenges to be addressed on a grand scale, the development of effective strategies and tools is imperative. Engagement with policy-makers and SE founders on issues of social entrepreneurship research necessitates a strategic and systematic approach to the scaling of social impact (Dees, Anderson & Wei-Skillern, 2004). The key strategies discussed here are capacity building, dissemination, branching, affiliation and social franchising.

2.6.3.1 Capacity building

The objective of scaling is to expand social impact to a point that it matches the extent of the social challenges a social enterprise is seeking to address. It is therefore important to ensure that a social enterprise is appropriately equipped with all the necessary tools to execute and sustain the required growth. Kickul and Lyons (2012) discuss the seven capacities required by SEs for scaling, namely structure, model, culture, data, resources, and leadership and governance (LaFrance *et al.*, 2006).

Social mission is the main vehicle through which a social enterprise seeks to address the social challenge in question. It therefore needs to be clearly defined and reflective of stakeholders' needs and values. Scaling involves significant transformation, therefore caution should be exercised by the social enterprise to keep its social mission in check to ensure changes do not diminish or derail it from its reason for existence. The way a social enterprise is **structured** and managed plays an important role in its success and potential growth. A social enterprise must strike a balance between control and flexibility through the application of good management skills, solid infrastructure, as well as maintaining effective communication. When the structure and the required operational infrastructure are in place, a social enterprise must **model** what works through systematically articulating its business model and operations plan in documented format. Modelling makes replication easy and more systematic (LaFrance *et al.*, 2006). A solid business model contributes significantly to the growth and sustainability of a social enterprise. The development and maintenance of **organisational culture** is another key feature that gives a social venture the edge for scaling. It refers to adopting values and norms of common interest, as well as behaviour that is conducive to the achievement of the enterprise's social mission. For social enterprises to be properly structured with a good business model and organisational culture, essential **resources** must be in place comprising of human and financial resources. Revenue generation is thus important to fund the acquisition of the necessary human capital and a good **data** collecting system to document all the social enterprise's intelligence. Strong **leadership and governance** is the final capability that a social enterprise must possess for scaling. It involves the entire network of leadership: the board of directors and the founder, to the team at management and operational level (Kickul & Lyons, 2012).

2.6.3.2 Dissemination

This strategy involves the sharing of business intelligence, such as toolkits, implementation frameworks for programmes and business processes, to other social organisations with the purpose of scaling of social impact (Kickul & Lyons, 2012). The social enterprises offering it models spends less money and resources, making this strategy one of the most affordable and quickest way to scale. However, there is limited

control on how the shared intellectual property is implemented in other locations where it is adopted (Dees *et al.*, 2004). Dissemination is done in various ways. It could be through training workshops and conferences, printed manuals, or online platforms where demonstrations and how-to videos are shared. The advancement of technology, particularly in the information and communication technology (ICT) sector, has made this scaling strategy more popular and easy to implement. Dissemination can be tricky for social organisations obsessed about protecting their intellectual property and their brands given the limited control a social enterprise has on how adopted practices are used by other organisations (Kickul & Lyons, 2012). On the other hand, Dees (1998) believes that social entrepreneurship places social value higher than individual/private value and that many social enterprises are not fanatical about the protection of their intellectual property rights.

2.6.3.3 Branching

This growth strategy employs the creation of several centres over and above the headquarters. Unlike the dissemination strategy, branching allows the social enterprise to exercise more control on how social programmes driven by the branches are implemented. Branching involves the acquisition of additional resources for its subdivisions, forcing the social enterprise to purchase or rent the necessary amenities, such as office equipment and tools. The recruitment and training of people for branches is also a key requirement. All these initiatives make branching a more expensive strategy compared to dissemination (Kickul & Lyons, 2012).

2.6.3.4 Affiliation

This strategy involves the establishment of sparsely located offices locally and in some cases abroad. These offices manage their operations and are responsible for their own recruitment and models of generating financial resources; therefore, they are self-sustaining. The head office and its local affiliates share the same social mission and brand identity, which is a common feature with the branching strategy (Austin *et al.*, 2006). The

difference is that the interaction between the headquarters and the affiliates is not as rigid as it is in branching. This approach is cheaper to adopt and offers the locally-managed affiliate social venture an opportunity to customise operations and exercise more control. Another benefit of affiliation is that it is more appealing to communities who might feel threatened by the full control imposed by approaches employed by branching (Kickul & Lyons, 2012). Given the novelty of the social entrepreneurship field, social franchising is viewed as a promising strategy to help social enterprises replicate proven business models.

2.6.3.5 Social Franchising

Franchising in social entrepreneurship is gaining momentum with social organisations seeking maximised social impact. Given that some of its characteristics are similar to affiliation and branching, it is sometimes referred to as the hybrid growth strategy. Similar to franchising in the traditional business field, social franchising consists of the headquarters, franchisor and the affiliated organisations referred to as franchisees. Social franchise fees and royalties must be paid for use of the franchisor's brand identity and operations model, although the fees are usually lower than those paid in traditional franchising (Kickul & Lyons, 2012). Given the novelty of the social entrepreneurship field, social franchising is viewed as a promising strategy to help social enterprises replicate successful business models (Tracey & Jarvis, 2007). What makes franchising more appealing to social enterprises is its ability to fast track scaling at scaling costs, rather than branching, while providing franchisees with some level of control (Kickul & Lyons, 2012).

One of the biggest challenges that face this strategy is the difficulty in measuring financial and social returns on investment. While there are developing methodologies for estimating the social value of social brands, placing a currency value on a franchise venture remains the most difficult exercise for social enterprises, leading to most of the franchises being undervalued (Kickul & Lyons, 2012).

2.7 CONCLUDING THOUGHTS

It is clear from the literature that social entrepreneurship research is still in the early stages of exploratory ventures. The literature also confirms social organisations' pursuit of legitimacy and identity as prevalent in the social entrepreneurial field. Building legitimacy and a solid identity can enable social enterprises to achieve scaling.

Social enterprises are experimenting with different models to achieve sustainability and maximise social impact. Hybrid social entrepreneurship is one of the models most social enterprises seem to have taken an interest in. Strategies for scaling are also at exploratory stages of research; hence, the need to find best practices with models that can be readily adopted by other social enterprises to be successful. This is the reason Bulungula Lodge has been chosen as a case study to determine what the best practices are in a successful hybrid social enterprise.

2.8 THE STORY OF BULUNGULA

2.8.1 How Bulungula Lodge started

An interview conducted with the founder of Bulungula Lodge on 17 August 2017 traced the story back to when David Martin was studying at the University of Cape Town, South Africa. During the apartheid era, whilst still at university, he was involved in community development and worked for an institution that focused on urban community development in Cape Town. After he graduated, he travelled through the African continent using public transport, with his journey culminating in Europe. Through his travels, he conceived an idea of combining leisure travel with community development work in remote rural areas with the aim of improving the community's livelihood. When Martin returned to South Africa, he backpacked along the South African coastline in pursuit of an appropriate location to implement his idea.

Towards the end of 2002, he identified a remote village called Nqileni within the Mbhashe District Municipality along the Wild Coast as the perfect location to implement his community development initiative. Martin saw an opportunity to use tourism as a tool to

advance rural development. He later began his consultative discussions with the community and local government to solicit approval to build a community-based tourism asset. Martin and the community unanimously agreed on the establishment of an eco-tourism lodge that would be co-owned and operated within the community of Nqileni (Martin, 2017).

2.8.2 Return on Social Investment (ROSI)

Martin contends that the Bulungula Lodge model is not the best model to adopt if one is seeking a conventional return on investment (ROI) in the form of maximising financial profits. From his initial investment of R800 000 to build the lodge and procure the necessary equipment, no financial returns accrued to him. Not everyone is willing to sacrifice their lifetime savings by investing in a venture with no prospects of financial gains, just because they feel an obligation to address social challenges. The motivation behind the establishment of Bulungula Lodge was much more complex than financial gains. The major returns would rather be social in nature (Martin, 2017).

According to Martin (2017), there have been a number of social returns on investment. Firstly, the Lodge creates employment for community members who are then able to spend their salaries to improve their homesteads. Secondly, both educated and uneducated people have an equal opportunity to obtain employment, a phenomenon that promotes a sense of equality and fairness within the community. Thirdly, the establishment of the Lodge brought a communal asset that community members felt proud to be part of, thereby improving their social status. Finally, there has been demonstrable positive outcomes through infrastructure development. Since his arrival in Nqileni, Martin has constantly lobbied government to bring infrastructure, such as roads, to the village. The illustrations below, as suggested by Martin (2017), in Figure 2.1 (a) and 2.1 (b) are Google Earth timelines of Nqileni village from 2004 and 2017:



Figure 2 (a) 2004 Google Earth image of Nqileni village



Figure 2 (b) 2017 Google Earth image of Nqileni village

The two maps above clearly demonstrate how Nqileni village looked in 2004 versus how it looked in 2017. In the 2004 map, one can see that there was no road leading to the village, whereas the 2017 image shows a road cutting through the village to the Incubator and the Lodge (Martin, 2017).

2.8.3 Bulungula Lodge business model

When interviewed on 17 August 2017, Martin stated that the concept of Bulungula Lodge was built on two principles: environmental sustainability and community development, as illustrated in Figure 2.2 below:

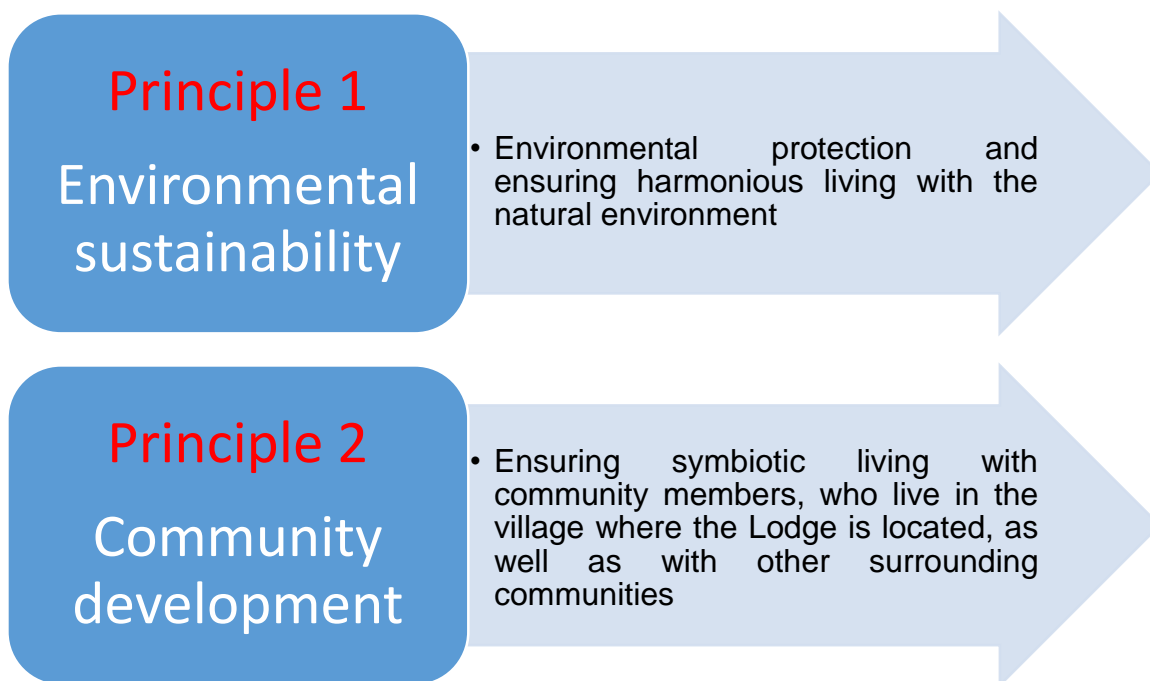


Figure 3 Bulungula Lodge business model

The principles presented in Figure 2.2 laid the foundation for the social mission of alleviating rural poverty and the development programmes that the Lodge and Incubator would later implement. The initial capital investment by Martin was used to build the accommodation facility and to install the necessary equipment. The initial idea was based on equal joint ownership, so that Martin would own a 50% share and the community a 50% share. Half of the business was aimed at generating income from accommodation, a

restaurant, and the bar service. The other half would look at ways in which young people in the community could be assisted to establish their own tourism businesses to address poverty and unemployment challenges, as well as grow local tourism and address the needs of the visitors to the Lodge. The business support was not only about creating employment for young people, it was also about empowering young community members (Martin, 2017).

However, Martin's shareholding idea did not live up to the proposed plan. In 2014, he decided to relinquish his half of the profits, citing cultural reasons and him wanting to live as an equal member in the community. He was thus prepared to lose his initial investment rather than deal with the awkwardness of earning more than other members of the community. Instead, Martin allocated a monthly salary of R3000 to himself in the budget of Bulungula Lodge. When interviewed on 15 August 2017, Rejane Woodroffe, Martin's wife, confirmed that he had sold his share to the community for R2. The Lodge is now 100% community-owned and -operated (Martin, 2017). Furthermore, as mentioned above, young people from the Nqileni community were encouraged and supported to start small businesses to complement the eco-tourism initiatives of Bulungula Lodge.

2.8.4 Entrepreneurship and small business development for young people in Nqileni

To create sustainable tourism development and ensure meaningful participation within the community, there was a need to empower young people in the village and to add tourism activities that would complement Bulungula Lodge's offering and enhance visitors' experience. Through Bulungula Lodge, a process of assisting local young people to start their own tourism businesses was established to offer activities, including horse riding, spa services, canoeing, fishing, tour guiding, baking and, cooking, and woodcarving.

This participation through entrepreneurship brought positive change in the community, particularly amongst the young people. Firstly, as entrepreneurs, the young people invested more effort and energy into making sure their businesses were sustainable and earned an income. Secondly, their social wellbeing and status improved through their participation in social activities and interaction with people from all over the world.

Moreover, some of the entrepreneurs managed to improve their livelihood by building their own homes and extending their families' homes.

In the beginning there were notable challenges related to the entrepreneurship culture that had been created. For example, young people were receiving daily earnings directly from tourists, a phenomenon that was new to them. Some were struggling to manage their finances responsibly because they would spend the money and not budget appropriately. In hindsight, having them get money directly might not have been a good idea. Perhaps the initial model could have been that an entrepreneur is encouraged to take his or her earnings at the end of the month, so that it could be used wisely. Apart from the new stream of income, which was not used appropriately by the previously unemployed youth, various other problems were identified within the community.

2.8.5 Identification of other challenges in the community

After staying in the village for some time and getting to know the community, Martin and his wife realised that there were many other challenges affecting the people of Nqileni. Some of the most prominent challenges included no access to clean water, no electricity, no roads, no healthcare facilities, and poor education. In 2006, an informal household survey, commissioned by Martin and his wife, was conducted. It found that more than 50% of the households had lost a child to waterborne diseases (Martin, 2017). That is when they realised there were bigger challenges that could not be ignored. They also realised that the identified challenges could not be addressed using profits generated by Bulungula Lodge. Therefore, a separate organisation needed to be established to take care of these concerns (Martin, 2017).

It was decided that a non-profit organisation was the answer. The reason for opting for a non-profit subsidiary was that it could attract donor funds that would be channelled toward addressing the social challenges facing the community. In 2007, Martin and Woodroffe established the Bulungula Incubator. This is a non-profit organisation focused on four programmatic areas: basic services, education, health, and sustainable livelihoods. The establishment of the Incubator transformed Bulungula Lodge into a hybrid social venture, thus giving the founders (i.e. social entrepreneurs) more flexibility in mobilising resources

to address social challenges, by expanding the scope to include profit generation, as well addressing the social challenges. Its headquarters is situated 500 metres from Bulungula Lodge (Martin, 2017). The concept of hybrid social entrepreneurship is discussed in detail in the next chapter.

CHAPTER 3: HYBRID SOCIAL ENTREPRENEURSHIP AS A MODEL OF SOCIAL ENTERPRISE

3.1 INTRODUCTION

The term “hybrid” was adopted from the natural science field, and it refers to the offspring created from two different species. In the context of organisational and management science, the concept has been adopted to describe organisations that cross over traditional institutional restrictions and imagination (Kickul & Lyons, 2012). The organisation combines two or more organisations previously viewed as incompatible to pursue a social mission and financial stability.

These organisations adopt revenue strategies inspired by traditional commercial enterprises to bring about market transformation and profit for social benefit (Hockerts, 2015). According to Santos, Pache and Birkholz (2015), hybrid social enterprises (HSEs) strive for social value creation in places where governments and traditional markets are struggling to make an impact. The biggest foundation in the world, the Bill and Melinda Gates Foundation, for example, seeks to address challenges related to global health by funding health programmes to the value of \$3 billion annually (Hoffman, Badiane & Haigh, 2010) This is done while endeavouring to achieve financial and operational sustainability through profit-making contracts (Santos *et al.*, 2015).

Similar to traditional commercial enterprises, HSEs place high regard on quality goods and services for their customers/beneficiaries, without losing sight of the core responsibility of upholding a social and environmental mission that the other aspect of the enterprise advances, and regard for the social systems they operate in (Diane, 2015). Haigh and Hoffman (2012) emphasise the provision of quality supplies to meet the market economy. This is achieved by creating partnerships, including everybody in decision-making processes, adhering to responsible labour laws, and providing training and job opportunities for communities.

In addition, HSEs have the space and scope to experiment with different techniques to consolidate industrial, innovation and human capabilities to bring about positive change in

societies (Haigh & Hoffman, 2012). This is possible because they are closer to the market economy, as much as they are socially driven (Jäger & Schröer, 2013). Owing to HSEs being sustainability driven, they have the incentive to address gaps left by traditional entities to provide quality goods and services to communities in need (Haigh & Hoffman, 2012). The sustainability-driven business model illustrates three basic components: first, social transformation as an organisational objective; second, the creation of meaningful relationships with customers/beneficiaries, customers and suppliers; and, third, seeking a broad-minded interface with other industries, competition and markets (Hoffman *et al.*, 2010). In their pursuit of social impact and financial sustainability, HSEs face certain challenges. These are discussed below.

3.2. CHALLENGES FACED BY HYBRID SOCIAL ENTREPRENEURSHIP

Many of the challenges HSEs face are similar to those of traditional social enterprises. Firstly, the very innovation that comes from hybrid enterprises brings about its own set of challenges that threaten sustainability. The combination of multiple forms of organisations causes conflict when ideas are consolidated, and reaching a compromise tends to be difficult. Many scholars have been interested in determining how these tensions can be managed to achieve sustainability, even within the complex environments that hybrids operate in (Battilana & Lee, 2014; Greenwood *et al.*, 2011; Kraatz & Block, 2008; Weber, 2005).

Secondly, given that hybrid organisations are formed by two or more organisations with both a social and economic mission, the combination of multiple organisational identities brings its own dynamics. For HSEs, adopting an identity that is in line with its social mission can be tricky. Haigh, Kennedy and Walker (2015) list three identities: a traditional for-profit structure that entrenches strong social agendas in its operations; a non-profit structure that makes its own profit and then re-invests it in the institution/s; and lastly, a mixed entity hybrid that earns profits, partnered with a for-profit through ownership, donations, contracts and other sources of income. The ultimate choice by the social entrepreneur to adopt a type of legal structure, which it deems appropriate, directly affects stakeholders, as well as operations within the institutions. If the organisation no longer distributes excess

profits to shareholders, certain partnerships and shareholder relations may change significantly (Haigh *et al.*, 2015). Pratt and Foreman (2000) state that the consequences of integrating many organisational identities vary considerably, depending on the nature of the identities and collaboration. These dynamics include organisations' propensity to change by the combination of the identities and, in some cases, dispensability of one or more functions (Pratt & Foreman, 2000).

Finally, scalability of the HSE model has been identified as one of the main challenges. Haigh and Hoffman (2012) highlight the fact that hybrids are uncertain about expansion so that they can supply more goods and services to maximise social impact. Viability of hybridity has been experienced mostly amongst small to medium sized organisations that themselves struggle with growing their ventures. As soon as they reach a certain size with increased product and service offerings, it becomes difficult to establish whether the social impact could be scaled or not. An example given by Haigh and Hoffman (2012) of a hybrid that has achieved a substantial size is the Seventh Generation, a company selling natural (plant-based) household and personal care products. Its social mission is to leave the planet a better place through providing environmentally responsible products (Seventh Generation, 2017). However, its further scalability cannot be established, as to what scale it can reach and in what form. Adding more products or increasing its dominance in the market by adding other small-scale hybrid organisations might potentially interfere with the social mission, causing mission drift (Haigh & Hoffman, 2012).

Lee and Jay (2015) view growth potential differently. These authors (2015) maintain that hybrid organisations will grow and ultimately replace traditional commercial entities through an innovation revolution. It is also noted that both typologies (hybrids and traditional commercial businesses) are experiencing innovation simultaneously. The next section will discuss the case of Bulungula Lodge and Incubator as an example of a hybrid social enterprise.

3.3 THE CASE OF BULUNGULA LODGE AND INCUBATOR IN THE EASTERN CAPE

3.3.1 Introduction

Bulungula Lodge and Incubator is a for-profit (the Lodge), with a non-profit subsidiary (the Incubator), type of hybrid social enterprise as it combines two different entities, one for-profit and the other non-profit (Kickul & Lyons, 2012) to advance social and environmental challenges, as well as strive for profitability (Haigh & Hoffman, 2012). This next section briefly profiles the for-profit enterprise and how it is structured, as well as the business model adopted.

3.3.2 Socio-economic profile of Nqileni village

Nqileni is a small village situated in the north-eastern part of the Wild Coast; it lies between the Xhora and Bulungula River mouths, and falls under the Mbhashe Local Municipality. The village is part of the Xhora Administrative Area, which is made up of four villages (Nqileni, Folokhwe, Tshezi and Mgojweni) in which the Bulungula Incubator operates.

According to the 2011 Statistics (Statistics South Africa, 2018), Mbhashe has an estimated population of 254 909, with a dependency rate of 85%. With an unemployment rate of 42.4% and youth unemployment of 50.7%, it is an indication of how poor this region is. It epitomises the crux of underdevelopment that characterises remote areas, such as Nqileni in the former Transkei homeland. Within the Amatole District Municipality, Mbhashe is regarded as the poorest, with 96% of the population earning an income in the range of R1600 per month and 78% of its citizens living below the poverty line (Woodroffe & Martin, 2012).

The next section introduces the profile of Bulungula Lodge.

3.3.2 Bulungula Lodge

Bulungula Lodge is an ecologically friendly, community-based accommodation establishment in the remote village of Nqileni on the Wild Coast of the Eastern Cape province in South Africa. It was founded in 2004 by David Martin and initially operated as a joint venture (i.e. the private sector and the community) with the community.

The map below shows the location of the Bulungula Lodge and the Incubator in Nqileni village in the Eastern Cape, South Africa.



Figure 4 A map of Nqileni village (Google Maps, 2018)

The Lodge offers accommodation for tourists in ten 10 traditional huts, tented accommodation, as well as a campsite. The Lodge's operations integrate with the natural living conditions of local communities (Bulungula Lodge, 2017). Upon the founder's withdrawal from the venture in 2014, the Lodge became 100% community owned and

managed. With the facilitation of the founder, several community-owned and community-operated tourism activities were established during the 10-year joint venture (between 2004 and 2014). The initiatives include a restaurant and tourism adventure activities, such as horse riding, fishing, diving, village tours, water-based activities and sustainable living initiatives, such as mud brickmaking and indigenous cooking. All of these additional activities are fully owned and operated by the members of the local community, creating income and employment opportunities for 33 households. This is in addition to the people who are directly employed at the Lodge (Woodroffe & Martin, 2012).

3.3.3 Bulungula Incubator

As part of the expansion of the sustainable development work pioneered by Bulungula Lodge, the Bulungula Incubator was established in 2007 as a non-profit aspect of the organisation. The work done to rehabilitate a completely dilapidated senior primary school structure in Nqileni village inspired the formal establishment of the non-profit organisation. Its establishment was mainly driven by the inadequate provision of public services to the area and the need to address social challenges in Nqileni village. The Incubator has four key development focus areas, namely sustainable living, health and nutrition, education, and basic services. Its implementation of the programmes has a footprint in three other villages: Folokhwe, Mgojweni and Tshezi. The operational headquarters is based in Nqileni (Bulungula Incubator, 2014).

3.3.3.1 The business model of the Incubator

The Incubator's integrated rural development strategy places the advancement of education as its main focus. Focus areas within education include the provision of library and resource centre facilities for early childhood development (ECD), the Vulindlela scholarship programme, parent participation activities in child education, after-school programmes, support packages for rural government schools, and advocacy programmes to inform government policy on education. In 2009, the Incubator built the Jujurha Education Centre (JEC) to address education-related challenges, such as the lack of ECD centres and the unavailability of educational resources, such as books and educational toys. In addition, the Centre also facilitates skills development interventions (i.e., to build

a local labour pool), after-school programmes, and outreach programmes (Woodroffe & Martin, 2012).

The second focus area addresses health and nutrition. A lack of healthcare facilities, such as basic and emergency services, prompted the Bulungula Incubator to develop a response programme. The key focus areas include sustainable agricultural and nutrition systems, home-based healthcare, community health workshops on various diseases and substance abuse, on-site HIV facilities and counselling services, and community care workers and health facilities at strategic points within the communities (Woodroffe & Martin, 2012).

The third area of focus is sustainable livelihoods. The villages where the Incubator has a presence are characterised by high levels of poverty. There are no formal economic activities and local inhabitants are mostly dependent on subsistence farming. The sustainable livelihood programme focuses on four thematic areas of development to contribute to the sustainable livelihood of local communities. These areas are sustainable community-based eco-tourism, local economic development, an agricultural tourism business to unlock economic opportunities in the agricultural sector, and a rural skills centre development (Woodroffe & Martin, 2012).

The last focus area deals with facilitating the provision of basic services. The Xhora Mouth region, where the Bulungula Incubator's programmes are mostly implemented, has limited access to basic services such as clean piped water, sanitation and proper toilets. To respond to these challenges the basic services programme focuses on facilitating rainwater harvesting initiatives, educational programmes on sustainable water usage, the provision of water filters, and solar and wind power initiatives for clean energy generation (Woodroffe & Martin, 2012).

To maximise the impact and ensure the success of its programmes, the Bulungula Incubator has established a strong relationship with South African government departments to gain access to the social services, facilitation funding, and the necessary support (Woodroffe & Martin, 2012). The key government departments the Bulungula Incubator has developed partnerships with are Health, Social Development, Education, and Public Works. The Early Childhood Development and the Health and Nutrition

programmes were developed in a manner that is aligned with national programmes, such as the Community Care Worker model pioneered by the Department of Social Development and the Department of Health. Woodroffe and Martin (2012) emphasised the importance of forging partnerships with the government as it enabled the Incubator to integrate its development plans with the government development and poverty alleviation strategies. The Bulungula Incubator also has access to the Community Work Programme (CWP), aimed at creating jobs in rural areas. In partnership with the Department of Co-operative Governance and Traditional Affairs, and at local level with the Mbhashe Local Municipality, unemployed local people are given the opportunity to do community improvement work, such as alien plant removal, road infrastructure repair, and the fencing of livestock grazing fields. In 2010, the Bulungula Incubator formalised the partnership of the integration of its programmes, such as ECD and home-based health care, with the CWP initiative.

CHAPTER 4: FINDINGS FROM THE BULUNGULA LODGE INCUBATOR CASE STUDY

4.1 INTRODUCTION

The purpose of this study was to explore best practices of social entrepreneurial organisations. The researcher used institutional theory as a lens to examine how Bulungula Lodge and Incubator, based in a rural region of the Eastern Cape, are managed as a hybrid social enterprise (HSE). The institutional theory helped the researcher understand institutional influences and their implications on operations.

The first three chapters of this dissertation provided an introduction within the context of poverty alleviation, and social entrepreneurship as a tool with the capacity to address social problems such as poverty. A review of the literature on social entrepreneurship, with specific focus on HSE as a model, was conducted. The methodological design employed to conduct the study was also provided.

This chapter will present the findings that emerged from the data collection and which were analysed using a thematic and literature analysis. A qualitative study using a single case study method was conducted with data collected from a focus group with employees of the Lodge, who are also community members of Nqileni village, and semi-structured interviews, with the founders as well as the management of both the Lodge and the Incubator. The researcher also conducted semi-structured interviews with representatives from the Eastern Cape Parks and Tourism Agency and Mbhashe Local Municipality respectively. To ensure that the confidentiality of the study's participants is maintained, pseudonyms were used.

This research was conducted to respond to the research questions outlined below:

- What are the socio-economic benefits brought about by a hybrid social enterprise?
- What are the mechanisms used in the institutional theory in management processes of social enterprises?

- What are the factors that influence management and operations processes in a hybrid social enterprise?
- What are the recommendations on how social enterprises can achieve self-sustainability, expansion and scaling?

The figure below illustrates the themes that came out of the analysed data:



Figure 5 Illustration of the themes in the research findings themes

4.2 EMPLOYMENT

This section discusses the concept of employment as one of the themes that emerged from the data analysed on the socio-economic benefits brought about by the establishment of the Bulungula Lodge and Incubator. The researcher used information from the interviews with the study participants.

An analysis of the data collected revealed that the majority of the participants identify employment as one of the most important benefits for the community, which was brought about by the establishment of Bulungula Lodge in 2004 and the Incubator in 2007. There was consensus among all the employees of the Lodge who were interviewed that there were limited employment opportunities before the social enterprise and that most people left the village and migrated to cities such as Mthatha in pursuit of jobs (AB1, 2017). There are reported cases of young people who left the village to work in major cities, but returned after realising that employment opportunities had been created in their village.

Martin (2017) highlighted the gradual noticeable change in the economic status of the households who had people working at either the Lodge or the Incubator. Through earned income, some people built extra huts and some young people moved out of their parents' homes and built their own homes. JO2 (2017) provided an example using his situation whereby he managed to build a brick house for his father (most houses in the village are built out of mud) after being employed at the Bulungula Incubator.

Martin (2017) emphasised the positive effect having a job has on people's psyche and wellbeing, while the respondents highlighted the social benefits generated by employment, Participant OZ (2017) reflected on how she has earned a certain social status within her family because she has a job. She says people treat her better and support her more since she is employed, compared to when she was unemployed.

An employee at the Lodge reflected on how employment has contributed to the transformation and empowerment of women in the village. According to her, it used to only be men who went looking for jobs, even though they mostly worked on farms. Only after the establishment of the Lodge did she realise that women and young people could also be employed. She deems employment as one of the most important benefits for the people of Nqileni. Bulungula follows an exceptional model of employment, which is discussed in the section below.

4.2.1 Model of employment

The majority of the participants emphasised the involvement of the whole community as the model used to recruit employees (AB1, 2017). According to Martin (2017), the community uses an unorthodox method of considering potential employees, whereby people who receive social grants are not prioritised, as they are not viewed as the most vulnerable. Various statements by the participants also highlighted the importance of the provision of employment to the neediest people in the village. Participant OZ1 (2017) mentioned that unemployed single mothers were identified by the community to receive preference when opportunities arose, whether at the Lodge or the Incubator. Participant JO1 (2017) agreed with OZ1 (2017), adding that only people from Nqileni village get preference; only in cases where the required skills cannot be found in the community will employees be sourced from other villages. It became clear from the interviews that the community had decided that all the employment-related benefits should accrue to local residents in the immediate surroundings.

4.2.2 Skills development

The data collected also indicated that most people in the village did not complete their schooling; thus, they did not attain skills that enabled employability. However, Bulungula is prepared to employ people with no skills and provides on-the-job training. F02 (2017) sees skills development as a value-added benefit provided to the community through employment. Most of the programmes implemented through the Bulungula Incubator require a certain level of skill, and provision is made for the development of people when they are employed. Examples, as outlined by JO2 (2017), include training on home-based care and first aid, and toy-making from recycled material as part of the ECD initiative. Another participant, JO1 (2017), spoke about the skills training and mentorship programmes conducted for pre-school teachers, all facilitated by and paid for by the Bulungula Incubator.

4.3 COMMUNITY PARTICIPATION

Since the Lodge was established in 2004, the community of Nqileni has been involved in the operations. There was consensus among most of the respondents that the participation of community members in all the Bulungula initiatives is of great importance. A manager at the Lodge stated that nothing is decided without the blessing of the community; he also has to discuss ideas related to operations with the community first before implementing them. The majority of the participants confirmed that decision making is done at the community meetings called ‘imbizo’ where the entire village is invited to participate in discussions about the Lodge and the Incubator.

The community committee, consisting of ten members, was elected by the community to be a direct link between the Lodge and the general community. According to most of the participants (AB1, 2017), this committee is active in the affairs of the enterprise and is a direct link between the community and the Lodge. FOU2 (2017) indicated that in all the projects at the Incubator, the community is involved through the establishment of sub-committees for every initiative. The committee members are trained on management and governance, and if there is a government programme that funds and supports such initiatives, the Bulungula Incubator assists by connecting the committee to relevant government officials to assist in running and growing the programme.

Education was cited as one of the focus areas with high levels of community involvement and participation. A representative of the ECD Centre at the Bulungula Incubator highlighted an initiative with a theme titled “Parent you are your child’s first teacher” whereby parents and guardians were encouraged to play a bigger role in contributing to the development of their children, for example, to their sense of expression and emotional development. This initiative by the parents is complementary to the ECD Centre’s curricula, thus ensuring holistic child development (JO1, 2017). Another employee at the Incubator said that through the ECD-at-home programme, parents and children are taught how to make toys to encourage the development of a bond between parents and children through playing (JO2, 2017).

It should be noted that there was one view that differed from the rest in terms of community participation. One community member (OZ2, 2017), who is also an entrepreneur, felt that

older people discriminate against young people and, as a result, some of their views are not taken seriously. An example provided was when he suggested an idea of a sports development centre and a community hall, but those ideas were not taken further.

4.4 PARTNERSHIPS

Forming strategic partnerships with other institutions to deliver on their services was cited by Martin (2017) and FO2 (2017) as one of the key tools that enable Bulungula to achieve a large-scale social impact. Due to limited resources and the vastness of the region, the Bulungula Incubator collaborates with other NGOs to consolidate resources. FOU1 listed some of the NGOs Bulungula collaborates with on a regular basis, namely Donor Woods Foundation, Sustainable Coffee Bay, Khaya Loxolo, and Jabulani in Zithulele. Training activities were highlighted as an initiative these organisations collaborate on. The participants with in-depth knowledge of the key strategic partnerships provided some examples. According to JO2 (2017), the Bulungula Incubator has a mobile clinic that is dispatched to villages along the Wild Coast where some of the aforementioned NGOs are based. Using their resources, they ensure that health services reach people in their communities. Thus, the mobile clinic is able to reach villages that are further isolated than Nqileni, thereby maximising the impact. Another example of a key partnership, highlighted by FOU2 (2017), is with Innovation Edge, a technology company based in Johannesburg. This technology company developed a hearing and vision testing digital application to assist people in remote areas, such as Nqileni, who lack health facilities and are not always possible to go to hospital for certain procedures. Through this partnership, the Incubator now has its own digital application called “hear screen” with calibrated earphones. Testing, mostly of children, is done on site at the Bulungula Incubator headquarters at no cost to the families.

JO2 (2017) reaffirmed the significance of building and maintaining partnerships in delivering programmes and mentioned Donor Woods Foundation and their facilitation of the Incubator’s playgroups and outreach programmes. The outreach programmes, which bring services closer to the people in the four villages, is focused on twice a month by the

Incubator. According to FOU2 (2017), these partnerships also provide an important platform where best practices can be accumulated.

A local government representative also highlighted the importance of forging partnerships with local enterprises to establish collaborative infrastructure and poverty alleviation projects. It was said that the Mbhashe Local Municipality participates in local community planning meetings to discuss the integration of Bulungula Lodge and Incubator's initiatives with the Municipality's plans. According to a representative of the Local Economic Development office at the Mbhashe Local Municipality, the Municipality also provides development frameworks to guide the formation of sustainable public-private partnership models that are pro-poor (INS2, 2017). A representative of the Bulungula Incubator (JO2, 2017) provided an example of such a partnership they are involved in. The Bulungula Incubator established a partnership with a government programme, called the Community Work Programme (CWP), from which Nomakhayas (home-based caregivers) are sourced. The CWP also provides work for unemployed people, which equates to eight days a month per worker. The Bulungula Incubator then adds 12 days (in which a worker works for the Incubator), which adds up to 20 days of work per worker. The workers are remunerated at a rate similar to that of the CWP. The Incubator also provides training on home-based care, first aid and toy-making (JO2, 2017). Through this partnership, workers are guaranteed a full month worth of work and additional skills.

The Eastern Cape Parks and Tourism Agency (ECPTA) highlighted that strategic partnerships with various stakeholders to grow tourism on the Wild Coast was one of its priorities. Although the entity does not market individual tourism products, such as Bulungula Lodge, through their marketing efforts they promote the Wild Coast (where Bulungula Lodge is situated) as an adventure and eco-tourism destination. They believe that attracting more tourists to the region will enable the Lodge to generate more income, which will contribute to addressing the socio-economic challenges faced by Nqileni and the surrounding villages. The ECPTA has also formed a partnership with Open Africa, an institution that assists in the development of rural tourism routes to address socio-economic challenges using tourism (Open Africa , 2017).

4.5 SCALING OF IMPACT AND SUSTAINABILITY OF THE SOCIAL MISSION

The majority of the participants agree that for sustainability to be achieved and social impact to be maximised, the programmes and initiatives driven by Bulungula Lodge and Incubator need to be scaled up. They did however express varying views on how both Bulungula Lodge and Incubator should scale its social impact. Some employees at the Lodge who were interviewed said that other villages should replicate most of the programmes, particularly the ECD programmes, based on their value for children (AB1, 2017). According to the community members interviewed, the Bulungula Incubator is seen as a pioneer of ECD in the Xhora Mouth administrative region. Another employee, MS1 (2017), said that more amenities should be added to the Lodge in order to make it more interesting for tourists. She was of the opinion that those amenities would contribute significantly to the growth of the Lodge and generate more benefits for the community. Martin (2017), who has in-depth knowledge of community-based social enterprises, highlighted the disadvantage of expanding the Lodge by adding too many amenities. He indicated that it would create too many expectations from the tourists and lose the essence of providing a simple backpacker experience in a rural setting.

There was consensus among the majority of the participants that farming should be revived as a tool to promote sustainable livelihoods. An employee at the Lodge was of the view that farming should be prioritised as part of scaling activities driven by the Bulungula Incubator (MS2, 2017). He referred to the availability of arable land as the main asset that every community member has access to, to build a case for reviving farming activities. Martin, who is also responsible for the sustainable livelihood focus area, concurred, further highlighting the importance of community members becoming self-dependent in regards to food production to fight poverty (Martin, 2017). He provided highlights of the Bulungula Incubator's plans to develop and scale farming activities for the community of Nqileni, referring to two focus areas within farming that the Incubator is developing, namely crop and livestock farming. The establishment of a vegetable nursery to sell seedlings at affordable prices was a top priority as people had to travel to Mthatha (100 km away) to purchase seedlings for their gardens, and this was one of the biggest barriers to farming in Nqileni village. Secondly, livestock management, with specific focus on cattle farming, was mentioned as another priority. According to Martin (2017), due to poor management,

less than 10% of the cows were breeding, but if managed correctly, about 80% of the cows should calf annually, which is a general practice in commercial farming. The Bulungula Incubator has developed a support programme to assist the community with dosing animals appropriately. This is part of scaling the sustainable livelihood focus through ensuring sustainable livestock and crop farming to move from subsistence to commercial farming.

Some of the respondents indicated the need to incorporate recreational development as part of scaling social impact. MS2 (2017) provided examples of recreational initiatives the Incubator could consider, including music and sports development to keep young people from engaging in undesirable social activities, such as drug abuse. A community member, who is also a tourist guide, shared the same sentiment about sports development and felt that it is a missed opportunity if a culture of recreation is not developed. He said that some of the profits generated by the Lodge could be used to build facilities, such as a community hall and sports facilities.

Finally, according to the co-founder, Rejane Woodroffe of the Bulungula Incubator, two South African government departments, Science and Technology and the National Treasury, are in the process (as at the date of the interview, 15 August 2017) of finalising norms and standards on Early Childhood Development. The Incubator was invited to participate in policy discussions and the interest was particularly on their unique 0-3 ECD programme (F02, 2017). The 0-3 programme refers to a non-centre child development programme for children between birth and three years old. Through this programme, the Bulungula Incubator aims to provide holistic childcare development that includes pre-birth and career development (Bulungula Incubator, 2015).

4.6 GOVERNANCE

This section examines governance as a theme that emerged from the data analysed. The findings are based on the interviews the researcher conducted with the selected participants. Figure 4.2 below illustrates the governance structures at the Lodge and Incubator.

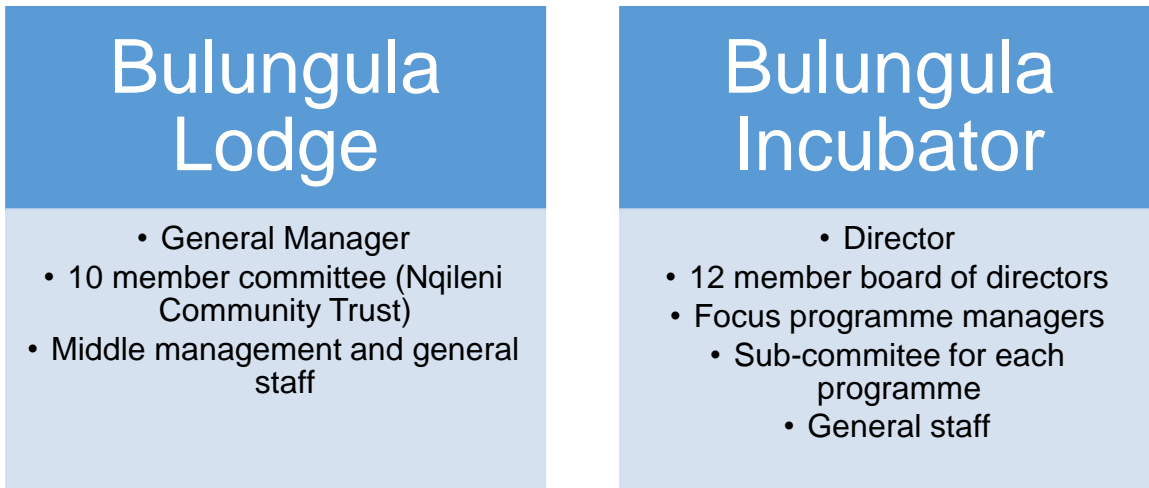


Figure 6 Governance structures at the Bulungula Lodge and the Incubator

According to all the respondents, the Lodge is 100% operated and owned by the community of Nqileni village, with the central decision making on both strategic and operational issues resting with the community. According to David Martin, who established both the Lodge and the Incubator, there were no formal policies and frameworks in place specifically for the Lodge when it opened. However, governance structures were introduced later to ensure the smooth operation of the Lodge and to promote accountability. According to the community members interviewed, the community selected a committee with ten members called the Nqileni Community Trust. This committee was selected by the community to work closely with the management at Bulungula Lodge, as well as oversee operations of the Lodge. The committee does not make decisions unilaterally, but works as a direct communication channel between the Lodge and the rest of the community. The general manager at the Lodge accounts to this committee as part of the agreed-on governance process that is to be followed (MP1, 2017).

When the Lodge was established, the founder relied on the traditional practices and the rules and norms of the community to run the enterprise. However, his education and experience in community development complemented the traditional practices in helping the social enterprise take shape.

When it comes to the employment of general workers, the community decided early on that employees should be recruited, based on the need identified at community meetings, without formal interviews. As unconventional as this practice is, the founder concedes that

it promotes transparency and fairness, which are tools of good governance. This is in contrast with traditional recruitment practices in commercial entities whereby an advertisement is published for everyone to have an equal opportunity to apply for the job. The majority of the participants said that it is only for key management positions that interviews are conducted to find the best candidate, given the strategic functions it entails (Martin, MS2 & MS1, 2017).

4.7 ENTREPRENEURSHIP AND SMALL BUSINESS DEVELOPMENT

This theme captured the concept of entrepreneurship and small business development as a benefit brought about by the establishment of Bulungula Lodge. According to the founder of the Lodge, one of the objectives of establishing it was to assist young unemployed people to start their own businesses (Martin, 2017). Support was provided to young people interested in operating tourism businesses through a mentorship programme and training workshops. All the tourism businesses are 100% owned by local residents, with the Lodge taking no income from them (Martin & F02, 2017).

The participants listed some of the businesses owned by the community members as horse riding, tour guides and village tour guides, fishing, massage services, baking and sewing. These activities cater mostly for tourists who hike along the Wild Coast. These businesses generate income for more than 35 families who previously were not earning any income (Martin, 2017). One of the local residents who owns a business added that the business opportunities created by the Lodge provided skills development to uneducated and unemployed people who otherwise would have had no prospects of being part of any economy. However, there were some challenges involved. For example, some tourists requested certificates of competency before utilising the services (OZ1, 2017). This is an indication that the lack of accredited skills development centres has a negative effect on the sustainability of entrepreneurship.

Employees at the Lodge also highlighted the support they provide to tourism business owners through sharing booking information to ensure they always have business. One of the managers (MS2, 2017) at the Lodge indicated that he takes it upon himself to travel to

other backpackers in his spare time to gain insights on the experiences of tourists to share with the local business owners to ensure that they offer what travellers and tourists want.

4.8 SOCIAL INCUBATION: BULUNGULA INCUBATOR

This section introduces the work done by the Incubator to address the social challenges in the Xhora administrative area, which is made up four villages – Nqileni (where the Bulungula Incubator headquarters are based), Folokhwe, Mgojweni and Tshezi (Woodroffe & Martin, 2012).

The Bulungula Incubator is a non-profit organisation that was established in 2007 after the founder of the Bulungula Lodge realised that there were still major social challenges facing the region that needed a well thought-out intervention. The reason the founder opted for a non-profit organisation was so that the enterprise could attract other streams of funding that a commercial business, such as Bulungula Lodge, could not, such as donations from other organisations and grant funding from government. The Bulungula Incubator would be exempted from paying business tax (Martin, 2017). According to F02 (2017), a survey commissioned by the Bulungula Lodge in 2006 revealed that more than half of the households had lost at least one child due to waterborne diseases such as cholera. This was due to lack of access to clean water. Furthermore, there were no roads and at the time of conducting this study, there was no electricity. These factors played a major role in establishing an entity that would facilitate social incubation in the region. The Incubator raises R5 million per year to implement programmes such as the conception to career programme, home-based care for children and the elderly, the promotion of cognitive development of children, after-school programmes for government schools in the region, and agricultural projects for the community.

The majority of the participants highlighted the key focus areas that the Bulungula Incubator drives in the Xhora region. The focus areas were outlined by Martin and FO2 (2017) as health, education, sustainable livelihoods and basic services.

4.8.1 Education and health

According to JO1 (2017), these themes are interconnected in the way they are implemented to promote the integrated approach and maximise impact. A representative who works in the education programmes at the Bulungula Incubator highlighted the key initiatives. Under education, the early childhood programme was highlighted as one of the important programmes facilitated by the Incubator. Firstly, the Jujurha ECD Centre (based at the headquarters in Nqileni) was established in 2007 as a centre to offer free pre-school activities for all the children in the community. Through coaching, mentorship and training of other pre-school teachers in other villages, three more early childhood centres were opened (JO1, 2017): Luzuko in Mgojweni village; Masiphathisane in Folokhwe; and Phaphamani in Tshezi (Bulungula Incubator, 2015). The Incubator provides in-service training on ECD and collaborates with the Asikhule Institute in Mthatha for certification. Some of the practices outlined by one of the teachers at Jujurha include the “Parent you are your child’s first teacher” initiative, whereby the Bulungula Incubator provides workshops for parents to make them aware of the importance of their involvement in the development of their child. Through this programme, issues of emotional development and encouraging children to express themselves, as well as an understanding of human rights is taught (JO1, 2017). According to another participant, parents are also empowered on how to be self-sustainable by teaching them how to make their own toys using recycled materials. Furthermore, this initiative promotes bonding between mother and child, as well as the building of communications skills (JO2, 2017).

To address health and good nutrition, the Bulungula Incubator introduced food gardening to empower parents to have their own gardens at home, as well as educate their children on the concept of sustainable living (JO1, 2017). Only a few people in the community have toilets, and the Bulungula Incubator uses its education programmes to create awareness on sanitation and hygiene issues to make people understand the importance of a sanitation system and general hygiene, particularly in relation to the management of water in households to ensure good health. The Bulungula Incubator also administers an afterschool programme for children who attend other schools in the nearby communities.

Programmes that are facilitated through the health focus area in collaboration with the education focus area include the conception to career, home-based care (ECD at home)

and health outreach programmes. According to participant F02 (2017), the conception to career programme involves a range of interventions. Support begins when a woman is still pregnant, with empowerment on good nutrition (what to eat and what not to eat) to ensure good health of the mother and baby. That support moves when the baby is born to the home-based care programme, whereby trained home-based carers (nomakhayas) facilitate initiatives such as teaching parents to monitor child weight and height ratio, develop playgroups, and build toys to promote cognitive development of the child. Parents are generally empowered to stimulate their children's development in a holistic manner (JO2, 2017). Finally, health outreach programmes extend the support to the elderly. Given that the clinics and hospitals are far from the communities, the Bulungula Incubator through its nomakhayas administers clinic cards to ensure that people (especially those on chronic medication) do not miss their clinic visits. A mobile clinic also delivers medication twice a month to strategic points closer to people's homes in all four villages.

4.8.2 Sustainable livelihoods

According to the majority of the participants, creating sustainable livelihoods decreases dependency and poverty in the communities the Bulungula Incubator serves. An employee at the Bulungula Lodge (MS2, 2017) highlighted the abundance of arable land owned by the community that was not being utilised to its full potential as a challenge that needed to be addressed. According to the founder of the Incubator, there are initiatives implemented under the sustainable livelihoods focus area, but he conceded that more efforts are required to scale the initiatives (Martin, 2017). Crop and livestock farming are two key programmes under the sustainable livelihoods focus area that are being implemented. Under crop farming, a vegetable seedling nursery has been established to sell seedlings to the local people at affordable prices as the Bulungula Incubator realised that access to seedlings was a big barrier to farming, given the costs related to growing seedlings from scratch (e.g. the cost of pesticides). A participant at the Bulungula Incubator highlighted the multiplier effect created, "People earn money from the Bulungula Lodge and the Incubator to buy seedlings from the Bulungula Incubator nursery, plant the food, eat the food and at times also sell" (F02, 2017). Furthermore, the Incubator is in the process of identifying young people who can be supported to establish commercial farming

operations. The Bulungula Incubator has also made available volunteer opportunities for experts who can assist with agri-processing initiatives, such as the bottling of produce, so as to provide the produce to a wider market (Martin, 2017).

The second focus within sustainable livelihoods is livestock management. According to the founder, about half of the cattle in South Africa owned by people in communal land are worth between R40 and R50 billion a year, and if managed appropriately, cows should have calves every year, a general practice in commercial farming. The Bulungula Incubator has found that cows are not breeding as fast as they should due to poor management of the livestock and limited knowledge. Thus, the Incubator purchases drugs and helps communities dose the animals correctly. The communities have also identified areas that will be fenced-off for grazing purposes and to manage the growth of the grass. The founder says that if the livestock is managed correctly using commercial farming standards, people living in poor communities in South Africa could earn between R20 and R30 billion worth of income (Martin, 2017).

4.8.3 Basic services

According to the founder, the basic services focus area was important in the early stages of the Lodge and the Incubator to lobby government departments to bring basic services, such as water and electricity, to the communities (Martin, 2017). An employee at the Lodge provided an example of the basic services that were delivered. Through numerous discussions with the local government, a dam was constructed in 2015 some 25 kilometres from Nqileni to supply water to the village and the surrounding villages. The municipal road used to end about three kilometres from Nqileni and in 2010 a five kilometre road connecting Bulungula Lodge to the beach was constructed by the Mbhashe Local Municipality (MS2 & INS2, 2017).

In conclusion, based on the interviews with all the participants, it is clear that the Bulungula Incubator continues to scan the environment and work hand-in-hand with the community to find innovative solutions to improve the lives of the people in all four villages.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapter presented the research findings in a thematic analysis format, while this final chapter summarises the study in its entirety. Firstly, the aims and objectives are revisited to provide insights into how they were achieved, with links drawn to the literature. These reflections also form the basis for recommendations, which are provided in the last section of this chapter.

5.2 CONTEXT OF THE STUDY: CONTEXT OF AIM AND RESEARCH OBJECTIVES

The main aim of the study was to explore best practices of social entrepreneurial organisations by conducting a single case study research. The four research objectives were achieved, and are highlighted below:

The socio-economic benefits brought about by a hybrid social enterprise were established. Hybrid social enterprises benefit communities in two ways. Firstly, they provide easy access to goods and services to poor communities and create an economy in regions with limited economic activity; and, secondly, they address social challenges that are associated with poverty (Haigh & Hoffman, 2012; Santos *et al.*, 2015). One of the most important benefits of social entrepreneurship, identified by Okpara and Haikias (2011), is the provision of employment, particularly for people with limited or no skills, and who otherwise would not have had the opportunity to be employed.

The findings of this study clearly outline the benefits brought about through the establishment of the Bulungula Lodge and Incubator. All the participants in the study agreed that the provision of employment changed the economic status of the community and the ECD programme brought hope for the future of young people in the region. These initiatives, according to employees who have been working at the Lodge since its inception, were non-existent before the Lodge was established. The communities served by the Bulungula Incubator live far from the cities where social services are usually concentrated,

and according to participant JO1 (2017), the Incubator is the vehicle through which services are brought to the people. Programmes such as early childhood development for children from birth to three years (at home) and home-based health care (door-to-door) are evidence of services being brought to where the people live.

The mechanisms used in the institutional theory in the management processes of social enterprises were explored. The discussion on institutional theory in Chapter 2 focused on three mechanisms of institutional isomorphic change. Coercive isomorphic change, as one of the mechanisms, asserts that there are pressures exerted on organisations by society, forcing them to behave in a certain way and conform to certain rules and regulations. These pressures can be brought about by the government to force adherence to laws or state mandates. Examples are tax law obligations, governance and accountability of non-profit organisations, and employment equity laws (DiMaggio & Powell, 1983). According to Meyer and Rowan (1977), once the organisations have adopted all the rules and integrate with the social dynamics of the locality they operate in, they tend to reflect the behaviour of other local institutions.

The findings of this study demonstrate practical examples that confirm the theory discussed above. The Bulungula Lodge and Incubator were forced to adopt certain rules imposed by the traditional leadership in Nqileni. For example, Martin (2017) highlighted that the local employment policy dictates that only local community members receive first priority for employment at either the Lodge or the Incubator. It is only in cases where the skills required cannot be found from within Nqileni village that recruitment will be extended to other villages.

Another mechanism refers to normative pressures, which is based on professionalisation characterised by education and skills development. Education is viewed as important in imparting knowledge and quality standards to carry through organisational work. A pool of employees who are employable, even in other organisations and industries, is created through education, professional skills and training interventions (DiMaggio & Powell, 1983).

The Bulungula Lodge and Incubator facilitate skills development for their employees through various initiatives linked to the focus areas (education, health and sustainable

livelihoods). According to a representative at the Bulungula Incubator (JO1, 2017), there is a coaching and mentorship programme facilitated in-house for all the pre-school teachers working in the four villages (Nqileni, Folokhwe, Mgojweni and Tshezi) and for acquisition of formal qualifications in the area of ECD. The Incubator is also in partnership with the Asikhule Institute in Mthatha. In the area of health, the Bulungula Incubator, in partnership with volunteers and other non-profit organisations, facilitates skills development initiatives such as first aid training and home-based care. According to the majority of the participants, there are no formal institutions of higher learning and only a few learners are able to finish high school; therefore, these skills interventions are beneficial to both the organisations and the community members.

The factors that influence management and operations processes in a hybrid social enterprise were determined. The sustainability of hybrid social enterprises is one of the key factors that are considered when two or more organisations decide to consolidate resources to address a social mission (Santos *et al.*, 2015). The difficult task for HSEs is how potential tensions related to management can be addressed to avoid threatening sustainability. All these dynamics have to be considered within the complex environments that hybrid social enterprises usually operate in (Battilana & Lee, 2014; Greenwood *et al.*, 2011; Kraatz & Block, 2008; Weber, 2005). Furthermore, the issue of which identity a HSE adopts has a direct bearing on how it is managed. As Haigh, Kennedy and Walker (2015) note, aligning an identity to the social mission is the challenging part. There are three key identities HSEs can consider: a for-profit structure that embeds a strong social agenda in its organisation's operations; a non-profit generating its own profits that are re-invested in the enterprise to fund its social mission; and, a mixed-enterprise hybrid earning profits partnering with a for-profit enterprise through ownership, grants, contractual agreements and other revenue streams (Haigh *et al.*, 2015).

The Bulungula Lodge and Incubator is a community-based hybrid social enterprise with the community fully participating in the operations of both organisations, according to Martin and participant F01 (2017). However, to counter conflict and tensions in management, both enterprises (for-profit and non-profit) have separate management and governance structures. The Bulungula Lodge has its own general manager who accounts to a community trust with ten members, called the Nqileni Community Trust. The Trust, in

turn, shares all the operational and management issues with the rest of the community (the co-owners of the Lodge) and the decisions are agreed upon by everyone. The Bulungula Incubator, on the other hand, has its own director, who accounts to the board of directors with 12 members. For each of the Bulungula Incubator programmes, a sub-committee is established to manage the operations and governance processes at programme level (F02, 2017).

Community participation, as highlighted by all the participants, is the glue that holds together all the operations and governance processes. All the decisions made have the blessing of the community at large and the traditional leadership (also represented in the board of directors at the Bulungula Incubator). According to participant FO2, “Even when there is a difference in opinion among the community members, the whole community gets involved to come to a common ground”. Moreover, participants FO1 and F02 emphasised the fact that the profits generated by the Bulungula Lodge (a for-profit) are not invested in the Bulungula Incubator (a non-profit). Each entity manages its own finances.

Recommendations were provided on how social enterprises can achieve self-sustainability, expansion and scaling. For social enterprises to achieve scaling, sustainability has to be achieved. It is noted by Kickul and Lyons (2012) that the magnitude of social problems calls for scaling of social impact and social enterprises ought to work hard to adopt strategies that will enable scaling while maintaining self-sustainability. There have been attempts to address scaling of social enterprises using theoretical frameworks found in the fields of organisational behaviour, strategic management, economics, and sociology. However, the theoretical perspective in these fields has provided limited insights into social enterprises’ research on scaling (Bloom & Smith, 2010; Dees, 2001). Practical recommendations have been introduced for social enterprises to achieve scaling and sustainability, Sharir and Lerner (2006) highlight strategic partnerships as important for gaining access to resources and political support. Bloom and Smith (2010) state that it is important for social enterprises to have access to a combination of key resources, such as human capital, social capital, and finances. Viable strategies may be developed, but without essential resources at their disposal, social enterprises struggle to achieve scaling and sustainability is at risk.

The Bulungula Lodge and Incubator have expanded many of their programmes and have reached scale, to a certain extent. For example, when the ECD programme began, only families in Nqileni village (where the Bulungula Incubator is based) benefitted from it. As time went on, people saw the effectiveness of the programme, and there was a request from councillors and the traditional leadership to extend it to reach communities in the other three villages of the Xhora administrative area (Folokhwe, Mgojweni and Tshezi) (JO1, 2017). According to three other participants (JO2, FO2 & Martin, 2017), most programmes were extended to reach more people through strategic partnerships with other non-profit organisations.

The Bulungula Incubator's plans involve improving the depth of their existing programmes to achieve sustainability, as well as scalability, and the potential of being adopted by other institutions as well. According to participant F02, being in a remote rural setting, exposed to unique experiences, has forced the Bulungula Incubator to be innovative and experiment with various methods to implement its programmes. That has inevitably led to the conceptualisation of unique programmes that are of scalable quality, particularly for other poor rural areas.

Finally, creating sustainable livelihoods is another factor of sustainability and scaling of social impact that the Bulungula Incubator focuses on. Participant F01 highlighted the importance of getting people to use the resources they own to create sustainable livelihoods. The resources involve land and livestock. The Bulungula Incubator is working on adopting best practices of small-scale farming to share with the local people to improve local farming, increase crop yield, improve livestock breeding and, more importantly, involve more young people in commercial farming. This on its own has the potential to alleviate food insecurity associated with poverty.

The following section outlines the summary of the findings and how the objectives were achieved.

5.3 SUMMARY OF FINDINGS

This study clearly demonstrated the importance of social entrepreneurship and its contribution to addressing socio-economic challenges such as poverty. Social entrepreneurs have been hailed as key in coordinating initiatives across multi-sectors to address socio-economic challenges at local level. These initiatives also build capacity to generate social capital and frameworks through which programmes are implemented (Squazzoni, 2009). The researched case study's social mission is to address rural poverty. The findings provided an outline of innovative initiatives that address poverty challenges in Nqileni village. These programmes have generated employment, entrepreneurship and small business opportunities, as well as an improvement in social well-being among communities (as discussed in Chapter 4).

In addition, innovation has been demonstrated through a model Bulungula chose to adopt, which is a hybrid social entrepreneurship model. It combines two organisations with different legal identities collaborating to pursue an identified social mission (Kickul & Lyons, 2012). The findings indicate that Bulungula Lodge, a profit-making social enterprise owned by the community, through the generation of income from tourists provides economic benefits through employing local people and providing entrepreneurial and business opportunities, particularly for the youth. The Bulungula Incubator, on the other hand, is a non-profit enterprise. Its focus is on social programmes and service delivery-related challenges, such as education, health and sustainable livelihoods. One of the unique benefits of this model, which is clearly demonstrated by the Bulungula concept, is that the Lodge as a commercial entity performs a dual function of stimulating economic activity in a previously economically dormant locality, as well as addressing social challenges. Secondly, the Incubator as a non-profit organisation is legally allowed to receive and solicit donor funds and grants as well as generate its own funds to address the socio-economic challenges that continue to plague the region (Austin *et al.*, 2006). Both entities have separate legal identities, according to Martin (2017), and none of the profits from the Lodge are injected into the Incubator. The founder, in consultation with the community, were of the opinion that it was important for the separation of the entities to promote a focused approach in the programmes each entity implements, while achieving a common social mission.

The second and third objectives sought to explore mechanisms used in the institutional theory (discussed in Chapter 2) and factors that affect operations in a social enterprise. As stated in the literature, social enterprises are community based, and with community members usually involved in operations and decision-making processes their influence on how a social enterprise is structured and operated become important to consider (Tan *et al.*, 2005). Agrawal and Hockerts (2013) state that social enterprises' sustainability and legitimacy depend on their recognition by stakeholders, such as government institutions, influential individuals, and organisations. It is thus confirmed by the findings that Bulungula has gained legitimacy by working with the communities and through its partnerships with other institutions, such as the Mbhashe Local Municipality on the Community Work Programme, and Star Fish and the Keiskama Trust on the wellness wagon health initiative. According to DiMaggio and Powell (1983), organisations are inevitably influenced by external forces through a concept called institutional isomorphism, and these forces ultimately impact on how organisations become structured and operate. These influences include culture, norms, regulations, laws, education and skills development, and influence from other organisations.

Findings from this study indicate that Bulungula's operations are embedded in the norms and culture of the local people. For example, all the decisions pertaining to the operations of the Lodge are made at a gathering called an "imbizo", which is common practice in the rural areas of the Eastern Cape. All the decisions made conform to the local norms of what the community deems appropriate and fair. This is evident in the model of employment, whereby employees are sourced based on their needs or their economic status. Despite the lack of formal education among community members where Bulungula is based, the training and development initiatives implemented by the Lodge and Incubator have incorporated a level of professionalisation. Moreover, there was no evidence of Bulungula mimicking other organisations. This is a clear indication that social enterprises do not necessarily have to be similar and that they tend to grow to be unique organisations due to the unique dynamics of the localities where they operate. Thus, there is an opportunity for the institutional theory to be extended to feature uniqueness (in the case of social enterprises).

The third objective sought to identify aspects that guide management and operations processes in a hybrid social enterprise. In the literature reviewed, it was indicated that

South Africa lacks the legislative framework that guides the operations and governing of social enterprises (Watters *et al.*, 2012). This means social enterprises have free reign to adopt their own business practices to guide their operations. The fact that there is no specific framework guiding how social enterprises should be operated is a double-edged sword. On the one hand, it offers social entrepreneurs an opportunity to be highly innovative in their approaches to implementing their social mission, based on the uniqueness of the dynamics they face. This allows for the customisation of initiatives to suit the setting. On the other hand, it contributes to SE's lack of legitimacy and it usually takes time for other stakeholders to embrace them. Bulungula's operations are embedded in the community of Nqileni, and cultural dynamics directly affect processes at both the Lodge and the Incubator. Santos *et al.* (2015) highlight a conflict of ideas among stakeholders as one of the challenges facing HSEs. This has the potential of delaying decision-making processes. However, what came out from the interviews with the management and employees was that the reason people in the community speak in one voice is because they have become accustomed to communal living over generations, a factor that might be unique to that community. This means decisions that are made usually bind everyone and most members of the community will be protective of those decisions.

The hybrid social entrepreneurship model is important in an era of innovation where alternative approaches to alleviate poverty, particularly in remote areas where there is limited economic activity, are scarce. Haigh and Hoffman (2012) refer to the opportunities HSEs have, which are the scope to experiment with various methods of operations and the ability to combine industrial and human capabilities and innovation to deliver social entrepreneurial activities. Although the Bulungula Lodge and Incubator are situated in a complex environment, characterised by, according to participants Martin and F02 (2017), the remoteness of the area, a community with low levels of literacy and limited skills, and limited infrastructure and resources, they have found ways to keep improving their social impact. Using their limited resources, they have managed to consolidate human resources (i.e., volunteers and community members involved in the operations) and innovation to create social value for the people in the villages where the programmes are set up.

5.4 RECOMMENDATIONS

This study has identified areas of recommendation that could help Bulungula and potentially other social enterprises achieve scaling and self-sustainability. As the literature stated, the challenges that social enterprises seek to achieve are usually so wide in scope that only large-scale interventions can have maximum impact in a sustainable manner (Kickul & Lyons, 2012). There are various scaling strategies discussed in the literature, which are reviewed in this study, but it is important for social enterprises to choose a strategy or a combination of strategies that will suit their setting and is aligned to their social mission.

Scaling is not easy, particularly for hybrid social enterprises with an already complex identity. According to Sharir and Lerner (2006), in reference to the evolution of scaling, there has been a move from only focusing on internal policies, regulation and employees, and what effect these recourses have on organisational growth and impact. The focus should be broader and include the development of strategic partnerships and alliances to earn political support and acquire resources. Scaling is defined as “increasing the impact a social-purpose organisation produces to better match the magnitude of the social need or problem it seeks to address” (Dees, 2008:18). Based on the findings, it is clear that Bulungula establishes strategic partnerships with other institutions to consolidate resources and implement its programmes. For scaling, the researcher recommends two strategies (also discussed in the literature contained in this study) that Bulungula could incorporate in its strategic plan.

5.4.1 Scaling for the Bulungula Lodge

The Lodge is sustained by the region’s unique natural beauty, which is characteristic of the Wild Coast, and is considered as one of the most attractive tourist destinations in South Africa. It also has all the features of an eco-friendly establishment and conforms to carbon emission reduction initiatives. That means it attracts responsible travellers who support sustainable tourism (Eco-Friendly Africa, 2018). However, according to an employee at the Lodge, the profit margin has been declining since the founder relinquished his 50% to

the community (MS1, 2017). There is a need for the Lodge to embark on a growth journey to increase its earnings and achieve some level of scaling. The majority of the participants who are involved at the Lodge conceded that they have low levels of knowledge and understanding of the tourism industry. It is against this background that capacity building in terms of implementation and financial management of a tourist destination is recommended as a strategy.

Capacity building, as introduced by Kickul and Lyons (2012), is made up of seven building blocks: structure, model, culture, data, resources, leadership and governance. What would be practical for the Lodge would be to develop a solid business model, which complements the current model without interfering with its primary offering, and that would elevate its brand, increase revenue, and empower local communities. It is recommended that value added tourism services centred on the sustainable livelihood concept be added, for example, a partnership with an adventure and outdoor retailer, and local youth could be trained on manufacturing locally produced and branded travellers gear. Other initiatives that could be added include dried seafood outlets and biltong shops. For all of this to be achieved, capacity building in the form of strengthening skills development and empowerment programmes for local people and existing entrepreneurs would need to be prioritised. These programmes would need to focus specifically on tourism destination development.

It is also recommended that the Bulungula Lodge collaborate with the Eastern Cape Tourism and Parks Agency to consider developing a sub-route, which connects with other tourism attractions in neighbouring villages and along the coast. This would ensure proper packaging of tourism experiences tailor-made for a targeted clientele. This would also make it easy for distribution to tour operators that can package and sell tours as a niche tourism product offering. Increased marketing efforts are also needed to reach new markets. For example, packaged corporate retreats for businesses in big cities encourage the use of corporate social responsibilities. The same marketing efforts can be used to reach out to the international travellers who are interested in eco-friendly destinations.

To complement all of the recommended initiatives, there is a need for physical infrastructure development. The Bulungula Lodge could collaborate with the Mbhashe Local Municipality for construction of a second line of eco-friendly tourism products to complement the Lodge and attract more visitors without distorting the unique tourism

offering. Furthermore, the complementary tourism services that local entrepreneurs currently offer need to be strengthened through the professionalisation and certification of operators, for example, spa retreat operators and adventure tour guides. All these services can be included in a one-stop-shop website.

5.4.2 Scaling for the Bulungula Incubator

Another strategy introduced by Kickul and Lyons (2012) is referred to as **dissemination**, which involves sharing of business intelligence and processes to other organisations to expand impact. It is clear from the findings that the Incubator has many unique experiences and best practices, as cited by participant F02 (2017), it can share with other organisations. Given the wide scope of social challenges, particularly on health and education, the Incubator can develop a comprehensive toolkit with operational guidelines that can be shared with other organisations. It has already been noted that both entities have separate governance structures. The link between the two structures is that the general manager at the Lodge is also one of the board members of the Incubator. The community members who co-own the Lodge attend the same meetings that discuss the programmes of the Bulungula Incubator. It is recommended that the partnership be strengthened through advisory sub-committees within the same structures.

According to participant F02 (2017), the Bulungula Incubator participated in the policy discussions on early childhood development to develop norms and standards for birth to three year olds. The Incubator was to share its knowledge with the Department of Science and Technology and the Treasury.

The Bulungula Incubator has however made it clear that it has no plans to add more centres in other regions to implement its programmes, but would rather provide training and capacity to broaden its reach. There are plans in place to build a centre of excellence in the form of a college to accommodate young people from grades 10, 11 and 12. The curriculum will be inclusive of all the programmes implemented at the Bulungula Incubator in the following areas: healthcare before and during pregnancy, health throughout life, early childhood development in the home from ages 0 to 3, centre-based preschools from 3 to 6 years, and online learning and afterschool support programmes for primary schools

(Bulungula Incubator, 2018). The recommendation by the researcher is that once the college is operational, a framework and guidelines should be developed for other social enterprises and interested institutions to adopt and establish in other regions that have similar needs.

Finally, the Bulungula Incubator should maintain and strengthen the existing partnerships that enable it to implement its programmes. The establishment of formal strategic partnerships with government departments, such as Basic and Higher Education, as well as international donor organisations, should be considered to attract resources and scale its programmes.

5.4.2 Recommendation for policy implications

As stated by Watters *et al.* (2012), South Africa lacks a legislative framework that governs the establishment of social enterprises. This means there are no policies tailor-made for social enterprises or support programmes by the government to sustain them. The vagueness in usage of the label 'social enterprise' and its varying definitions also makes it difficult for policy makers to shape policies tailor-made for social entrepreneurial activities in South Africa. For example, some institutions relate the work of social entrepreneurship to environmental management initiatives, and the study conducted by the International Labour Organisation (ILO) on social enterprises in South Africa included co-operatives as other forms of social enterprises. The South Africa New Growth Path Framework, developed in 2011, recognised growth in the social economy and attributed that growth to social businesses as sources of new jobs. The identified social businesses include; co-operatives, non-profit organisations and stockvels (also known as informal savings schemes) (Holt & Littlewood, 2015).

Given the complex dynamics and multi-facetedness of social entrepreneurial activities, the researcher of this study thinks that, there is an urgent need for the South African government in collaboration with development agencies, academics and public policy makers to educate themselves on the dynamics and challenges facing SEs. Appreciation of these challenges could inspire explicit policy pronouncements and development of new support programmes for SEs. Examples of those dynamics could be the difference in

challenges facing rural social enterprises versus urban and township social enterprises, and dynamics in pure non-profit organisations driving social change versus hybrid social enterprises. The ultimate objectives should be to; (i) create a conducive environment for new entrants into the social entrepreneurial space, (ii) provide much needed support for existing SEs to sustain and scale up their initiatives, (iii) create awareness on the significance of work SEs do in societies to attract interest and funding opportunities, finally (iv) advance social entrepreneurship education. The aforementioned aspects have also been highlighted in the policy gaps identified by the United Nations, in relation to traditional entrepreneurship (United Nations Conference on Trade and Development, 2009). A proposed framework for advancing entrepreneurship involved; access to funding, entrepreneurship education and skills development, research and development technology transfer, general awareness and building of strategic networks, regulatory environment and entrepreneurship policy with specific focus on creation on a conducive environment.

The founder of the Bulungula Lodge re-affirmed this issue by highlighting the bureaucracy imposed by rules around the registration of businesses, as well as tax obligations, as some of the biggest barriers to entry and demotivating factors to would-be social entrepreneurs (Martin, 2017). Martin (2017) also mentioned that the capital needed to start up a social enterprise is another barrier. The recommendation he put forward is the introduction of a grant fund to help potential social entrepreneur start up social ventures (Martin, 2017). The researcher of this study this this move could attract more social change agents to start social ventures and lessen the burden of having to use personal funds as start-up capital.

5.5 Recommendations for future research

There is an opportunity for future research to investigate whether the Bulungula Lodge and Incubator concept can be replicated in other parts of South Africa, other African countries, or internationally. There is also a need to assist local municipalities in their development of needs assessments and prioritisation for the communities they serve. In addition, further research is required on hybrid social entrepreneurship to explore different methods of managing and operating them. Further, social entrepreneurship policy development in South Africa can be considered and be compared with international case studies. Finally,

research should be conducted on the effectiveness of strategic partnerships between social enterprises and other institutions (including communities) to achieve their social mission.

5.6 LIMITATIONS OF THE STUDY

De Vos *et al.* (2011) acknowledges that any research study is subject to some limitations and it is important for a researcher to identify all potential limitations in order to limit them. The main limitation of the study relates to the generalisation of the research findings. The researcher used a qualitative research paradigm, which means the findings cannot be generalised for cases not involved in the study. Even if another institution presents the same characteristics as this case study, the researcher cannot base findings on the similarities to reach a conclusion (Salkind, 2012). This study was also not able to establish cause and effect (Creswell *et al.*, 2016). Listed below are the limitations of the study:

- The researcher only focused on a single case study and did not benchmark or compare with an international case study of social entrepreneurship.
- The scope was limited to looking at what the social enterprise (the study area) was doing and did not expand on what other institutions, such as the local municipality, was doing to address social challenges.
- The study did not elaborate on policy development of social entrepreneurship, as it fell outside the scope of the study.
- The population sample was small and the research participants were confined to Nqileni village where the case study is based.

5.8 CONCLUDING REMARKS

Through exploring best practices at Bulungula Lodge and Incubator, the researcher came to an understanding of certain contexts. There is a relationship between uniqueness and complexity of the environment and it is important for a social enterprise to work closely with the communities to find common ground when implementing social entrepreneurial initiatives. Simply replicating practices from other enterprises might not work. Furthermore,

partnership with other organisations who understand social challenges maximises. Finally, participation of the community in all aspects of operations has positive effects.

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APPENDIX 1: RESEARCH INSTRUMENT GUIDE

INTERVIEW GUIDES

Research Instrument Guide for semi-structured interviews:

Senior management and founder

BEST PRACTICES OF SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA

Envisaged population: Senior management and the founder of the Bulungula Lodge and Incubator

Researcher: Bulelani Silangwe

This is the semi structured interview guide that will be used to interview the social enterprise founder and executive management.

Biographical Questions:

How many years has the Bulungula social venture been in operation for?

How many years have you been involved?

Could you provide an overview of your social venture, in particular the challenges you are seeking to address? What is your social mission?

At what stage did you decide to add the Incubator and why?

Research Question 1: What are the socio-economic benefits brought about by a Social Enterprise

Interview questions:

How much time, effort and money have you spent on skills and capacity development since the establishment of Bulungula?

How many people are employed by the establishment and at what levels within the organisation?

How does the establishment earn its income?

What are your focus areas, and how do they address social challenges such as health, education and youth development?

Research Question 2: What mechanisms are used in the institutional theory in relation to management processes in the Social Enterprise?

Interview questions:

What processes did you follow to ensure legitimization of your social venture?

Have you added or adopted any new business practice model to suit the hybridization (addition of the incubator)?

What controls (governance) have you put in place to ensure smooth management of your social venture?

Research Question 3: What are the factors that influence management and operations processes in a Social Enterprise?

Interview questions:

What influences (external and internal) are there that affect management and operations processes?

How do the external governance or regulatory processes (e.g. environmental protection laws) affect operations of Bulungula?

Research Question 4: How can SEs achieve self-sustainability, expansion and scaling?

Interview Questions:

What is your long term scaling strategy?

What mechanisms have you put in place to ensure long term sustainability and how have you aligned vision and business strategy?

Research Instrument semi-structured interviews:

Employees

BEST PRACTICES OF SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA

Envisaged population: employees of the Bulungula Lodge

Researcher: Bulelani Silangwe

This is the guide for the focus group to be conducted with employees from the Lodge;

The focus group will consist of 8 – 10 participants.

Biographical Questions:

Demographical representation: gender and age group?
How long have you been working for Bulungula?

Research Question 1: What are the socio-economic benefits brought about by a Social Enterprise

Questions to guide the focus groups:

How are you involved in decision making processes? How are your views and inputs collected for incorporation into the final decisions?
What is your role in the operations at Bulungula?
Have you been through any skills development or capacity building initiatives provided for by the Bulungula? If so, have they been of any benefit?
What are the good things you can point out that the Bulungula has brought, to you as an employee, your household and the community?
Where were you employed before the establishment of Bulungula?
What do you have now that you did not have before being employed at Bulungula?

Research Question 4: How can SEs achieve self-sustainability, expansion and scaling?

Questions to guide the focus groups

What are the initiatives in place that will stand the test of time for generations to come?
What controls (governance) has the Bulungula put in place to ensure smooth management and sustainability?

Research Instrument semi-structured interviews:

Incubated initiatives/programmes/businesses

BEST PRACTICES OF SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA

Envisaged population: Businesses incubated by the Bulungula Lodge and Incubator and social programmes or initiatives incubated through the Bulungula Lodge and Incubator (represented by all the focus areas)

Researcher: Bulelani Silangwe

This is the guide for a semi-structured interview to be conducted with representatives from the incubated initiatives/programmes/businesses

Biographical Questions

- In which focus area/s was your business/initiative incubated?
- Demographical representation: gender and age group? (for statistical purposes)
- When did you establish your business/initiative and at what stage were you incubated by Bulungula?

Research Question 1: What are the socio-economic benefits brought about by the Bulungula Incubator

Questions to guide the focus groups:

- How has the Bulungula Lodge/Incubator changed your life? Has this change been negative or positive?
- What are the benefits that the establishment of Bulungula has brought to the village, your business and household?
- Does your business have any employees?

Research Question 4: How can SEs achieve self-sustainability, expansion and scaling?

Questions to guide the focus groups

- How can other villages with similar needs and challenges as Nqileni also adopt best practices and grow?
- What does the Bulungula do to advance positive change in the community?
- What are the initiatives in place that will stand the test of time for generations to come?
- What do you think Bulungula does differently than other community lodges in other villages?
- What mechanisms has the Bulungula put in place to ensure smooth management and sustainability post-incubation?

Research Instrument semi-structured interviews:

Official from the Mbhashe Local Municipality

BEST PRACTICES OF SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA

Envisaged population: Representative/s from the Local Economic Development department

Researcher: Bulelani Silangwe

This is the semi structured interview guide that will be used to interview Mbhashe Local Municipality in the Eastern Cape.

Research Question 1: What are the socio-economic benefits brought about by a Social Enterprise

Interview questions:

- What has your involvement with the Bulungula Lodge and Incubator?
- How has your organization invested towards support of Bulungula's initiatives? Please elaborate on the support package in relation to development and service
- How do you think the support has benefited the communities of Nqileni and the surrounding villages?
- What has been the impact of both Bulungula Lodge and Incubator on the communities?

Research Question 2: What are the factors that influence management and operations processes in a social enterprise?

- What is your role in the operations of Bulungula and how are you involved in decision making processes? (if applicable).
- Has the municipality had partnerships with Bulungula? If so, how have those partnerships been structured? What have been the collaborative projects/initiatives?

Research Question 2: How can Social Enterprises achieve self-sustainability, expansion and scaling?

Interview Questions:

- Based on your knowledge and interaction with the Bulungula lodge and incubator, what do you think needs be done to achieve scaling and sustainability?
- What are the municipality's plans to assist Bulungula scale the impact?

Research Instrument semi-structured interviews:

Official from the Eastern Cape Tourism and Parks Agency

BEST PRACTICES OF SOCIAL ENTREPRENEURIAL ORGANISATIONS: A CASE OF BULUNGULA

Envisaged population: Representative/s from the marketing and development

Researcher: Bulelani Silangwe

Research Instrument Guide

This is the semi structured interview guide that will be used to interview Eastern Cape Tourism and Parks Agency

Research Question 1: What are the socio-economic benefits brought about by a Social Enterprise

Interview questions:

- How has your involvement with the Bulungula Lodge and Incubator?
- How has your organization invested towards support of Bulungula? Please elaborate on the support package involving marketing and development.
- How do you think the support has benefited tourism in that village and by extension, the community?

Research Question 2: How can Social Enterprises achieve self-sustainability, expansion and scaling?

Interview Questions:

- Based on your knowledge and interaction with the Bulungula lodge and incubator, what do you think it needs to do achieve growth and sustainability?
- What are ECPTA's plans to assist Bulungula scale the impact?

APPENDIX 2: INFORMED CONSENT

Informed Consent Form

I..... (full name and surname) am fully informed about the research on best practices of social entrepreneurial organisations for a Master of Development Studies dissertation undertaken by Mr. Bulelani Silangwe and agree to participate as a respondent.

I specifically confirm the following:

- my participation is voluntary and I am at liberty to withdraw my participation at any time during the process without giving reasons and that I will not be reprimanded for withdrawing nor will my reasons be questioned;
- there is no remuneration to be derived from my participation;
- the aims, objectives and research procedures have been explained fully;
- parties involved in the research must maintain confidentiality and behave in an ethical and honest manner throughout the research process; and
- the results of the research will be made available to all participants and relevant stakeholders.

Signed.....

Date.....