Resilient Urban Communities (RUC): Social Enterprises and Non-profits as Service Providers and Vehicles for Participation in African Megacities

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1. Section 1: State of the Art of SEs and NPOs in African Context

Social enterprises (SEs) and non-profit organisations (NPOs) overall are types of organisations that fall broadly within the domain of philanthropy. Payton and Moody (2008) define philanthropy as an umbrella concept that entails the voluntary giving of time/talent/resources for the public good with the key word there being – voluntary. SEs and NPOs have emerged as crucial promoters of development and social welfare, especially given a myriad of social, economic and environmental challenges facing the global economy. The failure of market and government to provide services, as well as public sector funding and philanthropic resource constraints, have seen SEs and NPOs mushroomed (Dees et al., 2002; Dart, 2004). According to Mosher-Williams (2006), these dramatic changes in the economic and cultural contexts have created a new landscape where the market and social mission have converged. In this new space, society expects businesses to move beyond their economic value and contribute to societal wellbeing by addressing social and environmental issues.

The consensus in the literature is that philanthropy, or giving in the African context, has the power to address societal problems and empower society (R. Phillips, 2000) and the key characteristics of it would be voluntary giving for a public good (Payton & Moody, 2008). Nowadays, most philanthropic activities come in the form of organisations (profit or non-profit) that desire to see their investments lead to a stronger set of outcomes for their communities such as SEs and NPOs (Markley, Topolsy, & Green, 2016). This is particularly true in Africa where SEs and NPOs deal with the outcomes of poor functioning economies such as high unemployment, lack of resources, hunger and homelessness (Markley, Macke, et al., 2016). Philanthropy can be classified into individual giving and institutionalised giving such as foundations and donor advised funds (Bowen, 2013; Phillips, 2018) and some of these are present as SEs and NPOs in South Africa.

Philanthropic actors such as SEs and NPOs have also been enlisted to contribute to the United Nations 2030 agenda for sustainable development goals (SDGs) aiming to end poverty, protect the planet and ensure prosperity for all (Sciortino, 2017). Philanthropy activities command high sums of money and influence and is never a neutral actor in any setting (Aina & Moyo, 2013) so it has a key role to play in the sustainable development goals and bringing societal and environmental management goals into fruition yet there is very little literature on the organisation, role and management of philanthropic actors in Africa (Ottenhoff, 2015). With philanthropy being defined as voluntary action for the public good (Payton & Moody, 2008), the use of private resources for public purposes (Phillips, 2018), it therefore takes many forms, shapes and sizes and includes giving of time which is key in the resourcing of African communities (Fowler, 2016).

In Africa, the myth that philanthropy is for the rich is not supported with multidimensional and social embedded aspects of giving and helping culture (Moyo, 2011). Africans give and naturally help. Horizontal giving and self-help among the “poor” is one of the most widespread forms of indigenous African philanthropy (Wilkinson-Maposa et al., 2005).

As illustrations of this horizontal giving in African context for disasters, Atibil (2014) argues that African philanthropy where SEs and NPOs operate, respond to “strong connections to place and people” and this may not even be necessarily in their hometowns. SEs and NPOs have played a massive role to raise funds and support for victims of disasters such the “Africa for Haiti” campaign led by Mrs Graca Machel, CIVICUS, African Monitor and Trust Africa. This campaign was to support victims of the earthquake in Haiti in 2009 (Mati, 2017). Another example described by Mati (2017) includes the West African Ebola crisis in 2014 – 2015 where African Union mobilised volunteers, health workers and international aid (WHO) to help victims and respond to the crisis. Another example is that of Maasai elders in Kenya providing cattle in response to the American 9/11 terrorist attacks (Mati, 2017). These examples demonstrate the care and eagerness of African philanthropy to confront challenges facing humanity such as disasters, the response and concern can almost be described as a “natural” African attribute (Moyo, 2011).

The role of philanthropy is quite clearly to extend aid and mobilise resources in all contexts to support victims of disasters and governments faced with the crisis in all phases of the disaster lifecycle as seen in the examples listed above. But in that philanthropic response, what role and benefits do the SEs and NPOs provide? Could their efforts be collated to build urban resilient communities and reduce vulnerability in the City of Johannesburg? There is very little literature addressing the role, organisation and flow of SEs and NPOs thereof.

1.1 Defining SEs and NPOs

According to several studies, while definitions of SEs vary within geographic regions, there are even more significant differences between regions in terms of social entrepreneurship in terms of "*understanding, use, context,* and *policy* for social enterprise" (Mosher-Williams, 2006). In the same vein, Young (2007, p. 2) points out that SEs is understood in a variety of ways by scholars, policymakers, leaders in the corporate, non-profit, and public sectors across various regions of the world. The diversity of interpretations stems in part from the fact that SEs occur in a range of economic and political situations.

Given the complexities surrounding above concepts related to SEs and NPOs, there are no universally accepted definitions. Apart from the challenge of defining SEs, it should be noted that these organisations do not, of course, exist in a vacuum. They are embedded in a network of different actors in their political, social and economic ecosystems, all of which are crucial for their existence.

SEs and NPOs are two concepts that are sometimes used interchangeably or viewed as similar. This is because the social mission of both organisations is to pursue some social/environmental good, which has seen them play a crucial role as social service providers and representatives of community interests (Smith, 2010; Borzaga &Defourney 2001; Jansen et al 2013). A common feature of these organisations is that they are multipurpose organizations and "hybrids" combining different institutional logics (Skelcher & Smith 2014), that is, those of the "market", the "community" and the "state" (Brandsen et al., 2005). However, SEs have been identified as distinct from NPOs in terms of "strategy, structure, norms, and values and represents a radical innovation in the non-profit sector" (Dart, 2004, p. 411).

1.1.1 Social Enterprises

There remains considerable debate and lack of clarity among researchers and practitioners regarding the proper definition of social enterprises. Many authors have acknowledged that different global settings and institutions have varied definitions and concepts of social enterprise (Harper & Parekh, 2021, Defourny & Nyssens 2010; Kerlin 2013). For instance, enterprises, which might be deemed to be 'social' in one context, can very clearly fail to qualify under another (Harper & Parekh, 2021, p.2). SE has been referred to as an "Umbrella" term (Kerlin, 2012, p. 7) comprising of a wide range of different organisational types and practices (Teasdale, 2012; Simmons, 2008). This lack of clarify is also partly attributed to their relationship with the socio-economic conditions of their environment (Kerlin, 2009), or its market orientation, or by the nature of its innovations (Bacq & Janssen 2011; Dees & Anderson 2006).

In Africa, despite SEs becoming popular and an increasing number of scholarly studies being conducted, there is no identified and popular definition is place or what Steinman (2010) referred to as "home grown definition". According to Teasdale (2012), the challenge of defining SEs in the African context is because of a wide variety of organisational forms that claim to belong to it. In South Africa, for instance, Chikadzi (2013) posits that there is yet to be a formalised recognition of SE as a distinct form of organisation. In describing these organisations, different institutions used different terms. Littlewood & Holt, (2015) posit that in South Africa, SE is generally defined as organizational form that exists in the social and solidarity economy, but which is distinct from other types of social economy actors. Another emerging broad definition is one used by the International Labour Organiation (ILO) that defines SEs as "sustainable market solutions to social problems". This definition brings confusion about what constitutes a SE.

A much more elaborate definition was put across by the network social entrepreneurs and enterprises in Africa, who defines SEs as "the organizations social entrepreneurs have established to put their innovations into practice encompassing small community enterprises, co-operatives, NGOs using income generating strategies to become more sustainable, social businesses or companies that are driven by their desire to bring social or environmental change" (ASEN, 2014). In further conceptualising SEs, small, micro and medium-sized enterprises (SMME) have been included (Littlewood & Holt, 2015), as well as other organizations in the informal economy (Claeye, 2017).The reason including all these enterprises is because there is no regulatory or legal framework recognizing SEs in South Africa, but in most cases, entities are created under existing legislation for associations, corporations or foundations. Having examined all the different definitions of SEs from different contexts, we can agree with different scholars who pointed out that what differentiates SEs from their commercial counterparts is the fact that they combine profitability and social/environmental goals (Dacin, & Tracey, 2011; Doherty, Haugh, & Lyon, 2014; Pless, 2012).

Summarily, the term SE can be broadly defined as "as a business venture trading for a social and/or environmental purpose" (Laratta, 2016, p. 5). Typically, SE strive to have a significant societal impact by addressing social, economic and environmental problems, while also maximising profit to enable them to sustain those social activities. Unlike traditional charities and most for-profit organizations, they generate and sell products or services that improve the quality of life for low-income or disadvantaged people, while simultaneously generating financial revenue to allow the enterprise to continue and expand its operations (Etchart & Comolli, 2013). The profits made, instead of redistributing among its shareholders, are reinvested to sustain the enterprise and enables it to continue fulfilling their claims of social, environmental, and practical justice (Gonçalves et al., 2016; Etchart & Comolli, 2013).

1.1.2 Nonprofit Organisations

Nonprofit Organisations like the SEs have numerous definitions. For purposes of this study, we are going to look at different definitions as used in different contexts. According to Hall, (1987, p.3), Nonprofit Organisation is defined as "as a body of individuals who associate for any of three purposes: to perform public tasks that have been delegated to them by the state; to perform public tasks for which there is a demand that neither the state nor for-profit organisations are willing to fulfil; or to influence the direction of policy in the state, the for-profit sector, or other NPOs" (Hall, 1987, p.3). In South African context, a nonprofit organisation (NPO) is defined in Chapter 1 of the Nonprofit Organisations Act, Act No. 71 of 1997, as "a trust, company or other association of persons, established for a public purpose; and the income and property of which are not distributed to its members or office bearers except as reasonable compensation for services rendered" (Republic of South Africa, 1997: 2).

Likewise, the term *third sector* is often used synonymously with nonprofits, voluntary sector organizations, or other terms defined below. This term encompasses the following terms also commonly used in South Africa to refer to nonprofit organisations: non-governmental organisations (NGOs), Civil Society Organisations, the Voluntary Sector, nonprofit institutions (NPIs) and community-based organisations (CBOs). Their main purpose of NPOs is to create value for society rather than to earn profit for shareholders (Lettieri et al., 2004; Moore, 2000). NPOs funding mainly came from fundraising and government support (Peng & Liang, 2019).

The key defining characteristics can be used as a checklist and guide to understand which organisations fit into the nonprofit sector.

1. Voluntary
    - They are formed voluntary. There is nothing in the laws of any country that says they must be formed or stops them from being formed.
2. Independent
    - So long as they abide within the law, NPO's are controlled by the people who have formed them, or by management boards who have been delegated either by law or members of the organisation to take on the on the responsibility of controlling and managing them.
3. Not for profit

- NPO’s may take on income-generating activities. They do not, however, distribute profits or surpluses to shareholders or members. They use this money to further the aims of their organisations.

4. Not self-serving in aims and related values
    - Improve the lives and life-prospects of disadvantaged people who are unable to realize their potential of achieve their full rights in society (Western Cape government, n.d)

1.2 Characteristics of social enterprises and NPOS in Johannesburg, South Africa

The South African society, wherein Johannesburg exists, presents a wealth of non profit organisations, faith based organisations, social enterprises and community based organisations that have served communities in the country for varying reasons (Van Pletzen et al., 2014). As established, the country was exposed to apartheid pre 1990 which created immense social inequalites, severe oppression and discrimination to the black majority of the population. This contributed to the growth and diversity of NPOs to address some of the social inequalities present. The growth of the nonprofit sector is attributed to the formal recognition of the non-profit organisations act of 1997 and tax and funding reforms that manifested in the late 1990s post democracy (Habib, 2005). In the early 2000s, the government initiated the expanded public works programme through collaborating with various ministries to increase service delivery to communities and reduce poverty (Van Platzen et al., 2014). Inevitably, this contributed to the growth of the nonprofits with many forming partnerships with government to acheive the goals of service, poverty reduction and building skills and capacity for communities. Habib (2005) categorises NPOs into two types, namely, organisations that are social watchdogs so to speak and those that are apolitical delivers of services. All types have borne the brunt of a shrinking funding landscape which commenced downward post 1994 as a large percentage of outside funding which was channeled towards NPOs previously now changed course to the new government post democracy (De Wet, 2012). Undeniably, the legacy of apartheid still persists as South Africa continues to face many socio economic issues with unemployment, persisting inequality (cited to be one of the most unequal societies in the world), market failure, poverty and unemployment (Choto et al., 2020).

Since 1994, SEs and NPOs serve as key drivers of social support and address significant gaps that are not covered by the first sector (government) and the second sector (corporates) (Choto et al., 2020). The partnership between the state and the non profit sector was an outcome of apartheid social welfare provision (Patel, 2009) and NPOs evolved to fundraise in order to attract donor funds to execute their social mandates (Du Plessis et al., 2011). The type of funding sources the SEs and NPOs have is thus a key characteristic to consider as this differentiates one organisation from another. Coupled to this, the geographic spread is an essential characteristic as some organisations serve at community level/ regional/ provincial/ national and international, with each of these presenting heterogeneity (Van Pletzen et al., 2014).

Van Pletzen et al. (2014) offered a typology to differentiate key characteristics of NPOs in table 1 below:

Table 1: Typology of NPOs in South Africa

Code 1: NPOs classified in terms of 'resources' (These categories are 'mutually exclusive')	*Well-resourced*: stable funding; salaried and stipended staff; established monitoring and evaluation (M&E) systems; mostly national or international NPOs
	Moderately resourced: fairly stable funding, usually from more than one source; most of staff on regular stipends; emerging M&E systems; mostly provincial or local community-based organizations
	Poorly resourced: very little or no reliable funding; no or irregular stipends, very little accountability and very basic M&E systems; mostly local community-based organizations
Code 2: NPOs classified in terms of 'orientation' of activities (These orientations are 'not mutually exclusive')	'Direct service' orientation, which includes providing psychosocial support and relieving poverty through providing access to resources; activities mostly take place in clients' homes, but also in community settings or formal health facilities
	'Developmental' orientation, involving capacity-building in communities for instance by training or supervising groups or organizations to conduct health education programmes or income generating projects; activities mostly take place in community settings like NPO premises, schools
	'Activist' orientation, mobilizing communities to become aware of and exercise their health rights; activities mostly take place in community settings or formal health facilities

Source: Van Pletzen et al. (2014, p. 746)

Though funding continues on a downward trend, SEs and NPOs continue to grow. More than 32% of NPOs in South Africa are based in Gauteng (City of Johannesburg is part of this province) with Kwazulu Natal housing 20% of these organisations. This means more than 50% of NPOs are represented in these two provinces. The National Development Agency in 2008 conducted an audit of NPOs and found that more than 80% of NPOs were housed in Gauteng, Kwazulu Natal, Western and Eastern Cape provinces (Seabe, 2019).

This is an interesting finding as Gauteng is a major metropolitan in the country and thus experiences greater public spending which consequently sees the province with a larger density of SEs and NPOs. The NPOs in Gauteng province paly a role in, „advancing community development and protecting citizens from dehumanising experience and circumstances“ (Choto et al., 2020, p. 592). In Johannesburg, some of the key activities that SEs and NPOs engage in include:

- **Employment creation.**

  There are over a million employment opportunities created by the non profit sector in South Africa thus the sector alleviates unemployment numbers (Dlamini, 2019).
- **Poverty and inequality alleviation**

  Since the apartheid era, numerous NPOs target poverty and inequality eradication due to the repercussions of the apartheid system. Poverty is an ongoing concern and the government prioritises this as 60% of government spending goes towards grants (Choto et al., 2020).
- **Provision of better services and goods**

  NPOs are argued to be a major contributer of public welfare services, helping to fill the gaps of market failure (Seabe, 2019). The flexibility they have to provide goods and services is owed to the limited pressures they face from voters or shareholders which limit the activities of government and the corporate sector respectively (Phillips, 2018).
- **Social responsibility and improvement of society**

  Protection of communities and human rights is the focus of some NPOs in the country. These organisations focus on the improvement of life for the communities they serve.
- **Supporting the strengthening of social systems**

  SEs and NPOs in this bracket give citizens and residents of communities a voice and opportunity to question the status quo and contribute to the growth of the City socially and economically.
- **Research and provision of informations**

  In some instances, SEs and NPOs act as providers of research and information which can influence the development and amendment of policies. Examples of these include the Desmont Tutu TB and HIV centre which conducts research in the health sector (Choto et al., 2020)

1.3 Challenges faced by SEs and NPOs in Johannesburg

Undeniably, SEs and NPOs encounter a number of challenges in serving their mandates in Johannesburg and other cities worldwide. Some of the challenges are categorised by Choto et al. (2020) to fall under these key themes:

- Dominance of international power and funding cosntraints
- SEs and NPOs are criticised to have higher accountability to their funders than the people/ communities they serve
- Competition and rivalry. SEs and NPOs are also reported to work in silos and potray competitive traits for visibility and impact
- Non verifiable impact. The measuring and reporting of impact is reported to be questionable.

Funding continues to be a major constraint prohibiting many SEs and NPOs from fully acheiving their desired goals. Coupled with this, climate change and disasters emanating from climate related events are flagged as one of the most important issues affecting ecosystems worldwide with the nonprofit space not being immune (Hartz, 2017; Haub et al., 2010). Forecasts and reports from over 10 years ago predicted the current reality which SEs and NPOs are facing as the World Bank predicted:

- By 2020, up to 250 million people in Sub-Saharan Africa could have their livelihoods and prospects compromised by drought, rising temperatures and increased water stress (Haub et al., 2010). This was evident in 2019 and part of 2020 with severe droughts affecting South Africa, Botswana, Zimbabwe and Malawi (SADC, 2019).
- Extreme drought conditions are expected to affect 8% of land area by 2020 (Haub et al., 2010). This has increased food insecurity in the region drastically with Zimbabwe most affected (SADC, 2019).
- Forced migration will increase in the future as a result of environmental stresses (Haub et al., 2010). This is evident in the City of Johannesburg which is the most populated city in South Africa hosting both national, regional and international migrants.

The key advantage of philanthropic organisations is in the manner in which they , "support governments to assist the vulnerable sectors of society through anti-poverty measures and to provide social safety nets where governments cannot" (Haub et al., 2010).

With the numerous players responding to disasters, effectiveness of delivery is not seamless and the literature reports issues of competition and rivalry amongst SEs and NPOs thereby hindering their progress and opportunities for collaboration. This is described eloquently by Bennett (2016) below:

> Competition between and among many of the key players in the non profit system for funds, public profile and market share also makes meaningful collaboration difficult. For some, this is due to high levels of organisational insecurity among NPOs, competitive pressures and financial uncertainty as UN agencies and NPOs compete to raise money and secure donor contracts. Rather than improving efficiency and performance, this competition and agencies tacit preoccupation with organisational survival can lead to self-interested action, dissuading organisations from pooling resources, sharing information or coordinating activities. (Bennett, 2016, p. 61)

Bureaucracy and politicising of aid further adds to the complexities for SEs and NPOs as it makes emergency response less cost effective (Bahadory et al., 2019; Ronalds, 2010). During disaster response, there are existing cultures and tendencies that confuse any new players and there is a tendency to conduct response meetings and documents in English regardless of the language used in the affected community (Bennett, 2016). This becomes problematic in a country like South Africa which has 11 official languages. Such issues in the sector drove a call for change in NPOs summarised by Bennett (2016) as:

- **Letting go of power and control**. Modern humanitarian action requires letting go of power and control by the formal Western inspired system. The humanitarian aid system should ask not, "what can I give" but instead ask "what support can I provide".
- **Redefining success**. Success should be redefined so that longer term incentives for cooperation in the interests of crisis-affected people outweigh the short-term incentives to compete for resources and visibility.
- **Remaking humanitarian action**. Acknowledging that there is no single response model would facilitate the engagement of a wider and more diverse set of actors in

> crisis response, without asking them to aspire to a more restrictive form of humanitarianism that does not conform to one's operational models. (Bennett, 2016, p. 6)

Globally accepted humanitarian principles are humanity, neutrality, impartiality and independence (Bennett, 2016) and it is a requirement for all philanthropic organisations responding to disasters to abide by these principles.

Philanthropy studies done in numerous parts of the world suggest that there are inefficiencies and waste in the management of disasters (Von Meding, Oyedele, & Cleland, 2009). Political leaders and governments, as the primary sector responsible for disasters (Mubah, 2013), find it quite difficult to handle the dynamics of crises and disasters, this in turn also creates complexities for the philanthropic organisations who respond (Boin & Lodge, 2016). Philanthropic organisations unfortunately do not have a good track record in post disaster reconstruction projects, "the urgent need to do something within a short space of time is not conducive to good, sustainable reconstruction nor is the tendency of donors to set short timeframes for the disbursement of emergency funds" (Von Meding et al., 2009, p. 37).

There are now many examples cited in the literature of poor post-disaster reconstruction projects and examples of poorly designed, inappropriate housing ignoring social and cultural details in the society that has been impacted (Von Meding et al., 2009). The SEs and NPOs are found to have problems appropriately funding for reconstruction and going about the business of relocating and restoring lives (Hidayat & Egbu, 2010). In the United States, Hurricane Katrina not only caused tremendous destruction but revealed bureaucratic difficulties and clear lack of co-ordination and co-operation between federal, state, local government, private and the non-profit sector (Eikenberry et al., 2007). Any response efforts to a disaster must account philanthropic organisations and plan accordingly as their involvement, even with these challenges, is inevitable (Eikenberry et al., 2007) and coordination amongst these organisations is vital (Zakour & Gillespie, 1998).

Not many studies have been done in Southern Africa on the processes of disaster response, however some of the inefficiencies by SEs and NPOs raised in the literature in response to disasters include:

1.3.1 Political bureaucracies at country level causing delay in decision making and delay for SEs and NPOs to do their work. Politicising of aid.

Bureaucratic red tape was experienced during hurricane Katrina 2005 in the United States with administrative actors and philanthropic actors finding it difficult to deal with the dynamics of the crisis, philanthropy organisations and those available to assist were having to wait for political bureaucracies to happen before going about the business of helping people (Boin & Lodge, 2016).

The local politics and cultural differences deeply affected relief efforts during hurricane Katrina resulting in thousands of lives lost that could have been saved were it not for these cultural and political differences (Aeberhard, 2008). There was a great deal of confusion about what resources were available between local government agencies and NGOs (Eikenberry et al., 2007).

In Zimbabwe, during cyclone Idai, aid became politicised with politicians being involved and distributing goods in their political regalia to use the opportunity to campaign. This of course defeats the purpose of the aid and resulted in time delays and waiting of delivery of goods to people that need it the most by involving a middle man (politicians) in the process as delivery of aid was focused on political stronghold areas (CAPSI, 2019).

1.3.2 Affected communities not receiving the type of help they need causing waste of provision of type of goods they do not need

Research on past disasters in the USA show that the general public and people from the affected communities as well tend to volunteer their time to assist (Rotolo & Berg, 2011). But even with presence of local people to assist, there is evidence of poor integration with the local community as people sometimes receive goods, they do not need ahead of those that they do. "Donors and relief organisations respond by transferring supplies into the supply chain without having accurately determined the actual beneficiary needs" (Ngwenya & Naude, 2016, p. 2).

For instance, in Malawi, community members reported receiving things like biscuits and food to cook when they did not have utensils to cook in the first place and some receiving more than what is needed ahead of those who have not received at all because they are in close proximity to the tents and providers of aid (CAPSI, 2019). "The substantial response by international actors to hurricane Katrina may underscore that the United States has much to learn about disaster preparedness, management and recovery” (Eikenberry et al., 2007, p. 167).

1.3.3 Budgetary and funding constraints for smaller/ community-based SEs and NPOs to sustain the aid and implement lessons learnt

In South Korea, there is evidence that mistakes by NGOs have negatively impacted disaster management as most of the relief organisations are not typically based in the affected areas (Ha, 2016). Communities and the people affected are not integrated well into the relief plans and some of the reasons for this include budgetary constraints. “NPOs are not motivated by profit so they usually do not have enough resources and are willing to do what donors want them to do so they can obtain material resources” (Ha, 2016, p. 374).

Disaster relief operations are often conducted in areas with destabilised infrastructure and poor road networks, so these conditions affect the success levels of operations. Disaster operations are reported in Southern Africa to be under funded, so this affects the prioritisation of adopting supply chain and lean concepts which would need funding (Ngwenya & Naude, 2016). During the Asian tsunami, “NPOs operated well outside their expertise due to the fact that action was urgent and essential and did so without the capacity, capabilities and competencies in place to deliver satisfactory projects” (Von Meding et al., 2009, p. 36).

1.3.4 SEs and NPOs working in silos and not coordinating in some cases resulting in duplication of efforts

In a time of crisis, decisions need to be made fast in order to reach the affected. In China during the 2008 Sichuan earthquake, it was found that government plays a key role in helping to influence disaster aid. Philanthropy organisations (corporate philanthropy in their study) also did not demonstrate collaboration and co-ordination with other philanthropy organisations, in fact how decisions are made as to how much to give, where to give were reported to be unknown (Gao & Hafsi, 2017). Reports of rivalry and competition for funding and publicity further hamper on the progress made by philanthropic organisations (Bennett, 2016).

In the USA, during hurricane Katrina it was flagged that co-ordination and cultural, political differences affected the levels of co-ordination during relief efforts (Boin & Lodge, 2016). In Australia, the Red cross society decided to implement lean thinking because they realised that they were "working in silos, there was duplication of work, wasted capacity and missed opportunities to investigate or solve problems together and to learn nationally" (Jones & Wilkie, 2016, p. 100). In Korea, NGOs have been criticised on the grounds of "inadequate responsibility, self-interest, duplication of efforts and failing to co-ordinate with others. There is also evidence of rivalry and conflict between international NGOs and national and regional agencies" (Ha, 2016, p. 376).

In the aftermath of the Asian tsunami in Indonesia it is cited that more than 500 humanitarian philanthropic organisations fought for position and donor support causing confusion and rivalry between organisations (Von Meding et al., 2009). In Syria, Somalia and Sudan the lack of unity amongst NGOs contributed to stressful working conditions making it difficult to cope with hostile governments and maintain independence (Bahadory et al., 2019). It is highly recommended that during implementation, agencies must "strive to maintain clear and consistent criteria by which to make decisions and facilitate transparency" (Von Meding et al., 2009, p. 41).

1.3.5 Those truly in need not getting the help

In Southern Africa it has been reported that people in dire need of help do not get it due to being far from the relief efforts and not obtaining accurate flow of information to communicate needs and gaps (Ngwenya & Naude, 2016). In South Africa, Malawi, Mozambique and Zimbabwe, people cited lack of access to help because they could not obtain transportation means to the areas providing relief and the vulnerable groups like children and the elderly struggled more to access the points of aid (CAPSI, 2019). This results in a classic survival of the fittest scenario panning out as those with the ability and speed to access the help get it and accumulate donations in abundance ahead of those who need it more and are not able to reach it. Inadequacies of resource procurement, ineffective design, delay and transportation are some of the inhibitors of success of aid reaching people (Ismail et al., 2014b, p. 121).

These inhibitors are the core of business improvement theories to increase efficiency, reduce waste and maximise value (Schuh et al., 2016). Through focusing on increasing operational efficiency, reducing costs and reconfiguring processes, process improvement theories can provide more effective ways of responding and building resilience whilst reducing costs and delays to allow better reach and value to the beneficiaries served (Kumar, Dhingra, & Singh, 2018).

This study was conducted in the context of SEs and NPOs responses to disasters and their role in building urban resilient communities. Philanthropic giving to disasters has received a lot of attention because when a disaster happens it creates needs for financial and social support from all sectors, government, corporates and philanthropy (Gao & Hafsi, 2015). Boin et al (2016) state that more crises with transboundary characteristics are being observed to attack any country/ region or bureaucratic boundaries of a policy sector.

It is reported that the vast majority of giving on disasters goes to disaster relief more than it goes to disaster reduction and this is a concerning fact as mitigating and reducing impact of disasters would translate to decreased efforts and cost in responding after the disaster (Hartz, 2017). “Disaster philanthropy is not the state of art in the world of giving. It is an evolving practice. It is indeed getting better, but it is not perfect” (Ottenhoff, 2015, p. 12). With smart investment, planning and providing innovative giving practices, disasters can be managed to be less deadly and assist affected communities to recover more quickly and build resilience (Ottenhoff, 2015).

Giving is often influenced by the media whose broadcasts usually focus on disasters with graphic visuals and high impact (Aeberhard, 2008). The responses to the Asian tsunami in Indonesia; the devastating impacts of hurricane Katrina in the USA, cyclone Idai in Southern Africa, hurricane Dorian in the Caribbean; wildfires in the Western Cape province of South Africa, the COVID19 pandemic worldwide in 2020 and flooding events in Kwazulu Natal South Africa all received a lot of attention in the media and subsequently received a lot of philanthropic attention and support from SEs and NPOs alike.

The United Nations estimates that for every dollar that is invested into disaster preparedness, it can save 7 dollars in the aftermath of the disaster (Hartz, 2017). Therefore, there is more investment required for advancing preparedness levels, building resilience and having efficient processes that optimize value.

Without providing a management or response model, other authors focus on warnings about what can make or break a disaster response by philanthropic organisations such as politics and cultural differences. Aeberhard (2008) outlines incidents of how local politics heavily affected relief efforts during Hurricane Katrina in New Orleans, USA, as people were not getting assisted due to cultural differences. He advises that, “international disaster relief organisations should come to depend upon local structures as soon as possible, as well as local and international NGOs working in the country” (Aeberhard, 2008, p. 20).

This is easier said than done, especially in countries like South Africa where disaster relief is generally regarded as a pure government responsibility (Gao & Hafsi, 2015) and where givers to disasters often only support publicly recognized organisations and activities with media driving the agenda in terms of where focus goes (Ottenhoff, 2015).

2 Section 2: Governance and management structures of SEs and NPOs

2.1 Legal forms of SEs in South Africa

Regulatory frameworks governing SEs vary globally across regions. In South Africa, there is no single regulatory framework that governs SEs In South African context, for instance, research shows that the country does not have specific legal and regulatory policies specifically designed for SEs (Moreno Navarrete and Agapitova, 2017; Claeye, 2017; Urban, 2013; Steinman & van Rooij, 2012). This means that SEs in South Africa are governed by multiple policies, regulations and initiatives (Claeyé [2016]. SEs are categorised into three main legal forms (The Bertha Centre for Social Innovation and Entrepreneurship, 2016; Legal Resource Centre, 2011). SEs can be either classified as “(a) *non-profit entities* including Voluntary Associations, Trusts, Section 21 Companies/Non-Profit Companies (NPC); or, (b) *for-profit entities* including co-operatives and private companies; or (c) *hybrid structures* where social enterprises divide their aims, objectives, and activities between two or more legal entities (e.g.,combining a for-profit private company with a not-for-profit organization like a trust)” (Littlewood & Holt, 2018, p.540). There are various factors that influence the choice of legal structure for SEs and include the size and complexity of the organization, as well as the requirements of potential funders (Steinman, 2010).

2.1.1 Non-profit SEs

NPOs are organizations with tax-exempt status that strategically engage in commercial activities to carry out mission-related functions and/or to generate income to support their social missions (Young, 2012, 2014). According to Legal Resources Centre (2011) NPOs mostly depend on donations but they can engage in commercial activities to generate income. However, it cannot have private ownership or profits/surpluses made should be donated. SEs with a non-profit legal form have significant flexibility in terms of business activity and fundraising (Bertha centre for social innovation and entrepreneurship, 2015). They can generate income from multiple sources which include selling goods and services, becoming suppliers of businesses, government and foundations, operating as intermediaries in the B-BBEE space benefitting from corporate social investment (CSI) funds, or as intermediaries between businesses and markets (Bertha centre for social innovation and entrepreneurship, 2015, Coetzee, 2016). They also benefit from grants and government subsidies, as well as receive tax exemptions if accredited as PBO with Donor Deductible Status (DDS) status (Bertha centre for social innovation and entrepreneurship, 2015).

There are various laws in South Africa that govern the NPOs at the national level. The legal framework for NPOs include voluntary associations established under common law, non-charitable trusts established under statutory law, Non-Profit Company as defined in section 1 of Companies Act established under statutory law (Council on Foundations, 2020; Bertha centre for social innovation and entrepreneurship, 2015). These three kinds of entities may voluntarily register as NPOs according to the Non-profit Act and they are not allowed to distribute surpluses. For tax purposes, NPOs are governed by Income Tax Act. Through this Act, NPO is required to register as a public benefit organisation" (PBO) in order to qualify for partial tax exemption (Council on Foundations, 2020). Also, the NPOs with a PBO status also need to apply for donor deductibility status in order to be eligible to receive tax-deductible donations (Council on Foundations, 2020). Table 2 shows the governance and management structures of not-for-profit SEs.

Table 2: Governance and management structures of not-for-profit SEs

	Voluntary Associations	**Charitable Trusts**	**Section 21 Companies**
Definition	Voluntary associations refer to	Trusts are arrangements set	Not-for-profi t companies (NPCs), which are

	groups of three or more individuals who form an organisation to achieve a non-profi t objective, and are governed by a written agreement or founding document (constitution).	out in trust deeds in which an owner hands over property and/or funds to a group of people (trustees) for administration for the benefit of other people (beneficiaries) for a stated objective.	associations that are incorporated but not for gain, and are governed by the Companies Act of 2008, and referred to as Section 21 companies (2008).
Formation	-No formal requirements. Three or more people can enter into a contract verbally or in writing. -No government registry with which you must register	-Registration at Master of the High Court 1 settlor, 1 trustee and 1 beneficiary (cannot be the same person)	Filing notice of incorporation at CIPC Members Agreement (Optional) 3 directors members are optional
Constitutive document	Constitution sets out the agreed rules which will govern the VA	Trust Deed	Memorandum of Incorporation
Key participants	Members	Founder	Members (optional Directors
Governing law	Common law	Trust Property Control Act	Companies Act
Governance structure	-Low governance level. -Usually, the constitution provides for the appointment of a group of people with executive powers, such as an executive committee, to manage the affairs of the VA subject to the terms of the constitution.	Low governance level	Members exercise their powers in general meetings Annual members meeting • Audited financial statements (if assets exceed R5 million) • Independent review of financial statements (if not audited) - social and ethics committee (depending on size) - company secretary (optional
Management	Managed by members	Trustees	Board of directors

Methods of raising capital	Membership fees Member contribution	Initial donations	Membership fees - Donations
Existence	Perpetual succession	Perpetual succession	Perpetual succession
Winding up	Distribution to members	Distribution to beneficiaries	No distribution - assets transferred to similar organisation

Other applicable laws to NPOs include; "Constitution of the Republic of South Africa, Act 108 of 1997 (as amended), Companies Act of 2008, and Companies Amendment Act of 2011, Non-Profit Organisations Act 71 of 1997 (as amended) ("NPO Act"), Trust Property Control Act 57 of 1988 ("TPCA"), Income Tax Act 58 of 1962 (as amended), Value Added Tax Act 89 of 1991 ("VAT Act"), Financial Intelligence Centre Act 38 of 2001 ("FICA") and Financial Intelligence Centre Amendment Act, 2017 (Act 1 of 2017)" (Council on Foundations, 2020).

2.1.2 A for-profit SEs

A for-profit SEs are incorporated in for-profit legal entities (Guo & Peng, 2020). They use commercial means to promote their social or environmental missions. Various laws govern For -profit social enterprises depending on the legal status. For instance, Partnerships are governed by common law, private companies are governed by Companies Act, business trusts are governed by Trust Property Control Act and co-operatives are governed by Co-Operatives Act. The for-profit legal forms provide the opportunity to run a much leaner and more flexible social enterprise. They enable private ownership and control and have reduced bureaucracy.

However, one of the common arguments against social enterprises with a for-profit legal form is that they cannot access philanthropic funding. Social entrepreneurs tend to believe that this is a magical pot of money that they should easily be able to access because their work has a social purpose. Unfortunately, the grass is not greener on the other side. There are also over 130,000 non-profit organizations competing for these same funds. Examples include Sole Proprietorship/ Partnership, Private company, Business trust and Co-operatives. Table 3 shows the governance and management structures of for profit SEs.

Table 3: Governance and management structures of for profit SEs

	Partnership	Private company	Co-operatives
Definition			

Formation	No formal requirement	Filing notice of incorporation at CIPC	Filing application at CIPC
Constitutive document	Partnership Agreement	Memorandum of Incorporation	Constitution
Key participants	Partners (and possibly general partner)	Shareholders	Members
Governing law	Common Law	Companies Act	Co-operatives Act
Governance structure	No governance requirement	Shareholder meetings Board Meetings • Where of a certain size - audited financial statements (depending on size) - annual general meetings (depending on size) - social and ethics committee (depending on size) - company secretary (optional	Member Meetings • Annual member meetings • Audited / Reviewed / Unreviewed financial statements • Auditor appointment (if audited financials required) • Activity plan
Management	No requirement	Board of directors	Board of directors
Methods of raising capital	- Capital Contribution (committed capital)	- Securities (shares, debt instrument)	- Share Subscription - Member contribution
Existence	No Perpetual Succession	Perpetual Succession	Perpetual Succession
Winding up	Distribution to partners	Distribution to members	Variable but distribution to members default

2.1.3 Hybrid SEs

Hybrid SEs include organizations which provide a mix of public and private benefits and are funded by a mix of sales or fees and donations or grants (Galaskiewicz & Barringer, 2012). Hybrid SEs combine aspects of business and charity (Battilana & Lee, 2014). A rising number of SEs in South Africa are hybrids (Galaskiewicz & Barringer, 2012; Capital, 2014). They choose to operate in a for-profit and a non-profit legal entity as a way of maximising the benefits of both structures. Both these aspects are essential in that their sustainability as hybrids depends on their dual mission of fulfilling their social mission by engaging in commercial activities to support their mission (Battilana & Lee, 2014).Their sources of financing include either sales, fees, donations, or grants, or a mix of these (Galaskiewicz & Barringer, 2012).

3. Section 3: SEs and NPOs Ecosystem

3.1 Introduction

An ecosystem is the context in which social enterprises operates. According to Letaifa & Goglio-Primard (2016), entrepreneurs are never solitary change agents; they are part of a specific society, culture, beliefs, and entrepreneurial tradition. SEs and NPOs do not exist in a vacuum, but they are a part of a network that facilitate their operations and success by shaping their creation, sustainability and scale. Therefore, SEs and NPOs are reliant on one another, as well as other key actors to gain the financial, intellectual, and professional resources necessary for their survival and development. Ecosystems is defined “as an economic community of interacting actors that all affect each other through their activities, considering all relevant actors beyond the boundaries of a single industry” (Jacobides et al., 2018, p. 257).

SEs and NPOs have been acknowledged as key players in addressing the needs of local communities and neighbourhoods and creating innovative markets solutions. Specifically, SEs and NPOs enable disadvantaged people to take part in the labour market while also contributing to the creation of more interconnected and innovative societies (Organisation for Economic Co-operation and Development & European Commission. Directorate-General for Employment, 2017). However, these organisations need functional institutional environment for their creation and growth. Institutions are defined as the regulative, normative, and cognitive structures that regulate and constrain human activities to provide stability and meaning to social behaviour (Scott, 2001; Littlewood & Holt, 2018).

The ecosystem metaphor highlights the dynamic and interactive dimensions of a network of actors co-creating value in a specific context of resources. There are many multiple actors that contribute to the SEs and NPOs ecosystem. These may include “individual enterprises, networks of enterprises, a range of intermediary or support organizations providing capacity-building and financial assistance, research and advocacy services including civil society organizations e.g. CSOs and university and government programs, philanthropists, foundations, and impact investors, and the public policies that encompass all of these entities" (Etchart & Comolli, 2013, p. 4). To accommodate all these actors, the World Bank Group analytical framework that captures for each country four ecosystem dimensions: (a) policy and regulation (b) financing solutions ((c) infrastructure and human capital and (d) information and networks. These framework can be applied at three levels (country, sector, and subsector)(World Bank, 2017; Navarrete Moreno & Agapitova, 2017). Each context and each network will favour different social roles that social embeddedness will reveal. Social entrepreneurs need to know what is the most feasible and desirable and who can lead and inspire each activity or action (Thompson et al., 2000).(Letaifa, 2016)

SEs and NPOs ecosystems may vary in different regions and environmental support for SEs and NPOs are mainly influenced by the regional differences in the cultural, political and social factors of their environments (Navarrete Moreno & Agapitova, 2017). These differences call for contexts specific research to enable better understanding of SEs and NPOs. Furthermore, much of the discussion on SEs and NPOs are drawn largely from the understandings, experiences, and data from the developed world especially the United States and European forums (Littlewood & Holt, 2018). In emerging economies, there is limited research in the field of social entrepreneurship (Littlewood & Holt, 2018). To understand the varied nature of SEs and NPOs in different regions, this research conquers with Munoz (2010) who proposes a more geographically orientated research agenda on SEs, identifying the need for greater engagement with space and place. SEs and NPOs are embedded in local environment and require a variety of connections to collaborate with in identification of business opportunities and in through growth and development.

In doing so, it helps in understanding their ecosystem well. To fully understand SEs and NPOs in South African context, different institutional pillars of the SEs and NPOs ecosystem in South Africa will be considered. Given that ecosystems vary across regions, it implies that the SEs and NPOs they influence will vary as well. Understanding how ecosystems shape SEs and NPOs may help understand not only why and how they differ in different regions, but also where to intervene to promote their work in particular situations.

3.2 Policy and Regulation

Regulatory aspects of the ecosystem for SEs and NPOs are important in shaping SEs and

NPOs by defining their nature, mission and activities. The regulatory environment is defined as "formal rules as well as incentives that constrain and regularize entrepreneurial behaviour" (Seelos, Mair, Battilana and Tina Dacin, 2011, p. 335). Such regulations are important drivers in shaping and monitoring the legal and political space in which SEs and NPOs function . According to Schwab & Sala-i-Martín (2016), a thriving enterprise sector requires a conducive regulatory environment, with institutions that provide political and economic stability, relative security, market-based incentives, and access to the resources necessary for growth. Research have shown that social entrepreneurial ventures, SEs and NPOs included, are successful in institutional contexts where there is a strong rule of law (Estrin, Mickiewicz and Stephan, 2013).

It is therefore the responsibility of the government to enhance policies that create conducive ecosystem for SEs and NPOs to start a business and to eliminate barriers so as to make it easier for an entrepreneur to start a new venture, succeed and contribute to economic growth and development (Herrington & Coduras, 2019).

3.2.1 Supportive regulatory and legal frameworks

It is the role of government to create supportive regulatory and legal frameworks which include existing legal codes that define types of "activities, tax policies and fiscal incentives, the rules for establishing, operating and closing an entity, and labour regulations" (Bernardino et al., 2016, p. 5; Borzaga & Galera, 2012; Seelos et al., 2011). The regulatory frameworks governing SEs and NPOSs vary globally across regions in terms of their nature and also development. For instance, developed countries are seen to have advanced regulatory frameworks with specifically designed legal forms of for SEs than the emerging economies which are characterised by weak regulatory frameworks.

For instance, the United Kingdom introduced a Community Interest Company (CIC) which is a specifically designed legal form for SEs (cite govt). Also, the United States have introduced what is called B Corporation (B Corp) certification to accommodate SEs (cite). In the global South, however, research in the field shows that they have no regulatory or legal framework recognizing SEs (Steinman & van Rooij, 2012; Etchart & Comolli, 2013). An example is an analysis of the regulations and legislation carried out in five Latin American countries (Etchart

& Comolli, 2013). The results showed that all the five countries had no regulatory or legal framework recognizing social Enterprises, or even a specific legislation for either non-profit or for-profit SEs. Etchart & Comolli (2013) stated that in most cases, entities are created under existing legislation for associations, corporations or foundations (in the case of nonprofits), and for-profit limited liability companies (in the case of for-profits).

The African continent seems to mimic other countries in the global South, being characterised by weak regulatory or legal framework for SEs and NPOs development. This is despite various studies showing that many African countries are making good economic progress and are experiencing high rates of early-stage entrepreneurial activity (Herrington et al., 2017). Musara & Gwaindepi (2014) noted that such developments without addressing issues within the business regulatory environment, are futile in promoting entrepreneurial activities. This is also evident in the study by Lafuente et al., (2016) that suggest that economic growth is not always associated with high rates of entrepreneurship, but rather with functional institutional ecosystem settings.

In South African context, for instance, research shows that the country does not have specific legal and regulatory policies specifically designed for SEs (Steinman & van Rooij, 2012). Instead, SEs are categorised into three main legal forms (Legal Resource Centre (LRC; 2011). SEs can be either classified as "(a) *non-profit entities* including Voluntary Associations, Trusts, Section 21 Companies/Non-Profit Companies (NPC); or, (b) *for-profit entities* including co-operatives and private companies; or (c) *hybrid structures* where social enterprises divide their aims, objectives, and activities between two or more legal entities (e.g.,combining a for-profit private company with a not-for-profit organization like a trust)" (Littlewood & Holt, 2018, p.540). Lack of specific legal and regulatory policies, in the context of South Africa and Africa in general, is an indication of a weak business regulatory environment that is not supportive to entrepreneurial activity (Musara & Gwaindepi, 2014 (Simrie *et al.*, 2011; Herrington *et al.* 2010). Weak business regulatory environment is characterised by restrictive labour regulations, inefficient government bureaucracy, corruption, and poor policy coordination and erratic administration of laws (Musara & Gwaindepi, 2014).

To regulate SEs and NPOs in South Africa, regulatory policies are adopted to inform the activities of SEs and NPOs. These policies emanate from various governmental institutions, which include the NPO Directorate of the National Department of Social Development, the NPO Partnership Unit of the National Department of Health and the Tax Exemption Unit of the South African Revenue Service (ILO, 2013). Several laws have been identified as having a bearing on the enabling environment for social enterprises. Policies that are tailored to specific legal form include;

- Companies Act No. 71 of 2008 that regulates the activities of for-profit businesses.
- Non-profit Organisations Act, No. 71 of 1997 (NPO Act) applicable to NPOs.
- Co-operatives Act (No. 14 of 2005) and Co-operative development policy that regulates the activities of Co-operatives.
- National Small Enterprise Act, 1996 (Act No. 102 of 1996), read with the National Enterprise Amendment Act, 2003 (Act No. 26 of 2003) and the National Small Enterprises Act, 2004 (Act No. 29 of 2004) are policies enacted by the department of small business development aimed at promoting small businesses in South Africa (Republic of South Africa, 2019).
- The New Growth Path, a broad policy document developed by the Economic Development Department, aimed at enhancing economic growth, employment creation and equity (Department of Trade and Industry (DTI)).
- The Skills Development Act (1998), Skills Development Levy Act (1999) and the National Skills Development Strategy III (RSA, 2012).
- South Africa's Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE) framework, an empowerment policy aimed at promoting South Africa's black majority in economic terms through access to economic resources (Littlewood and Holt, 2018; Juggernath et. al., 2011)
- Others which apply to all forms of SEs include the Trust Property Control Act, No. 57 of 1988; Common Law on Associations; Income Tax Act, 1962 (No. 58 of 1962); Preferential Procurement Policy Framework Act, 2000 (No. 5 of 2000) all Labour legislation (including measures related to volunteerism); and the Constitution of the Republic of South Africa (Steinman (2010, p. 63).

The government has various initiatives that support SEs and NPOs. For example, the Jobs Fund which is a government initiative aimed at co-financing projects by public, private and non-governmental organisations that will significantly contribute to job creation (Jobsfund South Africa, n.d), the Extended Public Works Programme (EPWP) is also a government initiative that creates work opportunities in four sectors, namely infrastructure, non-State, environment and culture and social (Republic of South Africa, n.d). In regard to non-state entities, EPWP creates work opportunities through the NPOs' programme and Community Work Programme (Republic of South Africa, n.d).

Apart from creating a supportive regulatory and legal framework, the government can support SEs and NPOs through direct partnerships and jointly sponsored initiatives that might take advantage of each other's relative strengths in delivering goods and services to local areas (Nega & Schneider; 2014; Nissan *et al.*, 2012). A good example of a form of public-private partnership with sectors Is through the B-BBEE. The government can also foster a culture of innovation and promotion of economic advantages by facilitating funding, supporting their programs and publicly recognizing and awarding successful social entrepreneurship (Bernardino et al., 2016; Isenberg, 2011).

Last, the government can ease their attitudes toward markets and freedoms, and the effectiveness of its operations towards SEs and NPOs ecosystem which include "excessive bureaucracy and red tape, overregulation, corruption, dishonesty in dealing with public contracts, lack of transparency and trustworthiness, inability to provide appropriate services for the business sector, and political dependence of the judicial system impose significant economic costs to businesses and slow the process of economic development" to (Schwab & Sala-i-Martín, 2016, p.5).The government can dispatch its regulatory mandate at the national, regional (e.g. it combines several municipalities in a particular region), municipal, or at the sectoral levels.

3.3 Financing Solutions

Businesses, irrespective of their nature needs some form of finance to support their businesses. For SEs and NPOs, one of the main engines of growth and development is its investment activity, which depends on the availability and efficiency of capital. Therefore, access to finances is critical in shaping their survival in terms of scale and impact, while also ensuring that they deliver on their mission (Sunley & Pitch, 2012). Studies have shown that the most pressing issue for most SEs and NPOs is lack of funding (Bloom & Dees, 2008; Roundy, 2017; Letaifa, 2016. In an African context, research shows that access to finance is cited by most SEs and NPOs as a major barrier to their business development (Myres et al., 2018; Smith & Darko, 2014; Capital, 2014).

Lack of finance mostly affects new enterprises who rely heavily on grants or donations which are no longer adequate (European Commission, 2014). Fatoki & Odeyemi (2010) pointed out that lack of finance is one of the primary reasons for the failure of new small and medium enterprises (SMEs) in South Africa. This is supported by a by an international comparative data that shows that South Africa has one of the world's lowest survival rates of SMME start-ups (Masutha, 2014; SEDA, 2010;) The Small Enterprise Development Agency (SEDA) of South Africa estimates that about 80 percent of South Africa's SMEs fail in their first year of existence (SEDA, 2010). Lack of finance is even more prevalent among the most disadvantaged and under-represented groups which is partly attributes to the relative lack of collateral assets and own financial resources in these groups (European Commission, 2014). Consequently, these enterprises experience unstable enterprise operations depending on the availability of capital they get, which in tun affects their meeting their mission.

SEs and NPOs have to rely on a diverse source of funding to raise the required operating capital to fund their activities. As the field grows and matures, there are various funding structures and channels through which SEs and NPOs can access finance These sources can be internal or external and may include; grants/donations, venture philanthropy, loan guarantees, equity, quasi-equity debt, pooling, crowdfunding, social impact bonds, debt, angel investors, Mezzanine finance, Patient capital and friends and family, among others (Myres et al., 2018; Capital, 2014). Despite availability of all these sources of funding, Capital (2014) postulate that it is extremely rare to find a single financier that provides 'every type of funding' for every type of Social Enterprise. Instead, the funding sources for SEs and NPOs depend on a number of factors.

It can differ with the stage of growth, the structure of the enterprise or funders preferences. From the lifecycle perspective, SEs and NPOs go through seed, start-up, early stage, accelerate and maturity stages. Each lifecycle of their work attracts different funding options. The funding cycle typically begins with seed grants and later graduates to layers of risk capital through equity and debt. (Martin, 2011). For instance, Capital (2014) in reference to South African enterprises, pointed out that funding options are limited for seed, start-up and early-stage SEs and NPOs due to absence of cash flows or track record. It also differs with the structure of the enterprise, whether it is for-profit, non-ptofit or Hybrid models (Capital, 2014). From the funder's perspective, Smith, Cronley and Barr (2012) explored the decision criteria used by funders hence considering enterprises to fund, and they identified three parameters: mission consistency, entrepreneurial competence and the attitude of the internal team to the respective activity streams as other determinants of funding criteria. Despite this challenge, SEs and NPOs can utilise both internal and external sources of funding.

3.3.1 Sources of Funding

SEs and NPOs can source funding for their enterprises internally and externally. Internal financing of SEs and NPOs is provided through various sources. Internal financing includes public funding as well as revenues generated through the sale of services or products to the target group or to indirect beneficiaries(Achleitner et al., 2014). They are popularly utilised during the early stages of idea conceptualisation to start-up of SEs and NPOs' growth. Competition is becoming stiff and mainstream funders or impact investors perceive social enterprises, especially in the early stages, as high-risk clients and are therefore reluctant to invest in them. As a result, social enterprises have to put in own capital or generate funding internally, like any other SME (Baporikor, Nambira & Gomxos, 2016) to prove the concept.

The most common internal sources of funding commonly utilised by SEs and NPOs are their own funds or savings drawn from their own personal resources (OECD/European Commission, 2014).This type funding is the most convenient and a fast way to set up their enterprises. Also, direct and indirect beneficiaries can also contribute to the internal financing of SEs and NPOs either by a fee for the services rendered to the them or through revenues from sale of goods and services (Achleitner et al., 2014; Bugg-Levine et al., 2012; Martin, 2011). While other SEs and NPOs can internally finance their businesses by using the profits earned, if sufficient, to get funding from investors (Bugg-Levine et al., (2012). However, majority of SEs and NPOs cannot fund their enterprises entirely through sales or investment. Despite the ease of access to these resources, most SEs and NPOs at this at this stage are restrained from expanding and scaling up their enterprises in order to drive sustainability (Mason & Brown, 2014).

External financing is generally used to finance long-term investments, such as buildings and equipment, or to cover temporary negative operating cash flows (Achleitner et al., 2014). External financing includes equity, debt and mezzanine capital as well as donations and hybrid forms and can be classified according to the financial return expectations of the capital provider (Achleitner et al., 2014). To scale their businesses, SEs and NPOs cannot rely solely on internal finance, they also need strategies to acquire long-term external finance (Jonsson & Lindbergh, 2013). The external finance proposed for SEs and NPOs with different legal structures working in diverse areas include Loan guarantees, quasi-equity debt, pooling funds, and social impact bonds have been proposed to meet financial needs of social enterprises (Navarrete Moreno & Agapitova, 2017; Achleitner et al., 2014; Bugg-Levine, Kogut, and Kulatilaka 2012). However, their sources of finance can differ depending on their legal status and the stage of their growth. The sources of funding for SEs and NPOs are discussed below.

- **Grant Funding**

Grant funding is a popular and a primary source of funding for SEs' and NPOs' services (Bugg-Levine et al., 2012; Martin, 2011). All legal forms of SEs may receive donations, but the for-profit SEs need to have a part of its operation registered as a non-profit with Donor Deductible Status (DDS to qualify for donations (Bertha centre for social innovation and entrepreneurship, 2015). They are awarded to SEs and NPOs who qualify with no obligation to repay and minimal application or approval processes. They are offered by government agencies, charitable foundations and trusts, or private sector entities (Sunley & Pinch, 2012; Martin, 2011). Government grants regularly come in the form of donor funding, while private grants stem from foundations or large corporate CSR budgets (Navarrete Moreno & Agapitova, 2017).

The grant funding is attractive to many SEs and NPOs because it is non-refundable and it is "irrevocable receipt of funds, low cost of raising funds and no further obligations on organization functioning"(Akbulaev et al., 2019, p. 3). Grant funding may be particularly important at the start up and nascent phases of the social enterprise (Peattie and Morley, 2008). However, since it is mostly a once off donation, its downside is that it has the ability to disrupt cash flow and generate uncertainty on the ability of SEs and NPOs to scale them to a level where impact investment funds may be attracted (Smith & Darko, 2014). Also, a reliance on grant funding may lead to resource dependency, and coercive isomorphism as social enterprises conform to an image desired by the funder (Sud et al., 2009; Nicholls and Cho, 2006).

Despite the highlighted downsides of grants, it still plays a major role in supporting SEs and NPOs. In the public sector realm, government play a significant role in providing grants to SEs and NPOs. Despite the fact that social enterprises are engaged in business, they actively use government grants and attract private funds to support their enterprises (Akbulaev et al., 2019, p. 6). Various government in different countries supports social enterprises in different ways: "from government grants to tax breaks and compensation for part of the employees' salaries" (Akbulaev et al., 2019, p. 6). The South African government has a variety of financial grant and loan schemes, most of which are tied to important deliverables such as black economic empowerment, job creation, and economic development (Capital, 2014). Government contracts, for instance, are a popular source of funding, although it is a challenging process to apply for many SEs and NPOs since it usually need extensive competitive applications and long lead times (Capital, 2014). The government also aids seed stage enterprises by establishing technology transfer offices to aid in the commercialization of R&D activities, business incubators, and an accelerator that targets high growth organizations (Capital, 2014).

Foundations too play a key role of providing grants to SEs and NPOs. Foundations are noted as one of the most important contributors to success of the civic sector in pioneering and supporting innovative practices of nonprofit organizations (Jaskyte et al., 2018). Grant-giving foundations are "intermediaries between the donors who fund them and the various social enetrprises they support" (Porter & Kramer, 1999, p. 121). According to Jaskyte et al. (2018), due to scarcity of public funding and changes in public policy, foundations are seen as a great potential alternative to the funding gap and impact the innovation ecosystem of nonprofit organizations. Foundations have had a long history of funding social NPOs and SEs to enable them solve pressing social problems. First, they can use their philanthropic venture capital to support the introduction and testing of ideas proposed by and they can also use their capital and ideas to build sustainable organizations to address unmet needs (Jaskyte et al., 2018). Foundations' grant strategies have great potential to transform SEs and NPOs activities and create social impact. For instance, Porter and Kramer (1999) note that foundations can have a greater social impact by funding the most effective organizations, educating and attracting other funders through matching grants, educating foundations on effective grantee selection processes, improving beneficiary performance; and advancing the state of knowledge and practice through funded research and a systematic progression of projects. Examples include SAB Foundation, South African Breweries Foundation, among others.

Private companies also play a significant role in supporting SEs and NPOs through grants. They do this as a way of fulfilling their social responsibility in the community. Corporations increasingly see their interests tied to community and environmental wellbeing. Companies in South Africa contribute greatly to funding and support for SEs and NPOs particularly those from disadvantaged communities. This is facilitated by through the Broad-Based Black Economic Empowerment (B-BBEE) policy and legislation, companies through their corporate social investment (CSI) programmes, support SEs and NPOs in three keys areas. First,through Enterprise and Supplier Development (ESD) criteria, which support procurement, supply chain development, and the expansion of small black-owned businesses (Capital, 2014). Second, it can also be accomplished through Socio-Economic Development (SED), in which companies assist in bringing "sustainable economic inclusion" to previously marginalised groups (via grants or in-kind donations), and lastly, through Skills Development (SD), in which companies assist youth and people with disabilities within previously disadvantaged groups to achieve skills through training and development programmes (Capital, 2014). CSI funding is a major source of income when it comes to the importance of sources of income, corporate social investment ranks highest, followed by government entities and charitable foundations, (Myres et al., 2018).

- **Debt Funding**

SEs and NPOs may seek formal and informal debt to support their activities in roder to fulfil their social mission and achieve financial stability. Debt is money borrowed from an external party that must be repaid in either a lump sum or regular instalments, along with interest (Sunley & Pinch, 2012). Some of the common sources of debt funding for SEs and NPOs include foundations, banks, government, impact investors, and microfinance institutions (MFIs). In South African context, debt financing is also a common capital structure capitalised by SEs and NPOs, as explained below:

Foundations: Loan from a foundation, commonly known as “program related investment (PRI)”, is generally considered as having favourable terms, as compared to commercial terms offered to non-profits from other commercial funders like banks. This is because donors share values and believe in the mission of social enterprises unlike for instance bans who are more concerned with financial teturns. Donors in Asia and Africa provide six varieties of financial instruments to social enterprises: (1) grants, (2) debt, (3) equity, (4) loan guarantees and insurance, (5) nonfinancial business support, and (6) payment for third-party contracts (Tirumalsety & Gurtoo, 2021). They have the best terms because while a majority of donors do not expect financial returns, most donors expect a return of principal invested or below the market rate returns (Rogerson et al., 2014).

Commercial banks and micro finance institutuions (MFIs) are also common sources of funding for SEs and NPOs. This is done through commercial banks and microfinance institutions (MFIs). Although this types of funding may be used to cover costs across different life cycle of SEs and NPOs growth, they are more prevalent at maturity stages when SEs and NPOs have stable cashflows (Navarrete Moreno & Agapitova, 2017). Research has shown that most social enterprises are not able to access this funding due to stringent terms such as high collateral and interest rates required, most SEs and NPOs make it a last resort (Capital, 2014).

The South African government too has numerous loan funds which usually tie in with its key deliverables such as black economic empowerment, job creation and developing the economy (Capital, 2014). Examples include: “Black Business Supplier Development Programme (dti), Co-operative Incentive Scheme (dti), Gauteng Enterprise Propeller (GEP), Green Energy efficiency Fund (IDC), Incubation Support programme (dti), Isivande Womens

Fund (dti), Rural and Community Development Fund (NEF), Small Enterprise Finance Agency (IDC), Social Enterprises Fund (SEF,) Support Programme for Industrial Innovation (dti), Technology Innovation Agency (DST), The Jobs Fund, Transformation and Entrepreneurship Scheme (IDC), Women Entrepreneurial Fund (IDC), Gro-E Scheme (IDC), Imbewu Fund (NEF), National Youth Development Agency SA, and Young Entrepreneurship Fund (Aspen Network of Development Entrepreneurs (ANDE), 2015, p.1).

Fund Managers also offer equity funding to SEs and NPOs. In South Africa, various fund managers provide equity funding for SEs and NPOs. A few examples include "Africa Enterprise Challenge Fund, Supplier Development Fund, Zimele Khula Enablis Fund, CapitalWorks Edge Action Fund, and ASISA ED Fund (Edge Growth)" (Aspen Network of Development Entrepreneurs (ANDE), 2015, p.1)

- **Equity Funding**

Equity funding is a type of funding where the SEs and NPOs are provided with capital in return for an for a share of the company (Navarrete Moreno & Agapitova, 2017). Equity capital can be provided by informal sources such as family and friends (Achleitner et al., 2014).. It can also be provided by the founder himself or more formal sources such as business angels or social venture capital funds which are specialised in financing social enterprises (Achleitner et al., 2014). In some instances, the government through a funding agency offers equity funding by buying a certain part of the business enterprise in return for percentage shareholding (SME South Africa, 2021). Equity is typically issued to for-profit SEs at their early-stage businesses but with a high growth potential to grow the enterprise and for the investor to receive a share of the profits and a lump sum when they exit (SME South Africa, 2021). The social investors also have certain control and voters rights that depend on the legal form of the enterprise and are usually structured in the contract between investor and investee (Social Investment Task Force, 2011). SEs are cautious with this arrangement because it has the long term implication of decreasing owners control over the direction of the organization, since more investors means more decision-makers for the enterprise (Navarrete Moreno & Agapitova, 2017).

A more related source of funding to equity finance is the Quasi-equity funding. Since equity funding cannot be accessed by all forms of SEs and NPOs, some organisations have developed financial vehicles that combine the properties of equity and debt (Bugg-Levine et al., 2012). A quasi-equity debt is a hybrid of debt and equity particularly suitable for enterprises, mostly those legally structured as nonprofits, who cannot qualify for either debt or equity (Capital, 2014; Bugg-Levine et al., 2012). In South Africa, this funding option is a viable option to SEs and NPOs that are not financially stable to qualify for debt financing and are not well established to access equity (Capital, 2014). This type of funding is provided by both debt and equity funders.

Equity funders who may also qualify as quasi-equity funders in South Africa include: "Acorn Private Equity, Adlevo Capital, Caban Investments, Business Partners, Hasso Plattner Ventures Africa, Identity Development Fund Managers, Invenfin Kgatelopele Private Equity, and Mergence Metier Nesa Capital" (Aspen Network of Development Entrepreneurs (ANDE), 2015, p.1)

- **Impact Investing or Investor Funding**

Impact investment (II) is becoming a popular emerging market investment strategy globally due to its dual role of creating social impact and financial returns. According to the Global Impact Investing Network (GIIN), a global champion of impact investing, impact investments is defined as "as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return" (GIIN, 2019). Impact investment, unlike traditional investments driven through philanthropy, are driven by its pursuit of positive social change through profit seeking investments (Ducastel & Anseeuw, 2020; (Clarkin & Cangioni, 2016).According to GIIN (2019), II is defined by four key elements :

Intentionality: Impact investments are made with the purpose of contributing to social and environmental solutions.

Financial returns: Impact investments seek a financial return on capital from the business unlike philanthropy who sole mission is address specific social challenge.

Range of asset classes: Impact investments can be made across asset classes.

Impact Measurement: One distinguishing feature of impact investing is the investor's commitment to measuring and reporting the social and environmental performance of underlying assets (GIIN 2019, p.2)

Southern Africa region, alongside other regions and cities such as London, Geneva and Silicon Valley have developed a vibrant impact investing communities and becoming known as "hotbeds" of impact investment (GIIN, 2016). These regions are characterised by dynamic and resilient ecosystems, such as diversity in the types of available investors and coordination in investor communities (Roundy, Brockman, & Bradshaw, 2017). In South Africa, impact investing is characterised by three major sub-sectors: capital markets, the banking sector and other non-bank financial institutions(Ducastel & Anseeuw, 2020). The most common II investments are Angel investment and venture capital investment (Navarrete Moreno & Agapitova, 2017; Achleitner et al., 2011). Angel investment entails high-net worth individuals who invest their own money in entrepreneurs based on their individual investment proposition, which can be based on their experience in a sector, recognition of a trend, or area of interest. Venture capital investment means directly investing in equity instruments provided by rapidly growing private companies (Navarrete Moreno & Agapitova, 2017. Venture capital investors offer both financial support and non-financial support such as capacity development, training and mentorship, management consulting or access to networks (Achleitner et al., 2011). Examples of venture capital and angel investors in South Africa include; "4di Capital, 88mph, Convergence Partners, Africa Fund, Intel Capital, LGT Venture Philanthropy, Redwood Capital, Savannah Fund, South Africa Media Capital (SAMCAP), Triumph Venture, Capital U-Start, Village Capital and Angel hub ventures (Aspen Network of Development Entrepreneurs (ANDE), 2015, p.1)

3.4 Infrastructure and Human Capital

3.4.1 Infrastructure

Supportive infrastructure is crucial for maintaining the economy's successful functioning since it is a significant component in determining the location of economic activity and the types of activities or sectors that can grow inside a country (Schwab & Sala-i-Martín, 2016). More importantly, the operations and scalability of SEs and NPOs often rely on the availability of ecosystem infrastructure and on support services to deliver their social value proposition (Martin & Osberg, 2007; Roundy, 2017c). It encompasses all activities within the entrepreneurial ecosystem, using a combination of social, political, economic and cultural elements within a specific region (Spigel, 2015). In the African context, the investment in infrastructures has greatly improved over the years, accounting for more than half of the gain in African growth (Ajide, 2020). Such infrastructure includes transport and communications, electricity supplies, and support structures.

South Africa, for instance, has a well-developed transport and communications infrastructures compared to other African countries, which enables SEs and POs to get their goods and services to market. The electricity supply is sometimes not stable causing from interruptions and shortages, hence affecting the smooth running of the businesses. To counteract this impediment, South Africa is becoming the fastest-growing market for renewable energy (including solar energy) in the world(Navarrete Moreno & Agapitova, 2017).

Finally, a solid and extensive telecommunications network allows for a rapid and free flow of information, which increases overall economic efficiency by helping to ensure that businesses can communicate and decisions are made by economic actors taking into account all available relevant information (Schwab & Sala-i-Martín, 2016). IT networks are generally good, although with high costs for mobile phone and Internet services. However, such support services and infrastructure are not always present, accessible or deployed, especially in poor areas, although ironically, that is where SEs intervention is most needed (Letaifa, 2016).

At the organizational level, SEs and NPOs benefit widely from the services and support of incubators as part of the ecosystem infrastructure component (Fernández Fernández et al., 2015; Roundy, 2017). They provide SEs and NPOs with office space, mentorship, exposure to potential investors or financial providers, and access to specialized professional services, such as legal, accounting, and technical advisers (Sullivan & Ford, 2014).

Moreover, ecosystems are surrounded by support structures such as the work of all organizations, associations and chambers of commerce that promote and make visible the work of SEs, including advocacy structures and acceleration programs (Kabbaj & El Ouazzani Ech Hada, 2016).

3.4.2 Human Capital

Human capital refers to the skills and knowledge that are acquired through investments in formal education, practical learning and work experience and it contributes to productivity and success (Unger, Rauch, & Frese, Rosenbusch, 2011). Human capital can be categorised as general or specific human capital (Estrin et al., 2016). Specific human capital refers to capital that can be employed in a variety of occupations, for instance formal education and work experience(Kele et al., 2017; Ucbasaran et al., 2009). While specific human capital refers to capital that is specific to an occupation, from instance from entrepreneurial perspective refers to capital that is related to entrepreneurship activities and includes start-up experience, business-ownership experience, managerial capabilities, entrepreneurial capabilities and technical capabilities (Kele et al., 2017; Ucbasaran et al., 2009).

SEs and NPOs operates in complex environments that requires SEs and NPOs to rely on the competences of human capital to create a meaningful networks and to access different sources of knowledge, information and support (Gonzalez & Dentchev, 2021). To manage an organisation successfully requires some form of qualification, which can be in form of formal education, training, specific skills and experience. Formal education has emerged as a significant source of knowledge and skills and, amongst others, confidence to execute entrepreneurial activities (Ucbasaran et al. 2008). It also helps SEs and NPOs perform complex tasks and adapt rapidly to their changing environment and the evolving needs of the production system (Schwab & Sala-i-Martín, 2016).Also, educated entrepreneurs can use the knowledge and skills acquired to identify opportunities (Kele et al., 2017, although some authors have challenged that identifying entrepreneurial opportunities does not necessarily amount to pursuing them or succeeding in exploiting the process (Davidsson & Honig, 2003). Studies have shown that education not only helps acquiring knowledge but it also aid in building resilience by enabling the current and future generations to contribute positively to the social, environmental and economic development of communities (Mwasiaji et al., 2022).

Specific human capital for SEs and NPOs is vital as it provides the knowledge and skillset needed to start and manage an enterprise. It can include skills like communications, accounting and finance, marketing, professional design among others. Social entrepreneurship education and skill training also allows an entrepreneur to respond to ecosystems challenges better which enhance their success in running a business (Mair & Seelos, 2017; Urbano et al., 2019). Work experience supplement specific skills of an entrepreneur and helps SEs and NPOs owners to better identify opportunities, exploit and run of a successful business venture (Ganotakis, 2012). In an African context, countries like South Africa, Uganda, and Kenya have several university-level courses on aspects of social entrepreneurship. The programs raise awareness and develop new generations of social entrepreneurs and employees. These efforts are important to shift SE development (SAB Foundation, 2017).

South Africa is known to have strong supporting institutions and entrepreneurial ecosystem than the rest of sub-Saharan African countries (SAB Foundation, 2017). Despite this development, South Africa faces a serious human capital challenge as more than half of the country's young people are entering the labour market without qualifications and more than 30% of the youth are not in education, employment, or training (Worldbank, 2019). Also, Bate (2021) in a comparative study of BRICS nations found out that South Africa entrepreneurs have weak start-up skills when compared to Brazil and India. Bate comment that the findings shows that tertiary education, coupled with low skill perception, is less effective in equipping the population of South Africa to be entrepreneurs as compared to India and Brazil (Bate, 2021). Bate (2021) lamented this on weak education (institutional level) which affects the educational and technological levels at the individual level. Also, a study done by SAB foundation (2017) support Bate's findings of weak human capital, education, and skills, which they attribute to structural inequalities experienced in the country and failure of government programmes to address it.

To address this skills and knowledge gap in South Africa, different institutions have stepped up to offer training and support to entrepreneurs, SEs and NPOs included. The government offers support for Human Capital development through a series of training focused on increasing the commercial skills of social enterprises. Apart from universities, other organisations that offer education and training programs for SEs and NPOs include the Social Enterprise Academy Africa (SEAA), ASEN, UnLtd South Africa, and Centre for Social Entrepreneurship and the Social Economy (CSESE) at the University of Johannesburg. Others include Gordon Institute of Business Science's Network for Social Entrepreneurs, African Social Enterprise Network, and Bertha Centre for Social Innovation at the Graduate School of Business at the University of Cape Town which is the first academic institution in Africa dedicated to social entrepreneurship and large corporations offer skills trainings and education programs as part of their CSR programs.

3.5 Information and Networks (Support Systems)

Social enterprises need support from different organisations for them to fulfil their dual mission of providing goods and services while fulfilling social mission. There is a slow but rising trend toward the development of capacity-support structures for social enterprise. These include both the more traditional actors such as government and universities, as well as newly emerging ones such as incubators and other intermediaries (Etchart & Comolli, 2013a). The support for SEs and NPOs can be in form of mentoring and coaching, expert technical assistance, brokering of partnerships and training to develop the next generation of social entrepreneurs and ecosystem leaders (Etchart & Comolli, 2013a).. In South Africa, various providers of capacity building for SEs include financial and non-financial support. The government of South Africa through various government agencies, such as Small Enterprise Development Agency (SEDA), the National Youth Development Agency and municipalities, provide financial and non-financial support to SEs and NPOs. Apart from the government, business development agencies such as The Business Place, Social Incubators, The Greater Good South Africa support SEs and NPOs with both financial and non-financial business development services (Steinmann, 2010).

Training and development service providers: In terms of training and support, various organisations offer training and other support to SEs and NPOs. Examples in South Africa include; SEAA, UnLtd South Africa, Greater Good South Africa, ImpactHub, the Bertha Foundation and the BCSIE, and the International Centre for Social Franchising. Large corporations offer skills trainings and education programs as part of their CSR programs.

Incubators: There are various providers of capacity building for SEs in South Africa, including several incubators (Nicholls, 2010). SE incubators include Hubspace, based in Cape Town, the Innovation Hub, in Johannesburg, and LaunchLab, attached to the University of Stellenbosch in the Western Cape. Also, the Ashoka and Echoing Green directly support social entrepreneurs with seed capital (Steinmann, 2010).

3.5.1 Mentoring and coaching

Companies in South Africa may offer mentorship and coaching to social enterprises themselves. While in cases where special support for enterprises is required, some companies can can team up with service providers who can provide the specialist social enterprise support, thereby ensuring that their investment leads to results (Social Enterprise Academy South Africa, n.d). A good example is Distell in South Africa. The company through its Corporate social investment team recognised there was a need to build capacity and resilience amongst the non-profits they supported, many of whom were beginning their own journey towards a social enterprise model. They partnered with the Social Enterprise Academy to offer learning programmes and mentorship on leadership, measuring social impact, and social enterprise to enable those non-profits to become more financially sustainable, whilst increasing their social impact (SEAN, n.d).

3.5.2 Awareness creation

Skoll Foundation, Schwab Foundation, Acumen Fund and a number of other organisations operating locally and internationally are playing a role in creating an enabling environment by raising awareness, through competitions and by facilitating a variety of activities that would benefit social enterprises financially and otherwise.

3.5.3 Research and learning

There are a number of growing research institutions focusing on research and learning focusing on for SEs and NPOs related specialties in South Africa. These institutions have created research and learning hubs for knowledge exchange. They include researchers who form a local research community dedicated to SEs and related topics the creation of (e.g., the Bertha Centre for Social Innovation and Entrepreneurship [BCSIE] at the University of Cape Town); and the formation of practitioner networks (e.g., The African Social Entrepreneurs Network ASEN, SEAA, UNLtd South Africa, U.S. Ashoka Foundation; the Centre for Social Entrepreneurship and the Social Economy (CSESE) was founded at the University of Johannesburg (Littlewood & Holt, 2018).

There are a small number of networks and SE communities in South Africa, including African SE Network (ASEN) and the Gordon Institute of Business Science's Network for Social Entrepreneurs (NSE). The media regularly covers SEs and social innovation in print, online, radio, and television

4. Section 4: Social enterprises and NPOs in building resilient urban communities

4.1 Introduction

A trip down memory lane unveils the chaos, panic and shocks exhibited in any city in the aftermath of a disaster. Disasters, as the name suggests, are disruptive in nature. New York city was in turmoil, covered with dust and pleas for help post the 9/11 attacks back in 2001. Cities in Indonesia were encapsulated by a massive tsunami back in 2004 that resulted in hundreds of thousands of deaths and mass destruction of infrastructure. The years of 2003 and 2005 saw earthquakes measuring over 7 on the Richter scale hit parts of Pakistan and Iran causing what disasters are notorious for – death, disruption and losses. South Africa, where the City of Johanneburg is located, has not been spared the impact of disasters and shock to the system with recent flooding events, political turmoil events, social instability, drought and yes, even earthquakes. The consequences are echo the familiarity of – death, disruption and losses. This section shifts attention to the social enterprises and NPOs that are ever present and contribute to cities to minimise the losses and aftermath of disruptive events in cities.

NGOs are noted worldwide to play important roles in different stages of the disaster cycle such as attending to health, human right issues, poverty reduction and education for example (Shaw, 2003). Governments are often not able to handle the crisis alone, even though it is their primary responsibility (Kitamoto, 2005), thus Hidayat and Egbu (2010) enlisted three main roles and players in a reconstruction project: the government, disaster victims and NGOs. Each of these typically would make full use of their resources to provide relief and aid quickly.

As established, SEs and NPOs are multifaceted, diverse and combine different institutional logics (Skelcher & Smith 2014), specifically those of the “market”, the “community” and “the family”. Worldwide, they generally constitute social bonds beyond the family or clan within an urban setting; they are producers of goods and services and hence participating in the local market economy, and they are active in the social domain providing social services that are pivotal for a sustainable (public) urban infrastructure such as housing, child care, counselling and employment related training. It is thus of paramount importance to zoom the lens on these organisations in the mega city of Johannesburg in South Africa because recent studies allude that SEs and NPOs are ideal partners for a bottom-up and subsidiary approach of public service provision. SEs and NPOs are vehicles for citizen participation with a great potential for the enhancement of good and sustainable participatory governance (Pestoff & Hulgard 2016). This section unpacks the environment in which SEs and NPOs operate in, the charactersitics and activities of NPOs in South Africa, the challenges faced by these organisations and most importantly the section presents the theoretical analysis and framing which form the foundation and lens for the study.

4.2 Parameters of SEs and NPOs for resilient urban communities

The English language, albeit within the realm of 11 other official languages in South Africa, describes the concept of resilience in a variety of ways. Authors such as Wright et al (2012), describe resilience as, „

> the ability of a social system to respond and recover from disasters and includes those inherent
> conditions that allow the system to absorb impacts and cope with an event, as well as post-event,
> adaptive processes that facilitate the ability of the social system to re-organise, change and learn in
> response to a threat. (p.46).

Similarly, Martin et al. (2018) and NPOs like Oxfam, describe resilience as, “the ability of women and men to realize their rights and improve their wellbeing despite shocks, stresses and uncertainty (Martin et al., 2018, p. 3). Munoz-Erikson (2021) elaborates, “the Rockefeller Foundation’s *100 Resilient Cities* (now the *Resilient Cities Network*) define urban resilience as the capacity for cities to adapt and transform in the face of stresses or shocks (Rockefeller

Foundation, 2019), and the Kresge Foundation (2015) as bouncing forward and prospering in the face of climate change (p.3)."

Some definitions are from a community lens where the same would hold true – disaster event/ adversity building learnings and ability to cope and prepare for a similar event disaster thereby reducing the severity of the consequences of the disaster to the city.

Undeniably, disasters have impacted numerous lives and livelihoods worldwide, with Asia bearing the brunt of impacts of natural hazards followed by Africa (Kitamoto, 2005). Asia has a good reputation in urban resilience with cities like Tokyo being made to adapt to and cope with the numerous disasters that affect the region, however, to successfully build urban resilience from previous disasters, it is essential to comprehend the disaster lifecyle which shows the different stages in which resilience can be build. Indeed, disasters have a life cycle described by Kitamoto (2005) as having four stages:

Phase 1: Prevention/Mitigation (before the disaster)

Activities conducted to either prevent or reduce impacts of hazards (for example, constructing dams or moving people away from high-risk areas).

Phase 2: Preparedness (before the disaster)

Measures put in place to prepare to ensure an effective response to minimise the impact of the hazards (for example public awareness, highlighting high risk areas and conducting emergency drills).

Phase 3: Response (during the disaster)

These include rescue efforts and evacuation during the disaster.

Phase 4: Rehabilitation/ Reconstruction (post disaster)

Recovery activities to restore the affected area and people to normality. It is in this phase that learnings are implemented to contribute to resilience in future events.

The magnitude of losses from disasters have been quite catastrophic in Southern Africa and continue to rise because most of the countries in the region are vulnerable to disasters such as floods, famines, cyclones, wildfires, droughts, earthquakes, pest infestations, pandemics and heatwaves (Van Niekerk, 2017). The region has experienced cyclones like Favio which displaced over 120 000 households in Mozambique and Madagascar (Bank, 2016); El Nino in 2015 – 2016 which sparked drought and flooding disasters (Van Niekerk, 2017) and cyclone

Idai and cyclone Kenneth which killed over 1000 people in Malawi, Mozambique and Zimbabwe and displaced thousands more (CAPSI, 2019). The ongoing COVID19 pandemic has not spared the city of Johannesburg, which like other megacities bears the brunt of the repercussions of these disasters resulting in migration to the city and consequent rapid urbanisation.

South Africa overall is expected to be heavily affected by climate change and variability (SADC, 2019). According to Ngwenya and Naude (2016), the rise in the frequency of disasters has added pressure to relief organisations as ordinarily they are looked at to respond and help to reduce the numbers of fatalities, injuries, displacement of people and do all of this in an efficient and effective manner. However, Van Niekerk (2017) alluded that the impact of numerous disasters in Southern African region is aggravated by “low coping capacity” because of poverty, reliance on rain grown agriculture and limited institutional capacity (Mulugeta et al.,2007). This is what Kitamoto (2005) refers to as high vulnerability.

The biggest limitation in managing the impact of disasters is limited institutional capacity and exposure. This is because through institutions that can provide aid, fewer lives can be lost, and fewer people can be displaced with clear direction and capacity to respond to calls for help (Ngwenya & Naude, 2016). In South Africa for example, disaster management has been the domain of individual government departments and non-profit/ voluntary organisations with few disaster specific institutions, although this picture is changing now (Vogel, 1998).

Research has been done in numerous other developing countries that are prone to disasters to develop frameworks that can enable effective management of disasters like Moe and Pathranarakul (2006) who developed a response framework for Thailand; Fuse and Yokota (2010) who developed one for Japan and Celik and Gumus (2018) who developed one in Turkey. The Asian disaster reduction centre showcases case studies of successful disaster mitigation practices and frameworks that have been implemented in vulnerable societies such as Vietnam, Bangladesh, Singapore, China and the Philippines (Kitamoto, 2005). However, there is a need for further research into how these cities have built resilience due to rapid urbanisation and high populations faced by mega cities such as Johannesburg.

4.2.1 The case for urban resilience

Cities such as Johannesburg, are described to be, "dynamic systems operating at different scales that link the natural and built environments with human processes (social, economic, political, demographic) (Martin et al., 2018, p.2)." For a city to be resilient, it needs to approach urban development in an inclusive and holistic manner so as to withstand present shocks as well as future shocks (Mensah & Liangcai, 2019). In essence, resilient cities are able to "recover" from disasters on time before immense adversity on livelihoods and economic activities. Relevant strides have been documented in the literature of cities pursuing resilience and some of these are described below:

- **Early Warning Systems (UEWEA) in the informal settlements of Nairobi, Kenya**

  By working in a consortium and in collaboration with the Nairobi City County government and its six sub-counties, the project promoted collaborative ways of working across disciplines, sectors and levels of governance to address the causes of multiple risks, fragility and vulnerability of people living in the informal settlements. (Martin et al, 2018, p.5)

- **Promoting sustainable resilience for people in a conducive environment: the Ekurhuleni Recycling Programme, South Africa**

  The project concentrated its efforts on building an enabling environment to support employment-generation for those people most marginalized. To this end, the first step was to analyze the systemic blockages that excluded waste reclaimers from the formal economy value chain (Martin, 2018 p. 7)

- **Understanding the ways in which population surges impact socio-economic outcomes for vulnerable communities: Jordan, Middle East**

  Oxfam along with partners, undertook a historical review of resilience in the city of Russeifa, Jordan to understand the extent to which the current political, environmental, economic and demographic circumstances of the city are impacting on household, community and institutional resilience. The review demonstrated how urbanization and population density significantly impact environmental and economic outcomes for residents of Russeifa, while women play a critical role in mitigating urban poverty. In the wake of protracted economic hardship, women who took part in this study have shown greater flexibility than men in pursuing career change and reorientation, along with setting up small home-based businesses that provide services to the community, such as catering and beauty salons, while also accommodating social norms that reduce women's ability to seek formal employment (Martin et al., 2018, p. 8).

- **Adapting to shock, New York City, USA**

  New York has borne the brunt of various shocks ranging from terrorist attacks and threats, climate related disasters and the current COVID19 pandemic. Through experiencing these, the city has built some resilience and put in place measures to mitigate against extreme climate change (Fastiggi et al., 2021).

4.2.2 Parameters for urban resilience

It would be reasonable to argue that the common thread with the examples of these resilient cities is in their ability to be adaptable, inclusive of vulnerable people, proactive leadership, energy efficiency and nature based, renewable solutions. These parameters are explored below

- **Planning for inclusivity and vulnerable people**

  Advancing global efforts to address and manage the impacts and risks of climate change, particularly in those communities and nations most vulnerable. This could be achieved via youth Engagement, Sensitization, and Public Mobilization: To mobilize people worldwide to take action on climate change and ensure that young people are integrated (Mensah & Liangcai, 2019, p. 146).

- **Efficient systems and technology**

  Literature advocates the use of science based decision making in resilience discourses (Munene, 2016). Planning is critical in building resilience (Kapucu et al., 2021) and therefore technological tools such as early warning systems and digital communication platforms are prioritized to enhance the efforts of urban resilience and make information current and accessible to multiple partied (Munene, 2016).

- **Public awareness and adaptation**

  Advancing mitigation and resilience at urban and local levels, with a focus on new commitments on low-emission buildings, mass transport and urban infrastructure; and resilience for the urban poor (Mensah & Liangcai, 2019, p. 146).

- **Adaptable and accessible transport systems**

  Rockefeller Foundation's 100 resilient cities programme was targeted at transforming operations in a city such as Johannesburg (Fastiggi et al., 2021) and this is inclusive of public transport systems. Resilient cities such as Tokyo and New York were found to have variety and adaptable transport systems.

- **Energy transition**

  Accelerating the shift away from fossil fuels and towards renewable energy, as well as making significant gains in energy efficiency; thereby transforming industries such as Oil and Gas, Steel, Cement, Chemicals and Information Technology (Mensah & Liangcai, 2019, p. 146).

- **Nature based solutions**

  Reducing emissions, increasing sink capacity and enhancing resilience within and across forestry, agriculture, oceans and food systems, through biodiversity conservation, leveraging supply chains and technology (Mensah & Liangcai, 2019, p. 146).

The core components of urban resilience are also summarised by Munene et al (2016) in table 2 below.

Table 4: Components of urban resilience

Categories	Focus	Indicators (factors that matter most)	Qualities (of a resilient city_
Leadership & Strategy	Focus	• Empowered stakeholders	• Reflective • Redundant

		• Effective leadership & management • Integrated development planning	• Flexible • Resourceful • Inclusive • Integrated
Health & Wellbeing	People	• Minimal human vulnerability • Livelihoods & employment • Safeguards to human life & health	
Infrastructure & environment	Place	• Reliable mobility & communications • Continuity of critical services • Reduced physical exposure	
Economy & Society	Organisation	• Finance including contingency funds • Social stability & security • Collective identity and mutual support	

Source: Munene et al.(2016, p.22)

4.3 Theoretical overview and framing

Modern day operations demand efficiency and effectiveness to enable integration in the pursuit of goals such as urban resilience (Kapucu, et al., 2021). Previous studies have pursued a systems thinking approach

4.3.1 Improvement theories

To build resilient urban communities using SEs and NPOs, a multi dimensional approach needs to be undertaken to help combine disparate fields whilst building efficiency and resilience. Whilst there are typical philanthropy theories such as the social origins theory and the government failure theory, these would not suffice for the development of a regime of resilience and sustainability in the city of Johanneburg. To improve and build resilience, approaches and theories that focus on change are required. One such approach is to review theories of improvement such as lean thinking and the theory of constraints. Lean thinking in the philanthropic sector is not popular in the literature but there have been studies advocating for its use in development work. NPOs and SEs are encouraged to improve how they work by applying lean and six sigma which encompasses the thinking used to help people and communities suffering from crises such as disasters (Mogotsi et al., 2022; Parris, 2019). Lean thinking was partially analysed at World Vision and it was found that it is very similar to their transformational development agenda to ensure they provide assistance for the required need; build capacity; involve local communities in decisions and ensure they manage resources effectively, ethically and efficiently (Parris, 2019). The experience of this study demonstrated that, "lean thinking and six sigma readily apply in development and humanitarian work" (Parris, 2019, p. 33).

Cozzolino, Rossi, and Conforti (2012) conducted a case study in Sudan with the World food programme (United Nations Agency) to devise an agile and lean framework for humanitarian supply chain post crisis. They found that:

- The agile principles are suitable to address the extreme conditions faced by humanitarian emergency, but the lean principles may also be useful; while agility supports effectiveness and speed, leanness is focused on efficiency and cost saving (p. 21).
- The agile principles guided the restoring stage in the immediate response in accordance with the urgent effectiveness objective.
- The lean principle guides the reconstruction stage in accordance with the efficiency objective (Cozzolino et al., 2012, p. 22).

Lean thinking was therefore found to positively address efficiency and cost saving which are both crucial during disaster reconstruction and building resilience (Cozzolino et al., 2012). Innovative tools and rethinking operations are fundamental in the philanthropic sector to implement a change, "that really makes a positive, structural and systematic difference to people who are poor, excluded and risk prone" (Fowler, 2000, p. 601). The donors and funders require more accountability and evidence of results which could be exhibited through lean principles (Fowler, 2000). The efficiency element of lean has been positive at a study of nonprofits study in South Africa, Malawi, Mozambique and Zimbabwe (Mogotsi et al., 2022). This study thus broadens the use of lean by adopting process improvement theories for use in Johannesburg. The relevant theory infused into the nonprofit context is the theory of constraints.

The theory of constraints (TOC) was introduced by Eliyahu Goldratt in the 1980s, it focuses on system improvement by guiding users to improve processes by focusing on their pain points (Moore &

Scheinkopf, 1998). A system is defined as a series of interdependent processes (Nave, 2002). An analogy for a system is the chain: a group of interdependent links working together toward the overall goal thus TOC views organisations as “systems” with resources that are linked by processes (Moore & Scheinkopf, 1998). “ Within that system, a constraint is defined as anything that limits the systems from achieving higher performance relative to its purpose” (Moore & Scheinkopf, 1998, p. 5). The constraint is therefore a weak link. The performance of the entire chain is limited by the strength of the weakest link. In manufacturing processes, TOC concentrates on the process that slows the speed of production through the system. (Nave, 2002, p. 75).
In philanthropy this could be any process or step in the disaster management execution that slows the system down.

Nave (2002) further explains that the theory of constraints consists of five steps:

1. Identify the constraint.
2. Exploit the constraint.
3. Subordinate other processes to the constraint.
4. Elevate the constraint.
5. Repeat the cycle.

Prior to step 1 (identifying the constraint), the system and its purpose must be clearly defined in order to determine how to measure success (Moore & Scheinkopf, 1998). This theory works well in settings where there are constraints or stumbling blocks in a process that contributes to delays and inefficiency (Nave, 2002).

The theoretical foundation, as the theory of constraints in the domain of process improvement thus built the foundation for analysis and development of the framework as illustrated in figure 1 below:

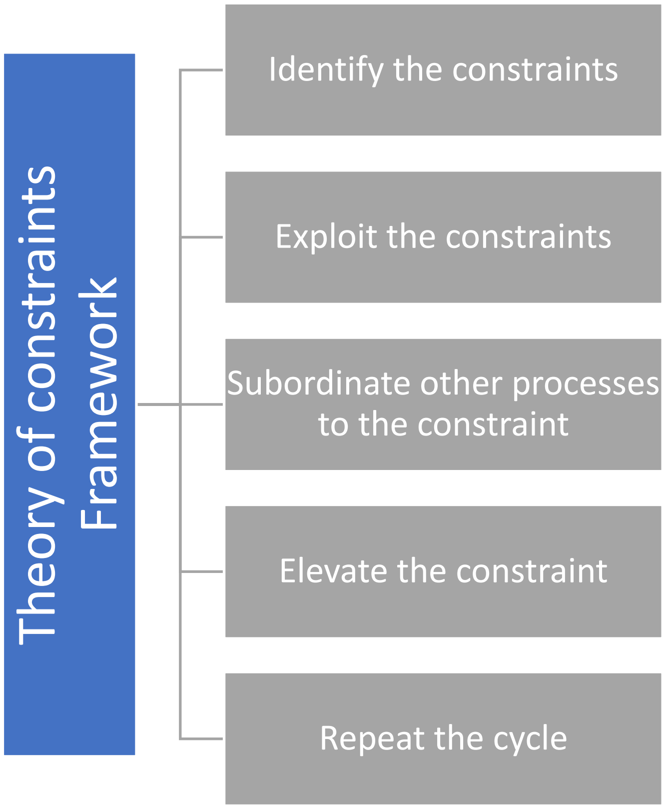

Figure 1: The theory of constraints theoretical framework

4.4 Conceptual Framework

The main idea around the theory of constraints is that every ecosystem, be it management and governance, urban governance, or organisational environment, has at least one weakest point that requires improvement on. An integrated approach to urban resilience demands systems thinking where each eco system must be analysed and revamped to contribute significantly to the system. Constraints are typically anything that slows the system down or contributes to bottlenecks. It is like zoning in on the problematic areas of each ecosystem and problem solving for these to improve the performance of the ecosystem. City scale resilience demands a systems approach as previous studies have employed this view (Fastiggi et al., 2021).

With this theory as the foundation, a conceptual framework is presented in figure 2 below which synthesises the theory of constraints

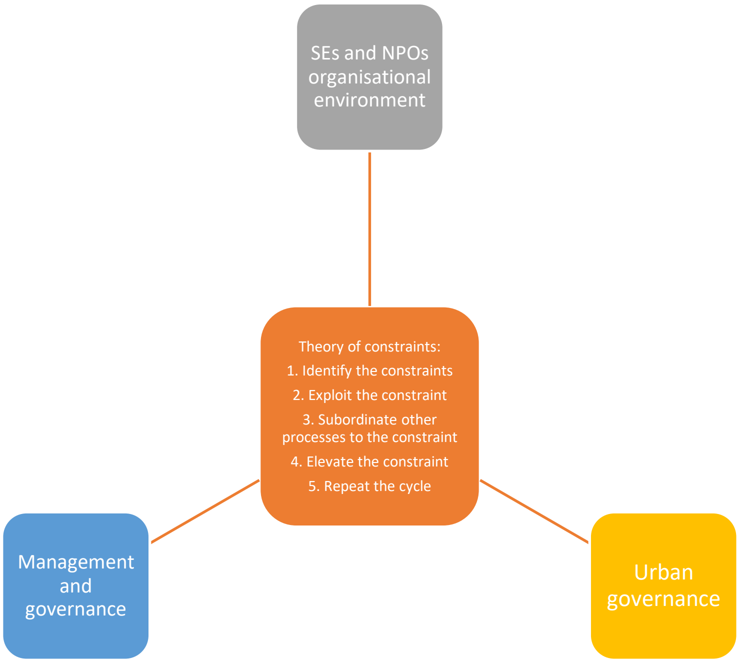

Figure 2: Conceptual framework for building urban resilient communities

For all 3 pillars of management and governance, urban governance and the organisational environment, the study identifies the constraints in each parameter in order to eradicate and improve the weakness in order to promote a supportive ecosytem which would contibute to building resilience in the urban communities. Resilience building would only be as strong as the weakest link, thus the study employs the lens of identifying and applying continous improvement iteratively to ultimately strenghten the system for resilience.

This view is supported by international NGOs like Oxfam that advocate for a multi disciplinary, systems thinking approach like the theory of constraints. According to Martin et al. (2018),

> The systems perspective constitutes the real added value of resilience in urban programming, allowing attention to be directed to ecological factors and to a perspective on urbanization that addresses core urban systems: water, food, energy, waste and transport.[1] In short, urban resilience programmes must recognize how the systems that support urban life are inextricably linked. This is particularly important as, in practice, systems thinking requires civil society, research institutes, the private sector and city officials to step outside their departmental silos, address multiple aspects of vulnerability and resilience, engage with poor communities, and develop plans that go beyond engineered solutions and ensure access to

and control over critical ‘urban systems’ (water, food, energy, transport, shelter and waste). Martin et al. (2018, p.4).

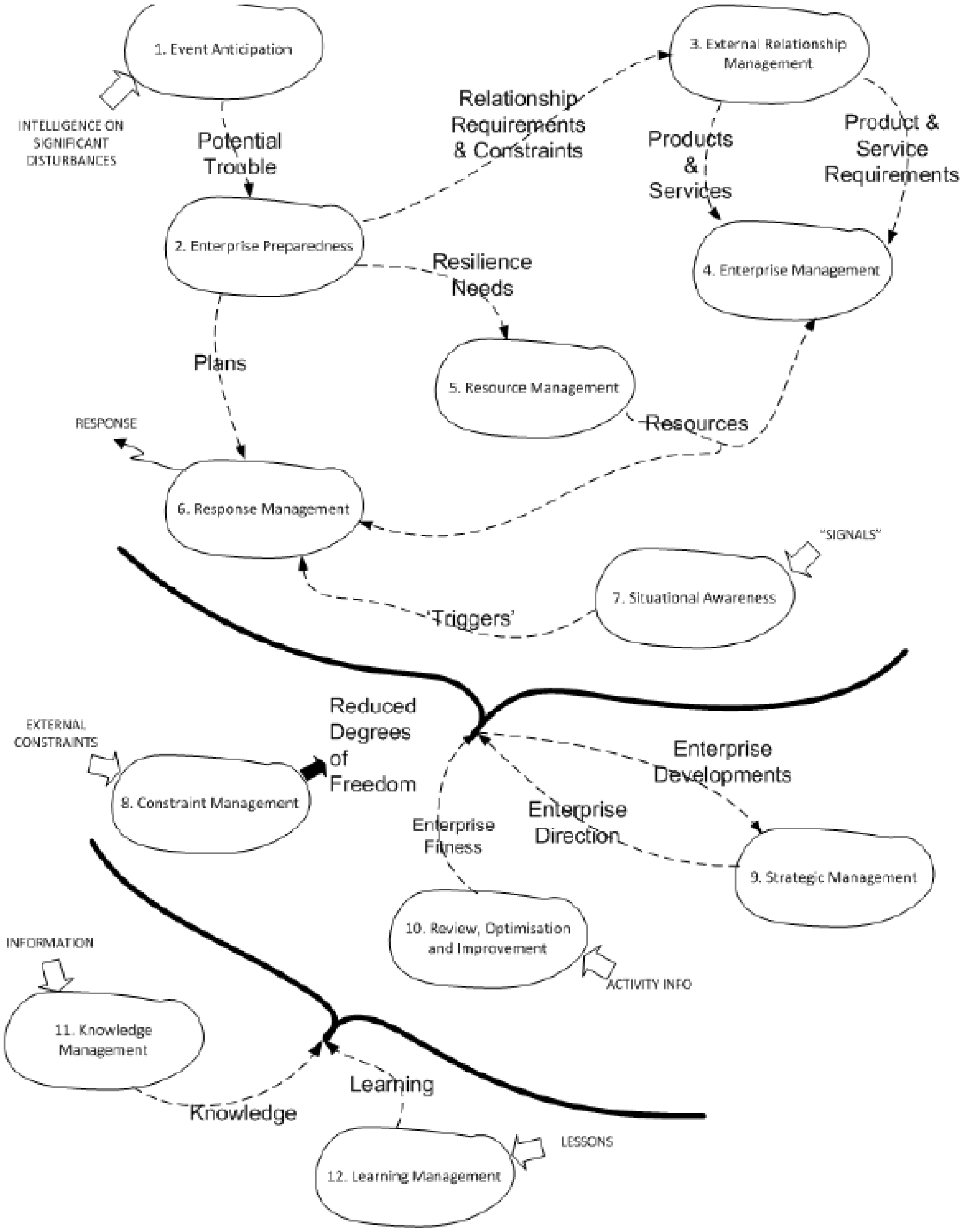

Figure 3: Resilient systems thinking integration to conceptual framework

Source: Wright et al. (2012, p.50)

Constraint management and systems thinking would thus contribute significantly to the model in figure 3 as resilience would be achieved by interdependent connectivity between the SEs and NPOs ecosystems and hierarchy of purpose within the City of Johannesburg by fully amending the recognised legal, social, economical, ethical and political constraints in disaster rehabilitation and preparedness.

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