

COURSE GUIDE

ENT822 SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP

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Module 1

- Unit 1 Introduction to Social Entrepreneurship
- Unit 2 Overview of Culture
- Unit 3 Influences of Culture On Entrepreneurship Development
- Unit 4 Social Problem and The Social Enterprise Sustainability of Social Entrepreneurial Projects

MODULE 2 TWO

- Unit 1 Cultural Zones in Nigeria
- Unit 2 Cultural (Ethnic) Groups in Northern Nigeria
- Unit 3 Cultural (Ethnic) Groups in Southern Nigeria
- Unit 4 Other Cultural Zones in Nigeria

Module 3

- Unit 1 Poverty and The Need for Social Entrepreneurship
- Unit 2 Social Innovation
- Unit 3 Creating A Social Business Model
- Unit 4 Social capital and Social impact
- Unit 5 Social Investment (Funding Options for Social Enterprises)

Module 4

- Unit 1 The Role of Entrepreneurship In The Economy And Society
- Unit 2 Role of Support Institutions and National Associations
- Unit 3 Contributions of National Associations to Entrepreneurship
- Unit 4 Government Support Agencies for The Development Of SMEs
- Unit 5 Social Enterprise

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INTRODUCTION

ENT822: Social and Cultural Change Entrepreneurship is a one semester course work having two credit units. It is available to students on M.Sc. Entrepreneurship Programme in the Department of Entrepreneurial Studies, Faculty of Management Sciences at the National Open University of Nigeria.

The course is made up of 18 units covering essential topics on culture and cultural changes in the society and how cultural impacts entrepreneurship generally. The course is meant to enable students appreciate their culture and learn from other cultures. The course will make reference to experiences that have affected entrepreneurial practices of groups in the Nigerian society.

This course guide tells you what the course is all about, the relevant textbooks you should consult, and how to work through your course materials to get the best out of it. It also contains some guidelines on your tutor-marked assignments.

COURSE CONTENTS

This course will identify and discuss how changes in the experience of people, entity or society impact on their entrepreneurial orientation. The course is designed to enable students appreciate their culture and learn from other cultures. Reference will be made to what obtains in other cultures and how culture influences entrepreneurial activities in Nigerian society.

We may ask why and how do people become entrepreneurs? Why is entrepreneurship beneficial to our society and the economy. How can our government encourage entrepreneurship in order to bring about economic growth and improvement in the standard of living of the people in the society. The number of people engaged in small and medium-scale enterprises increase as a result of new enterprises being started and through the expansion of existing businesses. Increase in the number of small businesses run by small-scale business entrepreneurs lead to the employment of more people and thus technically solving the problem of unemployment in our society and improving the leaving standard of the populace.

COURSE AIMS

The aim of this course is to groom students to understand socio culture and appreciate its effect on entrepreneurial business activities. The culture of the people may also influence how much entrepreneurship there will be within the locality. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding. A community that accords the highest status to those at the top of hierarchical organizations or those with professional expertise may discourage entrepreneurship. A culture or policy that accords high status to the “self-made” individual is more likely to encourage entrepreneurship.

COURSE OBJECTIVES

In order to achieve the full aims of the course, the study is divided into coherent units and each unit states, at the beginning, the objective it is out to achieve. You are therefore advised to read through the specific objectives before reading through the unit. However, the following represent some of the broad objectives of the course. That is to say, after studying the course as a whole, you should be able to:

- * Understand a general overview of culture and cultural changes
- * Appreciate the effect of cultural changes on entrepreneurship development
- * Understand how culture influence determine the number of small-business
- * Know why people in some cultures do better than others in other cultures
- * Analyze how stringent thrift among people can discourage entrepreneurship
- * Understand how unstable government policies can discourage entrepreneurship
- * Examine the effect of taxation of the establishment and growth of small businesses
- * Forecast future prospects of entrepreneurship as the driver of economic growth
- * Appreciate how the skills of the entrepreneur determines the success of the business
- * Examine the possible ways the government can help the growth of entrepreneurship

Introduction to Social Entrepreneurship

Overview of Culture

Influences of Culture On Entrepreneurship Development

Social Problem and The Social Enterprise Sustainability of Social Entrepreneurial Projects

Cultural Zones in Nigeria

Cultural (Ethnic) Groups in Northern Nigeria

Cultural (Ethnic) Groups in Southern Nigeria

Other Cultural Zones in Nigeria
Poverty and The Need for Social Entrepreneurship
Social Innovation
Social Capital and Social Impact
Creating A Social Business Model
The Role of Entrepreneurship in The Economy and Society
Social Investment (Funding Options for Social Enterprises)
Role of Support Institutions and National Associations
Contributions of National Associations to Entrepreneurship
Government Support Agencies for The Development of SMEs

WORKING THROUGH THIS COURSE

It is imperative that you read through the units carefully consulting the suggested texts and other relevant materials to broaden your understanding. Some of the units may contain self-assessment exercises and tutor-marked assignments to help you. Only when you have gone through all the study materials provided by the National Open University of Nigeria (NOUN) can you satisfy yourself that indeed you have completed the course. Note that at certain points in the course you are expected to submit assignments for assessment, especially the Tutor-Marked Assignment (TMAs). At the end of the course, there will be a final examination to test your general understanding of the course.

COURSE MATERIAL

Course Title: ENT822 SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP.

STUDY UNITS are as follows:

CONTENTS

Module 1

- | | |
|--------|--|
| Unit 1 | Introduction to Social Entrepreneurship |
| Unit 2 | Overview of Culture |
| Unit 3 | Influences of Culture On Entrepreneurship Development |
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Module 2

- Unit 1 Cultural Zones In Nigeria
- Unit 2 Cultural (Ethnic) Groups In Northern Nigeria
- Unit 3 Cultural (Ethnic) Groups In Southern Nigeria
- Unit 4 Other Cultural Zones In Nigeria

Module 3

- Unit 1 Poverty And The Need For Social Entrepreneurship
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- Unit 4 Social capital and Social impact
- Unit 5 Social Investment (Funding Options For Social Enterprises)

Module 4

- Unit 1 The Role Of Entrepreneurship In The Economy And Society
- Unit 2 Role Of Support Institutions And National Associations
- Unit 3 Contributions Of National Associations To Entrepreneurship
- Unit 4 Government Support Agencies For The Development Of SMEs
- Unit 5 Social Enterprise

INTRODUCTION

Social and cultural change Entrepreneurship is a 2 credit unit course and a one semester course for students offering M.Sc course in Entrepreneurship at 800 level. This course is designed to equip learners with basic knowledge/information about the concept of Social Entrepreneurship and Community Development especially in Nigeria. Social Entrepreneurship consists of 18 units. Each unit is supposed to be covered in three hours. It is a core course. This Course Guide tells you briefly what the course is about, what course material you will be using and how these materials would be used. It also highlights issues of timing for going through these units, and explains the activities and Tutor-marked Assignment. There are supposed to be tutorials attached to this course and taking advantage of this will bring you into contact with your tutorial facilitator which will enhance your understanding of the course.

In addition, some technical terms will be explained and you will be enabled to appreciate Social and Cultural change Entrepreneurship Development as a field of study. You will be taken through the concept, basic foundations and the need assessment of Social Entrepreneurs, Essentials of Development, Social Entrepreneurial areas and services one can venture into, the future of Social Entrepreneurship Development as well as the progress made so far in social entrepreneurship and development in Nigeria.

What You Will Learn in the Course

The overall aim of this course on Social and Culture change Entrepreneurship is to explore and explain Social Entrepreneurship and the need for Community entrepreneurship Development in a sustainable manner.

The intention is to broaden your knowledge on the issues of Social and cultural change Entrepreneurship. During this course you will learn about different aspect of Social Entrepreneurship and Development that will enhance self-reliance and empowerment

Course Aims

There are ____ study units in the course and each unit has its objectives. You should read the objectives of each unit and bear them in mind as you go through the unit. In addition to the objectives of each unit, the overall aims of this course is to expose the learner to the concept of Social and cultural change Entrepreneurship. This will be achieved by aiming to:

- (i) Introduce you to the basic concepts and principles of Social and cultural change Entrepreneurship to produce learner who can these concepts in developing the community
- (ii) To have well-informed acquaintance and apply the knowledge of social cultural entrepreneurship development that will be used in teaching and learning.

- (iii) To produce an effective work force for the social enterprise subsector of the Nigerian economy.
- (iv) To have an over view of how to source finance for socially oriented business

Course Objectives

Each unit of this course has specific objectives which are always included at the beginning of each unit. You are advised to refer to them as you study each unit both at the beginning and end of the unit to ensure that you check your progress and that you have done what is required of you by the unit. However, the general objective of this course are:

- i. To explain the basic terms/concept of Social Entrepreneurship.
- ii. To provide information on the various aspects of Social Entrepreneurship Development
- iii. To educate learners on the need assessment of Social Entrepreneurship Development
- iv. To enlighten learners on various Social Entrepreneurship Development areas and services to venture into
- v. To educate learners on the future of Social and cultural change Entrepreneurship Development especially in Nigeria.
- vi. To equip the learners with skills to function well as a social entrepreneur.

Course Materials

Major components of the course are:

- 1. Course Guide
- 2. Study Units
- 3. Further readings
- 4. Activities and Tutor-marked Assignments.
- 5. Presentation schedule

Study Units

There are eighteen (18) units in this course as follows:

Module 1

- Unit 1 Introduction to Social Entrepreneurship
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ASSIGNMENT FILE

The assignment file will be made available to you (where applicable). There, you will find details of all the work you must submit to your tutor for marking. The marks you obtain from these assignments will count towards the final mark you will obtain to hit the required pass-mark for the course.

ASSESSMENT

Your performance on this course will be determined through two major approaches. The first is through your total score in the Tutor-Marked Assignments, and the second is through the final examination that will be conducted at the end of the course. Thus, your assessment in the course is made up of two components:

Tutor-market Assignment	30%
Final Examination	70%

The self-assessment tests which may be provided under some units do not form part of your final assessment. They are meant to help you understand the course better.

However, it is important that you complete work on them religiously so that they will help in building you strongly and serving you as mock-examination.

TUTOR-MARKED ASSIGNMENT

At the end of each unit, there is a Tutor-Market Assignment (TMA), which you are encouraged to do and submit accordingly. The study centre Director/Tutorial facilitator will guide you on the number of TMAs to be submitted for grading.

Each unit of this course has a TMA attached to it. You can only do this assignment after covering the material and exercise in each unit. Normally, the TMAs are kept in a separate file. Currently, they are being administered on-line. When you answer the questions on-line, the system will automatically grade you. Always pay careful attention to the feedback and comments made by your tutor and use them to improve your subsequent assignments.

Do each assignment using material from your study texts and other sources. Try to demonstrate evidence of proper understanding, and reading widely will help you to do this easily. The assignments are in most cases easy questions. If you have read the study texts provided by NOUN, you will be able to answer them. Cite examples from your own experience (where relevant) while answering the questions. You will impress your tutor and score higher marks if you are able to do this appropriately.

FINAL EXAMINATION AND GRADING

At the end of the course, you are expected to sit for a final examination. The final examination grade is 70% while the remaining 30% is taken from your scores in the TMAs. Naturally, the final examination questions will be taken from the materials you have already read and digested in the various study units. So, you need to do a proper revision and preparation to pass your final examination very well.

HOW TO GET THE BEST OUT OF THIS COURSE

The distance learning system of education is quite different from the traditional or conventional university system. Here, the prepared study texts replace the lecturers, thus providing you with a unique advantage. For instance, you can read and work through the specially designed study materials at your own pace and at a time and place you find suitable to you.

You should understand from the beginning that the contents of the course are to be worked on carefully and thoroughly understood. Step by step approach is recommended.

You can read over a unit quickly to see the general run of the contents and then return to it the second time more carefully. You should be prepared to spend a little more time on the units that prove more difficult. Always have a paper and pencil by you to make notes later on and this is why the use of pencil (not pen or biro) is recommended.

FACILTATORS/TUTORS AND TUTORIALS

Full information about learning support services or tutorial contact hours will be communicated to you in due course. You will also be notified of the dates, time and location of these tutorials, together with the name of your tutors. Your tutor will mark and comment on your assignments. Pay attention to the comments and corrections given by your tutor and implement the directives as you make progress.

USEFUL ADVICE

You should endeavour to attend tutorial classes since this is the only opportunity at your disposal to come face to face with your tutor/lecturer and to ask questions on any grey area you may have in your study texts. Before attending tutorial classes, you are advised to thoroughly go through the study texts and then prepare a list of questions you need to ask the tutor. This will afford you opportunity to actively participate in the class discussions.

SUMMARY

Cultural change and entrepreneurship looks at how the culture of the people affects and influences entrepreneurship development in the society. The culture of the people may also influence how much entrepreneurship businesses there will be within each locality. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding. A community that accords the highest status to those at the top of the hierarchy of an organization or those with professional expertise may discourage entrepreneurship in the society. A culture that accords high status to the “self-made” individual is more likely to encourage entrepreneurship. Thus, for the business of the entrepreneur to succeed, he must keep himself and his business dealings close to the society and maintain cordial relationship with the people.

NATIONAL OPEN UNIVERSITY OF NIGERIA

COURSE GUIDE

COURSE CODE: ENT822

COURSE TITLE: SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP

ENT822: SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP

ENT822

SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP

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ENT822: SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP

MODULE I

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ENT822: SOCIAL AND CULTURAL CHANGE ENTREPRENEURSHIP MODULE I

Unit 1	Introduction to Social Entrepreneurship
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UNIT 1 INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

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- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Unbundling the concept of Social Entrepreneurship
 - 3.2 History of Social Entrepreneurship
 - 3.3 The Growth of a Social Entrepreneur
 - 3.4 Who is a Social Entrepreneur
 - 3.5 Characteristics of a Social Entrepreneur
 - 3.6 Difference between a Social and a Traditional Entrepreneur
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Social entrepreneurship as well as Social Entrepreneurs have gained particular attention internationally from practitioners, policy makers, the general public as well as the academia. Social entrepreneurship is an important tool deployed to tackle social challenges and to respond to them when the government and the market fail to attend to them. New approaches will have to be evolved to effectively and efficiently tackle address or respond to the ever increasing social challenges especially in the third world where governments have not been able to successfully provide public goods.

In this unit, an attempt is made to provide basic idea that will lead to exploring some innovative concepts, practices and strategies related to social Entrepreneurship. In addition to exploring the concept of entrepreneurship, and that of social entrepreneurship, the unit looked at the history of social entrepreneurship, who a social entrepreneur is,

characteristics of a social entrepreneurs as well as the unique differences that exist between a social entrepreneur and a traditional entrepreneur.

The aim is to instill social entrepreneurial attitude on students by challenging their current thinking and assumptions about what works and why and how to fix identified needs in the community. The essence is to enable students' think of ways of creating social ventures and organizations that will address environmental issues, politics, crime, poverty, diseases and violence in the society.

In addition, it was also envisaged that at the end of this course, students will begin to appreciate the role social entrepreneurs play in creating social changes in the community. This will also help to deepen students understanding of the world around them and thereafter, inspire them to use their skills and knowledge to be as Gandhi said, the change you wish to see in the world. Directly, you are been prepared to make an impact on the lives of others in your world.

2.0 OBJECTIVE

At the end of the unit:

- a. You should be familiar with the concept of entrepreneurship as well as the concept of social entrepreneurship
- b. Students should be able to who a social entrepreneur is from a traditional entrepreneur
- c. Understand the goals of a social entrepreneur
- d. Be familiar with the characteristics of a social entrepreneur

3.0 MAIN CONTENT

3.1 UNBUNDLING THE CONCEPT OF SOCIAL ENTREPRENEURSHIP AND COMMUNITY DEVELOPMENT

In this sub-section, we will try to unbundle the concept of social entrepreneurship in community development. Social entrepreneurship and community development are two divergent concepts that was innovatively coined together to enhance the standard of living of the people living at the bottom of the pyramid.

To aid the understanding of the concept of social entrepreneurship and community development, we will first of all look at the concept of entrepreneurship, then we will look at the concept of Social entrepreneurship which will be the crux of this unit and lastly, we will look at the concept of community development which will be the crux of unit two of this module.

3.1.1 The Concept of Entrepreneurship

Entrepreneurship as a term originates from a French word 'entreprendre', directly meaning an act in which the individual attempt, try, adventure or undertake an act of some sort (Udeh 2012). In the 17th century, entrepreneurship was seen as capitalist activities. Richard Cantillon in the 18th Century separated entrepreneurial activities from those of capitalistic activities and introduce risk taking as a cardinal element in entrepreneurship. At the beginning of the 20th Century Joseph Schumpeter introduced the concept of innovation and power as agents of development. He further separated the capitalistic role from entrepreneurship and argued that entrepreneurs were "sociologically distinct individuals who are motivated by atavistic will to achieve power. They are innovators who revolutionize the structure or pattern of production. All these are geared toward profit maximization.

Entrepreneurship and entrepreneurs are often considered to be significant tools for economic growth and the development of any country. This is because entrepreneurship generates employment opportunities and has positive impacts on innovation and public welfare (Acs et al. [2008](#)). Anokhin et al. ([2008](#)) posit that, it is for this reason that entrepreneurship is believed to be the main driver of the economic development of lower to middle-income countries (developing countries). This is not always the case. In reality high-growth entrepreneurial activities are not widespread in many developing economies because a lot of instabilities which has led to institutional breakdowns characterized them. The obstacles of entrepreneurial development and institutional breakdown created more opportunities to introduce more social entrepreneurial projects. If governments in developing economies fail to establish social institutions, Then social entrepreneurship may play a key role in creating social values (Mair and Marti [2009](#)). This key role of social entrepreneurship facilitates the search for business opportunities and the creation of social values in an organization (Haugh [2005](#)).

Shaw (2004) defined entrepreneurship as an attitude, a way of thinking and learning. It is a state of mind, insightful and innovative mentality rather than business administration. Entrepreneurship is a way of perceiving and exploring opportunity wherever it may be found (Finkle,2006). Hisrich (1985) defined entrepreneurship as a process of creating something new with value, by devoting time and attention, assuming the accompanying financial, psychological and social risk and receiving the resulting reward of monetary and personal satisfaction that comes with it. All these translates to a simple fact that entrepreneurship is any novel activity that creates value, builds wealth and bring about change.

3.1.2 The Concept of Social Entrepreneurship

In recent past, the concept of social entrepreneurship as well as the social entrepreneur has been gaining more momentum and popularity than previously envisaged.

Government around the world have been creating institutions to support social entrepreneurship as well as social entrepreneurs. The US Government for example created the office of Social Innovation in the White House to curb poverty around the world.

Social entrepreneurship can and will always emerge when approaches from business and public (government) organizations failed to stimulate economic development and growth. It is a commonly known fact that civic action results as a consequence of gaps in society left by inadequate public systems or private sector action – thus forming the basis for the emergence of social entrepreneurship. The term ‘civic innovation’ could be used to perhaps more accurately describe the social entrepreneurial activity that falls within the voluntary sector (Fowler, 2000) as it focuses on civic benefit, and the drawing of resources purely from the citizen base.

Just like the concept of entrepreneurship, there is no single most appropriate definition to what social entrepreneurship represents because social entrepreneurs are change agents and can be viewed by different people from different perspective. According to Roberts and Woods (2005), Social entrepreneurship is a kind of social mind-set that is applicable in any kind of business or setting such as profit oriented entrepreneurial setting, a non-profit setting, a public setting, and within other social issues in any kind of organizational structure. Austin et al. (2006) opined that Social entrepreneurship should start with non-profit organizations; Dees and Anderson (2003) define Social entrepreneurship as the process of transforming a non-profit organization into a profit-oriented organization, whereas Sagawa and E, Segal (2000) state that Social entrepreneurship is the process through which business owners integrate their social responsibilities into their operations. Social entrepreneurship can also be defined as entrepreneurship that aims to provide innovative solutions to unsolved social problems. Therefore, social entrepreneurship is entrepreneurial actions with social intentions. Mair and Marti (2006) views social entrepreneurship as a social venture that combines resources in new ways in order to explore and exploit opportunities for creating social value for social change and meeting social needs.

Social entrepreneurship is not a stand-alone concept. As seen above, it contains all the elements of conventional entrepreneurship. However, **the** key distinguishing elements between the traditional entrepreneur and a social entrepreneur is that while a traditional or conventional enterprise aims to deliver a bottom-line profit for serving a market in a better or more efficient manner, the social entrepreneurs have a triple bottom line to consider: first, people, second, the planet and lastly profit orientation. In addition, social entrepreneurs are not looking to solve an immediate problem rather, they are looking for scalable wholesale change to the underlying condition that led to the problem.

3.1.3 The Concept of Community Development

A community is defined in the Oxford Dictionary as “all the people living in a specific locality” or “a body of people having a religion, profession etc. in common” (Oxford University Press, 1990). ‘Community development’ is viewed as an embracing concept concerning the improvement of the standard of living or quality of life within a community. This deals with societal attitudes and perception of vocational education, the society’s expectations of vocational education and the various implications as well as the way forward. This concept will be elaborated upon in unit two of this module.

3.2 HISTORY OF SOCIAL ENTREPRENEURSHIP

Social entrepreneurship as a concept and as a field of study is relatively a new term. It came in to notice just a few decades ago. But its usage or practice has endured over time. In fact, there were several entrepreneurs who established social enterprises to eliminate social problems or bring positive change in the society. The social enterprise movement first emerged in the 1840s in Rochdale where a worker cooperative was set up to provide high quality affordable food in response to factory conditions that were considered to be exploitative. Other early social entrepreneurs are Vinoba Bhave, the founder of India’s Land Gift Movement, Robert Owen, the founder of cooperative movement and Florence Nightingale, founder of first nursing school and developer of modern nursing practices. They had established such foundations and organizations in 19th century that is much more in existence before the concept of Social Entrepreneurship was used in management. At this time, social entrepreneurship operated in the voluntary organization subsector. Most of their actions were civic responses to social gaps that arose from inadequate public sector action to social problems.

Today, the concept of social entrepreneurship has largely evolved to the extent that nearly **all big brands are adopting the concept of social entrepreneurship** and are trying to address special issues in our society by opening schools in far flung areas, educating women for family planning, making it possible for farmers and poor individuals to access low interest credits, establishing plants for waste treatment and planting trees. This is in addition to the fact that the world is going greener hence you will now notice that the concept of Social Entrepreneurship has also been included as a separate branch of management courses.

There two dominant narratives: **Europe and Outside Europe**

In Europe, social entrepreneurship emerges in the social scene because of inability the public authorities (governments) to properly fulfil its missions concerning social issues. To this end, social enterprises were embraced as gap fillers. The motive of social entrepreneurship in Europe is confined to social, and social enterprises as part of the social economy.

Outside Europe, social entrepreneurship emerged because of the challenge of inadequate financial resources experienced by NGOs, Charities and Civil Society Organisations. Social enterprises were therefore conceptualised and developed as innovative models for tackling sustainably the problem of funding leveraging earned-income strategies and income diversification instead of relying on philanthropic sources (Wulleman & Hudon, 2016).

3.3 THE GROWTH OF MODERN SOCIAL ENTREPRENEURS

Empirical evidence show that social entrepreneurship is growing in many Countries. Although it has remained a very complex or impossible task to measure the rate of growth of this sector just like measuring the social economy, the third sector and the non-profit sector would be difficult. This is due to the variety of the entities belonging to the field in addition to geographical context as well as how countries view social entrepreneurship differently.

In Japan for example, where a legal structure for non-profit organisations was introduced in 1999, (Mair and Ganly 2010) posited that the number of social entrepreneurship entities increased from 1,176 in 1999 to 30,000 in 2008. OECD added that the sector contributed JPY 10 trillion (USD 110,097 billion to the economy of Japan in 2005 (OECD STAT), which represents 1.5% of Japan's GDP. Data from the United Kingdom as released by the Third Sector in July 2009 refer to an estimated average of 61,800 social enterprises in England between 2005- 2007. In 2005 social enterprises had a turnover of GBP 27 billion and contributed GBP 8.4 billion to the UK economy. The sector in 2007 to 2008 employed about 540,000 people in the third sector of England. In Italy, according to estimate provided by the Iris network, there are 15,000 social enterprises employing 350,000 employees, serving 5 million users and with an economic turnover of EUR10 billion in 2009. In Korea from 2007 to 2009, the Korean Ministry of Labour has certified 251 organisations as social enterprises out of 515 organisations that applied. In Nigeria, the amount of local and international organizations venturing in to social entrepreneurship is rapidly increasing. Many societies in Nigeria without government presence is sustained by social entrepreneurs via their social enterprises. This has prompted the government to allocate N500 billion in the 2017 budget for social intervention which is currently been implemented.

3.4 WHO IS A SOCIAL ENTREPRENEUR

Social entrepreneurs are people who initiatives innovative solutions to social problem to bring about transformation in the society. The social entrepreneur uses the principle of entrepreneurship with the intent of creating social capital and not being essentially profit centred. The aim of the social entrepreneurs is to promote the cause of social and environmental goals that have an impact in the present and at the same time in the future. Social entrepreneurs are generally a part of or have been associated in some way with some non-profit organisations (NGO's).

In other words, social entrepreneurs are people or organisations seeking to maximise social value or social capital from non-profit pursuits, in the process creating economically sustainable solutions (such as social enterprises, new charities, community companies and NGOs) for tackling social problems in the communities and societies (Tracey and Phillips, 2007).

Generally, entrepreneurs (whether social or conventional) are people who venture into new areas primarily with intent of making profit out of the same. They are however socially responsible people who are obligated to contribute to the well-being of the society in which they operate. However, this obligation is secondary for a conventional or traditional entrepreneur. In social entrepreneurship this obligation of contribution to social wellbeing is primary and in a way profit takes a back seat or is more or less important or a secondary objective which is however essential to the survival of the social enterprise,

A social entrepreneur is somebody who takes up a pressing social problem and meets it with an innovative or path breaking solution. They are passionate and determined people that possess a very high level of motivation and are visionaries whose aim at bringing about a positive change in the way things are. Bringing about positive is a hallmark of a social entrepreneur

Social entrepreneurs provide FOUR ELEMENTS:

- i. Social enterprises: SE create organizations or businesses that uses market-oriented production and sale of products and/or services to solve a social problem facing the people and communities sustainably.
- ii. Social innovation: SE deploy new ideas, incremental or transformative products, services, technologies and processes that that sustainably solve social problems and challenges.
- iii. Social value: Value is often measured in terms of profit and money. Social value are the impacts (the positive externalities) generated in the society such as: happiness, poverty reduction, general wellness, jobs created, enhanced human capabilities, increasing freedom, build levels of trust etc.
- iv. Sustainability: SE evolves a social venture that is self-sustaining meeting social needs of the present and future.

3.4.1 Examples of Social entrepreneurs and Types

Social entrepreneurs operate with an aim of changing the face of society. Be it health, sanitation, education, they are present everywhere. There are people even who work on bringing about change in the modern innovations because their impact has been detrimental to human life. They thus work towards improving systems, creating new solutions, laying down fair practices.

Some of the very famous people who inspire others to take up social entrepreneurship are people like:

Maria Montessori: Developed the Montessori Approach to early education in children which sought to teach students independence at an early age.

- **Mary Slessor:** was the the person who advocated and fought against the killing of twine in Nigeria
- **Mohammed Yunus:** Pioneered the modern Micro Lending System which even lend money to beggars and vulnerable people in Bangladesh. His aim was to empower this destitute and liberate them from poverty.
- **Susan B Anthony:** was the co-founder of the first women's temperance movement and a prominent American Civil Rights leader for women's rights in the 19th century.
- **Vinobha Bhave:** is a prominent figure in Indian modern history and was the founder and leader of the Land gift movement that helped reallocate land to untouchables.
- **Florence Nightingale:** she laid the foundation for the first school of nurses and worked to improve the hospital conditions.
- **Margaret Sanger:** She was the founder and Leader of the planned parent-hood federation of America, championed the family planning system around the world.

These are examples of some people who fought for what they believed in and brought about varying degrees of change in their respective spheres of work.

There ARE three types of social entrepreneurs:

- i. **Social Bricoleurs:** These are SEs that focus on discovering and addressing small-scale social needs at local level. It is the commonest of the three typologies. By Hayek in 1945.
- ii. **Social Constructionists:** These are SEs that exploit gaps and untapped opportunities created by market failures. They create meaningful change by introducing reforms and necessary innovations to rejuvenate the social system. By Kirzner in 1973.
- iii. **Social Engineers:** These SEs recognize systemic problems within existing social structures and correct them sustainably by introducing revolutionary change

thereby destroying outdated systems, and replacing them with new processes and more suitable systems. By Schumpeter in 1934.

3.5 CHARACTERISTICS OF SOCIAL ENTREPRENEURS

Social entrepreneurs just like traditional entrepreneurs have some peculiar qualities which distinguishes them from the crowd. In their identification and selection of social entrepreneurs, 'Ashoka' foundation, looks at the following characteristics of the individual:

- i. Recognition of Social Impact – Social entrepreneurs should have high ability to recognize gaps or positive externalities that have not been properly addressed or that was neglected.
- ii. Creativity – A social entrepreneur must be creative in setting his vision and in problem solving
- iii. Entrepreneurial Qualities - Entrepreneurial quality is said to be the most important criterion as, although there are many with good or altruistic and innovative ideas, there are few with “the entrepreneurial quality necessary to engineer large scale systemic social change” (Drayton, 2002).
- iv. Leadership and Management - Thompson (2002) comments that social entrepreneurs have the qualities or behaviours associated with business entrepreneurs (such as good leadership and management skills), but they are more concerned about “caring and helping than with making money”. They are described as people who inject imagination and vision into social problem solving, motivate others, build networks, and demonstrate capabilities in overcoming obstacles and risks in the process. Thompson emphasises that social entrepreneurs are much closer to the community, and hence can identify real needs and respond in meaningful ways.
- v. Social entrepreneurs are ambitious - Thompson et al. (2000) expand further on the traits/characteristics of social entrepreneurs as being ambitious
- v. Ability to Communicate Social vision - and having the ability to communicate a vision that inspires those around them – a vision of adding value to the underprivileged in a community.
- vi. Creativity - They are creative, and engender trust and co-operation through the establishment of relationships and networks in their search for resources. Leadbeater (1997) states that successful social entrepreneurs are leaders – with a

sense of mission and the ability to mobilise people around that mission, as well as story tellers who communicate their mission with the use of stories or parables.

3.6 DIFFERENCES BETWEEN SOCIAL ENTREPRENEURS AND TRADITIONAL (NORMAL) ENTREPRENEURS

In many instances in Nigeria, social enterprises have heavily relied on some sort of public funding, charity, or gifts making them independent and sometimes unsustainable. The context from which we are comparing and contrasting social entrepreneurs from the conventional entrepreneurs is from the standpoint of social entrepreneurs, who aim to be independent of public funding, charity, or gifts. They may receive some initial public funding or soft loans from a supportive patron, but they have a business model that aims at a long-term survival without such support. Without this model, then they may be no entrepreneurship. In trying to bring about change in society, social entrepreneurs provide support to the government towards sustainable development by means of activities that raise revenue which must cover all the cost items to tackle the social problem yet the enterprise remains financially independent.

This therefore follows that social entrepreneurs does not eliminate the need for making profit. They need to be profitable in order to survive. Social entrepreneurs want to meet social needs, stimulate social change, or induce responsible behaviour. Therefore, making profit may seem less relevant to them. This therefore infer that while traditional entrepreneurs will be motivated to open up a new business or diversify existing business, a social entrepreneur will mainly focuses on creating social capital without measuring performance in profit terms or the return in monetary terms.

Just like other entrepreneurs, they must find resources (such as human capital, cash, knowledge, etc) for the smooth running of their business (Austin et al., 2006). Acquiring these resources involves costs. Social entrepreneurs will need to make some sort of profit in order to run a sustainable business, cover their costs, and manage their own risks and the risk of their investors, even while they are constantly led by their social mission. They have indeed a "triple bottom line" with social, environmental and commercial purposes. Social entrepreneurs may need investors to support them until they become financially stable. From this perspective, social entrepreneurs do not differ very much from normal business entrepreneurs. Making profit is not their main aim, but they need to be profitable, or at least cover all relevant costs, in order to survive.

In fairness to all, both social and business enterprises have social impact. In creating jobs and providing goods that solve problems, business enterprises have social impact. These therefore follow that distinguishing social entrepreneurs from business entrepreneurs on the basis of intentions is not very useful because the two categories of entrepreneurship shows considerable overlap.

You will have to agree that every modern company has financial, social and environmental bottom line or impact (positive or negative), regardless of whether it is intended or not. Moreover, many non social enterprises today want to behave in a "socially responsible" way. Automobile companies and many other manufacturers have set targets for themselves to reduce their CO₂ emission level or mitigate other negative environmental impact their business is having on their immediate environment. In addition, many of them also focus on child rights, waste treatment/management, women empowerment, which are just what social enterprises are established to tackle.

4.0 CONCLUSION

In this unit, you have learnt what the concept of social entrepreneurship is all about, the history of social entrepreneurship, who a social entrepreneurs are, the growth of modern social entrepreneurs, characteristics of social entrepreneurs as well as the differences between social entrepreneurs and traditional entrepreneurs.

5.0 SUMMARY

Social entrepreneurship has been defined as the process of creating and maintaining social and economic values with a view to growing the social enterprise and to reaching more people to meet their fundamental needs. We also said that social entrepreneurs are people who initiates innovative solutions to societies most pressing problems using entrepreneurial approach. in addition, we distinguished the social mission and the commerce mention of the social entrepreneur. We went further to highlight the unique characteristics of social entrepreneurs.

6.0 TUTOR-MARKED ASSIGNMENT

At present, most social entrepreneurs in Nigeria are registered as non-governmental organizations. What limitations does this constitute to the concept of social entrepreneurship practice in Nigeria? Elucidate

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UNIT 2 OVERVIEW OF CULTURE

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1.0 INTRODUCTION

The need to strengthen entrepreneurial culture and cultivate favourable attitude towards entrepreneurship and enterprise development became obvious from all local case studies. The importance of entrepreneurial culture that encourages start-ups and enhances the growth of small and medium-scale enterprises has translated into government action and spurred public private initiatives.

Both national and local initiatives have been organized, such as entrepreneur's days, business idea competitions and various awards meant to encourage entrepreneurship

activities in the society. In some areas, partnerships have been formalized between the Chamber of Commerce and Trade, and Chambers of Crafts and the Public Employment Services to promote entrepreneurship and stimulate innovation.

2.0 OBJECTIVES

After reading this unit the student will be able to understand:

- How culture can influence partnership and the role of entrepreneurship in society.
- Various factors affecting the growth of entrepreneurship in the society.
- How entrepreneurial skills affect the success and growth of entrepreneurship in society

3.0 MAIN CONTENT

3.1 Definition of Culture

Broadly speaking, culture can be defined as social heritage of a group (organized community or society). It is a pattern of response discovered, developed or invented during the group's history of handling problems which arise from interactions among its members, and between them and their environment. These responses are considered the correct way to perceive, feel, think, and act, and are passed on to the new members through immersion and teaching. Culture determines what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable in the society.

Culture encompasses all learned and shared, explicit or tacit, assumptions, beliefs, knowledge, norms, and values, as well as attitudes, behavior, dress, and language.

3.1.1 How Culture can Influence Entrepreneurship

Why and how do people become entrepreneurs? Why is entrepreneurship beneficial to an economy? How can our government encourage young entrepreneurship, and, with it, economic growth? The number of people engaged in small and medium-scale enterprises increase as a result of new enterprises being started and through an expansion of existing activities. Opportunity for employment opens up when new businesses are floated or when existing businesses expand.

The culture of a community also may influence how much entrepreneurship there is within it. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding personally. A community that accords the highest status to those at the top of hierarchical organizations or those with professional

expertise may discourage entrepreneurship. A culture or policy that accords high status to the “self-made” individuals in the society is more likely to encourage entrepreneurship.

There is the need to formulate concrete guidance which should promote teaching and learning strategies that will achieve the following objectives; foster enterprising and entrepreneurial mindsets, develop enterprising and entrepreneurial graduates, develop enterprising and entrepreneurial capabilities that can be applied in a range of contexts. Such teaching and learning strategies should also be made to encourage students to consider new venture creation and self-employment as valid graduate career options and foster enterprising culture in society. It should also be made to develop awareness of intellectual assets and enhance their capacity to manage and exploit them and increase the number of graduate start-up businesses. The strategies should enhance graduates’ life-long learning skills, personal development and self-efficacy, allowing them to contribute to economic growth and national development. Enterprising behaviours such as adaptability, flexibility and the ability to work in situations of ambiguity and risk correlate with employers’ needs. Enterprising skills such as team work and the ability to demonstrate initiative and original thought, along-side self-discipline in starting tasks and completing them within the given deadline, are essential attributes that have been identified by employers as priority issues.

Employers need thinkers who can adapt and change direction according to current needs. The traditional approach to studying larger businesses and commenting passively on trends and factors that have influenced development may help understanding, but that is no longer enough to prepare graduates for career-making in a complex and challenging economy. It does not promote the thinking skills and approaches needed for success in a predominantly micro and small business environment.

3.1.2 The Role of Entrepreneurship and Entrepreneurial Culture

The role of entrepreneurship and entrepreneurial culture in economic and social development has often been under-estimated. Over the years, however, it has become increasingly apparent that entrepreneurship does indeed contribute to economic development. Transforming ideas into economic opportunities is the crux of entrepreneurship. History shows that economic progress has been significantly advanced by pragmatic people who are entrepreneurial and innovative, able to exploit opportunities and willing to take risks.

Entrepreneurs produce solutions that fly in the face of established knowledge, and they always challenge the status quo. They are risk-takers who pursue opportunities that others may fail to recognize or may even view as problems or threats. Whatever the definition of entrepreneurship, it is closely associated with change, creativity, knowledge innovation and flexibility-factors that are increasingly important sources of competitiveness in an increasingly globalized world economy. Thus, fostering

entrepreneurship means promoting the competitiveness of businesses. Private sector development and entrepreneurship development are essential ingredients for achieving the Millennium Development Goals of reducing poverty. While sound macro-economic policies and easy market access are crucial, emerging markets need to nurture and develop entrepreneurs able to take advantage of opportunities created by globalization.

For many developing countries, private sector development has been a powerful engine of economic growth and wealth creation. In fact in many economies especially in the developing countries of the world, the private sector act as the engine of economic growth and national development while the government provides enabling environment for business activities to thrive. The private sector is crucial for improving the quality, number and variety of employment opportunities for the poor. Economically, entrepreneurship invigorates markets. The formation of new business leads to job creation and has a multiplier effect on the economy. Socially, entrepreneurship empowers citizens, generates innovation and changes mindsets. These changes have the potential to integrate developing countries into the global economy.

3.2 Factors that Impact the Starting of a New Business

What makes some entrepreneurs tick while others fail? Why do people in some cultures and regions display a better entrepreneurial spirit and skills compared to people in other cultures or areas? This section will discuss the major cultural, political and economic factors influencing entrepreneurship.

3.2.1 How Cultural Factors Influence Entrepreneurship

Culture refers to the customary practices and beliefs that have a significant impact on the basic values, perceptions, preferences, and **behaviour** of people. Culture and entrepreneurship intervene in many ways as follows:

- People who traditionally engage in business have a pro-business attitude and disdain taking up salary job and working as an employee of an organization.
- Many people fall outside the establishment and remain unsuited for the traditional job market due to a strong culture of independence or other reasons.
- Business school students come under the missionary zeal of teachers who exhort them to become entrepreneurs even if the opportunity cost is very high.
- The culture of consumerism where people desire material goods encourages entrepreneurship within the area as returns from a business become more than returns from a job.
- People engaged in jobs and other services pressure their children to find secure jobs and crush their entrepreneurship spirit at a very tender age.

- A culture of thrift where people spend less and save for a rainy day discourages entrepreneurship within the local community as the returns from a business become less attractive compared to returns from a job.
- In cultures where people are risk averse and do not attach much importance to hard-work and perseverance, such people are generally not willing to dabble into entrepreneurship.
- In a culture or community where the society honours teachers and scholars greatly, children grow and aspire to become teachers and take up paid jobs too.

Our educational curriculum needs to be revolutionized in such a way that the system will be in position to produce graduates who will establish businesses and become job creators rather than job takers. We want our university and polytechnic graduates to become self-employed rather than self-ready for employment for the economy to grow and the standard of living of the populace to rise. Until there is a u-turn in our value system where people are hailed for owning their own business rather than roaming the streets in search of paid jobs that are not there, true economic growth will continue to elude us (Obi, 2015).

3.2.2 How Political Environment Supports or Suppresses Entrepreneurship

The following are some of the ways in which the political environment influences entrepreneurship:

- Unstable political climate where government policies change frequently discourages business as investors fear and doubt the safety and security of their investment.
- Government support to economic development through infrastructural development, provision of industrial parks, and the like all encourage entrepreneurship.
- High taxes that make inroads into business returns usually discourage entrepreneurs. On the other hand, tax holidays and government infant industry protection policies encourage business start-ups.
- The availability of infrastructural facilities and utilities such as good roads, regular power supply, communication facilities and absence of corruption and bureaucratic delays in obtaining such utilities encourage entrepreneurship.
- Economic freedom in the form of favourable legislation and few hurdles to start and operate businesses encourage entrepreneurship.
- While most businesses accept laws related to the safeguard of labour rights and the environment, some countries have retrograde laws that make compliance very

difficult and time-consuming. Such legal hurdles create a barrier to entrepreneurship.

3.2.3 How Economic Factors Influence Entrepreneurship

The nature of the economy is a major factor that influences entrepreneurship. Some of these economic factors are discussed below:

- The general purchasing power of the people, manifested by income levels and economic prosperity of the region, plays a major role in the success of entrepreneurship ventures.
- During times of economic slow-down or recession, the purchasing power declines and people remain reluctant to invest thus affecting entrepreneurship activities adversely.
- In a subsistence economy, most of the people are engaged in agriculture, consuming most of their output and realizing little earnings from the sale of their surplus produce to other local dwellers. Entrepreneurial opportunities are limited in a subsistence economy.

3.2.4 How Entrepreneurial Skills Affect Entrepreneurship

All other factors notwithstanding, the success of an entrepreneurial venture depends on the entrepreneur. The entrepreneur is the leader and driver of the venture, and requires the following skills and orientation for success:

- Hard-work and persistence
- Ability to manage and minimize risk
- Ability to draw up a comprehensive business plan, and having a contingency plan ready.
- A strong need-orientation that provides the inclination to achieve things.
- Honesty and intelligence on the part of the entrepreneur.
- Ability to withstand pressure in times of great need.
- Abstention from high taste and high life
- A good entrepreneur should have good human relations.

With the collapsing trade barriers and globalization of economic activities, there is, today, greater opportunities for entrepreneurship especially in developing countries.

3.3. Culture and Entrepreneurship

This section discusses the intersection of culture and entrepreneurship. The most important issue is to determine how regional business cultures affect the local entrepreneurship process. We need to understand how these cultures came into being and how they change over time. These findings will help us form regional policies affecting entrepreneurship activities. In a world where everyone is trying to build his or her own Silicon Valley, we need to think carefully about how successful policies are embedded in the particular cultural contexts they developed within.

Let us, for example, examine the development of entrepreneurial cultures in three of Canada's most entrepreneurial cities: Waterloo, Ottawa, and Calgary. Through more than 100 interviews with technology entrepreneurs, investors, and economic development officials, the study of the characteristics of the regional cultures and how they actually influence the on-the-ground practices of the region's technological entrepreneurs.

Culture has emerged as an important concept within the entrepreneurship literature to help explain differences in the nature of the entrepreneurship process observed between regions, industries and socio-cultural groups. Despite voluminous research on the topic, theories about how culture affects the entrepreneurship process remain under-developed. Without a framework to connect culture with everyday entrepreneurial practices and strategies, it is difficult to critically compare the role of culture between multiple contexts. Such a framework is necessary when examining the influence of local cultures on entrepreneurship, given the diverse ways they can influence economic activities. Generally speaking, any research on entrepreneurship must carefully consider how the concept of culture is used and examine the extent to which it can serve as useful factor in explaining the heterogeneous geography of entrepreneurship as we see in modern economy today.

The regional variation of entrepreneurship and self-employment within and across nations has been carefully studied over the past 20 years. These studies show that population growth, migration, unemployment, socio-cultural values all play a significant role in encouraging self-employment and entrepreneurship among people.

3.3.1 Factors Affecting Entrepreneurial Growth

Entrepreneurship does not emerge and grow spontaneously. There are factors affecting the growth of entrepreneurship and entrepreneurial environment. If these factors are positive, then the growth of entrepreneurship will be enhanced. Some of these factors are discussed below:

3.3.2 Economic Factors

Economic environment exercises perhaps the most direct and immediate influence on entrepreneurship. It has some conditions which are stated below:

(a) Markets:

The size and composition of market both influence entrepreneurship in their own ways. Practically, monopoly in a particular product in the market becomes more influential for entrepreneurship than a competitive market.

(b) Capital:

Availability of capital helps to bring together the labour, machinery and equipment and raw material that are required to produce products.

(c) Labour:

Labour is the most important factor of economic condition of entrepreneurship. It appears that the labour problems can prevent entrepreneurship from emerging.

(d) Raw Materials:

Without raw materials, business cannot be started, and production of good cannot be carried out without the use of raw materials.

(e) Industrial policy:

Industrial policy includes rules, incentives, procedures which will make the establishment and operation of small and medium-scale enterprises easy.

(f) Fiscal Policy:

Fiscal policy includes; tax, rate and other payment due to government. As incentive to encourage the establishment and growth of small and medium-scale enterprises, new establishments are given tax holidays and other favourable policies are put in place to protect infant industries.

3.3.3 Social Factors:

Social environment in a country exercises a significant impact on the emergence of entrepreneurship activities. The main components of social environment are as follows:

(a) Social Mobility:

Social mobility means the people in the society transferring from one place to another, exchanging culture, attitude, etc. If mobility is positive then entrepreneurial growth will also be positive.

(b) Security

Entrepreneurship security is an important facilitator of entrepreneurial behaviour. Insecurity does not hinder entrepreneurship, but rather different kinds of insecurity will result in different kinds of entrepreneurship.

(c) Legitimacy of Entrepreneurship:

Illegal activities are not regarded as entrepreneurship undertaking. High degree of legitimacy encourages the establishment of new businesses and the growth of existing ones.

3.3.4 Political Factors:

Political factors are also important to the entrepreneur. A country's economic growth, to a large extent, depends on its political factors. Some of the major political factors affecting businesses are as follows:

(a) Political Instability:

This is where there exists constant problems in the polity resulting in arrests, killings and change of government and government policies.

(b) Political Ideology of Government:

Political ideology of government influences the development of entrepreneurship. If the political ideology is favourable to business growth then entrepreneurship takes new initiative to form business.

(c) Nature of change in political ideology:

Due to the change of government, the political ideology also changes again and again. As a result of the changes new businesses are established and old ones decline.

3.3.5 Psychological Factors

Many entrepreneurial theorists have propounded theories of entrepreneurship that concentrate on spontaneous psychological factors. These factors are as follows:

(a) Need for Achievement

Need for achievement serves as motivator for achieving business success. It is a psychological power that propels the entrepreneur to act.

(b) Perception and Motivation

Perception and motivation psychologically support entrepreneurial behavior. Especially perception and motivation which provide positive forces that invigorate the entrepreneur.

(c) Learning and personality

More learning about business increases business efficiency. It should be noted that different personalities including reformist disposition and innovative tendency affect business.

3.3.6 Legal Factors:

Legal factors point to the country's law and order. The law and order situation in a country helps the growth of entrepreneurship activities within the nation. Some of these legal factors are as follows:

- (i) Income tax law
- (ii) Labour law
- (iii) Law affecting wages and salaries paid to employees.

4.0 CONCLUSION

Culture determines what is acceptable or unacceptable, important or unimportant, right or wrong, workable or unworkable in the society. Culture encompasses all learned and shared, explicit or tacit, assumptions, beliefs, knowledge, norms, and values, as well as attitudes, behaviour, dress, and language. The culture of a community also may influence how much entrepreneurship that the people will be willing to undertake. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding to entrepreneurs.

In every culture, a concrete guidance is required to foster enterprising and entrepreneurial mindsets, develop enterprising and entrepreneurial capabilities that can be applied in a range of contexts. Such teaching and learning strategies should also be made to encourage students to consider new venture creation and self-employment as valid graduate career options and foster enterprising culture in society. It should also be made to develop awareness of intellectual assets and enhance their capacity to manage and exploit them and increase the number of graduate start-up businesses in the society

5.0 SUMMARY

In this unit, we learnt that culture can be defined as social heritage of a group in the community or society. It serves as pattern of responses developed or invented during the group's history of handling problems which arise from interactions among its members, and between them and their environment. Culture encompasses all learned and shared, explicit or tacit, assumptions, beliefs, knowledge, norms, and values, as well as attitude of the people.

The culture of a community influences how much entrepreneurship there will be in the community. Different levels of entrepreneurship may stem from cultural differences that make entrepreneurship more or less rewarding. A community that accords the highest status to those at the top of hierarchical organizations may discourage entrepreneurship. A culture that accords high status to the “self-made” individuals in the society is more likely to encourage entrepreneurship

6.0 TUTOR-MARKED ASSIGNMENT

- * Explain how the culture of a people can influence partnership success or failure within that community.
- * How do entrepreneurship activities affect the growth of the economy and improvement in the living standard of the people.?

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UNIT 3 INFLUENCE OF CULTURE ON ENTREPRENEURSHIP DEVELOPMENT

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1.0 INTRODUCTION

Clearly, entrepreneurship development is driven by the motivations of individuals seeking to satisfy their own personal goals. However, while the key to initiating the process of entrepreneurship lies within the individual members of society, its development is affected by the degree to which the spirit of enterprise exists, or can be stimulated. We may then try to find out the factors that stimulate entrepreneurial spirit in individuals. These factors can be said to be entrepreneurship culture and a political economy that promotes enterprise. In the next section, we shall consider the concept of enterprise culture.

2.0 OBJECTIVES

After studying this unit the student will understand the following:

- * The factors that whip up entrepreneurial spirit in individuals
- * How enterprise culture affects the success of small businesses in our society

3.0 MAIN CONTENT

3.1 The Enterprise Culture

Since the late 1970s, there has been considerable academic and political debate in the United States, Britain and some developing nations about the concept of an enterprise culture. The concept of entrepreneurship has been considered for some time prior to that date but it was not until the late 1970s that the debate about what constitutes an enterprise culture really came to the fore. Democratic governments all over the world are recognizing that the rightful role of the State is to provide a facilitative framework within which companies can grow unfettered without undue government or trade union interference. In other words, the private sector in every nation should be given the opportunity to serve as the engine of growth in the economy while the government provides enabling environment through policies, regulations and industrial laws required for businesses to thrive (Obi, 2015).

Impetus to growth of enterprises today is being provided by the realization of both developed and developing economies of the importance of small and medium-scale enterprise culture to the well-being of the people and rise in the standard of living. As with entrepreneurship, there is no agreed definition of the concept of an enterprise culture. To some it equates with the concept of “being business-like” or adopting a business-like manner and ethics to the management of organizations, including such non-market-based activities as education, health and social services.

3.1.1 Non-Enterprising and Non-Entrepreneurial Businesses

However, many businesses are neither enterprising nor entrepreneurial, and being business-like does not necessarily mean being enterprising. Separating enterprise and entrepreneurship in the personal behaviour sense from the notion of “being business-like” is wholly central to all policy-making approaches to entrepreneurship. Thus, it would seem that an enterprise culture is more than just a culture of business or a culture that promotes new small-scale enterprises. These may be the external manifestation of such a culture, but they are not the culture itself. Indeed, the concept might be conceived as requiring individuals, groups and organizations to take responsibility for their own destinies (i.e. ownership), whether in a business or non-business context rather than being dependent on others. It is about being dependent on oneself. According to UK Department of Employment (1989), the heart of any enterprise culture is the ability to

innovate, recognize and create opportunities, work in a team, take risks and respond to challenges.

3.1.2 Socio-cultural Factors

Although currently, the term “entrepreneurial culture” has become popular and widely accepted internationally. As Morrison (2000) observed, there is no such thing as a standard, identifiable and universal culture that stimulates entrepreneurship. Rather, there exists a wide range of cultures that stimulate or stultify entrepreneurship to a greater or lesser extent. If the culture contains pro-entrepreneurial values, it serves as an incubator in the entrepreneurship initiative. However, the converse can also hold true. In societies where entrepreneurship has become tainted, for example, entrepreneurship ideas and proposals are not well received.

Fortunately, culture is not static. It can change, if only slowly, hence it has the potential to be modified. In her model of the key features associated with entrepreneurship initiative. Morrison (2000) identified various inputs that influence culture, namely religion, education, family, history and role models. This section will look at each of these inputs one after the other.

3.1.3 Religion

According to Morrison (1992), Christianity, Judaism and Islam are not in opposition to the development of entrepreneurship. Although in the Bible, St Matthew (19, 23-24) reports that Christ told his disciples: “Truly, I say unto you, it will be hard for a rich man to enter into the kingdom of heaven”. Again, I tell you, “it is easier for a camel to go through the eye of a needle than for a rich man to enter into the kingdom of God.” However, these statements do not mean that Christ or Christianity is directly against business or the creation of wealth through business. The Qur’an allows entrepreneurial activity for self-actualisation. It reads: “But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.” Q28: 77

3.2 Education

In many societies the formal education system is recognized as a strong influence in the development of conformist, (anti-entrepreneurial behaviour). As a consequence, many

people in those society are, at best, ambivalent towards entrepreneurship as a result of their up-bringing. At worst, students are unaware of it and its role in the economy and society, believing that the only alternative to employment in a large organization, whether in the public or private sector is unemployment. Indeed, Handy (1985), suggested that in Britain “The education system today probably harms more people that it helps. This is not intentional. The teaching profession is, on the whole, both diligent and dedicated. It is the fault of the system, designed at other times for other purposes but now disabling rather than enabling those who pass through it to have different mindset (entrepreneurial mindset) that would suit the present (altered) conditions.

The problem was that the system was designed at other times for other purposes. An educational system that placed and continue to place a premium on knowledge acquisition and retention creativity, competence, capability and the ability to relate to others and conditions young people to be dependent on others for employment opportunities (i.e. prepares them for work as employees in large organizations) is out of phase with the needs of the present society. Fundamental changes have taken, and are taking place in the world economy, which suggest that the employment society is beyond its peak while society has entered an era of unprecedented uncertainty where predictability is a thing of the past (Peters, 1987). Under such circumstances, it is necessary both to grow new businesses which do things the others cannot do as well and to develop in people the ability not only to cope with change but to initiate and manage it. As Peters (1987) put it, “the winners of tomorrow will deal proactively with change”.

3.2.1 Focus of the Traditional Education System

In the traditional western education system, the focus and process of education may work against the nurturing of entrepreneurship ideas (Gibbs, 1987). However, many students in America (the bastion of entrepreneurship), are clamoring for a chance at the free enterprise system meaning that the traditional education mentality is changing with the younger generation. Most college curriculums which were previously teaching people how to become proficient employees are now modifying their curriculum to teach students how to become successful business persons (Solomon, 1989).

Currently in Britain and America, there is a proliferation of courses and programmes and numerous textbooks and manuals about entrepreneurship in general and new venture creations in particular. These have been targeted at all levels of education and they have had different and frequently confused objectives. Often many programmes have taught

students about entrepreneurship but have not educated them on how to become a successful entrepreneur. Students have been exposed to a range of personal transferable skills but, in general, transferable skills such as communication, numeracy, literacy, IT knowledge and problem-solving techniques but they are not sufficient for the pursuit of entrepreneurship or for developing entrepreneurship behavior in people.

3.2.2 Family

A peculiar characteristic of entrepreneurship is that it tends to pervade family life. Not only does the family revolve around the firm, but research by Bannock, (1981) revealed that the children of self-employed parents are more disposed to entrepreneurship than are those of employed parents, while many new ventures owe their success to the support of the family through the provision of funding and access to markets. This seems to be particularly true in minority ethnic businesses, though even here, there appears to be differences between families in developed countries and those in the developing nations of the world.

Furthermore, family attitudes can act as a barrier to entrepreneurship development, both by conditioning off-springs to behave in an un-enterprising manner and by discouraging them from exploring the concept of self-employment either formally or informally. Certainly, in a society where there are few entrepreneurs and few family businesses, there are likely to be few family role models, and entrepreneurship development is unlikely to be encouraged.

3.2.3 History

Clearly, historical conditioning can impact upon the extent to which entrepreneurial characteristics exist within the population and the degree to which entrepreneurship is accepted as socially legitimate. In countries like the former socialist economies, there is no tradition for entrepreneurship and no role models. Thus, in a country like Slovenia, the transition to a free market economy is very slow. However, in other countries such as Poland, the adjustment to free market economy is much quicker, possibly due to the influence of recent history of free enterprise in the country.

3.3 Role Models

It is a common belief that role models are important in promoting the concept of entrepreneurship in society. According to Anderson (1995), the existence of role models in a society will have a positive effect on the development of entrepreneurship and vice versa. Hence in a country like Scotland, a deliberate attempt has been made to promote

the achievements of new and successful entrepreneurs through the publication of Local Heroes in entrepreneurship , while in America, many universities have Entrepreneurship Halls of Fame, through which they not only celebrate the achievements of entrepreneurs, but introduce them to their students.

Competition and awards are other ways of celebrating and promoting the achievement of entrepreneurs. We have many such awards and competitions often run in association with national newspapers, periodicals and magazines.

3.3.1 Politico-economic Factors

Apart from the socio-cultural factors that stimulate or retard entrepreneurship development, there are a whole set that might be termed politico-economic factors. Perhaps the first of these is the political system itself, which can either promote or retard entrepreneurship directly through the way the economy is managed. Clearly in the former command economies of the communist countries, entrepreneurship was not only discouraged but was not accommodated at all.

There are other varying degrees and types of direct State intervention that can affect the propensity for private enterprise development. However, there are other, less direct, ways in which entrepreneurship can be promoted or discouraged through the political system. These relate largely to style of government. In the more egalitarian and democratic countries such as Australia and North America, entrepreneurial attitudes and behaviours tend to be encouraged through the non-interventionist policies of the State. On the other hand, in countries where there is strong government and a sense of being ruled either formally or informally, the tendency is to produce persons who are lacking in the personal attribute generally associated with entrepreneurs such as leadership disposition, creativity, self-reliance and self-confidence.

3.3.2 The State of the Economy

Entrepreneurship becomes a prerequisite for economic development when economies are rapidly changing and development is uncertain. Attention has already been paid to the significance of change in the modern global economy and, in particular, to the importance of having a populace and workforce that cannot only cope with change, but can anticipate and initiate it. Under such conditions the flexibility of the entrepreneur, and his/her ability to cope with chaos and uncertainty, is at a premium. In conditions of little change and steady, predictable economic growth, entrepreneurship is less significant, perhaps, though clearly it is one of the roles and functions of the entrepreneur to disturb the status quo by venturing into new opportunities and making innovations.

Traditionally, however, entrepreneurship and new venture creation have flourished when an economy has been in recession. Under such circumstances entrepreneurship represents a means by which the economy and the population can break out of the downward spiral of unemployment and low economic growth. When an economy flourishes and there is full employment and high economic growth, the rate of entrepreneurship development tends to be somewhat lower. However, there are signs that this situation is changing.

Entrepreneurship is often only weakly developed in the least developed economies, possibly due to the influence of socio-cultural and political factors. At least, this appears to be true in the sense of formal entrepreneurship (i.e. the entrepreneurship that manifests itself in the creation of new small businesses). South Africa is a classic example where this situation was the case during the apartheid era. Traditionally it has been held that entrepreneurship was not a characteristic of the indigenous black population. According to a research undertaken by Neuland (1981), one in seven of the white population was purported to possess a drive for achievement, whereas among the black population it was only one in one hundred.

If the above findings are correct, then a legislation is needed to encourage the black communities. As it is now, even when members of the black population did set up businesses, they are discriminated against by the white population.

4.0 CONCLUSION

This unit examined the concept of entrepreneurship generally and outlined how culture and way of life of a people influence entrepreneurship. Democratic governments all over the world are recognizing that the rightful role of the State is to provide a facilitative framework within which companies can grow unfettered either by the government or the trade union interference

Governments all over the world are also realizing the importance of small and medium scale enterprises to the growth of the economy and rise in the standard of living of the people. As to the meaning of enterprise culture, there is no agreed definition of the term enterprise culture. To some it equates with the concept of “being business-like” or adopting a business-like approach by the management of an organization, including such non-market-based activities as education, health and social services.

5.0 SUMMARY

The culture of a people has great influence on entrepreneurship in the society. It therefore becomes very necessary that every entrepreneurial effort or activity must take into consideration the effect of culture if that business is to succeed. Needless to say that the entrepreneur himself must have the knowledge, skills and exposure in the business or service he intends to undertake.

6.0 TUTOR-MARKED ASSIGNMENT

- * Explain what you understand by entrepreneurship culture.
- * How does the traditional educational curriculum adversely affect entrepreneurship?

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Unit 4 SOCIAL PROBLEM AND THE SOCIAL ENTERPRISE SUSTAINABILITY OF SOCIAL ENTREPRENEURIAL PROJECTS

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Social Problem and the Social Enterprise
 - 3.2 Sustainability of Social Entrepreneurial projects
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Social Entrepreneurship and Community Development are two divergent concepts which **were** coined to address the failure of previous efforts by government and business in addressing community challenges sustainably. Just like the concept of social entrepreneurship which have no single universal definition, so also is the concept of community development. Social entrepreneurship in community development can be said to be the willingness to commit to a community project without pecuniary interest. The aim is to change the circumstances and welfare of people through an entrepreneurial approach that will create a sustainable solution to social problems in question.

This material is prepared to equip you with the basic ideas and knowledge that will enhance your understanding and appreciation of the concept of social entrepreneurship and community development.

2.0 OBJECTIVE

By the end of the unit:

- a. Be acquainted with how community problem presents opportunities for social entrepreneurship
- b. Be conversant with factors which contributes to the sustainability of community based projects.

3.0 MAIN CONTENT

3.1 SOCIAL PROBLEM AND THE SOCIAL ENTERPRISE

All community development programmes are directed at solving pressing social needs (problems). Social entrepreneurs are already familiar with the fact that social problems are divergent in nature and require different skill sets and resources to handle. These therefore follow that for a social enterprise to take up a social challenge it must first attempt to define the Social Problem through the Need and Opportunity Analysis mechanism.

As you conduct the research that will provide you with the information needed, the social entrepreneur will begin to form an in-depth understanding of the aspect of the social problem that the social enterprise is uniquely positioned to target. This will inform the first component of your Social Impact Model. Your social problem definition must be based on a well thought-out research which is specific enough to begin to frame your unique approach to addressing the problem. Given the above, we elect to illustrate with a local Root Cause consulting client whose social mission focuses on improving the lives of senior citizens. This area you are already aware experiences serious neglect. Below are two of the conclusions reached in its need and opportunity analysis.

1. Currently, there is little collaboration and coordination among service providers for the country's senior citizens.
2. Many seniors in the country do not know what services are available to them.

The social problem definition that followed from these and other conclusions is: “the current national infrastructure required to meet present and future needs of people entering their aging years is not adequate and will have a dramatic impact on their lives.”

3.1.2 Conducting a Need and Opportunity Analysis

The Need and opportunity analysis is made up of two main components: a study of the trends contributing to the target social problem along with the current work being done to address it, and a description of the opportunity that your organization has identified for putting its unique approach to work. Ultimately these two components constitute the basis of an argument that explains: why now and why your approach? A need and opportunity analysis typically covers the following topics:

- i. **Market Need:** A data-driven description of the social problem in its current context.
- ii. **Current Trends:** An overview of the current social, political, legal, and economic trends affecting your target social problem.

- iii. **Root Causes:** A theory about the root causes of the social problem, based on the research conducted above and a literature review of current debate and thinking by academics, policy experts, and other leaders in your field.
- iv. **Environmental Landscape:** A description of the approaches of other organizations working on the social problem — the competitive landscape — and of the gaps that still remain in addressing the social problem.

This analysis of the competitive landscape can begin to illuminate the opportunity on which you are acting and that makes your approach unique.

3.2 SUSTAINABILITY OF SOCIAL ENTREPRENEURIAL PROJECTS

Social entrepreneurial projects are projects which are directed to enhance the standards of living of a community. Government authorities, local or international charities as well as social entrepreneurs, can implement social projects individually or collectively. The modes of implementation determine whether the social impact will endure a long time. In this regard, it is advised that social projects must be implemented using an entrepreneurial model if their sustainability is considered important.

For a social entrepreneurial effort to be deemed successful, the project impact and the project sustainability takes the lead role. The social impact of a project can be defined as the influence the project had in the given environment, whereas Dugguh (2013) line with the United Nations (1987) considered sustainable development as a mode of human development in which resource use aims to meet human needs while preserving the environment so that these needs can be met only in the present, but also for generations to come. It ties together concern for the carrying capacity of natural systems with the social challenges faced by humanity. The concept of sustainable development has in the past been broken into three parts namely: environmental sustainability, economic sustainability and social political sustainability. However, sustainability in the context of the sustainability of social entrepreneurial project refers to the ability of the project to maintain impact on the surrounding communities in the long-term as well as to be able to raise the resources that keeps the impact for the said period of time.

3.2.1 Factors Contributing to Project Sustainability

Four factors have been identified to contribute to project sustainability directly. They include the ability of the social enterprise to:

- i. Attract and generate funds
- ii. Form partnerships
- iii. Develop an effective organisational structure and
- iv. Attract people and skills

3.2.2 Ability to Attract and Generate Funds

Funds are a hell of a burden for both social and conventional entrepreneurs. Regardless of the fact that the concept of social entrepreneurship has gained a lot of attention in recent time, and that a lot of social investors are springing up globally with a wide geographic areas and business impact area of coverage, funding for social enterprises is still a serious challenge.

The fact that social enterprises fills the gaps where the public and private sector cannot – or will not fill is an advantage but not in itself enough to guarantee funding. Hence social entrepreneurs must adopt all formal approach adopted by business entrepreneurs if the must secure funding for start-up before they will be able to generate their own money.

It is therefore necessary for social entrepreneurs to use independent evaluators to evaluate their programmes. This is key in raising funds. Most big and versatile social investors are domiciled overseas. For them to advance their funds to you, they need to know what they are actually investing in and what social capital their investment will return. If you have documented evidence, you will easily generate hope. The next is that the organization must operate in a professional and business-like atmosphere – that is “run like a conventional business enterprise”. This is what will assure funders that in the future, you will be able to generate your own fund requirements hence become sustainable. Strong administrative systems and business negotiation processes would be a real advantage.

3.2.3 Formation of Partnerships

The enormity of the social issues requiring attention in several communities cannot simply be done without one form of partnership or the other. Although social entrepreneurs do enjoy operating independently, their networking ability and opportunistic nature contribute to the formation of partnerships when crises arise. In drug prevention campaign, it will make sense to partner with NDLEA. Partnership is especially crucial with regard to working with the public sector so that members are engaged in a supportive rather than antagonistic structure. These allow for sustainability in the long term as the partners get on board with the entrepreneur’s vision, help to spread the message, and create structures and opportunities within which the individual or organisation can operate and develop ideas.

3.2.4 Effective Organisational Structure

Social enterprises (especially new and small entities) require a flexible organisational structure. Perhaps this is common when organisations are under-resourced and the employees become ‘jacks-of-all-trades’, attending to needs where necessary and shuffling themselves appropriately to fill gaps. This aligns with the opportunistic nature of the

social entrepreneurs who always tend to avoid rigid structures and red tape, looking out for opportunities where their organisation can mould itself to fit the need.

Social enterprises must create organizational structures that are dynamic, flexible and responsive. As the social enterprise attempt to address social issues, they start to drive systemic changes and the entrepreneurs will start to realise the enormity of task ahead, and in many cases further 'problems' arise as a direct result of the one they are currently tackling. For example, Ufedora Global Enterprise started with home-based care, and has now moved into supplying food and material needs for patients, in addition, they are encouraging prevention of the illnesses through community talks, and looking after HIV/AIDS orphans in the communities. In order to address the burgeoning needs that are encountered, a flexible structure is crucial for timely response.

The provision of an all-encompassing support system by these organisations is important for sustainability. For example, an organization engaging in drug rehabilitation will need to put in place, a support network for rehabilitated offenders who have served their sentences in full. This is critical in ensuring that they are not tempted to return to a life of crime after they are let free from the prison. This support structures can enforce and sustain changes in attitudes and behaviours, increase employment and impact further on national policy, thus improving impact in the long-term.

Although the organisation may start with a very flexible structure, as time progresses, the need for a more formalised structure increases in order for the organisation to be effective. Systems and procedures need to be in place for administrative purposes, for record keeping and for measurement (as the business adage goes – 'you cannot control what you cannot measure'). Even registering as an NGO may be cumbersome to the independent social entrepreneurs, who are often put off by procedural issues and lengthy board meetings, but this does help in situations such as applying for funds. Good administrative procedures result in higher efficiency and can only help the entrepreneur in the long run.

3.2.5 Ability to Attract People and Skills

All organisations struggle in some way in finding the right people (those with the right skills and competences) and keeping them. This is not different in the case of social entrepreneurial organisations. This is especially true in the case where salaries are not guaranteed and/or are not competitive. In addition to the fact that current employees are in search of a more secure and well paying positions. To ensure that the best people are employed and retained, you must ensure that employees are well paid and motivated. This is because sustainability will be improved immensely if employees are committed to the organizations vision because they have substantial contributions to make regarding project impact.

4.0 CONCLUSION

This unit added up to the build-up of ideas and knowledge in the social problems and how they provide opportunities for social entrepreneurs. The unit examined critically the sustainability social projects. Finally, it pointed out that most community efforts in Nigeria has been targeted at rural dwellers relaying on the geographic definition of community. Majority of these projects has either failed or did not show a sustained impact for several reasons. At the centre of it, is that the people or target community are not always involved in designing programmes affecting them.

5.0 SUMMARY

Social entrepreneurship development is the willingness of a social entrepreneur to commit to a community project without making profit the central objectives. This unit is **centered** on development. It also looked at community problems, need analyses as well as the sustainability of community projects.

6.0 TUTOR-MARKED ASSIGNMENT

How can social entrepreneurs achieve a sustained social impact when they decide to provide positive externalities in a disadvantaged community?

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MODULE 2

- Unit 1 Cultural Zones in Nigeria
- Unit 2 Cultural (Ethnic) Groups in Northern Nigeria
- Unit 3 Cultural (Ethnic) Groups in Southern Nigeria
- Unit 4 Other Cultural Zones in Nigeria

UNIT 1 CULTURAL ZONES IN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Cultural areas of Nigeria and their Characteristics
 - 3.2 Linguistic Classifications
 - 3.3 Government's Position on Language
 - 3.4. Geographical Location
- 4.0 Conclusions
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 Introduction

In this unit we outline the approximate number of Nigerian population, the linguistic classification as well as geographical location. The cultures of these and other Nigerian ethnic groups have been shaped by their geographical environment. Therefore, they do not preserve their world beyond their geographical confines. This will also provide the number existing in Nigeria.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- 1. Define and use correctly all of the key words printed in bold
- 2. Identify the linguistic classification of Nigerian People
- 3. Mention the geographical location of the prominent ethnic groups in Nigeria.

3.0 MAIN CONTENT

3.1 Cultural Areas of Nigeria and Their Characteristics

You may recall that the population of Nigeria stood at about 167 million according to National Population Commission (NPC) publication issued in August, 2012. It is common knowledge that within the country's boundaries, there are over 500 ethnic groups, each speaking its own language, although some may not necessarily speak the language identified with their ethnic groups. These ethnic groups range in size from tiny units consisting of less than 700 people to groups numbering well above 10 million. The well-known ethnic groups in Nigeria include Hausa, Yoruba, Igbo, Fulani, Kanuri, Efik, Ibibio, Tiv, Ijaw, Edo, among others.

Although there are over 500 distinct ethnic groups in Nigeria, the number of languages spoken does not necessarily correspond to this figure. As such, there is bound to be more or less than this figure, since one ethnic group might speak different languages while different ethnic groups might speak one language. This has led to a lack of precision in identifying the number of languages spoken in Nigeria. What compounds this problem further is the existence of different varieties of the same language, otherwise known as dialects. For instance, one language may have several varieties which at times are not mutually intelligible. Whether such are regarded as distinct languages or dialects (varieties) of the same language has always remained a bone of contention among linguists. Although, the index of Nigerian languages 1993 identified 452 languages (Egbe, 2014; Ethnologue, Languages of the World, 2013)

3.2 Linguistic Classification

Just as is the case with their number, linguists also disagree on any single classification scheme for African languages. But it is generally recognized that Nigeria is one of the principal linguistic crossroads of Africa. J.H. Greenberg in his classification of African languages distinguishes four major groups, called phyla. This in linguistics means a large division of possibly related languages, or a major language family which is not subordinate to another. They are Afro-Asiatic, Khoisan, Niger-Congo and Nilo-Saharan. In Nigeria, the majority of the languages belong to the Niger-Congo Phylum, though there are a substantial number of languages belonging to the Afro-Asiatic phylum especially the Chadic family (Hausa, Marghi, Pabir-Bura, Bole, Karekare, Tangale, etc.). The Nilo-Saharan has Kanuri, Dandi, Teda and Zanna. There are no languages from the Khoisan phylum in Nigeria.

The Niger-Congo family is divided into: West Atlantic, Mande, Gur, Kwa, Benue-Congo and Adamawa-Ubangi. The majority of Nigerian languages belong to the Kwa, Benue-Congo and Adamawa-Ubangian families. The other families within Niger-Congo are: West Atlantic (Fulbe), Mande (Busa and Shanga), and Gur (Baatun).

3.3 Government's Position on Language

Due to linguistic diversities, the Federal Government has encouraged the citizens to employ English Language as a lingual franca, language of administration, education, trade and commerce, while attempts is being made to evolve a national language through its National policy on Education. The National Policy on Education makes it mandatory that language of immediate environment or community should be the medium of communication in early childhood education. The Junior Secondary School students are to be taught and examined in any of the three major indigenous Nigerian languages – Hausa, Igbo and Yoruba. The Senior Secondary School students are to offer one other indigenous Nigerian language other than their mother tongue. Besides the issue of national language, different states in Nigeria have dominant languages which unite them.

3.4 Geographical Location

You will recall that Nigeria's major ethnic groups are widely distributed all over the country. The Hausa are widely distributed, but they constitute majority in the far north of the country.

The Fulani-speaking people are also spread throughout Northern Nigeria. They are found all over Northern Nigeria. The Kanuri are mainly found in Borno and Yobe states. The Nupe in the Niger and Benue valleys. The Tiv are concentrated in the area south of the Benue River.

The Yoruba are found in Southwestern Nigeria as well as parts of Kwara, Kogi, Edo and Delta States. The Bini are located in Edo and Delta states, while the Ijaw (Izon) are spread throughout the coastal strips of Rivers, Bayelsa, Delta, Edo and Lagos states.

Fig. 3.5: Map showing Yoruba Areas



Source: Adesoji (2008)

The Igbo are mainly found in Imo, Anambra, Enugu, Ebonyi Abia States and parts of Delta and Rivers States. However, as a result of population pressure and pressure on land, many Igbo people have migrated to various parts of Nigeria. There are other smaller ethnic groups that are located in various parts of the country.

4.0 CONCLUSION

According to the National Population Commission, August, 2012 the population of Nigeria stood at 167 million people with over 500 ethnic groups.

The majority of the Nigerian Languages belong to the Niger-Congo groupings and the remaining languages are distributed between Afro-asiatic and Nile-Sahara groups.

In the Northern part of the country, the Kanuri are found in Borno and Yobe, while the Nupe are found in Niger and Benue Valleys. The Tivs, on the other hand, are found in the south of Benue river.

In the southern part of the country the Ijaw are spread throughout the coastal stripes of Rivers, Delta, Edo, Bayelsa and Lagos States. The Igbo are mainly found in South-eastern states of Anambra, Ebonyi, Enugu and Abia.

5.0 SUMMARY

The publication of the National Population Commission in August, 2012 showed that the population of Nigeria stood at 167 million people with over 500 ethnic groups. It also showed that the greater part of the Nigerian languages belong to the Grouping of the Niger-Congo and the remaining languages are distributed among the Afro-Asians and Nile-Sahara areas

6.0 TUTOR-MARKED ASSIGNMENT

- Based on your study of this unit, you have learnt the classifications of Nigerian Languages; you may recall that language classifications are put into four distinct groupings. Mention all the languages in each classification you read.
- From the geographical location you studied in this unit, what are the locations of the notable ethnic groups in Southern Nigeria?

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UNIT 2: CULTURAL (ETHNIC) GROUPS IN NORTHERN NIGERIA

CONTENTS

- 1.0 Introduction**
- 2.0 Objectives**
- 3.0 Main Content**
 - 3.1. Basic Geography of Nigeria**
 - 3.1.1 The Hausa Culture**
 - 3.1.2 The Fulani Culture**
 - 3.1.3 The Kanuri Culture**
 - 3.1.4 The Nupe Culture**
- 4.0 Conclusions**
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- 6.0 Tutor-Marked Assignment**
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1.0 INTRODUCTION

We will start this unit by introducing the students to the culture and people of Nigeria. Nigeria is situated between latitudes 400E and 1400N and longitude 300E and 1400E of the *Greenwich meridian*. It is bounded in the west by the Republic of Benin, on the north-west by the Republic of Niger, on the north-east, by Lake Chad, on the east by the Republic of Cameroun and in the south by the Atlantic Ocean. It has a total area of 923, 768 square kilometers. It has a total of 910, 768 land mass and 13,000 square kilometre water ways. It is mostly located in the tropical region. Nigeria has a population of about 167 million (National Population Commission August, 2012) people roughly equally divided between males and females and Christians and Muslims. There are still a sizeable worshippers of African traditional religion within the confines of Nigeria.

2.0 OBJECTIVES

At the end of this unit, the student will understand the following:

- Adjacent African countries sharing boundaries with Nigeria.
- The various ethnic groups in Nigeria
- The vegetation and climatic condition of parts of Nigeria

3.0 MAIN CONTENT

3.1. Basic Geography of Nigeria

As one moves from the south to the north, the vegetation progressively changes from tropical rain forest to savannah grassland. Typically, there are two main seasons: rainy season and dry season interspersed by the harmattan season. The rains are heaviest in the south and thinnest in the north. Since the 1970s desert encroachment and desertification have become a serious environmental problem to the northern-most states.

From the environment we now move to the different people of Nigeria. The peoples of Nigeria are varied as would be discussed in detail below. There are about 500 different ethnic groups within the boundaries of Nigeria.

You may know that the major ethnic groups are Hausa, Igbo, Yoruba, Kanuri, Fulani, Bini, Tiv, Ijaw, and Nupe. There are some states that have more than ten different ethnic groups speaking different languages.

3.1.1 The Hausa Culture

As you are aware, you are a part of the culture of your ethnic group. Culture, is a total way of life of a people in their attempt to harness and conquer their environment. It is what gives meaning to their politics, economics, language, dietary, religion, philosophy, aesthetics, etc. The Hausa are predominantly found in the north-western part of Nigeria. They were substantially Islamized even before the Sokoto Jihad of 1804. As clearly demonstrated by Smith (1965), by the time of the Jihad a distinction could be made between the pagan Hausa and the Muslim Hausa.

Immigration and conquest mark Hausa history. The Hausa people themselves are groupings of a number of different people who have been incorporated into the “original” stock through conquest and assimilation. Homogeneity of the Hausa stems from a common language and religion (Islam).

The Hausa claim to have descended from a certain hero named Bayajida (or Abu Yazid) who was a refugee prince from Baghdad. The legend states that after leaving the Middle East, he stayed for a while in Kanem, where he married a daughter of the Mai (or king) called Magira. Later on he fled westward in order to escape the wrath of his father-in-law, the Mai, and abandoned his wife who had already born him a male child. Before reaching Daura, where he was credited to have killed an evil snake that was preventing people of the town from drawing water from a well. He briefly stayed in Gaya.

Perhaps because of his bravery and as a reward, he is believed to have later married the Queen of Daura (Magajiya), which enabled him to become the ruler of the state. His descendants are claimed to have founded what was known as the seven Hausa states of Biram, Bagauda (Kano), Gunguma (Zazzau), Duma (Gobir), Kumayo (Katsina), Zamma (Rano) and Gazora (Daura). These were collectively referred to as the Hausa Bakwai.

The pagan Hausa lived in small villages of exogamous patrilineal kin and they worshiped natural spirits which were referred to as Iskoki. They were predominantly gatherers and farmers. The Muslim Hausa had a large centralized system. They had highly developed technologies and economy. The Hausa were famous for leatherwork, cloth-making, dyeing and iron-making.

You may recall that the success of the Jihad campaigns of Shehu Usman Danfodiyo in Hausaland at the beginning of the 19th century, gave birth to the Sokoto Caliphate and this gave the Fulani an important position in the political affairs of the Hausa states.

From what you have learnt, the Hausa are reputable long-distance traders and great cultivators. They also tended to be literate in Arabic, resulting from the influence of Islam and the Sokoto Jihad.

The Sokoto caliphate is bound to the North West by Gobir; and Borno to the North East. In the south it extended to the Old Oyo and crosses the Benue.

It is important to know that the head of a typical Hausa state was the Sarki, who was supported by a retinue of officials in an elaborate court. In political terms, the development of the office of the Sarki of a birni (city) like Kano was very significant. His full title was Sarkin Kasa, meaning ‘ruler of the land’ and not just the city. Thus, he was both a political and religious leader of the people. He was also the chief executive and judge of the state. He was aided by a council of state. However, with the introduction of Islam in the 14th and 15th centuries, new factors – were introduced into the Hausa political structure. For example, the offices of the Galadima (senior counselor), Madawaki (palace administrator), Magaji (overseer), Dogari (guard), and Zagi (orderly) have roots in the Islamization of Hausaland during the two centuries. The judicial and fiscal systems were similarly influenced by Islam. Such titles, concepts and institutions as the Alkali or the Qadi (judge), Zakat (tax on income), Jangali (tax on livestock) became commonplace in the administration of the state.

The three most important Hausa rulers at the wake of the 15th century were those of Kano, Zaria and Katsina which adopted Islam in their political as well as social and economic systems.

3.1.2 The Fulani Culture

Now that you have completed the study of the Hausa, there is another notable ethnic group that lives side-by-side with the Hausa and others. This is the Fulani ethnic group. The Fulani ethnic group is largely nomadic. They are believed to have originated from the Futa Jalon highland region of West Africa from where they migrated in stages to various places in West Africa.

Fulani is a notable ethnic group in Northern Nigeria. They are described differently as follows: “Peul” by the Wolof, “Fula” by the Bambara, “Fellata” by the Kanuri and are generally called Fulani by other Nigerians. The Fulani call themselves “Fulbe”. They profess Islam while others maintain syncretic practice and their main occupational activity is cattle-rearing by the males and cow-milking by the females. The Fulanis are of

two categories, namely: fulanin daji (nomadic) fulani and fulanin gida (sedentary) fulani. The former, who have maintained their nomadic way of life, move from one place to another in search of pasture or grazing land for their livestock. The latter have settled in towns and villages teaching, farming and trading.

The Fulani are widely distributed in West Africa most especially in the Sahel, wandering from one spot to another with their herds of cattle. In fact, they are found in almost every country of the Sudan zone of West Africa extending from the Senegal area in the West to the Upper Nile in the east.

The pastoral Fulani's life is principally basic and simple. They strive to maintain their tradition and culture wherever they go. They generally adhere to a code of behaviour referred to as *pulaaku* which suggests they must exhibit the following qualities: shiness, bravery and ownership of cows. In the pre-colonial period, the Fulani, under Shehu Usman Danfodiyo's leadership, were able to revive Islam in most parts of the Hausaland. Following the Jihad, (an aggressive campaign for an idea) they functioned basically as administrators and sometimes as cultivators. As devout Muslims, they were very instrumental in assisting Shehu Usman Danfodiyo in the execution of the popular Sokoto Jihad which helped in the socio-political as well as the religious changes of Northern Nigeria in the course of the nineteenth century.

3.1.3 The Kanuri Culture

Another notable ethnic group in Nigeria is the Kanuri. There are many versions of Kanuri origin. The "So" version reveals that Kanuri were the original settlers in Kanem-Borno. They developed a sophisticated socio-political culture based on agriculture and the knowledge of the use of iron technology.

In addition to the "So" version there is the Saif bin Dhi Yazan myth. This version attributes the foundation of the Kanem-Borno polity to the great Arab hero Saif bin Dhi Yazan of Himyar, which supposedly happened between the 9th and the 10th centuries CE. Saif was also credited to have established the renowned Saifawa Dynasty.

The socio-political organization of the Kanem-Borno people was based on kingship. For instance, the *Mai* (king) was the highest authority in the political structure of the empire. The mother of the *Mai*, known as *magira* was a very important and respected personality in the Kanem-Borno political structure. The sister of the *Mai* (*mogaram*) was also important because she assisted the *Mai* in the administration of the empire.

Another political institution that is kingship oriented in the Kanuri Culture was an imperial state council known as the council of the twelve or the "*Nokena*", which acted in advisory capacity to the *Mai*.

Khadi was the chief judge of the state. He plays a major role in the Kanuri political structure as the chief judge and the legal advisor to the Mai. The army played a significant role in the Kanem-Borno political system. It was a professional army divided strategically into two divisions: Home and Bush Garrisons. Another institution of the Kanem-Borno political structure was the titled nobility. They were known to have exercised great influence in state affairs and the *Mai* assigned to the fiefdoms to administer. The most important of these titles were the *Galadima* (governor of the western province), the *Kaigama* (commander in chief of the army), the *Yerima* (governor of *Yeri* province) and the *Mustrema* (queen mother's representative).

3.1.4 The Nupe Culture

This ethnic group can be found in central part of Nigeria. Like many Nigerian ethnic groups, the Nupe people have different versions of origin. Many scholars believe that the early Nupe people originated from where they are presently (part of Kogi, Kwara and Niger States). Other scholars argued that the first people of Nupe originated from Egypt. Hence Egypt seems to be the origin of Nupe people in this regard. *Edegi* is considered by some Nupe people as the founder of their state; and according to Nupe tradition *Edegi* might have arrived in the early Sixteenth Century from Idah. He (*Edegi*) was also believed to have had an Igala father and a Nupe mother. Historical traditions reveal that the Nupe people had at a time paid allegiance and tribute to the *Atta* of the Igala state. To them (the Nupe) in the Sixteenth Century, a hero, an Idah prince, known as *Tsoede* re-established Nupe independence with himself as the *Etsu* Nupe (King of Nupeland).

Regarding their religion, the Nupe people are highly Islamized group found in the Niger valley above its confluence with the Benue. A strong Nupe kingdom had existed since the 15th Century up to the Jihad. The Fulbe jihad leaders who took over Nupe land were completely absorbed into Nupe culture and became Nupe. The Nupe are a highly united group. A unity sustained by a belief in common origin, a common language and culture, the symbol of the *Etsu* Nupe and a feeling of Nupe consciousness. Due to early contact with the Europeans on the river Niger, they are highly westernized.

Etsu Nupe was known as the head of the Nupe kingdom. He operated a two-level administration: central and provincial. *Etsu* Nupe enjoyed a divine status and people worshipped him and respected him. His words were laws. His power and actions were regulated by a body of traditions and taboos.

Besides the *Etsu* Nupe there was a class of powerful gentlemen called nobility. Its main task is to help the king carry out his duties as leader. Such nobility include: *shaba*, *kpotuh* and *maku*.

At the village level, there was a head called *Zitzu*. He was an appointee of the *Etsu* and he was assisted by a council of elders. He was expected to pay tribute to *Etsu*.

4.0 CONCLUSION

We learnt in this unit that the Hausa are found in the North Western part of Nigeria. They were substantially Islamized even before the Sokoto Jihad of 1804.

The Fulani is an ethnic group in the North and are believed to have originated from the Futa Jalon highland region of West Africa from where they migrated to various places in the West African Sub-region. The Fulani are of two groups, namely pastoral Fulani (*Fulanin Daji*) and sedentary Fulani (*Fulanin Gida*).

The Kanuri have different versions of origin, the “So” version of the Kanuri origin states that, the “So” were the first settlers in the Kanem-Borno, while the Saif bin Dhi Yazan version attributes the foundation of Kanem Borno to the great Arab hero Saif bin Dhi Yazan who was credited to have established the popular Saifawa Dynasty.

As for the Nupe Culture, some scholars argued that they originated from Egypt. However, the Idah version agreed that *Edegi* was the founder of their state. He was believed to have had an Igala father and a Nupe mother. It was also believed that the Nupe people at one time paid allegiance and tribute to *Atta* of the Igala.

5.0 SUMMARY

The socio-political organizations of Hausa comprised the following: i. *Galadima* ii. *Madawaki* iii. *Magaji* iv. *Dogari* v. *Zagi*

The socio-political organizations of Kanuri comprised the following: i. The *Mai* ii. *Magira* iii. The *Mainin Kinendi* iv. The Army v. *the Kaigama*

The Fulbe seem to have no political organization before 19th Century, rather they adopted the Hausa Socio-political structure.

The socio-political organizations of Nupe comprised the following: i. *Etsu Nupe* ii. *Shaba* iii. *Kpotuh* iv. *Maku*

6.0 TUTOR-MARKED ASSIGNMENT

- List and discuss those African countries that share boundary with Nigeria
- What is the main occupation of the traditional Fulani Tribe in Nigeria?

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UNIT 3 CULTURAL (ETHNIC) GROUPS IN SOUTHERN NIGERIA

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
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 - 3.2 The Igbo Culture
 - 3.3 The Bini Culture and The Itsekiri Culture
 - 3.4 The Ijaw Culture
- Conclusions
- 4.0 Summary
- 5.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 Introduction

In Unit 1, you learnt about the notable ethnic groups in Northern Nigeria. In this unit we will be concentrating on notable ethnic groups in southern Nigeria which includes Yoruba, Igbo, Bini, Itsekiri and Ijaw ethnic groups. The focus will be on their origins and their socio-political organizations.

2.0 OBJECTIVES

After studying this unit, you should be able to:

- * Understand more about the major ethnic groups in Nigeria.
- * Identify the origins of the following ethnic groups: Yoruba, Igbo, Bini, Ijaw and Itsekiri.

3.0 MAIN CONTENT

3.1 The Yoruba Culture

The ethnic group now commonly referred to as the ‘Yoruba’ has been identified by different names spanning millenniums and centuries. Pacheco Pereira identified them in 1500 as the *Lucumi* while early missionary accounts of the 19th Century referred to them as the *Aku*. Yoruba, which originally referred to the Oyo, began to be used for the generality of the group by the Europeans and it has continued to be identified by that name. The earliest known account of their existence in the region according to

archaeological evidence dates to around 9000 BCE as revealed by human remains at *Iwo Eleru*. However, their inability to develop arts of writing early in their history gave rise to fables and conflicting accounts of their origin.

R.C.C. Law traced the first written account of Yoruba origin to the second Sultan of the Sokoto Caliphate, Sultan Mohammed Bello. In his writing, *Infraq al Maisuri*, Bello in his version in 1812 stated that the Yoruba derived from Nimrod, a descendant of the cursed Ham who fled Mecca while resisting Islam. This account was later appropriated by new Oyo palace historians who expanded it to identify Nimrod as *Lamurudu* whom they now referred to as the father of *Oduduwa*, the acclaimed progenitor of the Yoruba. Samuel Johnson on his part adapted this account but replaced the Meccan origin with Egyptian Coptic Christians.

Another myth of the Yoruba origin alleged that *Oduduwa* descended from heaven sent by God to create the earth. That *Oduduwa*'s first point of arrival on earth was Ile-Ife, hence the notion that Ile-Ife is the centre of the earth (GST 113: Nigerian Peoples and Culture).

What is however certain is the fact that the Yoruba are indigenous to Southwest Nigeria. The Itsekiri are their kins. They constitute a sizeable population of Middle Belt states of Kwara and Kogi. There are indigenous Yoruba in Edo state. Until the colonial conquest of Africa, the Yoruba region extended from Benin Republic to parts of Togo. A sizeable number also settled in Sudan. The Trans-Atlantic slave trade also led to their forced migration to the Americas where Yoruba cultural traditions have endured to the present in Brazil (as *Lucumi*), in Trinidad and Tobago and in Cuba, amongst many other places.

In Nigeria, the Yoruba constitute a homogenous socio-linguistic and cultural group. Their language belongs to the Niger-Congo language family and shares basic characteristics with the Igbo, Edo, Fulani, Bariba, Efik, Jukun, among other groups. Ile-Ife developed a centralized state system, complex artistic and craftsmanship abilities, socio-cultural and religious practices, as well as economic versatility. It became a cultural and political model for other Yoruba communities which began to replicate the Ife model in their domains. Ile-Ife became the spiritual motherland of the Yoruba. However, Oyo soon developed a more complex political and military system.

The Yoruba political system is very complex. The Oba (king) is an absolute ruler with divine authority, yet his powers are checked by various institutions such as the council of chiefs (the *Oyomesi* – hereditary advisers in Oyo in particular and *Ilu* in other Yorubalands), the *Ogboni* society, *Ifa* divination, and sometimes by mass rebellion or rejection of his authority or person. Any member of the council of chiefs could in turn be deposed by the king. Kingship rotates among several royal houses, hence, the son of a reigning king cannot succeed his father. A paramount ruler (the king) seldom appeared in public and was not commonly accessible to his subjects. His subordinate chiefs administered the quarters, villages, the towns and other domains on his behalf. Yet, each of the chiefs has specific traditional duties limited to each of them alone. Yoruba

settlement had the Oba's palace in the centre. Village heads (*Baale*) are subject to the king through his chiefs, while lineage heads (*baale* and *mogaji* in Ibadan) administer the quarters and the wards but are subjected to the immediate higher head. Youths and quarter children have their roles and rights. The rights of women are assured as their leader is an official member of the council of chiefs.

Marriage among the Yoruba was exogenous, hence, it was not a mere event between two individuals but an event involving two previously unrelated families. After betrothal, a man must not only give presents to his future wife, but also should help her father on his farm or when building a house. The would-be in-law also plays important role in funeral rites.

The Yoruba operate patrilineal societies. Polygamy is a common feature among the Yoruba.

Apart from farming, the Yoruba were also traders and craftsmen. Cooperative efforts used in farming include 'aaro' and 'owe'. The 'aaro' form of labour mobilisation was reciprocal in that farmer who was assisted to weed his farm or build his house today would be called upon tomorrow to render similar service. While the 'owe' was not reciprocal. Drumming and feasting would normally follow after the execution of an 'owe' or an 'aaro' task.

Generally speaking, even strangers did have access to land for farming purposes through *Isakole* (i.e., land rent) charge.

3.2 The Igbo Culture

Another notable ethnic group in Nigeria is the Igbo. The Igbo have a unique culture. There are three versions on the origin of the Igbo. The first version says the Igbo migrated from the Middle East to their present location.

The second version says they have been in their present location in eastern Nigeria from the beginning. The third version says they descended from the sky.

The language of the Igbo belongs to the Niger-Congo family. The Igbo people thrived in the Igbo-Ukwu art culture while they cherished Arochukwu in the spiritual realm.

You need to know that birth, marriage and burial are considered the three most important family events. Igbo traditional marriage, known as *igbankwu* is not just an affair between the future husband and wife, it involves parents, the extended family and the whole village. The would-be groom parent will bring palmwine and kola nuts to the bride's family and other items such as goats, chickens etc as requested by the family. We wish to state that the wedding ceremony varies from village to village. Birth is also celebrated among the Igbo but the naming ceremony is usually performed on the 28th day. Many customs surround the burial rites such as paying last respect to the dead, singing traditional songs and traditional dances, acrobatic displays by masquerades, etc.

The village of Igbo-Ukwu is the harbinger of the oldest known sculpture from Igboland. In that village (Igbo-Ukwu), there was an excavation of the grave of a man of some

importance and wealth dating back to the 9th Century which produced some of the earliest bronze castings, glass beads, bowls and ornaments. The objects found at Igbo-Ukwu are also for ritual as well as secular purposes. The objects found at this site were a large collection of objects and regalia mostly made through the “lost wax” technique and others made through casting method.

In terms of style, the artifacts found at Igbo-Ukwu are not similar to the Bini, Ife or any other Nigerian arts; they are originally local in shape and content. The findings at this site indicate a very well developed economy with surplus to engage in artistic production.

The Igbo political system is a segmentary system of governance where you have hierarchy of power from the family to the age group and to special titles. This power is often distributed among the following title holders: *Ozo*, *Ichie*, *Mazi*, *Ozioko*, *Nze*, *Diokpa*, *Isi*, *Okpara*, *Ezeji* and a few others.

Similarly, others that hold powers include priests, elders, diviners, medicine men, the *Okparas*, members of secret society and age grades. They all have recognized roles to play within the Igbo political set up.

3.3 The Bini Culture

This is another notable culture in Nigeria. There are three versions of the origin of the Benin kingdom. The first version is from Edo mythology. According to this mythology, the Benin Kingdom was founded by the youngest of the children of *Osanubua* (the high god). This child came with his elder brothers who subsequently founded Ife and Yoruba Kingdoms.

The Second Version talks about the elders of Benin requested King of Ife (*Oduduwa*) to send his son as the King of Benin. *Oduduwa* complied by sending *Oranmiyan*. But *Oranmiyan* did not stay for long. He impregnated the daughter of the *Onogie* of Edo. This woman later delivered a son who was installed as the first *Oba* of Benin. This *Oba* was later called *Eweka*. He and the people of Benin lived at *Usama*.

The Third Version according to Igharevba (1968), the Bini migrated from Egypt and in the course of their journey southward, they settled at Ile-Ife and finally moved to their present location.

The leadership of the Bini people was based on segmentary system where authority is exercised right from the family. There are three types of families:

1. The Nuclear Family
2. The Joint Family
3. The Extended Family

Each is headed by an elder who sanctions each member of the family. Similarly, there are societal elders constituting authority based on the village system and there are representative title holders who constitute a councillor court for discharging laws and justice in the whole kingdom.

3.4 The Itsekiri Culture

You may wish to know this important culture in Nigeria. The people of Itsekiri claimed to have descended from *Umale-Okun* (the sea god) some of the Itsekiris claim to have descended from *Ode*, a Yoruba town in Ijebu Water-side.

In a different dimension, one part of the Itsekiri tradition claimed a relationship with *Iginuwa*, a son of one of the chiefs of the Yoruba; it was said that *Iginuwa* was sent to the Itsekiri land in company of chiefs and their servants whereby, the chief, together with the Itsekiri established the present land. On his arrival *Iginuwa* met with some Ijaw who took him along with his followers and consolidated his power as a leader of the new land.

The socio-political organization of the Itsekiri was closely related to the Bini people. The palace and titles for instance were modelled after that of the Benin kingdom. But in the Itsekiri's case, instead of the *Oba*, the kingdom was ruled rather by the *Olu*. He alone presided over a council known as *Ojoye* which was made up of seven nobles or title holders. The *Olu* combined in himself spiritual and temporal powers.

3.5 The Ijaw Culture

We now move to the Ijaw culture. The Ijaw ethnic group accounts for a sizeable percentage of Nigeria's population. You also need to know that they are located along the coastal belts of Southern Nigeria from the Forcados to Bonny River, long and extensive years of interaction with various neighbours have greatly influenced their traditions thereby leading to differences in the cultural assumptions of component Ijaw groups. They are mostly identified as Western Delta Ijaw (*Gbaramatu*, *Mein*, *Iduwini*, *Arogbo*, *Egbema* (Bassan), *Apoi Ijaw*); the Central Delta Ijaw (*Apoi*, *Furupagha*, *Olodiama Ijaw*); and the Eastern Delta Ijaw (*Bonny*, *Elem Kalabari*, *Nembe* (Brass), *Okrika*).

Some scholars have come up with different Ijaw traditions of origin. These scholars include Kenneth Dike (1956), G.I. Jones (1964) and E.J. Alagoa (1972). Dike ascribed the establishment of Ijaw politico-religious institutions to the commencement of trans-atlantic trade around the 15th Century, while G.I. Jones modified this submission by propounding claims of migration from Eastern Delta pinning it to the period of or before Portuguese contact with the region (1450-1550). On the contrary, Alagoa, an Ijaw, brought up 'Mein tradition' to assert migration from Central Delta to Eastern Delta. Archaeological studies sponsored by Alagoa to settle this controversy provided a more concrete information. The results showed that Eastern Delta Ijaw communities were settled far ahead of the Central Delta region.

They belong to the Niger-Congo linguistic subgroup and they speak *Izon*. The eastern Ijaw group, however, speak *Kalabari*. The western Delta Ijaw also speak Edoid languages while the Ogbia clan, the Andoni as well as the Obulom speak Cross-River languages.

Horton (1969) noted that the politico-religious organisations of the Ijaw is similar to those of other Southeastern Nigerian groups especially the Igbo. The entire adult male population seats in three age grades assembly to perform legislative and judicial functions presided over by the *Amanyano* (village head). The village head is chosen from a single descent group.

In Ijaw cosmology, a High God (*Tamuno*) is acknowledged. An ancestor cult similar to that of the Igbo also exists. Being riverine people, there is a strong belief in the water goddess (*Owu*) that plays certain roles in human affairs.

4.0 CONCLUSION

The Yoruba people are located mainly in South-West of Nigeria and they constitute a homogenous socio-linguistic and cultural group within the Western part of the country. The Yoruba are mostly traders and craftsmen. Marriage among the Yoruba is exogenous. The government and administration of a Yoruba town are democratic.

The origins of the Igbo people vary from:

That they migrated from the Middle East to their present location;

That they have been in their present location in South-Eastern Nigeria from the beginning, and That they descended from the sky.

The Igbo political structure is a segmentary system of governance where there is hierarchy of power from the family to the age group and to special title-holders. Others such as the priests, elders, diviners and medicine men also hold powers.

The origin of Benin culture could be traced to three myths:

The first myth was that the Benin Kingdom was founded by the youngest of the children of Osanubua (the high god);

The second myth was that the elders of Benin requested king or *Oduduwa* of Ife to send his son as the king of Benin. *Oduduwa* complied by sending *Oranmiyan* who impregnated the daughter of the *Onogie* of Edo who delivered a son who was installed as the first Oba of Benin.

The third myth was that the Bini people migrated from Egypt and in the course of their journey southwards; they settled at Ile-Ife and finally moved to their present location.

The leadership of the Bini people is based on segmentary system where authority is exercised right from the family. The families are headed by elders and there are societal elders constituting the authority as well as other title-holders.

The Itsekiri people claim to have descended from *Umale-Okun* (the sea god) while some of the Itsekiri claim to have descended from *Ode*, a Yoruba town in Ijebu Water-side. The Itsekiri were ruled by the *Olu* who presided over a council known as *Ojoye* made up of seven nobles or

5.0 SUMMARY

This unit threw light on the major ethnic groups in Southern Nigeria comprising the Yorubas, Igbos, Benis, Ijaws and Itsekiris. The different ethnic groups have different cultures and way of life. Sometimes you can identify people coming from a particular ethnic group from the way they dress, the way they speak or the way they greet people from other cultures and ethnic groups.

6.0 TUTOR-MARKED ASSIGNMENT

- Differentiate between the origins of the Yoruba and Igbo.
- How did Jihad influence the spread of Islam in Northern Nigeria.

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Module 3

- Unit 1 Poverty and The Need for Social Entrepreneurship
- Unit 2 Social Innovation
- Unit 3 Creating A Social Business Model
- Unit 4 Social Investment (Funding Options for Social Enterprises)
- Unit 5 Social Capital and Social Impact

UNIT 1 POVERTY AND THE NEED FOR SOCIAL ENTREPRENEURSHIP

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 The conceptualization of poverty
 - 3.2 Causes of poverty
 - 3.3 Social Opportunities from the Social Development Goals (SDG 1 & 2) of the United Nations
 - 3.4 Challenges Social Entrepreneurship
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Most social challenges persist in the face of poverty. It is because of poverty that people especially those on the bottom of the pyramid cannot provide decent and quality education, health, food, shelter etc. All of these needs are what create gaps for social entrepreneurs who are compassionate to solve these problems deploying entrepreneurial approaches. This makes poverty a challenge as well as an opportunity.

There is no single and acceptable definition of poverty. This is because poverty affects both the physical, moral and psychological aspects of the people. Different criteria at different times have been used to conceptualize poverty. Poverty can however be defined objectively and applied consistently only in terms of the concept of **relative deprivation**. The term is understood objectively rather than subjectively. Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.

This material is prepared to equip you with the basic ideas and knowledge that will enhance your understanding and appreciation of the concept of poverty and how it affect the concept of social entrepreneurship and community development.

2.0 OBJECTIVE

By the end of the unit, you should:

- a. Be familiar with the concept of poverty
- b. Be familiar with the causes of community poverty
- c. Be aware of opportunities presented by SDG 1 and 2 of the United Nations

3.0 MAIN CONTENT

3.1 CONCEPTUALIZATION OF POVERTY

Broadly, poverty can be conceptualized in four ways such as

- i. When there is lack of access to basic needs/goods
- ii. A result of lack of or impaired access to productive resources
- iii. Outcome of inefficient use of common resources and
- iv. A result of “exclusive mechanisms”.

Poverty as lack of access to basic needs/goods

Poverty as lack of access to basic needs/goods is essentially economic or consumption oriented. It explains poverty in material terms and specifically employs consumption-based categories to explain the extent and depth of poverty, and establish who is and who is not poor. Thus, the poor are conceived as those individuals or households in a particular society, incapable of purchasing a specified basket of basic goods and services. Basic goods are nutrition, shelter/housing, water, healthcare, access to productive resources including education, working skills and tools and political and civil rights to participate in decisions concerning socio-economic conditions (Streeten and Burki, 1978).

Impaired access to productive resources

Impaired access to productive resources such as arable agricultural land, physical capital and financial assets leads to absolute low income, unemployment, undernourishment etc. Inadequate endowment of human capital is also a major cause of poverty. Generally, impaired access to resources shifts the focus on poverty and it curtails the capability of individuals to convert available productive resources to a higher quality of life (Ogwumike, 2002 cited in [Olowa \(2012\)](#)).

Inefficient Use of Common Resources

Poverty can also be the result of inefficient use of common resources. This may be consequent on weak policy environment, absence/inadequate supply of infrastructure, weak or a general lack of access to technology, lack of access or high cost of credit,

exclusion of “problem groups” from participating in economic development. For instance, the exploitation of the agricultural sector in Sub-Sahara Africa before and immediately after colonization through taxation (direct and/or indirect) led to poor growth performance of the sector which correspondingly heightened rural-urban migration and employment crisis.

Poverty can be structural (chronic) or transient

Structural (chronic) or transient poverty is defined as persistent or permanent socio-economic deprivations and is linked to a host of factors such as limited productive resources, lack of skills for gainful employment, endemic socio-political and cultural factors and gender while transient poverty on the other hand, is defined as transitory/temporary and is linked to natural and man-made disasters. Transient poverty is more reversible but can become structural if it persists. This creates gaps for social entrepreneurs to flourish.

Generally, there is a consensus that in conceptualizing poverty, low income and/or low consumption are its major symptoms. Various theories have been advanced in order to put in proper perspective the mechanics of poverty.

The orthodox Western views of poverty for example, reflected in the “Vicious circle” hypothesis stating that a poor person is poor because he is poor, and may remain poor, unless the person’s income level increases significantly enough to pull the person in question out of the poverty trap.

To the classical school of thought, such improvement can only be real and sustained, if and only if, the population growth is checked and the “limits of growth” are eliminated. Further, the early classical theorists in the attempt to illuminate on the concept of poverty based their analytical framework on the laws of diminishing returns which was believed to be universal in content although this was later upgraded at the time of Alfred Marshall and his contemporaries when the law of increasing returns in industry was more clearly articulated.

Understanding the nature of poverty perhaps received a boost following **Marxian theoretical formulation** which largely, is based on the principles of exploitation of labour. Marxian theoretical formulations presents the economy as ultimately polarized into a few rich capitalists and the masses made up of the poor miserable workers. Technological progress, it was argued, would be labour saving, resulting in displacement of workers to join the reserved army of the unemployed, whose presence depresses the wage level.

Joseph Bocke developed a model of dualistic economies which was later popularized by Arthur Lewis. In accordance with this model, the national economy was divided with two parallel institutional production sectors, namely, the traditional sector and the modern sector. The latter is dominated by foreign trade, technology investment and foreign management and is characterized by the beneficial values of discipline, hard work and

productive creativity. On the other hand, in the traditional sector, the static low-level equilibrium conditions advanced by the vicious circle of poverty theory are said to hold. According to this school of thought, the subsistence life style and a cultural value that are antitheses to economic growth and modernization dominate. Local ineptitude and the people's apparent lack of response to normal monetary incentives to hard work therefore provide explanation for poverty. This intuitively implies that the poor person is the cause of his/her poverty.

Understanding the nature of poverty became up-graded with the modern theoretical approach that considers the income dimension as the core of most poverty-related problems. Poverty may arise from changes in average income, or changes in the distributed income. Equitably distributed income increases the chance of the poor to have access to basic services (food consumption, housing etc). Indeed, it is now generally agreed that although there is close positive relationship between per capita income and the measures of well-being, it is not so much the level of per capita income which determines capabilities but how it is distributed. The argument for growth as a precondition for poverty reduction is because it increases, mean incomes and the narrowing of income distribution. Again, a major lesson that can be drawn from the conceptualization of poverty above is that any attempt to design pragmatic approach to poverty alleviation has to adopt mixture of strategies since poverty is multifaceted in scope and dimension.

3.2 CAUSES OF POVERTY IN NIGERIA

There has not been any identified single cause or determinant of poverty. A combination of several complex factors contributes to cause poverty. They include but are not limited to:

i. Unemployment and underemployment:

Gainful employment is important for individual to earn income and escape from "income" poverty. In many countries, the poor are faced with problems of structural unemployment due to lack of skills or extremely low educational levels, medical problems, geographical isolation (which affects some of the rural poor in general and the urban poor due to marginalisation of persons living in high-crime neighbourhood) and in some countries, discrimination based on race or other attributes. Further, underemployment occurs largely in the informal sectors and results in low incomes for an important segment of the labour force, particularly in rural areas. Unemployment is due more to slow economic growth than to the direct effects of imperfections in the labour market, although regulations affecting the formal sector are likely to induce more underemployment in the informal sector. In poorer, rural areas, this mainly takes the form of seasonal unemployment.

ii. Low Economic growth performance:

Any economic growth that will reduce poverty is that growth with employment generating capacity and with export base. Growth rates (whether poverty reducing or otherwise) have been low in the last few years in Nigeria. This partly is due to external shocks such as adverse changes in several countries' terms of trade, changes in global demand for exports and changes in global interest rates on developing countries external debt. All these are probably responsible for the increase in poverty level in various countries of the world. World Bank (1990 cited in [Olowa O.W., \(2012\)](#) links high economic growth to poverty reduction. This report asserts that poverty in Indonesia and Thailand was reduced by between 30 and 40 percent respectively during a twenty years period in which annual growth rates were approximately 3 percent. This invariably means that the lower the development, the lower the reduction in poverty level. A sample of countries that recorded the least reduction of poverty were those that had a growth rate of less than 1 percent. Growth can reduce poverty through rising employment, increased labour productivity and higher real wages it generates.

iii. Macroeconomic shocks and policy failure:

Macroeconomic shocks and policy failure has been a major cause of poverty in several countries of the world. As many economies in the world faced macroeconomic disequilibrium, mostly in the balance of payments due to expansive aggregate demand policies, terms-of-trade shocks, and natural disasters, it become necessary to undertake major policy reforms. In the process such economies became vulnerable to poverty. Macro-economic shocks and policy failure account for poverty largely because they constrain the poor from using their greatest asset "labour". Also, monetary policies that adversely affect cost and access to credit by the poor, fiscal policy which results in retrenchment, lay-off and factor Substitution; exchange rate policy which raises the domestic cost of production in an import dependent production system will affect the poor negatively. However, an exchange rate policy which boosts exports particularly those in which the poor are predominantly engaged (for example agriculture) will help reduce poverty. The urban poor, as a result of policy failure, are vulnerable to job losses resulting from job-cut-backs in the public sectors or from the decline of industries adversely affected by shifts in relative prices. They also lose from the removal of food subsidies and other welfare packages. Further, devaluation produced both negative and positive effects on equity and poverty incidence. On the negative side higher production costs of import, especially in import dependent economy usually result in declining capacity utilization rate in manufacturing and lay off and retrenchment in the private sector all worsening poverty.

iv. Human resource development:

This is germane to human capital development and capability to escape from poverty. Continued investment in human capital with improvements in efficiency is necessary to

sustain reduction in poverty changes in the labour market. Investment in people can boost the living standards of households by expanding opportunities, raising productivity, attracting capital investment, and increasing earning power: In addition, providing additional educational opportunities for adolescents may prevent some youths from becoming involved with gangs, drugs and violence, given the evidence linking the perpetrators of crime with school dropouts.

v. Crime and Violence:

A steady increase in crime and violence has degraded the quality of life to a varying extent in many counties of the world. North West Nigeria is a good example. Crime and Violence have serious economic costs. For instance, an increasing proportion of public resources, which are already limited, is required to strengthen police enforcement, support the growing prison population, finance the demands place on the judicial system, and provide health care for persons injured by violence. Other costs include the expensive security systems and guards now required by businesses and homes, the loss in potential revenues from foreign investor and tourists who have sought other destination as a result of the threat of crime, and the migration of the urban middle class. Because of the heterogeneous nature of the poor, it is difficult to link poverty, crime and violence directly. However the adverse social consequences of crime have been closely associated with poverty for example, loss of lives at productive age and quantum loss of properties.

vi. Labour markets deficiencies:

The poor's most abundant resource is their labour, a virile labour market is important to reducing poverty and income inequality. In most countries of the world, the majority of poor households participate in the labour market in one way or another, and thus poverty is a problem of low wages especially in the informal sector, low labour returns to rural self-employment activities, underemployment, and in some cases, protracted unemployment. These problems are affected in different ways by deficiencies in labour market. The majority of the labour force work as paid employees in the private informal sectors, followed by employees in the public sector. When there are deficiencies in labour market, the poor are affected by limited job growth and absorption capacity in the formal sector. Also, relatively high labour costs in the formal sector that lead to over expansion of a low-productivity informal sector, thus putting downward pressure on wages in the informal sector (where many of the poor work), and limited opportunities for unskilled youth to acquire job training and skills can perpetuate a cycle of poverty.

vii. Migration:

Migration rates do reduce poverty especially when the majority of individuals who migrate are skilled workers. Individuals who migrate vacate jobs in the labour markets.

Thus, migration drains skills and it reduces the pace of economic growth thus slows down the process of overall job creation. This affects the long-run development potential in an economy.

viii. Governance:

The persistence and pervasiveness of poverty in several countries has been linked to the lack of popular participation in governance and decision-making as well as weak institutional base. This has led among other things to poor accountability, transparency in resource allocation, weak programme implementation and monitoring. Ultimately, development programmes are rendered ineffective if poverty reduction initiatives are ineffective. This translates to wastage of resources.

3.3 SOCIAL OPPORTUNITIES FROM SUSTAINABLE DEVELOPMENT GOALS (SDG 1 & 2) OF THE UNITED NATIONS

Sustainable Development Goals metamorphosed from the Millennium Development Goals of the United Nations organization. SDG 1 (goal 1) is advocating for the ending of extreme poverty and social protection for the poor and vulnerable, increase access to basic services, support people who are harmed by climate related extreme events and other economic, social and environmental shocks and disasters. Goal 1 opens a lot of opportunities to innovate for social entrepreneurs. Social entrepreneurs can venture into innovations that can provide employment for the working poor, school feeding/targeted food assistance, labour market programmes and skills training among others can further reduce poverty.

Goal 2 aims to end hunger and all forms of malnutrition by 2030. It also commits to universal access to safe, nutritious and sufficient food at all times of the year. This will require sustainable food production systems and resilient agricultural practices, equal access to land, technology and markets and international cooperation on investments in infrastructure and technology to boost agricultural productivity. These are all opportunities for social entrepreneurs of which social investors are ready and willing to support financially and technically.

Ending hunger and malnutrition relies heavily on sustainable food production systems and resilient agricultural practices. Genetic diversity in livestock breeds is crucial for agriculture and food production since it allows for the raising of farm animals in a wide range of environments and provides the basis for diverse products and services. To increase the productive capacity of agriculture, more investment is needed, both public, private and from social enterprises whether from domestic and foreign sources. These are also attractive opportunities for social entrepreneurs (Progress towards the Sustainable Development Goals - Report of the UN Sec-Gen 2016)

3.4 CHALLENGES OF SOCIAL ENTREPRENEURSHIP

Although there are success stories for social entrepreneurs around the world, yet there are some barriers which still hinder social entrepreneurs from reaching their full potential world over. They include but are not limited to:

- i. Proper legal framework,
- ii. Funding
- iii. Lack of sustainability
- iv. Inability to properly measure social impact
- iii. premature scaling
- iv. Diverted Attention From Problem Solving To Organization Building

Legal framework

Many countries including Nigeria has poor legislative framework to deal with issues relating to social enterprises/social entrepreneurship. They essentially regard social entrepreneurs as a hybrid of social development and enterprise. As a result of the lack of legislative frameworks for social entrepreneurs; most social enterprise are initially forced to register as non-profit organisations and this hinders their operations. This limits the extent to which they can generate income while others resort to registering as for-profit organisations which in turn would remove their ability to have tax benefits or raise capital from social investors. Due to the lack of legislative frameworks, social entrepreneurs “do not find the kind of support they need to blend socially and attain their financial objectives.

Funding

Start-up funding and/or funding for expansion has been a major challenge to social entrepreneurs in Nigeria. Although, all social enterprise must develop a sustainable models that will guarantee a sustainable inflow of revenue, they however requires grants and charitable support before they get to the position where their commercial value proposition can generate enough revenue to keep the social enterprise liquid at all times.

Lack of sustainability

Generally, social entrepreneurs are viewed as the answer to sustainable solutions at community level, in practise, this is a major issue of concern as some social entrepreneurs are unable to create sustainable ideas and models. It is better to have an idea that can be replicated and sustained overtime as it enforces more impact than to have a single or a one off thing which has not distinction from the work of charities.

Inability to properly measure social impact

Social entrepreneurs face an immense challenge in measuring social impact. This problem has proven to be enduring. Mair and Martí (2006 cited in **Malunga et al. (2014)**)

posit that it is very difficult to quantify social impact hence very challenging to measure the contributions of the social entrepreneur toward eradicating the social need.

When social entrepreneurs are able to demonstrate their social impact in measurable terms, it will no doubt provide credibility to the sector. This will as well provide access to more finance and more support and more success. Measuring social impact is of important value because it will highlight the significance of the role(s) played by social entrepreneurs in terms of community development. Thus instead of interrogating the legitimacy of social entrepreneurs by evaluating the definitional issues or organisational context, this discussion will centre on social impact assessment as a pivotal issue in legitimising social entrepreneurship.

Premature scaling-up

In many instances, social entrepreneurs make enormous attempt to expand their social venture in their infancy stage (before they are properly established). Scaling-up comes with its own challenges and in must occasion, these young social enterprise operators fail to handle the increased scope of challenges that the community encounters, thus failing to meet the expectations of the community and other stakeholders.

Diverted attention from Problem Solving to Organization Building

To solve the constantly emerging tough social problems, social entrepreneurs need collective actions that can be sustained over time. Too often, aspiring social entrepreneurs assume they need to start their own organization as against partnering with an existing one. This results in the need to raise huge revenue to build infrastructure, accounting, and other systems etc. As a result, energy and resources get diverted from problem solving which is the primary objective of social enterprise to organization building.

4.0 CONCLUSION

You have learnt that inadequate economic growth is the main cause of poverty in Nigeria and that high and growing unemployment has also exacerbated the level of poverty in Nigeria. We have also learnt that problems in the productive sector, widening income inequality, weak governance, social conflict and environmental issues have contributed to the poverty problem in Nigerian communities. Poverty especially in the urban area has been made worst by low labour absorption capacity especially in manufacturing, resulting in the limited growth recorded in the areas of investment, technology and innovation. Weak governance which is manifested in corruption, inappropriate planning and neglect of the private sector have contributed immensely to poverty.

We have also seen that the Social Development Goals especially (SDG 1 & 2) might provide a viable investment opportunity because they refer to the most pressing social problems to be addressed in the immediate future. They include goals such as eradicating extreme poverty and hunger, achieving universal primary education, promoting gender

equality and empowering women, reducing child mortality, improving maternal health, and combating HIV/AIDS, malaria and other diseases. Finally, this pointed to the fact that opportunities for social entrepreneurs especially in the developed world, do arise from gaps in the social welfare system.

5.0 SUMMARY

The unit which centred on poverty defined it to be the inability of individuals, families and/or groups in the population to meet their basic requirement in line with what other living in their communities are enjoying. This means the poverty can be consumption oriented (lack of access to basic need/good), it can be impaired access to productive resources (lack of capital/productive land) and it could result from inefficient use of common resources (inadequate supply of infrastructure). Unemployment, low economic growth, violence, labour market deficiencies are principal cause of poverty in communities. SDG 1 and 2 provides opportunities for social entrepreneurs even in the face of several challenges such as lack of funding, lack of legal framework, inability to effectively measure social impact as well as sustainability problems.

6.0 Tutor-Marked Assignment

If poverty presents viable investment opportunities for social entrepreneurs, why do we have limited social enterprise springing up in our communities?

7.0 REFERENCES/FURTHER READINGS

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UNIT 2 SOCIAL INNOVATION

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Concept of Social Innovation
 - 3.2 The Role of Technology in Social Innovation
 - 3.3 Theories of Social Innovation
 - 3.4 Why Social Innovation is Needed
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- 4.0 Conclusion
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1.0 INTRODUCTION

Nigeria, just like any other third world economy is facing several big challenges across several sectors such as the changing nature of public health, education, human right etc. Innovation is critical in responding to these challenges now and in the future. Social innovation is associated with the discovery of a previously unexploited social need, the ability of an organisation to continue to exploit the social need in a sustainable way, and most importantly in doing so it needs to generate disequilibria within its industry.

For a social entrepreneur or social enterprise to be truly socially innovative, it is not enough for them to simply address a social need. Being socially innovative requires the individual or organisation to identify a previously un-addressed social issue. This could be the development of a new green technology, the support of a disadvantaged group of people who are not currently being supported or even creating a more productive or efficient method for dealing with a current social need. However this is approached, it must provide something new.

Social innovation therefore translate to engaging new actors, resources, systems and processes to create new social value or create new ways of delivering existing services and design different ones.

2.0 Objective

At the end of this unit, students are expected to be

- Conversant with the concept of social entrepreneurship and their usefulness to a social entrepreneur.
- Students should also be familiar with the history of social innovation;
- the impact technology is creating in the field of social innovation as well as the need for social innovation.

3.0 Main Content

3.1 The Concept of Social Innovation

Around the world, social innovation has widely been debated and eventually have been considered an important element in all efforts to meet the "grand challenges" the world is facing today which include but are not limited to environmental degradation, climate change, declining birth rates, high levels of immigration, the rising costs of healthcare, the increasing number of elderly people, poverty, social exclusion, security of the citizenry, protection of critical infrastructures against terrorist attacks, etc. Given the enormity and complexity of these problems, no single and simple solutions have been made available to tackle them. Efforts to introduce major changes in the areas especially in a country like Nigeria has been bogged down in political conflict or end up in compromises that has failed to satisfy the primary intentions.

Social innovation is a broad concept. It has to do with a variety of terms that include but are not limited to ideas, ways and means, strategies and even organizations that works out innovative solutions to meet the demands of poor. In this regards, Mohammad Yunus micro credit scheme (in Bangladesh) presents a good example of social innovation. The Open University of Nigeria distance learning approach is also a social innovation in the education subsector. This is because it enables people in in disadvantage locations (far-fetched areas) to have access to quality education.

3.1.1 Defining Social Innovation

According to the OECD working definition (2009), social innovation implies conceptual, process or product change, organisational change and changes in financing, and can deal with new relationships with stakeholders and territories. 'Social innovation' seeks new answers to social problems by:

- identifying and delivering new services that improve the quality of life of individuals and communities;
- identifying and implementing new labour market integration processes, new competencies, new jobs, and new forms of participation, as diverse elements that each contribute to improving the position of individuals in the workforce.

Skoll, cited in Westall, (2007) posit that social innovation “can simply be understood as ‘new ideas that works which address social or environmental needs’. It may occur as a result of addressing new needs, reframing circumstances to make unmet social needs clear and urgent, or changing organisational structures to grasp new opportunities to add social value. New programmes, models, or ways of thinking – sometimes a combination of all three – may be the result. Social innovation is more than just invention, diffusion or the scale of ideas is an integral part of making its impact effective, as is co-ordinated action by a wide range of people and organisations spanning social, government and business sectors.”

3.1.2 Historical Development of Social Innovation

Over the last two centuries innumerable social innovations have moved from the margins to the mainstream. From the invention and spread of trade unions for the grim factories of 19th century industry to the spread of collective insurance against sickness and poverty to the great wave of industrialisation and urbanisation in the 19th century, the world have witnessed an extraordinary upsurge of social enterprise and innovation especially around mutual self-help, microcredit, building societies, cooperatives, trade unions, reading clubs and philanthropic business leaders creating model towns and model schools.

In the early 20th century Britain’s civil society pioneered the most influential new models of childcare, housing, community development and social care. During this period, social movements took the lead. The first of these was the anti-slavery movement in late 18th century Britain which pioneered almost all the methods used by campaigns: mass membership, demonstrations, petitions, consumer boycotts, logos and slogans. The late 1960s and 1970s saw particularly vigorous social movements around ecology, feminism and civil rights which spawned innovations in governments and commercial markets as well as in NGOs. Another wave of civic innovation in movements has emerged as the power of the internet and global media is harnessed to issues like global poverty and the environment.

More recently successful innovations have sprang up in many fields. for example, Rabobank, a cooperative bank, has one of the world’s highest credit ratings. The Mondragon Network of cooperatives in Spain now employs some 80,000 people, and has grown by 10,000 each decade since 1980. It now operates with some 50 plants outside Spain making it probably the world’s most successful social enterprise. From Florence Nightingale who set up new medical facilities during the Crimean war, to the anti-apartheid movement in South Africa that depended greatly on faith movement through to the innovations in micro-banking sectors, recent years have seen the emergence of new waves of mind blowing innovations.

3.2 THE ROLE OF TECHNOLOGY IN SOCIAL INNOVATION

Technology and Innovation are already having profound impact on our social, political and economic lives, including the way we access information, build social movements, catalyze political movements, and the way we interact. Politically, organizations like KONY2012, Dan Savage, the Tea Party movement, and individual campaigns have used social media effectively to galvanize energy around particular political issues. Technology will likely play a greater role in politics especially in election related matters. Technology has the potential to disrupt and help governments and lead to better governance. Online support and technology has the potential to lead to real action, e.g. voting, changes in legislation, or consensus in building a society.

There are interesting projects domestically and internationally providing information to communities and non-profits so that they can hold their governments (local, state and national) more accountable. For instance, in India, Kenya and Tanzania there are multiple efforts in education to make information available to communities about how much money is supposed to come to their communities for education. In addition, NGOs are testing children and letting communities know about how much their children are learning. These efforts have energized communities to ask their representatives, local governments and the national government about quality of teachers, and where all this money has been going. In the US, mayors are using technology to better connect with citizens.

Technology plays a prominent role in social entrepreneurship because social entrepreneurs are those who use innovative approaches to solve social problems such as poverty, lack of access to healthcare in the rural areas, difficulties in bridging the gap between employability and unemployed youth, and problems such as lack of access to credit for women and quality education. Technology in itself is inherently innovative.

In today's digital age, it has become increasingly cost effective to deploy technology to solve social problems. From mobile health and telemedicine to educational apps and micro-finance, digital advancements have greatly benefited a number of social enterprises, giving them the tools to create lasting change. Several outstanding social innovations has been made to tackle social challenges in areas such as education (Worldreader), healthy (CareMassage), and even in poverty alleviation (SamaSource). Worldreader for example used technology to increase access to books and the experience of reading. It achieved this through the launch of e-readers (Worldreader Mobile apps) enabling anyone with a cell phone or tablet to utilize the organization's digital library.

3.3 THEORIES OF SOCIAL INNOVATION

Just like social entrepreneurship, social innovation has several definitions as well as blurred boundaries. Nonetheless, practitioners and the academia has used the term widely

to refer to different ideas and approaches employed to address unsolved social problems. Social innovation is needed because many social challenges are resistant to conventional approaches to solving them. Social innovation is about new responses to social needs and challenges. Both the process and the outcome of social innovation are relevant.

The changes that social innovation can produce are of different intensity: some social innovations are incremental (as they build on what already exists), while others are radical and transform approaches and situations. “Innovations can be disruptive and generative – that is, they can disrupt patterns of production, consumption and distribution and generate further ideas and innovations (like the move to a low-carbon economy or the creation of a preventative system of criminal justice)” (Caulier-Grice and Mulgan, 2009). The scale of these changes can be large – fighting global climate change and reducing poverty, or small, such as creating a community garden (Goldenberg *et al.*, 2009). Provision of new and effective social services to individuals and groups, or fighting disease, or tackling problems associated with ageing, or youth unemployment or environmental sustainability, are other examples of the different levels at which social innovation can be achieved.

Social innovation neither take a single form, nor is the monopoly of one sector, but can happen in all sectors – including households, which are usually disregarded. Social innovation can be driven by governments (new models of public health), the private sector (open source software) or civil society (fair trade) (Mulgan *et al.*, 2007). It can also start in one sector and be taken up by another, such as the private sector taking on a social innovation produced in the non-profit sector. While in the past emphasis was placed on the non-profit sector as the “homeland of social innovation”, the private and the public sectors have since adopted the idea of social innovation, and this has obviously resulted in its wider application and new impetus and energy. Still, the non-profit sector play an important role in fostering and implementing social innovation because it does not have a profit-making dimension as its main goal, and can therefore pay attention to long-term social issues. At the same time the non-profit/social economy sector is increasingly adopting an entrepreneurial approach to further pursue its social objectives (which has been identified as the “new wave of social entrepreneurship”, as underlined by the GEM symposium in September 2009).

3.4 THE NEED FOR SOCIAL INNOVATION

Social innovations are innovative responses to unsolved social problems and needs, which have not been successfully tackled by the State or the market. Social innovation is needed because many social challenges are resistant to conventional approaches to solving them. They require novel approaches, inventive actors and new forms of co-operation among them, thus bringing together different kinds of expertise, skills and tangible and intangible assets.

Social innovation's major aim is therefore to tackle complex social challenges by providing innovative solutions.

Social innovations may be complex yet at the same time simple: sometimes new ideas just needed to be conceived! The whole idea of micro-finance, which is certainly one of the most well-known and successful social innovations in the micro finance subsector (lending small amounts of money to poor people without demanding collaterals). Nobody had thought of it or have successfully implemented it before Mohammed Yunus started it in Bangladesh.

Social innovation is addressing several challenges and having positive impacts. One of the most important is that of contributing to the modernisation of public services. social enterprises are delivering new welfare services at both national and local levels, often in partnership with the public sector. They are shaping new processes and services – a more tailored approach – thus enabling increased public sector efficiency. In addition, users are increasingly involved in the design of these services and user-driven social innovation is undoubtedly better suited to meeting user needs.

Social innovation is also directed at producing social change. The change can be of different intensities: incremental or radical. Changes are incremental when they build on what already exists and are radical when they produce a total change compared to the past. Obviously not all social innovations can be radical and evidence shows that the majority of them are incremental.

3.5 WHERE AND HOW DOES SOCIAL INNOVATION HAPPEN

Social innovation can take place everywhere, at national and local levels, but it does not simply “happen”. It is the result of joint effort, creativity and a shared vision: that of a sustainable and people-oriented future. Social innovation is not one sector's monopoly. Some innovations appear in the public sector, others in the private sector and others again in the non-profit sector. Social innovations are sometimes absorbed by a sector different from the one in which they were created. For social innovation to proliferate, cross-pollination is needed; to spread and upscale social innovations, “bees and trees” are required to enable the cross pollination.

3.6 SOCIAL ENTERPRISE VS SOCIAL INNOVATION

In the emerging world of Social Entrepreneurial Organizations, there are near limitless options for exploration, but two basic directions from which to approach them. These are social enterprise and social innovation. The differences are mostly in emphasis and final execution, although both rely on best practices, measurable results, and a socially-connected bottom line to drive their organizations.

Starting a social enterprise “is not all that different from starting a business,” A social enterprise is generally a venture whose ultimate purpose is social good and that advances and supports its social mission through a revenue generating mechanism guided by entrepreneurial principles. It does not necessarily rely on fundraising or other more traditional non-profit areas of revenue.

Social enterprises take many forms and are becoming more and more prevalent. Hot Bread Kitchen, for example, is a bakery that promotes independence and growth for immigrant women by creating professional opportunities for immigrant women as bakers. The bakery sells various breads and rolls and then uses the profits to pay a competitive wage to its workers, as well as encourage its employees to start their own businesses.

Social innovators, on the other hand, start new organizations with the idea of systemic change that they use to create a sustainable organization. This can lead to organizations with better practices, more efficient management, and higher impact. While sometimes social innovators take an existing non-profit and begin thinking in new ways to come up with systemic changes, most social innovation starts from scratch.

Social innovators fill a societal need not already addressed or take a new approach to meeting a need that is currently insufficiently addressed. For example, Education for Democracy Foundation is a cooperative effort between Polish and American pro-democratic educators to promote knowledge of democracy and provide skills for civic activity in a democratic state. The organization gathers groups of between 10-15 volunteers, mainly made up of teachers, who are taught how to address both specific democratic issues as well as broader civic participation concerns in a training that takes the course of a year.

4.0 CONCLUSION

This unit provided ideas and knowledge to help you further understand the concept of social innovation. It laid emphasis on the historical development of social innovation, the role of technology in social innovation and the theories of social innovation. It is also expected that you would have gained knowledge on the needs for social innovation in a community, where and how social innovation happens as well as the distinguishing features between social innovation and social enterprise.

5.0 SUMMARY

Social innovation has been defined in this unit to mean new ideas that work which addresses social challenges in a sustainable manner. This makes social innovation a novel response to unsolved social problem. Social innovation has always existed in different

times and utilized based on the technology available at that time. Technology has tremendously enhanced the use and impact of social innovation. Social innovation is necessary or needful because most societal problems have defied conventional approaches to solving them. They requires novel approaches, inventive actors and new forms of cooperation to get them solved.

6.0 TUTOR-MARKED ASSIGNMENT

Discuss in details why social entrepreneurship cannot survive without social innovation.

7.0 REFERENCES/FURTHER READINGS

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UNIT3 CREATING A SOCIAL BUSINESS MODEL

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Building a business model for social enterprise
 - 3.2 business model canvas
 - 3.3 Special consideration when developing a social business model
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

UNIT 1 CREATING A SOCIAL BUSINESS MODEL

1.0 INTRODUCTION

The purpose of a business model is to help stakeholders understand and clearly articulate how a business is configured so that it creates, delivers and capture value. In the case of a social enterprise this would ultimately be about how the enterprise will generate both financial and social value, and what the relationship is between the two types of value in the enterprise.

The business model should be able to articulate how an organisation does business, how that business generates revenue, what value a business offers, to whom (who the customers are), and why customers would keep coming back. It can help us understand how and why our business works, and it can help us design and innovate in our businesses.

2.0 OBJECTIVE

At the end of this unit, students should with a business model, be able to

- distinguish what makes a business model social as well as been conversant with vital considerations
- addressed when building a social business model.

3.0 MAIN CONTENT

3.1 BUILDING A BUSINESS MODELS FOR A SOCIAL ENTERPRISE

People who are passionate about making a difference often start social enterprises. Often it is not the actual ‘businesses that captures their imagination, but the impact it will have for the social or environmental issues they are seeking to address.

Every social enterprise begins with an idea (social need) which in the eyes of the social entrepreneur has more value than the financial value that comes along with creating and delivering a sustained social impact.

Once a social need has been discovered by a social enterprise, it must strive to exploit in a sustainable way. This it will do by creating a sustainable business model which will enable it to meet this need in a financially viable way.

The business model of a social enterprise can have two key benefits as outlined below:

- i. It can help us to understand, design, articulate and discuss the ‘nuts and bolts’ of our business concept
- ii. It can help the entrepreneur to test, and develop prototypes so that he can see if what he passionately believe about his impact is practicable and achievable

All social enterprises without a business model are destined to die. This unfortunately is the case with most social entrepreneurs in Nigeria.

It is sad to see many social enterprises collapsing. This is because the collapse of every social enterprise comes with two major negative implications. First, the business (social enterprise) will lose and secondly, the social impact which it was creating will also be lost. Understanding business models and their potential impacts in terms of designing social enterprises could help us avoid the risk of social business failures as well as increasing the viability and sustainability of the social enterprise both in financial and social impact terms.

3.2 BUSINESS MODELS CANVAS

Alex Osterwalder and Yves Pigneur developed the Business Model Canvas (BMC). It offers a simple, visual, one-page canvas on which we can design, innovate and dialogue about our business models. It is not the only framework that has been developed to articulate business models. Like many of the frameworks this one was built out of careful research, but unlike many others, it has also been tested and enhanced through the input of many practitioners. (see www.businessmodelgeneration.com).

3.3 SPECIAL CONSIDERATION WHEN DEVELOPING A SOCIAL BUSINESS MODEL

Managing a social enterprise is not about just adding business skills to the realm of social impact. Balancing a social (or environmental, cultural or economic) mission with an intention to trade and manage a business requires a blending of skills which is greater than the sum of each set of skills alone.

Furthermore, addressing a social impact inside a business operation is not necessarily cost neutral - so both the skills needed to deliver on a social impact and the costs involved in doing so need to be considered in designing a viable and sustainable business model. So, for example, if you are focussed on employment outcome amongst people who have previously experienced long-term unemployment, then you need to be fully aware of the business model implications of supporting and training people who may not have worked for some time. There may be cost implications, in addition to challenges in relation to key activities, customer relationships and key resources. Further, you may need to explore options for accessing non-trade income to pay for additional supports that are needed to ensure that employees can sustainably participate in the workforce over time. Profits from the business may not actually cover the wages needed to pay for support workers. However that doesn't mean that a viable business model cannot be developed. It is just that we need to recognise that social enterprises have business models that can be a little different from an ordinary business.

This is not to say that a social enterprise will need a totally different business model canvas. It is just that we must build into the canvas, a clear picture of the social mission of the enterprise in addition to the actual business of the social enterprise. For social enterprises, the business model canvas should provide an opportunity to see not just the business, but also to identify the social impact they are trying to achieve.

3.3.1 Interaction of Commerce and Impact

A remarkable importance of a social business model is its ability to show how commerce and impact interact – their symbiotic nature, how they compete, what opportunities there are to bring them into alignment and what tensions exist in between them. Understanding this can be immensely helpful to social enterprises operators and can lead to a greater capacity to achieve viability and sustainability.

The reality for social enterprises is that they cannot work if the business model does not work financially. But they also cannot work if the social objectives are not realised within the business (then there is no social enterprise, just a business). Business models that achieve both a social and financial value are by no means impossible. It can be helpful to see this separation between 'commerce' and 'impact' as a variation of what is called a 'double-sided platform' in business modelling. This is where a business services two

different customer groups, and in the case of a commercial business, the aim is to facilitate interaction between these different customer segments.

In social enterprises, the main aim may not be to facilitate interaction between these groups, but rather, to facilitate a connection that enables the delivery of sustainable social impact within a viable business model. In this way the social enterprise becomes an intermediary between impact and commerce. The way to represent this on the Business Model Canvas is to differentiate between that side of the social enterprise that is directed to impact, and that side directed to commerce. By separating and visualising both sides on the canvas we can begin to see how they interact and what the story of the social enterprise is in relation to both commerce and impact. In a social enterprise neither the commercial nor the impact story is sufficient in and of itself - the important part of telling a business model story is for there to be a coherent and sensible relationship between commerce and impact.

3.3.2 Importance of Linking Commerce and Impact

Being able to visually and concisely tell the story of how commerce and impact are linked inside a social business model is a critical part of designing an effective and sustainable enterprise. If a social enterprise decides to fund a significant and complex social issue using an unrealistic commercial model, this will be obvious to an astute observer as soon as the elements and the relationships are mapped out on a business model canvas. If, on the other hand, the commercial model is robust, but the impact is weak, using the canvas will help figure that out and strengthen the impact through business model innovation. Mapping both impact and commerce models on the one canvas helps us to understand and innovate around not just each element alone, but about how they interact and support each other. This is an essential part of social enterprise design.

3.3.3 Balancing the levels of social impact and commerce

A business model design for a social enterprise need to be well thought-out. It should be a business model that can generate sufficient revenue from operations to ensure viability for an enterprise regardless of its intended social impact. Many social enterprises begin with a business that is marginal at best and then when you add the intention to generate social impact, becomes financially non-viable without other types of funding support. **Therefore, it is imperative to balance the levels of social impact and commerce sustainably.**

3.3.4 When social impact is paramount

For some social enterprises, the social mission is paramount and the business angle is **side-lined** regardless of the fact that the business angle is great as a source of revenue.

This is because there are bigger things at stake than the bottom line of generating and appropriating wealth. For these type of social enterprises, the business model needs to ensure that there are other revenue inflow sources other than that from trade. This will ensure that the enterprise can continue to operate even if costs exceed revenue generated from trade.

There is nothing wrong with this as a business model, except that it requires focussed attention on ensuring that the impact generated is, in turn, able to generate on-going revenue. The big challenge in this type of model, however, is not to let the impact focus result in commercial complacency - even if the social impact is paramount, this should not be an excuse for poor commercial management.

3.3.5 The Role of the BMC in Correcting Diminishing Social Impact/Viability

When it seems the ‘social mission’ in the social enterprise is diminishing (that is – the business is becoming socially unviable), the Business model canvas can help to explore the potential for strengthening the social impact dimension of a social enterprise. It can help to generate honest and open conversations about the links between financial viability and impact, and it can help us to make some design decisions as to how we could strengthen impact. In trying to achieve this, some pertinent questions must be answered. They are as follows:

- i. How can we innovate to increase the social impact?
- ii. Are we really a social enterprise?
- iii. How could we grow or scale?
- iv. Should we rethink this whole thing or innovate/redesign the enterprise
- v. How can we generate sustained income from the impact we are creating?

The BMC can help us visualise and understand when it’s time to reassess whether there will ever be real social impact or opportunities for financial viability and to either decide to redesign the business or to liquidate.

3.3.6 Value Proposition

When exploring the business model of social enterprises we start with the question, ‘what value are we creating?’ When we use the BMC in commercial businesses we often start with the customers - because ultimately they are at the heart of the business. This equally applies to social enterprises. This is because most social enterprises begin with a quest to generate some kind of ‘social value’ either alongside or through a commercial value proposition. Social value is therefore defined as the social outcomes and benefits that are generated through the enterprise. It is actually what makes the enterprise a ‘social enterprise. Articulating the social value that we are seeking to generate inside our social enterprises is a critical first step in designing a social enterprise. However, a social

enterprise cannot exist through generating social value alone – this reduces it to a charity. As an ‘enterprise’ it also needs to generate ‘commercial value’ – this makes it sustainable.

This therefore follows that social enterprises often have two value propositions. The first is the impact value proposition (the social value you are seeking to deliver and what makes it attractive to customers) and the second is the commercial value proposition (the goods and/or services you are offering to the market and what makes them attractive to customers). At the early stages of designing a social enterprise in particular it can help to separate out the commercial value proposition and impact value proposition. They are ultimately linked, but separating them out for discussion can help us to see how each relates to our different customer segments. It is likely that the commercial and impact value propositions will be inter-dependent, but one may be more important to particular customer groups than the other. If government funders or philanthropists are our customers, then they may be much more interested in our impact value proposition than in our commercial value proposition.

On the other hand, if we are operating a retail business, our retail customers may or may not be interested in our impact value proposition. Ultimately, if the business of the social enterprise is to be successful from a financial perspective, then our commercial value proposition has to hold up whether or not we have a parallel impact value proposition. Doing good will not suffice if the service or product is done badly.

No matter how laudable and ethical your impact value proposition may be, if the business value proposition doesn’t add up for your customers, then you may as well be running a not-for-profit organisation because a social enterprise can’t run on an impact value proposition alone.

3.3.7 Presenting Your Value proposition

It is very important for social enterprises to work out how they will present their value propositions to their customers. For some, the only visible part of the enterprise is the ‘business value proposition’. In this case, the impact value proposition is inherent inside the enterprise but it is not what is visible to customers and it is not the reason why customers engage with the enterprise. For others, the impact value proposition is very visible, and it may be important to present it in a way that will draw customers in. The way a social enterprise communicates its impact value proposition is often an important design decision, and requires a deep understanding of customers and of the nature of the impact itself.

3.3.8 Customer segments

Social enterprises in retailing for the purpose of generating its social impact will at least have two different (maybe overlapping) categories of customers. The first are the customers who are interested in their goods and/or services and the second category are the ‘customers’ who are interested in supporting the social impact of the enterprise. Understanding these two key customer segments is critical to understanding a social enterprise business model. When social enterprises use the BMC for design purposes, it can be helpful to distinguish business and impact customers for number of key reasons.

- i. Some social enterprises don’t see their ‘impact’ as potentially having ‘customers’. This is the reason why some social enterprises see funders as ‘partners’ rather than customers (which is not a problem).
- 2 Exploring how much our customers value our impact and our products/services can yield some interesting design insights for social enterprises.
- 3 Understanding the different customer segments and whether they value your products/services and/or impact can help business design innovation. For example, if your ‘impact customers’ are currently all government and philanthropic funders, can you explore additional opportunities for growing the interest of these ‘customers’ in your products and services

For social enterprises, understanding your customer segments is critical. In addition, it is of vital importance to understand the balance within the customer segments. If an enterprise is consistently disappointing its core business customers and is increasingly relying on ‘selling’ its impact, then work needs to be done to understand the implications of this.

3.3.9 Channels

Working out how to reach and communicate with customers and help them to evaluate a value proposition is as important as the value proposition. For social enterprises it may not only be about helping customers to evaluate business value propositions - some customers may also need to understand our impact value proposition. Osterwalder and Pigneur (2009) outline five phases that are important in designing and nurturing effective channels inside businesses. They are equally important for social enterprises. They include word of mouth, www Impact, Social enterprise networks and directories as well as Social procurement directories.

3.3.10 Customer relationships

Customers of social enterprise may be attracted to our value proposition just from a purely business perspective, and we should aim to retain their custom on this basis.

However, some may ‘fall in love’ with us as social enterprises once they learn of the ‘added value’ our social impact brings to the exchange.

When customers become active in your social enterprise they can also take on roles associated with deepening or scaling your social impact. They can become champions of your cause; they could volunteer; donate; become your network or your partners. Building customer loyalty, and in turn, exploring what customer loyalty can build in terms of social impact is fundamental. Customer loyalty programs may look different in social enterprises when compared with traditional enterprises. This is so because they may focus on what can be co-created or what difference can be made together rather than what rewards individual customers could receive. Loyalty programs in social enterprises could thus be seen as potentially the base for an impact movement.

3.3.11 Revenue Streams

Revenue streams are what enable a social enterprise operator to remain liquid, to run the business and to generate the impact they were established to do. Although, some contention as regards the revenue mix of social enterprises have emerged in the public domain. Some argues that social enterprises should avoid any revenue source other than trade or earned revenue. This will be great and achievable but it will translate that there is no difference between running a social enterprise and running a commercial business. The revenue sources of a social enterprise needs to be linked to its purpose (the social benefits it can generate) and towards its intention to build viability and sustainability over time.

A social enterprise must derive a majority of its revenue from trade (earn income) because this is what makes it an **enterprise** however, it also needs to deliver a social impact, which is what makes it a **social** enterprise. In many ways, understanding revenue inside a social enterprise requires some consideration of the costs of mixing together social purpose and commercial realities.

Different revenue streams can have different functions in a social enterprise. Using grant or philanthropic funding alone to run a social enterprise will not be helpful in the long run because it will not deliver a sustainable social impact. The commercial business around which a social enterprise is structured needs to operate in such a way to become viable and hopefully sustainable. That is, it should be able to generate sufficient revenue from its trading activities to cover operating costs and even generate profit.

What is important in a social enterprise is that the right revenue mix that is appropriate to deliver the intended social impact and yet generating profits make the enterprise commercially viable is implemented.

3.3.12 Key resources

Key resources are the assets, tangible and intangible, that makes your business model work. In the case of a social enterprise, key resources refer to the resources that drive your commercial model and the resources that drive your impacts model.

Just like many other start-ups, a small and new social enterprises start-up may not have all the key resources it requires to scale up their businesses or their impact. This can be a work in progress. However, for social enterprises it is imperative to understand how critical it is to ensure access to the key resources needed to drive both the commercial business and the impact, and to plan ahead for how such resources can be developed and maintained.

3.3.13 Key activities

The key activities of a social enterprise encompass the things it must do to deliver value to the enterprise customers. To ensure that both commercial and social value proposition are economically achieved, the key activities across the commerce and impact sectors of the social enterprise must be complementary.

3.3.14 Key partnerships

Key partnerships refer to the network of suppliers, allies, supporters, co-creators and champions that are needed to ensure that a social enterprise can deliver on both impact and commercial objectives. Partnerships can support and enhance both the commercial and the impact objectives of a social enterprise. The enterprise may have an active network of supporters who promote products and services or who are vital as a distribution network. Equally, the enterprise may have a network of partners who offer value-adds to your impact

3.3.15 Cost structure

The cost component of a social business model must take into account, the cost associated with both commercial operations and the costs associated with delivering their impact. For most social enterprises this means understanding the costs involved in keeping the 'business' going, and unpacking what extra costs are needed to actually deliver on the impact of the enterprise. Impact is rarely, if ever, cost neutral - if it was, then every business would be a social enterprise. If your social impact is to offer employment to people who have suffered long term unemployment, training and retraining will constitute a serious cost. In addition, the model will have to cope with reduced productivity and poor performance at the onset. These are costs which you must be willing to incur in order to achieve your impact objectives. It is important to articulate what activities are undertaken and what resources are needed to deliver your social impact.

4.0 CONCLUSION

In this unit, an attempt was made to provide ideas and knowledge on social business model and their importance to a social entrepreneur. Students are expected to know how to build a social business model, the role of the business model canvas in correcting diminishing social impact, how to present value proposition, key resources, key activities and revenue streams.

5.0 SUMMARY

A business model is an important instrument used to articulate how an organization will do business, how the business will generate income, the value the business will offer to its customers and why customers should patronize the business. The unit also critically x-rayed the conditions required to prepare a social business model that will stand the taste of time.

6.0 TUTOR-MARKED ASSIGNMENT

- a. What makes a business model social in nature?
- b. Should the impact value or the commerce be considered much more important when constructing a social business model

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UNIT4: SOCIAL INVESTMENT (FUNDING OPTIONS FOR SOCIAL ENTERPRISES)

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Who should consider a social investment
 - 3.2 The process of social investment
 - 3.3 **Screening and due diligence**
 - 3.4 Choosing an appropriate social investor
 - 3.5 Types of funding available to a social enterprise
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

Funding has always been a great challenge to all entrepreneurs whether traditional or social entrepreneurs. Just like the traditional entrepreneurs, a social enterprise must generate profit from trading/commercial activities. Its ability to generate profit is what qualifies it as an enterprise.

More recently, a lot of funding windows have been opening for social enterprise operators who may be seeking funding to grow or scale. Social Enterprise must therefore make good choice of their funding mix. Their best funding option will be that option which will best help them achieve their triple bottom. Making good choices based upon understanding priorities and trade-offs is valuable in order to pursue best matched capital sources. For example, obtaining funds from a commercial banks will first require building relationship. Bank relationships take time to build and the money can seem expensive at first, especially for start-ups, but might be a best choice over the long term. Socially responsible investors/Impact investors may have closer mission alignment and more attractive rates, but might be difficult to access (Tulchin & Lin).

2.0 OBJECTIVE

At the end of this unit, students should be able to

- **understand clearly the consideration for social investment as financing options**
- **know the process of social investment.**
- **Identify types of funding available to a social enterprise.**

3.0 MAIN CONTENT

3.1 WHO SHOULD CONSIDER SOCIAL INVESTMENT

The social enterprises that are best served by social investment are those that have clear and realistic plans for how they will address their short and medium term funding needs and are open to inviting outsiders into their decision making processes and, in some cases, ceding decision making rights on their strategy and operations to outsiders. Given that investors demand a high level of accountability and quantifiable results, social investment should not be used to plug holes in a budget, nor is it well suited to enterprises operating in a saturated social market with limited future growth.

3.2 THE PROCESS OF SOCIAL INVESTMENT

The social investment process can be broken into several stages as shown below:

1. The first step is to find the financing instrument most appropriate for your enterprise.
2. The second step is to find the right social investor
3. The third step is to approach the social investor
4. The forth step is to pas the initial screening and participate in the due diligence process.
5. The firth step is to negotiate the financing terms. The terms of the contract must be properly negotiated prior to the completion of the deal.
6. The sixth step is to work with the investor to work out the structure on the investment as well as formalizing the investment.
7. The seventh step performance measurement. This will enable the social investor to control and monitor the work of the social enterprise. The Roberts Enterprise Development Fund has developed a quantitative method called social return on investment (SROI), which aims to express the value of an enterprise's activities in monetary terms.
8. The last step is to establish an exit strategy. This will detail out how the relationship subsisting between the social investor and social enterprise will terminate

3.3 SCREENING AND DUE DILIGENCE PROCESS

Social investors receive and analyze request from several social enterprises per year, but only a few make it to the final round. Investors have some important criteria's or basis of assessment when evaluating request from social enterprise. They include but are not limited to

- Concept
- Market
- Financials
- Social impact
- Social entrepreneur

Concept: The single most important selection criterion, allows investors to understand whether the offering will change the relevant sector through its strategy or innovation. Investors assess how the social enterprise works with the target group and whether it has the support of the relevant stakeholders. For the due diligence, social entrepreneurs can prepare to answer specific questions on whether the enterprise has a clear strategy to solve the social problem (the theory of change) and how it differs from existing concepts.

Market: Market which allows investors to evaluate the potential of an enterprise, explores the competitive environment and the characteristics of the target group. Social entrepreneurs should be prepared to answer questions about the total number of people affected by the social problem and how the social enterprise is positioned to reach them.

Financials: Financials which are relevant for debt capital investments, evaluate the business model and capital requirements in the context of how they will generate their income, how much income will be generated etc. The social enterprise should have 3 to 5 year projections in terms of revenue, costs, and budget based on realistic assumptions and past data.

Social impact: Social Impact refers to both the scalability and reach of the business model. Scalability depends on the business model characteristics, such as the necessary know-how for providing a service and how certain stakeholders can block the scaling of the social enterprise. Reach is the percentage of the market covered by the concept. The social entrepreneur should be prepared to speak in depth about the external and internal factors that will facilitate (or might limit) the enterprise and increase its scale and impact.

Social entrepreneur: This refers to the leader of an organization. Many investors say that they invest first in the entrepreneur and second in the enterprise. Once an investor has faith in an entrepreneur, they will invest in whatever that person churns out. There are five different aspects of the social entrepreneur that investors consider: strategic skills,

professional skills, creativity, attitude, and development potential. Most important to the assessment of the social entrepreneur are their commitment to the concept, creativity in achieving the social impact or reaching the market, and their previous track record.

3.4 HOW TO CHOOSE AN APPROPRIATE SOCIAL INVESTOR

For a social entrepreneur (start-up or existing) to succeed in his or her drive in obtaining the right mix of funds, the enterprise operator must be able to develop a good capital strategy. Secondly, the enterprise operator must be able to compare capital sources available before making decisions.

3.4.1 Capital Strategies

A good strategy has been behind every successful fund raising initiative. To secure initial or expansion capital, a proactive plan is suggested. A few strategy considerations include:

- i. Understand what financiers value and how they make decisions:**
Getting an in-depth understanding of what financiers' (banks and other financial institutions) value and how they make decisions is paramount. The social entrepreneur must consider the position of the other person with whom he/she is negotiating with. You must be familiar or get acquainted with what is important to that individual on the other side of the table as well as how they make their decisions. What bankers actually see in a start-up social enterprise is always very different from what the entrepreneur is trying to communicate. Many entrepreneurs explain their business proposition very well however, they must also consider bankers' language such as "value proposition," "return on investment", and "debt service coverage". These are cardinal if a bank must fund your business.
- ii. Establish Long Term Networks:**
Social entrepreneurs cannot survive without networks. Supportive community builds social enterprise. Networks of potential value include Social Enterprise Alliance (SEA), Net Impact and even Small Business Development Centers (SBDCs). Net Impact has chapters worldwide. Think long-term by starting small and immediate. You must identify a person whom you can access to bring into these circles.
- iii. Build Credit History:**
Funders access enterprise operators using different apparatus or approaches. Establishing credit history is a cardinal part of how investors like banks assess borrowers. To be eligible for bank funding at all times, entrepreneurs are encouraged to set up commercial accounts early on with formal institutions so these financial institutions know their business entity.

iv. Formalize and Report the Enterprise:

Just like most entrepreneurs, a lot of social enterprise operates in the informal sectors of the economy. Cutting corners is primarily responsible for keeping social entrepreneurs in the informal economy. Social entrepreneurs are advised to compute enterprise value regardless of its numerous implications such as paying of taxes. Financial professionals need to document how loans get repaid. An existing track record is the strongest evidence. In a loan package, make it easy to understand how the enterprise will repay their debt, the collateral available and other financial assurances.

v. Equip the enterprise:

There are common prerequisites for most funders such as experienced management, transparent board governance, solid accounting, internal control systems, independent auditing, written business plan, etc. These are known criteria and expected by all.

vi. Have back-up plans:

Always have alternatives and contingencies if at first you don't succeed. Developing multiple sources for capital distributes risk.

3.4.2 Make Comparison between Capital Sources

There are many funding options for social entrepreneurs to raise capital either to start-up or scale. It is valuable to identify appropriate sources. There are different criteria to you can consider before settling for a funding option. Depending on your situation, you might include additional factors or reduce some of the under mentioned factors. A comparison scoring example will help you make a good choice.

Financial Options	Timeliness	Amount	Stability	Mission	Distance
Conventional Financing	OK	Good	OK	Poor	Good
Social Investment	Poor	OK	Good	Good	OK-Varies
Govt Contracts	Poor	OK	Poor	Good	OK
Crowd Funding	Good	Poor	OK	Good	n/a
Internal Resources	Good	OK	Good	n/a	Good

Factors Defined:

- i. Timeliness: Level of effort needed to obtain the cash from the source
- ii. Amount: Funding levels likely to be obtained from that source
- iii. Stability: Availability of capital over time
- iv. Mission: How motivated the option is by an enterprise's purpose
- v. Distance: How far the option is to the social enterprise

Trade-Offs

Capital options have trade-offs, making comparisons dependent on entrepreneurs' needs. For instance,

- i. Bank are closer social entrepreneurs and are widely spread. However, they are indifferent to the impact mission of the social enterprise
- ii. Social investors are often far away geographically, but share same values with the social entrepreneur
- iii. Donor contracts could bring in decent money, but might be predictable hence unsustainable
- iv. Crowd funding is cost-effective, but needs promotion and often small amounts
- v. Internal options usually offer results quickly; sums may be small and may not be able to significantly solve the financial need of the social entrepreneur.

3.5 TYPES AND SOURCES OF FUNDING FOR SOCIAL ENTERPRISES

All Social enterprises have triple bottom line (people, environment and commerce) which they ought to achieve. The social and environmental value creation efforts stand out as a competitive advantage, setting social enterprise apart in the marketplace. Money is however needed to accomplish the social mission of a social enterprise. Unfortunately, traditional sources of funding, such as charitable donations, foundation grants, and government subsidies, are no longer keeping pace with the innovations social entrepreneurs are creating to address the society most pressing social problems. As social enterprises have gained scale and credibility, new funding sources have emerged that aim to provide both financial and social returns to the investor.

Social investment or impact investment, as this form of financing is often called, provides an important complement to grants and government subsidies. Social investors typically invest in organizations that have a strong mission of social change and generate an income but are not yet considered commercially attractive. However, and for the purposes of academics, we will discuss several funding options open to a social enterprise:

1. Conventional Finance

Many social entrepreneurs especially those operating in the informal sectors of the economy feels they cannot qualify for conventional financing. Many of them who think they have a chance don't even understand how to apply for these loans from formal financial institutions. In many instances, these enterprise operators have high distrust for conventional financing institutions and the capital market (which in every sense is a very good source of long term funding that in many instances seem out of reach for small

and/new social enterprises). However, conventional sources of funding for social entrepreneurs are:

Equity Financing:

Generally, equity finance requires no collateral and can be raised from stake holders. Raising this kind of funding becomes easier if the social entrepreneur can sell part of the business. It should not surprise you that even a non-profit entity can have its ownership sold through imaginative structures, donations or joint ventures with private firms.

For social enterprise, equity capital is the financing instrument with the highest risk for the investor. The social investor gives the social enterprise a certain sum in exchange for a share of the company (for instance, 15% of total shareholdings). The social investor receives no regular annual payments but a share of the profits generated by the social enterprise. Besides a share of future profits, the social investor has certain control and voting rights. Control and voting rights depend upon the legal form of the enterprise and are usually structured in the contract between investor and investee.

Friends and Family:

A social entrepreneur can lobby his friends and family members to believe in his course and subsequently ask them to support his course with funding. They may wish to lend to the social enterprise or take stake in it. This type of funding is quicker and cheaper to obtain. It requires less formality, repayment terms are flexible and it may not have any interest burden. If you pursue this route as a means of funding your business, be sure to document any relationship formally and ensure that expectations are matched before agreements are made.

Commercial Banks:

Banks and other formal financial institutions are highly regulated in Nigeria. Due to the high volume of non-performing loans, banks due diligence procedures is now more tasking than ever before. Even at that banks will not provide volumes of affordable capital for a small/new social enterprise right from inception. Relationship must be built to establish trust and track record. Depending on the economic situation in a particular country, bank loans can be very expensive (high interest some times over 25%) and mostly short term orientation.

Microfinance Institutions (MFIs):

Social innovations are mostly done at the bottom of the pyramid and Microfinance Institutions are most often created to serve lower-income clients who lack access to financial services. These people live at the base of the pyramid. Historically, MFIs are

familiar with community lending and transactions. Loan paperwork is not sent off to lagos like most banks in Nigeria will do, some local personnel make decisions.

Sustainable Banks:

Sustainable banks (also known as ethical or civic banks) are not yet available in Nigeria banking spacer. This banks exist mostly in the United States of America and their numbers are growing. The New Resource Bank based in San Francisco for example is a commercial bank that focuses on businesses that share their mission to progress sustainability within their community. In addition, Permaculture Credit Union operates nation-wide (in the USA) supporting customers seeking to do green things.

2. Social Investors

The down of the 21st century can with some innovations in the financial sub sector. Investors interested in social, environmental and community efforts are increasingly prevalent. Socially Responsible Investing (SRI), as well as “patient capital”, “impact investing” or “slow money,” are no longer abstract or new concepts in Nigeria, they are just new terms especially in the academic domain. They consider financial return with other value creation. Socially Responsible Investing (SRI), in the formal markets uses screens to avoid investing in certain enterprises such as companies selling weapons, alcohol, tobacco, gambling, or nuclear energy. They tend to encourage investment for positive change, environmental stewardship, consumer protection, human rights, and/or fair trade.

Social investor funding can come in the form of debt or equity. The number of institutions currently offering debt and the amount of capital is much higher than for equity. Debt providers may balance below market return expectations and modest borrowing obligations in exchange for social/environmental value creation.

Underwriting criteria are still formal, but may be more lenient than conventional financing. Equity typically must be able to generate significant increases in value, which is harder for new social enterprise. Example of social investors with international approaches include Grassroots Business Fund, Root Capital, Bamboo Finance, Oikocredit, and Calvert Foundation just to mention a few.

3. Grants

Grants are a traditional form of financing in the social sector that is provided by charities, foundations, wealthy individuals or government. Traditionally, non-profits have subsisted primarily or entirely on grants. It has also provided funding and it has continued to be an

important funding source for social enterprises. It is a small and competitive source, which scales for few entities. If grants can be secured, especially for one time start-up or as an offshoot to a larger capital strategy, that is great and helpful. Institutions that focus their financial strategy only on philanthropy will likely always be raising money, and slower growth. They are not enterprises because they cannot generate their own money to cover their expenses.

Grant is not recommended as a central focus for social enterprises. This is because it is not always a wise decision for any social enterprise to rely almost entirely on grant. Social enterprise movement is largely a recognition that organizations that have some degree of self-sufficiency are more stable and therefore more likely to continue to serve their beneficiaries in the long term.

Corporations like Gate foundation, Rockefeller foundation, Skoll, and Omidyar which finances start-up of sustainable ventures leads to greater good than just writing checks to grant-seeking NGOs. Success in this arena often hinges on relationships. Having access to wealthy or well-connected people and institutions is beneficial. Corporations may be a channel, providing professional volunteers or other in-kind support, even if not cash. Appropriate approaches, presentation, particularly specifying impact and value creation, and networking help here.

Except for recoverable grants which are not very rampant nowadays, grants do not have to be repaid. It can cover costs while building up a revenue generating activity. This is because you can use it to purchase asset which will generate revenue and/or provide security to the organization. Grants can fund non income-generating activities as well as risky but socially beneficial activities that have a high social impact, such as research and development and best practice studies.

The down side of grants is that they are often short-term, making it hard to make long-term financial plans based on them. This is in addition to the fact that they are always tied to specific projects which makes it very difficult to obtain grants to fund your core business area.

4. Government and Donor Capital

The public sector is another source of funding for social entrepreneur. It has been a consistent resource for decades, with international funding in the US running into billions of dollars. Nigeria in this fiscal year (2017) has set aside N500b for social intervention. One potential source of this type of funding is government contracts. It often requires extensive competitive application and long lead times. This option is often financially cheap but far from free, as there are obligations like information tracking which takes staff time, relationship requirements and perhaps the institution's perception in the marketplace.

5. Mezzanine capital:

Mezzanine capital combines elements of debt and equity capital and represents a convenient financing alternative if pure equity or debt capital is not applicable. The interest payment can be linked to the profits of the company, whereas the total amount is repaid after a certain time period or converted into equity capital. The structuring flexibility makes mezzanine capital an attractive option for social entrepreneurs as well as social investors.

6. Hybrid capital

As contained in the Social Investment Manual (2011) hybrid capital contains elements of grants, equity and debt capital. The grant character can be explained through the fact that there are no interest costs and, in certain pre-agreed scenarios, the financing instrument is converted into a grant. Financing instruments with hybrid capital character include recoverable grants, forgivable loans, convertible grants and revenue share agreements described below.

- A **recoverable grant** is a loan that must be paid back only if the project reaches certain previously defined milestones. If the milestones are not reached, the recoverable grant is converted into a grant. This mechanism can be used if success of the project enables the social enterprise to repay the loan to the social investor.
- A **forgivable loan** is a loan which is converted into a grant in the case of success. If the social enterprise reaches the goals agreed on beforehand by the investor and investee, the loan does not have to be repaid.
- A **convertible grant** is another financing instrument with hybrid capital character. The social investor provides the enterprise with a grant that is converted into equity in the case of success.

7. Crowd Funding

The 21st century came with an all interesting new channels to access capital, including through the Internet. They are built upon old ideas to foster community, making things affordable for everyone and building trust. Crowd funding describes a collective cooperation, attention and trust by people who network and pool money and other resources, usually via the Internet, to support efforts initiated by other people or organizations. It has taken off with many sites offering similar services. For instance, Kickstarter (a crowd found provider site) focuses on projects, mostly for artists. Indiegogo is quite large and works with a wider range of efforts. Prosper, is America's largest peer-to-peer lending marketplace, of which there are now a half dozen. Vittana: This entity offer educational loans to foster the next generation in select developing countries. These models shows how trust and simple ideas, spurred by technology, make

a difference. The power of the internet makes capital available affordably to benefit individuals, businesses, and entire communities.

4.0 CONCLUSION

Funding has always been a great challenge to all entrepreneurs whether traditional or social entrepreneurs. Just like the traditional entrepreneurs, a social enterprise must generate profit from trading/commercial activities. Its ability to generate profit is what qualifies it as an enterprise. The seven financing options for social investment include: Conventional Finance (Equity Financing, Friends and Family, Commercial Banks, Microfinance Institutions (MFIs) and Sustainable Banks), Social Investors, Grants, Government and Donor Capital, Mezzanine capital, Hybrid capital and Crowd Funding.

6.0 SUMMARY

Funding for social enterprises is important either from conventional and other sources. The stages of social investment process are: (i) Find the financing instrument most appropriate for your enterprise, (ii) Find the right social investor, (iii) Approach the social investor, (iv) Pass the initial screening and participate in the due diligence process, (v) Negotiate the financing terms properly prior to the completion of the deal, (vi) Work with the investor on the structure of the investment and formalization, (vii) Performance measurement for control and monitoring the work of the social enterprise, and (viii) Establish an exit strategy.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is the uniqueness of crowdfunding option compared to other conventional financing programs?
2. For developing economy, what are the key challenges facing social investment?
3. What role does legislation play in the embedment of crowdfunding as a financing program in both developed and developing economy?
4. What are the major typologies of social investment in the literature?

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UNIT 5 SOCIAL CAPITAL AND SOCIAL IMPACT

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 Concept of Social Capital
 - 3.2 Creation of Social Capital
 - 3.3 Barriers to the Creation of Social Capital
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1.0 INTRODUCTION

The term social capital has been used in varied forms in various disciplines. World Bank, for example, uses it to define societal and economic development. Judson Hanifan championed the use of social capital. He used it in his discussions of rural school community centres. He promoted the importance of social intercourse among people for building goodwill and sympathy among fellow members and to promote cooperation. Later Robert D. Putnam worked extensively on the concept of social capital. It was his work that extended the idea of social capital to research and policy making discussions.

The work of Robert D. Putnam point to the fact that Social Capital as a concept lays claim to the fact that social contacts between groups and within groups have significant value. It primarily means that social networks have a value associated and that they are not always detrimental in nature as previously thought of while the social impact aspect of the social enterprise lays emphasis on the level of problem that has been solve or the outcome that a particular social innovation produced in addition to how sustainable the impact is.

2.0 OBJECTIVE

At the end of this unit, you are expected to be acquainted with the concept of social capital, the creation and application of social capital, effects of social capital, the concept of social impact, differences between social capital and social impact.

3.0 MAIN CONTENT

3.1 THE CONCEPT OF SOCIAL CAPITAL

The concept of social capital became fashionable only relatively recently, but the term has been in use for almost a century while the ideas behind it go back further still. “Social capital” may first have appeared in a book published in 1916 in the United States that discussed how neighbours could work together to oversee schools. The concept has evolved significantly in recent time. The concept is implying that social networks will ultimately lead to increased productivity in individuals, teams and organizations. This increased productivity can be both financial and otherwise. This means that social contacts can lead to increase in confidence, fulfilment by fostering positive relationships. The essence being that, just like any other capital form (human, physical, financial) social capital is also important and beneficial to the sustenance of the enterprise as well as the society.

There is also a strong body of evidence that goes to suggest that social capital leads societies and individuals to prosperity economically and allows the development to be stable. World Bank believes that social capital when utilized properly can enhance the efficacy and sustainability of projects. This they believe can be achieved through a collaboration of communities’ efforts and its ability to work together. It also promotes greater transparency in the overall system, fosters a better bonding and increases the overall accountability.

3.1.1 Definition of Social Capital

In financial terms, social capital basically comprises the value of social relationships and networks that complement the economic capital for economic growth of an organization – it has inculcated “those tangible assets that count for most in the daily lives of people: namely goodwill, fellowship, sympathy, and social intercourse among the individuals and families who make up a social unit”. This invariably means that we can think of social capital as the links, shared values and understandings in society that enable individuals and groups to trust each other and so work together.

According to Bourdieu’s concept of habitus (1986) there are different forms of capital. Economic capital is immediately and directly convertible into money and may be institutionalized in the forms of property rights. Bourdieu’s cultural capital, which may be institutionalized in the forms of educational qualifications, includes what economists consider as human capital, but it is a wider concept. His concept of social capital encompasses the resources derived from one’s belonging to a group. Relations of social capital may exist on the basis of material and/or symbolic relations of exchange, and they may also be institutionalized in the forms of a title of nobility. Social capital can be defined as the aggregate of the actual or potential resources which are linked to

possession of a durable network of more or less institutionalized relationships of mutual acquaintance and recognition. The membership in a group provides each of its members with the backing of the collectivity owned capital, a credential which entitles them to credit. According to Bourdieu, the amount of social capital held by an individual depends on the extent he or she is able to mobilize a social network and from the capital (including the economic, cultural or symbolic capital) held by the members of that network. Social capital like other types of capital is unevenly distributed, mobilised, utilised, transformed and exchanged in society.

3.2 CREATION OF SOCIAL CAPITAL

Social capital is an important constituent of the prosperity of a company. Social networks in an organization include the trust among the employees, their satisfaction level with the job and also the quality of communications that take place with the peers, seniors and subordinates.

Strong social networking, coupled with efficient performance by the workforce, signifies a healthy state of affairs for the company. Social capital stresses on the importance of these social networks and relationships and aims to use it in the best possible way for achieving organizational goals.

Although social capital shares many attributes with other forms of capital, it is fundamentally different in at least one respect, namely, its creation requires interaction between at least two people and usually among a larger group of people. In addition, the creation of social capital seems complex because the process is heavily influenced by social, political, and cultural factors as well as by the dominant types of economic activities available in the community.

3.3 BARRIERS TO THE CREATION OF SOCIAL CAPITAL

There can be a multitude of reasons that can act as barriers to social capital creation or development. These factors vary across geographies and cultures. For example in third world countries, social networks remain nucleated around family and identity. There is little or no social capital creation across families and social group. This is on account of the mistrust between two families or strata that is detrimental to the very idea of social capital.

Nepotism can constitute barriers to the creation of social capital. Woolcock, 1998 argued that social capital can encourage nepotism or exclusion of certain ethnic groups from certain occupations and industries, or the imposition of excess claims on group members and restrictions on their individual freedoms.

3.4 APPLICATION OF SOCIAL CAPITAL

Many organizations have designed practical construct to make the idea feasible. The World Bank, for example, developed the Social Capital Implementation framework (SCIF). For social capital to be practically feasible it can be broken down into 5 elements both at practical and operational level. They are:

- a. Groups and Networks
- b. Trust and Solidarity
- c. Collective action and Cooperation
- d. Social Cohesion and Inclusion
- e. Information and Communication

These elements are important to the development of social capital and provide guidelines in the area at various levels of operation. By effectively breaking down into these 5 layers, each one can be administered separately and incorporated into operations.

3.5 NEGATIVE EFFECT OF SOCIAL CAPITAL

Although different experts have defined social capital in several different ways, most commonly, it can refer to the outcome of social relations. It does not only comprise of financial benefit but it also includes expectative benefits that are derived from the cooperation between various groups and individuals.

The major difference between the financial capital and social capital is that the latter fosters positive relationships and thus enhances the fulfilment and the confidence. Even after having so many benefits, social capital can also produce some unwanted results. Yes, it is surprising but true that when we analyze the other side of social capital, we may find that it can put burdens on the society such as:

- i. **Negative Social Capital:** Social capital producing negative outcomes is generally referred to negative social capital. The potential downsides of negative social capital include restrictions on individual freedom, excess claims on group members and exclusion of outsiders.
- ii. **Deepening the Gap Between the Rich and the Poor:** Instead of focusing on creating the bond between the two worlds (the rich and poor), it emphasizes on bridging the gap between them. The result is that it is deepening the gap between the two. This is because as social capital attempts to bridge the gap between the rich and the poor, it definitely improves the economic conditions of the poor but also increases the gap between the rich and the poor.
- iii. **Barrier in Social Mobility:** Social capital also put a barrier in social mobility: The individuals who have benefitted from the social capital almost lose their

mobility. They are stuck in the same employment all through their life. Apart from this, outsiders are totally excluded. It means that benefits of social capital can be availed only to a particular section of the society.

- iv. **Increased Racial Diversity in Communities:** Robert D. Putnam also posited that the rise of social capital can also result in increased racial diversity in communities. The negative effect of social capital can also be seen in society. Earlier, women did not vote at the similar levels as that of men but the difference between them is almost diminishing. Social capital is available to all types of communities regardless of their nature and slowly it is becoming a way for women to participate in local politics. Now the scenario is that they are more engaged in politics and have an informal way to operate. What is negative is not their participation in politics but it is their way that is keeping this activity off the radar. They are not focused on national or international politics. Apart from this, there are several other negative effects of social capital in the field of internet, civil society and educational achievements.

3.6 SOCIAL IMPACT

It is obvious that a conventional entrepreneur can also create some social impact when it creates jobs, provides goods and services, etc however, the distinction between a conventional entrepreneur and a social entrepreneur is that the social entrepreneurs create their enterprise (business) in order to deliberately produce social impact (that is to address a neglected positive externality). Solving social challenges is their articulated goal and the whole business project is built around this objective.

For social entrepreneurs, the social impact is not just a consequence (or bye product) of their entrepreneurial activity, as it is often for conventional entrepreneurs, but the main goal of it. Social change (whether radical or limited), not the exploitation of a market opportunity to increase personal wealth, is the explicit goal of social entrepreneurs and their business mission.

Thus, it can be said that social entrepreneurs create value but are not motivated by the appropriation of this value: “What distinguishes social entrepreneurship from conventional entrepreneurship is the predominant focus on value creation rather than on value appropriation.

3.7 IMPACT OF SOCIAL ENTREPRENEURIAL PROJECTS IN COMMUNITIES

Social entrepreneurial efforts are not appraised by monetary returns rather, it is appraised by the impact it makes on the environment and the beneficiaries of the innovation applied to solve a pressing social problem. Social impact can come in different dimensions.

3.7.1 Dimensions of Project Impact

It is difficult to measure the impact of the projects. However, four dimensions of impact have been identified. These include:

- i. Change in attitudes and behaviour
- ii. Idea expansion
- iii. Creation of employment
- iv. Impact on national policy.

Change in Attitudes and Behaviour

Change in attitude and behaviour are fundamental to the way in which the social entrepreneurs attempt to address a problem in society. Of fundamental importance is changing the way in which the problem is viewed and the way in which it is addressed. Trevor Mulaudzi has a vision of changed attitudes towards school hygiene and sanitation, a turn-around in school children's hygienic habits and behaviours, and ultimately increased school attendance while social entrepreneurs like Veronica Khosa want to see changed attitudes towards HIV/AIDS sufferers, that the disease is destigmatised and the sufferers cared for by their communities.

Idea Expansion and Replication

The expansion of the social entrepreneur's idea refers to the spread of the 'message' or vision, and its effect on the broader community. Social investors look for those with "sustainable, high impact projects – those projects which will have a snowball effect". As such, the organisation is not just sponsoring one project, but one project that will affect many people both directly and indirectly – and often resulting in additional projects arising from the initial idea. This points towards the ultimate goal of seeing resultant impact on a national scale, which would be facilitated through the implementation of systemic changes that need to be made to alleviate the problem at hand.

Creation of Employment

The creation of employment is an indirect benefit of a social entrepreneurial project, rather than a specific goal. Organisations require people to carry out their mission, and so people are also critical in the world of the social entrepreneur. In finding and engaging the required people, jobs are created and unemployment is reduced.

3.8 SOCIAL IMPACT MEASUREMENT

As posited by David Bornstein and Susan Davis One of the major challenges faced by social entrepreneurs is deciding how to measure their organizations results and evaluate their impact. This is needful to enable the organization that outperforms the others by certain margin (close or large) to be aware of it both qualitatively and quantitatively. How an organization measures its success is important because it confers credibility on

the institution. And after school JAMB or post UTME tutorial program may measure its success based on the number of students enrolled, but that does not mean the program is making any impact on these students. Their pass rate in JAMB exams and/or UTME may in addition to the enrolment rate be used to adjudge the level of effectiveness and efficiency of the organization in achieving its impact objective.

Effective measurement of results and impact requires a combination of data and storytelling tailored appropriately to the organizations work and its goals. It is important for organizations to measure their impact results accurately so that we may begin to distinguish and provide appropriate support and funding for those programs that are achieving change. Efforts have been made to calculate “social return on investment, - similar to return on investment calculated by businesses or profit oriented organizations by groups such as the Roberts Enterprise Development Fund in the 1990s and more recently, by the Global Impact Investing Network. More of these kinds of efforts to create standards and rating agencies would help the process of accurately identify successful organizations.

3.9 SCALING IMPACT VS. SCALING THE ORGANIZATION

When measuring growth and success, it is important to distinguish between the scale of an organization and the scale of its impact. The size of an organization is less important than the reach of its work; successful social organizations will focus time and energy on effecting change beyond their immediate reach. Similarly, sustainability must be considered in terms of ideas instead of the organization itself. A field is truly sustainable when its institutions can be readily renewed and improved upon because the organizations ideas have lasting power. Over specialization, and the divisions between fields and social groups, can be another hindrance to social change. Society is comprised of specialized fields that rarely overlap, people move vertically throughout their career paths, and many people live in homogenous communities. All of these factors result in significant blind spots within society while tending to reinforce pre-existing beliefs. In order to achieve innovation and change, society needs a recombination of knowledge. Social entrepreneurs are the —creative combiners who can help with this. They can carve out space in society to foster whole solutions and bring people together who would not coalesce naturally. When it comes to solving social problems, the integration of labour, rather than the division of labour, is likely the way forward.

4.0 CONCLUSION

Working through this unit, it is expected that you are now familiar with the concept of social capital as well as social impact. In trying to build your knowledge of these concepts, emphases were laid on their conceptualization, how they are created and used, barriers which may mitigate against their creation, their effect/impact as well as the measurement of social impact

5.0 SUMMARY

Social capital was defined in this unit to refer to the value of social relationship as well as social networks that complements economic capital for economic growth of an organization. They include but are not limited to goodwill, sympathy, fellowship etc amongst the people of the community. The overall assumption is that the network created by social capital will lead to an increased productivity in individuals' teams and organization making social capital equally important just like human and economic capital.

In addition to the above, it was pointed out that social entrepreneurs leverage on social and economic capital to create a lasting social impact which is the very essence of their existence. The level of social impact created translates to the level of social problem solved. The social value created is the primary means of measuring the success a social enterprise vis-a-vis the traditional entrepreneur who is mostly concerned with profit appropriation.

6.0 TUTOR-MARKED ASSIGNMENT

Why is the study of social capital critical to the understanding of social entrepreneurship?

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Module 4

Unit 1	The Role of Entrepreneurship in The Economy and Society
Unit 2	Role of Support Institutions and National Associations
Unit 3	Contributions of National Associations to Entrepreneurship
Unit 4	Government Support Agencies for The Development of SMEs
Unit 5	Social Enterprise

UNIT 1 THE ROLE OF ENTREPRENEURSHIP IN THE ECONOMY AND SOCIETY

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1.0 INTRODUCTION

Entrepreneurship is usually equated with new venture creation and small business management. There are some economic reasons for this belief. Neo-classical economists recognize the three primary economic factors of production as raw material, labour and capital. All products (including goods and services) are a combination of these three components. Value is created by combining them in such a way as to satisfy human needs. However, the components do not combine themselves. They have to be brought together by individuals, usually working together and undertaking various functions.

Since the days of the Industrial Revolution in the 1930s, the co-ordination of these tasks has traditionally taken place in organizations. Under such circumstances, some economists regard the entrepreneur as some kind of fourth factor of production because

the entrepreneur acts on the other three factors and he is responsible for their success in the productive effort. Thus, the roles of the entrepreneur are to:

- Find new combinations of economic factors to meet human needs (to innovate)
- Organize the resources effectively and profitably (to create new business).
- Create wealth by adding value to human effort (to generate employment).

However, entrepreneurs operate within economic and societal contexts. For this reason, they make the economic system more competitive and drive changes in the structure of society.

There is, in fact, a hierarchy of entrepreneurial activities operating in different social areas. At the base is what is conventionally understood to be entrepreneurship, namely; the profit-making business venture, the non-profit-making organizations, such as, charities and public sector institutions, social and cultural activities, such as, sporting and artistic ventures. At the top, there are activities aimed at creating wholesale social change, such as, political activities.

2.0 OBJECTIVES

At the end of this unit, the student will be able to understand the following:

- * The role of entrepreneurship in society and the economy including the role of culture in entrepreneurship.
- * Understand the role of entrepreneurship in innovation and change, new venture creation, job creation, and business growth.
- * Analyze the factors affecting entrepreneurial performance in the economy and society

3.0 MAIN CONTENT

3.1 Where and how does Entrepreneurship take place

Entrepreneurship is not confined to world of business and entrepreneurs can be found in all walks of life. Entrepreneurship is about change, innovation, improvement and thinking out new ideas. Entrepreneurship opportunities also exist in all fields of human endeavour.

This idea that entrepreneurship is about innovation and change has led to the suggestion that it is concerned with creating and managing vision and communicating that vision to other people. It is about demonstrating leadership, motivating people and being effective in getting people to accept changes and make the best out of new ideas and altered processes.

Entrepreneurship is not restricted to new or small ventures, to private sector organizations or to profit-making enterprises. Rather, it is a way of life that permeates society. However, in business studies context, entrepreneurship is associated with profit-making activities and it is perceived to serve five functions, namely: (a) Innovation and Change, (b) New Venture Creation, (c) Business Growth, (d) Job Generation, and (e) Regional Development.

3.1.1 The Concept of Cultural Entrepreneurship

Cultural entrepreneurship is a new form of entrepreneurship. The main driver of cultural entrepreneurship is not wealth creation or business capability but creativity. However, many people engaged in cultural and aesthetic entrepreneurship have made successful business out of their talent and become extremely wealthy but monetary wealth is not their main motivation. Rather their motivation is the desire to produce original, imaginative and innovative work.

The contribution of cultural or aesthetic entrepreneurship to the economy and society, therefore, is not wealth creation but enrichment of life, by challenging conventions positively and by opening up ways of thinking and behaving that previously did not exist.

3.1.2 Reasons for Entrepreneurship

According to Gibb (1996), there are essentially three main reasons for the contemporary interest in entrepreneurship. These reasons are as follows:

- Job creation and economic development
- Strategic adjustment and realignment
- Deregulation and privatization of public utilities and state-owned Enterprises

According to Peters (1987), society is entering an era of unprecedented uncertainty, a world turned upside down. But that is nothing new to us. Change has always been a part of social and economic evolution. What is new is the nature of contemporary change. Change used to be the same thing made a little bit better. That is incremental change and to be welcomed. Today, we know that in many areas of life we cannot guarantee more of the same, be it work or money, piece of freedom, health or happiness, and cannot even predict with confidence what will be happening in our own lives.

Under such circumstances of change, it is necessary not only to accommodate change but to be capable of anticipating and, more importantly, initiating such a change. At the same time, there is a somewhat paradoxical set of trends occurring within the world economy. While globalization and the interdependence of markets have been recognized increasingly in recent years, it has also become apparent that we can no longer rely on them to provide us with our wealth, our jobs, our homes and our healthcare. Increasingly, we are relying on ourselves. So we have to empower individuals, communities, organizations and even nations in a way that, previously, has been unrecognized. We are all independent, but increasingly we are being required to take ownership of our own destinies for the benefit of ourselves, our families, our colleagues, our fellow countrymen and women, and world citizenry. Within individuals, communities, organizations and societies. We need to develop a greater sense of enterprise. We need people who see opportunities, create new things, foster initiatives and achieve goals.

3.1.3 Innovation and Change

Innovation is a crucial part of the entrepreneurial process. According to Drucker (1977), innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or a different service.

Birch (1987) presents an exceptionally clear analysis of the contribution of entrepreneurs to the development and growth of the American economy, tracing the relative contributions of three major classes of company listed below:

- **Elephants:** The typical, large, slow-growth companies that are unresponsive to changes in the economy.
- **Mice:** Small no-growth firms that reproduce rapidly at a rate of over one million a year in the U.S.
- **Gazelles:** New ventures that grow rapidly and are based on significant innovations.

The last group above represented only five percent of new ventures in the USA between 1984 and 1987 but produced 87 percent of the new jobs.

Furthermore, according to research undertaken in the 1980s and 1990s, by the U.S Department of Commerce and National Science Foundation, small entrepreneurial firms were responsible for the following in the United States:

- Half of all innovation post-world war II and 95% of all radical innovations.
- Twice as many innovations per P & D dollar spent than the larger firms.
- 24 times as many innovations per R & D dollar than the mega-firms with more than 10,000 employees.

While such findings are particularly impressive, and have influenced government thinking globally, it should be remembered that:

- The vast majority of small firms and new ventures are not at all innovative.
- In most countries, innovative entrepreneurs face tremendous barriers to development.

At the same time, it needs to be remembered that, in a business sense, innovation can mean a lot more than just developing a new product or a new technology. It encompasses any new way of doing something so that value is created. Apart from meaning a new product or service, this can also include:

- A new way of delivering an existing product or service.
- New ways of informing the consumer about a product and promoting it to them.
- New ways of organizing and motivating the workforce in order to produce the product or service more efficiently.
- New approaches to managing relationships with consumers and other organizations.

3.2 New Venture Creation

Entrepreneurs are creative individuals who are keen to take ownership of their own destinies and, as a result, they try to create and own new ventures. Often, new ventures are not owned, in fact, by the entrepreneur but by venture capital companies or institutional investors. This does not make the entrepreneur any less effective, rather it could be an indication to the contrary, that he or she possesses the entrepreneurial attributes that have enabled him to present the venture in such a way as to attract the support of investors. Similarly, many firms are giving their employees the opportunity, through share option schemes, to own part of their firms. While this may have the effect of making them more entrepreneurial, it does not make them entrepreneurs.

Again, the creation of a new venture need not indicate the presence of entrepreneurship.

Throughout the 1970s, 1980s and 1990s in the industrialized nations, large corporations have been downsizing by any of the following methods:

- Spinning out whole departments of their organizations to create new free-standing ventures.
- Making employees (including senior and middle management) redundant.

Many new ventures have been created in this way and this process has become known as forced entrepreneurship. Similarly, many people are forced to create new ventures as an alternative to unemployment. This is particularly true in periods of economic recession and in countries where high unemployment prevails, but it is also the case in societies where discrimination (on the grounds of either gender or race, for example) is high. Whatever the cause, while some new ventures may be run by entrepreneurs, many are run by existing large corporations.

There is no definitive reason or reasons why new ventures fail, but according to Scarborough and Zimmerer (2000) the most common causes of failure are:

- Managerial incompetence
- Lack of experience
- Poor financial control
- Lack of strategic management
- Inappropriate location
- Lack of inventory control
- Inability to make entrepreneurial transition when necessary.

3.2.1 Root causes of Business Failure

It has been argued that the main causes (root causes) of business failure are managerial incompetence and lack of experience, since all of the other factors essentially rest on these two. Interestingly, the work of Brough (1970) appears to confirm this. From his study of the causes of failure among firms that were compulsorily wound up in 1965 in the United States and some developing countries during that period. He discovered that shareholders regarded mismanagement as the overwhelming cause of business failure. In contrast, the directors of these firms cited insufficient working capital, insufficient capital and bad debts as the main challenges they were having.

Whatever the rate and cause of failure, in most western countries the rate of new firm creation is high, though it varies with different sectors. With the growth of the service sector, particularly in the developed economies of the western world, it is inevitable that the greatest concentrations of new firms' formation in recent years have been in the

service sector, but there are marked variations. In the UK, the growth of small service-sector firms has been studied by Keeble (1992) who pointed out that this growth has been most dramatic in professionally-based information-intensive business service sectors such as computer services, management consultancy and scientific and technical services rather than support services employing manual workers such as contract executing and road haulage firms. In the transition from skill-intensive to knowledge-intensive economy, such development is to be expected and it is no surprise to see in the United Kingdom and developing economies of the world considerable growth in the number of new small management and technical consultancies firms.

While the rate of new firm creation is high in most economies, there are marked spatial variations. In Europe, for example, new firms formation rates are higher than it is the case in Denmark where special circumstances prevail. There are no apparent economic explanations for these differences. Generally, it would seem that the greatest proportion of new firms is to be found around the largest and most diversified city regions where there is a sizeable market than it is the case in the rural areas. In Nigerian, for example, many new entrepreneurial businesses spring up in large cities like Lagos, Kano and Port Harcourt due to large population and wide market for all sorts of goods and services

3.2.2 Theories of Business Formation

The lowest rate of new firm formation is in the urban industrial areas where demand for products and services is high. Three theories are used to explain the choice of urban industrial centres by entrepreneurs for new business formation.

First, **structural theory** argues that differences in technology, rates of market growth and capital requirement result in different propensities for new firm formation.

Second, **socio-cultural theory** posits that the rate of new firm formation is determined by the socio-economic mix and demographic characteristics of the population and the regional tradition for entrepreneurship.

Third, **economic theory** suggests that small firms are more likely to grow in those environments where infrastructural conditions are available and most conducive to development. These include; premises, venture capital, market demand, educational support, training and consultancy, and research and development.

Whichever theory is correct, it would appear that those areas most in need of economic development are those least likely to generate new firms or viable small businesses since they are still struggling to put structures in place and to create conducive environment for entrepreneurial activities to thrive. (Johnstone and Kirby, 1999).

3.2.3 The Rate of New Business Formation

Traditionally, it is believed that new firm formation is highest in periods of economic recession. This is because, naturally, people are pushed into self-employment as an alternative to unemployment. Certainly this was true in the United Kingdom in the 1930s during the period of the Great Depression. However, research by Keeble (1993) suggests that this was not the case in the 1980s. During that decade in the UK, unemployment was falling and new firm formation rates were rising, suggesting that new businesses were being created in response to the improving market conditions and opportunities. This ignores the influence of government policy and the major efforts during the decade not only to raise awareness of the opportunities self-employment affords but to encourage business start-ups. Inevitably, with the increase in self-employment over the decade the unemployment rate fell. Thus, it is generally believed that there is a positive correlation between the rate of new business formation and the level of unemployment in the economy. This situation holds true for both developed and developing economies.

3.3 Job Creation

Clearly, the establishment of new ventures creates employment opportunities for both the entrepreneur and others. However, prior to the 1980s, the analysis of self-employment received only limited attention from the economics profession. However, the work of Birch (1979) revealed that new and small firms were a source of new job creation. With unemployment increasing and large firms downsizing, both governments and academics around the world developed interest in self-employment and employment generation opportunities provided by new and small businesses. The bottom-line is that new entrepreneurial businesses spring up in periods of economic recession when firms are downsizing and people are losing their jobs. Since there are no paid employment opportunities any more, people start thinking of what to do to survive buttressing the saying that “necessity is the mother of invention”.

Drawing example from Britain, the total number of self-employed people increased over the period 1981 to 1997. In the period 1981-1990, the number of self-employed people

actually increased by 59%. By 1991, approximately 12% of the total workforce was self-employed compared with 9% in 1981. The numbers entering self-employment appear to vary by gender, age, marital status, ethnic origin and level of education. We will now look at each of these factors in turn.

3.3.1. Gender

Traditionally, males constitute a significantly greater proportion of the self-employed sector than females. In the United States, the proportion of female-owned businesses is only in the order of 33% of the total. However, in Britain, female self-employment has grown rapidly in recent years and continues to do so. In the developing nations such as Nigeria and Ghana, female self-employment is also growing significantly especially in the area of food-stuff marketing, and dealing in jewelry and clothing.

Age

Self-employment appears to become increasingly inviting when one is at the middle age, when the potential entrepreneur can afford the start-up costs of a new venture. If redundancy or early retirement occurs, the entrepreneur already has experience to identify opportunities or ways of doing things better. Indeed, a recent survey of 600 British most successful businessmen reveals that they are young people with the average age of 45.

3.3.2 Marital Status

Self-employment is much less likely for single people than it is for people in other categories (married, widowed, divorced or separated). In part, this reflects the fact that people below the age of 25 are less likely to be married than those in the older age categories. However, it does seem that marriage provides the support necessary to establish a successful new venture, and spouses are often partners in such enterprises.

3.3.3 Business Growth

According to the UK Committee on Inquiry on Small Firms conducted in 1971, small firms provide the means of entry into business for new entrepreneurial talent and the seed-bed from which new large companies will grow to challenge and stimulate the established leaders.

While very little research has been undertaken to support or refute this statement, there is evidence in retail business in support of the claim.

However, it is known that very few new small businesses do grow. And, as has been shown, many do not survive either. Of those that survive, only a very small number actually grow, and Storey (1993) has suggested that three groups of small firms can be identified. These three groups are; the “failures”, the “trundlers” and the “fliers”. The fliers are the growth firms while the trundlers are the firms not doing too well

There are numerous reasons why new ventures are not able to grow very rapidly. Barber (1989) suggested that the literature on the barriers to growth can be classified under three headings as follows: (1) management and motivation, (2) market opportunities, and (3) structure. However, more recent work by the Cambridge Small Business Research Centre (1992) pointed to financial constraints, the level of demand in the economy and the nature of competition as the barriers to business growth. The study concluded that external factors are more significant barriers to growth than the internal factors, such as managerial skills or the availability of skilled labour.

4.0 CONCLUSION

While the barriers to growth of small businesses are known, the precise catalysts for growth are not known. Considerable descriptive research has been carried out into this area and it is known, for example, that growth firms are younger and smaller than non-growth firms. They are more likely to be limited companies (rather than sole traders or partnerships) and tend to be located in accessible rural areas rather than urban centres. Equally, they are likely to be owned by individuals who share equity with external individuals or organizations, and who are prepared to devolve decisions to non-owning managers, to occupy particular niches or segments where they can exploit any quality advantages they may have and to be innovative.

Clearly, the fact that so few new ventures grow restricts the contribution they make to the job generation and economic recovery processes. Equally, it minimizes the seed-bed effect and has led to suggestion that, perhaps, a more selective approach should be taken towards new venture creation whereby the winners are picked out at birth for special attention and nurturing. If management is crucial to both survival and growth, it is probable that with appropriate managerial support many more businesses would make a more significant contribution. Rather than attempting to pick out the seeds that are worthy of more favoured attention, perhaps the conditions for growth need to be improved.

5.0 SUMMARY

Traditionally, it is the general believe that the formation of new firms is highest in periods of economic recession. This is because, naturally, people are pushed into self-employment as an alternative to unemployment. Certainly this was true in the United Kingdom in the 1930s, the period of the Great Depression. However, further research suggests that this was not the case in the 1980s. During that decade, unemployment was falling and new firm formation rates were rising, suggesting that new businesses were being created in response to the improving market conditions and opportunities. This ignores the influence of government policy and the major efforts during the decade not only to raise awareness of the opportunities self-employment affords but to encourage business start-ups. Inevitably, with the increase in self-employment over the decade the unemployment rate fell.

6.0 TUTOR-MARKED ASSIGNMENT

- * What are the advantages of new business formation to the economy of a nation?
- * How does the skills and savvy of the entrepreneurs affect the growth and survival of their business?

7.0 REFERENCES/FURTHER READING

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UNIT 2: ROLE OF SUPPORT INSTITUTIONS IN ENTREPRENEURSHIP DEVELOPMENT (NEPC, NERF AND NDE)

CONTENTS

- 1.0 Introduction
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3.3.16 NDE/NAPEP Collaboration

4.0 Conclusions

5.0 Summary

6.0 Tutor-Marked Assignment

7.0 Reference/Further Reading

1.0 INTRODUCTION

In this unit, we shall be examining the role of support institutions in the development of entrepreneurial activities. This unit will also evaluate entrepreneurs and their ideas in product selection process.

2.0 OBJECTIVES

After studying this unit, you should be able to do the following:

- List the institutions established by the government to support entrepreneurs in product selection process;
- Discuss the role of NEPC to entrepreneurship development in Nigeria;
- Describe the role of NERF to entrepreneurship development in Nigeria;
- Explain the role of NDE to entrepreneurship development in Nigeria.

3.0 MAIN CONTENT

3.1 Nigerian Export Promotion Council (NEPC)

The Nigerian Export Promotion Council (NEPC) is the main government organ directly sponsored to promote export trade in Nigeria. According to its pamphlet titled “Why Exports?”, it offers the following services to Nigerian entrepreneurs/exporters:

- (i) Provides information on domestic and foreign markets and undertakes the development of markets for made-in Nigeria products;
- (ii) Advises on product design, quality, packaging and packing;
- (iii) Undertakes human resource training and development;
- (iv) Plans and organizes Nigeria’s participation in international trade fairs exhibitions;
- (v) Liaises with other international agencies on export matters.

It was established by Decree No. 26 of 1976 and was formally inaugurated in March, 1977 (quoted in Esezobor, 2009). Decree No. 41 of 1988 refined its functional Responsibilities as discussed in this unit.

3.1.1 New Manufacture-in-Bond Scheme (NMIBS)

This scheme was a decision of World Trade Organization (WTO) of which Nigeria is an active member, to consciously replace cash incentives with non-cash incentives in the promotion of exports among member countries. Nigeria adopted this scheme as was conveyed in the annual budget of 1999. To qualify for this scheme, an exporter is required to obtain a Bond from either a bank, an insurance company or Nigeria Export-Import Bank which would be held by the NMIBDS Committee until the Central Bank of Nigeria confirms that the goods manufactured had been exported and the foreign exchange proceeds repatriated to Nigeria.

Where an exporter qualifies under any of the four sub-schemes we shall treat shortly, a Negotiable Duty Credit Certificate (NDCC) would be issued by the NMIBS Committee which could be utilized by the exporter in the payment of import duties on imported raw materials inputs or completely knocked down spare parts whether prohibited or not, for the production of export goods as stated or in the alternative, transferred to another exporter if the benefiting exporter has no use for it. Once again, no cash incentive is given.

The following four component schemes have their respective Committee with secretariat in the office of NEPC:

- (i) Manufacture-in-Bond Scheme
- (ii) Duty Drawback Scheme
- (iii) Export Expansion Grant Scheme (EEGS)
- (iv) Export Development Fund (EDF)

3.1.2 Manufacture-in-Bond Scheme for Encouraging Manufacturers

The Manufacture-in-Bond Scheme is designed to encourage manufacturers to import duty-free raw material inputs and other immediate products whether prohibited or not for the production of exportable goods, backed by a Bond issued by any recognized Commercial Bank, Merchant Bank, Insurance Company or NEXIM. The Bond will be discharged after evidence of exportation and repatriation of foreign exchange has been produced.

Guidelines:

The Manufacture-in-Bond Scheme (MIBS) shall be applicable to export manufacturers only.

Interested manufacturers should apply to the Federal Ministry of Finance using the prescribed forms.

For a manufacturer to enjoy the scheme, the factory premises must be approved for that purpose by the Nigeria Customs Service.

Approval including the Import Requirement Certificate (IRS) should be obtained within a period of two months and transmitted to the Nigeria Customs Service for implementation. The Nigeria Customs Service will determine acceptable guarantee Bond issued by Commercial or Merchant Banks or NEXIM or Insurance Companies covering not less than 110 percent customs duty payable on each consignment.

Under this scheme, manufacturers of export commodities will be entitled to import duty-free raw material inputs, CKDS and intermediate inputs whether prohibited or not for the manufacture of export commodities.

The Manufacture-in-Bond Scheme shall operate on an annual (12 calendar months) importation basis as the export prohibited items. However, the scheme shall operate on Import by Import basis. The Bond which shall be effective from the date of its issuance by the Bank shall be discharged when the conditions stipulated therein have been fulfilled.

The Nigeria Customs Service will periodically monitor the utilizations of raw materials imported under this scheme until the Bond is fully executed. In the event of inability of any manufacturer to fulfill the conditions stipulated in the Bond, the manufacturer shall apply to the Nigeria Customs Service through its approved dealer Bank, for an extension of the Bond particularly when the life of the Bond has expired. The extension of the Bond shall not exceed three months. Repatriation of the foreign exchange realized from the transaction shall be confirmed by the Central Bank of Nigeria before the Bond is discharged.

Bill of Entry marked “Manufacture-in-Bond Scheme” shall be used for the clearance of goods under the Scheme.

A Committee comprising the Ministry of Finance, representatives of the Nigeria Customs Service, Nigerian Export Promotion Council, Standards Organisation of Nigeria and the Central Bank of Nigeria shall monitor the scheme. The Monitoring Body shall render a quarterly report to the NMIBS Committee.

In the event of default by the Manufacturer, the Nigeria Customs Service shall redeem the Bond by calling on the guarantor to pay up the appropriate customs duties and other associated charges. In case of “Force Majeure”, the Company may be allowed to sell the goods in the local market with the approval of the Honourable Minister of Finance on condition that the appropriate customs duty and other associated charges have been paid.

A manufacturer participating in the Manufacture-in-Bond Scheme is expected to designate a warehouse or store in his factory premises for the storage of inputs and finished goods; and Import Duty Report (IDR), Clean Report of Findings (CRF), shall be clearly marked “MIB Scheme”. It is meant only for manufacturers of export goods to encourage exporters to boost their export market by issuing them NDCC if qualified for the payment of import duties on raw materials or parts whether prohibited or not but required for the manufacturing cycle of the export commodities. In order to prevent abuse

by exporters, they are required to be bonded by their bank or an insurance company or NEXIM to the tune of 110 percent of the customs duty payable on each consignment.

3.1.3 Duty Drawback Scheme

The Duty Drawback Scheme provide duties/surcharges on raw materials including packing and packaging materials used for the manufacture of products upon effective exportation of the final product. The new Duty Drawback Scheme shall give automatic refunds (60 percent) on initial screening by the Duty Drawback Committee and upon the presentation of a Bond from a recognized Bank, Insurance Company or any other financial institution. The Bond will cover 60 percent of the refund to be made to the exporter and will only be discharged after the final processing of the application has been made. At the end of the processing of exporters claims, the Duty Drawback Committee shall grant any balance where applicable or request for refunds for any overpayment made.

3.1.4 Duty Drawback Facilities

The Scheme provides for fixed drawback and individual drawback facilities. The fixed drawback facility is for those exporters/producers whose export products are listed in the Fixed Drawback Schedule to be issued from time to time by the Committee. When the import content of the export products is more or less constant, and import prices (including exchange rate), tariff rates and technology used are relatively stable or “fixed”, it is possible to calculate a standard Input-Output Coefficient Schedule (ICS) for these category of products on the basis of which a fixed drawback rate can be computed to be rebated per unit of export product. Whereas the individual drawback is for producers/exporters who do not qualify under the fixed drawback facilities, it is therefore a straight forward traditional drawback mechanism under which duty is paid on all imported inputs. The duties are subsequently, rebated on inputs used for export production. As a general rule, the final exporter/producer can apply for the Scheme.

3.1.5 Eligibility

A trading company which collects industrial products from one or more manufacturers as well as a trading Company which imports raw materials inputs including packing and packaging materials used for the production of goods exported by him could also apply for the Scheme. Such trading Company must have entered into a contract with the final producer of the product in such a way that the Duty Drawback Committee can obtain necessary information and documents to enable the Committee act appropriately. Applicants must be Companies incorporated in Nigeria.

3.1.6 Time Limit

Duty Drawback application must be filled within a maximum of two years from the date of exportation. In order to qualify for the drawback payment (both individual and fixed drawback) exportation of the product which was produced with imported inputs must be completed 18 months after the importation of the inputs.

3.1.7 Application Procedures

Applicants for either Fixed or Individual Drawback Facilities should file the following documents to the Duty Drawback Committee.

1. Completed new application form for Duty Drawback Rate /Refund obtainable from the Duty Drawback Secretariat and all Zonal Offices of the Nigeria Export Promotion Council.
2. Attach clear photocopies of the following documents in triplicates:
 - a. Import Bill of Entry for Home use (Customs and Excise Form C 188) for the respective raw material inputs used for the export production.
 - b. Import Bill of Lading for the raw material inputs used for the export production.
 - c. Letter of Contract agreement between the Trading Company and producer in cases where the Trading Company is applying for the facility.
 - d. Current Registration Certificate with NEPC.
3. In addition to the above documents, all applications for refunds should be filed with the following in triplicates:
 - (i) Export Bill of Entry for Non-Domestic Goods (Customs and Excise Form Sale 98); and
 - (ii) Form NXP.
4. Bank Bond to be issued by a recognized Bank or Insurance Company to the tune of 60 percent upfront payment approved by the Committee as duty drawback refund and to guarantee the refund of any overpayment made to the exporter.

3.2 Rules for Duty Drawback Application and Processing

The following rules have to be observed to simplify the processing procedures:

- i. For the same export product defined in an export entry document, all inputs used to produce a given export article should be treated as part of a single application and therefore cannot be divided into separate duty drawback applications.
- ii. If imported inputs, registered in a single import entry document are subdivided and used for production of more than one export consignment, the import entry document should include information on the production of inputs and the balance remaining to be used.

From the above, you will note that the facility is in two states and it also provides for refunds where an export company collects locally (without importing), necessary raw materials including packing and packaging and tenders evidence of an export order. The refund shall only be for the duties/surcharges content of the cost of the local purchases in prosecuting an export order. The Duty Drawback Scheme ceased in year 2003 since, according to the Committee, enough incentives already exist in the Export Expansion Grant Scheme.

3.2.1 Export Expansion Grant Scheme (EEGS)

The Export Expansion Grant Scheme provides for cash inducement to exporters who have exported a minimum of five hundred thousand Naira (N500,000) worth of processed products.

Objective

The objective of this Scheme is to stimulate exporters to expand the volume of their exports and diversify export product and market coverage.

Eligibility

Exporters of duly processed products are entitled to 4 percent grant on their total annual export turnover subject to the receipt of confirmation of repatriation of export proceeds from the Central Bank of Nigeria and subject to the presentation of a Performance Bond from any of the recognized Banks, Insurance Company, NEXIM or Financial institution.

Procedure

1. Application Forms for the Scheme could be obtained from the Headquarters of the Nigeria Export Promotion Council (NEPC) or any of its Zonal Offices at Lagos, Port Harcourt, Enugu, Jos and Kano. All forms should be accompanied with the sum of N5,000 (Five thousand Naira) in bank drafts payable to the Nigeria Export Promotion Council, Headquarters, Abuja, as non-refundable fees for the application forms.

2. The NEPC Committee on Export Expansion Grant reserves the right to approve or reject an application and could subject a Company for inspection to confirm the status of the export product(s).

3. Please note that, to facilitate the administration of the scheme, Government has approved the deduction of a ten percent (10%) processing fee on each grant approved, subject to tendering of the mandatory bond, evidence of repatriation of export proceeds by CBN and an application fee of N25,000, the EEGS Committee would process the application form for the refund of 4 percent of the exporter's annual turnover in NDCC.

The following is the new guideline for submission and processing of application under the scheme published by NEPC on 17th November, 2003 in the Guardian newspaper (Esezobor, 2009):

3.2.2 New Guidelines:

1. All applications must be on prescribed application form not later than 6 months from the date of repatriation of export proceeds.
2. Completed applications to be supported with:
 - i. NXP form duly certified by processing bank and NCS;
 - ii. Single Goods Declaration (SGD) form, duly signed by NCS (both at front and back);
 - iii. Final commercial invoices;
 - iv. Bill of Lading;
 - v. Evidence of current registration with NEPC as an exporter;
 - vi. Evidence of incorporation with Corporate Affairs Commission.
3. Applicants are to pay a non-refundable processing fee of N25,000 per application in bank draft payable to NEPC.
4. To avoid delays, applicants are advised to ensure that their applications are vetted by the Schedule Officer at NEPC when application is being submitted.
5. Only accredited employees of the benefiting companies will be allowed to collect the Negotiable Duty Credit Certificate. The annual accreditation of a maximum of 2 employees of a company is put at a sum of N100,000. As from 1st January, 2004, only duly accredited employees of the benefiting companies will be allowed to collect NDCC from the Council.
6. Applicants are to submit video clips of their production process, production lines, packaging and export prices.
7. These guidelines are with immediate effect.

On Tuesday, 17th August, 2004, the Secretary to the Federal Government announced the suspension of the scheme on the ground that since inception in 1986, \$30 billion had been spent on it without any impact on the volume of exports. The suspension was lifted in 2006.

3.2.3 Export Development Fund Scheme (EDFS)

Export Development Fund Scheme is a scheme set up by the Federal Government of Nigeria to provide financial assistance to private sector exporting companies to cover part of their initial expenses in respect of the following export promotion activities.

- (a) Participation in training courses, symposia, seminars and workshops in all aspect of export promotion. All local and overseas courses, study tours, including symposia,

seminars, workshops, conferences, etc. in all aspects of export promotion organized by NEPC for the benefit of government agencies who have bearing with export promotion as well as exporting companies will be sponsored from the Fund.

(b) Advertising and publicity campaigns in foreign markets including Press Radio/Television, Catalogue, Brochures, etc. Grants may be made to exporting firms in the context of the total marketing plans towards the cost of advertising/promotional campaigns in overseas market, brand promotion, joint export market group promotion, point of sale materials and in store demonstration subject to the general conditions set out about and the regulations below:

(1) The scheme applies only to promotional campaigns.

(2) The Scheme applies to markets in which the brand products have not previously been advertised and promoted.

(3) A draft of the proposed advertisement must be submitted to NEPC in advance for approval and also the report on the results of the campaign must be submitted as soon as the project is completed.

(4) The maximum grant to any company will be 50 percent of the total direct costs approved subject to a N200,000 (Two hundred thousand Naira).

(c) Export market research and studies.

(d) Product design and consultancy.

(e) Participation in trade missions, buyer-oriented activities, cost of collecting trade information.

(f) Cost of collecting trade information, and

(g) Backing up the development of export oriented industries.

3.2.4 Conditions for Financial Assistance

For any exporting Company to benefit, the following conditions must be satisfied:

(i) The Company must be registered as an exporter with the NEPC.

(ii) It must be an exporter of any product of Nigerian origin or services e.g. Engineering, Consultancy, Shipping, Communications, etc.

(iii) It must have its marketing control in Nigeria.

(iv) All applications for EDF assistance must be made in the prescribed application forms and must be accompanied with a detailed work plan of the project and a project document.

(v) The Committee on EDF shall communicate to the exporter the amount of assistance that has been approved for the Company out of which 50 percent shall be paid on presentation of a bond covering that amount by the Company.

(vi) Exporters should submit a detailed report of their undertaken activities which should contain among other things evidence of expenditure related to the Company and arrange for the discharge of the Bond.

3.2.5 Export Market Research and Studies

Grants may be made to exporting firms towards the cost of undertaking market research studies in foreign markets and other studies related to export promotion subject to the general conditions set out above, and the regulations below:

(1) The research proposal must be approved well in advance by NEPC.

(2) A copy of the report of the research must be submitted to NEPC on return.

(3) Grants up to 50 percent of the approved direct costs incurred or a maximum of N200,000.00 (Two hundred thousand Naira).

(4) Where NEPC carried out the research/studies on behalf of the Company/ groups of companies, the total cost of such research will be met from the fund.

3.2.6 Products Design and Consultancy Grants

Grants may be for exporters towards the cost of engaging experts for product adaptation and designing. (Size weight, composition, packaging, labeling) of the products depending on the demand of the export market. Apart from the general conditions listed earlier on, the exporter must:

i. Submit to NEPC the project proposal well in advance for approval.

ii. Submit to NEPC a copy of the consultant's report of the project.

iii. Grants payable will be 50 percent of the approved consultant's fees and expenses subject to a maximum grant of N200,000 (Two hundred thousand Naira).

Participation in Trade Missions, Buyer Oriented Activities, Overseas Trade Fairs, Exhibitions and Store Promotion.

Grants to the maximum of N200,000 (Two hundred thousand Naira) may be made to exporting companies towards the cost of undertaking approved fairs or exhibitions, etc. subject to the general conditions set out earlier on and the regulations below:

i. The activities must be manned by officials or agents of the company.

ii. All products to be exhibited and promoted must be an exportable product.

The cost of NEPC participation in any of these activities will be borne by the Fund. In case of buyer-oriented activities, the cost of sponsoring buyer from overseas to participate in local buyer-oriented activities will be borne by NEPC.

3.3 Backing up the Development of Export-Oriented Industries

The cost of undertaking studies in respect of setting up export-oriented industries will be covered from the fund. If NEPC is carrying out the studies, grant of 50 percent of the approved cost of studies or N200,000 (Two hundred thousand Naira) will be paid to exporting companies for the purpose of the studies.

3.3.1 Trade Procedures and Documentation.

The documentation aspect of exports which until recently, was handled solely by CBN, is now full-time job for an agent of NEPC called Nigeria Committee for Trade Procedures and Documentation (NITPRO). It is a committee comprised of representatives of NEPC, Customs and Excise, CBN and NEXIM with secretariat in the premises of NEPC. NITPRO serves the following functions:

(i) To simplify trade procedures and documentation not only for exports but imports as well. In other words, they take stock of the direction of exports in particular, the companies into it, the amount involved and the record of the overseas buyers. Expectedly, their main form of operation is the NXP (the non-crude oil export form) which is sent to them from Customs and Excise for documentary analysis.

(ii) To educate Nigerian merchants on recent developments in the international markets.

(iii) To guide Nigerian merchants through seminars, workshops and other training programs on trade information.

(iv) To serve as an important link between merchants and government regulatory agencies.

(v) To also serve as a link and in the process, smoothen relationship between foreign trade agencies, merchants and the government.

(vi) To help Nigerian traders source dependable buyers for their products.

In performing the above-stated functions, the Nigerian economy gains in the following ways:

(a) Diversification of the export base from petroleum products. There are yawning markets for natural products which richly abound in Nigeria like palm products, cocoa, cassava, gum Arabic, ginger, soya beans etc. as well as manufactured products like insecticides, leather products, body creams, homemade videos, medicines, plastic products, fanciful attires and many other products.

- (b) The public enlightenment program of Committee exposes traders to the requirements of foreign trade and how to go about it.
- (c) If more serious hands can be put into the export sector, the economy will witness improved employment and increased volume of trade.
- (d) Exports bring in foreign exchange; a scarce commodity needed to balance the equation of international payments.
- (e) That the Committee's Officers in Apapa and Abuja are open to the public is a good omen for the future of the Nigerian economy because under-employed persons in full-time employment and workers looking for alternative jobs in self-employment throng in for information especially as the banks now seem to soften on credit to the export sector with the hope to be considered in the annual award of the "Best Bank in Export Financing" of the Merit Award Committee of the Bankers Committee.
- (f) Their activities help to improve adherence to good ethical culture in international trade for Nigerian merchants which gradually will win for Nigeria, the respect it deserves in the international market.

3.3.2 National Economic Reconstruction Fund (NERF)

As part of the economic reconstruction under the Structural Adjustment Programme, the NERFUND was established by Decree No. 25 of 1988. The primary aim of this fund is to provide soft medium and long-term finance to small and medium scale enterprises that are 100 per cent owned by Nigerians. As a financial intermediary, NERFUND sources its funds through the Federal Government, the Central Bank of Nigeria and Foreign Government, The Central Bank of Nigeria and Foreign Government and International Development Finance Institutions like the African Development Bank. The fund so mobilized both from local and foreign sources are made available to small and medium scale industries provided they are 100% Nigerian owned.

3.3.3 National Directorate of Employment (NDE) Charter

In conformity with its mandate of job creation and in effect tackling the problems of unemployment in Nigeria, the National Directorate of Employment (NDE) trains unemployed youths and retired persons for Vocational Skills Acquisition, Entrepreneurship or Business Development, Labour Based Works, Rural Employment Promotion and Job placement guidance and counselling.

3.3.4 Purpose of the Charter

The NDE Charter is to ensure that NDE is committed to employment generation, poverty reduction, wealth creation and attitudinal change to enable Nigerian Youths to be selfemployed and contribute to the economic growth and development of the Nation.

Mission

The NDE mission is derived from its mandate as follows:

- (1) To design and implement programmes to combat mass unemployment;
- (2) To articulate policies aimed at developing work programmes with labour intensive potentials;
- (3) To obtain and maintain a data Bank on unemployment and vacancies in the country with a view to acting as a clearing house to link job seekers with vacancies in collaboration with other government agencies; and
- (4) To implement any other policies as may be laid down from time to time by the Board established under sections of its enabling Act.

Vision

Job for all. To create pool of artisans and entrepreneurs among the unemployed through skills acquisition of youths who will promote economic development of the nation.

3.3.5 NDE Customers

The customers of the National Directorate of Employment are:

- (a) School Leavers
- (b) School Drop outs
- (c) Youths with little or no education
- (d) Artisans
- (e) Graduates of tertiary Institutions
- (f) Retired Public/Private workers (Mature Persons)
- (g) Women Groups

3.3.6 Service Provision

Unemployed Nigerian Youths or retired persons who require the services of the NDE are assured of at least being trained in their chosen vocations. However, due to financial constraints only very few of them would benefit from NDE resettlement packages for them to start their own micro business.

Under the Vocational Skills development Programmes, the NDE will train 1,000 unemployed youths per state every year for the next 5 years. Under Small Scale Enterprises through Start Your Own Business (SYOB), 500 graduates will be trained every year for the next 5 years.

Also, 500 Unemployed youths will be recruited under Rural Employment Promotion and Special Public Work every year for 5 years respectively. However, due to fund constraint, between 1% and 4% of those trained will be resettled with tools and cash to start their own business (Micro Credit)

3.3.7 Service Delivery

The NDE customers would be well equipped with marketable skills that would enable them to be self-employed (i.e.) to establish their own business or get wage employment if need be. This will involve:

- (1) Recruitment
- (2) Selection
- (3) Posting/attachment
- (4) Counseling
- (5) Training
- (6) Assistance to prepare feasibility studies
- (7) Graduation
- (8) Linkage to financial Institutions

3.3.8 Monitoring and Publishing

The NDE training programmes and projects sponsored would be monitored periodically at least once in three months (3 months) to ensure good performance. The activities would involve:

- (1) Monitoring
- (2) Verification
- (3) Inspection and reports prepared and submitted promptly for management consideration.
- (4) All observations and clientele complaints would be taken note of and prompt action initiated for management attention.

3.3.9 Grievance Redress Mechanism

The customer complains to Inspection Officers who will channel the complaints to complaints designated Officer. The complaint can also be one on one basis. Written complaints will also be sent to the complaint desk officer to the NODAL Officer and the Chief Executive for prompt action. It is expected that within 48 hours action must be taken. The complainant will be informed officially of the action taken either in writing or invited personally through his/her address or telephone number.

3.3.10 Obligations/Expectations

Members of the NDE Staff and management at all times should be:

- (1) Polite, attentive and friendly to customer;
- (2) Recognize the need to preserve the privacy and dignity of customers
- (3) Staff should treat customers with sensitivity; and

- (4) Consideration should be given to the actual needs of customers rather than staff convenience and routine.
- (5) No Office of any staff should be classified as out of bound to customers.
- (6) Information on NDE should be made available to customers without prohibition.

3.3.11 Existing Limitations

- (1) Macro – Economic Policy Problem. The unstable macro-economic policy environment in Nigeria has made the business of employment generation a more difficult task. For instance, various policies of government on exchange rate, deregulation of the economy, globalization and commercialization have had impact directly or indirectly on the labour market.
- (2) Large number of unemployed persons: the number of unemployed persons in the labour market is rising astronomically every year due to a combination of factors which include the large turn-out from the school system and some economic policies like right-sizing, down-sizing, commercialization and privatization. The number to be catered for apparently out-weights resource support.
- (3) Attitudinal change: NDE Job Creation programmes principally focus on the informal sector for self-employment creation. However, poverty and other social factors are responsible for lukewarm attitude of unemployed school leavers and graduates in particular to embrace skill acquisition training for self-employment. Some are still insisting on wage employment to meet their immediate needs.

3.3.12 NDE Collaboration with Stakeholders

1. NDE/UNDP/ ILO Collaboration

The NDE, since its establishment in 1986, has received technical assistance/support from the United Nations Development Programme (UNDP) and International Labour Organisation ILO for capacity building and training in Labour based light equipment road projects.

2. NDE/GTZ Collaboration

The German Government through its aid agency GTZ has been providing technical assistance to the NDE since July 1991. The assistance is aimed at strengthening the National Open Apprenticeship Scheme (NOAS)

3. NDE/NACRDB Collaboration

In an attempt to link beneficiaries of NDE training Programmes to credit facilities for enterprise creation, the NDE signed a memorandum of understanding with the Nigerian Agriculture Cooperative and Rural Development Bank. Therefore, the graduates of

vocational skills and entrepreneurial training programmes of the NDE are being assisted by the Bank to set up their own enterprises

4. NDE/ NEXIM Collaboration

NDE/ NEXIM entered into memorandum of understanding (MOU) with the aim of training unemployed graduates on export management and entrepreneurial skills for engaging in non oil export business for job and wealth creation.

5. NDE/Nigerian Export Promotion Council (NEPC) Collaboration

The collaboration with NEPC is to compliment that which the NDE has established with NEXIM to ensure that our graduates have adequate knowledge of the non-oil export sector of the economy.

6. NDE/NYSC Collaboration

NDE in collaboration with NYSC provides training in entrepreneurship Development at NYSC orientation camps. The EDP is given to corps member at the orientation camps nationwide as a sensitization exercise to present self – employment as a viable option.

7. NDE/NIPC Collaboration

By this collaboration, the NIPC links up graduates of the NDE skills acquisition programme to foreign investors to take advantage of the job opportunities available in the new industries

8. NDE/Nigerian Railway Corporation Collaboration

The Nigerian Railway Training Schools at Ebute–Meta, Lagos and Enugu have been involved in the training of the NDE’s youths under the National Open Apprenticeship Scheme (NOAS) since 1987.

9. NDE/SPDC Youth Training for the Niger Delta

The Shell Petroleum Development Company of Nigeria SPDC Collaborates with the NDE in the training of youths in the Niger Delta Area. This training programme is instituted by SPDC to develop the youths in the area especially amongst the host communities.

The NDE provides training in the following: Vocational trades, Welding, Fabrication, Auto-Mechanic, Electrical Installation, Computer Operation, Secretarial Studies, Catering and Confectioneries, Fashion Designing, Hairdressing etc.

3.3.13 NDE/Nigerian Building and Road Research Institute

The Nigerian Building and Road Research Institute (NBRRI) has been an NDE partner since 1998. The Collaboration is aimed at exploiting the employment potentials in the

production of stabilized Soil Bricks (SSB) and Fiber Cement Roofing tiles. The arrangement provides sources of employment for youths and cheap materials for housing construction.

3.3.14 NDE/IITA Collaboration

The NDE collaborates with the International Institute for Tropical Agriculture in the acquisition of agricultural skills and empowerment of young farmers as well as Capacity-Building for NDE Staff.

3.3.15 NDE/Local Government Councils

The School – On- Wheels Scheme is an integral – part of the NDE’s Vocational Skills Development Programme. It is designed to carry out training of school leavers and unemployed youths in rural areas. In achieving this objective, the NDE takes fully equipped Mobile Training Workshops (MTWs) to rural areas. In order to reduce the funding demands, the NDE collaborates with LGAs in such a manner that the LGAs bear some costs, especially consumables, and allowances for trainees while the NDE provides, the equipment and training facilities and anchor men,

3.3.16 NDE/NAPEP Collaboration

The National Poverty Eradication Programme (NAPEP) was designed to fund, coordinate and monitor activities of all agencies involved in combating poverty which includes NDE. To this end, NDE and NAPEP collaborated in the Vocational Skills acquisition training of 25,000 youths.

4.0 CONCLUSION

We have discussed in detail the structure and roles of NEPC, NERF and NDE in the development of entrepreneurship. We learnt that the contribution of these agencies is helping the growth of entrepreneurial activities in the country.

5.0 SUMMARY

In this unit, we provided the list of institutions established by the government to support entrepreneurs in product selection process. We discussed the role of NEPC, NERF and NDE. In the next unit, we shall continue with discussion in respect of institutions that support the development of entrepreneurship.

6.0 TUTOR-MARKED ASSIGNMENT

Write short notes on the following:

- (a) Nigeria Export Promotion Council (NEPC)
- (b) National Economic Reconstruction Fund (NERF)
- (c) National Directorate of Employment (NDE)

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UNIT3: CONTRIBUTIONS OF NATIONAL ASSOCIATIONS TO ENTREPRENEURSHIP (NASSI) - NASME, NACCIMA, MAN, NECA AND SMEDAN

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Definition of Industrial Association
 - 3.2 Industrial Associations and their Role in Entrepreneurship Development
 - 3.3 Nigerian Association of Small Scale Industrialists (NASSI)
 - 3.4 National Association of Small & Medium Scale Enterprises (NASME)
 - 3.5 Nigerian Association of Chambers of Commerce, Industry, Mines & Agric. (NACCIMA).
 - 3.6 Manufacturers Association of Nigeria
 - 3.7 Nigerian Employers Consultative Association (NECA)
 - 3.8 Small and Medium Scale Enterprises Agency of Nigeria (SMEDAN)
- 4.0 Conclusions
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

In this unit, we shall examine the role of national associations in the development of Entrepreneurship in Nigeria and the role of small and medium scale industrialists. Broadly, industrial associations provide important support services as well as and protects the rights of companies operating in a particular industry. Besides, the industrial associations lobby on behalf of their members with governments and others agencies to take stronger action on things affecting their members and interests.

2.0 OBJECTIVES

After studying this unit, you should be able to do the following:

- Define industrial associations and able to highlight their role.
- List and describe the role of the industrial associations in the development of entrepreneurship.

3.0 MAIN CONTENT

3.1 Definition of Industrial Association

An industrial association can be defined as an association that supports and protects the rights of a particular industry and the people who work in that industry. Industrial associations lobby and urge governments or its agencies to take stronger action on things affecting their members or their line of interests. Modern industrial associations were formed to provide the needed supports and enabling environment to promote the growth of entrepreneurship culture.

3.2 Industrial Associations and their Roles in Entrepreneurship Development

The industrial associations include:

1. Nigerian Association of Small Scale Industrialists (NASSI)
2. National Association of Small and Medium -scale Enterprises (NASME)
3. Nigerian Association of Chamber of Commerce, Industries, Mines and Agriculture (NACCIMA)
4. Manufacturers' Association of Nigeria (MAN)
5. Nigerian Employers Consultative Association (NECA)
6. Small and Medium-scale Enterprises Development Association of Nigeria (SMEDAN)

3.3 Nigerian Association of Small Scale Industrialists (NASSI)

This association was established in 1978 to cater for the needs of the Small Scale business industrialists through the provision of socio-politico economic support for the members. It has numerous functions which include: organizing workshops, conferences, exhibitions, trade-fairs, study tours and providing advisory services to the members; providing information on sources of raw materials, market situations, plants and equipment and the required manufacturing standard; granting micro credit facilities to members and sometimes standing as sureties for bona-fide small and medium enterprise (SME) in their relationship with development finance institutions; linking up its members with various opportunities and development assistance both at home and abroad; serving as the mouthpiece of members in advocacy capacity against unfavourable public policies.

3.4 National Association of Small and Medium Enterprises (NASME)

NASME is a private sector organization in Nigeria which brings together Small and Medium Scale Enterprises (NASME) across the country. It was registered in 1996 as a ***Business Membership Organization*** (BMO) to coordinate and foster the promotion of Micro Small and Medium Enterprises (MSMEs) in Nigeria. It is devoted to networking,

capacity building, policy advocacy and promotion of the performance of its member firms and operators. It works consistently to improve the welfare of its members.

3.5 Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA)

NACCIMA was founded in 1960 as a voluntary association of manufacturers, merchants, mines, farmers, financiers, industrialists, trade groups who network together for the principal objectives of promoting, protecting and improving business environment for micro and macro benefits. The body performs many functions which are as follows: it provides a network of national and international business contacts and opportunities; it promotes, protects and develops all matters affecting commerce, industry, mines and agriculture and other form of private economic activities by all lawful means; it promotes, supports and oppose legislative and other measures affecting commerce, industry, mines and agriculture in Nigeria; it encourages an orderly expansion and development of all segments of community; it contributes to the social political and economic development of Nigeria.

3.6 Manufacturers' Association of Nigeria (MAN)

This was formed as a company limited by guarantee to perform important roles on behalf of its members as well as the development of the country. Its sector groups include food, beverages and tobacco, chemicals and pharmaceuticals, domestic and industrial plastic, rubber and foam, basic metal, iron and steel and fabricated metal products, pulp, paper and paper products, printing and publishing, electrical and electronics, textile, wearing apparel, carpet, leather and leather footwear, etc. The Manufacturers' Association of Nigeria (MAN) performs so many functions, among which are: it encourages a high standard of quality for members' products through the collection and circulation of useful information and the provision of advice; it encourages the patronage of Nigerian made products by Nigerians and by consumers in foreign countries; it develops and promotes the contribution of manufacturers to the national economy through government; it provides the manufacturers in the country with information on industrial, labour, social, legal, training and technical matters.

3.7 Nigerian Employers Consultative Association (NECA)

It is the umbrella organization for employers association of Nigeria and was founded in 1959 with its memberships drawn from the private and public sector employers associations. It performs many roles in Nigeria. These roles include: it promotes and encourages any technical or other forms of education for the development of employees; it assists in the maintenance and promotion of good relations between members and their employees; it encourages the payment of equitable rates of

wages and salaries to the employees; it promotes, influences, modifies or seeks the repeal of legislative and other resources affecting or likely to affect the employers.

3.8 Small and Medium Enterprises Agency of Nigeria (SMEDAN)

This is a “One stop shop” for micro small and medium enterprises development. SMEDAN was established by the SMEDAN Act of 2003 to promote the development of Micro Small and Medium Enterprises (MSME) Sector of the Nigeria economy. Its mission is to facilitate the access of micro, small and medium entrepreneurs/investors to all the resources required for their development. It compiles; reviews and updates all existing economic policies, regulations, incentives and legislation affecting MSME operation within the state.

Other institution established was the Industrial Development Centres (IDCs) which is to provide extension service to SMEs in such areas as project appraisal for loan application, training of entrepreneurs, managerial assistance, product development as well as other extension services. These industrial associations provide increased support for entrepreneurial development in the forms of training, logistics and funding for their members. **Emerging entrepreneurs** are therefore encouraged to join any of these associations in order to access the numerous benefits they provide.

4.0 CONCLUSION

We have defined the various associations that support and protect the rights of industries and the people who work in that industries and listed the associations as:

- (b) Nigerian Association of Small Scale Industrialists (NASSI)
- (c) National Association of Small and Medium Enterprises (NASME)
- (d) Nigerian Association of Chamber of Commerce, Industries, Mines and Agriculture (NACCIMA)
- (e) Manufacturers’ Association of Nigeria (MAN)
- (f) Nigerian Employers Consultative Association (NECA)
- (g) Small and Medium Enterprises Development Association of Nigeria (SMEDAN).

5.0 SUMMARY

In this unit, we defined industrial associations, listed and described their roles in entrepreneurship development in Nigeria.

In the next unit, we shall examine the role of government support agencies in the development of small and medium scale industries in Nigeria.

6.0 TUTOR-MARKED ASSIGNMENT

1. What is an industrial association?
2. What are the benefits of belonging to industrial associations?
3. List and describe the role played by three of these associations to support entrepreneurship development in Nigeria.

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UNIT 4: GOVERNMENT SUPPORT AGENCIES FOR DEVELOPMENT OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Role of Government in Entrepreneurial Development in Nigeria
 - 3.1.1 Government and the Promotion of Entrepreneurship
 - 3.2 Support Agencies in Small and Medium-scale Industrial Development in Nigeria
 - 3.2.1 Participatory Agencies
 - 3.2.2 Regulatory Agencies
 - 3.2.3 Facilitating Agencies
 - 3.2.4 Other support Agencies
 - 3.3 The UNICEF Innocenti Research Centre
 - 3.3.1 United Nations Industrial Organization (UNIDO)
 - 3.3.2 Thematic Focus of UNIDO
- 4.0 Conclusions
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 Reference/Further Reading

1.0 INTRODUCTION

In this last unit, which brings us to the end of this course, we shall examine the role of government support agencies for the development of small and medium scale industrialists. We shall discuss the role of UNICEF Innocenti Research Centre and United Nations Industrial Organization (UNIDO).

2.0 OBJECTIVES

After studying this unit, you should be able to do the following:

- Describe the role of government in entrepreneurship development in Nigeria
- List the support agencies for the development of small and medium industrialists
- Describe the role of these support agencies in the development of entrepreneurship.

3.0 MAIN CONTENT

3.1 Role of Government in Entrepreneurship Development in Nigeria

The rate of economic growth in a nation is often attributed to the role of government and entrepreneurs which is usually complementary and not mutually exclusive. In Nigeria as in some other economies, government helps to develop transportation, power, financial sector and provides subsidies and other utilities to encourage entrepreneurship development.

Furthermore, the government provides security to safe guard life and property; maintaining law and order and freedom to do business.

The role of government in entrepreneurship development in Nigeria became significant only after the Nigeria civil war (1967-70) (Esiomo, 2010). Since the mid 1980s there has been increased commitment of government to entrepreneurship development especially after the introduction of the Structural Adjustment economic Program (SAP) in 1986. Added to this, is the establishment of the National Directorate of Employment (NDE), National Open Apprenticeship Scheme (NOAS), Small and Medium-scale Enterprises Development Association of Nigeria (SMEDAN), SMEEIS, etc.

3.1.1 Government and the Promotion of Entrepreneurship

Fundamentally, Nigerian government promotes entrepreneurial culture through initiatives that builds business confidence, positive attitude, pride in success, support and encouragement of new ideas, social responsibility, providing technological supports, encouraging inter-firm linkages and promotion of research and development. Others are cheap financial resources, free access to market, prompt registration/advisory service to businesses, promotion of entrepreneurial skills acquisition through education and manpower development, production of infrastructure, export incentives, stable macro - economic environment, security of investment, stable political climate etc. In early 2000s, entrepreneurship studies have been introduced into the Nigerian educational system especially higher institutions as a mandatory course.

The Centre for Entrepreneurship Development (CED) was established in Nigeria with the aim of encouraging students of higher institutions (especially in science, engineering and technological fields) to acquire entrepreneurial, innovative, and management skills that would help them to establish their own business. The idea is to make the graduates self-employed, create job opportunities for others and generates wealth. It is the aspiration of CED to make Nigerian graduates from higher institutions self-employed rather than being self-ready for employment. Graduates are encouraged to become job creators rather than job takers. In other words, the focus is to make graduates employers of labour rather than seeking to become employees of other organizations.

UNESCO-TVE Programmes in Nigeria are aimed at fostering linkage and cooperation between higher institutions and industries such that academic research findings can readily be taken up by industries for production and product development.

3.2 Support Agencies in Small and Medium Scale Industrial Development in Nigeria

Some supportive agencies are established by the government at all levels to facilitate the promotion of entrepreneurship in Nigeria. These agencies are established to cope with the dynamics of the economy at a particular time. Their basic functions can be discussed under: participatory; regulatory; and facilitating roles.

3.2.1 Participatory Agencies

The agencies in this category aid in providing goods and services which are best produced by the government. They provide goods and services that are highly subsidized or goods produced below the average cost. The services provided by these agencies are essentially to encourage entrepreneurship. Examples are: Federal Road Maintenance Agency (FERMA), Public Corporations such as Power Holding Company of Nigeria (PHCN formerly known as National Electric Power Authority, NEPA), National Emergency Management Agency (NEMA), Federal Airports Authority of Nigeria (FAAN), etc. Students may wish to visit the library and internet in order to familiarize themselves with the functions of the above-mentioned institutions.

3.2.2 Regulatory Agencies

These are agencies established for regulating business. They are involved in inspection facilities, laboratory test of products, approval of facilities and product, etc. They include:

Standard Organisations of Nigeria (SON);
National Agency for Food and Drugs Administration and Control (NAFDAC);
National Drug Law Enforcement Agency (NDLEA);
Federal Environment Protection Agency (FEPA); and
State Environmental Project Agency (SEPA).

Students are expected to visit the library and internet in order to familiarize themselves with the functions of the above listed agencies.

3.2.3 Facilitating Agencies

These agencies are set up to facilitate the establishment and successful existence or sustenance of small scale industries. They are saddled with the responsibility of ensuring that there is conducive environment for SMEs. Their functions may include providing specialized fund for SMEs. In this category, we have such institutions as:

The Industrial Training Fund (ITF)
Federal Institute of Industrial Research, Oshodi (FIIRO)
Bank of Industry (BOI)
The Industrial Development Centre (IDC)
Universities and Polytechnics
Nigerian Export Promotion Council (NEPC)
The National Directorate of Employment (NDE)
National Poverty Eradication Programme (NAPEP)
Small and Medium-scale Enterprises Development Agency of Nigeria (SMEDAN).
Students are expected to visit the library and internet in order to familiarize themselves with the functions of the above listed institutions.

3.2.4 Other Support Agencies

Federal Government especially is in collaboration with some international bodies to promote small and medium scale industries. Just as they do in other sectors, their functions cover funding, research and development, etc. These bodies include:

The World Bank,
United Nations Children's Fund (UNICEF)
United Nations Industrial Organisation (UNIDO)
African Development Bank (ADB).

(a) World Bank

It is more popularly known as the World Bank. It stands as the parent body in the World Bank group of banks made up of IBRD, IFC and IDA. Membership is open to any sovereign state, which is already a member of the International Monetary Fund (IMF). The fundamental difference between IBRD and IMF is that while IBRD grants long-term project loans for core developments in construction, agriculture, water supply, electricity, mining, trade etc. essentially to fight poverty, IMF steps in to provide needed short-term and medium-term funds especially in the balance of payments (Ezesobor, 2009).

IBRD grants loans to governments or to organizations having their government's guarantee. Loans span over 20 years with 5 years of grace. Like some other banks, IBRD does not sponsor a project 100 percent but expects the borrower to provide some stake of up to 50 percent in the proposed project. Its assistance could also be in the form of consultancy or technical assistance in conducting economic survey or providing expertise. Some of the loans entail the provision of heavy duty equipment which provides juicy export market for American industrial equipment manufacturers. Largely, the bank's objectives are as follows:

(i) to assist in the reconstruction and development in member countries through project-tied loans;

(ii) to encourage international investments for long-term growth in international trade;

(iii) to attend to the urgent sectoral needs of any country in its loan disbursement.

The bank was designed to pool, borrow, and channel long-term funds from member nations and the major financial markets to the less developed countries.

(b) United Nations Children's Fund (UNICEF)

The United Nations Children's Fund (UNICEF) is the main UN organization defending, promoting and protecting children's rights. It also works towards protecting the world's most disadvantaged children. UNICEF believes that children have the following rights:

Right to Adequate Nutrition,

Right to Education,

Right to Health,

Right to Participate,

Right to Protection, and

Right to Clean Water.

UNICEF is the world's leading advocate for children, with strong presence in 190 countries. The heart of UNICEF's work is in the field. Each country office carries out UNICEF's mission through a unique programme of cooperation developed with the host government. The overall management and administration of UNICEF takes place at the New York headquarter, where global policy on children is shaped. In addition, UNICEF operates the Innocenti Research Centre in Florence, Italy. Specialized office such as the Supply Division in Copenhagen, and two Public-Sector Alliances and Resource Mobilization Offices (PARMO) in Brussels and Tokyo. Furthermore, UNICEF have 36 National Committees, that promote children's rights, raise funds, sell UNICEF greeting cards and products, create key partnerships, and provide other support.

3.3 The UNICEF Innocenti Research Centre

UNICEF Innocenti Research Centre in Florence, Italy, was established in 1988, to strengthen the research capability of the United Nations Children's Fund (UNICEF) and to support its advocacy for children worldwide.

The Centre, formally known as the International Child Development Centre, has as its prime objectives to improve international understanding of the issues relating to children's rights, to promote economic policies that advance the cause of children, and to help facilitate the full implementation of the United Nations Convention on the Rights of the Child in industrialized and developing countries.

The programme for 2006–2008 was approved by UNICEF Executive Board in September

2005. It reaffirms the Centre's academic freedom and the focus of IRC's research on knowledge gaps, emerging questions and sensitive issues which are relevant to the realization of children's rights, in developing and industrialized countries. It capitalizes on IRC's role as an interface between UNICEF field experience, international experts, research networks and policy makers and is designed to strengthen the Centre's institutional collaboration with regional academic and policy institutions, pursuing the following four goals:

- (a) Generation and communication of strategic and influential knowledge on issues affecting children and the realization of their rights;
- (b) Knowledge exchange and brokering;
- (c) Support to UNICEF's advocacy, policy and programme development in support of the Millennium Agenda
- (d) Securing and strengthening the Centre's institutional and financial basis.

Three interrelated strategies will guide the achievement of these goals: Evidence-based analysis drawing on quantitative and qualitative information, the application of appropriate methodologies, and the development of recommendations to assess and inform advocacy and policy action. Enhanced partnerships with research and policy institutions and development actors, globally and at regional level, in developing and industrialized countries.

Communication and leveraging of research findings and recommendations to support policy development and advocacy initiatives through strategic dissemination of studies and contribution to relevant events and for a (Horton, 2004).

3.3.1 United Nations Industrial Organisation (UNIDO)

The United Nations Industrial Development Organization (UNIDO) is a specialized agency in the United Nations system, headquartered in Vienna, Austria. The Organization's primary objective is the promotion and acceleration of industrial development in developing countries and in countries with economies in transition and the promotion of international industrial cooperation. It is also a member of the United Nations Development Group. UNIDO believes that competitive and environmentally sustainable industry has a crucial role to play in accelerating economic growth, reducing poverty and achieving the Millennium Development Goals. The Organization therefore works towards improving the quality of life of the world's poor by drawing on its combined global resources and expertise in the following three interrelated thematic areas:

- (i) Poverty reduction through productive activities;
- (ii) Trade capacity-building; and
- (iii) Energy and environment.

Activities in these fields are strictly aligned with the priorities of the current United Nations Development Decade and related multilateral declarations, and reflected in the long-term vision statement, business plan and mid-term programme frameworks of UNIDO.

In order to fulfil these objectives, UNIDO assists developing countries in the formulation of development, institutional, scientific and technological policies and programmes in the field of industrial development; analyzes trends, disseminates information and coordinates activities in their industrial development; acts as a forum for consultations and negotiations directed towards the industrialization of developing countries; and provides technical cooperation to developing countries for implementing their development plans for sustainable industrialization in their public, cooperative and private sectors.

UNIDO thus works largely in developing countries, with governments, business associations and individual companies. The Organization's "service modules" are Industrial Governance and Statistics, Investment and Technology Promotion, Industrial Competitiveness and Trade, Private Sector Development, Agro-Industries, Sustainable Energy and Climate Change, Montreal Protocol, and Environmental Management.

3.3.2 Thematic focus of UNIDO

UNIDO explains its thematic focus areas as follows (UNIDO, 2010):

- (a) Poverty reduction through productive activities;
- (b) Trade capacity-building;
- (c) Energy and environment.

(1) Poverty reduction through productive activities As a primary driver of economic growth and employment creation, the private sector has a central role in poverty reduction and the achievement of the Millennium Development Goals. Private sector-led industrial development makes a significant contribution to bringing about the much needed structural changes that can set the economies of poor countries on a path of sustained economic growth. UNIDO's services therefore focus on encouraging the creation of decent employment and income to overcome poverty. These services are customized for developing countries and range from industrial policy advice to entrepreneurship and SME development, and from investment and technology promotion to the provision of rural energy for productive uses.

(2) Trade capacity-building

The technical ability of developing countries to produce competitive exportable products that comply with international standards is key to their successful participation in international trade. UNIDO is one of the largest providers of trade-related development

services, offering focused and neutral advice and technical cooperation in the areas of competitiveness, industrial modernization and upgrading, compliance with international trade standards, testing methods and metrology.

(3) Energy and environment

Fundamental changes in the way societies produce and consume are indispensable for achieving global sustainable development and fighting climate change.

UNIDO therefore promotes sustainable patterns of industrial consumption and production to de-link the processes of economic growth and environmental degradation. UNIDO is a leading provider of services for improved industrial energy efficiency and the promotion of renewable sources of energy. It also assists developing countries in implementing multilateral environmental agreements and in simultaneously reaching their economic and environmental goals.

(d) African Development Bank

This bank was established on 10th September, 1964 after the meeting of Ministers of Finance in Africa took the recommendation of the United Nations Economic Commission for Africa (ECA) that such a bank was overdue in accelerating the economic development of the African continent.

It commenced operation in July, 1996 with head office in Abidjan, Cote d'Ivoire.

The bank's principal functions are as follows:

- (1) to make loans and equity investments for the economic and social advancement of the Regional Member Countries (RMC);
- (2) to provide technical assistance for the preparation and execution of development projects and programs;
- (3) to promote investment of public and private capital for development purposes;
- (4) to respond to requests for assistance in coordinating development policies and plans of RMCs.

In its operations, the bank is also required to give special attention to national and multinational projects and programs which promote regional integration.

The Bank's loans are tied to specific projects in major sectors like agriculture, public utilities, transportation, electrification and poverty alleviation efforts. The maturity tenor for its loans ranges up to 20 years including 5 years grace period. Its interest rate is adjusted twice a year; in January and July to reflect the average cost of funds. The apex authority is the Board of Governors that approves all loans, guarantees, equity investments and borrowings. It also sets the operational and financial policies as well as the guidelines for borrowing. Egypt currently has the highest voting power as the highest subscriber of the bank's capital followed by Morocco and Nigeria. In 1982, membership

was extended to non-African countries without compromising the “African-bias” of the bank, which is primarily to support the poor countries in Africa. The Presidency of the bank was still retained for Africa while African members retained two thirds of the voting rights.

The bank pools its funds from the following sources:

- (i) Contributions in capital from member countries;
- (ii) Loans and floating of bonds in the international capital market;
- (iii) Loans from Bretton Woods Institutions like IBRD, IMF and IFC;
- (iv) Tenor placements by international institutions;
- (v) Proceeds of interest on loans granted;
- (vi) Proceeds of interest on investments in multilateral institutions at Central Banks of member states;
- (vii) Bad debts recovered; and
- (viii) Solidarity aids and gifts from members and other international bodies.

4.0 CONCLUSION

We traced and described the role of government in entrepreneurship development in Nigeria. We also listed the support agencies established by the government for the development of small and medium scale industries. Finally, we described the role of the support agencies with which the federal government collaborates in the development of entrepreneurship in Nigeria.

As stated at the beginning of this unit, we have come to the conclusion of this course. We congratulate you on the successful conclusion of the course and urge you to study your material thoroughly and try your hands in other materials in the library and internet to improve your knowledge and assist you in your preparation for your examination. We wish you all the best.

5.0 SUMMARY

In this unit, we described the role of government in entrepreneurship development in Nigeria; listed the support agencies for the development of small and medium-scale industrialists; described the role of these support agencies to the development of entrepreneurship

6.0 TUTOR-MARKED ASSIGNMENT

1. List the agencies created by the government to support entrepreneurship development under regulatory, participatory and facilitating roles.
2. List the institutions to which the federal government collaborates to support entrepreneurship development in Nigeria and briefly discuss their roles.

7.0 REFERENCES/FURTHER READINGS

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UNIT 5 SOCIAL ENTERPRISE

CONTENT

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
 - 3.1 What is a Social Enterprise
 - 3.2 Social Enterprises Around the World
 - 3.3 Advantages of Social Enterprises
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

1.0 INTRODUCTION

A traditional entrepreneur who discovers an idea may decide to exploit it. To do this he or she will have to create an entity or an enterprise (organization). In almost all the cases, this entity will be profit oriented. Government may also decide to solve some pressing social challenges through dedicated entities (government enterprises). The above notwithstanding, social problems are still unabated and are on the increase, social entrepreneurs are developing innovative solutions to solve these social problem. Just like the other two type of entrepreneurs mentioned above, social entrepreneurs will also need a platform to operate. This platform is a social enterprise. A non-profit oriented business platform that is socially inclined but must make profit for sustainability. This is what differentiates it's from charity organizations.

Social enterprises tend to operate with a purpose of creating value for the society and also generate income (if not wealth). As a thumb rule, the solutions they offer are supposed to be innovative, unique, cost effective, people and environment friendly. All of these are challenges to the sustainability of social enterprises. The social entrepreneurs who are able to scale these hurdles are the ones that are able to create a huge and lasting impact. Since social enterprises typically deal with people who live at the bottom of the pyramid, they are advantageous to the society, the poor and the environment.

2.0 OBJECTIVE

At the end of this unit, you should be to

- Be familiar with the concepts, goals and mission of a social enterprise.
- Understand how to start a social enterprise by learning from examples of some social enterprises around the world.
- Know the difference between a social enterprise and a conventional or traditional enterprise.

3.0 MAIN CONTENT

3.1 THE NATURE OF A SOCIAL ENTERPRISE

The term ‘social enterprise’ is used to describe any organisation which uses business tools or approaches to achieve social goals/objectives. The precise criteria which an organisation has to meet to be classed as a ‘social enterprise’ vary slightly from country to country. This makes defining social enterprise in a global sense quite a challenge. However, regardless of the precise criteria, all definitions of social enterprise incorporate the same fundamental principles.

For an organisation to be a ‘social enterprise’ it has to trade using business tools, make the majority of its profit from the sale of products or services, not rely on funding or charitable donations, pursue social objectives and reinvest a decent percentage of its profits back into the organisation. Social enterprise ultimately refers to how an organisation is set up, how it generates profit, what it does with those profits and how it aims to promote its social objectives.

The structure of social entrepreneurial organisations is always flat and flexible – that is, with little bureaucracy. A small contingent of committed full-time staff is important in contributing towards a culture of innovation. Governance bodies tend to be small and sometimes lacking in accountability structures while management styles in most cases tend to be informal (Leadbeater, 1997). Relationships with users evolve as the social entrepreneur becomes aware of the complex needs and demands of the client. Funding is often received from different organisations but a social business model must be developed for sustainability. In addition, co-operation with a complex set of partners or alliances is also critical if the social enterprise must survive.

3.2 DEFINING SOCIAL ENTERPRISE

A social enterprise is an organization operated within the social economy whose main objective is to create and sustain social impact rather than make profit for its owners or shareholders. Although, it is not primarily a profit oriented organization but it operates by providing goods and services for the market in an entrepreneurial and innovative manner to make profits and thereafter plough back the profit primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities.

In the light of the above, it will be considerably difficult to have a standard global definition of what constitute social entrepreneurship. However, Dees (1994) describes social enterprises as private organizations dedicated to solving social problems, serving the disadvantaged and providing socially important goods that were not, in their judgment, adequately provided by public agencies or private markets. These organizations have pursued goals that could not be measured simply by profit generation,

market penetration, or voter support. While Haugh & Tracey (2004) posit that social enterprises are businesses that trade for a social purpose. They combine innovation, entrepreneurship and social purpose and seek to be financially sustainable by generating revenue from trading. Their social mission prioritizes social benefit above financial profit, and if and when a surplus is made, this is used to further the social aims of the beneficiary group or community, and not distributed to those with a controlling interest in the enterprise.

3.2 STARTING A SOCIAL ENTERPRISE

Starting a new venture isn't easy but it's worth the efforts at the long run. There are several tips that must be taken into consideration for an aspiring social entrepreneur who want to start a social; enterprise. They are as follows:

i. Articulate a problem and a solution

As an aspiring social entrepreneur, you need to convince people to trust you, to fund you, to invest their time, to leave better paying jobs to support your cause. “You need to clearly articulate a problem and their possible solution. For example, there are approximately 2 million Internally Displaced people (IDP) in Nigeria, and a third of them are stuck in limbo: they can't return home, and they can't survive safely where they are. A firm like RefugePoint managed by a social entrepreneur (Chanoff), provides lasting solutions for the most vulnerable refugees around the world by permanently relocating them to a new country where they can rebuild safely, or, when possible, enabling them to integrate into their host country. The problem here is the permanent displacement and the solution is the relocation to a safer place where they can rebuild. These have solved the problem of clarifying your objective. The goal of the would-be social enterprise is articulated, the social need that it will meet has been identified and how it will meet it has also been identified. It is important that the social entrepreneur is passionate about the goal and he/she must really believe in it.

ii. Find a balance – A would-be social entrepreneur should always keep in mind that the success of the social enterprise lays on a balance between its sustainable social change endeavours and sustainable business practices. What balance will make your organization most successful? This simply means that you must properly combine your social mission and entrepreneurial principles of profiteering.

iii. Research and Surround yourself with experts in your field

Research your field and learn from the people who have come before you and don't limit yourself in the scope of your research. See how other organizations and businesses, whether public or private, have used innovative methods. Try to learn from their mistakes. Make contacts and consider partnerships if it is appropriate.

For example, when Chanoff started RefugePoint, he went to the bigwigs in the humanitarian sector who were working with refugees to support his efforts. In addition, Chanoff recruited Julia Taft, who had also been director of USAID's Office of Foreign Disaster Assistance, to join his advisory board at its infancy. He didn't have much money, but he did have the support of a world-leading official who believed in his mission, which helped generate more attention and funding. Hiring the right early-stage employees always pays off.

iv. Understand your market

As a rule of thumb, all social enterprises must develop a social business model – you must have a sustainable and profitable source of income. This means you must have a product offering in the market. As such, it is essential to have a good understanding of the market for your product or service if you hope to make an impact. Know who you will be serving and what they really need. Always make sure that what you are providing is something that the people you will be serving need. This must be blended well with the social mission of the enterprise.

v. Get Media Attention and Build networks

Feature your ideas in magazines (pitching story ideas) and other dailies, radio and television talk show etc. This sort of media attention from widely-distributed and respected media outlets is incredibly helpful for a social enterprise. It can signal to the public and potential investors that, even though you are a new player in the sector, you are both serious and effective.

Finding a person who believes in your dream may be an initial challenge if you don't have any existing network. But a single connection can open doors to other enthusiasts who will begin to fundraise for you and expand your network of donors.

vi. Be able to measure your impact

Be able to articulate to supporters, funders, and the public the impact of their solution to the course you are pursuing. Detail the cost, the number of lives impacted, and their accomplishments in a way that is accessible, and in this way, articulate a clear investment. This makes it easier to state clearly to investors, the cost to help one person. Having measurable and quantifiable indicators will help you attract more resources and grow your investment pool.

3.3 BENEFITS OF BUILDING SOCIAL ENTERPRISES

For today's consumers and businesses, **social responsibility** is a growing priority as concerns about climate change, international development, and supply chain ethics has become a more prominent topic of international discussion. Along this line as proven the survey conducted by Social Enterprise UK, it reveals that 1 in every 3 people said they feel ashamed about buying from a socially irresponsible business. Globally, over 90

percent of the consumer population expects companies to be socially responsibly – that is address social and environmental issues they may or may not have generated. This reflects a shift in consumer awareness about the impact of their purchase decisions. Not only are businesses being held to a higher standard, but many consumers are holding themselves to a higher standard as well.

Considering the aforesaid, a potential social entrepreneur will naturally enjoy the following benefits that help them succeed:

- i. Social entrepreneurs find it easier to raise capital. There are huge incentives and schemes from the government for social entrepreneurs with ground breaking innovations. If the investment climate is ethical, it will be much easier to raise capital at a rate below the ruling market rates.
- ii. Marketing and promotion for these organisations is also very easy. Since a social problem is being tackled with a solution, it is easier to attract attention of the people and media. The degree of publicity often depends on the degree of uniqueness of the solution. Naturally, publications and blogs love to cover social enterprises and their impact, helping them to evangelize their efforts and share their impact.
- iii. It is easier to garner support from likeminded individuals since there is a social side to the enterprise. It is also easier to get people on-board at lower salaries than compared to other industry.
- iv. Cost effectiveness is another advantage of a social enterprise. The solutions offered by social enterprises (in the form of either products or services) are cheaper when compared to the same service provided by a profit oriented enterprise. This can account for the reason why basic amenities such as healthcare, education etc have become very affordable to people at the bottom of the pyramid. Yunus micro finance, for example, caters for even the poor of the poorest

3.4 SOCIAL ENTERPRISES AROUND THE WORLD

There are several social enterprises springing up locally and internationally working on noble courses – delivering innovative and people friendly solutions to social challenges. These include but are not limited to:

- i. **Grameen Bank – Bangladesh**

Social enterprise is not a new concept but it started becoming popular only in 1960s. In modern history, the establishment of Grameen Bank in Bangladesh by Muhammad Yunus was the first instance where the concept was thoroughly

used. The Grameen Bank is a microfinance organization that makes small loans to people living in rural areas without requiring collateral. The bank does not believe in charity but in offering help to people as an initiative to break through the poverty cycle.

ii. Omidyar Network - USA

Established in 2004, the Omidyar Network is a philanthrocapitalist investment firm that fosters economic advancement. With a network of for-profit companies, the network encourages participation in the areas of government transparency, microfinance, social media and property rights. Headquartered in Redwood City, California, it was established by Pierre Omidyar and his wife Pam.

iii. Echoing Green - USA

Based in New York, Echoing Green is a non-profit organization that operates in social sector investing. For last twenty years, it has been working in this field encouraging and helping young entrepreneurs to launch new organizations.

iv. Schwab Foundation for Social Entrepreneurship

Founded by Professor Klaus Schwab and his wife, the main purpose of Schwab Foundation for Social Entrepreneurship is to promote social innovation. The foundation does not give grants but addresses social problems and provides platforms at the country, global and regional levels.

v. Rang De - India

Rang De is a not for profit online organization in India that lends small loans to individuals planning to start a new or grow their existing business. It is a successful attempt to bring together the two parts of India one of which is successfully progressing while the other is left out due to shortage of resources. Founded in the year 2006 by Ramakrishna NK and Smita Ram, Rang De, today is a major online platform in the country. It provides a platform where the rural and urban poor in India can access micro-credits with an interest rate of as low as 2 percent per annum. Lenders from all across the country can directly lend money to borrowers, track investments and receive regular payments online.

vi. George Foundation

The George Foundation is one more nationally recognized social enterprise. The Women's Empowerment Program creates awareness among women by providing them education, vocational training, cooperative farming, business development and savings

planning. By employing the principles of social entrepreneurship, these organizations are addressing the social problems and bringing a positive change in the society.

3.5 ORGANISATIONS ENCOURAGING SOCIAL ENTREPRENEURIAL ACTIVITY

The 20th and 21st Century witnessed the springing up of several foundations that aimed at providing support for social entrepreneurial organizations. They include:

i. Ashoka: Innovators for the Public

This is an international organisation, which has offices based in Johannesburg. Ashoka is committed to “pushing back the frontiers of poverty by identifying and supporting social entrepreneurs through financial and a host of value-added professional services” (Ashoka, undated). The organisation was founded in the USA in 1980 by Bill Drayton, and now has offices in thirty-three countries. He named Ashoka after a third century B.C. Indian Emperor who, after a particular conquest, renounced violence and dedicated his life to doing good deeds for the public. Identifying the organisation as the first professional association for social entrepreneurs, Drayton sees the organisation as playing an important role in the defining of this new field (Bornstein, 1998). Through a rigorous selection process, Ashoka identifies people with new ideas, selecting the most capable individuals and providing them with a living stipend and relevant support structures to enable them to focus full-time on the implementation of their ideas. Typically, this lasts three years depending on Ashoka’s confidence in the individual.

ii. The Schwab Foundation for Social Entrepreneurship

This foundation seeks to identify, recognise and disseminate initiatives in social entrepreneurship that have significantly improved people’s lives and have the potential to be adapted to other settings. This is a non-profit organisation based in Geneva, Switzerland, and aims to foster greater understanding of, and support for, the practice of social entrepreneurship through the creation of a network for social entrepreneurs (Schwab Foundation, 2002).

iii. Yale School of Management & Goldman Sachs Foundation Partnership on Non-profit Ventures

This partnership provides educational and financial support for non-profit enterprises, and focuses on social entrepreneurship in the non-profit sector. It was created in response to the growing number of non-profit organisations and their need to become financially sustainable. Thus the management school brings together teachings from the areas of entrepreneurship, social responsibility and business skills to enforce the philosophy that strong skills in the areas of business and management are critical in the success of

leadership in all sectors of the economy. The partnership benefits from the mentoring skills of Goldman Sachs employees, consulting expertise from McKinsey, the Yale School's faculty staff and students in evaluating business ideas, providing technical assistance and assisting in research and case studies (Yale, 2003).

iv. Centre for the Advancement of Social Entrepreneurship, Fuqua School of Business, Duke University

This Centre was initiated in late 2001 in recognition of the talent, passion and dedication of many entrepreneurial leaders in the social sector. Given the current challenges in this sector, the Centre leaders believe that social sector leaders, students and faculty can benefit from a mutual learning process and discover means by which sustainable and innovative solutions may be developed in response to social needs. They recognise the increasing opportunity for cross-sector learning and the increasing focus in the social sector on organisational effectiveness and demonstrated outcomes. The Centre's mission is to promote entrepreneurial leadership in the social sector by supporting activities such as presenting courses on social entrepreneurship, enabling students to act as non-voting board members within local non-profit organisations, and providing funding for social sector related research (Anderson & Dees, 2002).

3.6 IMPACTS MADE BY SOCIAL ENTERPRISES AROUND THE WORLD

One of the most interesting and exciting aspects of social enterprise's evolution is the growing variety of issues being addressed by social enterprises. Today, social enterprises are disrupting markets across every industry and tackling social challenges throughout every corner of the world. A few representative examples include:

- **Grameen Bank** - gave small loans to the poor for small business development. From its inception in the 1970s, Grameen has provided \$10 billion in loans to more than 10 million people and has proven the need and viability for financial services to the poor. Grameen received the Nobel Peace Prize in 2006 as a reflection of its efforts and success.
- **Greyston** - provides the homeless employment in a bakery that makes brownies for Ben & Jerry's ice cream. As Greyston (the founder) said, "we don't hire people to bake brownies; we bake brownies to hire people."
- **D. Light** - designs affordable solar-powered devices that provide an option to people that lack access to reliable energy sources. In its eight-year history, D.Light has sold more than 10 million solar lamps, improving the lives of 50 million people.
- **Dispensary of Hope** - aggregates prescription medications that are nearing their expiration date and redistributes these drugs to free clinics in low-income

communities. Clinics pay Dispensary of Hope a monthly subscription fee that covers basic expenses, and drug manufacturers save money by avoiding costs associated with destroying expired products.

- **TerraCycle** - upcycles packaging and other non-recyclable consumer waste, keeping it out of landfills and turning it into new products. Today, Terracycle has established a recycling network of more than 31 million consumers and 100 major corporate brand partnerships, resulting in more than 3 billion units of garbage averted from landfills and transformed into new, 100% recycled products.
- **Benetech** develops and uses technology to create positive social change. One of Benetech's signature programs is Bookshare, the largest literacy resource for people with disabilities. Before Bookshare, only 5% of printed materials were accessible to people with disabilities. Today, Bookshare's more than 330,000 subscribers have access to more than 300,000 titles in a variety of accessible formats.
- **Warby Parker** sells fashionable eyewear to customers in developed markets, and makes a contribution to **VisionSpring** for each pair sold that enables access to affordable prescription glasses to people in developing countries who are otherwise functionally blind. So far, this partnership has distributed nearly 2.5 million pairs of glasses to those in need.

These are several; other social entrepreneurs/enterprises that are currently addressing one or more important social needs with an approach that has the potential to be efficient, effective and financially sustainable.

4.0 CONCLUSION

In this unit so far, you would have learnt what a social enterprise is, how to start a social enterprise, benefit associated with starting a social enterprise, examples of successful social enterprises around the world, their impacts and where they can get support from.

5.0 SUMMARY

Social enterprises have been defined as the platforms on which social entrepreneurs operate. Conceptually, social entrepreneurs are organizations which deploy business approaches in achieving social goals. The main objectives of a social enterprise are to create and sustain social impact rather than make or appropriate profit for shareholders. Because of government inability to many positive externalities in our communities, students are thought the skills to venture into social entrepreneurship to help address the millions of social problems springing up on daily basis.

6.0 TUTOR-MARKED ASSIGNMENT

- a. Why are most social enterprises in Nigeria registered as Non-governmental organization – what challenges does this constitute in achieving their social mission?
- b. What are the factors that masks a social enterprise “social” when at the same time, the enterprise is making profit from commercial activities?

7.0 REFERENCES/FURTHER READINGS

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Haugh, H., & Tracey. P. (2004) The role of social enterprise in regional development. Paper presented at the Social Enterprise and Regional Development Conference, Cambridge-MIT Institute, University of Cambridge.

Course content/outline

Introduction To Social Entrepreneurship, Overview Of Culture, Influences Of Culture On Entrepreneurship Development, Social Problem And The Social Enterprise Sustainability Of Social Entrepreneurial Projects, Cultural Zones In Nigeria, cultural (Ethnic) Groups In Northern Nigeria, cultural (Ethnic) Groups In Southern Nigeria, Other Cultural Zones In Nigeria, Poverty And The Need For Social Entrepreneurship, Social Innovation, Creating A Social Business Model, Social capital and Social impact, Social Investment (Funding Options For Social Enterprises), The Role Of Entrepreneurship In The Economy And Society, Role Of Support Institutions And National Associations, Contributions Of National Associations To Entrepreneurship, Government Support Agencies For The Development Of SMEs, Social Enterprise.