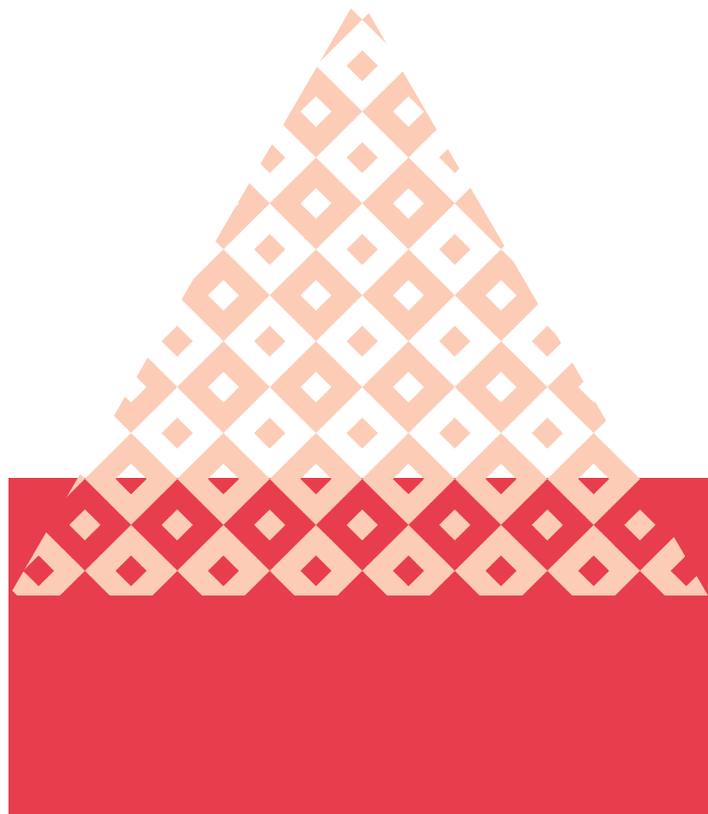
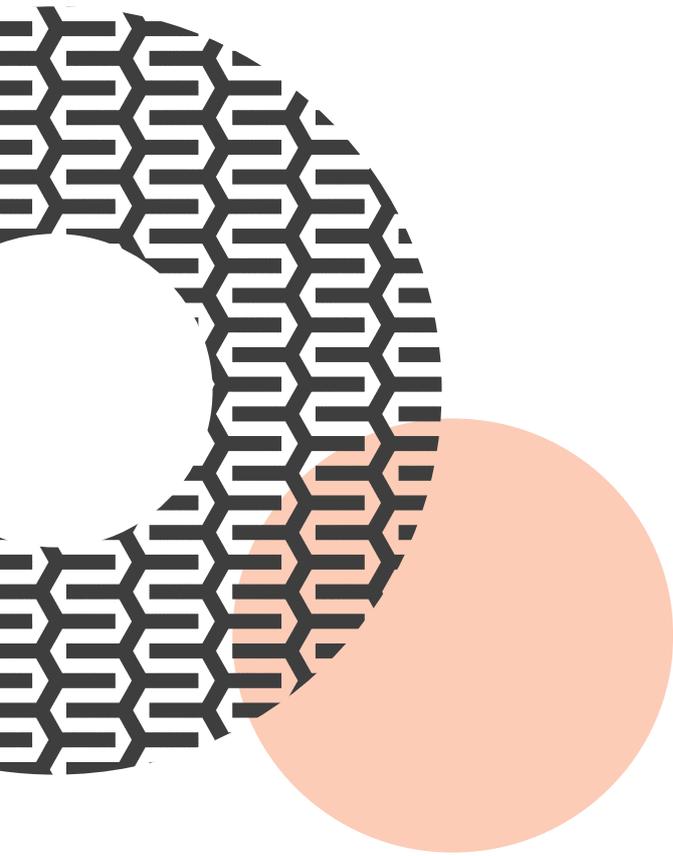


Creative and Social Enterprise in South Africa



About the British Council

The British Council is the United Kingdom's international organisation for educational opportunities and cultural relations.

Our global Developing Inclusive and Creative Economy (DICE) programme aims to address economic and social exclusion through supercharging homegrown creativity, enterprise and collaboration. DICE takes an 'ecosystem' approach to nurturing economic inclusion, with a focus on women, young people, disabled people and other groups often excluded from the mainstream economy. In practice this means DICE works with and for a growing network of entrepreneurs, artists, enterprises, policy makers, investors, researchers, academics, and community leaders. We provide training, mentoring and funding opportunities; convene international dialogue offline and on; undertake research; and provide the space to co-design, form relationships, experiment and explore.

DICE complements the British Council's longstanding work in civil society, creative economy and social enterprise, a portfolio of programmes delivered to date all over the world. Together these programmes are designed to help foster a more sustainable, inclusive and prosperous future and build collaboration, opportunities and trust between the UK and other countries.

www.britishcouncil.org/programmes/dice

<https://creativeeconomy.britishcouncil.org/>

www.britishcouncil.org/society/social-enterprise

<https://www.britishcouncil.org/society/womens-and-girls-empowerment>



THE RED CUBE
A SUBSIDIARY OF THE COLOURED CUBE

About Simanye

Simanye Group is passionate about creating impact as well as driving profitable businesses and we believe these things go hand in hand in our globalized world. Through our advisory work, we develop integrated and inclusive strategies that deliver both impact and business benefits and which also help achieve compliance with various policies and legislation. Given the current global context, including new ways to share information, high levels of global inequality, the strain on resources, and highly competitive markets, we believe that a revolution is coming and that the future of successful business looks different. Although our main business is a consultancy focused on impact, and a certified B Corporation, several years ago we made a decision to begin investing more directly in impact and started up the Simanye Trust in order to do just that. The Simanye Trust engages in venture philanthropy and funds early stage social enterprises. Recently we have decided to more formally focus on interventions that specifically address value chains and ecosystems rather than stand-alone social enterprises as we feel the challenges we have seen over the years are often systemic.

www.simanye.co.za



About Social Enterprise UK

Together with our members we are the voice for social enterprise in the UK. We build markets, undertake research, provide information and tools, share knowledge, raise awareness and campaign to create a business environment where social enterprises thrive. Our members range from local grass-roots organisations to multi-million-pound businesses.

socialenterprise.org.uk



Acknowledgments

Main authors:	Lana Lovasic (Simanye) and Ansulie Cooper
Key expert contributors:	Mariapaola McGurk (Coloured Cube) and Kevin Naidoo
Reviewers:	Dan Gregory
Research team:	Lana Lovasic, Ansulie Cooper, Nicola Coundourakis, Mariapaola McGurk, Kevin Naidoo

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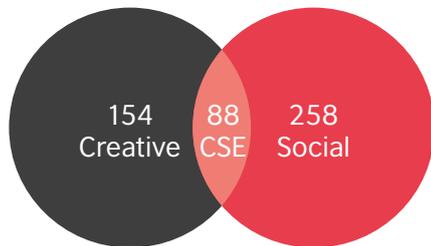
Creative and Social Enterprise in South Africa

We had **445** fully completed responses.

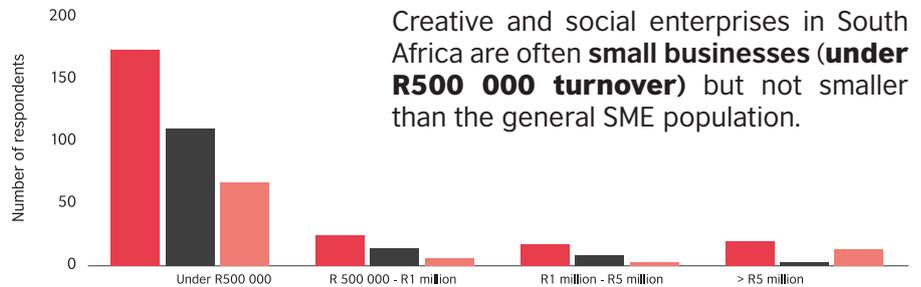
28 were removed as duplicates, fake or invalid.

The final sample size was **417**.

Of these, **154** are creative enterprises (CEs), **258** social enterprises (SEs) and **88** creative social enterprises (CSEs).

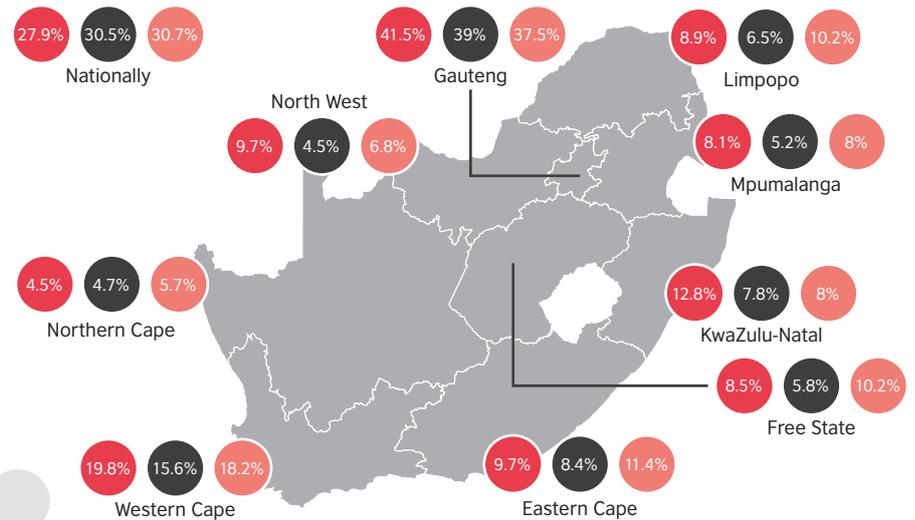


PROFILE/DEMOGRAPHICS

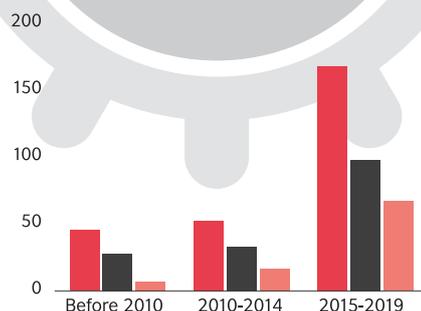


Creative and social enterprises in South Africa are often **small businesses (under R500 000 turnover)** but not smaller than the general SME population.

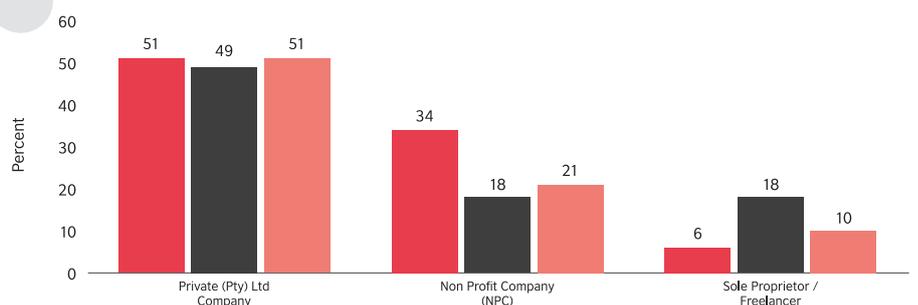
The majority of our creative and social enterprises are **urban**, and **many are located in Johannesburg**.



Creative enterprises, social enterprises (and creative social enterprises) in South Africa are an emerging phenomenon and are quite young (most less than 5 years).



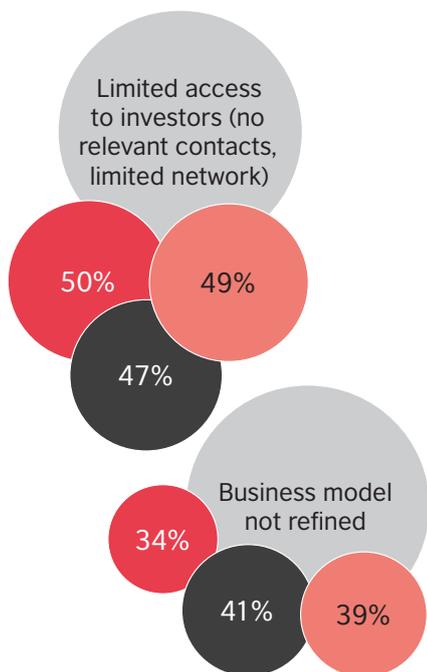
Our creative and social enterprises operate primarily as private companies. Social enterprises more often adopt Non-Profit Company structures compared to creatives and CSEs. Creatives more often take on freelancing/sole proprietor structures.



Profitable creative and social enterprises identify the importance of the following leadership skills to the success of their ventures.



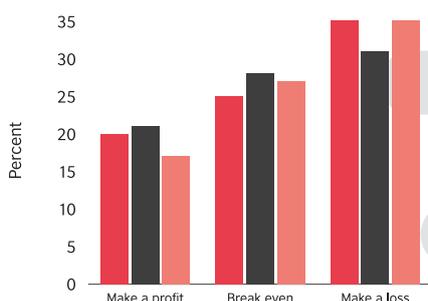
We found that the **top three constraints to financing** are linked to network access as well as investment readiness.



Many of the barriers highlighted by creative and social enterprises are related to funding, and across the board organisations highlight difficulties in obtaining grant funding.

	1	2	3	4	5	6	7	8	9	10
Obtaining grant funding	●●									
Cash flow/late payment		●●								
Understanding/awareness of social enterprise among funders and financiers			●●			●				
The economic climate			●		●			●		
Obtaining (debt or equity) finance				●●	●					
Lack of demand/finding customers				●		●				
Recruiting staff					●					
Shortage of skills generally						●				
Uneven or fluctuating demand							●●	●		
Availability/cost of suitable premises								●	●	
Time pressures								●	●	
Shortage of skills generally									●	
Affordability of finance										●●
Time pressures; availability/cost of suitable premises										●

These businesses are at various stages on the road to sustainability.

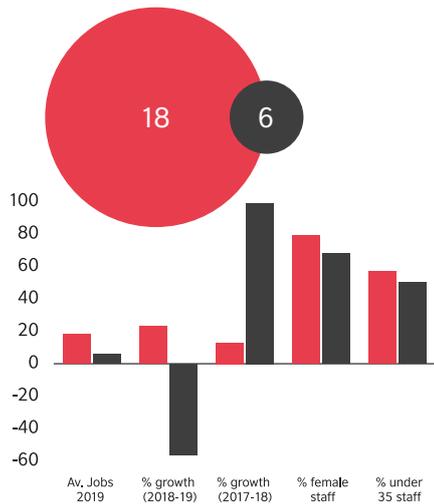


Creative and social enterprises in South Africa are trading businesses and the **vast majority receive no grants** at all but at the same time, **limited access to grant funding** is considered a key barrier to growth by many.

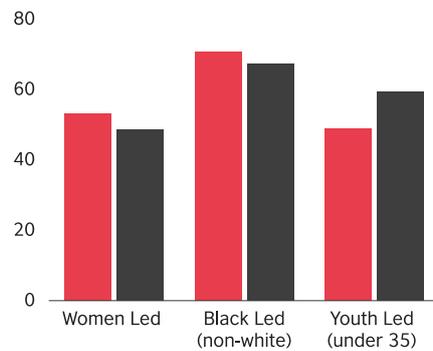
INCLUSIVE JOB CREATION

1 Are creative and social enterprises creating jobs and access to employment for women, young people and vulnerable groups?

Social enterprises create more jobs on average and show steadier growth than our creative enterprises.

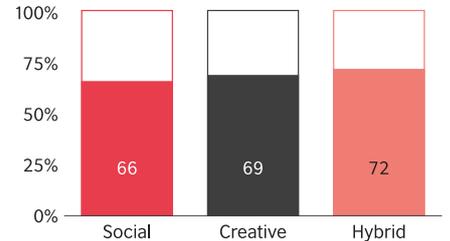


Creative and social enterprises are highly inclusive, employing **higher numbers of women and youth** in particular.



The leaders of creative and social enterprises are **young, diverse, and educated**.

Black/Coloured*/Indian person in charge of the organisation



* As per the South African Statistics classification

Full-time permanent employment is only part of the story, and temporary or contract worker employment is also high for both creative and social enterprises.

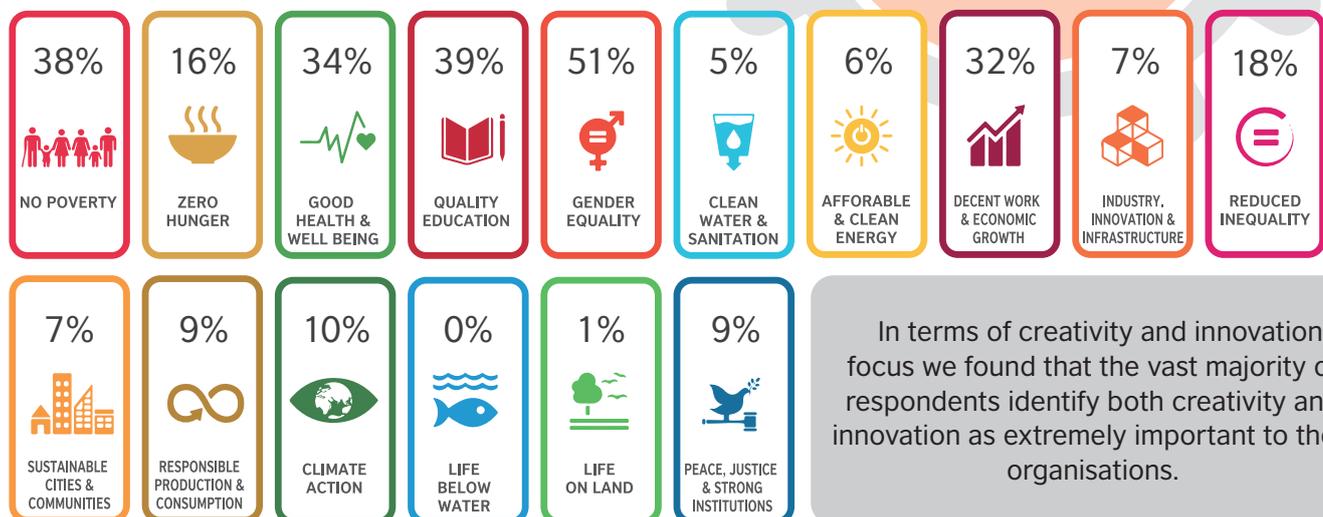
NEW AND SUSTAINABLE SOLUTIONS

2 Are creative and social enterprises offering new, disruptive and sustainable solutions to environmental and social challenges?

In terms of impact and the SDGs, the majority of both creative and social enterprises are working on **gender equality**.

Engaging in innovation activities led to more chances of breaking even or making a loss for organisations, rather than a profit, suggesting the need to consider more support in this area.

Despite the focus on innovation, levels of **IP protection** are not very high.

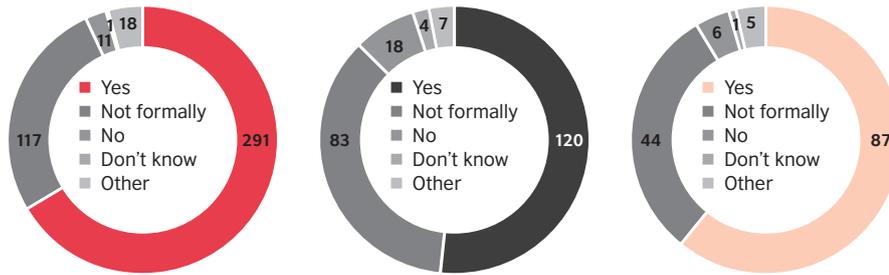


In terms of creativity and innovation focus we found that the vast majority of respondents identify both creativity and innovation as extremely important to their organisations.

POWER, PURPOSE, PROFITS

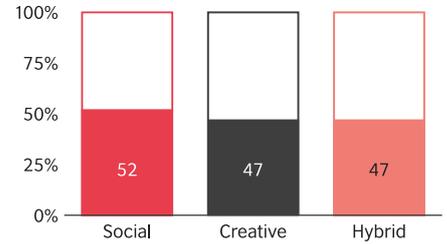
3 Are creative and social enterprises inclusive, spreading wealth, ownership and the benefits of innovation and technology?

When comparing creative and social enterprises across various measures, social enterprises are more likely to have formal and public statements of commitment to social or environmental missions, as might be expected.



Black and woman ownership are similar to, but slightly lower than the wider SME sector.

Woman ownership of the organisation

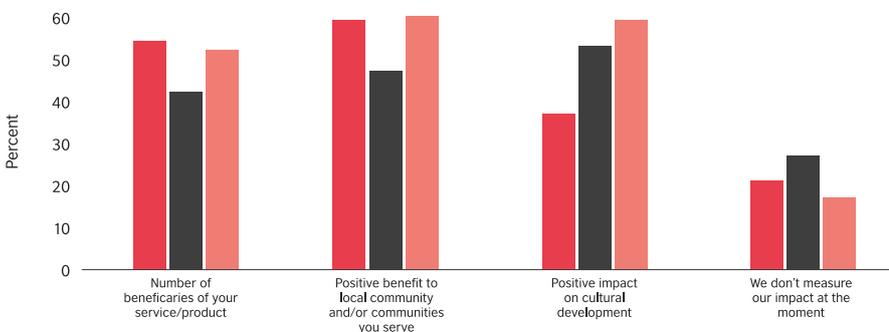


While social enterprises are more deliberate in committing to social or environmental impact, creative enterprises in the sample exhibit many behaviours associated with social enterprise.

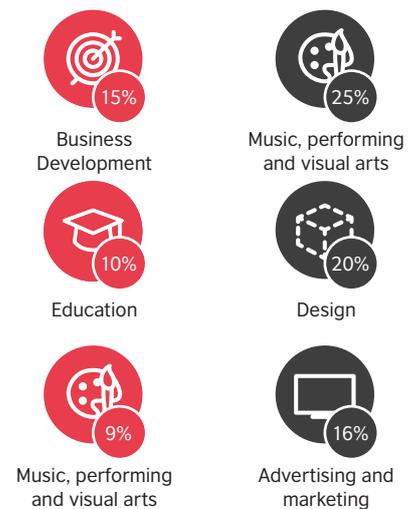
IMPACT ON COMMUNITIES AND CULTURE

4 Are creative and social enterprises bringing new energy and pride to communities and countries?

Across both creative and social enterprises, the majority of both of these organisation types measure their impact to local communities, communities they serve or cultural development.



Music, performing, and visual arts were in the top 3 sectors for both creative and social enterprises..



Creativity, innovation and idea generation are all critical to social enterprise and the social enterprises in the sample were actively engaged in activities typically associated with creativity and innovation.

Foreward

The British Council and its research partners, Simanye and Social Enterprise UK are delighted to present this report which explores creativity, enterprise and how we can combine them to build a more inclusive economy. The Creative Economy in South Africa trades in ideas and innovation, it often straddles economic, political, social, cultural and technological issues, not only making a significant impact on society but on the economy as a whole. Likewise, the recent publication of the social economy green paper by the South African Economic Development Department (now part of the Department of Trade, Industry and Competition) demonstrates increased commitment by government to support purposeful enterprise. This agenda is important to the British Council and in the UK we are keen to learn from and share experiences with South African creative and social entrepreneurs as we build our respective creative and social enterprise communities and forge UK-SA collaboration in this space for mutual benefit.

The British Council is the UK's international organisation for cultural relations and educational opportunities. We are on the ground in six continents and over 100 countries, bringing international opportunity and people to people connections to life, every day. In South Africa we partner with local organisations to deliver on this cultural relations mandate – through the arts and creativity, social commentary, education and support of skills development and business.

This study explores the purpose, inclusive business practices, and operating context for creative enterprises, social enterprises, and their hybrid – creative social enterprises. Although there have been some notable surveys in recent years, research into social enterprise is limited in South Africa. Not only does this survey provide much needed

and valuable data on social enterprises but it is also the first study of its kind in South Africa that maps the overlap between social and creative enterprise – including their substantial contribution to the UN's Sustainable Development Goals.

It may seem counterintuitive to speak of social and creative enterprises as separate and distinct in the first place when instinctively many will feel they are walking the same road, hand in hand. Indeed, these businesses challenge conventional business structures with social purpose, human-celebration and audacious creativity at their core.

These businesses exist for a purpose that is not merely about income generation. They reframe the way we measure value; they challenge what success looks like and they demonstrate the crucial role of social values to that success. Collectively they encourage us to consider the macro-perspective in which they sit - how should businesses with social purpose and creative engines be built into the design of our economic system? Further, how can their important skillset be deployed in policy design, and in community and economic development?

Young people, women, people disabled by society and people of colour have been, and continue to be, systematically and intentionally excluded from opportunities and from our economy. The economic system has been designed to work for some at the expense of others. If we are to see any kind of movement towards equality and widespread human flourishing, we need to rewrite the rules of this economic system and society at large.

This was already an enormous concern before the greatest public health crisis for a generation swept across the world. And the evidence is already showing that all of

these problems of inequality are intensifying and will intensify further in the wake of the Coronavirus.

It is time to mainstream social purpose in business and celebrate different ways of problem solving, the essence of creativity, if we are ever to overcome entrenched and overwhelming economic exclusion.

We know that South Africa is one of the most unequal countries in the world. And the situation is not set to improve for the next generation, indeed evidence shows it is more likely to deteriorate. Similarly, inequality gaps in the UK are widening, leaving the most vulnerable even more exposed.

But we also know that community is the life blood of South African society. Connection with family, friends, colleagues and fellow South Africans is what fuels us and keeps people across the country hopeful. South Africa is vibrant and resilient, qualities that have been demonstrated again and again throughout South Africa's long, complex and often painful history – vibrancy and resilience are the ingredients needed for social creative enterprise to thrive.

Developing Inclusive and Creative Economies (DICE) was launched by the British Council in March 2018 as a cross-sectoral, multi-country cultural relations response to one of the world's greatest challenges. For two years this experimental programme has explored how creativity, human connection, bold and generous collaboration and talent can be harnessed to contribute to the eradication of profound social and economic exclusion. As the UK's cultural relations organisation, the British Council's interest is to produce trust, knowledge, exchange, and reciprocity – so that all, including communities in the UK, can learn from this model of enterprise, entrepreneurship, experimentation, and

economic development.

In support and validation of this work, this study was to set a baseline outlining the current operating context, challenges and inclusion data of creative social enterprises. This report presents emerging evidence that harnessing creativity, nurturing purpose and connections, and providing capacity building are three clear ways to build and grow truly inclusive enterprises.

This survey makes clear – the value of creative social enterprises is greater than the sum of their parts - social impact, creative and cultural value, and financial returns. They stimulate collaboration, human connection, bringing multiple knowledge systems together to fundamentally challenge the way society is structured in both bold and subtle ways.

We hope that this report is interrogated, used and built-on by those wishing to support creative social enterprises. Thank you for joining us as fellow architects and talent scouts in designing a more inclusive economy.

Susana Galván

Country Director, British Council South Africa

1. Introduction

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities. Developing Inclusive and Creative Economies (DICE), is a British Council global pilot programme (2018-2020), which takes a holistic approach to imagining and building an economy that is equally accessible to all.

DICE is delivered with and for women, youth, people disabled by society, and other groups that are excluded from the mainstream economy. The programme is co-designed by a global team and growing network in Brazil, Egypt, Indonesia, Pakistan, South Africa and the UK.

DICE is founded on the hypothesis that supporting the development of creative and social enterprise – and the ecosystems in which they operate – is an effective way to address the issues of unemployment and unequal economic growth, and build more inclusive societies. This hypothesis is underpinned by the understanding that, around the world, communities face common challenges and problems, including:

- unemployment, especially among young people, potentially intensified by automation;
- growing wealth inequality and exclusion from 'mainstream' economic opportunities, especially of women, disabled people¹ and minorities;
- environmental degradation and the climate emergency; and
- a sense of a loss of identity and community.

We know that even significant development aid or government welfare and investment cannot provide all the answers to overcome these challenges on their own. The way we do business with each other has to be part of the solution. We need to bring together stakeholders in participatory ways to enhance mutual understanding. We need to foster the development of activities that have their origin in individual creativity, skill and talent and which have a potential for wealth creation.

We know that creative and social enterprises have much in common and sometimes overlap. Both creative and social enterprises can:

- have low barriers to entry, generating jobs especially for women and young people, harnessing human creative, emotional and social skills – more future-proof and more resistant to automation;
- bring new, disruptive ideas to tackle the challenges we face, providing agile, environmentally and socially sustainable solutions that address market failure, contributing to the SDGs;
- be inclusive, challenging the over-concentration of wealth and capital by spreading ownership, enabling democratic ownership and governance, distributing the benefits of innovation and technology; and
- bring new energy and pride to communities and countries, reflecting a country's culture, and changing how people feel about themselves.

¹ British Council adopts the 'social model approach to disability', which was created by disabled people. It is underpinned by the understanding that people are disabled by the way in which society is organised, rather than by an individual's impairment. It is an inclusive model, emphasising the independence of disabled people to exercise their rights and have choice and control over their own lives. The British Council's work in disability and inclusion focuses on addressing the barriers that restrict individuals' full and equal participation in society.

Creative and social enterprises in many parts of the world are considered a success story, generating economic contributions and positive social impact. DICE is founded on this experience and we are particularly focused on creative social enterprises (CSEs) in this study.

Social Enterprise UK and Catavento Pesquisas in Brazil, SDPI in Pakistan, Simanye in South Africa, the Parahyangan Catholic University in Indonesia and Ahead of the Curve in Egypt worked with the British Council to survey creative and social enterprise activity in each of the countries in order to support the programme's work. This work builds on a methodology for mapping social enterprise (SE) activity in around 20 countries and also incorporates further expertise on the creative economy and creative enterprise. The surveys seek to provide baseline data on the creative and social enterprise situation in each country in order to:

- understand the specificities and diversity of the creative economy in the six DICE countries;
- develop and clarify the British Council's approach and definition of creative and cultural industries, the creative economy and its contribution to inclusive development; and
- clarify the differences and overlaps between the creative and social economy.

This approach was tested with peers and experts internationally and in-country. It has sought to provide new quantitative data that explores the:

- contribution to economy and inclusive development of these enterprises (e.g. job creation, turnover, inclusive recruitment, supply chains and customer-bases, impactful products and services);
- current financing, funding and support sources, needs and gaps; and
- overlap and complementarities between creative and social enterprises.

This report in South Africa sets out the findings from research and survey work conducted between February 2019 and January 2020 and includes a summary of the methodological approach, an overview of survey and research findings and analysis of the significance of these results for inclusive development and the growth of creative and social enterprises in South Africa. We hope it can help support and inform policy and programmes in each country to further encourage the sustainable development of creative and social enterprises across the world.

1.1. South Africa survey

The work in South Africa was carried out by lead consultant Simanye, along with project partners The Coloured Cube and several key experts, with support from Social Enterprise UK (SEUK). It adapts a methodology used across five countries to the local context based on local consultations and the local nuances of these ecosystems.

2. Understanding creative and social enterprise in South Africa

2.1. Study methodology

2.1.1. Brief methodology summary

The methodology for this work included a review of existing data on creative and social enterprises and their supporting ecosystem but focused mostly on providing new primary evidence of creative and social enterprise activity in the context of inclusive economic development. Although both the creative and social ecosystems have their own data and research, there has, to date, been little which compares and contrasts the two ecosystems.

For this research, primary data collection comprised of an online survey of creative and social enterprises, as well as collection of additional inputs from key stakeholders in the form of workshops, data validation, and interviews with intermediaries², individual creative and social enterprises.

A review of existing evidence to supplement survey findings was also conducted, including existing research on creative and social enterprise activity, data on national economic development and comparative activity of NGOs and SMEs in order to benchmark some of the findings.

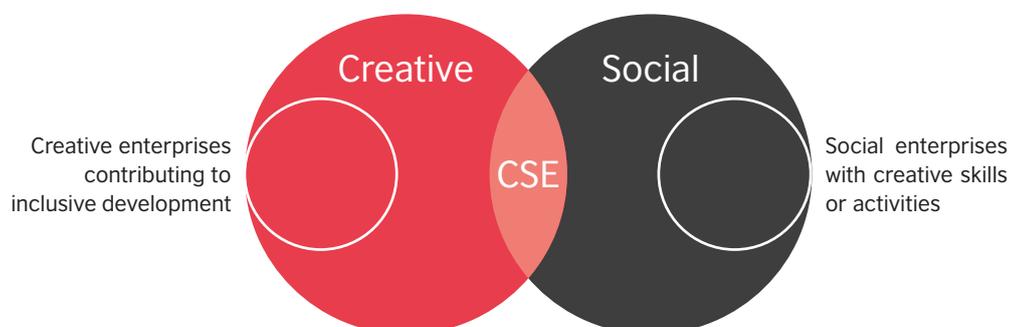
Full information on the methodology can be found in Annex 1 and the complete survey questions are listed in Annex 7.

2.1.2. Defining creative and social enterprises

We recognise the lack of internationally agreed definitions of creative and social enterprise, and also did not want to rely upon self-identification as the criteria for defining creative and social enterprise in this study. We therefore set out with core principles to inform which types of organisations should be included in the study, then sense-checked this with national stakeholders to refine inclusion criteria to be used for the survey tool.

² An intermediary can be defined as an organisation whose main role is to support the development of other organisations. This can include non-governmental organisations that provide specialist training and shared services for creative and social enterprises, hubs (physical and virtual spaces), investment brokers, accelerators, incubators, networks, platforms and universities – all of which can directly serve or support a multiple number of creative and social enterprises.

Figure 1: Creative Enterprise, Social Enterprise and Creative Social Enterprise definition and inclusion criteria



For creative enterprises the focus was on whether they belonged to a cultural or creative sector. Although there is not one accepted official definition of this in South Africa, we used the broadest of the locally utilised definitions, and thus included the following sectors (for more discussions on definition, please refer to section 2.1):

- Advertising and marketing
- Architecture
- Crafts
- Design (product, graphic, fashion, etc.)
- Film, TV, Video, Radio and Photography
- IT software, computer services (video games, software development, etc.)
- Museums, galleries and libraries
- Music, performing and visual arts
- Publishing

For the purposes of this study, social enterprises were filtered from the data-set along two key criteria:

- commitment to a social or environmental mission; and
- at least 25 per cent income from trading activity (in other words, less than 75 per cent income from grant funding). We also included those who had more than 75 per cent income from grants if they had a plan to come below 75 per cent within the next year (16 additional respondents).

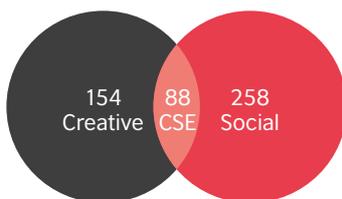
Although there was some debate on whether the trading threshold should be higher, we decided that due to the nascent social enterprise ecosystem of South Africa, we would allow a relatively low level of trading activity in order to be inclusive. This is also in line with the views of most key local stakeholders with whom we spoke. We also included the same trading threshold for creative enterprises for the sake of consistency.

For hybrid enterprises, or what we are calling in this report Creative Social Enterprises (CSEs) we merged the criteria for creative and social enterprises respectively to find those businesses which met both sets of criteria.

Our sample

When the survey closed, we had a total of 445 fully completed responses (for more information on methodology please see annexes). Of these, 28 were removed from the sample either due to duplication, or obviously fake or invalid responses. Therefore, the final sample size used for initial and high-level analysis was 417 before any exclusions.

When we applied our definitional criteria and segmented our sample, we arrived at 154 creative enterprises, 258 social enterprises, and 88 CSEs. However, in some places we also report on the aggregated data to consider the respondents as a whole.



2.1.3. Perceptions of creative and social enterprises

Survey respondents were not told in advance the definitions being used for the research and were asked their perceptions of their own organisation. They were given three main options as to how they self-identified (as well as 'none of these' and 'don't know') which were: creative enterprise, impact enterprise and social enterprise. These two terms – social enterprise and impact enterprise – reflect the various schools of thought in South Africa, the nuances of the space, and the diversity of potential identifications in line with our initial stakeholder consultations.

2.2. Creative enterprise activity in South Africa

2.2.1. Existing research and data on creative enterprise activity

Definition

Globally, the term 'Creative Economy' started to emerge at the end of the last century. It was perhaps most popularised in 2002 by Richard Florida; an American urban studies theorist in his book, *The Creative Economy: How People Make Money From Ideas* (2013). Florida suggested that we were entering the age when our economy would be propelled by the rise of creativity.

Yet in South Africa, and indeed elsewhere, many find the term problematic as it suggests a focus on the 'economy' of the creative industries rather than their intrinsic value to society. Avril Joffe, for example, argues in the 2007 report *Creative Industries Sector Report* for the Department of Labour of South Africa, that:

'The fundamental problem is that many or most cultural and artistic forms in developing countries will always be dependent on grant funding and the focus on commercial viability can obscure this'. (Joffe & Newton, 2007)

While others contest this perspective, pointing out that many cultural and artistic activities are neither commercially viable nor reliant on grants, this emphasis on economy is seen by some to obscure the far broader value of creative endeavour to society beyond any economic value.

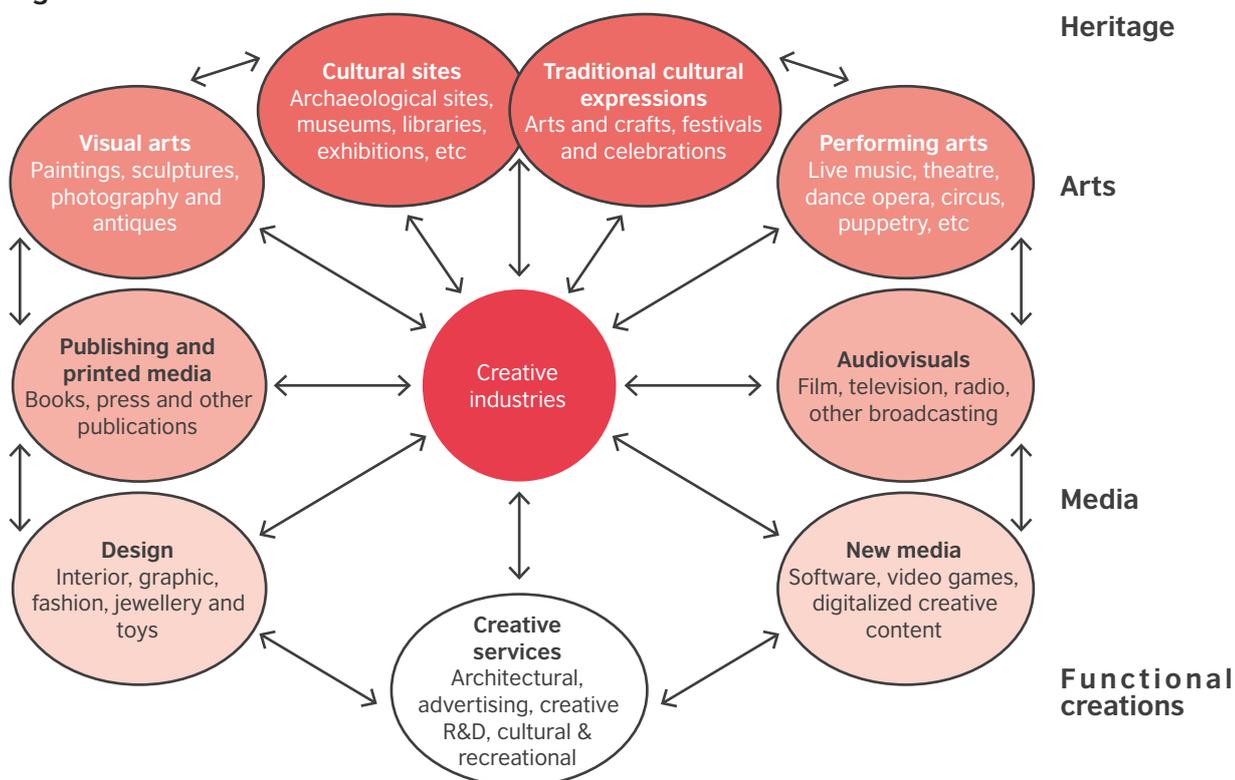
In the paper 'Creative Economy as a Strategy: a view of developing countries'(2008); Reis suggest that the creative economy is a symbol of a new economic cycle – '...it encourages and serves as the foundation to new business

‘The fundamental problem is that many or most cultural and artistic forms in developing countries will always be dependent on grant funding and the focus on commercial viability can obscure this’. (Joffe & Newton, 2007)

models, organisational and institutional processes, and relationships between social and economic agents’. Critical in this analysis is an acknowledgement that creative endeavour cannot be researched based purely on income generation and, as Joffe (2007) suggests, it must consider all entities within the creative economy: including those that are less likely to generate income. As a whole, these activities have a massive value to add to society, both economically and socially, but this does not necessarily mean that all enterprises will achieve both.

According to UNCTAD (The United Nations Conference on Trade and Development) the creative economy includes nine categories, with sub-categories shown in figure 2.

Figure 2: UNCTAD Framework

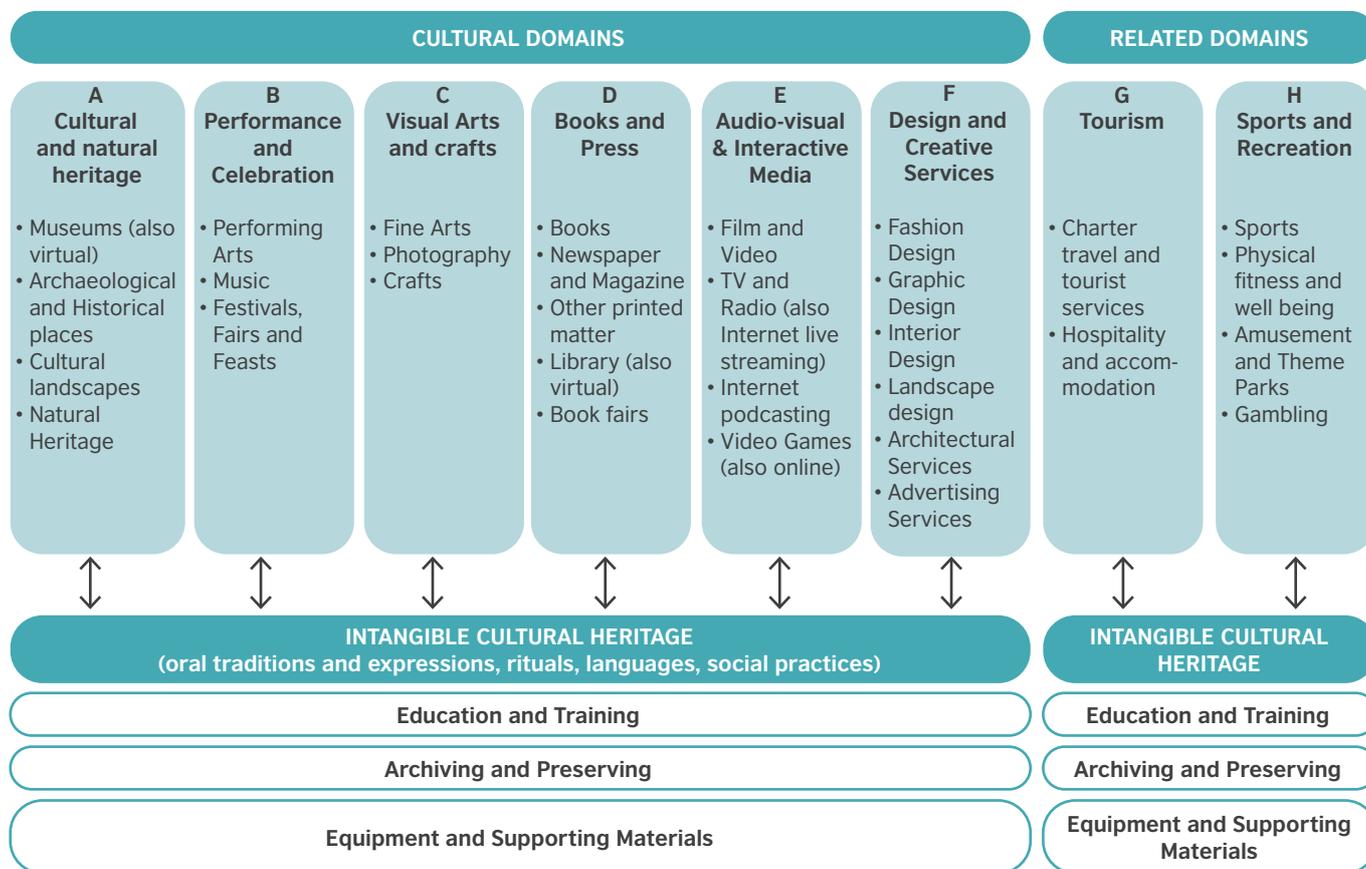


(UNCTAD, 2008, 14)

Other terms related to the ‘creative economy’ include the ‘creative industries’ – sometimes seen as a sub-set of the creative economy – focused only on those workers in certain sectors, as well as ‘creative occupations’, which goes beyond these sectors. There is also overlap and tension between the terms ‘cultural’ and ‘creative’, with the latter tending to cover a broader field of activities.

There is no uniform agreement on what constitutes the Creative and Cultural Industries in South Africa, nor is there an official definition (SACO, 2017). One definition is often used, called the UNESCO framework, which is becoming more widely accepted within research and policy but is not as frequently known or used among individual entrepreneurs or artists, for instance. Figure five below shows the UNESCO (2009) framework which has many similarities to the UNCTAD framework but also looks beyond it.

Figure 3: Framework for Cultural Statistics Domain



(UNESCO, 2009)

Creative economy in South Africa

The creative economy accounts for 6.7 per cent of all jobs in South Africa, employing 1,058,014 people (SACO, 2017). The sector has also grown 4.9 per cent per annum from 2011 to 2016, three times the country’s annual economic growth of 1.6 per cent (SACO, 2017), and we have explored potential drivers for this below. Gauteng has the largest concentration of creative enterprises in South Africa at 40 per cent, which has led to the development of a Creative Industries Development Framework by the Gauteng Provincial Government (Reis, 2008).

In their article, *The Role of Creative Industries as a Driver for Sustainable Economy: a case study of South Africa*, Adebola et al (2018) express the importance that entrepreneurship in the creative industries has for wealth creation and sustainable livelihoods. Most creative enterprises, both globally and locally, are micro-enterprises that employ one to five people. Wills, CEO of CidaCo International (2011) explains how ‘it is primarily composed of micro-businesses, many of them unregistered in any formal sense and mostly each with fewer than five staff.’

2.2.2. Overview of policy, regulations and legal frameworks

In the 2030 National Development Framework of South Africa, the National Planning Commission adopts various terminology including 'arts and culture', 'arts, culture, economy and society' and 'creative and cultural industries'. This makes it very difficult to officially understand what is and what is not included within the Creative Economy of South Africa. For instance, the Framework expresses the importance of 'arts and culture' yet it is unclear if it is referring to the wider creative economy or a much narrower sub-sector of arts and culture:

The National Development Plan on the other hand, sets out six implementation strategies for 'Arts, culture, economy and society' which appear to include arts and culture but not design, gaming, architecture and new media. The strategies being:

- Providing financial and ICT support to artists to enable the creation of works expressing national creativity, while opening space for vibrant debate;
- Strengthening the Independent Communications Authority of South Africa's mandate for nation building and value inculcation;
- Incentivising commercial distribution networks to distribute and/or host art;
- Developing and implementing plans for a more effective arts and culture curriculum in schools with appropriate educator support;
- Supporting income-smoothing for artists in a special unemployment insurance scheme and evaluating funding models for such initiatives; and
- Developing sectoral determination legislation frameworks to protect arts-sector employees.

(National Development Plan, 2012)

Arts and culture open powerful spaces for debate about where a society finds itself and where it is going. Promoted effectively, the creative and cultural industries can contribute substantially to small business development, job creation, and urban development and renewal. South Africa's music industry was worth R2.2 billion in sales in 2011; the craft sector contributed R3.3 billion to GDP in 2010 and employs more than 273 000 people; and the visual arts sector has a turnover of nearly R2 billion... In addition, artistic endeavour and expression can foster values, facilitate healing and restore national pride.

(National Planning Commission, 26)



2.2.3. Key sources of financial and non-financial support

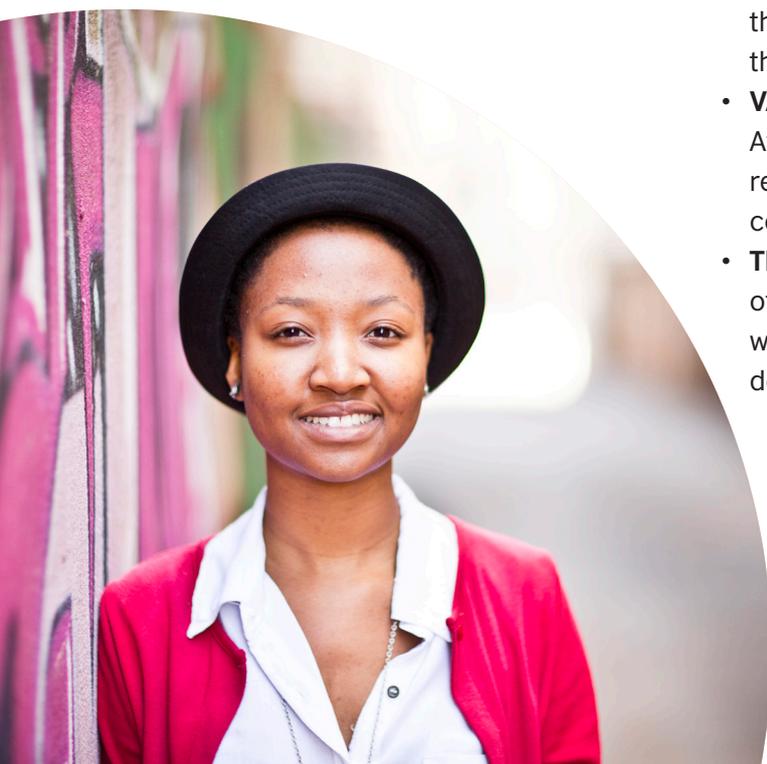
The reality in South Africa is that the creative economy does not speak with one voice and there are a variety of organisations that represent and support different sub-sectors. Embassies, banks, corporates and funding organisations may support the wider Creative Economy and/or more specific constituent parts.

Some of the organisations that represent these different sub-sectors include:

- **Association for Communication and Advertising** – Official association of the advertising profession in South Africa.
- **ACT** – Arts and Culture Trust – A funding agency for the arts and culture.
- **ASSITEJ SA** – ‘Believes that every child and young person in our country deserves access to the arts, and especially to live theatre, from the earliest possible age.’
- **BASA** – Business and Arts South Africa which ‘encourages mutually beneficial partnerships between business and the

arts, securing the future development of the arts sector in South Africa and contributing to corporate success through Shared Value.’

- **DEFSA** – Design Education of Southern Africa.
- **Jewellery Council of South Africa** – ‘As custodians of the South African jewellery industry, we’re here to make sure our 1580 members act with integrity, responsibility and sustainability in mind.’
- **NAC** – National Arts Council of South Africa – ‘To promote, through the arts, the free and creative expression of South Africa’s cultures.’
- **SAADA** – South African Antique, Art & Design Association.
- **SAIA** – South African Institute of Architects.
- **SAMRO** – South African Music Rights Organisation – ‘SAMRO’s primary role is to administer Performing Rights on behalf of its members, by licensing music users (such as television and radio broadcasters, live music venues, retailers, restaurants, promoters and shopping centres), through the collection of licence fees which are then distributed as royalties’.
- **VANSA** – Visual Arts Network of South Africa which ‘develops industry knowledge, resources, networks and projects for contemporary art practice in South Africa’.
- **The Writer’s Guild of South Africa** – offers networking and marketing of writer’s works, legal services and professional development.



2.3. Social enterprise activity in South Africa

There is a growing body of knowledge on the social economy and social enterprise in South Africa that ranges from academic, peer-reviewed literature to practical guides and support tools for social entrepreneurs and ecosystem practitioners.

Existing research covers:

Issues of definition

As is the case elsewhere, how social enterprise and social economy are defined in South Africa remains the subject of much debate. Most of the existing literature references the multiplicity of views and in some cases, new definitions are suggested. Three of the more dominant views on definition are as follows:

Definition	Source
The Social Economy is a people-centred approach to economic development based on the principles of sustainable economic activity that stimulates socially and environmentally responsible growth by leveraging and simultaneously building solidarity and social inclusion.	Department of Economic Development: National Social Economy Draft Green Paper. 2019.
The social economy ³ is a concept designating enterprises and organisations, in particular co-operatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity.	International Labour Organisation. 2009.
<p>Social enterprise</p> <ul style="list-style-type: none"> • Places social and environmental issues and job creation of social value as its primary focus; • Uses business principles to create, build and maintain social value; • Has a long-term strategy towards a degree of self-sustainability (with at least 50 per cent of operating costs recovered from revenue generated through its own trading); and • Re-invests a majority of its revenue back into the business to ensure a larger social impact. 	Industrial Development Corporation's Social Enterprise Fund. ⁴

Despite the variety of views here, there are some common and clear themes: above all that social enterprise is regarded as multi-faceted and can be distinguished from public, private, and civil society activity.

³ Some organisations capitalise these terms while others do not.

⁴ The Social Enterprise Fund was considered and approved by the Industrial Development Corporation in 2011.

Role of the social economy

A number of observers have suggested that social enterprise within the wider social economy can make a positive contribution to South Africa's development agenda. Many in government consider this contribution to be primarily around job creation, while others, especially those within the ecosystem, are advocating for a much more expanded role.

'In South Africa, there is a growing realisation that the SSE⁵ can indeed create jobs and has been the biggest creator of jobs in the last seven years' (Jeffrey, 2015).

'Because it focuses on solving social problems and achieving economic sustainability, social entrepreneurship is a way of strengthening both the economic and social conditions in a country' (Urban, 2008; Steinman, 2010; Visser, 2011; Littlewood & Holt, 2015).

'[Social enterprises] also provide an alternative delivery system for public services such as health, education, housing and community support' (Harding, 2006).

Social enterprise features

Social entrepreneurship in South Africa: context, relevance and extent (Visser, 2011) and *Social Enterprises in South Africa: discovering a vibrant sector* (GIBS, 2018) both paint a robust picture of who occupies the social enterprise space in South Africa. Visser's work illuminates the profile of the typical social entrepreneur (the individual) while the GIBS report describes what social enterprises (the organisations) look like and how they operate.

Drawing on the 2009 Global Entrepreneurship Monitor, which included data on social entrepreneurship, Visser notes that social entrepreneurs include a range of organisations from traditional NGOs, not-for-profit SEs, hybrid SEs, for-profit SEs as well as socially committed enterprises. At the time, social entrepreneurs⁶ were mainly white males from urban areas, aged between 25 to 44. Those engaged in social entrepreneurship tended to have completed high school education, with a smaller number having experienced post-school and tertiary-level education. Men were found to be almost twice as likely as women (1.2 per cent compared to 0.7 per cent) to start social enterprises.

The 2018 GIBS study was based on a final sample of 453 respondents from a database of 33,784 South African organisations operating in social enterprise and civil society. Key findings include that more than 50 per cent of the enterprises surveyed described themselves as non-profit companies. These organisations tend to focus on meeting basic needs in the education, health and housing sectors, with the majority involved in developing skills or promoting education and literacy. Most entities employ between one and 50 people, serve fewer than 100 beneficiaries a month, and for the most part, are not grant dependent.

5 Social and Solidarity Economy

6 NB: not all social entrepreneurs will run social enterprises.

Barriers and challenges

Much work has been done to identify constraints to the development of the social economy, and the growth of social enterprises. In *Social entrepreneurship in South Africa: context, relevance and extent*, Visser summarises the meta challenges facing the sector as follows:

- There are few institutional mechanisms in place to provide a framework, context, space and place to support social entrepreneurship in South Africa.
- In South Africa the role of social enterprise is neither recognised nor rewarded at any level.

In a 2017 ILO review *Public Policies for the Social and Solidarity Economy: Towards an Enabling Environment – The Case of South Africa*, Steinman elaborates on the challenges facing the social and solidarity economy by highlighting the following barriers:

- State capacity;
- Participation;
- Autonomy;
- Institutionalisation;
- Policy coherence;
- Inclusivity, equity and the labour environment;
- Access to finance;
- The lack of a legal form for social enterprises;
- Lack of government resources for social economy research;
- Lack of coherent social enterprise funding policy from government; and
- Legislation and tax issues.

Support recommendations

Previous work has identified a number of recommendations on how social enterprise could be supported. There is often alignment around identified challenges – it is the implementation of actions which appears to be the bottleneck, or challenge.

Social Enterprises in South Africa: discovering a vibrant sector (GIBS, 2018) summarises that ‘...strengthening the ecosystem is likely to have a significant impact on the current and future development of social enterprise in South Africa, to the benefit of all its people.’

Multiple studies also call for the training of social leaders and entrepreneurs (Krige, 2016; Greater Good South Africa, 2013; Visser, 2011) to deepen their knowledge of social entrepreneurship.

Despite significant previous research, there are a number of critical data gaps that existing studies point out, and that ecosystem players echo, particularly concerning:

- Social enterprise life-cycle data – formation, growth, survival and termination. How do social enterprises develop and evolve over time?
- Social impact – beyond anecdotal evidence and emerging (but often isolated and fragmented) measures of impact, can the contribution of these businesses be identified and then systematically tracked?
- Size and scope – how can one accurately measure the breadth of the social enterprise landscape?

2.3.1. Overview of policy, regulations and legal frameworks

There are a number of existing laws and regulations that have come into being over time and which are relevant to social enterprises, specifically in the areas of business formation (legal type), taxation, employment, and perhaps critically, doing business with government.

- The Income Tax Act, No.58 of 1962
- The Companies Act, No. 61 of 1973, as well as the Companies Act, 2008, No. 71 of 2008, which was implemented in 2010.
- The Close Corporations Act, No. 69 of 1984
- The Trust Property Control Act, No 57 of 1988
- The Constitution of the Republic of South Africa (1997)
- The Non-Profit Organisation Act, No. 71 of 1997 (NPO Act)
- The Preferential Procurement Policy Framework Act, No. 5 of 2000
- The Broad- Based Black Economic Empowerment Act, No 53 of 2003
- The Co-operatives Act, No 14 of 2005
- All Labour Legislation (including measures related to volunteerism)
- The Common Law on Associations

The Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice may, in theory, favour social enterprises and are among the most enabling factors for social enterprise development in South Africa. However, none of the existing policies and laws are specifically targeted at the social economy as of yet, although recently, the South African Government has identified the social economy as a key contributor to important national development goals, particularly around job creation. As a result, the national Department of Economic Development (as of April 2020, part of the Department of Trade, Industry and Competition) is currently developing a Social Economy Policy with the aim of strengthening the social economy as a whole. The department released a draft Social Economy Policy in February 2019 and has been actively engaging the ecosystem to canvass input towards finalising the policy.

Key recommendations of the draft Social Economy Policy are:

Regulation

- Streamline regulations for the social economy.
 - Formulate and integrate social economy indicators into national frameworks and key governance reporting standards.
-

Finance

- Determine triple bottom line impact and using it to market social economy entities.
 - Promote patient venture capital: establish mechanisms that increase supply of patient, flexible capital for early stage and growth enterprises.
 - Incentivise investment into the social economy through appropriate well-defined tax structures.
 - Strengthen impact measurement and reporting by improving standardisation of reporting on financial and impact performance of public investments.
 - Develop a practice note with National Treasury to help guide national outcomes-based public investment; in order to help guide the use of performance-based contracts, impact bonds and outcomes funds.
 - Facilitate engagements with the banking sector to open up Appropriate-to-Context funding mechanisms. Early stage asset backed lending, and quick access to small funds, are particular potential mechanisms.
-

Access to market

- Identification of existing, and potential, value-chains with clear indication of gaps and opportunities: a National Value-Chain Depository, open to the public, with specific opportunities pointed out.
 - Strengthen intermediary organisations that offer support to the social economy.
 - Encourage the franchising of successful social economy models by creating a Social Economy Franchising Framework.
 - Document local models that have worked in different local settings, historically and currently.
 - (Build a) National database of social economy entities.
 - Practice-led training facilitation for social economy entities in collaboration with training institutions.
 - Fit-for-Purpose business development support: practical mentoring, problem-solving as well as Managing-to-Sustain and Grow approaches.
 - Encourage collaboration and competition among Social Economy entities.
 - Introduce a social economy mark 'Buy Social' branding on social economy produced products.
-

New economies

- Promote social innovation: providing seed-funding, showcasing and pilot testing innovative social economy solutions; establishing a network of innovation hubs and using them, for instance, to host Ideas Festivals particularly for young people.
 - Implement an e-Social Economy strategy: use technology in government systems that affect the work of social economy entrepreneurs.
 - Integrate the social economy national level country input on the Sustainable Development Goals.
-

2.3.2. Key sources of financial and non-financial support

The social enterprise ecosystem in South Africa is vibrant. It includes organisations that work with a range of enterprises, as well as those focused specifically on social enterprise. A 2015 map of the entrepreneurship ecosystem by the Aspen Network of Development Entrepreneurs (ANDE) provides a sense of the range of actors involved. Although this refers more specifically to SGBs (Small and Growing Businesses) as a whole and not just social

enterprises alone, many of these players also support social enterprises. Until recently, there were few social enterprise-only focused funders and support structures in place but some of these now include the IDC's Social Enterprise Fund, Social Enterprise Academy, Impact Hub Johannesburg, Enke: Make Your Mark, SAB Social Innovation Awards, Redbull Amaphiko, and others. Some global players focused on social enterprise, such as Ashoka, also work in the South African context. Some additional ecosystem players are detailed in Appendix 2.

Capacity development providers



GOVERNMENT

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> • Bakery and Food Technology Incubator of South Africa • Cape Craft and Design Institute Chemin • Downstream Aluminium Centre for Technology • Eastern Cape Information Technology Initiative (ECITI) • eGoliBio • Ekurhuleni Jewellery Project • Ekurhuleni Business Facilitation Network • Furntech • Gauteng Enterprise Propeller • InvoTech • Mapfura Makhura Incubator | <ul style="list-style-type: none"> • Mobile Agri Skills Development and Training • Mpumalanga Stainless Initiative (seda) • National Youth Development Agency • SANAMI Agro Manufacturing Incubator • SAVANT Hardware Technology Incubator • Seda Agriculture and Mining Tooling Incubator • Seda Atlantis Renewable Business Incubator (SAREBI) • Seda Automotive Technology Centre • Seda Construction Incubator • Seda Essential Oils Business Incubator • Seda Limpopo Jewellery Incubator • Seda Nelson Mandela Bay ICT Incubator • Seda Platinum Incubator | <ul style="list-style-type: none"> • Singatha ICT incubator • Small Enterprise Development Agency (Seda) • Smartxchange • Softstart BTi • Soshanguve Manufacturing Technology Demonstration Centre (SMTDC) • Sustainable Enterprise Development Facility (SEDF) • The Innovation Hub ● • Tourism Enterprise Partnership • UK DIT Global Entrepreneur Programme • Western Cape Department of Economic Development and Tourism • Zenzele Technology Demonstration Centre |
|---|---|---|



CORPORATE

- | | | |
|---|--|--|
| <ul style="list-style-type: none"> • ABI Supplier Development Programme • Absa Enterprise Development Centres • Afgri – Harvest Time Investments • AlphaCode (RMB) • Barclays – Rise • Barclays Accelerator • Barloworld Siyakhula • Coca-Cola 5by20 • Eskom Development Foundation • GE Africa Innovation Centre | <ul style="list-style-type: none"> • Godisa Supplier Development Fund (Transnet) • Inseta Broker Development Programme • Liberty Blue Skies ESD Programme • Massmart Supplier Development Fund • Microsoft BizSpark • ENGEN Pitch & Polish • PPC Ntsika Fund • Property Point ● • SAB KickStart | <ul style="list-style-type: none"> • Sappi Project Grow • ChemCity Business Incubator (Sasol) • Sanlam ESD Programme • Standard Bank Incubator • Telkom Future Makers • Tiger Brands Enterprise Development Programme • Volkswagen Business Support Centre • Zimele (Anglo American) |
|---|--|--|



NON-PROFIT

- Ampion Fellowship
- Branson Centre of Entrepreneurship South Africa
- Cape Innovation and Technology Initiative (CiTi)
- Cortex Hub
- Enablis
- Endeavor South Africa ●
- Entrepreneurs' Organization
- Global Cleantech Innovation Project
- Heifer International South Africa (HPSA) ●
- Hope Factory
- JoziHub
- Lepharo
- LifeCo UnLtd South Africa ●
- mLab Southern Africa
- North-West University Enterprising Women Programme
- Orange Corners
- Riversands Incubation Hub ●
- RLabs Innovation Incubator
- Seed Initiative
- Seedstars World
- Shanduka Black Umbrellas
- Socio Economic Development Organisation (MEDO)
- SocioNext
- Spark* South Africa ●
- Startup Grind
- Swisscontact ●
- Tech in Braam
- TechnoServe ●
- The Business Place
- The Clothing Bank
- The New Economy Accelerator (NEA) Programme
- The Tony Elumelu Foundation Entrepreneurship Programme
- The Wot-if Trust
- Timbali Technology Incubator
- The Townships Project
- Tshimologong: Digital Innovation Precinct
- University of Pretoria Business Incubator
- WEConnect International ●



FOR-PROFIT SERVICE PROVIDERS

- 10XE
- 88mph
- African Management Initiative (AMI) ●
- AMSCO ●
- Aurik Business Accelerator
- Avril Fortuin Consultancy ●
- Awethu Project
- Bizfarm
- Business Partners
- Driven
- Edge Growth
- Enterprising Africa Regional Network
- Enterprise Elevator
- Enterprise Room
- Entrepreneur and Management Solutions
- Entrepreneur Traction
- Fetola ●
- Founder Institute
- GIBS Enterprise Development Academy Global Development
- Incubator Grindstone Accelerator
- Impact Amplifier ●
- Impact Hub Johannesburg ●
- KYB Early Childhood Development Enterprise Incubator
- La French Tech
- LaunchLab
- Lean Enterprise Acceleration Programmes (LEAP) ●
- New Ventures Studio
- Propella Incubator
- Raizcorp
- Seed Engine
- Startupbootcamp
- Startup 90
- Ignitor
- Street Business School
- The Hook Up Dinner (THUD)
- The Barn Khayelitsha
- Viable
- Village Capital ●
- Young Entrepreneurs

● ANDE member Source: ANDE (2017)

Specialist social enterprise support providers

While the wider entrepreneurship, enterprise and supplier development ecosystem can offer support to social enterprises, the number of organisations providing more targeted assistance specifically aimed at social enterprises continues to grow. A list of ecosystem actors is included in Annex 2. While the ecosystem is vibrant and growing, there are also perceptions among some stakeholders that it is characterised by fragmentation and a lack of co-ordination. There is also currently no official representative body or member association for social enterprises in South Africa.

Other support providers



NETWORKS ASSOCIATIONS EVENTS

- ANDE South Africa
- ASISA
- AVCA
- BCorp
- BLSA
- BUSA
- Catalyst for Growth
- Demo Africa Echoing Green
- Enterprise and Supplier Development Conference
- Entrepreneur Expo
- FinFind
- Ground Flr
- Investors Network Lionesses of Africa
- Mensch Network
- Net Prophet
- NSBC
- Philippi Village
- SA Innovation Summit
- SA Institute for Entrepreneurship
- SA-American Chamber of Commerce
- SABEF
- SAIIN
- SAIne
- SAVCA SiMODiSA
- Smart Procurement World
- SME Toolkit
- GEN & the GEC
- Pathways to Funding Do-ference
- The SABLE Accelerator
- The Silicon Cape Initiative
- VC4Africa
- Young Entrepreneurs Conference & Expos



ACADEMIC

- Bertha Centre for Social Innovation and Entrepreneurship at UCT's GSB
- Centre for Development and Enterprise
- Columba Leadership
- Get Smarter
- Gordon Institute of Business Science (GIBS)
- Raymond Ackerman Academy of Entrepreneurial Development
- Regenesys Business School
- TSiBA Education
- University of Johannesburg
- WITS Business School's Centre for Entrepreneurship
- Youth, Innovation and Entrepreneurial Development Institute (YIEDI)



CONSULTANTS

- CrossBoundary
- Dalberg
- Datacomb
- Do Better Business
- Emzingo Group
- Enclude
- EY
- Fraser Consulting
- Genesis Analytics
- Greater Impact
- GrowthWheel
- Monitor Deloitte
- Osiba Management
- PWC
- Reciprocity
- SBP
- Simanye
- SME Snapshot The Why Effect
- Thundamental TMARA
- Tushiyah
- Vera Solutions



MEDIA

- Bandwidth Blog
- Disrupt Africa
- Entrepreneur Mag
- Fast Company
- htxt.africa
- Media Club South Africa
- SME South Africa
- TechCentral
- The Skills Portal
- VentureBurn
- Ventures Africa



FOUNDATIONS DFIS

- Allan Gray Orbis Foundation
- Ashoka
- British Council
- Citi Foundation
- Da Vinci Institute
- DFID
- Indigo Trust
- International Finance Corporation
- ILO
- Liberty Foundation
- Mara Foundation
- National Empowerment Fund
- Praekelt Foundation
- Raymond Ackerman Foundation
- SA SME Fund
- SAB Foundation
- Shuttleworth Foundation
- Skoll Foundation
- Techstars Foundation
- Thomson Reuters Foundation
- USAID

Funders



GOV/DFIs

- AFD Green Energy Fund (IDC)
- Agro-Processing Competitiveness Fund (IDC)
- Black Business Supplier Development Programme (DSBD)
- Co-operative Incentive Scheme (DSBD)
- Gauteng Enterprise Propeller (GEP)
- Green Energy Efficiency Fund (IDC)
- Gro-E Youth Scheme (IDC)
- iMbewu Fund (NEF)
- Isivande Women's Fund (dti)
- National Informal Business Upliftment Strategy (DSBD) National Youth Development Agency
- Rural and Community Development Fund (NEF)
- Small Enterprise Finance Agency (DSBD)
- Strategic Projects Fund (NEF)
- Support Programme for Industrial Innovation (dti)
- Technology Innovation Agency (DST)
- Technology Venture Capital Fund (IDC)
- The Jobs Fund
- EIB SME and MIDCAPS Fund (IDC)
- uMnotho Fund (NEF)
- Women Entrepreneurial Fund (IDC)
- Youth Pipeline Development Programme (IDC)



FUND MANAGERS

- Africa Enterprise Challenge Fund ●
- ASISA ESD Fund (Edge Growth)
- Cadiz Asset Management
- CapitalWorks
- Capria ●
- Edge Action Fund (Edge Growth)
- Edge Capital
- Godisa Supplier Development Fund (Transnet) Grofin
- LifeCo UnLtd South Africa ●
- Masisizane Fund (Old Mutual)
- Merchant Capital
- Nesa Capital ●
- Vumela ED Fund (Edge Growth)
- WDBIH ED Fund
- WDB Seed Fund
- Zimele (Anglo American)



VENTURE CAPITAL + ANGEL INVESTORS

- 4Di Capital
- 88mph
- Action Hero Ventures
- Africa Media Venture Fund
- AngelHub Ventures
- Black Swan Investments
- Capital Eye Investments
- Convergence Partners
- CRE Venture Capital
- Earth Capital
- EchoVC
- E-Squared
- eVentures Africa Fund Grovest
- Hivos Impact Investments I/O Ventures ●
- Intel Capital
- Invenfin
- Knife Capital
- Newtown Partners
- Omidyar Network ●
- Pearl Ventures
- Savannah Fund
- Silvertree Capital
- Triumph Venture Capital
- Village Capital ●
- Visions2Ventures



PRIVATE EQUITY

- Acorn Private Equity
- Actis
- Adlevo Capital
- Agri-Vie
- Alitheia Identity Fund (IDF Capital)
- Business Partners
- Caban Investments
- Ethos Capital
- Hasso Plattner Ventures Africa
- Horizon Equity
- IDF Capital
- Kgatelopele Private Equity and Venture Capital Merger
- Metier
- Sanari Capital
- Secha Capital
- Spinnaker Growth Partners
- TriVest



SPECIALISED FINANCE

- Ashburton Investments ●
- Banks
- GroCapital – Afgri
- SCF Capital Solutions
- Shared Interest/Thembanani International ●
- International Guarantee Fund
- Spartan



CROWDFUNDERS

- Crowdfunder
- FundFind
- Indiegogo
- Kiva ●
- LeLapa Fund
- StartMe
- ThundaFund

● ANDE member Source: ANDE (2017)

3. What have we learned: a summary of data findings

3.1. Survey sample

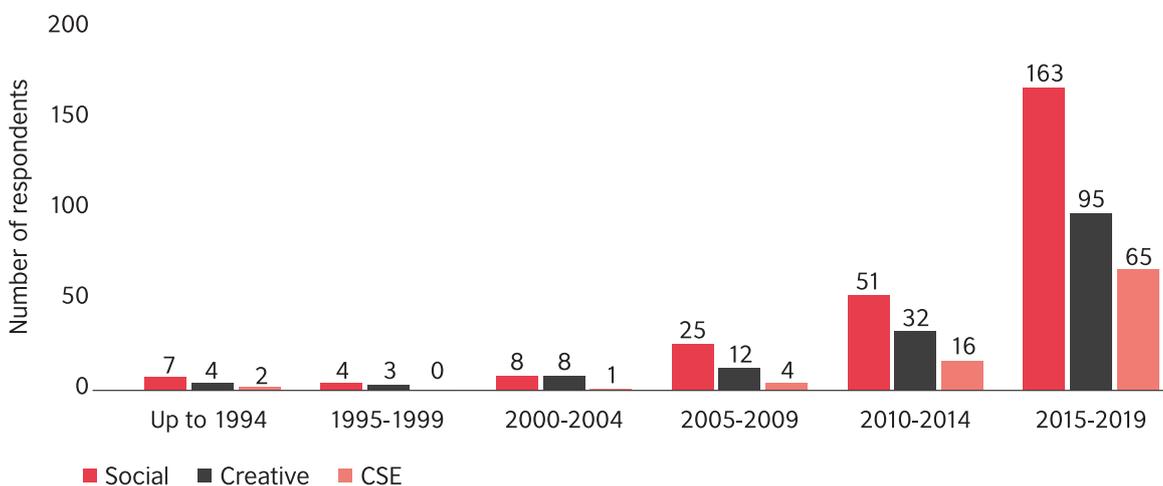
As set out in the methodology section, the final sample size we used for initial and high-level analysis was 417. When we applied our definitional criteria and segmented our sample, we arrived at 154 creative enterprises, 258 social enterprises, and 88 CSEs. However, in some places we did use the aggregated data as well to look at the respondents as a whole, with 324 of those in the sample meeting our criteria.

85 per cent of the social enterprises which met our defining criteria also self-identified as either a social or impact enterprise. While for creative enterprises, 76 per cent of those based on our defining criteria identified themselves as creative enterprises.

3.2. Types of creative and social enterprise identified

The picture that initially emerges from this research is of a group of **relatively young** and still very **small enterprises** located in South Africa's **urban centres**. Most operate as companies, and frequently as **private companies**. They are led by a **new generation** driven to solve critical social or **environmental challenges**, with promising signs of **sustainability**. Some of the key demographic data from survey questions is presented below.

In what year did your organisation begin operating, or if you're a freelancer, when did you first start freelancing?



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=324).

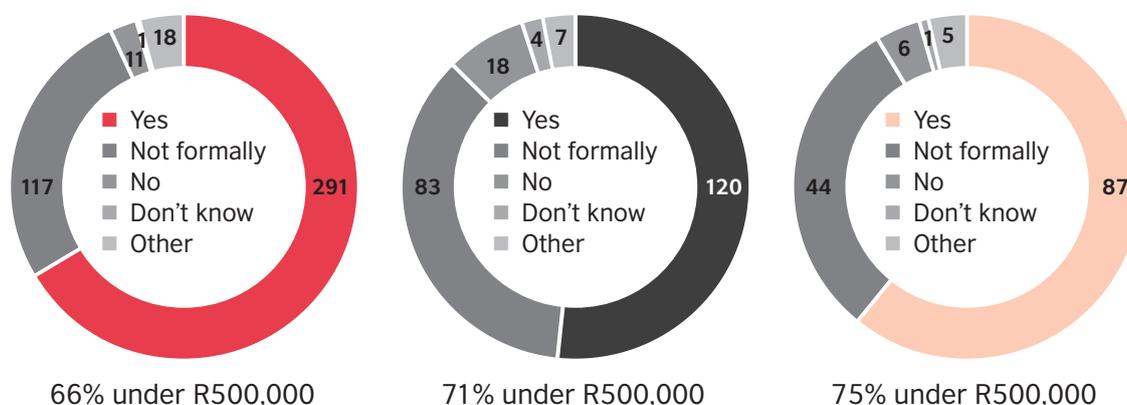
Creative and social enterprises in South Africa are young businesses. More than sixty per cent of our respondents (social – 63 per cent; creative – 62 per cent; CSE – 74 per cent) reported that their enterprise had been founded in the last five years.

Yet the SME South Africa report found that 59 per cent of SMEs are less than three years old, and a further 26 per cent are between three and five years old, meaning 85 per cent of businesses more widely are under five years old (SME South Africa 2018), higher than creative and social

enterprises. This could suggest that our creative and social enterprises are more resilient than SMEs more widely, even while they are still facing their own challenges.

GEM Report findings on SMEs in South Africa showed that the rate of business discontinuance is greater than the rate of established entrepreneurship, and that the entrepreneurship system may be shrinking as a whole in the country (Herrington, Kew & Mwanga 2017). Of course, it may also indicate that those enterprises that survive are less likely to participate in studies of this nature.

What was your organisation’s annual turnover in the last financial year?



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=386 tbc).

Creative and social enterprises in South Africa are often small businesses, although no smaller than the general SME population. The majority of our creative and social enterprise respondents earn less than R500,000 turnover in their last financial year. In the South African context, this puts these enterprises below the Government’s threshold for value added tax (VAT) registration. When compared to general SME data, our creative and social enterprises are similar to the general SME population, as 71 per cent of South African SMEs are earning less than R200,000 turnover (SME South Africa 2018).

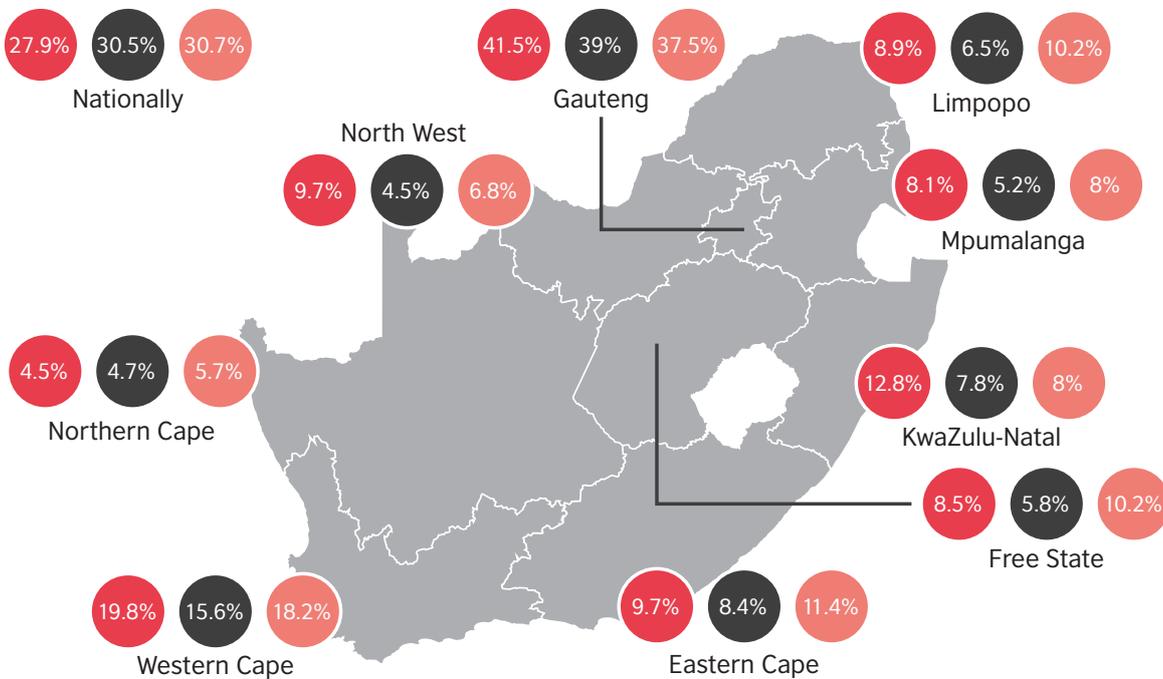
Given the newness of most of these enterprises, these findings are not surprising. These are young, small enterprises, perhaps in the early days of pursuing opportunities where revenue potential is limited or hard to unlock. In the 2011 report, *Promise & Progress: Market-based solutions to poverty in Africa*, Monitor describes ‘extreme SMEs’ as businesses which face the same challenges as other SMEs in addition to a second set of challenges unique to their ‘impact enterprise’ models. Some of these challenges include selling to customer bases with limited resources, who are hard to reach, and about whom too little is known. They also often have to ‘push’ certain solutions rather than having readily abundant demand, among other challenges.

Where does your organisation have its national headquarters?

	Johannesburg	Cape Town	Pretoria	Durban	Informal Settlements	Rural Area
Social	121 47%	38 15%	16 6%	9 4%	6 2%	22 9%
Creative	73 47%	33 21%	8 5%	2 1%	4 3%	6 4%
CSEs	40 46%	17 19%	3 3%	1 1%	4 5%	5 6%

Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=324).

Where does your organisation operate?



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=324). Respondents selected all that apply.

The majority of our creative and social enterprises are urban, with many located in Johannesburg. Johannesburg is also South Africa's financial and business centre so it is not surprising to find upwards of 45 per cent of all these types of businesses headquartered here. Four of the biggest cities in South Africa – Johannesburg, Cape Town, Pretoria and Durban – host more than 70 per cent of our creative and social enterprises.

This urban bias is not unexpected. But it must also be taken with a caveat. Although we endeavoured to ensure we spread the survey nationally through both social media channels as well as intermediaries across the country, these networks may still be biased towards urban centres and to Johannesburg in particular. Yet this finding is somewhat consistent with data on SMEs more widely, which also shows the highest proportion of SMEs located in Gauteng (23 per cent) as well as in urban centres (Finmark 2010). However, the spread across the other geographies for general SMEs differs a little – with our data

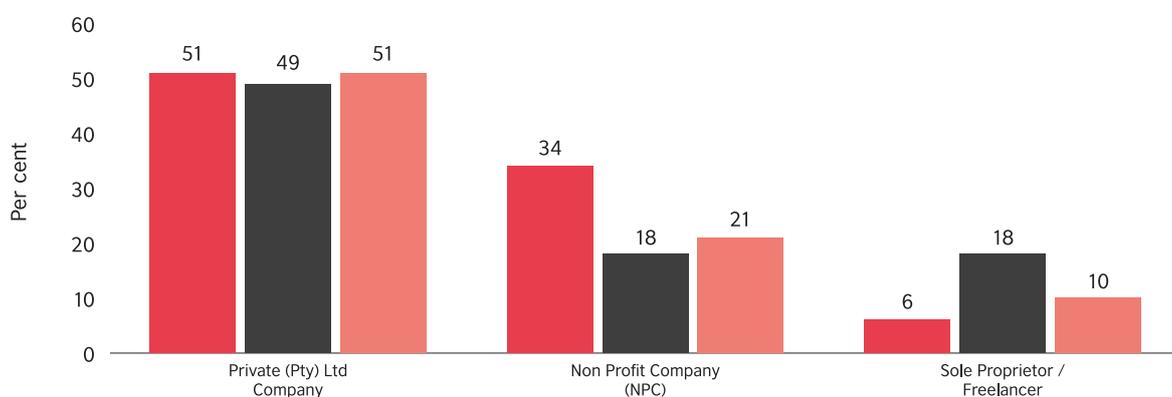
showing the next highest concentration in the Western Cape, while for the general SME sector in the Finmark FinScope survey, this has one of the lowest concentrations.

A slightly higher number of social enterprises are based in rural areas than creative or CSEs, reflecting how individuals and organisations are responding to needs in these areas. Alternatively or in addition, this may also be indicative of creative enterprises' need for greater access to urban markets or infrastructure.

Most of the enterprises surveyed have a local or provincial footprint, working only in the area or province where they are headquartered. This may reflect the community-driven nature of many creative and social enterprises that respond to very specific needs in a local context, but it also may be a function of their age and size.



Most common legal forms



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=386). Respondents could select more than one option.

Our creative and social enterprises are registered primarily as private companies, with social enterprises also showing a high proportion of Non-Profit Company structures compared to creatives and CSEs, and creatives showing a higher proportion of freelancing/sole proprietor structures.

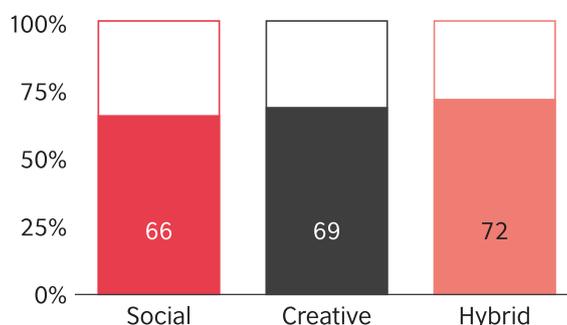
For social enterprises, 51 per cent have a private company structure with the next most common structure being NPC at 34 per cent. For creative enterprises on the other hand, while private companies are still the most common at 49 per cent, sole proprietor/freelancer⁷ and NPC structures have the same prevalence. This overall tendency towards private companies signal the importance of income generation, perhaps the influence of investors or that this legal form is considered advantageous or easier to use in some way. The higher prevalence of freelancing and sole proprietors for creative enterprises is also in line with expectations from prior research on creative enterprises.

We also wanted to understand how many enterprises use multiple legal entities – and

found that while only 8 per cent of creative enterprises had multiple forms, social enterprises were twice as likely to use multiple forms at 16 per cent, suggesting that hybrid legal forms may confer more advantage to social than creative enterprises, perhaps helping them bridge the gap between so-called for-profit and non-profit forms. At the same time, however, this hybrid legal form was not that common, even among social enterprises.

What is the profile of the person in charge of the organisation?

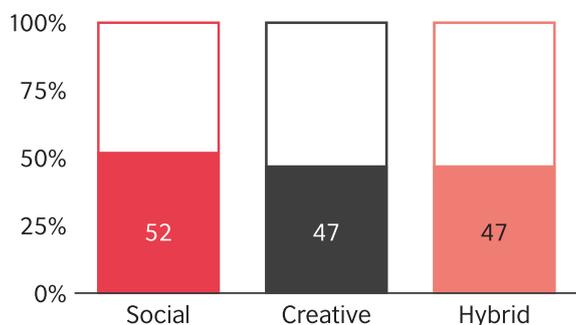
Black/Coloured/Indian person⁸ in charge of the organisation (% of respondents)



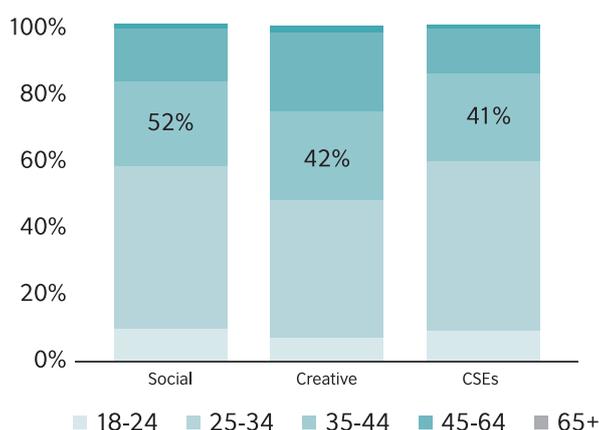
⁷ Freelancers may not always be considered 'enterprises' per se but, for our purposes, we have included them in the sample. Often they will lack a formal structure not through choice but simply newness. We also felt that the significant numbers adopting such a form among the creative enterprises was important to report and we did not want to lose the opportunity to shine a light on this group.

⁸ This terminology is adopted here as per the Department of Statistics South Africa classifications and relating to previously disadvantaged individuals in the South African context

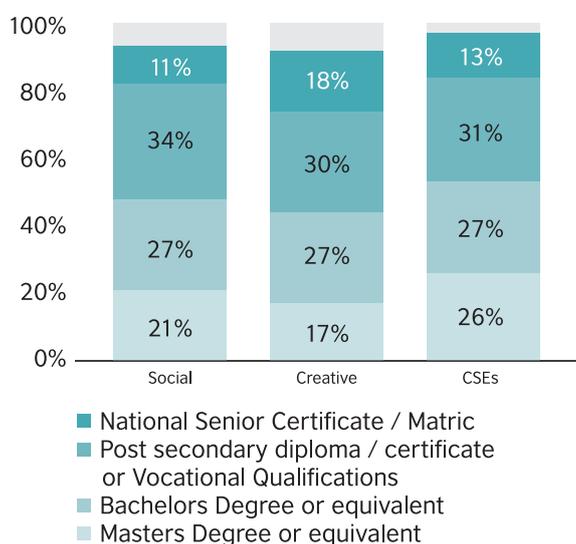
Woman in charge of the organisation (% of respondents)



What is the age of the person in charge of the organisation? (% of respondents)



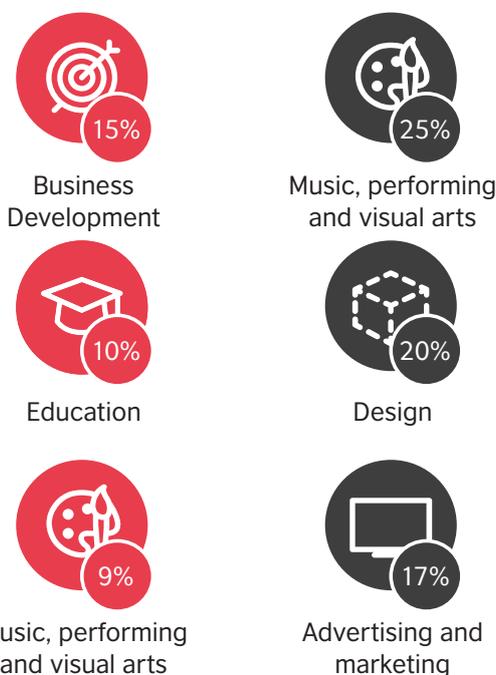
What is the highest level of education of the person in charge of the organisation? (% of respondents)



The leaders of our creative and social enterprises are young, diverse, and educated.

More than 65 per cent of enterprises are led by non-whites, and in almost half of all organisations a woman is in charge, with half or more younger than 35. 30-34 per cent have a Bachelor's Degree, which is higher than the general SME population, where post-secondary education among SME leaders is at only 21.3 per cent (Herrington & Kew 2018).

Which sector does your organisation primarily operate in?

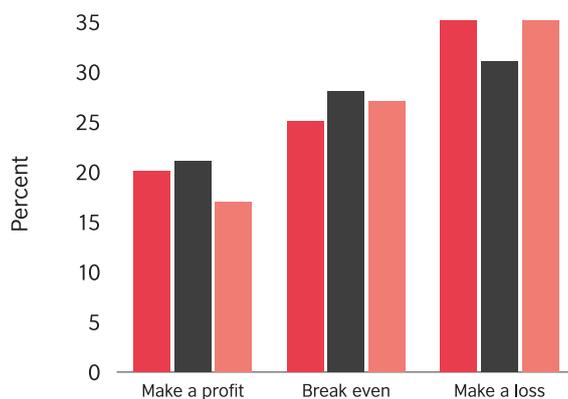


Music, performing, and visual arts were in the top three sectors for both creative enterprises and social enterprises.

For our creative enterprises, music, performing and visual arts, as well as design, were the top two sectors. For our social enterprises on the other hand, there was a wider spread across a lot of different sectors with business development services being the most common, while education was in second place, and music, performing and visual arts in third.

In the last financial year did your organisation...?

Given their size, newness, motivation and focus, it is encouraging to see that many of these enterprises are on the road to sustainability. Over 50 per cent of those who responded to this questions are either making a profit or breaking even. Yet those making a loss were the single highest category. A high proportion also responded with a 'don't know/don't want to answer' option, which most likely indicates they do not want to say but could also indicate lack of formalised business practices, or be a function of freelancers in our sample largely thinking about income rather than profit.



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=386).

This data is consistent with the GIBS findings, which shows that most social enterprises they surveyed did not make a profit.

3.3. Creative and social enterprise operational dynamics

Creative and social enterprises in South Africa are trading businesses. Even though we excluded those from the sample who were more than 75 per cent grant reliant with no intention of changing, it still appears as though grant income is low overall. The vast majority of respondents, social or creative, indicated that they receive no grants at all.

At the same time, many indicate that access to grant funding is a key barrier to growth. While it is true that enterprises in this space are distinct from their NGO counterparts precisely because of non-reliance on grants, it is also true that philanthropic funding can still play a catalytic role in supporting social enterprises to become sustainable, and to scale, and can be quite useful for early stage and high risk ventures. This finding is also consistent with the GIBS study, where donations and grant funding were listed as a top challenge by their respondents.

What proportion of your organisation's income comes from grants, if any?

70% receive no grants	180	33	13	16	16	12% > 50% grants
77% receive no grants	118	14	8	8	6	9% > 50% grants
75% receive no grants	66	11	3	5	3	9% > 50% grants

Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=386).

What are the most significant barriers to your organisation's sustainability and/or growth currently?

	1	2	3	4	5	6	7	8	9	10
Obtaining grant funding	●●●									
Cash flow/late payment		●●●								
Understanding/awareness of social enterprise among funders and financiers			●●			●				
The economic climate			●		●			●		
Obtaining (debt or equity) finance				●●	●					
Lack of demand/finding customers				●		●				
Recruiting staff					●					
Shortage of skills generally						●				
Uneven or fluctuating demand							●●●			
Availability/cost of suitable premises								●	●	
Time pressures								●	●	
Shortage of skills generally									●	
Affordability of finance										●●
Time pressures; availability/cost of suitable premises										●

1 = highest priority and 10 = lowest priority

Many of the barriers highlighted by creative and social enterprises are related to funding and, across the board, organisations highlight difficulties in obtaining grant funding in particular. This could be explained by another barrier that organisations point to: a lack of understanding or awareness of social enterprise among funders and financiers. For those registered as private companies, for example, donors may be hesitant to give grants – as newer ideas such as venture philanthropy have not taken hold deeply in South Africa.

In our interviews and workshops, there was also a perception of a lack of coherent social enterprise funding policy from the Government, including a lack of early stage, higher risk, and innovation-focused funding. This was seen to hamper funding access where it is needed most and may prevent creative and social enterprises at early stages from accessing the funding they need if they want to grow and scale. Even where the goal is not to grow or scale, funding may be even more scarce.

Other funding-related barriers include:

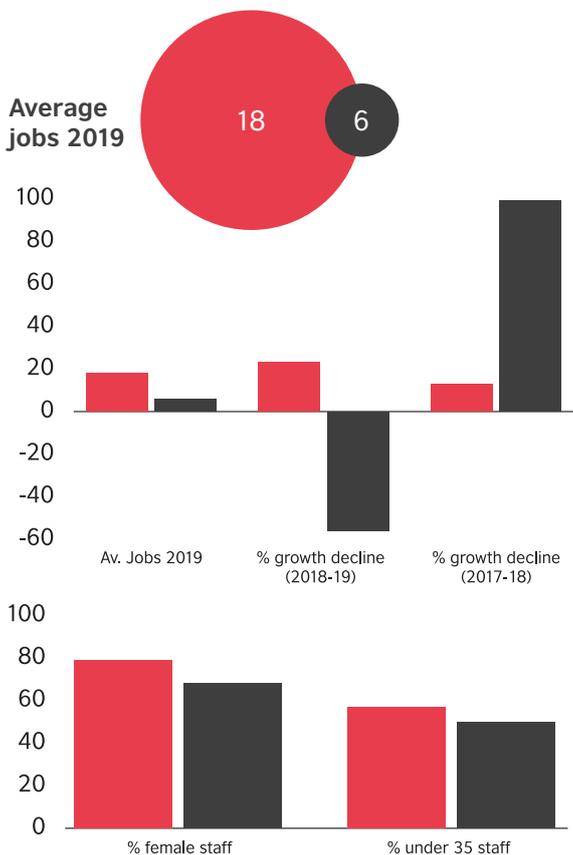
- Cash flow/late payment
- Obtaining debt or equity finance, and affordability
- Demand
- Shortage of skills and time
- Cost of suitable premises

This shows the challenge of investment readiness as well as a financing gap – a mismatch between the funding needed by smaller organisations, and what is generally available in South Africa

On the demand side, respondents were given a choice of barriers they faced and indicated that the difficulty of finding customers (unlocking demand), the uneven nature of demand, and the economic climate are all challenges. South Africa continues to experience very low economic growth, which puts pressure on all businesses but can be especially difficult for small, new organisations with limited margins.

4. Creating jobs and inclusive access to employment for women, young people, and vulnerable groups

Our first hypothesis looked at job creation and inclusivity in employment, and we found positive results across a range of variables – including job growth, and women and youth employment. Given the need for job creation in South Africa, we wanted to also understand the job creation potential of creative and social enterprises. We asked respondents to fill in this data in text boxes but found that a lower percentage of respondents provided these particular data points – meaning our findings may be potentially skewed towards the larger organisations in our sample. We asked about the numbers of employees in 2017, 2018, and 2019, as well as numbers for women, youth, LGBTQIA and more. For some categories, there were too few answers to draw reliable conclusions but some of our key findings are summarised below:



Social enterprises are creating more jobs on average and show steadier growth than creative enterprises. Social enterprises tend to employ more than double the number of people than creative enterprises (18 versus six) in our sample. The average of 18 jobs for social enterprises is similar to the findings of GIBS (2018) which found an average of 21 permanent jobs per social enterprise they surveyed.

For micro and very small enterprises in the wider SME population, the average number of jobs is two and eight respectively (Finmark 2010), while at the larger end of the SME spectrum there is an average of 21 jobs.

Social enterprises appear to be creating more jobs than other SMEs given their size, while creative enterprises are similar to the wider SME sector. However, deeper analysis would have to be done to ensure the comparisons were made between organisations of the same age and size, and with other confounding variables removed.

When it comes to growth, social enterprises show growth from 2017 to 2018 (13 per cent) as well as from 2018 to 2019 (23 per cent), while creative enterprises show growth in 2017 to 2018 as well, and at a much higher pace (99 per cent), but a significant drop from 2018 to 2019 (-56 per cent). This could be related to the smaller sample size for creative enterprises but it could also point to more volatile growth for creative enterprises and steadier growth for social enterprises. In the past year, there was also an economic downturn in South Africa, and so it could be that social enterprises are steadier during economic

downturns,⁹ while creative enterprises are more sensitive to the macroeconomic environment. This is consistent with the fact that creative enterprises, as mentioned earlier, also put the macroeconomic environment as a more significant barrier to their growth and sustainability than do social or CSEs.

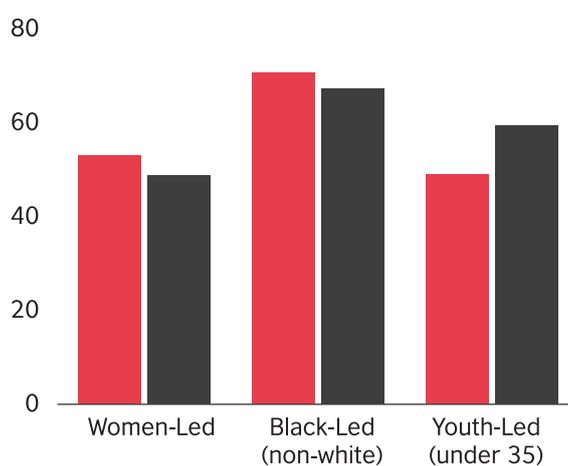
This finding also has implications for job creation policies. Job growth as measured by SEDA has been 3.4 per cent for SMEs as a whole (The Small Enterprise Development Agency 2018) – showing that both our creative and social enterprises may have a lot to contribute in this regard.

Our creative and social enterprises are highly inclusive, employing higher numbers of women and youth in particular. Our social enterprises reported 76 per cent women employees, while our creative enterprises reported 68 per cent – both of which are far higher than the 37 per cent for SMEs in general as measured in 2017-2018 by SEDA. We know South Africa has a massive youth unemployment challenge, with 40 per cent of those aged 15-34 not in employment, education, nor training of any sort according to Statistics South Africa (2019). It is therefore very encouraging to find were 57% and 50% of our creative and social enterprises employees respectively were under 35.

Full time permanent employment is only part of the story, and temporary or contract worker employment is also high for both creative and social enterprises. Key ecosystem players prior to the survey suggested that creative enterprises in particular make use of contract and temporary

workers on a frequent basis. We found that, on average, creative enterprises who answered this question made use of 17 temporary or contract workers in 2019, while social enterprises made use of 15 on average. The GIBS study found social enterprises to have on average 12 temporary or contract employees, which is a bit lower than our findings but not hugely so. However, averages do not tell the whole story – with many organisations answering “n/a”, others reporting mostly small numbers, and a few outliers reporting hundreds.

Creative and social enterprises show high levels of inclusive leadership. A high proportion of both creative and social enterprises are woman-led and black-led. Many are also youth-led, although more so for our creative than social enterprises, as summarised in the figure below:



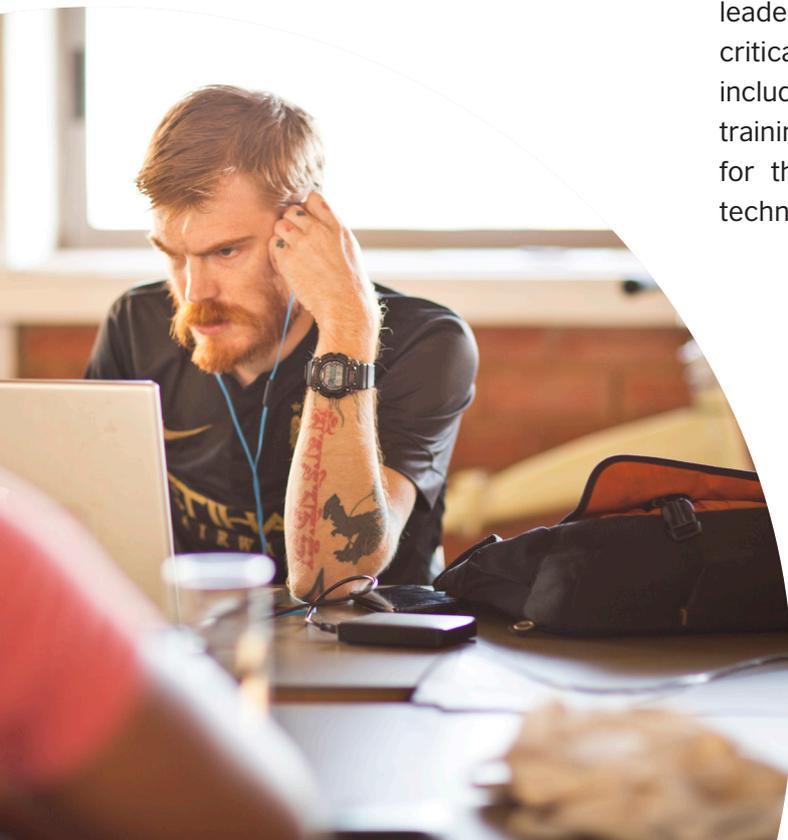
⁹ This appears to be the case in several countries around the world, evidenced by a European Commission Expert Group on Social Entrepreneurship (GECES) report from October 2016, among other evidence.

This makes the group demographically quite representative of South Africa as a whole but is also interesting to compare to both corporate and general SME benchmarks. As a comparison with companies listed on the JSE, only about 14 per cent of these are led by people in racial groups other than white, and only 3 per cent are women-led (PWC 2019).

Leadership skills are important to creative and social enterprise success. Skills, and skills development, are a known challenge in South Africa. Of our creative and social enterprises that were making a profit, we saw the following top priorities in terms of skills they felt were most important to their success:



The top three skills were the same for both groups, although in a different order, with leadership related skills some of the most critical. This could have wider implications, including the need for more leadership-based training and self-awareness based support for these types of enterprises rather than technical training alone.



SiyaBuddy – creating inclusive jobs and bridging gaps in the waste sector

SiyaBuddy is a recycling 'buyback' centre that buys and sells waste material. They enhance environmental conservation while also addressing systemic social issues, including unemployment and poverty. SiyaBuddy collects waste from landfill sites, illegal dumps, and around communities through their large network of waste collectors, who in turn benefit from sustainable livelihoods.

SiyaBuddy was founded in 2012 in order to help address waste issues and unemployment in the Nkomazi Municipality. The company began operating in earnest in 2017 when they received funding from the Industrial Development Corporation. From the start, the founder of SiyaBuddy, Siyabonga Tshabalala, insisted that environmental and social goals should go hand-in-hand as the only way to achieve true sustainability.

Located in Steenbok, in a very rural region in the east of the country close to Mozambique, SiyaBuddy is providing services and growing within one of the most difficult contexts in the country – where infrastructure is poor and opportunities for jobs and business scarce. However, despite the challenges, in just three years since beginning operations formally, SiyaBuddy has now grown to 18 full time permanent employees, of which 30% are women, and all are youth under 35 years of age. In addition to full time employment,

SiyaBuddy also makes use of a network of waste collectors – helping support over 1000 additional jobs.

SiyaBuddy has a strong commitment to innovation. In addition to waste collection, they are continually testing new products and processes. So far, this has included making manure from organic waste and making bricks from plastic waste, among other innovations.

In South Africa, the waste sector is very informal, with much of the plastic recycling in the country happening because of informal sector waste collectors, with often impressive results. At the same time, due to this informality, issues such as health and safety are often overlooked and there are few social safety nets for these collectors. Enterprises such as SiyaBuddy, which help formalise informal sector waste collection, can create linkages with the formal sector. This means that much needed services can take place even when public sector infrastructure is lacking, increasing environmental outcomes as well as quality of life, while also integrating with economic structures and activities a community level.

5. New, disruptive, and sustainable solutions to environmental and social challenges

Social enterprises might be expected to be at the forefront of delivering against the challenges we face. On the other hand, creative enterprises may be expected to bring us frameworks and tools that help foster innovation.

For these reasons, we expected to find a lot of focus on innovation and creativity across all three of our groups of enterprises, and we were interested to know if the data would show that increased innovation would also have implications for growth and profitability. We also wanted to know what sort of impact our creative and social enterprises were having and how this related to innovation and creativity. How we defined these areas is explored in the questions below.

In terms of creativity and innovation, we found that the vast majority of respondents across all three of our groups of enterprises reported that both creativity and innovation were extremely important to their business.

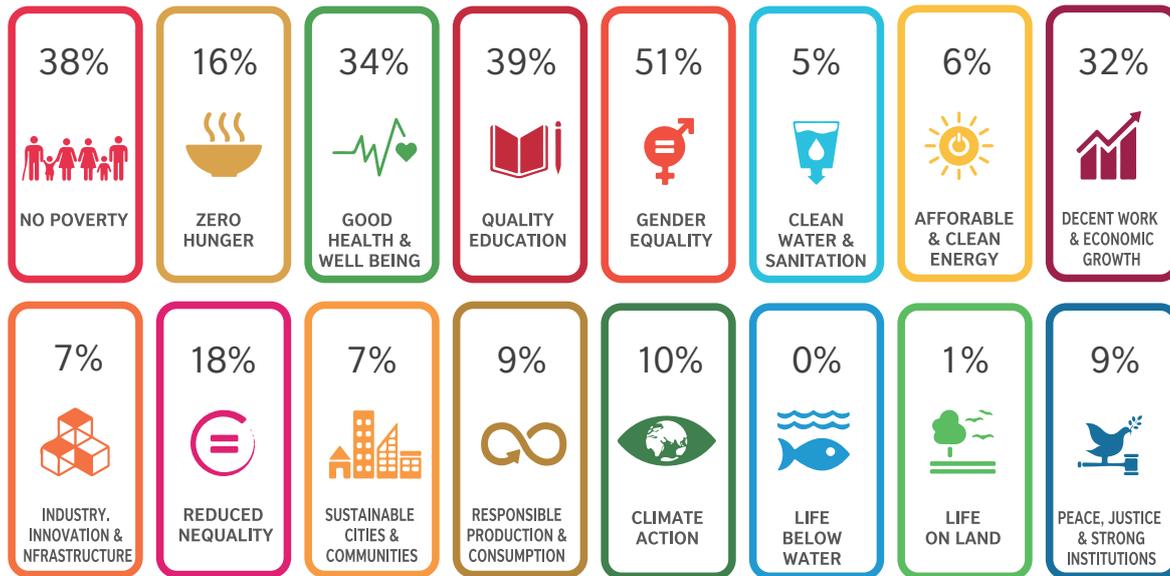
As far as creativity was concerned, 74.7 per cent of creative enterprises, 62.4 per cent of social enterprises, and 73.9 per cent of CSEs placed the highest possible significance on the importance of creativity, while it was 64.9 per cent, 67.8 per cent, and 71.6 per cent respectively for the importance of innovation, and with similar figures for idea generation. It would seem that at least in terms of perception, our creative and social enterprises feel that innovation and creativity are critical to their overall success.

Creative and social enterprises are working towards a range of the SDGs and other impact and creative goals but are particularly focused on gender equality.¹⁰



¹⁰ In the survey we included all the SDGs as options without identifying them as such but also included several other options relating more to creativity. Details can be found in the full questions in Annex 7.

Does your organisation seek to address any of the following through its core activities?



Unsurprisingly, creative enterprises and CSEs were often focused on promoting creativity and human expression, while promoting education was a common aim for both social and CSE enterprises. The lowest priorities included climate change, financial exclusion, sustainable energy, water, and resilient infrastructure, suggesting that these businesses are seeking to address exclusion through their business models as much as through the services they provide.

The areas where innovation was considered most important (top five with over 80% score) were as follows (exclusions were made for those focus areas with less than five respondents):

By creative enterprises:

- 100 per cent of 'Address financial exclusion';
- 100 per cent of 'Promote peace and justice, building strong and accountable institutions';
- 100 per cent of 'Promote access to clean water and sanitation';
- 92.3 per cent of 'Promote sustainable production and consumption'; and
- 90.0 per cent of 'Make cities and settlements, inclusive, safe, resilient and sustainable'.

By social enterprises

- 100 per cent of 'Promote peace and justice, building strong and accountable institutions';
- 93.3 per cent of 'Promote access to clean water and sanitation'; and
- 86.4 per cent of 'Promote sustainable production and consumption'.

We also wanted to explore whether higher levels of innovation activity had implications for profitability and growth.

It seems that engaging in innovation activities is linked to a greater chance of breaking even or making a loss. When it comes to internal research and development, external research and development, or design activities, none of these had a positive influence on profit in the past year. In fact, the result was the opposite – engaging in any of these three activities in the past year correlated negatively with profits for creative and social enterprises, with those engaging in these activities more likely to break even or make a loss. We cannot determine causality but one interpretation could be that those enterprises already in trouble and heading towards losses would be more likely to engage in more innovation activities in order to try and turn around their business. It could also be that since the survey only asked this in relation to the past year, that the effect may be a short term one and that investment in innovation may pay off in the longer term, as research and development, for example, can have longer term rewards. These findings may reflect the need for more innovation support as it would seem that new products and services and even research and design are not showing positive impacts on profits for these businesses. This area is worth further study, such as considering the expectations of failure and risk when embarking on innovation, for instance.

Despite the focus on innovation, levels of IP protection are not very high. This is a wider problem within South Africa more broadly. Non-Disclosure Agreements are the most common choice for IP protection for both creative and social enterprises. However, the second most frequent response was no protection at all; with patents, trademarks, and other stronger protections showing low response rates. Protection is more common when some of the more service oriented and intermediary sectors are excluded, but not hugely, and NDAs and no protection remain the top two responses. Indeed, even when we examine only organisations that have introduced a new product and service into the market, and so those which are more likely to have IP to protect, this still holds. In terms of size, we see that more formal IP protections are more common for larger entities – indicating that smaller entities may lack resources to access such protections.

Gradesmatch – innovating to improve post-school pathways

Gradesmatch is a comprehensive career guidance technology that assists learners with career planning, enabling them to unlock their professional potential. The technology is designed to map career data to learners, teachers and mentors, assisting them in making well-informed career decisions to improve long-term education and career outcomes.

In January 2012 a mother was crushed to death in a stampede at the gates of the University of Johannesburg as she, along with thousands of other desperate parents and learners, clamoured to secure a place for her child at university. This tragic event was the trigger for Lebogang Diale, Ruzani Mulaudzi and Unathi September to start Gradesmatch. Their goal was to deploy technology to improve the pathway from education to employment. “We wanted to make the right data available in easy ways to help parents and learners navigate a space that was foreign for many.”

Dial, Mulaudzi and September discovered that the chaos associated with each year’s intake at universities across South Africa was interlinked with a complex Application Process System (APS). The APS assigns points to learners based on subject performance, and determines whether they qualify for specific courses at further and higher education institutions. Learners and parents didn’t know how to calculate the points, and there were different methodologies applied by different institutions. Inspired by a clear market need, Gradesmatch created a tool that would accurately calculate a learner’s

points. This innovation proved immediately impactful. Indeed, the tool generated so much user interest that the Gradesmatch system crashed. The Gradesmatch team was also recognised for their invention, placing as runners-up in the SAB Foundation Social Innovation Awards in 2015.

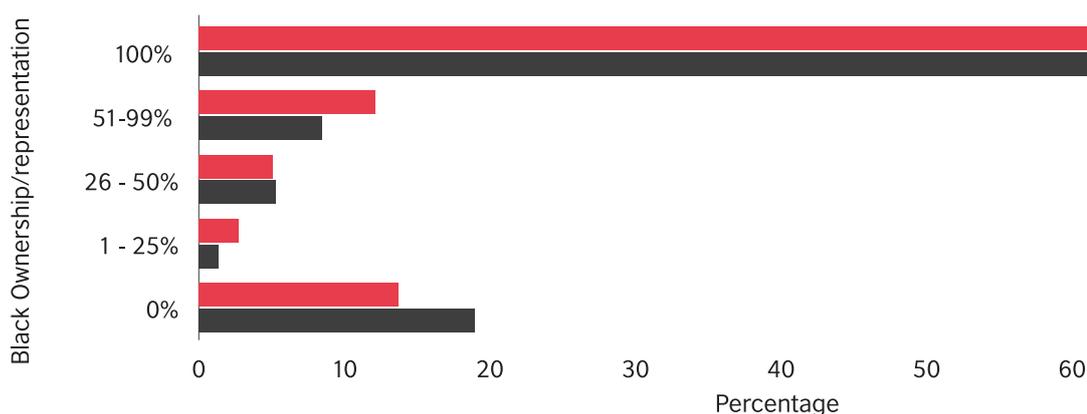
The system crash, and the many discoveries the team has since made about the pathwaying process, has fuelled ongoing innovation in the organisation – from how the Gradesmatch platform is designed and deployed, to how the team is structured, and critically, how user adoption is pursued. When platform roll-out at career expos and marketing events delivered disappointing user uptake results, Gradesmatch switched tack and started partnering with event organisers to sign learners onto the Gradesmatch platform. They were then able to use data to help organisers make career events more targeted to user needs. After months of stagnant numbers (Gradesmatch had approximately 5,000 users), the user base shot up to 75,000 as a result of the new approach.

“The obstacles we hit in pursuit of our ultimate goal serve as the impetus for innovation. We are constantly experimenting with doing things differently, or creating new solutions, to make sure that learners can more easily navigate through the complexity of understanding career pathways from education to employment.”

6. Power, purpose, and profits

Creative and social enterprises have a reputation for challenging the concentration of wealth, enabling democratic ownership and governance, and distributing benefits more widely to society. For the next section we therefore considered more deeply some of these factors.

Both black and woman ownership in SMEs have likely been boosted through the B-BBEE Codes,¹¹ but the recent drop in this respect is worrying. In terms of creative and social enterprises, the inequality in South Africa and the barriers for certain disadvantaged groups may hold them back from engaging



Black and woman ownership among these businesses is similar to, although slightly lower than among the wider SME community. 100 per cent black ownership for SMEs is higher than that for social or creative enterprises but not that significantly (76 per cent for SMEs versus 63-69 per cent for creative and social enterprises). However, for reasons unclear, black ownership is also declining for SMEs as a whole (International Finance Corporation 2018).

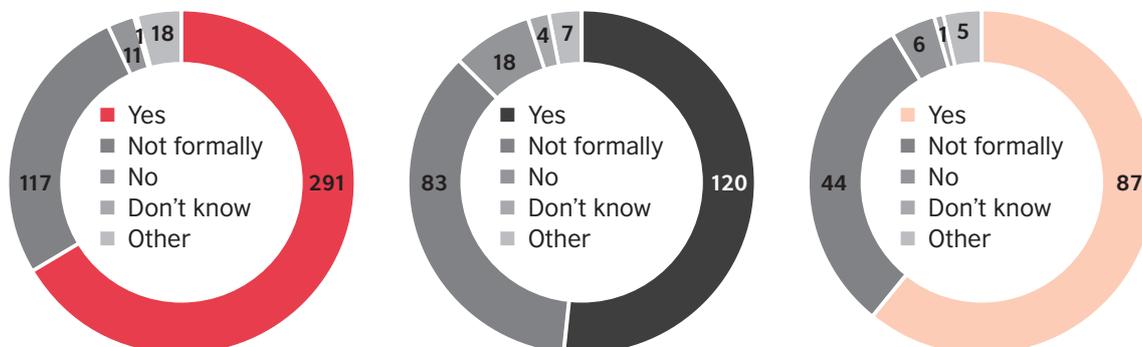
When it comes to woman ownership, for SMEs 100 per cent woman ownership is around 38 per cent but it too has declined, and at a much faster rate, down from 48 per cent in 2008 (International Finance Corporation 2018). Comparing this to our sample of creative and social enterprises, woman ownership is between 29-32 per cent, again somewhat below the SME rate.

more in what are perceived as more ‘social’ activities, when economically these groups need to prioritise paths that will take them out of poverty.

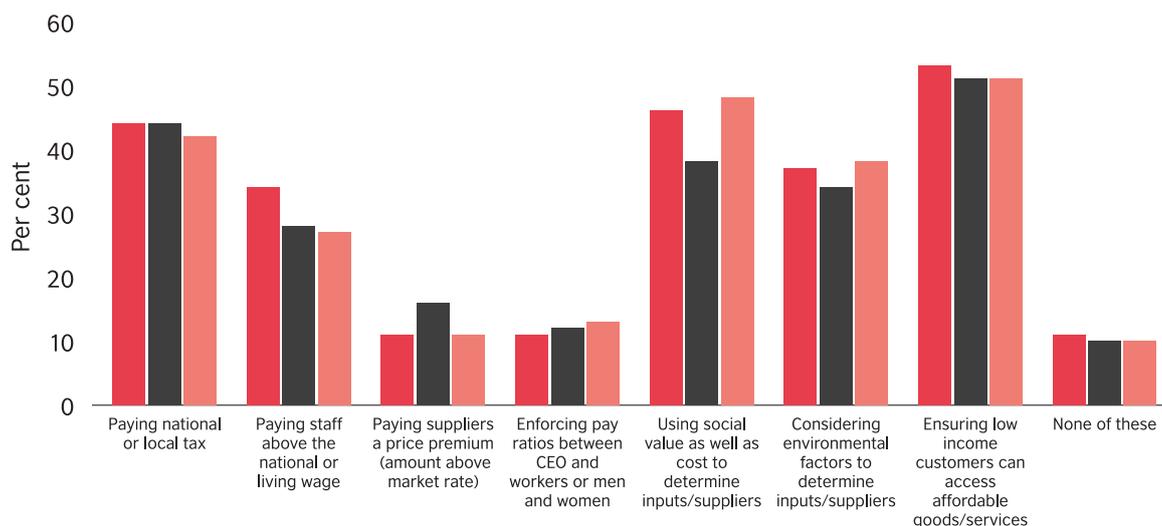
When comparing creative and social enterprises, social enterprises are more likely to have formal and public statements of a commitment to their social or an environmental mission. Both creative and social enterprises are taking steps to deliver a more inclusive economy, such as paying price premiums or a living wage, for instance.

¹¹ Government measures intended to level the playing field for all operating in the South African economy.

Does your organisation have a formal commitment to social or environmental impact?



Which of the following activities does your organisation regularly engage in?



Does your organisation have a formal commitment to social or environmental impact through any of the following?

Metric	SE%	CE %
Statement in our governing documents	41.9%	26.6%
Publicly stated commitment	38.8%	29.9%
The composition of our shareholders	12.0%	9.1%
The legal form the enterprise has adopted	20.2%	12.3%

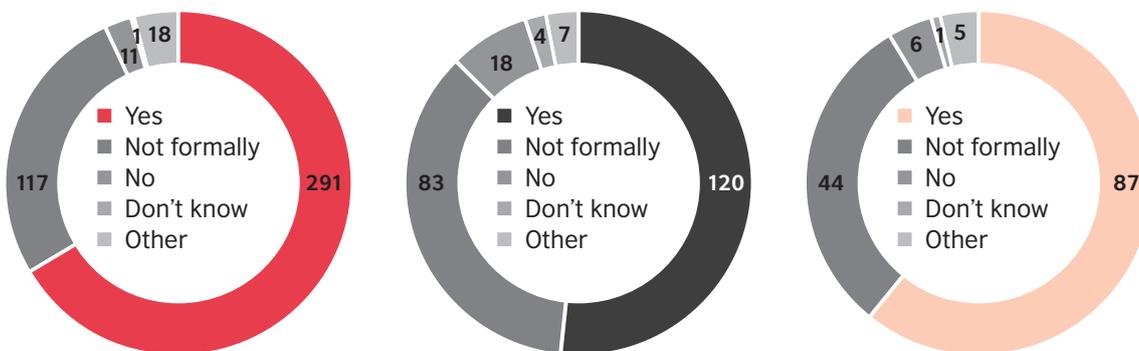
When comparing the existence of formal commitments to a social and environmental mission in governing documents and responsible business practices, such as paying price premiums or fairer pay ratios, there was little linkage found – perhaps suggesting that South African social enterprises are more focused on the social or environmental aspects of their mission, than how they go about their business operationally.

However, larger organisations are more likely to both have formal commitments as well as more responsible business practices, including taking into account social value when considering inputs and suppliers, paying staff a living wage, and using their profits in socially focused ways (i.e. through employee benefits, cross-subsidising less profitable activities, or in third party social or environmental activities).

On the other hand, creative enterprises are more likely to pay a price premium to suppliers, and both groupings are actually significantly focused on ensuring low income customers can access affordable goods and services.

Creative and social enterprises are committed to making a positive impact. They identify young people (under 35), businesses, the public sector and non-profit organisations (NPOs) as their key beneficiaries, with most attempting to measure their impact in some way.

The most common target customer or beneficiary group for both creative and social enterprises is young people under 35.



Who are key and/ or targeted customers/ clients/ beneficiaries of your core products and services?

Young people	56%	58%	66%
Businesses	47%	57%	53%
NPOs	28%	32%	28%

Lastly, the vast majority of both creative and social enterprises indicated undertaking some activities to support young people or women into permanent employment. For creative and social enterprises, volunteering opportunities and training were the most common activities, with internships and learnerships also quite high.

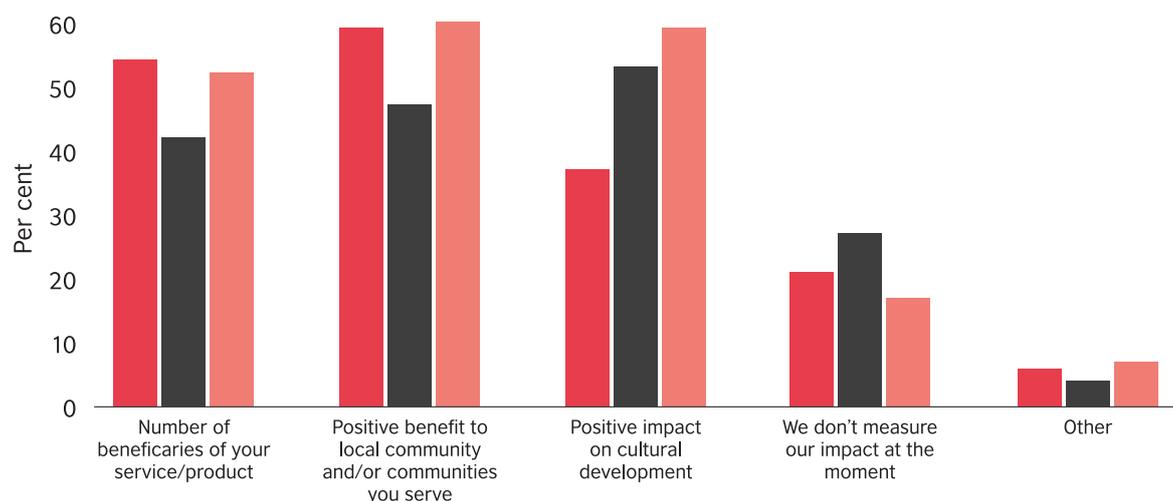
7. Impact on communities and culture

We set out to better understand if creative and social enterprises have a broader impact on society and culture within South Africa. In particular, we wanted to understand the use of social capital to strengthen bonds, as well as how culture is reflected in various products and services.

The majority of social enterprises, and almost half of creative enterprises are measuring their impact. We found 48 per cent of creative enterprise measuring the

positive benefit to local communities or communities they serve, and 59 per cent of social enterprises indicating the same. Only 21 per cent of social enterprises, and 27 per cent of creative enterprises did not measure their impact at all. While we do not know their reasons for not doing so, this could be explored in further research. GIBS (2018) found that only 8 per cent of their respondents did not measure impact, which was even lower than our findings.

Do you measure your organisation’s impact in any of the following areas?



Source: DICE Social/Impact and Creative Enterprise Survey, data as at 4 December 2019 (n=386).

The Creative co-Lab – technical skills training in the creative economy

The Creative co-Lab was created to offer specialised, technical skills support to students entering the creative economy. This creative social enterprise began life as a project of The Coloured Cube*, and initially focused only on technical skills in architecture. In 2018, following refinement of the delivery model and indications of broader demand, the project was ‘spun out’ as a separate non-profit company offering technical and business skills support for additional creative disciplines.

In 2016 The University of Johannesburg’s Post Graduate School of Architecture (GSA) faced a conundrum. Its 88 Master students didn’t have access to technical space or tutoring. Students would enter the industry with limited experience of new materials, machinery and 3D capabilities – all of which are considered critical skills for an architect. Realising this, the university entered into a partnership with The Coloured Cube (at the time, a private creative social enterprise) to give students access to workshop space and tutoring in Johannesburg.

The partnership became known as the Creative co-Lab, and it quickly generated interest from stakeholders in a variety of industries in the creative economy, including jewellery, industrial design, visual arts and set design. The rise in requests revealed a clear need for practical and technical support services, including access to workshops, machinery and tools, as well as knowledge and mentorship.

For 18 months, the Creative co-Lab continued as a project for GSA students. This allowed The Coloured Cube to test the model in order to see what worked and what didn’t.

They found that people working in a shared space was hugely beneficial, as was access to materials which can help their ideas grow into a visual reality. Challenges included learning to set up proper systems to ensure safety of everyone using the space, due to the potential dangers of some of the tools. In addition, the first support for the students was purely technical, with no complementary skills such as design thinking, leadership, or entrepreneurship training, and these were found to be important and valued elements as well. In 2018 the Creative co-Lab was registered as a separate non-profit company and it now operates as a creative hub that focuses on supporting creatives and creative entrepreneurs. It provides skills and support in technical skills as well as business skills, and also offers access to a range of machinery, tools, and studio space. Mentorship and one-to-one assistance are also provided. As networks and market access are also critical needs, consistent with the findings of this report, Creative co-Lab is currently looking into how to provide this too. The overall impact is improvement in economic opportunities through both businesses and jobs for those working in the creative sectors.

“Creative co-Lab is filling a need for technical skills training. Very few others focus on helping creatives do what they do BETTER.”
Creative entrepreneur

* The Coloured Cube is a creative enterprise that works on a variety of creative projects within The City of Johannesburg, often with the intention to support creatives and grow the opportunities within the creative economy. It was founded in 2015 as a private company.

8. The creative and social enterprise ecosystem system: how well aligned is it to current needs

8.1. How creative are social enterprises, how social are creative enterprises?

The overlap between creative and social enterprises was a unique feature of this study. Throughout this report, we have sought to highlight the similarities and differences between the two groups of businesses.

While social enterprises are more deliberate in committing to social or environmental impact, creative enterprises in practice exhibit many behaviours associated with social enterprise.

Creative and social enterprises further show similar profiles in terms of inclusive employment; with CSEs amplifying the inclusive employment effect. Creative enterprises are less likely to measure their impact, but only marginally so.

Profile of enterprise leadership

	Social	Creative	CSE
Black-owned	63%	64%	69%
Woman-owned	34%	34%	30%
Black-led	66%	69%	72%
Woman-led	52%	47%	47%
Youth-Led (under 35)	48%	58%	59%
Non-degreed led	49%	53%	57%

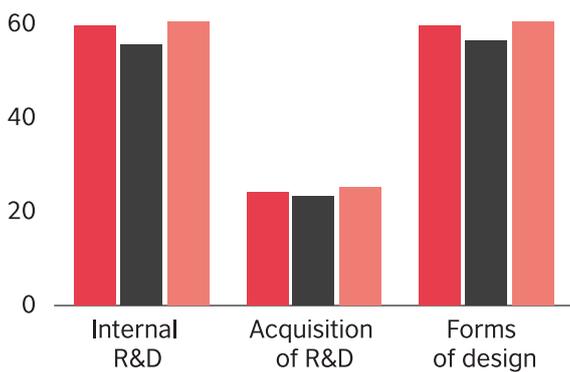
Reinvestment of surplus?

Our creative enterprises also have quite a high tendency to put their surplus or profits towards more social ends, such as rewards to staff and beneficiaries (20 per cent), and even funding third party social and environmental activities (11 per cent), and while high proportions also go to reserves and their own growth, only six per cent of profits are distributed to shareholders. This is actually less than our social enterprise sample, of which eight per cent said they would distribute profits to shareholders.

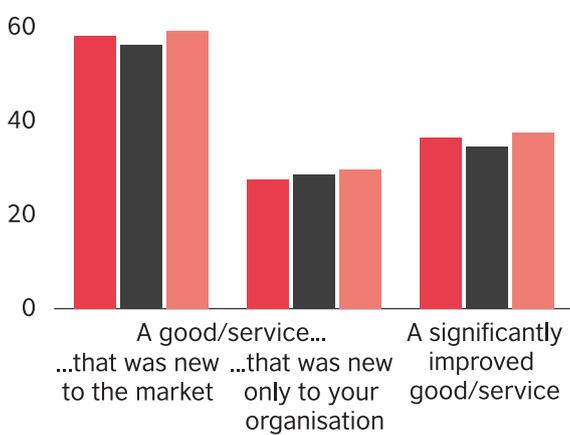
Creativity, innovation and ideas generation are all critical to social enterprise. Social enterprises are actively engaged in activities typically associated with creativity and innovation.



During the three year period 2015 to 2018, did your organisation invest in any of the following?



During the three year period 2015 to 2018, did your organisation introduce?



	Social	Creative	CSE
Creativity is extremely/very important	88%	88%	92%
Innovation is extremely/very important	93%	92%	97%
Idea generation is extremely/very important	87%	87%	90%

What are your organisation's growth expectations and plans for the next year?

Both our creative and social enterprises have quite optimistic views on their own futures with the majority of respondents indicating they expect future growth in the coming year through attracting new investment, developing new products or services, attracting new customers, or expanding geographically.

8.2. Ecosystem strengths and gaps

The South African ecosystem around creative and social enterprise is vibrant with multiple actors working to support and strengthen it. The social economy in particular is receiving significant focus. At national government level, efforts are underway to create a policy framework that can enable the social economy to thrive. There is a growing contingent of local impact investors looking to deploy capital, and dedicated grant funders that continue to support the space. In fact, South Africa is now a part of the Global Steering Group (GSG) on Impact Investing and was also set to host the GSG Impact Summit in September 2020. Universities are building centres of excellence and growing the body of knowledge on the field through ongoing research; they are also equipping current and future social enterprise leaders. The parallel (and longer standing) focus on growing small and medium enterprises in South Africa, as well as the B-BBEE codes focused on enterprise and supplier development have given rise to numerous business development service

providers, incubators, accelerators and other technical assistance programmes. Many of these now also target social enterprises.

While vibrant, this ecosystem is also fragmented and not particularly well-organised or co-ordinated. The gaps in the system have been articulated in many studies, and typically include views from stakeholders on:

- **Definitional ambiguity** – there is no clear or widely shared view of social enterprise or the social economy, which also holds true for the creative economy, although perspectives differ on whether this is actually a challenge or not for these ecosystems.
- **Lack of data** – while recent research continues to shed more light on these ecosystems, key gaps remain. The size and economic contribution of the social economy is still unclear. Little is known about the start-up and survival rates of creative and social enterprises and data on impact remains thin.
- **Quality of technical assistance** – there is significant variation in quality and poorly developed signalling systems.
- **Formality ceiling/cost and complexity of compliance** – there are barriers to operating in certain sectors, such as education, to qualify for government support (non-profit registration) and attract private funders (through public benefit organisation status), which places a resource burden on enterprises that many cannot manage.

- **Funding access and affordability** – which we also explored in this survey:

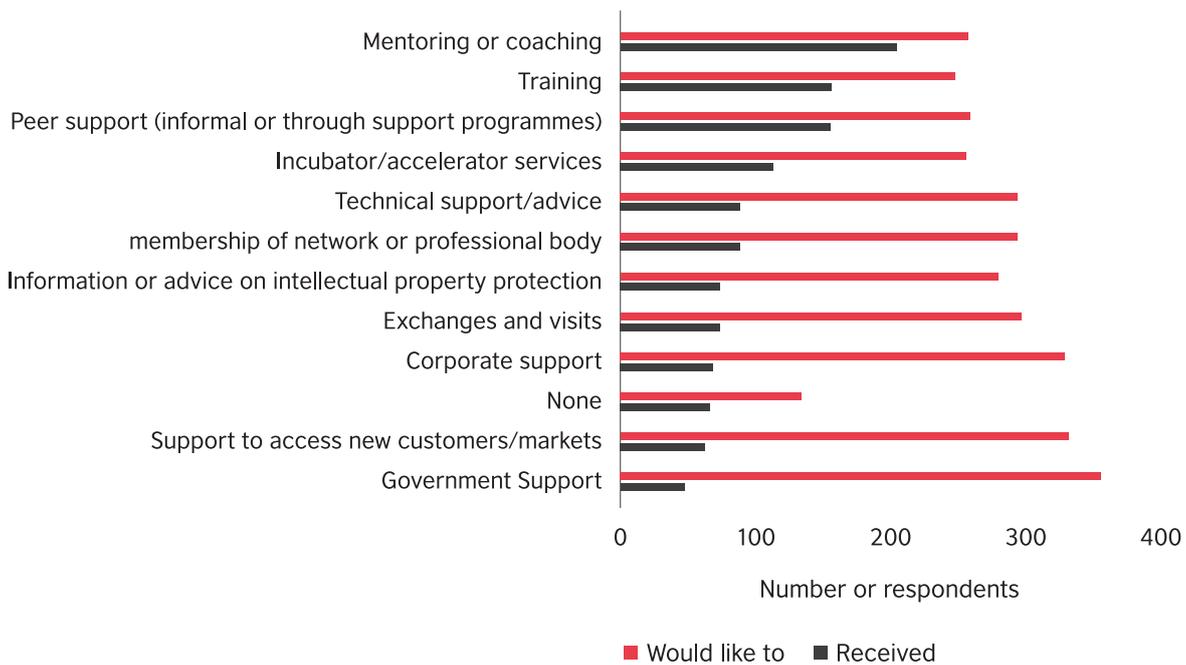
We found that the top three constraints to financing are linked to network access as well as investment readiness.

Social	Creative	CSE
Limited access to investors (no relevant contacts, limited network) – 50%	Limited access to investors (no relevant contacts, limited network) – 47%	Limited access to investors (no relevant contacts, limited network) – 49%
Limited track record – 37%	Business model not refined – 41%	Demonstrating/achieving revenue/profit for equity investors and banks
Business model not refined – 34%	Demonstrating/achieving revenue/profit for equity investors and banks – 38%	Business model not refined Limited track record – 39%

Based on these challenges, ecosystem support in the form of more investment-focused networking, technical assistance specific to making enterprises investment-ready and spreading greater knowledge of business models suitable to this context could be valuable.

Networks, more collaboration, and greater engagement between different actors again emerge as critical needs when enterprises identify their support ‘wish-list’.

Has your organisation received any of the following types of non-financial support in the last year? Which would you like to receive in the future?



In an ecosystem where there is activity across the value chain, our research suggests that the most useful addition to strengthening the system could be a co-ordinating body that creates better linkages and helps chart a clearer way forward.

Makers Valley Partnership Micro Seed Funding – fit-for-purpose funding

The Makers Valley Partnership (MVP) is a non-profit organisation established to support Makers Valley's vision as 'Jozi's Heart of Social and Creative Enterprise'. In 2019 The MVP launched a micro seed fund targeted at young (18 to 35) creative and social entrepreneurs, including women typically excluded from mainstream economic opportunities, from within Makers Valley and beyond (15 out of the 27 finalists are based and/work in Makers Valley). The funding was intended to support recipients to achieve one initiative that could help their enterprises to grow, generate income and start the journey to sustainability.

The MVP Seed Fund is one of 28 DICE Fund Collaboration projects commissioned globally as part of The British Council's DICE programme, and was co-designed with Real Ideas from the UK. The MVP Seed Fund has made R3 000 to R10 000 grants, based on a competitive call, to enterprises in three categories:

- Category A – more established enterprises registered and running for 12 months or more with a clear business model, social impact, and potential for scale.
- Category B – enterprises established in the past six to twelve months, either recently or not yet registered, with a less-developed business model. They must have a clear product or service, clear social impact, and potential to scale.
- Category C – 'idea phase' enterprises with a clear business concept and emerging track-record of experimentation, but with no consistent strategy or approach in place.

The announcement of the fund drew more than 150 applications, primarily from enterprises that fall into Category B, with most applicants requiring funding for:

- Raw materials to make products;
- Purchasing of small machines (like sewing machines); and
- Brand and online presence: website, logo creation, and communications.

From the applications, 27 were shortlisted in accordance with the criteria. The shortlisted candidates then participated in a two-day workshop designed to introduce them to key business and finance concepts, and the practicalities of pitching. At the time of writing, the top 16 shortlisted candidates are due to receive seed funding as well as a platform to showcase and sell their products at the Mega Market which will take place during the Makers Valley Festival– thus also helping to create market linkages.

All creative and social enterprises surveyed for this report noted constraints to access to funding, and we know from other sources that early stage and smaller funding amounts are a particular gap. Creative and social enterprises may have different funding needs, and in addition to the existing early stage gap, fewer funders are deliberately targeting creative enterprise. The Seed Funding initiative provides a useful example of how very early-stage creative enterprises can be catalysed through micro, fit-for-purpose funding.

9. Conclusions and recommendations

9.1. Key conclusions

Some of the key conclusions from this report include:

Emerging businesses

- Creative and social enterprises (and creative social enterprises) in South Africa are quite young (most less than five years).
- Creative and social enterprises in all three groupings in South Africa are often small businesses (under R500 000 turnover) but not smaller than the general SME population.

Some common trends

- The majority of our creative and social enterprises are urban, and most are located in Johannesburg.
- The leaders of our creative and social enterprises are young, diverse, and educated.
- Our creative and social enterprises operate primarily as private companies, with social enterprises also showing a high portion of Non-Profit Company structures compared to creatives and CSEs, and creatives showing a higher portion of freelancing/sole proprietor structures.
- The leaders of our creative and social enterprises are young, diverse, and educated.
- Music, performing, and visual arts were in the top three sectors for both creative enterprises and social enterprises (1st for creative enterprises, and 3rd for social enterprises).

Thriving businesses

- Given their size, newness, motivation and focus, many of these enterprises are on the road to sustainability, as more are either breaking even or making a profit than are making a loss.
- Creative and social enterprises in South Africa are trading businesses and the vast majority receive no grants at all but at the same time, limited access to grant funding is considered a key barrier to growth by many.
- Both our creative and social enterprises have quite positive views on their own futures with the majority of respondents indicating they expect growth in the coming year.

Creating inclusive jobs

- Positive job creation and inclusivity in employment – including job growth, and women and youth employment:
 - Our creative and social enterprises are highly inclusive, employing higher numbers of women and youth in particular.
 - Full time permanent employment is only part of the story, and temporary or contract worker employment is also high for both creative and social enterprises.
 - Social enterprises have more jobs on average and show steadier growth than creative enterprises.
 - Creative and social enterprises also show high levels of inclusive leadership.
 - Leadership skills are important to creative and social enterprise success.

Innovative businesses

- In terms of self-reports on creativity and innovation focus we found that the vast majority of respondents identify both creativity and innovation as extremely important to their organisations.
 - Creativity, innovation and idea generation are all critical to social enterprise and the social enterprises in the sample were actively engaged in activities typically associated with creativity and innovation.
 - For the most part, engaging in innovation activities correlates with breaking even or making a loss for organisations, suggesting the need to consider more support in this area.
 - Despite the focus on innovation, levels of IP protection are not very high.
- Top three constraints to financing are mostly linked to network access as well as investment readiness.
 - Black and woman ownership are similar to, but slightly lower than for SMEs as a whole.
 - In terms of impact and the SDGs, the majority of both creative and social enterprises are working on gender equality.

Impact enterprises

- These enterprises are committed to making an impact. They identify young people (under 35), businesses, the public sector and non-profit organisations (NPOs) as their key beneficiaries
- The majority of both creative and social enterprises measure their impact.
- While social enterprises are more deliberate in committing to social or environmental impact, creative enterprises in the sample exhibit many behaviours associated with social enterprise.
- When comparing creative and social enterprises across various measures, as could be expected, social enterprises are more likely to have formal and public statements of commitment to social or environmental missions, but in terms of responsible business practices, the results were comparable for both.

Key recommendations

Based on our findings, some of the key recommendations we would make include:

Data and research

- Social enterprises in South Africa are small and often face structural barriers. Practical consideration should be given to the **competitive dynamics that may hinder social enterprise**. The Government should ensure that, as it takes forward the development of a Social Economy White Paper, that specific policies which can help remove some of these barriers are addressed through specialised incentives and support. Importantly, the Government should ensure that sufficient focus is given to not only the development of *policy* but the path to *implementation and delivery* across various levels of government.
- More research is needed **on the business models that successful creative and social enterprises employ** to understand what it takes to succeed, from products and services, to pricing, people, distribution, marketing, sales and so forth with a view to finding commonalities in successful enterprises. Previously, ‘innovations’ such as aggregation of demand and supply or ‘last mile’ distribution solutions, for instance, have been identified as business model elements that aided success. Is this still the case? Are there new ways that entrepreneurs are making their ideas work in the market?
- In terms of better data, there should also be **longitudinal tracking of creative and social enterprises** to identify how enterprise needs change through different cycles/stages, what survival rates are, and what drives success or failure.

Support for creative and social enterprises

- **Leadership training** – many training programmes and entrepreneur development providers focus on more technical business skills, such as financial management, and yet we have found that successful enterprises thought success came from mainly two areas linked to leadership – vision and people leading, and self-awareness. This potentially means that we should be supporting more leadership programmes in these spaces that focus on softer skills around people and self-leadership. We may also need more structured and organised support and resources for creative and social enterprise leaders. In addition, it is important that such support and resources specifically focus on inclusive development of future leaders, overcoming current systemic barriers faced by certain groups, including a greater consideration of issues around ethnicity and disability.
- **Innovation support** – our respondents across segments feel that innovation, creativity and idea generation are critical to their future success, and yet, engaging in activities – such as research and development or creation of new products and services – was not found to be linked to higher profits. Given that new may mean higher risk, perhaps this is not surprising. This may indicate that more support is needed for these areas and more thought as a whole given to innovation policies that help foster and support risk taking through the creation of various types of safety nets, stronger links in the ecosystem across research centres and universities, for instance.
- **IP and formalisation support** – looking at ways that shared services and access to technical support that smaller organisation may not be able to afford could be made

more accessible is suggested. Perhaps access to lawyers specialising in IP protections, or helping provide more specialised tax and legal advice in general could be of benefit.

- **Networking and market access** – given the fragmented nature of South Africa, its high inequality, and the very real gaps between the formal and informal sectors, rural and urban areas, and even within urban areas due to informal settlements, network and market access are critical so that they can help bridge these gaps. Can we be more specific on what this might mean?

Funding for creative and social enterprise

- **Early stage risk capital:** There is a lack of early stage and risk capital in South Africa, for SMEs and for those creative and social enterprises with ambitions of scaling. At the same time, investors struggle to find pipeline and investment ready propositions. Public sector and other donors with motivations beyond profit may be able to help bridge this gap through blended approaches and grant funding is needed at the initial stages in order to help move these small entities into spaces where they can access more formal investment. At the same time, not all creative and social enterprises will scale or will progress in linear ways from grants to investment, and some will and need to stay small in order to meet the needs of their target markets. In these cases, more innovative finance solutions should also be explored.
- Funders could provide more **technical assistance that is specific to making enterprises investment-ready:** either deliberately package what is currently being provided or create more specialised support, such as marketing and accessing

supply chains and find ways to make it accessible to more enterprises on a mass scale.

Ecosystem

- **Network formalisation:** there are currently no independent social enterprise focused networks and associations in South Africa. Given our findings, this might help with several aspects of the observed challenges but should be set up and run by ecosystem experts from a range of different representatives, but independent of any one organisation. In the social enterprise space, this can build on the work done by ILO and EDD, and could also utilise the expertise of international entities such as SEUK. For creative enterprises this might be helpful as well, as currently there are some different entities serving the different creative sectors but nothing that is both independent and representative of the whole.

9.2. Closing remarks

We hope that this research will be of broader use to the South African creative and social enterprise ecosystems, and will help guide programmes, funding, and policies into these areas. This work could not have been done without building upon the large amounts of work that other researchers before us have already put in place. Still, there is more work to be done and we hope that this report will help highlight key future areas for research and exploration.

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11. Acronyms

CEs	Creative Enterprise	IDC	Industrial Development Corporation
SEs	Social Enterprise	ILO	International Labour Organisation
CSEs	Creative and Social Enterprises	IFC	International Finance Corporation
DICE	Developing Inclusive and Creative Economies	NGO	Non-Governmental Organisation
EDD	Economic Development Department	NPC	Non-Profit Company
GIBS	Gordon Institute of Business Science	SEDA	Small Enterprise Development Agency
GEM	Global Entrepreneurship Monitor	SEFA	Small Enterprise Finance Agency
GSG	Global Steering Group on Impact Investment	SME	Small and Medium-sized Enterprise
ICT	Information and Communications Technology	UNCTAD	United Nations Conference on Trade and Development
		UNESCO	United Nations Educational, Scientific, and Cultural Organisation

Annex 1: Detailed Methodology

The methodology for this research consisted of the following components which are described in more detail in the sections below:

- Literature review
- Initial consultation workshop
- Online survey
- Interviews
- Analysis and validation

Literature review

As there was a lack of information comparing creative and social enterprises in the existing literature, a background research review was done on each of these groupings separately and led by experts in each grouping respectively.

Consultation workshop

SEUK led the design of the overall methodology at a global level, but the specific work in South Africa was validated and modified by Simanye and a number of sector stakeholders at a workshop on 5 September 2019 in Johannesburg. This workshop refined details relevant to South Africa and identified issues specific to the local context as well as fostering support for the work. Key local stakeholders were invited from government, international organisations, intermediaries and funding partners representing both the creative and social ecosystems. At the workshop we presented the proposed methodology and asked for feedback both in a large group as well as in smaller groups representing each ecosystem.

Following this workshop, the core project team consisting of Simanye, Coloured Cube, and other local experts as well as British Council and SEUK, agreed key modifications in the methodology and finalised the survey questions accordingly.

Online survey

The survey of creative and social enterprises was live from 10 October 2019 to 3 December 2019. It was conducted online using the SurveyGizmo platform.

The full list of questions can be found in Annex 7 below. The initial intended sample size was 600 respondents from across South Africa, especially beyond the major city centres and into rural and peri-urban areas. We know such surveys cannot be perfectly representative of these businesses, or of their geographical spread, for instance, or leadership, due to lack of data on their distribution and as the economy evolves over time. Nevertheless, we wanted to ensure that the sample was as representative as possible of local demographics and regional areas and took special care to disseminate it accordingly.

Survey outreach activity included sharing through key networks of intermediaries working in these sectors as well as all social media channels of the project partners. Social media adverts were boosted on both Facebook and via Google Ads. Direct emails with the survey link were also sent to known and existing databases of social enterprises directly, and via intermediaries. In order to further incentivise completion, prizes for respondents were offered, as well as a small prize for sharing of the survey link. Lastly, some intermediaries working in more rural areas or areas with less general information access also shared the information with their contacts.

Although we cannot be sure that our sample was fully representative, we tried multiple avenues to ensure that it spread as widely as possible and was as inclusive as possible.

Stakeholder interviews

Interviews were conducted with five intermediary organisations and two creative and social enterprises in order to better understand activity in the ecosystem and the detail of organisation-level operations and impact. Interviewees were engaged through a semi-structured interview method where they were asked a range of questions covering some of the survey topics.

Analysis and validation

Survey responses were first cleaned to remove duplicate responses and partial or non-complete responses. Any data point that seemed a clear outlier or false data was also removed.

In order to get quick feedback on some of the findings, the initial data analysis looked at self-reported or self-identified social, creative and CSE enterprises as per the answer to question 10 prior to close of the survey as well as the entire data in aggregate without segmentation. This initial data was presented in a Webinar with key ecosystem players on November 29, 2019 via Zoom with the understanding that the full analysis would look at more objective definitions of these grouping and not self-reported ones, but assuming that there would be a high degree of overlap. The feedback from the webinar was incorporated into further analysis as well as follow-up interviews with key additional stakeholders.

Following this, the data samples were split into social, creative, and CSE respondents as determined by internal project criteria rather than the self-identification criteria. This was done in order to have more objective measures of enterprises for comparison. But we do add the caveat that the definitions used are only the internal agreed definitions and

we are fully aware that other definitions exist in the local and global ecosystems. For our purposes, we split the data according to the following criteria:

- **Social:** all respondents who answered question 12 on motivation for running their business to include the response 'I think I can solve a critical social or environmental problem' and who also were at 75 per cent or less grant donation reliant or who had intention to be less than 75 per cent donor reliant in the next year
- **Creative:** all respondents who answered question 25 indicating that they belonged to one of the creative or cultural sub-groupings, and again who were also at 75 per cent or less grant donation reliant or who had intention to be less than 75 per cent donor reliant in the next year (the latter criteria added for consistency of comparison)
- **CSE:** these were respondents who met both of the above criteria sets

Analysis of the survey data included both descriptive data and cross-tab work to explore the nuance of findings, combining this with information from interviews and wider research and data identified throughout the study.

Lastly, case studies were selected following key data analysis and these were compiled utilising interviews of shortlisted organisations that the team felt best illustrated a given theme or finding.

Annex 2: Ecosystem Actors

Organisation Name/Website	Type of organisation supported	Type of support
22 on Sloane	SMEs	Development support
African Venture Philanthropy Association	Social	Social investor network
Arts and Culture Trust	Creative	Funding and development support
Ashburton Investments	Social	Investor
Ashoka	Social	Development support
Aspen Network of Development Entrepreneurs	Social, creative	Development support
Business and Arts South Africa	Creative	Funding and development support
Bertha Centre for Social Innovation and Entrepreneurship	Social	Research, training and development support
Business Partners	SMEs	Investor
Capacitate	Social	Development support
Cape Craft & Design Institute	Creative	Development support
Centre for Social Entrepreneurship and Social Economy	Social	Research and training
Creative Enterprise Hub	Creative	Development support
Creative Fix	Creative	Development support
Department of Economic Development	Social	Policy
Downtown Music Hub	Creative	Development support
EdgeGrowth	SMEs	Social investor
Endeavor	SMEs	Development support
Gordon Institute of Business Science	Social	Research and training
Greater Impact	Social	Research and development support
Impact Amplifier	Social	Social investor
Impact Investing South Africa National Task Force	Social	Social investor network
Impact Hub Johannesburg	Social	Development support
Industrial Development Corporation	Social	Investor
Injini	Social	Development support
Innovation Edge	Social	Social investor
Innovation Hub	Social	Development support
J&B Hive	Creative	Development support
LaunchLab	SMEs	Development support
LifeCo Unltd	Social	Social investor

Lionesses of Africa	SMEs	Development support
MakersValley Partnership	Creative	Development support
Mzansi Creative and Makerspace Programme	Creative	Development support
Nation Builder	Social	Development support
National Treasury/Jobs Fund	Various	Funding
Next Generation Consultants	Social	Development support
Old Mutual: Responsible Investing	Social	Social investor
Omidyar Network	Social	Social investor
SA Creative Industries Incubator	Creative	Development support
SAB Foundation	Social	Social investor
SACO	Creative	Research
Schwab Foundation	Social	Funding and development support
Seed UNO	Social	Development support
Social Enterprise Academy	Social	Development support
Still Capital	Social	Social investor
Technoserve	Social	Development support
Tourism Conservation Fund	Social	Social investor
Triologue	Social	Development support
Tshikululu Social Investments	Social	Social investor
Tshimologong Makerspace	Creative	Development support
Visual Arts Network SA	Creative	Development support
Vumelana Advisory Fund	Social	Social investor
Yellowwoods	Social	Social investor

Annex 3: Consultation workshop participants

Name	Organisation	Role
Adam Boros	Tshikululu Social Investments	Head of Social Impact
Beth Arendse	SA Creative Industries Incubator	Head
Farieda Nazier	Department of Jewellery Design and Manufacture, University of Johannesburg	Head of Department
Grace Kalisha	Emerge Advisory	Founder
Kenielwe Manganya	Makers Valley	Partnership Manager
Leida Schuman	Technoserve	Program Director: Anglo American Zimele
Lisa Kropman	Independent Consultant	
Marcus Desando	Arts and Culture Trust	CEO
Monica Newton	National Arts Festival	CEO
Owen Muzambi	Driven	Founder
Paul Zille	Tourism Conservation Fund	CEO
Rachel Millson	Social Enterprise Academy	African Partnerships Director
Rick Ed	Creative Enterprise Hub	
Rufaro Mudimo	ENKE Make Your Mark	
Sawa Nakagawa	Independent consultant: impact investing	
Stephanie Schmidt	Ashoka	Partnership Director, Ashoka Africa
Sue de Witt	Bertha Centre for Social Innovation and Entrepreneurship	Outcomes-Based Contracting Lead
Tumy Motsoatsoe	Business and Arts South Africa	Head of Programmes
Zayd Minty	University of the Witwatersrand	Cultural Policy Researcher

Annex 4: Key informant interviews: CE/SE Intermediaries

Name	Organisation	Role
Kerryn Krige	International Labour Organisation	Chief Technical Adviser: Social Economy Policy Project
Molefe Pule	Department of Economic Development	Chief Director: Economic Development Department
Rachael Millson	Social Enterprise Academy	African Partnerships Director
Ntandokazi Nodada	SAB Foundation	Social Innovation Specialist
Sam Braithwaite	Various (Aspen Network of Development Entrepreneurs; Enterpriseroom)	Social investment specialist

Annex 5: Key informant interviews: Hybrid CE/SE ventures (CSEs)

Name	Organisation	Role
Colleen du Toit	Tshikululu Social Investments	Head of Social Impact
Keneilwe Manganya	MakersValley Partnership	Support creative and social enterprises
Boitumelo Mazibuko	The Creative co-Lab	Skills development: creative economy

Annex 6: Analysis, reporting and caveats

Survey results have been rounded off to zero decimal places due to which some figures might not add up to 100 per cent. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100 per cent.

The survey responses are self-declared by respondents. Outlying results and gaps, including contradictions in responses, were verified by the research team through direct contact with stakeholders.

Data on beneficiaries is self-reported and has not been independently verified. No definitions or explanations beyond those contained within the survey questions (see Annex 7) were provided to respondents.

Due to the use of convenience sampling it is likely that the survey results contain biases. These may include a higher proportion of respondents located in urban areas with access to networks and internet connection than is nationally representative. It is also expected that responses are higher from areas where outreach activities were conducted.

Limitations of national data for benchmark comparisons and for total number estimates also in some cases prevented certain comparisons with other sample segments.

Annex 7: Survey Questions

- 1) What is the name of the organisation you are reporting on (your organisation)?
- 2) Please provide a contact email (in case of winning prize draw)
- 3) As the person completing this survey, what is your role in your organisation? [SELECT ALL THAT APPLY]*
- Managing Director/CEO
 - Owner
 - Founder
 - Board member
 - Employee
 - Volunteer
 - Other – Please specify (Required): _____*
 - Don't Know/Refused
- 4) What is your organisation legal type? [IF YOU USE MULTIPLE ENTITIES FOR THE SAME ORGANISATION PLEASE SELECT ALL THAT APPLY]*
- Non Profit Company (NPC)
 - Voluntary Association
 - Non Profit Trust
 - Co-operative
 - Private (PTY) Ltd Company
 - Sole proprietor/freelancer
 - Other – Please specify (Required)
 - Don't Know/Refused
- 5) In what year did your organisation begin operating, or if you're a freelancer, when did you first start freelancing?*
- 1960
 -
 - 2019
 - Don't Know/Refused
- 6) Where does your organisation have its national headquarters? *
- Johannesburg
 - Cape Town
 - Durban
 - Pretoria
 - Other city – Please Specify (Required): _____*
 - Rural area – Please Specify (Required): _____*
 - Informal settlement – Please Specify (Required): _____*
 - Other – Please Specify (Required): _____*
 - Don't know/Refused
- 7) Where does your organisation operate? [TICK ALL THAT APPLY]*
- Locally (in and around your headquarter city/town/location)
 - Gauteng
 - KZN
 - Western Cape
 - Eastern Cape
 - Northern Cape
 - Free State
 - North West
 - Mpumalanga
 - Limpopo
 - Nationally (across all of South Africa)
 - Internationally – Please specify countries/regions: _____
 - Don't know/Refused
- 8) We are curious about what various organisations refer to themselves as. Which of the following do you actively think of your organisation as, or would describe your organisation as to others? [CHECK ALL THAT APPLY]*
- Social enterprise
 - Impact enterprise
 - Creative enterprise
 - None of these
 - Don't know/Refused
- 9) Are you interested in being contacted for a detailed case study on your organisation that might be published? [IF YES, PLEASE FILL IN NEXT QUESTION]*
- Yes
 - No
- 10) Please briefly describe what your organisation does – if you answered 'YES' to the previous question and would like to be considered for a case study please provide a detailed answer here, otherwise the question is optional but we still welcome your response.
- 11) Does your organisation have a formal commitment to social or environmental impact through any of the following? [TICK ALL THAT APPLY]*
- A statement in our governing documents
 - Publicly stated commitment
 - The composition of our shareholders
 - The legal form the enterprise has adopted
 - We have no formal commitment but believe we have social/environmental impact
 - No, we do not
 - Don't know/Refused
 - Other – Please specify (Required): _____*

12) What was your main motivation for starting your venture/organisation? [CHECK ALL THAT APPLY]*

- I think that I can help solve a critical social or environmental challenge with my idea
- I wanted to have greater control and independence, with the ability to make my own decisions about what I do
- I think my organisation can help create income for myself and others
- I want to help create jobs
- I would prefer to have a job, but I could not find one so became an entrepreneur
- I want to create cultural and creative value for people and society
- I like the excitement of running my own venture
- My personal belief/value system
- I wanted to help my family or someone close to me solve a particular challenge
- Other – Please specify (Required)
- Don't know/refused

13) Which of the following activities does your organisation regularly engage in? [TICK ALL THAT APPLY]

- Paying national or local tax
- Paying staff above the national or living wage
- Paying suppliers a price premium (amount above market rate)
- Enforcing pay ratios between CEO and workers or men and women
- Using social value as well as cost to determine inputs/suppliers
- Considering environmental factors to determine inputs/suppliers
- Ensuring low income customers can access affordable goods/services
- None of these
- Don't know/refused

14) What does the ownership of the organisation look like? Or if a non-profit, what does the board composition look like? *

In terms of black ownership? (as per the B-BBEE Codes of Good Practice definition)

- 100% Black Ownership/representation
- 51 – 99% Ownership/representation
- 26 – 50% Ownership/representation
- 1–25% Ownership/representation
- No Black Ownership/representation
- Don't know/refused

In terms of Woman Ownership?*

- 100% Woman Ownership/representation
- 51 – 99% Woman Ownership/representation
- 26 – 50% Woman Ownership/representation
- 1–25% Woman Ownership/representation
- No Woman Ownership/representation

- Don't know/refused

15) What is the gender of the person currently in charge of the organisation? *

- Male
- Female
- Other
- Don't know/Refused

16) As per the South African census categorisations, what is the race/ethnicity of the person in charge of the organisation? *

- Black
- Coloured
- Asian/Indian
- White
- Other – Please Specify:
- Don't know/Refused

17) What is the age of the person in charge of the organisation?*

- Under 18 years old
- 18-24 years
- 25-34 years
- 35-44 years
- 45-64 years
- 65+ years
- Don't know/Refused

18) What is the highest level of education that the person in charge of the organisation has?*

- School Leaver
- Completed some high school
- National Senior Certificate/Matric
- Post secondary diploma/certificate or Vocational Qualifications
- Bachelors Degree or equivalent
- Masters Degree or equivalent
- Doctoral degree or equivalent
- Don't know/Refused

19) Does the person in charge of the organisation belong to any of the following groups? [TICK ALL THAT APPLY]*

- Disabled
- LGBTQI
- Returned diaspora
- Non South African national
- None of the above
- Don't know/Refused

20) How many permanent people does your organisation currently employ (i.e. pay a salary to), according to the following groupings? [PUT N/A IN FIELDS WHERE DATA TYPE IS NOT TRACKED OR NOT KNOWN, IF NO EMPLOYEES PLEASE PUT '0' IN FIRST FIELD]

TOTAL employees across all groups:

Gender: Women:

Gender: Men:

Gender: Other:

Age: Under 25:

Age: 25-35:

Age: 36-45:

Age: 46-65:

Age: 65+:

Full time permanent (40+ hours per week):

Part time permanent (under 40 hours per week):

Disabled:

LGBTQI:

Returned diaspora:

Non South African nationals:

21) How many total permanent employees did you employ:

At the end of 2018?:

At the end of 2017?*

22) In 2018, how many temporary or contract workers (ad hoc, or less than 3 months in a year) did your organisation employ over the course of the year? If you do not track this data or don't know, please write in N/A. *

23) Does your organisation offer any of the following to young people AND/OR to women AND/OR people from previously disadvantaged groups to help improve their chances of permanent employment? [TICK ALL THAT APPLY]

- Internships and/or learnerships
- Training
- Apprenticeships
- Volunteering opportunities
- Bursaries
- We do not engage in such activities
- Don't know/Refused

24) Does your organisation seek to address any of the following through its core activities (products and services)? [PLEASE SELECT AT LEAST 1 BUT UP TO 5]*

- End poverty in all its forms
- End hunger, improve food security and nutrition, promote sustainable agriculture
- Encourage healthy lives and promote well-being
- Ensure inclusive and quality education and life-long learning
- Promote gender equality and empower women and girls
- Promote access to clean water and sanitation
- Promote affordable, sustainable and clean energy

- Promote productive employment and decent work for all
- Build resilient infrastructure
- Promote inclusive and sustainable industrialisation
- Reduce inequality within your country
- Make cities and settlements inclusive, safe, resilient and sustainable
- Promote sustainable production and consumption
- Address climate change
- Conserve and sustainably use water
- Sustainable use of land, forests, addressing desertification and biodiversity
- Promote peace and justice, building strong and accountable institutions
- Promote the needs of young people
- Ensure needs and rights of people from previously disadvantaged groups are met
- Improving a particular community
- Promoting creativity and human expression
- Creating art
- Addressing financial exclusion
- Supporting other social enterprises/organisations
- Don't know/refused

25) Which sector does your organisation primarily operate in?

- Advertising and marketing
- Agriculture and fisheries
- Architecture
- Business development services and entrepreneurship support (including to non-profits)
- Childcare
- Construction
- Consultancy
- Crafts
- Design (e.g. product, graphic or fashion design)
- Education
- Energy and clean technology
- Film, TV, Video, Radio and Photography
- Financial services
- Food and nutrition
- Forestry
- Health and social care
- Hospitality (e.g. restaurants, catering)
- Housing
- Infrastructure development and maintenance
- IT, software, computer services (e.g. video games, software development)
- Justice and rehabilitation
- Livelihoods and employment creation (including work-related training)
- Manufacturing
- Museums, galleries and libraries
- Music, performing and visual arts

- Retail
- Tourism
- Publishing
- Transport and mobility
- Water and sanitation
- Workspace provision
- Other – Please specify (Required): _____
- Don't know/Refused

26) Which of the following are key and/or targeted customers/clients/beneficiaries of your core products and services? [PICK BETWEEN 1 TO 3]

- Businesses
- Public Sector
- Non-Profit Organisations
- Youth people (under 35)
- Children (under 14)
- Women
- Previously disadvantaged or B-BBEE groups
- Disabled people
- People on very low incomes
- Unemployed people
- Other – Please specify (Required): _____
_____*
- Don't know/Refused

27) Do you measure your organisation's impact in any of the following areas?

- Number of beneficiaries of your services/products
- Positive benefit to local community and/or communities you serve
- Positive impact on cultural development
- We don't measure our impact at the moment
- Other – Please Specify (Required): _____
_____*
- Don't Know/Refused

28) During the 3 year period 2015 to 2018, did your organisation invest in any of the following? [TICK ALL THAT APPLY]

- Internal Research and Development: Creative work undertaken within your organisation that increases knowledge for developing new and improved goods or services and processes.
- Acquisition of Research and Development: Creative work that increases knowledge for developing new and improved goods or services or processes that was performed by another organisation and purchased by your organisation
- Forms of design: Engagement in any form of design activity, including strategic, for the development or implementation of new or improved goods, services and processes
- None of these
- Don't know/Refused

29) During the 3 year period 2015 to 2018, did your organisation introduce? [TICK ALL THAT APPLY]*

- A good/service that was new to the market
- A good/service that was new only to your organisation
- A significantly improved good/service (Exclude the simple resale of goods purchased from other businesses and changes of a solely aesthetic nature)
- None of the above
- Don't know/Refused

30) How important is CREATIVITY* to the performance of your organisation?

* Creativity Definition: Developing, designing, or creating new applications, ideas, relationships, systems, or products, including artistic contributions.*

- Not important
- Somewhat important
- Important
- Very important
- Extremely important
- Don't know/Refused

31) How important is INNOVATION* to the performance of your current organisation?

* Innovation Definition: The performance of our organisation requires creativity and alternative thinking to develop new ideas for and answers to work-related problems.

- Not important
- Somewhat important
- Important
- Very important
- Extremely important
- Don't know/Refused

32) How important is IDEA GENERATION* to the performance of your current organisation?

Idea generation Definition: The ability to come up with a number of ideas about a topic (the number of ideas is important not their quality, correctness, or creativity).

- Not important
- Somewhat important
- Important
- Very important
- Extremely important
- Don't know/Refused

33) Which of the following skills do you feel are most important in terms of your organisation success? These can be both skills you have or skills you need, but we are interested to hear what you think drives success. [PICK UP TO 3]

- Self knowledge and awareness, including of leadership style
- Awareness of others and how to use their skills and abilities
- Ability to build balanced and complimentary teams
- Technical skills relating to your area of work
- Financial management skills
- Relationship based fundraising and business development

- Ability to manage conflict constructively
- Marketing and social media
- Ability to set a vision and inspire people towards achieving this vision
- Ability to manage a team towards practical goals
- General business management
- Other – Please specify (Required): _____
_____*
- Don't know/refused

34) Does your business currently have any of the following measures in place to protect your intellectual property?

- Don't take measures to protect IP
- Copyright
- Trademark
- Design registration
- Patents
- Non disclosure agreements
- Overseas/International protection
- Other – Please specify (Required): _____
_____*
- Don't know/Refused

35) What proportion of your organisation's income comes from grants, if any?

- No grants
- 1-24%
- 25-49%
- 50-74%
- 75-100% – but intend to reduce grants below 75% next year
- 75-100% – intend to maintain this level of grant use next year
- Don't know/Refused

36) What per centage of finance/funding and investment has your organisation received in the last 2 years from the following sources?

- Grants – local or international government
- Grants – foundations, large international organisations
- Donations (corporate/individual, cash/in-kind – including equipment, volunteer time)
- Soft loans (below market interest rates)
- Commercial rate loans
- Equity or equity-like investments
- Mortgage
- Overdraft
- Personal income from another job or source
- Other

37) What was your organisation's annual turnover last financial year?

- Under R500 000
- R500 000 – R1 million
- R1 million – R5 million

- R5 million – R10 million
- R10 million – R50 million
- More than R50 million
- Don't know/Refused

38) In the last financial year did your organisation?

- Make a profit
- Break even
- Make a loss
- Don't know/Refused

39) If your organisation makes a profit or surplus, how is it used? [CHECK ALL THAT APPLY]

- To grow capacity – e.g. through recruitment, procurement, equipment purchase
- Investment in research and development
- Rewards to staff and beneficiaries
- Share with owners and shareholders (distributed to shareholders)
- Cross-subsidise non-profitable activities
- Put into reserves
- Fund third party social/environmental activities
- Don't know/Refused

40) What are your organisation's growth expectations and plans for the next year? [TICK ALL THAT APPLY]

- We do not expect to grow staff and or turnover/we expect to remain the same
- We expect staff and/or turnover to decrease
- Increase turnover through sales of existing products/services and/or existing customers
- Increase turnover through expansion to new geographic areas
- Increase turnover through developing and launching new products/services
- Increase turnover through attracting new customers
- Attracting investment to expand
- Merge with another organisation
- Acquire another organisation
- Increase turnover through winning business as part of a consortium
- Other – Please specify: _____

- Don't know/Refused

41) What are the most significant barriers to your organisation's sustainability and/or growth currently? [TICK UP TO 5 OPTIONS]

- Obtaining (debt or equity) finance
- Affordability of (debt or equity) finance
- Obtaining grant funding
- Cash flow/Late payment
- Lack of demand/finding customers
- Uneven or fluctuating demand
- Understanding/awareness of social enterprise among funders and financiers
- Taxation
- Recruiting non-executive directors or trustees
- Recruiting staff
- Shortage of managerial skills
- Shortage of skills generally (including financial and marketing)
- Time pressures
- Availability/cost of suitable premises
- Poor commissioning/procurement with public services
- Lack of access to/poor advice/business support
- Intellectual property protection and infringements
- Understanding/awareness of social enterprise among general public/customers
- The economic climate
- Regulations/red tape
- Crime
- Other – Please specify (Required): _____*
- Don't know/refused

42) What are your organisation's top 3 constraints to financing? [TICK UP TO 3 OPTIONS]

- Demonstrating/achieving revenue/profit for equity investors and banks
- Business model not refined
- Limited track record
- Limited access to investors (no relevant contacts, limited network)
- Regulatory constraints when securing international capital
- Finding guarantors/meeting collateral requirements
- Terms and conditions to onerous or difficult to understand
- Not a major constraint for our organisation
- Other – Please specify (Required): _____*
- Don't know/Refused

43) Has your organisation received any of the following types of non-financial support in the last year? Which would you like to receive in the future? [SELECT ALL THAT APPLY]

	Received past year?	Want to receive?
Mentoring or coaching	<input type="checkbox"/>	<input type="checkbox"/>
Incubator/accelerator services	<input type="checkbox"/>	<input type="checkbox"/>
Training	<input type="checkbox"/>	<input type="checkbox"/>
Exchanges and visits	<input type="checkbox"/>	<input type="checkbox"/>
Peer support (informal or through support programmes)	<input type="checkbox"/>	<input type="checkbox"/>
Information or advice on intellectual property protection	<input type="checkbox"/>	<input type="checkbox"/>
Membership of network or professional body	<input type="checkbox"/>	<input type="checkbox"/>
Technical support/advice (including marketing, business planning, impact measurement)	<input type="checkbox"/>	<input type="checkbox"/>
Support to access new customers/markets	<input type="checkbox"/>	<input type="checkbox"/>
Corporate support	<input type="checkbox"/>	<input type="checkbox"/>
Government support (e.g. through state-funded programmes)	<input type="checkbox"/>	<input type="checkbox"/>
None	<input type="checkbox"/>	<input type="checkbox"/>

44) We would like to include details of your organisation in a database which will be kept separately from survey responses. If you are willing provide this data, you consent to us re-contacting you and providing your organisation name and contact details to third parties with whom we have a partnership and who may be interested to contact you with offers or requests for further information.

- We will never share your survey data with third parties, except in aggregated form where your responses are fully anonymised.*
- I agree to my data being used but not to being contacted by third parties.
 - I agree to my data being used and to being contacted by third parties.
 - I don't agree to my data being used at all.

45) In which format did you complete this survey?*

- Mobile phone
- Computer or tablet
- Face-to-face
- Telephone interview
- Other – Please specify

