

# The Impact of Social Entrepreneurship on Wealth Creation in Nigeria: A Case Study of Selected Non-For-Profit Organizations (NPOS)

Uchehara, Felicia Omelogo (Ph.D.)

Department of Business Administration, Chukwuemeka Odumegwu Ojukwu University

E-mail: fo.ucheghara@coou.edu.ng

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v9-i6/6052>

DOI:10.6007/IJARBSS/v9-i6/6052

**Published Date:** 30 June 2019

## Abstract

The seminar paper sought to investigate the impact of social entrepreneurship on wealth creation in Nigeria. The study was based on descriptive survey. Primary and secondary sources of data were employed. Copies of questionnaire were used to elicit responses from the subjects. Telephone calls were used to clarify questionnaire questions for the respondents. Observation provided the researcher the opportunity to watch the social entrepreneurship activities of the sampled NGOs. The secondary source used were textbooks professional journals, newspapers and relevant websites provided the researcher insight into existing literature on the subject theme. The populations of the study were 40 and 288 for the founders and clients respectively of the sampled NGOs. The instrument for data collection was the questionnaire. Simple percentile was used in analyzing the research questions. Chi-square ( $X^2$ ) was used to test the hypothesis while statistical package for social sciences (SPSS) was employed in cross tabulations between states, LGAs/towns and their frequencies. The study revealed that social entrepreneurship creates employment. The research findings indicated that there is a positive significant relationship between social entrepreneurship and wealth creation. The result of the findings also indicated that there are factors that play crucial role in the development of social entrepreneurship such as employment, social concern, and skills acquisition/empowerment.

**Keywords:** Wealth Creation, Social Entrepreneurship, Nigeria, Employment, Skill Acquisition, Empowerment.

## Introduction

### Background of the Study

Social entrepreneurship (SE) acts like an umbrella that includes social enterprise, social purpose organizations such as not-for-profit and non-governmental organizations being operated as normal business with focus on immediate social problems around the world. (Nicholis, 2006). Social entrepreneurship plays economic and social roles: public, private and

non-profit sectors and economic values are blended (Leadbeater, 1997). S.E involves socially responsible practice of commercial business engaged in cross-sector partnership such as the capital investment for social entrepreneurial behavior (Sagawa and Segal, 2000). Social entrepreneurs are change agents and innovators. (Moore 2000; Devis, 1997).

Earlier research studies on social entrepreneurship had centered on social value and intangible objectives such as good governance, health on different models for the practice of social entrepreneurship. The result of the studies indicated models suited for social entrepreneurship practice for not-for profit organizations, large companies and small and medium enterprises in China. These studies used a combination of narrative and qualitative methods which are not easily measured and quantified (Lei and Zhu, 2010, NichoUs, 2006).

There is a gap to ascertain if social entrepreneurship could be used to create measurable tangible objectives like job creation and wealth creation in Nigeria. Social entrepreneurship as a process includes the identification of a specific problem and a specific solution to address it, the evaluation to social impact, business mode) and sustainability of the venture and the creation of a social-mission-oriented not-for-profit entity that pursues the double or triple bottom-line. More and more organizations participate in social activities not only for pursuit of commercial profit but at the same time solving social problems like unemployment, poverty alleviation and wealth creation (Carlo and Miller 2008, Daris, 1997). The major social and economic problems plaguing the world such as social unrest, unemployment, economic woes, extreme poverty, and societal needs unmet by government and failure of market process to solve these problems have given prominence to the emergence of social entrepreneurship is believed to be a forum for sustainable solution to these social and economic issues (Alvord, Brown, Letts 2004; Mulgan and Landry, 1995).

Nigeria is the sixth largest oil producing nation but continues to face an intimidating youth unemployment with over 40 million or 28.57 percent of the population jobless. There is upsurge in crimes such as kidnapping, armed robbery, cultism and religion insurgencies among other violent crimes, which is believed to a very large extent directing attributable to joblessness (World Bank Report 2009; Twitter: Nigeria news desk: 10/5/13; 2.30am)

The study is concerned about the high rate of unemployment and its attendant lack of wealth creation in the economy and sought to investigate if social entrepreneurship could be a platform for employment and wealth creation using not-for-profit organizations.

### **Statement of the Problem**

Empirical data revealed that some social enterprises and commercial organizations respectively have put in place social entrepreneurship programs using social entrepreneurship model best operations to empower and train people for job creation in Sweden and China (Lei and Zhu 2010; Mulgan and Landry, 1995). Government and organized private sector have failed to meet up with the public expectation on the issues of job creation and tackling extreme poverty in Nigeria. Nigeria with about a population of 170 million people (Olokor, 2012) has over 40 million of its population jobless is worrisome. The problem of the study therefore is to investigate how social entrepreneurship could help solve the problem of job and wealth creation in Nigeria.

### Objectives of the Study

The study thus set out:

1. To ascertain the role of social entrepreneurship in job creation
2. To determine the effect of social entrepreneurship on wealth creation in Nigeria.

### Theoretical Framework

Vesper 1980, Gartner et al 1989 opined that different theories of entrepreneurship give a rich background from where to proceed in empirical analysis but different theories and methodologies should be chosen according to the context of the study. Some trails to develop multidimensional approach to entrepreneurship study also poses problems. There is also the problem of running into severe methodological difficulties when trying to combine economic and social context in the same multidimensional model. (Johnson 1990). Many studies on entrepreneurship assumed that small business operators, high-growth innovative ventures and entrepreneurs are all similar. There is the problem in explaining and predicting the behavior of a group that is heterogeneous - that is, it is difficult to measure and operationalize (Virtanen, 1996 and Koskinen 1996). According to Vesper (1980) and Gartner, *et al* (1989:183) identified differentiating characteristics among entrepreneurs by developing taxonomy, and concluded that no single taxonomy captures all the important differentiating variables. Rather, the more accurate differentiation in categorizing entrepreneurs gives the possibility to combine different traditions and theories in approaching multidimensional phenomenon of entrepreneurship. Some of the theories of entrepreneurship are discussed below:

Psychological theories and the need for achievement.

Psychological theories such as those developed by David Mcclland paid attention to personal traits, motives and incentives of an individual and concluded that entrepreneurs have a strong need for achievement. (Mccelland and Winter, 1971).

A similar focus is found in locus of control theories that conclude that an entrepreneur will probably have strong internal locus of control (Low and Macmillan, 1988:147, Amil *et al.*, 1993:821). This implies that an entrepreneur believes in his or her capabilities to commence and complete things and events through actions taken by such individuals.

Brockhaus (1982:42-41) opined that an internal locus of control if every other thing fails, may serve to distinguish the successful entrepreneurs from the unsuccessful ones. The author was of the view that success is a relative concept and can be measured differently in different contexts. The author argued that if success is measured in relation to the fulfillment of the goals and objectives of a particular entrepreneur, self-employed could also be classified as successful if their businesses generate continuously a satisfactory level of living. On the other hand, high-growth enterprises may be considered unsuccessful if they are not able to offer high return on investment (ROI) to their investors Davidson (1989:210-21) stressed that achievement motivation is the most important factor contributing in explaining variation of growth rates and entrepreneurship. Shaver and Scott (1991:31) affirmed that achievement motivation is perhaps the only convincing personological variable associated with new enterprise creation. Johnson (1990) found a relationship between achievement motivation and entrepreneurship in 20 of 23 students. Murray (1938) saw a need as a force in the brain region and the specific need for achievement was achieved in individuals.

*"to accomplish something difficult: To master, manipulate or organize physical objects, human*

*beings or idea. To do this as rapidly and as independently as possible. To overcome obstacles and attain a high standard. To excel ones' self. To rival and surpass others. To increase self-regard by the successful exercise of talent.*

### Conceptual Framework

About 1960's social entrepreneurship and social entrepreneur were first used in the literature,

The terms were made popular and promoted by Bill Drayton, the founder of Ashoka innovators for the public. With this development, social entrepreneurship has been understood and defined in multifarious ways over the past few years. SE connects the blank between the business and the social facts, with focus on the aim to serve communities and society rather than a company's profit. Non-profit and non-governmental organizations, foundations, governments and individuals also play a role to promote, fund and advise social entrepreneurs around the globe. Social entrepreneurship has spread internationally and can be framed into three spheres:

Social entrepreneurship is a sub-discipline within the field of entrepreneurship. (Thompson 2002; Hsu 2005, Miller, 2008).

The concept of SE is still ambiguous and hardly able to define due to its diversities in content and approach. Social entrepreneurship has been understood and defined in multifarious ways over the past few years. Some researchers see social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies or management schemes to create social value (Austin et al 2003, Boschee 1998) Some refer to SE as the socially responsible practice, of commercial business engaged in cross-sector partnerships (Sagawa and Segal, 2000, Watldock, 1995). Others view it as a means to address and alleviate social problems or needs that are unmet by private markets or governments and catalyze social transformation. (Alvord et al., 2004)

Sinims and Robinson (2009) defined social entrepreneurship as: "a process that includes the identification of a specific social problem and a specific solution to address it, the evaluation of the social impact, business model and sustainability of the venture and the creation of a social mission-oriented non-profit entity that pursues the double or triple bottom line".

Social entrepreneurship is a multidimensional construct involving the expression of entrepreneurial virtuous behavior to achieve a social mission (Moore, 2000)

Davis (1997) disagreed and argued that any definition of social entrepreneurship should reflect the need for a substitute for the market discipline that works for business entrepreneurs. There is no basis to assume that market discipline would automatically weed out social ventures that are not utilizing resources. Davis defined social entrepreneur's role as that of change agent in the social sector by:

- Adopting a mission to create and sustain social value (not just private value)
- Recognizing and relentlessly pursuing new opportunities to serve that mission.
- Engaging in a process of continuous innovation, adaptation and learning.
- Acting boldly without being limited by resources currently in hand and
- Exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

'[The definition combines an emphasis on discipline and accountability with the notions of value creation taken from Say; innovation and change agent from Schumpeter, pursuit of opportunity from Drucker and resourcefulness from Davis. It is an idealized definition on the premise that social sector leaders will exemplify these characteristics in different ways and degrees. The closer one gets to satisfying all the above conditions, the more the individual fits the model of a social entrepreneur. Those who are more innovative in their work, who create more significant social improvements would naturally be seen as being more entrepreneurial.

Dcss (1998) gave some further elaboration of the each of the elements in Davis definitions:

- Change agents in the social sector: Social entrepreneurs are the reformers and revolutionaries described by Schumpeter but with social mission. The visions of these change agents are bold, they attack the underlying causes of problems, rather than mere treating symptoms. Improvements in their chosen arenas whether it is education, healthcare, economic development, the environment, the arts or humanitarian.
- Adopting a mission to create and sustain social value. This is the core of what distinguishes social entrepreneurs from business entrepreneurs even from socially responsible businesses. For a social entrepreneur, the social mission is fundamental. This social improvement cannot be reduced to creating private benefits (financial returns or consumption benefits for individuals). Making a profit, creating wealth or serving the desires of customers may be part of the model but these are means to a special end not the end in itself. Profit is not the gauge of value creation nor is customer satisfaction social impact is the gauge. Social entrepreneurs look for a long-term social return on investment. Social entrepreneurs want more than a quick hit; they want to create lasting improvements. They think about sustaining the impact.
- Recognizing and relentlessly pursuing new opportunities. Where others see problems, entrepreneurs see opportunity. Social entrepreneurs are not simply driven by the perception of a social need or by compassion, rather they have a vision of how to achieve improvement and they are determined to make then-vision work. They are persistent. The models they develop, the approaches they take can and often do change as the entrepreneurs learn about what works and what does not work. The key element is persistence combined with a willingness to make adjustments. Entrepreneurs do not accept challenges as barriers but seek ways to surmount such obstacles. Engaging in a process of continuous innovation, adaptation and learning. Entrepreneurs are innovative, break new grounds, and develop new models and pioneer new approaches. Schumpeter had earlier stated that innovations could take many forms. It does not require inventing something wholly new. It can simply involve applying an existing idea in a new way or to a new situation. Entrepreneurs need not be inventors. They simply need to be creative in applying what others have invented. Their innovations may appear in how core programs are structured or how resources are assembled and in managing fund. On Minding, innovative ability of social entrepreneurs seek ways to assure that their ventures will have access to resources as long as they are creating social values. Innovation is a continuous process of exploring, learning and improving. With innovation comes uncertainty and risk of

failure. Entrepreneurs tend to have a high tolerance for ambiguity and how to risks. Entrepreneurs regard failure as a learning experience not a personal tragedy.

- Acting boldly without limited by resources currently in hand. Social entrepreneurs do not let their own limited resources keep them from pursuing their visions. They are skilled at doing more with less and at attracting resources from other social entrepreneurs, explore all resource options from pure philanthropy to commercial methods of the business sector. They are not bound by sector norms or traditions. SE develops resource strategies that are likely to support and reinforce their social missions.

-1

- Exhibits a heightened sense of accountability to (the constituencies served and for the outcomes created). Social entrepreneurs take steps to assume they are creating value. They make sure they correctly assessed the needs and values of the people they intend to serve and the communities in which they operate. They have chosen connections with their "investors" including anyone who invests money, time and/or expertise to help them. When feasible, social entrepreneurs create market-like feedback mechanism to reinforce this accountability. They assess their progress in terms of social, financial and managerial outcomes not simply in terms of their size, outputs or processes. They use this information to effect the corrections, needed.

### **Social Entrepreneurship in Nigeria**

Available related indigenous literature revealed that Nigeria is in the incubation stage of social entrepreneurship as most of the social activities are planned and implemented by non-governmental organizations (NGOs). Nigeria is trying to build its own social entrepreneurship based on its peculiar situation, while consciously or unconsciously government is endeavoring to encourage SE behavior and foster social entrepreneurship. The activities of the NGOs cut across a wide spectrum of activities such as awareness campaign on HIV/AIDS, and Sexual Transmitted Diseases (STDs); empowering local women through micro-credit/information, seminars on good governance, gender issues among others. It is believed that with the precarious economic condition in the country and deep understanding of the subject matter in the traditional setting, the NGOs or /social entrepreneurs do not only consecrate to the society but also, earn income at the same time. The present population of Nigeria is put at about 167 million (Olorok, 2012). Following years of military rule and poor economic management, Nigeria experienced a prolong period of economic stagnation, rising poverty levels and decline of its public institutions. By most measures, human development indicators in Nigeria were comparable to that of other least developed countries while widespread corruption undermined the effectiveness of various public expenditure programs. (Okonjo-lweala & Osafo-Kwaako, 2007). A major challenge for the Nigeria economy was its macroeconomic volatility driven largely by external terms of trade shocks and the country's large dependence on oil export earnings. Nigerian economy is ranked among the most volatile in the world for the period of 1960-2000 (World Bank, 2003).

According to Okonjo-lweala and Osafo-Kwaako (2007) Nigeria's social sector indicators have been particularly weak. According to Mulgan and Landry (1995), the major social and economic problems such as poverty, high rate of unemployment and economic downturns plaguing the globe and gaps created in societies by unmet government's promises, social entrepreneurship is believed to be a forum for sustainable solutions at both local and



international levels. Available related literature indicated that there is no official registry of non-governmental organizations (NGOs) in Nigeria. The activities of such organizations are regulated by the constitution of the Republic of Nigeria as well as federal and state laws. There is also no systematic way of operating the NGOs in the country. Their activities cover wide scope of activities such as creating awareness for good governance, HIV/AIDS campaign for most at risk population (such as commercial sex workers, injection drug users; uniformed service men, youths, men and women of reproductive age); empowering women and unemployed with micro credit facility for self-reliance among others.

The records revealed that despite the unorganized nature of these organizations, international donor agencies sponsor NGOs in the country and it is a paying career. There are two categories of beneficiaries for a typical social entrepreneurship project which are primary beneficiaries and secondary beneficiaries. The first category covers those that the project impact upon directly. For example, a community maternity health centre would be of benefit to women of reproductive age and children, while men and the society at large would equally benefit. Donor agencies usually send monitoring and evaluation officers to assess and evaluate such projects. The personnel varies as there are employees, part-time and volunteers working in the NGOs (Elnathan 2012, Churn 2010)

### Drivers/Why of Social Entrepreneurship

Social entrepreneurship holds key to future development and a better society. Social entrepreneur would play a crucial role in the advancement of positive social change. (Ranch, 2012) Exploration of new technologies and the advent of powerful global communication networks have connected communities across the globe, created opportunities and circumstances to support a growth in the supply side of new social goods. These social goods confront and alleviate the social problems around the world which are unmet by the governments and private sectors. The democratization system of government that is sweeping through the globe gave rise to advocacy /chit society groups with their human rights awareness campaigns.

Environmental crisis is rising due to the side effects from the rapid development of economics.

Drivers behind the growth of social entrepreneurship are:

Table I

Source: (Nichollis 2006: Drivers behind growth of social entrepreneurship)

Demand side	Supply side
Rising economic inequality	Increase in global per capita wealth Improved social mobility
Government inefficiency in public service delivery	Extended productive lifetime (in advanced economy)
Rising crisis in environment and health	Increased power of multinational corporations
Retreat of government in the face of Free market ideology	Belter education level
More developed role NGOs	Improved communication
Resource competitors	

### Social Mission Focus

The social mission is the key determinant of making an organization into SE arena. The identification of social mission sets the clear direction of social enterprises. The operational context, operational process and its outcomes and impact can be used to define the social mission. See Table 2 below

Characteristics	Examples	Contested Issues
Contest of social venture	Public welfare environmentalism development and aid	Acts as a privatization of public goods, does not address underlying political issues, narrow focus can create dependency.
Process of social venture	Close engagement with key stakeholders, employ and train disenfranchised, act as trade intermediary	Stakeholders selection criteria/exclusion from process, empowerment of stakeholders
Outcomes and impacts	Improved public welfare, individual empowerment, crisis alleviation	Social impact, often unmeasured, short-termism.

Table 2: Source: Defining Social Mission in Social Entrepreneurship (Nicholls 2006)

### Differences between Entrepreneurship and Social Entrepreneurship

For better understanding of social entrepreneurship, Austin, Stevenson and Wei-Skillcn (2003) classified entrepreneurship into two types:

- Commercial entrepreneurship and
- Social entrepreneurship.

The definitions of commercial and SE are quite similar that they both focus on the role of innovation. The authors stated that commercial entrepreneurship and social entrepreneurship can be distinguished in three ways:

- (a) Missions and values
- (b) Performance measurement
- (c) Resource mobilization.

The mission and values. Commercial entrepreneurship aims at private gains while the SE is concerned with social value creation.

According to Nicholls (2006) the key determinant of launching an organization into social enterprise arena is the social mission. The identification of social mission sets the clear direction of social enterprises. The social mission could be defined from the perspectives of operational context, its outcomes and impact.

The Performance measurement. The performance of commercial entrepreneurship is usually measured in terms of financial performance. On the other hand, it is hard to measure the performance of social entrepreneurship because most of the value they create is intangible,

Resource mobilization. Resource mobilization refers to the capital and other resources that are needed to maintain the development of the organization. Owing to the profit concept, commercial entrepreneurship has no difficulty in attracting venture capital and the sources. Social entrepreneurship may be trapped into difficult situation due to lack of enough financial



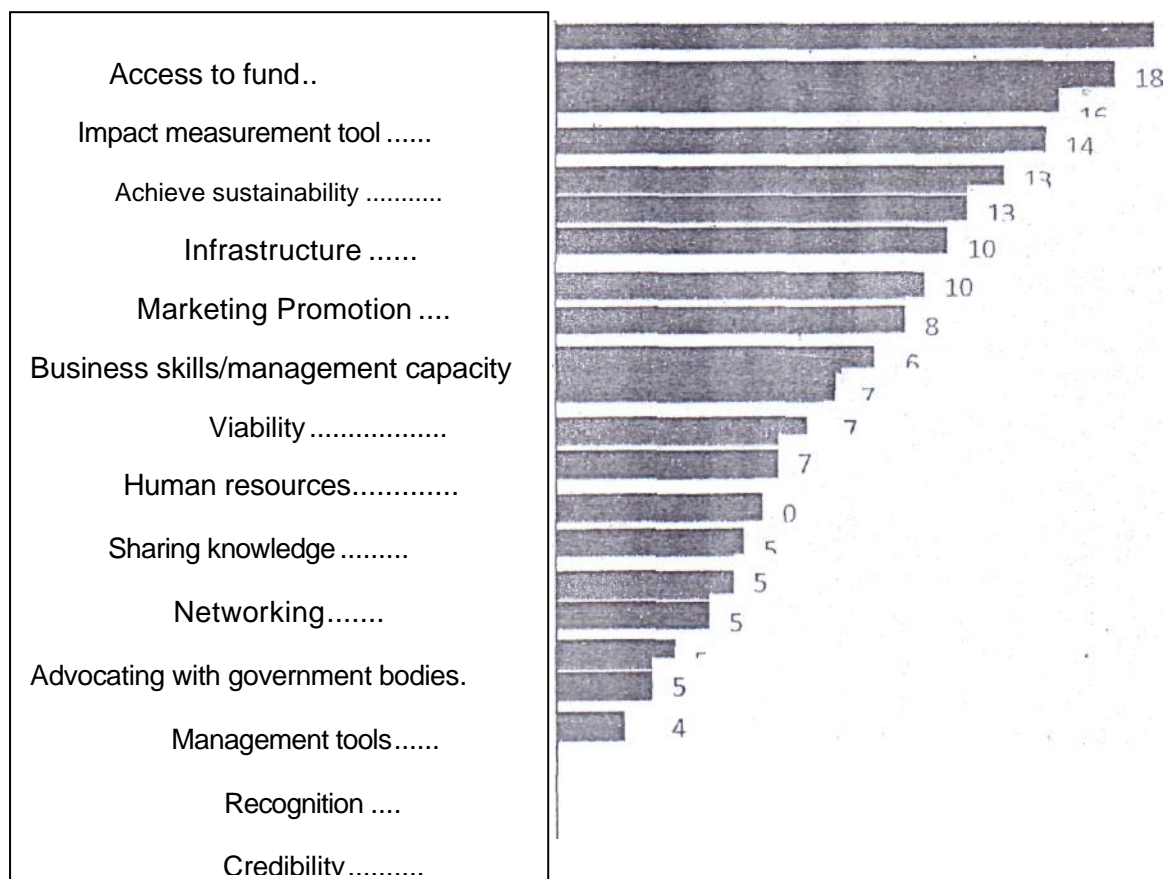
capital to keep the social enterprise functioning, not to mention other necessary inputs. Available related literature revealed that the trend is now changing. More and more organizations participate in social activities not only for the pursuit of commercial profit. These kinds of organizations try to combine both as hybrids to pursue two bottom lines, one deals with profits while the other deals with social value (Davis, 1997, Carlo & Miller, 2008). The authors disagreed and maintained that the nature of SE obviously affects how social entrepreneurs perceive and assess opportunities. Mission-related impact becomes the central criterion, not wealth creation. For social entrepreneur, wealth is just a means to an end. For business (commercial) entrepreneurs, wealth creation is a way of measuring value creation. This is because business entrepreneurs are subject to market discipline which determines to a large extent whether they are creating value. If business entrepreneurs do not shift resources to more economically productive uses, such entrepreneurs may be competed out of business. The ideas of these theorists Say, Schumpeter and Drucker earlier discussed are both suited for commercial and social entrepreneurs as they describe the mind-set and a kind of behavior, expected from the two types of entrepreneurs. Their major differences are: (1) The social mission of social "entrepreneur is explicit and central. This dictates how social entrepreneurs perceive and assess .opportunities. Mission-oriented impact becomes the central focus, not wealth creation. Wealth is just a means to an end for social entrepreneurs. While for commercial entrepreneurs, wealth creation is a way of measuring value creation. - This is as a result of the market discipline pressure on social entrepreneurs. For example, the commercial is compelled to shift resources to productive uses and adjust to price mechanism to avoid being edged out of business.

Markets are not perfect, but overtime, they show a test of private value creation, more especially when customers get the desired satisfaction by being willing and able to pay for such goods and services. It then follows that entrepreneurs who are able to procure the factors of production - land, labour, capital, equipment (information) in a competitive/dynamic market place is a good indicator. Profit (revenue minus costs) is a good measure for value created and also a reward for the entrepreneur. Inability to generate profit leads to collapse of such commercial venture. The market structure does not work the same way with social entrepreneurs. The market structure has no means of equitable valuation of such social variables like social improvements, good governance, and etcetera. It is difficult to determine if social entrepreneur is creating sufficient social value to justify the inputs or resources used in creating that value. It is believed that social entrepreneurs operate in markets but there is no discipline. Many social enterprises charge fees for some of their services and compete for donors on both the local and international arenas. There is no alignment of the discipline of these "markets" with the satisfaction for the clients who get these services nor the motivation of those global networks that provide the resources. Even where improvements can be measured, it is difficult to ascribe each improvement to the intervention received (Dess & Haes, 1998, Elnathan, 2012)

### **Empirical Framework**

Based on the global research of "IES - Social Entrepreneurship Institute on the basic sources for creating an organization and some other sources particularly required for a social enterprise. The findings indicated the main areas of needs such as health, education, ecology and good governance among others. These are intangible and difficult to measure (Nicholls, 2006)

“Main needs”



Title " The practice of Social Entrepreneurship as a Model: Case Study between Sweden and China.

Purpose	Methodology	Findings	Research Implications/Value
Skoll centre for Social Entrepreneurship (2008) using questionnaire aimed to research "negative factors hindering social enterprises development in china.	Extensive literature review, filed interview, phone calls and observation	Social entrepreneurship is a new phenomenon, evolving fast with no fixed model. Most of the NGOs lack management skills, profit making is by donation not engaging in marketing business. Social entrepreneurship is unitary, which is strictly covered in rest-home, education, social servers among others.	Irrespective of the low awareness and lack of recognition by the public, social entrepreneurship may succeed where commercial and government failed public expectations. That is, SE may help to offer skills acquisition, job creation and empowerment if given its due recognition.

Purpose	Methodology	Findings	Research Implications/Value
Lei and Zhu (2010) using words and model studied "the practice of social. Entrepreneurship as a model in Sweden and China	Qualitative was used so as to capture an inside view of the phenomenon as it is hard to quantify human feelings. This helped to convey the correct message to the reader clearly in the form of narrative (Walliman 2005)	The study revealed that NPOs used Embedded Enterprise model and also large companies with Foundation Integrated Enterprise model was found in the domain of SMEs and large companies. External Enterprise Model was used exclusively by. large companies.	Commercial enterprises need to embrace social entrepreneurship as part of the activities of the organization, using a model that suits its operations As such organizations make their profit, the SE aspect takes care of skills acquisition, Empowerment to the unemployed.

### What is Social Enterprise?

There is no universally acceptable definition of social enterprise: Organization for Economic Co-operation and Development (OECD 1999) described social enterprise "as a private enterprise conducted in the public interest, "a for-profit social venture and a social purpose enterprise (Wallace, 1999).

A general consensus among authors is taken that a social enterprise is an independent organization with social and economic objectives that aims to fulfill a social purpose sustainability through trading, (Department of Trade and Industry 2001). This is also the definition that is applied in this seminar paper. The combination of entrepreneurial strategy to generate profit with social purpose makes it differ from non-profit organizations (NPOs), 1 laugh (2006) held the view that in the term 'social enterprise'<sup>1</sup>, the word social relates .to the aim of generating non-economic outcomes and 'enterprise' is manifest in the financial structure, which aims to be self-financing, independent and not reliant on donations and philanthropy. Thompson and Doherty (2006) summarized some characteristics of social enterprise as;

- a) It has a social purpose
- b) Its assets and wealth are used to create community benefit.
- c) It pursues this with (at least in part) trading activities. If it delivers services to clients which are paid for by a third party, as distinct from direct sales to a customer, this is still regarded as trading.
- d) Profits and surpluses are reinvested in the business and community rather than distributed to shareholders.
- e) Employees or members have some role in decision making and governance.
- f) The enterprise is held accountable to both its member and a wider community.
- g) There is either a double or triple bottom-line paradigm with an acceptable balance of Economic, social and possibly environmental returns - which are audited.

### Social Enterprises Model

The models are designed to analyze how to operate an enterprise to accomplish its social mission. There are three subjects in the model which are: Social Programs, enterprise

activities and organization According to the level of integration between the social programs and business activities, there are three categories - embedded, integrated and external. In this model, the concept "social enterprise is a variable" which refers to an organization, that, in different circumstance, can be business enterprise, a non-profit organization or a pure social enterprise.

**Embedded Social Enterprise:** In this model, the social enterprise business activities and social programs affect each other. The enterprise activities are "embedded"<sup>11</sup> within the organization's operations and social programs. The not-for-profit group could be a direct beneficiary, owner, an enterprise or employee. This model appears a sustainable program strategy that reinvests the revenues into its programs to gain certain capital to sustain the operation of the enterprise and social programs, achieving financial and social benefits simultaneously. Social enterprise model is the easiest to implement and with the strict requirement of value mission but lack of profit, increase to sustain and spread the social enterprise. Organizations that use this model are in the form of NPOs (Nicholls 2006, Lei and Zhu, 2010)

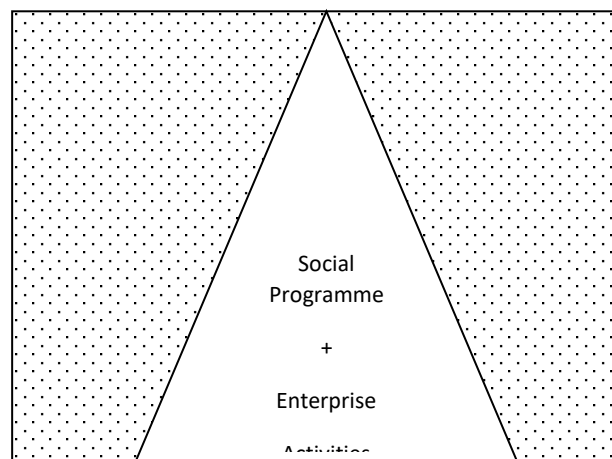


Fig 3 Source: Embedded Social Enterprise (Nicholls 2006)

**Integrated Social enterprise,** In this model, social programs overlap with business activities (See Figure 3). The enterprise activities are integrated with the organization's operation as the two aspects share costs and assets. What social programs generate will be used to support the organization's operations and social activities. The not-for-profit group can both benefit from investments made in social programs and earned income but may or may not involve in enterprise operations. The relationship between social programs and business activities is cooperation and complimentary - like a cycle: adding value; financial and social to one another. The short coming is that it has high demands on support from external supportive agencies. This type is common among SMEs; it creates both economic value; and social value (Nicholls 2006, Lei and Zhu 2010).

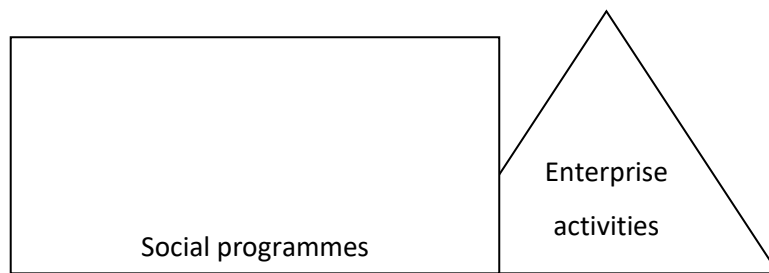


Figure 4 - Integrated Social Enterprise (Nicholls 2006)

External Social Enterprise. In this model social programs are separated from business activities. In this type, the enterprise activities are 'independent' not involved in the organization's operation and social programs. It is used to fund their social programs and operating costs. The not-for-profit client is an indirect beneficiary of revenue and rarely participated in the operation of social enterprise. In this category, social enterprises have to be profitable since the pursuit of social benefit is not prerequisites of business activities. The relationship between business activities and social programs is supportive. This category is best for large companies as they get support from government and gain trust from people. Large companies give what they have especially knowledge, technology, skill and teach individuals how to make enterprise sustainable, then let them to go. (Nicholls 2006).

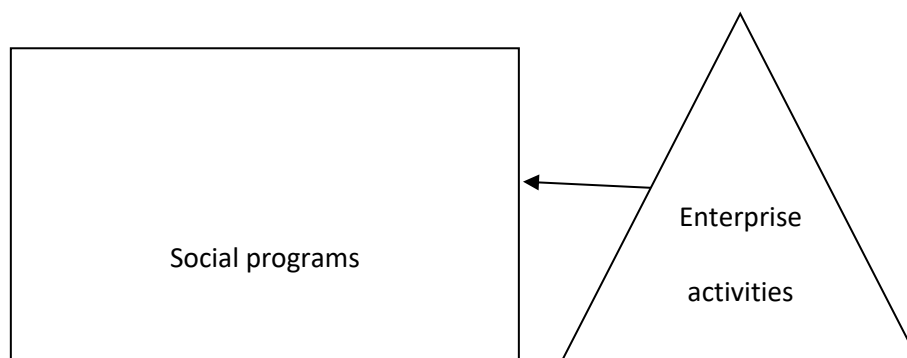


Figure 5 External Social Enterprise (Nicholls 2006, Lei and Zhu 2010)

### Social Entrepreneurship and Wealth Creation

Wealth means the value of both real assets such as houses, land and financial assets like cash, savings, accounts, stocks, bonds among others that households own. Wealth is anything that has value because it produces income or could produce income. Wealth is a stock, income is a flow. (McConnel and Brue, 2005)

Adam Smith described wealth as the annual produce of the land and labour of the society. The produce is simply that which satisfies human needs and wants of utility. Adam Smith viewed wealth creation as the combination of materials, labour, land and technology in such a way as to capture profit. The United Nations definition is all embracing - wealth is a monetary measure which includes the sum of natural, human and physical assets. Natural capital includes land, forests, fossils, minerals and minerals. Human capital is the population's education and skills. Physical or manufactured capital includes such things as machinery, buildings and infrastructure.

For business or commercial entrepreneurs, wealth creation is a way of measuring value creation (performance). This is because business entrepreneurs are subject to market

disciplines which determines a large extent whether they are creating value. Markets are not perfect, but overtime, markets work reasonably well as a test of private value creation, especially the creation of value for customers who are willing and able to pay. An entrepreneur's ability to attract resources- land, labour, equipment, information among others in a competitive business environment is a reasonably good indicator that the venture is making more productive use of those resources.

Entrepreneurs who can pay the most for resources are typically the ones who may put the resources to higher valued uses as determined in the market place. Value is created in business when customers are willing to pay more than its cost to produce the goods or services being sold. (Ranchi, 2012).

Wealth creation ensures building assets and investments over a long period of time. Approaches to wealth creation are varied, one of which is creating value for others that is, a shift from you to customers. (Schumpeter, 1943, Chandler and Jansen, 1992),

Hsu (2005) stressed that the essence of wealth creation is to own revenue streams that is under the individual's control. Wealth creates value and produces surplus over and above what an individual needs to survive.

### **Research Methodology**

The study adopted qualitative approach in order to capture the abstract concept from the description and used quantitative data to convey them correctly to the reader. A survey of selected NGOs was used. There are two reasons for this choice. First, considering the confidential reason for the NGOs, it is hard to get the quantitative data needed. Secondly, social entrepreneurship is still developing and some of the factors in social models are hard to define if qualitative data is used. Upon these reasons, the qualitative approach is used (Walliman, 2005). However, primary data was derived from face-to-face interview and phone interview, and use of the questionnaire.

The population of the study was 40 and 288 respondents covering social entrepreneurs (NGOs) and their clients. This was used for the study. Simple percentage was used to ascertain the percentages for the research questions while chi-square ( $\chi^2$ ) was used in analyzing the hypotheses. The rationale for the use of chi-square was to reveal if the outcome of the responses was systematic or are they merely the result of a chance. Social Package for Social Sciences (SPSS), was used in cross tabulation analysis.

### **Presentation and Analysis of Data**

Rationale for using chi square: in the questions used the task was to measure the responses on one hand and secondly to measure goodness of fit. To determine if the frequencies of these events/responses reveal a systematic pattern or are merely the result of chance.



Table 1

*Reason that informed decision to start NGO*

	count
Employment	5
Social concerns	0
Empowerment	35
Other reasons	3
Total	40

Source: Survey 2013

Chi-Square = 47.33; Df = 3; Sig. 0.012

Small significance values (.012 < .05) indicate that the observed distribution does not conform to the hypothesized distribution. The null hypothesis is rejected. In this case, the significance level of .012 is less than .05. The distribution of responses does differ from the distribution hypothesized. Therefore we can say that there are factors that play a crucial role in the development of social entrepreneurship.

Does social entrepreneurship create wealth?

	Observed N	Expected N	Residual
very strongly	18	6.666667	11.33333
strongly agree	11	6.666667	4.333333
slightly agree	3	6.666667	-3.66667
Agree	7	6.666667	0.333333
disagree	1	6.666667	-5.66667
strongly disagree	0	6.666667	-6.66667
Total	40		

Source: Survey 2013

Chi-Square = 35.60; Df = 5; Sig. 0.000

Small significance values (<.05) indicate that the observed distribution does not conform to the hypothesized distribution. The null hypothesis is rejected. In this case, the significance level of .000 is less than .05. The distribution of responses does differ from the distribution hypothesized. That means that there is relationship between social entrepreneurship and wealth.

Do NGOs create wealth?

	Observed N	Expected N	Residual
Very strongly	134	47	87
Strongly agree	75	47	28
Slightly agree	18	47	-29
Agree	53	47	6
Disagree	2	47	-45
Strongly disagree	0	47	-47
Total	282		

Source: Survey 2013

Chi-Square = 241.192; Df = 5; Sig. 0.000

Small significance values (.000 < .05) indicate that the observed distribution does not conform to the hypothesized distribution. The null hypothesis is rejected. In this case, the significance level of .000 is less than .05. The distribution of responses does differ from the distribution hypothesized. That means that social entrepreneurship creates wealth

Cross tabulations showing relationship between states/LGAs/Towns and their frequencies.

#### 1. Location

State	LGA	count	Town	count
Anambra	Anocha	2	Agulu	2
	Awka south	6	Nibo,awka	6
	Nnewi	2	Ukpo	2
	Ihiala	2	Uli	2
	Idemili	2	Ogidi	2
	Missing	1	Missing	1
	Total	20	Total	0
Imo	Owerri Municipal	9	Ikenegbu, owerri,Naze	7
	Owerri North	7	Missing	2
	Mbaitoli	4	Aladinma, Uratta,	7
	missing	2	Mbeiri	4
			Missing.	2
	Total 40		Total 40	

Source: Survey 2013

#### Qualification

Qualification	Count	Percentage
WASC/SSCE/NCE	2	5.00
HND/1 <sup>ST</sup> DEGREE	23	57.50
PGD/M.sc	12	30.00
PhD	3	7.50
TOTAL	40	100.00

Source: Survey 2013

#### 3. Size of NGO

No Employees	count	Percentage
1-5	9	22.50
6-10	20	50.00
Above 10	11	27.50
Total	40	100.00

What informed your decision to start the Social Entrepreneurship?

Reason	Count	Percentage
Employment	5	12.50

Social Concern/ Skills/Empowerment	0	0.00
Other reasons	35	87.50
Total	3	7.50
	40	100.00

Source: Survey 2013

Do you operate the NGO as Social Entrepreneurship

	Count	Percentage
SME	2	5.00
Full-time-NGO	31	77.50
Ad-hoc-NGO	7	17.50
Total	40	100.00

Source: Survey 2013

Which is your target audience?

	Count	Percentage
Vulnerable group in society	20	50.00
All segments of the society	20	50.00
Educated but unemployed	-	0.0
Total	40	100.00

Source: Survey 2013

What kind of social activities do you organize?

	Count	Percentage
Adult Education/Health	9	22.50
Philanthropy	6	15.00
Skill Acquisition/empowerment	14	35.00
Gender Violence	9	22.50
Missing	2	5.00
Total	40	100.00

Source: Survey 2013

How do you generate funds?

	count	Percentage
Government sponsorship	4	10.00
International organization	15	37.50
Token fees from clients	14	35.00
All of the above	5	12.50
Missing	2	5.00
Total	40	100.00

Source: Survey 2013

Obstacles for you to do social entrepreneurship

	count	Percentage
Lack of funds	29	72.50
Lack of awareness by society	2	5.00
All of the above	6	15.00
None of the above	0	0.00
Missing	3	7.50
Total	40	100.00

Source: Survey 2013

What is the gain from the social entrepreneurship?

	count	Percentage
No material benefit	15	37.50
Just food on the table	6	15.00
High standard of living	12	30.00
Others	2	5.00
Missing	5	12.50
Total	40	100.00

Source: Survey 2013

Do you think social entrepreneurship creates wealth?

	Observed N	Percentage
very strongly	18	45.00
strongly agree	11	27.50
slightly agree	3	7.50
Agree	7	17.50
Disagree	1	2.50
strongly disagree	0	0.00
Total	40	100.00

Source: Survey 2013

What activities of the NGO you participated in?

	count	Percentage
Gender violence	24	8.33
Philanthropy	12	4.17
Skills Acquisition	72	25.00
Adult Education	60	20.83
All activities	108	37.50
Missing	12	4.17
Total	288	100.00

Source: Survey 2013

Benefits derived from NGO

-	count	Percentage
Knowledge	204	70.83
Ability to operate business	36	12.50
All of the above	48	16.67
Nothing was gained	0	0.00
Total	288	100.00
Knowledge	204	70.83

Source: Survey 2013

Opinion about NGOs

	Observed N	Percentage
very strongly	55	19.10
strongly agree	102	35.42

slightly agree	21	7.29
Agree	19	6.60
Disagree	46	15.97
strongly disagree	35	12.15
Missing	10	3.47
Total	288	100.00

Source: Survey 2013

#### Employment status of respondent

	count	Percentage
Self- employed	216	75
Unemployed	48	16.67
Retired	-	-
Employed	24	8.33
Total	288	100

Source: Survey 2013

### Findings, Conclusion and Recommendations

This section presents and analyses the data generated from the- study. The presentation and analysis were based on the responses of founders.co-founders and clients of the non-governmental organizations (NGOs) selected for the study. To enhance appreciation of the empirical data, the responses were collected into various groups, tables and descriptions thereof. Simple tables were used in analyzing the research questions, while chi-square ( $\chi^2$ ) and statistical package for social sciences (SPSS) were used to test the hypotheses and cross tabulation showing relationships respectively. The rationale for choosing chi-square was to measure the responses on one hand and secondly to measure goodness of fit in order to determine if the frequencies of events/responses reveal a systematic pattern or are they merely the result of chance.

### Summary of Major Findings

The results of this Study indicated the following:

Both the social entrepreneurs (founders/employees of the not-for-profit organizations) and their clients were of the view that social entrepreneurs creates job and creates wealth in Nigeria. This is in line with previous research findings that social entrepreneurship has impacted positively in Sweden and China (Mulgan and Landry, 1995; Lei and Zhu, 2010)

Reasons that informed the decision to start the social entrepreneurship activities ranged from skill acquisition, empowerment, adult education, health and gender violence- The not-for-profit organizations (NPOs) involved in social entrepreneurship practice were operated on full-time basis (full employment). The target audiences for the entrepreneurship activities were the vulnerable groups and all segments of the society. The social enterprises generate funds for their operations through donations from International agencies and also from token fees paid by their clients, which the social entrepreneurs reinvest into their programs. This is in line with the Embedded Social Enterprise model". Lei and Zhu 2010, in Embedded social enterprise activities are embedded within the organization's operations and social programs. The model appears a sustainable program strategy that reinvests the revenues into its programs to gain certain capital to sustain the operation of the enterprise and social

programs, achieving financial and social benefits simultaneously (Nicholis, 2006; Lei and Zhu, 2010)

### **Discussion of Findings**

Social entrepreneurship and social entrepreneur were used firstly in literature in the 1960s (Thompson 2002), Social entrepreneurship is relatively a new phenomenon. The term was popularized in the 1980s and 1990s in other lands through the activities of Bill Drayton, the founder of Ashoka innovators for the public (HSU 2005).

Nigeria is in the incubation stage in the development of social entrepreneurship (SE), as most of the social activities are implemented by non-profit organizations (NGOs). There is little or no empirical research study in the area of social entrepreneurship in the nation's tertiary education institutions and it does not have high level of recognition from the government. The term is not a familiar one among the segments of the society including most people that operate the NGOs.

Nigeria social entrepreneurship activities are haphazardly operated. Most of the NGOs are operated by charlatans who are interested only in the funds that How in from global supportive networks without accountability to anyone. The satire written/ titled 'How to run a Nigerian NGO' captures the deplorable stage of development of NGO in Nigeria (Elnathan, 2012) in Daily times Newspaper of October 26.

According to Davis et al., (2003), social enterprise is usually more effective when it builds upon what the organization knows how to do, upon the competencies, the skills and expertise of the organization, instead of engaging in completely new types of activities. There are several unmet government promises which have translated to many problems plaguing the nation. Many governmental and philanthropic efforts in recent times have fallen far short of local and conventional expectations. According to Okonjo-Iweala and Osolb-Kwaaka (2007), major sector institutions are inefficient, ineffective and unresponsive. The lime is certainly ripped for entrepreneurial approaches to numerous social problems confronting (him Nigerian nation vis-a-vis social entrepreneurship, which has been defined as a process, which acts like an umbrella that includes social enterprises, social venture capital and social purpose organizations with business face.

### **Management Implications**

Entrepreneurship is a capitalist concept! Capitalism encourages individual initiatives to generate wealth. All approaches to entrepreneurship venture creation need to create wealth and generate profit without which the venture collapses. For this state to be achieved, there need to be effective and efficient management skills in place.

The study revealed that most of the sampled non-governmental organizations (NGOs) lack management skills/competencies. Their activities and mode of operations are shrouded in secrecy and have no records of financing or financials.

### **Conclusion**

Nigeria is trying to build its own social entrepreneurship system as government is endeavoring to encourage social entrepreneurship behavior. It is believed that social entrepreneurs do not only consecrate to the society but also earn money at the same time. There is every need to develop this important sector of the economy.



## Recommendations

Government need to enact, implement and enforce laws that would compel manufacturing and processing companies in Nigeria to embark on social entrepreneurship programmes that would enable such organizations admit, train and empower a given number of unemployed youths in a year in specific manufacturing or processing operations. The business and the social entrepreneurship programmes would be complementing each other. Large corporations and multi-nationals within the catchment areas of government-owned universities ought to contribute a small percentage of their annual profit to such universities for the development of facilities and workshops for effective and efficient skills acquisition, experience by the students, that would translate into job creation, self-employment and wealth creation by the graduates of the nation's tertiary educational institutions.

## References

- Austin, J. Stevenson, H., and Wei-Skillen J. (2003). *Social entrepreneurship and commercial entrepreneurship: Same, different or both?* Working paper series no 04-029. Journal of business
- Boschee, D. (1998). Changing the world on a shoestring: Atlantic monthly. 28 (1)
- Davis, T. (1997) *The NGO business hybrid: Is the private sector the answer?* Paper presented at CIVICUS world assembly: making money: strategic for earning income session. Budapest Hungary.
- Davis, L., Etchart, N., Jara, M. and Milder, B. (2003) Risky business: The impact of merging mission and market. NESST, Santiago Chile.
- Davidson, P. (1989). Continued entrepreneurship and small firm growth. Stockholm school of economics. The economic research institute. Pp. 210-211.
- Dees, J. G. and Haas, P. (1998), *"The meaning of social entrepreneurship"*. The Kauffman center Tor entrepreneurial founders working group. Unpublished work.
- Drayton, W. (2002) The citizen sector: Becoming as entrepreneurial and competitive as business. California *management review*. No 44 (33)
- Fitz, C. T. and Morita, L. H. (1994) *How to calculate statistics* Beverly hill C.A Sage publications.
- Hsu, C. (2005) *Entrepreneurs for social change*. US news and world report [http//](http://)
- Johnson, B.R (1990) . Toward a multi-dimensional model of entrepreneurship: the case of achievement motivation and the entrepreneur, entrepreneurship, Theory and practice vol. 143
- Johnson, B. R. (1990). Toward a multidimensional model of entrepreneurship: the case of achieved motivation and the entrepreneurship, theory and practice. Vol. 14:3
- Kingdom of Sweden. (2003) Background notes on countries of the world 2003. Sweden.
- Kingdom of Sweden (7.003) Background notes on countries of the world 2003. Sweden.
- Koskinen, A. (1996). Development tracks and arenas of small business in Finnish with English abstract, Helsinki school of economics publications A-1 16.
- Larson, A. (1992). Network dyads in entrepreneurial settings: A study of the governance of exchange relationships. Administrative science quarterly. 37. I.C
- Lei -Jicyi and Sha, Z. (2010) *The practice of social entrepreneurship as a model*. Final Thesis for master degree in business administration. Unpublished work.

- Lei and Zhu. (2010). The practice of Social entrepreneurship as; i model: cases study between Sweden and China. Thesis for Master degree in Business Administration.
- London school of Economies (2004) Low, MB and Macmillan I.C (190). Entrepreneurship: research and future challenges. Journal of management. Vol 14. No 2. 130-16.
- Moore, M. (2000) Manngin<sup>1</sup>, for value' Organizational in for profit, nonprofit and governmental organizations. Nonprofit voluntary sector.
- Thompson, J. L. (2002). The world of social entrepreneur. *The international journal of the public sector management*. 15 (4/5) p 413
- Brockhaus, R. H. (1952). *The psychology of the entrepreneur*. In C.A. Kent, D. Sexton K. Vesper. Encyclopedia of entrepreneurship. Prentice hall. P42-4 1.
- Lei. and Zhu. (2010) as a model: Case study between Sweden and China: Thesis for master degree in Business. Unpublished work.
- Mcccland, D.C and Winter, D. G. (1971). Motivating economic achievement. The free press. New York.
- Mulgan, G., and Landry, L. (1995). *The other invisible hand*. Remarking charity for the 21<sup>st</sup> century: Demos/Comedia, London.
- Nicholls, A. (2006) *Social* entrepreneurship new models of sustainable social change. New University Press.
- Say, J. B. (2001) A treatise on political economy. Quddus, M. and Rashid S. (eds). London. Transaction publishing.
- Schumpeter, J. A. (1943) Capitalism, socialism and democracy- 6<sup>th</sup> cd, Counterpoint edition. Unwin paperbacks London 1987.
- Shaver, K. G. and Scott, L. R. (1991). Person, process, choice: the psychology of new venture creation. *Entrepreneurship theory and practice*, 16(2), 23-46.