

# Entrepreneurial Orientation in South African Social Enterprises

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## ABSTRACT

**Objective:** The objective of this study was to investigate to what extent an Entrepreneurial Orientation (EO) exists within social enterprises in South Africa.

**Research Design & Methods:** The study was quantitative in nature and used a descriptive research design, utilising an adapted measuring instrument to measure five dimensions of EO. A simple random sampling approach was followed, with resulting data analysed in SPSS by means of descriptive statistics, factor analysis, and ANOVA.

**Findings:** We found that four dimensions of EO exist within social enterprises to a moderate extent, namely risk-taking, innovation, proactiveness, and autonomy. Findings indicated low levels of competitive aggressiveness.

**Implications & Recommendations:** The article intends to fill the gap in literature that exists regarding EO within social enterprises in South Africa. The study provides insights into the existence of EO in South African social enterprises, allowing for policy and managerial interventions to be made to improve EO levels.

**Contribution & Value Added:** The main contribution of the study provides an indication of the existence of an EO in South African social enterprises, thereby establishing the basis for further research in this under-researched area.

**Article type:** research article

**Keywords:** entrepreneurship; entrepreneurial orientation; social enterprises; South Africa

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## INTRODUCTION

Social enterprises in South Africa have been a topic of discussion over the years as the country attempts to commit to economic, social, and political transformation owing to the imbalances caused during the Apartheid era (Littlewood & Holt, 2015). Organisations with a social purpose i.e. social enterprises, have been touted as one manner in which these imbalances can be addressed. Social enterprises exist as a way of addressing a societal issue that causes damage to members of society. South Africa is regarded as a highly unequal country according to the Gini coefficient (World Bank, 2018). Secondly, the country faces major socio-economic challenges with high levels of unemployment, estimated at 27.6% (Statistics South Africa, 2017a). Thirdly, South Africa faces a high degree of poverty, with 29.7% of the population in the Gauteng province living without any income (Statistics South Africa, 2016). This being said, social enterprises are regarded as facilitators in countering these societal issues, however these social enterprises experience low survival rates, owing to a lack of entrepreneurial spirit (Kusa, 2016). The lack of entrepreneurial spirit can be determined by investigating levels of entrepreneurial orientation (EO; Austin, Stevenson, & Wei-Skillern, 2006). Therefore, we should determine if social enterprises possess an EO, owing to the direct link to entrepreneurial spirit. Many developed countries have recognised the importance of social enterprises, it is therefore beneficial to conduct similar studies within their home countries (Kusa, 2016).

The problem that this study addresses is the lack of research on EO in South African social enterprises. Moreover, it remains unclear whether social enterprises in South Africa are purely social in nature or if they exhibit entrepreneurial characteristics. To deduce this, we should determine the level of EO (Austin, Stevenson, & Wei-Skillern, 2006). This view is supported by Abaho *et al.* (2017) who stress the importance of determining EO in social enterprises in developing economies where contextual differences play a significant role. Linked to this notion is the fact that currently no purpose-built measuring instrument exists to accurately measure EO within South African social enterprises. A lack of a well-established, modified EO scale for social enterprises was noted by authors such as Alarifi, Robson, & Kromidha (2019).

Therefore, the primary objective of this study is to determine to what extent EO exists in social enterprises in South Africa. Other objectives include developing an appropriate adapted measuring instrument, but also comparing EO in different types of social enterprises.

## LITERATURE REVIEW

The sections below present a literary discussion on prominent dimensions of Entrepreneurial Orientation (EO), as well as exploring existing research on social enterprises.

### Social Enterprises

A tremendous growth of social enterprises has been observed, particularly as the term 'social enterprise' has been used interchangeably with terms such as "civil society", 'voluntary sector', 'social sector', 'third sector', 'independent sector', 'mission-based sector', 'non-profit sector' and 'non-government sector'" (Trivedi & Stokols, 2011, p. 3). The term social enterprise has also been associated with social entrepreneurship, although there

exist stark differences. Firstly, a social enterprise is aimed at addressing imbalances in the social, structural, and political system through forcing social change. Therefore, social enterprises assume the role of social change agents, which differentiates them from social entrepreneurs who are usually independent business individuals who use innovative practices to bring about social change by means of recognising an opportunity in the marketplace. Hence, social entrepreneurs are much more closely related to traditional forms of entrepreneurship than social enterprises (Best, 2018). Furthermore, while social enterprises are often regarded as NPOs and NGOs, a distinct difference exists as (i) NPOs do not necessarily aim for social change (Dees, 2001; Martin & Osberg, 2007) and (ii) social enterprises aim to solve long-standing social issues, while NPOs aim to address social issues regardless of their time of existence (Alter, 2004; Mair & Martí, 2006; Martin & Osberg, 2007). A social enterprise is regarded as an organisation that focuses mainly on the creation of social value rather than the creation of monetary wealth or use value, a further differentiating factor from traditional NGOs (Trivedi & Stokols, 2011). A social enterprise generates revenue through activities that are predominantly social in nature (Chell, 2007; Kerlin, 2012). While social enterprises primarily rely on governmental funding, in South Africa they can be classified according to their primary funding source (Patel, 2012). The first type of social enterprise is an enterprise formally registered with the National Council of Social Services (NACOSS). These enterprises follow strict procedures whilst heavily relying on governmental funding. The second type of social enterprise is known as donor-funded enterprises, which are formally registered but can customise the enterprise to better suit the services it delivers. The third type of social enterprise is known as religious bodies, which are also formally registered. Finally, community based social enterprises (CBOs) are most prevalent in South Africa. These enterprises are usually not formally registered and have a restricted access to required funding or skills.

Whilst formal classifications exist, social enterprises can also be classified according to their central purpose, which usually provides better insight into their modus operandi and, thus, EO. Social enterprises are usually classified as mission-centric, commercialising social services, or providing social services unrelated to their mission. The mission-centric model has a strong focus on its social mission with the aim of using a self-financing. Secondly, the enterprise that commercialises social services has a social mission at its core but generates economic value, which is used to subsidise its social initiatives. The third type of social enterprise is detached from its mission. This enterprise focuses on using social programmes to make a profit, with no intention to actively pursue the social mission (Alter, 2007).

However, we should determine the prevalence of social enterprises in South Africa. Although no current data exists on these enterprises in South Africa, past studies found that social enterprises in South Africa employ an estimated 645,000 full time employees and 1.5 million volunteers (Patel, 2012). Social enterprises can legally register as any form of for-profit company, such as sole proprietorship, partnership, private company, trust, or cooperative. However, many social enterprises assume a non-profit legal form, such as non-profit company, voluntary association, or non-profit trust. At the time of registration, the memorandum of incorporation or constitution outlines the social nature of the enterprise (Bertha Centre, 2016). Other than formal legal registration, many social enterprises register with NACOSS, which requires such information as contact, trading name, main aim of organisation, declaration of affiliation, geographic extent of services, transformation plan, and legal

registration status with a company registration number (NACOSS, 2019). However, to be regarded as a Non-Profit Organisation (NPO) and Public Benefit Organisation (PBO), a social enterprise often needs accreditation. The NPO Directorate requires organisations to submit financial records and activities. Obtaining PBO status requires them to submit the same documentation to the South African tax authorities (Bertha Centre, 2016). NACOSS states that registered social enterprises mainly support the elderly, youth, children, and families. Most of the social enterprises exist in the Western Cape and Gauteng provinces in South Africa due to the dearth of services in these areas (Patel, 2012).

While no accurate measures of social enterprise activity exist in South Africa, a related study on social entrepreneurial activity (SEA) in South Africa estimates SEA to be 1.9% for Black Africans, 1.9% for the White population, 1.6% for the Indian population and 1.4% for the mixed-race population (Herrington, Kew, & Kew, 2010). These authors also estimate that male SEA is far higher than female SEA, by 1.3% and 0.5% respectively. In terms of education, 47% of these social entrepreneurs have a school-leaving certificate, whilst 8% possess a post-matric qualification, and only 4% possess some sort of tertiary education. This may be viewed as problematic, because research indicated correlation between higher levels of education and improved levels of entrepreneurship (Shane, 2003; Nicolaidis, 2011; Byun *et al.* 2018; Singer, Herrington, & Menipaz, 2018).

Social enterprises face several challenges that contribute to their high failure rates (Littlewood & Holt, 2015). The three main challenges that these enterprises face include the areas of funding, market, and human resources. Funding challenges are mainly related to the lack of adequate government funding. Although each province receives funds from the national government (Statistics South Africa, 2017a), this funding is regarded as inadequate; suffice to consider that, in 2008, the national government spent more on social services than in 2018. Imbalances in funding allocation to various provinces are also problematic as discrepancies between available funds and needs rise (Patel, 2012; Statistics South Africa, 2017a). Human resources pose a further issue to social enterprises, as it is often difficult to find individuals with relevant skills required in the social sector (Smith & Darko, 2014; Brzozowska, Bordean, & Borza, 2015). However, it is imperative that social enterprises employ people with the requisite skills to ensure maximum resource utilisation. Low levels of compensation due to the lack of funding result in unattractive salaries and low levels of employee retention. Milkovich, Newman, and Gerhart (2011) along with Bussin (2012) nevertheless argue that factors such as employee empowerment, leadership, and other forms of remuneration can strengthen employee retention. Finally, markets pose another challenge as social enterprises often lack the ability to determine their target market and market offering (Dolnicar & Lazarevski, 2009). Social enterprises also struggle with differentiating themselves from similar commercial enterprises. This can be attributed to a lack of marketing expertise to aid differentiation, which undesirably affects profitability (Smith & Darko, 2014; Wu, Wu, & Wu, 2018).

Despite these challenges, there are many opportunities for social enterprises to access requisite support services (Myres *et al.*, 2018). Private funding for these social enterprises often assumes the form of angel investment, mostly from individuals with capital in search for an unlikely investment opportunity (Murnieks *et al.*, 2016). Microfinance institutions exist to provide funding to individuals who do not have a credit record and seek funding

(Mersland & Storm, 2010). Moreover, co-operative financial institutions (CFI) exist to provide funding to co-operatives, and they are usually owned and controlled by their members, which creates a shared bond (Sauli, 2018). Stokvels and community savings groups are another source of financing. These South African savings or investment societies, Stokvels are a way in which individuals can save informally. Stokvels are vital to employment creation and promoting social and economic activity in South Africa (Verhoef, 2001; James, 2015). As a source of funding, friends and family also are a viable option to social enterprises, as they often demand no stringent repayment procedures. Social impact bonds (SIBs) are social programs that seek to attract private investors willing to invest in social enterprises and develop communities (Social Finance, 2011; OECD, 2016). Finally, crowdfunding can act as a source of capital, whereby social enterprises request donations in exchange for a reward that may support social initiatives (Kleemann, Vo, & Rieder, 2008).

### Entrepreneurial Orientation

We define Entrepreneurial Orientation (EO) as entrepreneurial actions and decisions that are based on policies and procedures within existing enterprises (Rauch, Wiklund, Lumpkin, & Frese, 2009). Many authors (Lumpkin & Dess, 1996; Zahra & Neubaum, 1998; Fatoki, 2012; Shehu & Mahmood, 2014) explore the conceptual nature of EO, yet the commonality that exists between the various definitions lies in viewing EO as a strategy-making process. While EO received significant attention, it still requires further research (Rauch *et al.*, 2009).

Khandwalla (1977) originally conceptualised an EO scale, most prominently utilised by Covin and Slevin (1989) to develop a measuring instrument that covers three dimensions of EO, namely risk-taking, innovativeness, and proactiveness. These dimensions are based on the seminal works of Miller (1983), who proposed them as unidimensional, assuming that an EO can only exist when these dimensions appear concurrently. Later, Lumpkin and Dess (1996) proposed the inclusion of two additional dimensions to the EO construct – competitive aggressiveness and autonomy – and postulated, contrary to Miller (1983) along with Covin and Slevin (1989), that EO is a multidimensional construct that can contain any combination of the five EO dimensions. Lumpkin and Dess (1996) also note that only some of the EO dimensions require a presence in an organisation for it to engage in successful new market entry.

These dimensions include *innovativeness*, widely regarded as one of the most important components of EO (Parkman, Holloway, & Sebastian, 2012). This confirms findings by Schumpeter (1942), who argues that if the other dimensions were to exist without the presence of innovation, these dimensions would be without real value. We may regard innovation as the willingness to engage in new practices with the intention of mastering them (Sankowska, 2013). Thus, we may consider *proactiveness* as the willingness to anticipate future problems with a forward-looking, rather than reactive mindset (Miller & Friesen, 1978). Intrinsic to proactiveness is the first-mover advantage that an organisation aims to possess. As a strategic approach, proactiveness allows organisations to capitalise on market opportunities as heightened opportunity recognition becomes more intrinsic to decision-making (Lieberman & Montgomery, 1988; Tang & Hull, 2012; Wang *et al.*, 2015). Furthermore, as noted by Miller (1983), proactiveness in an organisation can create a first-mover advantage, as products and services are created in anticipation of market needs (Jaensson, Shayo, & Kapaya, 2018).

*Risk-taking* is the willingness of managers to commit resources, whilst facing the prospects of a costly failure (Miller & Friesen, 1978). A high degree of risk-taking has been linked to higher levels of EO. We may attribute this to organisations who commit to new levels of indebtedness with the expectation of retaining profits by better seeking market opportunities (Baker & Sinkula, 2009; Eggers *et al.*, 2013). However, organisations need to consider that all activities tend to have risks attached to them. However, the levels of acceptable risk must be determined by the organisations (Lieberman & Montgomery, 1988), as a risk-averse stance can lead to lost opportunities, often considered a risk in itself (Borison & Hamm, 2010; Nishimura, 2019). Risk-taking must be differentiated between individual and organisational risk-taking. Risks taken by the organisation are not always attributable to a particular individual, who could be risk-averse, and can lead to conflict (Lieberman & Montgomery, 1988).

*Competitive aggressiveness* can be described as the manner in which an organisation challenges its competitors to achieve a superior market standing (Lumpkin & Dess, 1996). Some studies suggest that new organisations tend not to act in an aggressive manner as the 'liability of newness' results in industry intimidation (Lieberman & Montgomery, 1988). However, organisations should also respond to competitor challenges in a resilient and offensive manner whilst ensuring that any market penetration efforts are performed competitively (Lumpkin & Dess, 2001; Chen, Lai, & Wen, 2006). Organisations must consider speed of new market entry, as a fast-follower followed when goods and services are brought to the market in an aggressive manner (Lieberman & Montgomery, 1988). Finally, some studies suggest that mergers or strategic alliances increase synergies and result in higher returns, thereby raising the level of competitive aggressiveness (Harrison, Hitt, Hoskisson, & Ireland, 1991).

Finally, *autonomy* can be described as an idea of an individual or a team that reaches phases of completion, with these individuals seen to be independently-minded and not subjecting themselves to inhabitation by organisational superiors, instead ensuring that new ideas transform into a new venture (Lumpkin & Dess, 1996). In general, autonomy refers to individuals that take a stance to see through their own opportunities. However, in an organisation, entrepreneurship and innovation are continuously promoted by managers, if there exists some level of autonomy (Ireland, Kuratko, & Morris, 2006). Lastly, Miller (1983) suggests that autonomous leadership and higher levels of entrepreneurship are intrinsically linked, while higher levels of decentralisation result in a heightened sense of autonomy. Although organisational structure plays a role in granting autonomy, it is important that individuals in autonomous positions exercise this behaviour as this promotes innovation and creativity (Lumpkin & Dess, 1996; Eder, 2007; Burns, 2013). Krauss *et al.* (2005) agree with this view, and they find that the elimination of stringent guidelines ensures employee motivation and increases innovation efforts.

With regard to EO in social enterprises, a study by Lumpkin *et al.* (2013) explores the extent to which EO can be measured within a social enterprise in the United States of America, using a framework developed for commercial enterprises. Their study finds that the majority of processes used in commercial businesses are also used in social enterprises, although EO may differ in the social context (Lumpkin *et al.*, 2013). Therefore, the first hypothesis of the current study is:

**H1:** Social enterprises in South Africa exhibit an entrepreneurial orientation.

Authors such as Kusa (2016) observe that social enterprises have a different attitude towards risk, as the underlying motivation differs, which primarily aims for alleviating a social ill. The underlying motivation for existence, such as mission-centrism, commercialisation of social service, or activity unrelated to mission, is referred to as the type of social enterprise. The second hypothesis for the current study is that:

**H2:** The type of social enterprise affects entrepreneurial orientation.

In terms of innovativeness and proactiveness, Kiruki (2016) concurs that this dimension is low across all social enterprises, because these enterprises tend to ignore the exploitation of trends in the industry, thereby not acting proactively. The lack of innovation in environmental changes note Lumpkin *et al.* (2013). Autonomy and competitive aggressiveness are the factors of EO that are most impacted in the social context, as the need for assertiveness is present ahead of other social enterprises, although Lumpkin *et al.* (2013) argue that problems can be solved by working with competitors. Scholars who conducted EO-related studies with all five dimensions find moderate to high levels of EO (Syrja *et al.*, 2019), while others suggest the use of the original three-factor model (Alarifi, Robson, & Kromidha, 2019). Therefore, the current study proposes another hypothesis:

**H3:** The full five EO factors can be found in South African social enterprises.

This sentiment is shared by Abaho *et al.* (2017), who stress the importance of developing evidence in support of EO in social enterprises located in developing economies, as contextual evidence is of the utmost importance.

## MATERIAL AND METHODS

The paradigm of a study can be defined as “the whole system of thinking” (Neuman, 2011, p. 94). This study follows the positivist approach, because the research can be classified as objective, as we ensured that interaction with respondents was kept to a minimum. The replicable nature of our positivist approach will allow future studies to repeat and verify the obtained results (Johnson & Onwuegbuzie, 2004). The population of the study was defined as all owners and employees in social enterprises in South Africa. To be included in the sample, the social enterprise had to enjoy full legal registration status, be classified as a NPO or PBO, operate in South Africa, and could contain either employees, owners, or stakeholders.

We conducted an empirical study with the use of quantitative research approach, as the aim of the research was to generalise the findings and describe a phenomenon numerically. The study used an adapted measuring instrument in the form of a self-administered questionnaire, utilising a five-point Likert scale and closed-ended questions. Questionnaire items were adapted from the prominent Miller, Covin, and Slevin (1989) scale, but also a scale by Hughes and Morgan (2007). Section A of the measuring instrument contained demographic-related questions, while Section B was structured according to the five EO dimensions mentioned in the literature review above. The questionnaire was distributed electronically via e-mail and hosted on Google Forms. As a result of no consolidated and comprehensive database of social enterprises existing in South Africa, we selected a variety of prominent databases such as Enactus, University of Johannesburg Centre for Entrepreneurship, RainbowNation.co.za, Char-

itySA.co.za, and Code South Africa Data Portal. These databases contained the details of registered social enterprises. However, the primary mission of the social enterprise was not stated in these databases, so it was included as an item in Section A of the measuring instrument. A total of 1 764 respondents were contacted, resulting in 342 responses, thereby recording a response rate of 19.4%. While we selected databases on the basis of convenience and accessibility, we followed a random sampling approach in distributing the questionnaire to the social enterprises. Data comes from December 2018 to January 2019.

Data was analysed by means of descriptive and inferential statistics. Descriptive statistics included standard deviations, individual item means, and average dimension means. Inferential statistics involved one-way ANOVA in order to determine if the level of EO in a social enterprise was dependant on the type of social enterprise. Two assumptions of ANOVA include (i) that the response variable follows a normal distribution within groups, and (ii) an appropriate scale is used. While the 5-point Likert scale can be viewed as a weak strength ordinal scale, some authors suggest it is acceptable for ANOVA, as it can be used as an interval scale (Bertram, 2009; Wu, 2017). An exploratory factor analysis (EFA) was conducted due to the newness of the measuring instrument. To determine the suitability of the EFA, we used the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy along with Bartlett's test of sphericity. The KMO indicated 0.845, which was above the required value of 0.6, while Bartlett's test showed 0.000, which was below the required value of 0.05. This foregrounds that the data was suitable for structure detection. While the study originally included five dimensions of EO, the EFA extracted six factors with an eigenvalue of greater than 1. The risk-taking factor split into managerial and employee risk-taking. Furthermore, factor extraction was also performed and the 24 items in the questionnaire converged into six iterations. The five original dimensions were loaded under the same variables as the original framework. All values in the factor rotation demonstrated a commonality of above 0.3, signalled that there is a satisfactory fit of all the items in each component.

Ethical clearance for this study was granted by the College of Businesses and Economics at the University of Johannesburg. The cover page of the questionnaire outlined the rights of respondents, such as the option to provide consent to partake in the study, but also the right of non-participation and anonymity.

## RESULTS AND DISCUSSION

In terms of demographics, of the 342 respondents, most respondents were female (65.8%), with 34.2% being male. The majority of respondents were older than 50 years of age (39.8%), followed by the ages of 30-39 years (26.9%) and 40-49 years (21.9%). The minority of respondents was between 18-29 years of age (11.4%). In terms of ethnicity, most respondents were from the white population (57.3%), whilst respondents of Black, mixed race, Indian, and Asian ethnicity constituted 22.5%, 16.7%, 2.3% and 0.3%, respectively. In terms of education, most respondents indicated possessing a postgraduate qualification (42.7%), while 24.3% and 23.1% held either a bachelor's degree or a diploma-level qualification, respectively. The remainder of these respondents held a school-leaving certificate (8.2%), or a Grade 11 and lower (1.8%). Next, most respondents were South African citizens (89.25%), whilst the remainder held other nationalities. Whilst responses were received from all nine South African provinces, most of the responses received were from social enterprises based in the Western Cape (52%) and Gauteng province (29.2%). Following this was KwaZulu-Natal



(7.6%), Eastern Cape (3.5%), Free State (2.3%), North West (2%), and Limpopo (1.5%). The two remaining provinces made up approximately 2% of responses. In terms of the classification of the social enterprise, most respondents (57%) described their social enterprises as purely social in nature, while 35.1% believed their enterprise offered mainly commercial services and, finally, 7.9% of respondents believed that their social enterprise was unrelated to their mission. Finally, most respondents (56.7%) indicated that they were the owner of the enterprise, whilst 32.7% and 10.5% were employees or external partners, respectively. All responses were received from enterprises identifying themselves as registered social enterprises who operate in South Africa, regardless of primary mission.

### Reliability Analysis

The reliability of the measuring instrument was tested in terms of Cronbach's Alpha. The results reveal that the measuring instrument can be classified as reliable, because all five dimensions of the study indicated a reliability of  $\alpha > 0.7$ . While the risk dimensions split into managerial and employee risk-taking in the factor analysis, both dimensions recorded a Cronbach Alpha of 0.704 and 0.803, respectively. Innovation, proactiveness, competitive aggressiveness, and autonomy recorded reliability values of 0.799, 0.815, 0.725 and 0.847 respectively. Therefore, we may deem the instrument reliable.

### Descriptive Statistics

Table 1 indicates the descriptive statistics for the study in the form of the average mean per dimension and the average standard deviation per dimension.

**Table 1. Average mean of each EO dimension**

Dimensions	Mean	Std. Dev.	Observations
Managerial risk-taking	3.47	1.086	342
Employee risk-taking	3.64	1.055	342
Innovation	3.54	1.126	342
Proactiveness	3.13	1.071	342
Competitive aggressiveness	2.83	1.201	342
Autonomy	3.68	0.974	342
Overall EO	3.38		

Source: own study.

The means in Table 1 indicate that the risk-taking, proactiveness, innovation and autonomy dimensions showed some agreement, albeit low, thereby demonstrating the presence of EO in social enterprises. However, competitive aggressiveness tended towards slight disagreement, albeit low, showing a lack of competitive aggressiveness in social enterprises. H3 is therefore not confirmed, as only four dimensions were present. Finally, according to the overall EO mean (3.38), this reveals that low levels of agreement exist, which indicates that EO is present in social enterprises, albeit at a very weak level, thus confirming H1. However, when delving deeper into each dimension, we found that certain dimensions are in fact present. In particular, respondents agreed with item R3 under managerial risk-taking: "When decision-making involves uncertainty, my organisation proceeds with caution, so costly mistakes aren't made" (3.87). This demonstrates that respondents believe that decision-making must be done with caution. Bezuidenhout (2017) agrees with such conclusion, as the nature

of the social enterprise is to proceed with caution to ensure that their markets are not over-promised and then under-delivered. The employee risk-taking dimension signalled strong agreement in relation to item R6 – “Exploring and experimenting opportunities are allowed in my organisation” (4.03) – which showed that the exploration of opportunities is apparent in a social enterprise. Llopis *et al.* (2013) revealed that risk-taking and innovation in terms of opportunities can enhance the performance and survival of an organisation. The innovation dimension demonstrated strong agreement in relation to item I5 – “My organisation is creative in the way it does things” (4.01) – which evinces that social enterprises are regarded as creative organisations. This agrees with previous studies, as businesses have a requirement of being creative, even more so in the non-profit sector (Barrett, Balloun, & Weinstein, 2005). However, respondents also showed disagreement in terms of proactiveness and competitive aggressiveness. They especially signalled disagreement in proactiveness dimension in relation to item P6: “My organisation enjoys competitive clashes with competitors” (2.46). This demonstrates that social enterprises tend not to enjoy competitive clashes as the nature of a social enterprise is to collaborate to save costs and share expertise, which is seen as more beneficial, as also revealed in previous studies by Randle, Leisch, and Dolnicar (2013). However, the mean indicates that there was disagreement about the existence of competitive aggressiveness within social enterprises. This is confirmed by Karlsson and Wiberg (2017), as social enterprises are once again seen to collaborate in order to help each other grow.

**Inferential Statistics**

We employed analysis of variance (ANOVA) to determine if the type of social enterprise affected the observed level of EO. As group sizes were unequal, the harmonic mean of the group sizes is used. Levene’s test of homogeneity was conducted to determine which dimensions violated the homogeneity of variances. Managerial risk-taking, employee risk-taking, innovation, proactiveness, competitive aggressiveness and autonomy dimensions indicated values of 0.978, 0.176, 0.348, 0.589, 0.133 and 0.104 respectively. This ascertains that no dimensions violated the homogeneity of variances as they were above  $p > 0.05$ .

**Table 2. Analysis of Variance**

Dimension	Sig. Value	Observations
Managerial risk-taking	0.296	342
Employee risk-taking	0.005	342
Innovation	0.000	342
Proactiveness	0.009	342
Competitive aggressiveness	0.000	342
Autonomy	0.084	342

Source: own study.

Table 2 indicates that – for managerial risk-taking and – autonomy no statistically significant difference exists between the type of social enterprise and these dimensions. However, employee risk-taking, innovation, proactiveness, and competitive aggressiveness dimensions were below  $p < 0.05$ , which demonstrates that a statistically significant difference exists between the type of social enterprise and these four dimensions. The statistically significant differences amongst the three types of social enterprises were further explored using Post Hoc Tables, which indicated where the difference was between the groups. We

found that employee risk-taking differed between a mission-centric organisation and a social enterprise, which focuses on the commercialisation of social services (0.011). This concurs with Blumberg (2008) and Henry (2016), who find that different enterprises tend to offer different activities to its employees. However, social goals are often placed above financial returns in social enterprises, which impacts personal risk-taking (Haughton, 2008). In this way, it is imperative to ensure that employees are not harmed in any way. Hence, social enterprises develop programs for risk management. In terms of innovation, a statistically significant difference was found between a mission-centric organisation and one focused on the commercialisation of social services (0.001). Morris, Webb, and Franklin (2011) agree with that conclusion and state that, when organisations have different missions, the existing innovation tends to differ. We may attribute this to the entrepreneurial or non-entrepreneurial nature of the enterprise and its leadership (Helm & Andersson, 2010). A statistically significant difference was also found between the level of EO and the proactiveness dimension between the mission-centric organisation and the one focused on the commercialisation of social services (0.019). This agrees with Morris, Webb, and Franklin (2011), as the level to which an enterprise will support proactiveness depends on the level of social innovations. Finally, a statistically significant difference was found between the level of EO and the competitive aggressiveness dimension, between the mission-centric organisation and the one focused on the commercialisation of social services (0.004), but also between the mission-centric organisation and the social enterprise unrelated to its mission (0.000). H2 is therefore confirmed in that only some dimensions of EO are affected by the type of social enterprise. The difference found is classified as a moderate effect in terms of effect size, which refers to the mission-centric organisation and the social enterprise unrelated to its mission. According to Austin *et al.* (2006), social enterprises prefer collaborating instead of competing. This also aids them in building market legitimacy by inter-organisational collaboration (Alarifi, Robson, & Kromidha, 2019).

## CONCLUSIONS

South Africa is home to many societal issues, such as poverty, unemployment, and crime. In the quest to combat these troubles, social enterprises attempt at providing products and services to help the individuals affected by such societal issues. However, combatting these issues is only one of the struggles that social enterprises face, as these enterprises often fail due to their inability to exercise entrepreneurial behaviour necessary to succeed and grow. In order to determine the level of social enterprises entrepreneurial behaviour, the current study attempted to determine the level of entrepreneurial orientation (EO) present in these organisations. The study reveals that EO does in fact exist within social enterprises in South Africa, but only four of the five EO dimensions appear and at low levels. These dimensions include *risk-taking, innovation, proactiveness, and autonomy*.

The study faced certain limitations, most prominently in terms of cross-sectional design. Furthermore, due to the fact that no comprehensive database on social enterprises exists in South Africa, several publicly available databases were utilised which contained some outdated information. Lastly, some respondents experienced difficulties answering the questionnaire as English was not their first language.

Future research in this field could include furthering a qualitative study instead of a quantitative study in order to obtain a more in-depth look into social enterprises, as qualitative research would require interviews rather than just close-ended survey questions. Furthermore, future researchers could conduct a comparative study of EO in a for-profit organisation versus a not-for-profit organisation. This would then reveal the exact difference that exists between the levels of EO in these two organisations. Finally, future researchers could analyse the strategies apparent in different types of enterprises in terms of employee risk-taking, innovation, proactiveness, and competitive aggressiveness due to the fact that it was revealed in our findings that these dimensions differ based on the type of social enterprise.

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The contribution of co-authors is equal and can be expressed as 50% each of the authors: D. Teles conceptualised the study, adapted the measuring instrument, collected data, and wrote several sections in the article in consultation with the co-author, while C. Schachtebeck extensively assisted in analysing and interpreting the data, provided critical input into conceptualization, design and execution of the study and wrote several sections in the article in consultation with the co-author.

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