# Examining the Social Entrepreneurship Challenges in Nigeria

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## Abstract

Social entrepreneurship is an innovative social value-creating activity that can take place among the non-governmental institutions, not-for-profit organisations, business, or government sector. Social entrepreneurs identify a challenging gap in society, discover the root causes of the problems and apply their entrepreneurial skills to proffer solution. The multi-case study was used to examine the challenges facing social entrepreneurs in Nigeria. Findings reveal that social entrepreneurship are yet to receive widespread recognition and necessary support from both the society and the Nigeria government, so, this has made full extent of its contribution inaccessible. Operating social enterprises has peculiar problems and is frequently a more complex task than that of operating other businesses. The study finally analyses the social enterprise challenges and suggests the best ways for the sustainability of social entrepreneurship for the society benefits and the well-being of the masses.

## Keywords

Innovation, Social Entrepreneurship, Social Enterprise, Social Entrepreneur, Social Values, Social Mission.

## Introduction

Social enterprise is described as an organisation that addresses a social problem through business methods (Roundy 2014). According to Global Entrepreneurship Monitor report, social entrepreneurship is taking root in both developing and developed nations, with more entrepreneurs focusing on doing good – rather than solely making a profit. There is a quieter and less-publicized entrepreneurial revolution spreading across Africa that involves social entrepreneurs creating enterprises to produce social good more so than profits (Mirvis and Googins 2018). Social entrepreneurs develop ventures with a mission to solve a pressing social problem (Spinelli and Adams 2012), and they also engage in the act of providing innovative solution to the society challenges.

Social enterprises are established with the mission to render social mission and the desire for better living. Social entrepreneurship may be defined as ventures that address social issues as their prime strategic objective and do so in an innovative and creative fashion (Carter and Jones-Evans, 2006). While aiming never to compromise social mission, social entrepreneurs will look for alliances and sources of resources wherever they may be found most easily (Carter and Jones-Evans, 2006). Kwedi, (2014) defined social entrepreneurship as any business activity that apply innovative and sustainable strategies to design and develop new products fulfilling unsatisfied needs in the society while targeting the masses. Social entrepreneurs are those 'rare breed of leaders' who search for change, respond to it and exploit it as an opportunity to develop new business models for the social empowerment (Vasakaria 2008).

*Social entrepreneurs are arguably one of the most hopeful groups of people you will ever encounter. Problem solving is hard. Harder still is to solve the underlying issues that lead to those problems in the first place. Their ultimate goal is to put themselves out of business by creating a world without poverty, with equal access to health care and education, gender and racial parity, and a protected, natural environment-* Haber (2016).

However, many researchers have argued that the social entrepreneurs exist primarily to provide programs and services that are of self-benefit to the masses. Whether in a developing economy (Nigeria, India, Cameroon) or in a developed country (United States, Europe) the masses would mean the very poor (the bottom of the pyramid) or simply the middle-class, respectively (Kwedi 2014). Weaver (2018) and Dacanay (2013), stated that social enterprises represent hope

in developing countries, where people are suffering from inadequate medical services, education, environmental challenges and other basic amenities. Social entrepreneurs use their skills not only to create profitable business ventures but also to achieve social and environmental goals for society (Scarborough 2013). However, as social entrepreneurs are driven by an ethical obligation and desire to improve their communities and societies, egoism can drive them to follow unethical practices ((Zahra, Gedajlovic, Neubaum, Shulman, 2009).

The purpose of this research is to examine the challenges being faced by social entrepreneurs in Nigeria and their significance impacts on the masses. In the rest of this paper, we establish an in-depth understanding of the impacts and challenges of social entrepreneurs in Nigeria with a multi-case study. The researcher observed that the social entrepreneurs face several challenges in developing countries, especially Nigeria, despite its meaningful objectives and selfless contribution to the welfare of the masses. In association with previous scholars (Weaver, 2018; Dacanay, 2013; Bornstein and Davis, 2010; Sivathanu and Bhise, 2013) on the study, we investigate the social entrepreneurs funding, institutional support, acceptance from the public, sustainability of the social enterprise and other environmental challenges. Finally, based on the submissions of various stakeholders and observations from the society, we suggest various options required for sustainability of social enterprise in Nigeria.

## Literature Review

Mair and Marti (2006) see social entrepreneurship as different from other forms of entrepreneurship in the relatively higher priority given to promoting social value and development versus capturing economic value. Social value is derived from entrepreneurial activities that seek to address problems related to people and the planet, regardless of profit orientation (Spinelli and Adams 2012). Robinson (2006) defined social entrepreneurship as a process that includes the identification of a specific social problem and a solution to manage it; the evaluation of the social impact, the business model, and the sustainability of the venture; and the creation of a social mission-oriented for profit or a business-oriented non-profit entity that pursue the double bottom line. Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organisation in an innovative manner (Zahra, Gedajlovic, Neubaum, Shulman, 2009).

Dees, (1998) summarised the roles play by social entrepreneurs as change agents in the social sector by;

- adopting a mission to create and sustain social value (not just private value);

- recognising and relentlessly pursuing new opportunities to serve that mission;

- engaging in a process of continuous innovation, adaptation and learning;

- acting boldly without being limited by resources currently in hand;

- exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created.

Social entrepreneur focuses on a social mission; they may also be quite social in the way they carry out their activities, share knowledge, and celebrate their work. The motivation of a social entrepreneur is not necessarily profit but a benevolent attitude motivated by a deep-seated need to give to others (Galpin and Bell 2010). The Schwab foundation for Social Entrepreneurship holds that social enterprise models combine business practices and principles with the passion and compassion required to create a fair and just world. Social entrepreneurship is described as 'a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs' (Mair and Marti 2006; Montessori 2016). Social entrepreneurs develop important innovative solutions for complex societal challenges (Lubberink et al. 2018). As also reviewed by ((Vasakaria 2008), social entrepreneurship has changed from being a philanthropy to innovative business model.

In a review of social entrepreneurship, Carter and Jones-Evans (2006) delineated social entrepreneurs as those that engage with network activity not only to leverage resources and strengthen their own venture but also to deliver impact and create new social value. However, social entrepreneurs are expected to set out exhaustive plans for capital expenditure and to detail the social outcomes to be achieved in the face of very high levels of uncertainty (Dacin, Dacin and Tracey 2011).

Carter and Jones-Evans (2006) presented seven operational areas in which social entrepreneurs worked;

- poverty alleviation through empowerment (e.g. the micro-finance movement);

- healthcare, ranging from small-scale support for the mentally ill 'in the community' to larger-scale ventures tackling the HIV/AIDS pandemic;

- education and training, such as widening participation and the democratisation of knowledge transfer;

- environmental preservation and sustainable development, such as 'green' energy projects;

- community regeneration, such as housing associations;

- welfare projects, such as employment for the unemployed or homeless and drug and alcohol abuse projects;

- advocacy and campaigning, such as Fair Trade and human rights promotion.

In a review of social enterprise by Kay and McMullan (2017), they stated that consideration of social value will inevitably involve the commitment of resources, and when these are typically limited, investment in social impact assessment is foregone. For social entrepreneurs to achieve social value, they need to address basic human needs by targeting untapped or market failures, filling gaps through partnerships and deploying new business models (Mohampeloa 2017); Seelos and Mair, 2005). Moreover, Sivathanu and Bhise, (2013) state that social entrepreneurship is not a panacea because it works within the overall social and economic framework, but as it starts at the grassroots level it is often overlooked and deserves much more attention from academic theorists as well as policy makers.

## Qualities of Social Entrepreneurs

Sivathanu and Bhise (2013) suggest the following qualities of social entrepreneurs:

- Ambitious: Social entrepreneurs tackle major social issues, from increasing the college enrollment rate of low income students to fighting poverty. They operate in all kinds of organizations: innovative nonprofits, social purpose ventures, and hybrid organizations that mix elements of nonprofit and for-profit organizations.

- Mission driven: Generating social value —not wealth—is the central criterion of a successful social entrepreneur. While wealth creation may be part of the process, it is not an end in itself. Promoting systemic social change is the real objective.

- Strategic: Like business entrepreneurs, social entrepreneurs see and act upon what others miss: opportunities to improve systems, create solutions and invent new approaches that create social value. And like the best business entrepreneurs, social entrepreneurs are intensely focused and hard-driving in their pursuit of a social vision.

- Resourceful: Because social entrepreneurs operate within a social context rather than the business world, they have limited access to capital and traditional market support systems. As a result, social entrepreneurs must be skilled at mobilizing human, financial and political resources.

- Results oriented: Social entrepreneurs are driven to produce measurable returns. These results transform existing realities, open up new pathways for the marginalized and disadvantaged, and unlock society's potential to effect social change.

## Methodology

The multi-case study was used to examine the impacts and challenges facing social entrepreneurs in Nigeria. To select cases, information oriented sampling was used as diverse cases reveal more information than average or similar cases (Eisenhardt and Graebner, 2017). Five founders, fifteen managers and twenty-one employees, and thirty-five beneficiaries were considered for face to face interview. The qualitative research method was used for in-depth exploration of the study.

The semi-structured interview guide consists of 50 questions was prepared while the case selection was carefully done by conducting pilot study of five social enterprises in the South West Region, Nigeria. The interviews were conducted in Yoruba language and English, and at times the combination of the two languages, as determined by the respondents. The interviews took place between October 2018 and January 2019. Direct Interviews were conducted throughout the study with major stakeholders to establish the challenges being faced by social entrepreneurs and the impact on the masses. Data was analysed using thematic analysis to examine common patterns and underlying themes (Caringal-Go and Hechanova 2018) on social entrepreneurs impacts and challenges. The real names of the organisations were not revealed according to an agreement between the researchers and the respondents.

The interview was commenced with the brief overview of the research subject, followed by the major objectives of the research and procedures, and then discussed the required duration of the interview. The five cases are named A, B, C, D, E to represent the selected social enterprises. The researcher captured and coded the transcribed interviews, directly written interviews and as well as the information from the secondary sources.

## Findings and Discussion

The findings of this study provide evidence that social entrepreneurs face lots of challenges in the delivery of their social mission. The study observed that there is less recognition to the social entrepreneurs' activities in the society, low participation from stakeholders, inadequate internal funding, lack of grants from external bodies (government), an informal operation of the social enterprise, economic policies among others.

In addition to the above findings, we also observed the following challenges from the respondents;

- People's perception about the social entrepreneurs; the belief

- Ineffective communication between the social entrepreneurs and the target beneficiaries.

- Insufficient support from other business sectors.

- Lack of adequate research and development to foster.

- Mismanagement of fund donated for the provision of social value.

- Improper organisation of the social entrepreneurship sector.

- Lack of strong entrepreneurial orientation among the social enterprises.

The study provides evidence that masses need support from social entrepreneurs to ameliorate their standard of living especially in the areas of education, health, infrastructural amenities (electricity, water supply, good road, technological development) and aids to innovative ideas. The result from this study is similar to the work of Sivathanu and Bhise, (2013).

According to one of the founders, social enterprise is easier to establish but hard to sustain especially in developing countries, because of difficulties in attracting donors. In another founder opinion, some people believe in investing their money on profitable businesses than putting their money in non -profit organization. Furthermore, few beneficiaries claimed that it took them many efforts to get assistance from social enterprise and mostly the social entrepreneurs' contributions are very limited.

## Conclusion

This study confirms the belief that social entrepreneur faces challenges in the delivery of social mission. It also establishes the notion that social enterprise has significant impacts on the masses in the provision of social values. In this research, we analyse the stimulating situations surrounding the operation of social enterprise and its possible significance to the society. However, we believe that

the outcome of this study will generate basis of expansion of new research in the field of social entrepreneurship in Nigeria. The Government intervention is highly important to the sustainability of social enterprises. According to Mohampeloa (2017), core sustainability drivers focus on ensuring that there is a sense of agency, availability of resources, a consciously created awareness, a sustainable approach and the crafts of practice to act in the service of a more environmentally sustainable and socially just world. There is the need to pass legislation to give legal recognition to social business and establish a regulatory agency to ensure transparency, integrity, and honesty in this sector (Yunus and Weber 2010).

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