The influence of society’s perception, social networking and social impact measurement on access to finance of social enterprises: Perspective of eThekwini Municipality, KwaZulu-Natal, South Africa

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ABSTRACT

The aim of this paper is to explore the influence of society’s perception, social networking and social impact measurement on access to finance for social enterprises’ activities. It broadens the theoretical understanding from the perspective of resource dependence theory. The study tested hypotheses to ascertain the impact of society’s perception, social networking and social impact measurement on access to finance that enhances social enterprises’ activities. A quantitative research approach was adopted, using a snowball sampling technique to identify 90 owners/managers of social enterprises from three communities in the KwaZulu-Natal province. The data were examined with Partial Least Square Structural Equation Modeling. The study revealed social impact measurement has a positive, but statistically insignificant impact on access to finance; while a positive and statistically significant impact of social networking on access to finance; while society’s perception has a positive and statistically significant impact on access to finance. The result does not support the moderation effect of society’s perception on social networking and access to finance. Therefore, this study recommends government educate society on the importance of social enterprise activities in KZN communities, which will enhance society members’ willingness to provide financial assistance. In addition, there should be great emphasis on social networking among social enterprises, as it provides crucial platforms to share relevant information on access to finance, which is essential in addressing societal challenges.

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Introduction

The concept of social enterprises (SEs) is not relatively new, however, in the past few years, there has been a rising interest in this sector by governments and scholars globally (Littlewood & Holt, 2018). Although the term “social enterprise” was first used in Italy in the late 1980s, it only became a household concept in Europe in the mid 1990s (Defourny & Nyssens, 2008). This type of business has become relevant in social work practice and policy development. However, notwithstanding governments, scholars and business professionals becoming more interested in the concept of SE, evidenced by the significant rise in academic research, there is still no universally acceptable definition of SE (Haugh, 2012). In the 1980s, contemporary SEs were within nonprofit organizations, however, in recent years, many nonprofit organizations are adopting business strategies that embrace the combination of profits and social benefits, as there has been a significant reduction in available donations and grants (Katz & Page, 2010).

Dees and Anderson (2006) identified two schools of thoughts based on perspectives, priorities and values: on the one hand, the Social Enterprise School of thought believes SEs are organizations that operate as businesses and use strategies to make profits to address social problems. On the other hand, the School of Innovation opined SEs are organizations that create social values and meet social needs. However, for this study, the researcher adopts the definition of Defourny and Nyssen (2012) as it combines the above-
mentioned schools of thought and has gained popularity among academics. These authors emphasise SEs are organizations that use innovative and creative ideas, with social purpose as their main focus, mixed with the appropriate business model that will generate income and provide benefit to society. In other words, SEs are businesses that offer products and services to generate income that can be used to achieve their social goals. In so doing, they are financially sustainable without depending on government grants and other donations. This definition also supports the European idea of SE, which is businesses with social objectives that reinvest their surpluses either in the business or community to improve the welfare of society. SEs are further described as organizations with characteristics that combine profit and social benefits (Watters et al., 2012). These enterprises systematically create a balance between income generation and social value creation for the benefit of society in a broader perspective.

Many individuals are beginning to understand the important role SEs play in addressing social problems within society, through the use of innovative and creative approaches, particularly when faced with limited resources and skills (Littlewood & Holt, 2018). Access to finance is considered one of the major factors affecting SEs and their social value creation, even in countries such as South Africa (SA) (Moriggi, 2020). Society’s perception, social networking and social impact measurement have been seen as critical factors that could influence access to finance for SEs’ activities. The ideas of society’s perception, social networking and social impact measurement stand out in existing literature.

Society’s perception is included among the critical sources of support or constrain for SEs’ activities, as the Global Entrepreneurship Monitor (GEM) (2019) reports, because the right perception and desirability of SEs will create an adequate platform and serve as a useful source to access finance. Family, friends, customers and suppliers remain important ways for SEs to access finance (Akoh, 2023). The positive perception of SEs in society would lead to increased patronage of their products and services that will impact revenue and improve their social value creation.

Social networking, similarly, creates an important interface between various stakeholders that enables SEs to identify opportunities to access finance (Seelos & Mair, 2004). The ability to leverage these networks plays a role as critical sources to external financial resources. Without the contact and network, SEs might have limited access to investors who remain crucial to achieving their social objectives (British Council, 2020).

Over the last few years, the ability to attract investors and have access to finance from both internal and external sources has significantly depended on social impact measurement (Gonul & Senyuva, 2020). Funders and investors are beginning to channel their scarce resources to SEs that can measure and demonstrate their impact. A clear measurement of impact has been stated in literature to attract social impact investors and provide secured funding and resources for SEs’ activities (Buckland & Hehenberger, 2021).

In SA, SEs are faced with various challenges including society’s poor perception, lack of social networking, access to finance, and insufficient social impact measurement, as well as bad infrastructure, and an inadequate regulatory framework. All these factors significantly affect SEs’ ability to innovatively and creatively address many of the socio-economic challenges in the country (Littlewood & Holt, 2018). In a country such as SA, it is important SEs have adequate access to finance, since it plays a significant part in their social value creation (BVuma & Marnewick, 2020). Access to finance for SEs is underpinned by many factors, including society’s perception, social networking and social impact measurement (BVuma & Marnewick, 2020; Rawhouser et al., 2019; GEM, 2022). However, there is no evidence that measures the influence of society’s perception, social networking and social impact measurement on access to finance, particularly with regard to SEs in SA.

The aim of this study, as such, was to analyse the influence of society’s perception, social networking and social impact measurement on access to finance for SEs’ activities in SA. To the best of the researcher’s knowledge, this study is the first academic effort to conduct a comprehensive analysis on society’s perception, social networking, social impact measurement, and access to finance of SEs in SA. Therefore, this paper seeks to address the research question: What is the influence of society’s perception, social networking and social impact measurement on access to finance of SEs in SA?

The next section of this paper presents the literature review, comprising the theoretical and conceptual background to the study, as well as the empirical review and hypotheses development. This will be followed by the methodology applied in the study, the presentation of the findings and discussions. The paper concludes with recommendations, limitations and suggestions for further research.

**Literature Review**

The section provides an overview of the theoretical foundation of the study, used to strengthen the link between society’s perception, social networking, social impact measurement and SEs access to finance.

**Theoretical and Conceptual Background**

**Overview of Resource Dependence Theory (RDT)**

It is presumed the access to finance for SE activities will be influenced by the independent variables in this study, supported by RDT, which has emerged as one of the well-known resource theories. In today’s business environment, RDT is considered an important school of thought regarding entrepreneurship and small businesses (Nienhüser, 2008). In terms of SE industry resources, RDT has frequently been discussed (Joy, Poonamallee & Scillitoe, 2021). For example, research conducted by Chinyoka (2020), Andrews and...
Hodgkinson (2022) and Malatesta and Smith (2014), are some empirical studies in the area of SEs that have also applied RDT. It is important that firms engage in collaborations and develop relationships in the external environment, in order to manage their dependency on critical resources, including financial resources, and create opportunities for broader finance sources. Some resources used and controlled in an organization, particularly those regarded as valuable, can be instrumental in developing a competitive advantage (Chinoyoka, 2020).

Pfeffer and Salancik (2015) provide a clear description of the influence numerous external contingencies have on an organization, thus many organizations may not be fully self-sufficient and may require critical resources from outside parties, in order to compete and survive. Nevertheless, the theory view is that managers need to carefully manage such dependencies, including actors who may want to exert control over critical resources, particularly financial resources. Consequently, RDT suggests organizations, including SEs, can sustain growth from resources provided by others, as well as other organizations benefiting from them. Many studies mention the influence external contingencies, such as society’s perception, social networking and social impact measurement, can have in strengthening relationships and enhancing access to finance for SEs (Coşkun & Öztürk, 2023). Moreover, access to finance remains a key element of an external resource (Fernandes et al., 2023). Social networking is considered a critical external contingency, and small businesses, including SEs can leverage it to enhance their access to finance for their activities (Asad et al., 2016). In addition, social impact measurement is believed to have a positive influence on social impact investors and can enhance access to finance for SE activities (Fernandes et al., 2023).

**Influence of society’s perception, social networking and social impact measurement on access to finance**

It is agreed for any business to thrive and grow, they need to have adequate financial resources (Byrd et al., 2013). Previous studies have shown the lack of access to finance limits the ability for businesses, particularly Small and Medium Enterprises (SMEs), to keep up with the fast-growing pace of the global economy, and their survival continues to be threatened (British Council, 2020; Maphalla et al., 2009).

Access to finance for SEs, particularly in SA, becomes useful in strengthening their capacity to be more financially self-sustainable and lessen their dependence on public and private grants (OECD/European Commission, 2022). In SA, SEs are involved in various business sectors, including health, agriculture, manufacturing, and education, as well as social services, with limited access to state grant funding and diminishing international donors frustrating their contribution to sustainable development (Akoh, 2023; Littlewood & Holt, 2018). It may require identifying other methods and a broader range of sources to access finance, as it remains a crucial tool for their social value creation (Chong & Kleemann, 2011). This study examined the influence of pathways to access financial resources for SE activities., specifically focused on how society’s perception, social networking and social impact measurement enable SEs to access finance.

**Influence of social impact measurement on access to finance**

Measuring social impact plays an important role in attracting and securing funding and financial resources for SEs’ activities (Akoh & Lekhanya, 2023). Social impact measurement has increasingly become a major requirement for SEs (Gonul & Senyuva, 2020). However, measuring this social impact is not an easy task. SEs face difficulties with identifying the appropriate methods to measure, the practicality of measurement, as well as the lack of resources and capacity to measure their impact, as reported by the Organization for Economic Co-operation and Development (OECD) (2015), which could significantly affect their access to financial resources.

A study conducted by Buckland and Hehenberger (2021) revealed social impact measurement provides clear evidence of the benefits resulting from a social mission, where the lack of measuring impact means there is no evidence to secure financial resources from government and impact investors. The study also asserts impact measurement should not only be to attract investors, rather, it should be embedded in the culture of the organization by producing data that matter and creating an environment of inclusivity for the people impacted. The interdependence of the parties involved is more crucial than only concentrating on the technical issues of the measurement (Nguyen et al., 2015). This environment of inclusivity and the closeness of the relationship developed through impact measurement would, in turn, lead to SEs accessing financial resources that will enhance their social value creation (Lall, 2019).

Urmanaviciene and Mendis (2021) conducted a study in Sri Lanka and mentioned although many SEs use the traditional funding method, such as bank loans, to enhance their activities, accessing finance based on impact measurement is growing. Ormiston (2022) carried out a study in Australia and the United Kingdom and asserts impact measurement has a positive influence on attracting investors. The study also revealed how SEs can use past experiences with impact measurement to maintain their relationship with impact investors, in order to secure access to finance. Thus, these studies indicate a positive relationship between social impact measurement and access to finance for SE activities.

**Influence of social networking on access to finance**

Social networking is considered one of the most important sources of financial resources for SEs (Seelos & Mair, 2004). Social networking comprises the interactions between SEs and other relevant stakeholders that would enhance the achievement of a common social goal. Furthermore, the broader the relationship between SEs, as well as with other actors in society, such as governments and corporate organizations, paves the way for the mobilisation of financial resources (Akoh & Lekhanya, 2022). A study conducted by
the British Council (2020) highlighted 50 percent SEs in SA lack access to financial resources from potential investors, due to insufficient relevant contacts and poor social networking.

Mary et al. (2019) undertook research in India and found networking is not merely a support system that ensures information and service sharing among like-minded people or organizations, it also builds business alliances and creates new opportunities that will improve financial revenue. Nonetheless, the results from this study revealed no significant relationship between SEs’ financial self-sufficiency and networking. This, however, contradicts the study by Talukder and Lakner (2023), who mention networking through crowdfunding remains a panacea for access to finance from various investors, with the help of online platforms.

A study conducted in SA by the International Labour Organization (ILO) (2016) revealed the lack of information regarding the kind of financial resources available for SEs is a key barrier affecting their activities. This study also highlighted that shared information among SEs through networking and collaboration, will be instrumental in accessing financial resources. According to Jaiswal-Dale et al. (2022), in uncertain environments where SEs operate, such as in South African communities, building trust and maintaining relationships, as well as having contacts with key stakeholders, will enhance access to finance.

**Influence of society’s perception on access to finance**

Societal acceptance and support could propel people’s willingness to participate in or patronise the socially productive activities offered by SEs, which will increase their market exchanges and entrepreneurial capital (Urban, 2015). The significant transformation of funding for SEs in recent years creates an opportunity to provide products and services that will attract individuals in society (Chong & Kleemann, 2011). The positive relationship between SEs and societies they operate in increases the opportunity to explore new markets, as well as potentially new innovations to increase financial resources. Ashrafi et al. (2020) conducted a study in Bangladesh that revealed positive society’s perception and desirability of SEs provide a platform and serve as a support system, particularly through their intrinsic quality of goods and services. This implies an increase in society’s understanding of the uniqueness SEs provide in their socially beneficial products and services, will be the motivating factor to pay a premium, rather than support for a social cause. Furthermore, the increasing attention SEs are experiencing from citizens and institutions such as governments, banks and more, could be a way to access finance (Biggeri et al., 2017). Moreover, results from previous studies highlight the important influence of positive society’s perception on increasing access to financial resources for SE activities (Bľanda & Urbančíková, 2020). However, society’s perception on SEs in SA has been relatively low compared to other countries, ranking 20th of 47 countries (GEM, 2022).

In addition, the results from previous studies reveal an increase in the awareness level and positive society perception of SEs improves their level of social networking, thereby increasing access to finance for SE activities (Choi et al., 2020; Mazzei & Steiner, 2021; Biggeri et al., 2017).

**Empirical Review and Hypotheses Development**

Based on the theoretical framework and conceptual background, the hypotheses of this study were developed as follows:

**H1**: Social impact measurement has a positive and significant influence on access to finance of social enterprises in South Africa.

The hypotheses is based on the assumption that social impact measurement is a critical practice, used to provide evidence of the benefits SE activities have in influencing access to finance. SEs that conduct social impact measurements have a better chance to attract impact investors (Buckland & Hehenberger, 2021; Ormiston, 2022; Urmanaviciene & Mendis, 2021).

**H2**: Social networking has a positive and significant influence on the access to finance of social enterprises in South Africa.

The hypotheses assumes social networking plays a crucial role in SEs accessing finance for their social value creation. It was noted improved collaborations and strengthened networking with other relevant stakeholders in the community, could be an instrumental source of information that will enhance SE access to finance (Jaiswal-Dale et al., 2022; Talukder & Lakner, 2023).

**H3**: Society’s perception has a positive and significant influence on access to finance of social enterprise in South Africa.

The hypotheses presupposes is the perception of people in society has a positive influence on SEs accessing finance for their activities. This assumption is supported by a number of studies, which indicates positive societal acceptance will improve support for SE products and services, leading to profitability (Ashrafi et al., 2020; Bľanda & Urbančíková, 2020).

**H4**: Society’s perception moderates the relationship between social networking and access to finance of social enterprises in South Africa.

This hypotheses proposes a positive society’s perception serves as moderator between social networking and access to finance that will enable SEs to adequately address social problems in the community (Choi et al., 2020; Biggeri et al., 2017). Figure 1 presents the hypothesised relationship of society’s perception, social networking and social impact measurement that defines SE access to finance.
This study investigated the influence of social impact measurement, social networking and society’s perception on access to finance in the KZN province. It also assessed the mediating role of society’s perception on social networking to access to finance. The next section discusses the methodology adopted in this study.

Research Methodology

The method adopted for this study will be discussed under the following headings: the target population, sample size, data collection method, as well as the measurement and analysis.

Target Population

A quantitative research method was used in this study and was carried out among SEs operating in the Inanda, NtuZuma and KwaMashu communities in the KZN province. In SA, SEs usually adopt a Non-Profit Organisation (NPO) structure (British Council, 2020) and a report by the Department of Social Development (DSD) (2020) shows 41 639 NPOs registered in KZN. However, Fernández-Laviada et al. (2020, p. 1) highlight three main elements that differentiate a social enterprise SE from other enterprises, NPOs and/or charitable organizations, namely: social mission is a predominant factor; innovation is of great importance; and there is the role of earned income.

Sample size

A total of 90 SEs were identified through a snowball sampling technique. The demographical information of the participants are presented in table 1 below.

Data collection method

In SA, a lack of a specific legal framework that governs SEs remains, leaving their population unknown, with no specific database for a sample frame to be developed (GIBS, 2018; Dzomonda, 2021). This study adopted similar inclusion criteria to other studies (Dzomonda, 2021; Akoh & Lekhanya, 2022), based on the following: the SE has been operating for more than a year, pursues only social issues and not personal gains, is registered with the DSD or intends to do so in the near future, and engages in an income generating venture. Upon meeting the inclusion criteria, the researcher requested participants to recommend other participants, and this process continued until the target sample size or saturation point was reached (Parker et al., 2019). The questionnaire was self-administered and the researcher received a total of 90 completed questionnaires, representing a 100 percent response rate.

Data measurement and analysis

Based on the research framework, the study measured three independent variables: Social impact measurement (SI), social networking (SN) and society’s perception (SP), against their relationship with access to finance (AF) as the dependent variable. The study used a Likert-scale, with the response range from 1 (strongly agree) to 5 (strongly disagree), and 3 (neutral) as midpoint. The Statistical Package for Social Sciences (SPSS) version 27 was used to perform the first part of the analysis, which calculated the descriptive statistics (mean, minimum, maximum and standard deviation). In the second part of the investigation, a partial least squares structural equation modelling (PLS-SEM), which is also known as variance-based structural equation modelling (SEM), was applied with the help of SmartPLS 4 software.

Figure 1: Research framework; Source: Author
Findings

Table 1: Demographic information of respondents

<table>
<thead>
<tr>
<th>Variables</th>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>39</td>
<td>43.3</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>51</td>
<td>56.7</td>
</tr>
<tr>
<td>Location</td>
<td>Inanda</td>
<td>30</td>
<td>33.3</td>
</tr>
<tr>
<td></td>
<td>NtuZuma</td>
<td>30</td>
<td>33.3</td>
</tr>
<tr>
<td></td>
<td>KwaMashu</td>
<td>30</td>
<td>33.3</td>
</tr>
<tr>
<td>Type of social enterprise</td>
<td>Non-Governmental Organisation (NGO)</td>
<td>16</td>
<td>17.8</td>
</tr>
<tr>
<td></td>
<td>Not-for-Profit Organisation (NPO)</td>
<td>26</td>
<td>28.9</td>
</tr>
<tr>
<td></td>
<td>Hybrid</td>
<td>13</td>
<td>14.4</td>
</tr>
<tr>
<td></td>
<td>Profit oriented</td>
<td>33</td>
<td>36.7</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>2</td>
<td>2.2</td>
</tr>
<tr>
<td>How the social enterprise is owned</td>
<td>Partnership</td>
<td>16</td>
<td>17.8</td>
</tr>
<tr>
<td></td>
<td>Manager and sole owner</td>
<td>42</td>
<td>46.7</td>
</tr>
<tr>
<td></td>
<td>Manager and jointly owned</td>
<td>19</td>
<td>21.1</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>13</td>
<td>14.4</td>
</tr>
<tr>
<td>Years of operation</td>
<td>1 – 2 years</td>
<td>14</td>
<td>15.6</td>
</tr>
<tr>
<td></td>
<td>3 – 5 years</td>
<td>35</td>
<td>38.9</td>
</tr>
<tr>
<td></td>
<td>6 – 8 years</td>
<td>28</td>
<td>31.1</td>
</tr>
<tr>
<td></td>
<td>9 – 11 years</td>
<td>4</td>
<td>4.4</td>
</tr>
<tr>
<td></td>
<td>More than 11 years</td>
<td>9</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Author

Table 1 shows most SEs (33 or 36.7%) are profit-oriented, with 26 (28.9%) operating as NPOs, while 16 (17.8%) are NGOs, and 13 (14.4%) SEs are hybrid. While the majority of the SEs (42 or 46.7%) are solely owned, 19 (21.1%) are jointly owned. In terms of years of operation, most SEs (35 or 38.9%) have been operating for three to five years, with 28 (31.1%) in operation for six to eight years. The collection of this information was considered crucial for this study, as it enhances the study findings (Fernandez et al., 2016).

Assessment of the measurement model

In this study, the researcher investigated both the validity and reliability used in the process of analysing the outer model (also known as measurement model), which forms the basis for the study. Figure 2 presents the outer factor loadings for the comprehensive measurement model employed in this study. It clearly shows all the components had values above the minimum requirement of 0.70. These findings show the outer factor loadings are adequate to accommodate the model within the framework. Therefore, the model is suitable for the reliability and validity test.
Table 2: Indicator loadings, internal consistency reliability, and convergent validity

<table>
<thead>
<tr>
<th>Construct</th>
<th>Items</th>
<th>Loadings</th>
<th>Cronbach’s Alpha</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Society’s Perception</td>
<td>SP 1</td>
<td>0.859</td>
<td>0.886</td>
<td>0.965</td>
<td>0.741</td>
</tr>
<tr>
<td></td>
<td>SP 2</td>
<td>0.919</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SP 3</td>
<td>0.842</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SP 4</td>
<td>0.818</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Networking</td>
<td>SN 1</td>
<td>0.730</td>
<td>0.810</td>
<td>0.827</td>
<td>0.637</td>
</tr>
<tr>
<td></td>
<td>SN 2</td>
<td>0.796</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SN 3</td>
<td>0.804</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SN 4</td>
<td>0.858</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Impact Measurement</td>
<td>SI 1</td>
<td>0.959</td>
<td>0.896</td>
<td>1.071</td>
<td>0.695</td>
</tr>
<tr>
<td></td>
<td>SI 2</td>
<td>0.874</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SI 3</td>
<td>0.858</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SI 4</td>
<td>0.601</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Access to Finance</td>
<td>AF 1</td>
<td>0.782</td>
<td>0.732</td>
<td>0.746</td>
<td>0.550</td>
</tr>
<tr>
<td></td>
<td>AF 2</td>
<td>0.701</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AF 3</td>
<td>0.740</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>AF 4</td>
<td>0.742</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

Internal consistency reliability and convergent validity

To determine the internal consistency reliability, the researcher investigated the composite reliability (CR) of the model. Table 2 illustrates that all the values are higher than 0.60, which implies the criteria were satisfied and the requirements met (Ab Hamid et al., 2017). Similarly, convergent validity is described by Carlson and Herdman (2010. P. 2) as the “extent to which two measures capture a common construct”. In addition, table 2 shows the measure correlates with other measures in the same construct for each variable, with the Average Variance Extracted (AVE) greater than 0.50, which is higher than the minimum requirement provided by Afthanorham (2013).

![Figure 2: Assessment of the measurement model; Source: Author](image-url)
Discriminant validity

According to Fornell and Larcker (1981), discriminant validity is defined by the square root of the AVE. Furthermore, in order to indicate discriminating values, it is recommended the value of the AVE square root should be higher than the values of the latent variables. As indicated (Table 3), the value of the entire diagonal is higher than the values of the other latent variables. Similarly, another critical requirement is to ascertain whether the construct is valid (Zait & Bertea, 2011). The findings in this study revealed the measurement model is adequate and does not contain any errors. In other words, the factors measured in this study satisfy all the necessary requirements for discriminant validity.

Table 3: Discriminant validity matrix

<table>
<thead>
<tr>
<th></th>
<th>Access to Finance</th>
<th>Social Measurement</th>
<th>Impact</th>
<th>Social Networking</th>
<th>Society’s Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Finance</td>
<td>0.742</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Impact Measurement</td>
<td>0.121</td>
<td>0.834</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Networking</td>
<td>0.374</td>
<td>0.273</td>
<td>0.798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Society’s Perception</td>
<td>0.368</td>
<td>0.119</td>
<td>0.436</td>
<td>0.861</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

Assessment of the structural model

In this study, the researcher analysed the structural model as a follow-up to the measurement model examined and presented above. Beran and Violato (2010) explain a structural model enables a researcher to calculate the path coefficient that shows the direct or indirect relationship and degree of correlation among latent variables, in order to better understand the way they interact with each other. Furthermore, to ascertain the significance of the relationship between the variables, the t-value should be higher than 1.64 (Henseler et al., 2009). This value was used to arrive at the appropriate decision regarding the hypotheses developed in this study. The structural model for this study is presented in figure 3 below. The PLS-SEM algorithm and the bootstrapping approach were used to measure the structural model for this study. Figure 3 shows the paths between the constructs. In addition, all the direct relationships that form the hypotheses for the study were tested.

Hypotheses testing and discussion

Table 4 illustrates the hypotheses supported in this study have a t-value higher than 1.64. Hence, two of the four hypotheses tested in this study were accepted and the other two hypotheses were rejected. The first hypothesis (H1) suggests social impact measurement (SI) has a positive and significant influence on access to finance (AF) of SEs in SA. The results show (beta value = 0.018; t = 0.093; p = 0.463 and p > 0.05), confirming H1 is rejected. The findings from the study show the second hypothesis (H2), which suggests
social networking (SN) has a positive and significant influence on access to finance (AF) of SEs in SA, is accepted (beta value = 0.256; t = 2.286; p = 0.011 and p < 0.05), demonstrating H2 is supported by the data. Likewise, the results from the third hypothesis (H3), which suggest society’s perception (SP) has a positive and significant influence on access to finance (AF) of SEs in SA, are accepted (beta value = 0.251; t = 2.179; p = 0.015 and p < 0.05).

Table 4: Summary of hypotheses testing results

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Std. Beta</th>
<th>Std. Error</th>
<th>t Values</th>
<th>p Values</th>
<th>5.00%</th>
<th>95.00%</th>
<th>Decision</th>
<th>R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 SI -&gt; AF</td>
<td>0.018</td>
<td>0.193</td>
<td>0.093</td>
<td>0.463</td>
<td>-0.376</td>
<td>0.234</td>
<td>Rejected</td>
<td>0.192</td>
</tr>
<tr>
<td>H2 SN -&gt; AF</td>
<td>0.256</td>
<td>0.112</td>
<td>2.286</td>
<td>0.011</td>
<td>0.085</td>
<td>0.456</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>H3 SP -&gt; AF</td>
<td>0.251</td>
<td>0.115</td>
<td>2.179</td>
<td>0.015</td>
<td>0.075</td>
<td>0.438</td>
<td>Accepted</td>
<td></td>
</tr>
<tr>
<td>H4 SP x SN -&gt; AF</td>
<td>0.017</td>
<td>0.116</td>
<td>0.147</td>
<td>0.442</td>
<td>-0.166</td>
<td>0.213</td>
<td>Rejected</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author

Moderation analysis

This study also tried to ascertain whether the moderator (society’s perception) significantly influences the relationship. The researcher further used SmartPLS software, with the PLS algorithm calculating the standard beta coefficient value, and R² value for society’s perception and access to finance, respectively. However, the study followed the bootstrapping procedure to determine the t-value and p-value. The results shown in table 4 reveal society’s perception does not significantly moderate the influence between social networking and access to finance. The hypothesis (H4) results revealed society’s perception did not positively and significantly moderate the influence between social networking and access to finance of SEs in SA (beta value = 0.017; t = 0.147; p = 0.442 and p > 0.05); H4 is rejected.

Discussion

The aim of this study was to investigate the influence of society’s perception, social networking and social impact measurement on access to finance for SEs in SA. Two different independent variables and one moderator were selected to ascertain their influence on the dependent variable. Four hypotheses were developed based on the study aim and to address the underlining issues. SPSS version 27 and PLS-SEM version 4 were used for the statistical analysis of the study. Two hypotheses were identified to have positive and statistically significant relationships on SEs in SA, while two hypotheses have insignificant relationships.

The findings of this study showed no statistically substantial correlation between social impact measurement and access to finance of SEs. This finding demonstrated by hypothesis one (H1), which shows social impact measurement does not influence access to finance. Nevertheless, social impact measurement is an important aspect of SE activities and improves their credibility in society; however, it does not necessarily influence their access to finance (Fernandes et al., 2023). Many investors consider social impact a subjective concept and the lack of consensus on adequate metrics of measurement affects the reliability on its results as a motivation to invest in SEs (Hermes & Hudon, 2018). Findings from other studies reveal impact measurement is used to legitimise prior engagement between SEs and funders, but the closeness of the relationship developed is what determines the sustainability of the access to finance (Lall, 2019; Molecke & Pinkse, 2017). The findings in this study, however, contradict several other studies, with regard to investors being attracted to SEs conducting social impact measurement, serving as a tool in accessing finance for SEs (Urmanaviciene & Mendis, 2021; Clifford et al., 2013; Schätzlein et al., 2022).

A positive and statistically significant relationship was additionally found in this study between social networking and access to finance for SEs. This finding provides support to H2. According to the study results, an increase in the social networking level in SEs could enhance their access to finance for SE activities. This also supports findings from previous studies that revealed social networking has a positive and significant influence on access to finance of SEs (Ghauri et al., 2014; Talukder & Lakner, 2023; Jaiswal-Dale et al., 2022; Mary et al., 2019). Moreover, the findings from this study also align with a study conducted in SA by the ILO (2016), highlighting the development of online platforms where SEs can network, be provided with information, and act as a referral mechanism for financial service providers, which will increase access to finance.

The results from this study, furthermore, revealed a positive and significant relationship between society’s perception and access to finance for SEs. This findings lends support to H3. This implies the more positively society perceives and understands the importance of SEs, the more they will be willing to financially support these enterprises. This finding is supported by other studies conducted in different contexts (Chong & Kleemann, 2011; Lyon & Baldock, 2014; Fernández-Laviada et al., 2020; B'anda & Urbančíková, 2021).

It was further shown in this study that there is no positive and statistically significant moderation influence of society’s perception on the relationship between social networking and access to finance for SE activities. This means H4 is rejected. A study conducted
in India by Shan and Tian (2022) reported similar findings, revealing that pressure from external stakeholders does not moderate the relationship between prosocial motivation and social entrepreneurship orientation that could, in turn, influence their access to finance.

**Conclusions**

According to the findings of this study, the researcher can conclude social impact measurement does not significantly influence the access to finance for SE activities in SA’s KZN province. However, the importance of social networking to the overall accessibility to financial resources of SEs is highlighted in the study. As the findings and results from this study show, social networking is a crucial tool and is likely responsible for a significant amount of the access to finance for SE activities in the KZN province of SA. In a similar vein, this study also indicated an improved and positive society’s perception of SE activities can substantially and positively impact access to finance. In other words, SEs in the KZN province of SA will attract more sales for their product and services, as well as receive the necessary support, when society’s perception improves, leading to increased access to finance. In terms of society’s perception having a moderating effect on the relationship between social networking and access to finance, this study found no statistically significant influence on SEs in the KZN province. This means society’s perception does not influence social networking to enhance access to finance.

**Implications**

There are many theoretical and practical implications to this study. First, the findings highlighted in this study provide improved knowledge and understanding of the effect social networking and society’s perception has on SEs, all of which can have a significant and positive influence on access to finance for SE activities in SA’s KZN province. Second, the study findings further broaden the application of RDT to SEs and demonstrate how external resources, financial resources in particular, can be accessed to improve SE activities.

Third, the empirical findings from this study can enable owners/managers of SEs in developing strategies to produce goods and services that will improve society’s perception, as well as building reasonable collaborations and networking to enhance their access to finance. Fourth, the study findings also highlight the important role of policymakers, government and other relevant parties, to design and implement policies that will enhance awareness and improve society’s perception of SEs. Last, social networking should be encouraged between stakeholders in social sectors, as it will provide long-term benefits to SE activities in the KZN province and the entire country.

This study was conducted in three communities in the KZN province and had a limited sample size. However, critical lessons have been highlighted and could be learned to enhance SE activities in other communities. Nonetheless, caution should be applied when using the findings from this study.

Based on the study results, further study can be conducted in other communities within the KZN province, as well as in other provinces across SA, using a larger sample size, to ascertain whether these findings are a representation of other communities.

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