The Impact of Social Entrepreneurship on the Sustainability of Selected Small and Medium Enterprises in Nigeria

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ABSTRACT

This paper examined the impact of social entrepreneurship on sustainability of business development in Nigeria. The objectives of the study include: to identify major evolution experienced by social enterprise in Nigeria, to identify key challenges in social entrepreneurship in Nigeria, to identify current trends in social entrepreneurship in Nigeria, and to carry out an analysis on sources of funds for financing the social entrepreneurs. Survey approach was the research design used with particular reference to selected small and medium enterprises (SME) in Nigeria. It was observed that political factors, economic factors, socio-cultural factors, cross country factors and technological factors are the major evolution experienced by social enterprise in Nigeria. It was also observed that lack of education in entrepreneurship, lack of financial assistance, comparative disadvantages to business, lack of government support and lack of skilled manpower are the key challenges in social entrepreneurship in Nigeria. The current trends in social entrepreneurship in Nigeria are social media and the role of technology, rise of decentralized micro-giving opportunities, cross-sector partnerships and government drive for an all-inclusive economic growth and development through...
SME. The analysis carried out on sources of funds for financing the social entrepreneurs are contributions from social entrepreneurs, subventions from government, donor supports, loans and advances and retained earnings/reserves.

Keywords: Social entrepreneurship; SME; South East Nigeria; business development; economic growth; development.

1. INTRODUCTION

In this continuous changing business environment, introducing new dimensions in doing business turns out to be a compulsory norm if one must continue to survive in business. Providing high quality of goods and services are not just at the end of the business. Social entrepreneurs have to be smart enough among the rivalry. They have to prepare for the offensive and defensive attack from the competitors as well as from the customers. In management literature, the issue of social entrepreneurship is a relatively new and fast growing topic. Social entrepreneurship is an emerging area of investigation within the entrepreneurship and not-for-profit marketing literatures [1,2,3].

As with any change-oriented activity, social business and social entrepreneurship have not evolved in a vacuum, but rather within a complex framework of institutional, political, economic, and social changes occurring at the global and local levels [4,5]. The institutional environment (the socio-economic and political milieu in which an entrepreneur operates) influences people’s willingness to engage in socially productive activity [6,7]. Research attests that the nature and quality of institutions in a country determine whether individuals will pursue entrepreneurial activity [8,9].

2. PROBLEM STATEMENT/ JUSTIFICATION

The positive feedback of success and attention will naturally encourage new entrants, driving more and more effective social entrepreneurial initiatives. There are nevertheless tremendous hurdles and challenges that many social entrepreneurs face while operating in Nigeria and that hinder the entrance of new social entrepreneurial ventures. Some of the major challenges are:

2.1 Lack of Education in Entrepreneurship

Entrepreneurship in Nigeria is still encumbered by the traditional educational system of the country. As education is the main source for promoting entrepreneurship in the business sector of the economy, there is still a lack of specific curriculum on entrepreneurship development in the Nigeria education system. Due to the increasing demand of this sector, currently, the entrepreneurship education is a "new cup of tea" limited to graduates of business schools and management institutes, whereas for other streams of education like the sciences and arts there is not a single course on entrepreneurship in the curriculum. Due to this gap in the Nigerian education system the country’s entrepreneurial sector is still underdeveloped and struggling. Even business schools that have developed curriculum on entrepreneurship are lacking in terms of social entrepreneurship. This lack of social entrepreneurship knowledge presents a major challenge for social enterprises in finding competent and skilled promoters.

2.2 Lack of Financial Assistance

Lack of financial sources is a major challenge for the Nigerian entrepreneur. Generally, the social entrepreneurs run their business with their own funds or by raising funds from the local money lenders at a high rate of interest, which sometimes becomes a financial burden on them. The reason behind this is the bank’s avoidance to providing loan facilities for social entrepreneurs given the various social complications attached with them.

Hence the social enterprises have to deal with the challenge of facing a hostile reaction from financial institutions and governments as far as funding is concerned. This forces social entrepreneurs to take, what can be, a more difficult path of approaching venture capitalist and philanthropic organizations.

2.3 Comparative Disadvantages to Business

Social entrepreneurs mainly deal with the difficult task of improving the welfare of the society and they are always keen to find affordable solutions to various societal problems. But every activity of social business carries a cost, which is mostly borne by the owner out of his own pocket or by
taking loans from money lenders. Social entrepreneurs are not necessarily working in a
lucrative market; they identify a problem within society and try to find affordable solutions for
them. Once they find the way to earn some profit after providing the best low cost solution to the
needs of the society, more traditional businesses will enter the market competing with a similar
solution and technique, increasing transaction costs and competition for social entrepreneurs
and hampering their future growth.

2.4 Lack of Government Support

Lack of government support is a major hindrance for social business development in Nigeria. Currently, the government is not providing any kind of assistance for promoting these social
cause ventures. The government’s policies and regulations for social entrepreneurs are very
complex and strict, with no tax incentives or subsidies being provided for a social business,
the combination of which acts as major impediment to the growth of social businesses in
Nigeria.

2.5 Lack of Skilled Manpower

Social enterprises have to get competent manpower from a variety of sources; professionals, volunteers, laborers and community participants. To align the motives of
all these groups with the long term growth of the organization is a challenge for the founders. In order for social enterprises to fulfill their mission in a holistic manner they must typically employ manpower from the underprivileged sector of the
society, leading to increased training and development costs as these people are typically
uneducated and unskilled. The organizations have to attempt to fulfill the aspirations of all
these divergent groups and still come out with the best results. Social entrepreneurs in Nigeria
face a variety of challenges and problems in their day to day operations and while many of them
have come a long way in meeting these challenges, there remains a long journey ahead in terms of satisfying their social mission.

2.6 Objective(s) of the Study

The main aim of this research is to determine the impact of social entrepreneurship on sustainability of business development in Nigeria. The objectives of the study include:

(i). To identify major evolution experienced by social enterprise in Nigeria,

(ii). To identify key challenges in social entrepreneurship in Nigeria,

(iii). To identify current trends in social entrepreneurship in Nigeria, and

(iv). To carry out an analysis on sources of funds for financing the social entrepreneurs.

3. LITERATURE REVIEW

3.1 Social Entrepreneurship (SE)

The concept of Social entrepreneurship has different meanings to different people and
researchers (10). Some refer to it as not-for-profit initiative in search of alternative funding
strategies, or management schemes to create social value [11]. Some understand it as the
socially responsible practice of commercial businesses engaged in cross-sector partnerships. Others view SE as a means to alleviate social problems and catalyze social
transformation [12]; [12] views social entrepreneurship in three perspectives; Firstly, as a process of creating value by combining resources in new ways [13]. Second, these
resource combinations are intended primarily to explore and exploit opportunities to create social value by stimulating social change [12] or meeting social needs and third, social
entrepreneurship as a process, involves the offering of services and products but also refer to
the creation of new organizations.

[10] maintains that the following conditions are present in social entrepreneurship: “Adopting a
mission to create and sustain social value (not just private value); recognizing and relentlessly
pursuing new opportunities to serve that mission; engaging in a process of continuous innovation,
adaptation, and learning; acting boldly without being limited by resources currently in hand; and
exhibiting heightened accountability to the constituencies served and for the outcomes
created”. SE therefore emphasizes on creativity, flexibility and collective work to accomplish
community goals in order to bring about a sustainable social change. It can occur within the
public, private or non-profit sectors and is in essence a hybrid model involving both for-profit
and non-profit activities.

3.2 Social Entrepreneurs

Social Entrepreneurs generally are considered as individuals who have a vision for social
change and who have the financial resources to
support their ideas and who exhibit all the skills of successful business people as well as a powerful desire for social change. [5] has pointed out that having an innovative approach is a defining characteristic of social entrepreneurs, and the spread of that approach to other organizations or regions is a major criterion for successes. In this study social entrepreneurs will be used as change agents with potential opportunities for influencing and changing the performance capacity of societies.

3.3 Social Enterprises

This study defines social enterprises as any private or public organization which conducts activities for the public interest, organized with an entrepreneurial strategy whose main purpose is not the maximization of profit but the attainment of certain economic and social goals, and which has the capacity to bring innovative solutions to the social problem (e.g. unemployment). In other words, social enterprises are businesses that trade for a social purpose. These enterprises combine 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 the profit is made, it is used to further the social aims of the beneficiary group or community and not distributed to those with controlling interest in the enterprise.

3.4 Social Entrepreneurship versus Business (Economic) Entrepreneurship

Social entrepreneurship is seen as different from other forms of entrepreneurship in the relatively higher priority given to promote social value and development versus capturing economic value [6] contends that, although the profit motive might be a central engine of entrepreneurship, it does not preclude other motivations. It should therefore be noted that, entrepreneurship in the business sector has a social aspect versus personal fulfillment for social entrepreneurship [14]. However, this does not mean that social entrepreneurship initiatives should not embrace an earned income strategy.

The main difference between entrepreneurship in the business sector and social entrepreneurship lies in the relative priority given to social wealth creation versus economic wealth creation. Thus, in social entrepreneurship, social wealth creation is the primary objective, while economic value creation, in the form of earned income, is a necessary by-product that ensures the sustainability of the initiative and financial self-sufficiency. Additional distinctive feature of social entrepreneurship lies in the limited ability to capture the value added. For example, social entrepreneurs who address basic social needs such as food, shelter, or education very often find it difficult to capture economic value because even if the customers are willing often they are unable to pay even a small part of the price of the products or services provided [15].

When persons are concerned, thus social versus business entrepreneurs; it is argued that these two persons can be distinguished primarily by ideology, which guides their choices of mission, means and ends. That is to say, social entrepreneurs are “persons who create or manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group” rather than the pursuit of profit for an economic entrepreneur. Social entrepreneurs involved in for-profit activities see profit as a means to an end, while economic entrepreneurs see profit as an end in itself [1]. Unlike economic entrepreneurs, social entrepreneurs are often highly supportive of each other’s efforts, in some cases writing letters to one another to show this support. Regarding their similarities, comments that social and economic entrepreneurs share the same focus on vision and opportunity and the same ability to convince and empower others to help them turn these visions into a reality. For social entrepreneurs however, these characteristics are coupled with a strong desire for social justice. [1] added on the idea by commenting that social entrepreneurs (much like economic entrepreneurs) do not allow the lack of initial resources to limit their options, and that their reach often exceeds their grasp.

3.5 Importance of Social Entrepreneur

As previously stated, SE as a new emerging era is now increasingly acknowledged by development partners and NGOs to play a significant role in addressing current developmental challenges. It is further commented that, SE has the potential for generating new energy, creating new intellectual capital, and providing new methods for solving old problems. SE is aimed at improving personal and collective well being in reducing inequalities and increasing social cohesion, as well as benefiting the community. [16], comments that this is done mainly through: Creation of decent
jobs for marginalized and excluded people; Reintegration of people with difficulties into the labor market; Provision and delivery of collective goods and social services for low income individuals; Increase of social capital and Dissemination of social innovations. Furthermore, the principles of social entrepreneurship (self-reliance, financial sustainability, pragmatic problem solving) are all congruent with the current trends in the world changes. Social entrepreneurship is redefining problem solving by breaking and building new models, and therefore changing the equilibrium of the marginalized.

SE can also be used as a means of advocacy towards public ownership. This has been applicable in an Indian social enterprise called SEWA7 which used advocacy and policy dialogue to bring attention to the International Labor Organization (ILO) and therefore passing a convention in 1997, recognizing home based workers as active contributors to the national economy with certain rights.

Social entrepreneurs have the ability to change norms. This is elaborated by the Microfinance Grameen8 model of Mohamed Yunus whereby the main service which is provided in this model is lending money using group guarantees instead of collateral, money can therefore be lent without collateral, much less to the poor. This microfinance model was very successful in Bangladesh and it is now practiced in many countries all over the world including Tanzania. Microfinance services have to a greater extent proved the importance of SE by servicing the poor with financial services which they wouldn’t otherwise get access to. SE is about social change. It can create societal changes under various conditions.

3.6 Social Entrepreneurship in Nigeria

Government can no longer afford to provide social welfare to its citizens. There has been increased poverty, unemployment, with many seeking alternative ways of earning a living. The informal sector, encompassed in SMEs was considered as being crucial in creating income, and so good for society’s well-being. However, one of major constraints facing SMEs worldwide, including Nigeria, is access to financial services. These enterprises were neglected in the past by formal financial institutions because of several good reasons. Some of the reasons documented by [17] are: High administrative costs of lending to small-scale enterprises, vulnerability of SMEs to adverse economic conditions, high failure rates and therefore the incidences of default are higher compared to large firms, and the risk factor, as small-scale enterprises poses very little collateral and actual losses could be fairly high.

Innovative ways of offering financial services to the poor were thus developed, first by NGOs (social enterprises in this case) which started to operate at small scale delivery of credit to the poor utilizing the strengths of the poor at the same time working upon against their weaknesses. The approaches that have been used, as highlighted by [18] include: The self-selection and screening of the borrowers, group lending and use of group solidarity/pressure for ensuring timely and full repayment, close monitoring and a well established management system example swift transactions (very short time applications to final approval and eventual reception of the loan) etc.

With the Nigerian case, we see that one category of social enterprises which has been working well is the microfinance providers. Most of them have dual objective of reaching many poor clients mostly SMEs, in the rural areas and be financially sustainable. The proponents of the microfinance enterprises have the major mission of transforming society, bringing about social change where it is seen impossible. They consider innovative ways of bringing the well-being of majority of society members, who are poor, in terms of creating to them access to credit in the absence of collateral. This is what drives social entrepreneurs when starting and managing social enterprises.

SE is therefore important and it certainly contributes to growth of economies if it is known and supported by all stakeholders. As for the case of Nigeria, SE initiatives if used accordingly can reduce many constraints that face SMEs. However awareness on this concept to key decision makers is very important and this will guide future related efforts.

3.7 Major Current Trends Affecting Social Entrepreneurship

3.7.1 Social media and the role of technology

One cannot overestimate the impact of social media and technology on funding social ventures. The rise of connectivity across the globe is fueling unparalleled access to entrepreneurial capital. With nearly one billion users across the globe, Facebook has been credited with helping activists topple oppressive
governments, catalyzing donors, and building social connectivity among those never previously connected. Combined with nearly omnipresent cell phone technology worldwide, social media will forever change the relationship of social entrepreneurs to their work.

3.7.2 Rise of decentralized micro-giving opportunities

As a result of advances in technology, a wave of new giving opportunities has emerged, thus changing and decentralizing the capital market for social ventures. As mentioned earlier, Kiva sparked a revolution in decentralized micro-lending that has now reached over $9.5 billion in loans spread among 13 million borrowers, according to World Bank estimates. Kiva’s website features a directory of 400,000 entrepreneurs around the world seeking microloans. Loan amounts typically fall well under $35,000, and as little as hundreds of dollars in some developing nations. This is likely only the beginning. Social science trends show that donors increasingly want a connection to the work. Donors now have a dizzying array of decentralized giving opportunities ranging from cell phone giving to texting to websites like Kiva’s. A related trend is “crowd funding,” in which individual entrepreneurs post a project or company idea on one of several sites in the hope of finding investors. Entrepreneurs typically include details on monetary goals, an explanation of how the funds will be used, and an end-date for the campaign. Crowd funding works more like a traditional equity investment; investors are expecting to be paid a cut of future profits, rather than to be paid back with interest, as with micro-lending. The crowd funding concept originated in 2008 as a way for photographers, filmmakers, musicians, and other artists to cobble together funding usually from their fan base in order to complete their creative works.

3.8 Cross-sector Partnerships

While not necessarily new, cross-sector partnerships are blossoming. Corporations, nonprofits, and governmental entities are collaborating to a degree never seen before. In fact, this has become the new norm of business. Ninety percent of more than 600 business leaders surveyed by the Pew Partnership for Civic Change reported that partnerships with civic, community, and nonprofit organizations were becoming increasingly important instruments for solving social problems. This blossoming of partnership presents some incredible opportunities for social sector entrepreneurs and for the funding of social ventures. Corporations have resources beyond the imagination of many nonprofits. Nonprofits have brand credibility and flexibility that are the envy of many corporations, including their high level of regard in the eyes of the public. Governments typically have neither vast financial resources nor flexibility, but they do have immense regulatory power that can be harnessed by nonprofits and corporations to contribute to society’s betterment.

4. METHODOLOGY

The research design that was adopted for this research was the survey approach. The survey approach focused on certain phenomena through the use of questionnaire, with particular references to SMES in Nigeria, to gather information from a sample of population under study. This is because survey seems to bring things up to date and relate to the present state of events. The sampling method adopted here is a combination purposive, convenience and judgmental sample.

5. PRESENTATION AND DISCUSSION OF RESULTS

The findings of this work are discussed in the light of the set objective as follows:

5.1 Reliability Analysis

The questionnaire items were subjected to reliability analysis to ascertain the extent of consistency of the responses in evaluating the factors of concern. The SPSS output is presented below:

<table>
<thead>
<tr>
<th>Reliability statistics</th>
<th>Cronbach’s alpha</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source: Researcher’s computation</td>
<td>0.650</td>
<td>29</td>
</tr>
</tbody>
</table>

The Cronbach’s Alpha value of 0.650 indicates that the items are reliable as 65% of the variances come from true estimation while the remaining 35% is as a result of error variance.

5.2 Socio-demographic Characteristics of the Variables under Study

The results of Table 2 shows that 9(11.8%) of the respondents are directors; 14(18.4%) are
managers; 7(9.2%) are attendants; 40(52.6%) are sales representatives while 6(7.9%) of the respondents are Engineers. This shows that majority of the respondents are sales representative and managers.

The result of Table 3 shows that 71 which represent 93.4% of the enterprises are one man business while 5 which represent 6.6% of the enterprises studied are partnership businesses.

The result of Table 4 shows that 36(47.4%) of the respondents indicate that their size of capital lies below N1 million; 21(27.6%) said that theirs lie between N1 million to N5 million; 9(11.8%) said that theirs lie between N6 million to N10 million while 10(13.2%) said that theirs lie above N10 million. The average result shows that the size of capital of the enterprises falls within N1.91 million ± N1.06 million.

The result also shows that 48(63.2%) of the respondents have their turnover below N1 million; 11(14.5%) of the respondents respectively have their turnover within N1 million to N10 million while 6(7.9%) have turnover above N10 million. The collective analysis shows that the respondents' turnover lie within N1.67 million ± N0.99 million.

The pie chart shows that 74% of the enterprises studied are quoted while 25 are unquoted.

### 5.3 Involvement in Social Enterprises

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Length of involvement</td>
<td>76</td>
<td>4.01</td>
<td>3.26</td>
</tr>
<tr>
<td>Capacity of involvement</td>
<td>76</td>
<td>3.29</td>
<td>1.42</td>
</tr>
</tbody>
</table>

Source: Researcher's computation using SPSS 20

The descriptive statistics shows that length of involvement of the enterprises stood at 4.01 with associated standard deviation of 3.26 while the capacity of involvement stood at 3.29 with associated probability of 1.42.

The cluster mean value of (Table 5) 3.70 > 3.0 (likert average) indicates that the listed factors actually contribute to engendering evolution in social enterprises in Nigeria. This is a mere descriptive analysis; hence, final conclusion cannot be drawn based on this. We therefore proceed to factor analysis to ascertain the major evolution experienced by social enterprises in Nigeria.

### 5.4 Factor Analysis

#### KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</th>
<th>Bartlett's Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approx. Chi- Square</td>
<td>Df</td>
</tr>
<tr>
<td>.457</td>
<td>60.074</td>
</tr>
<tr>
<td>Df</td>
<td>10</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

The KMO statistic value of approximately 0.50 shows that factor analysis is appropriate at this level.

#### Communalities

<table>
<thead>
<tr>
<th>Source: Researcher's computation using SPSS 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial</td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>Political factors</td>
</tr>
<tr>
<td>Economic factors</td>
</tr>
<tr>
<td>Socio-cultural factors</td>
</tr>
<tr>
<td>Cross country factors</td>
</tr>
<tr>
<td>Technological factors</td>
</tr>
</tbody>
</table>

#### Table 1. Gender of the respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>42</td>
<td>55.3%</td>
</tr>
<tr>
<td>Female</td>
<td>34</td>
<td>44.7%</td>
</tr>
</tbody>
</table>

Source: Author's computation using SPSS 20

#### Table 2. Position of the respondents

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director</td>
<td>9</td>
<td>11.8%</td>
</tr>
<tr>
<td>Manager</td>
<td>14</td>
<td>18.4%</td>
</tr>
<tr>
<td>Attendant</td>
<td>7</td>
<td>9.2%</td>
</tr>
<tr>
<td>Sales Representative</td>
<td>40</td>
<td>52.6%</td>
</tr>
<tr>
<td>Engineer</td>
<td>6</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Source: Author's computation using SPSS 20

#### Table 3. Distribution of nature of enterprises

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole proprietor/one man business</td>
<td>71</td>
<td>93.4%</td>
</tr>
<tr>
<td>Partnership</td>
<td>5</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Source: Researcher's computation using SPSS 20
Fig. 1. Pie chart of gender of the respondents
Source: Researcher's computation using MS-EXCEL

Fig. 2. Pie chart of the respondents' positions
Source: Researcher's computation using MS-excel

Fig. 3. Pie chart of nature of enterprises
Source: Researcher's computation using MS-Excel
Table 4. Size of Capital and turnover of the enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency(%)</th>
<th>Mean ± Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size of Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below ₦1 million</td>
<td>36(47.4%)</td>
<td>₦1.91 million ± ₦1.06 million</td>
</tr>
<tr>
<td>₦1 million to ₦5 million</td>
<td>21(27.6%)</td>
<td></td>
</tr>
<tr>
<td>₦6 million to ₦10 million</td>
<td>9(11.8%)</td>
<td></td>
</tr>
<tr>
<td>Above ₦10 million</td>
<td>10(13.2%)</td>
<td></td>
</tr>
<tr>
<td><strong>Size of Turnover</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Below ₦1 million</td>
<td>48(63.2%)</td>
<td>₦1.67 million ± ₦0.99 million</td>
</tr>
<tr>
<td>₦1 million to ₦5 million</td>
<td>11(14.5%)</td>
<td></td>
</tr>
<tr>
<td>₦6 million to ₦10 million</td>
<td>11(14.5%)</td>
<td></td>
</tr>
<tr>
<td>Above ₦10 million</td>
<td>6(7.9%)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher’s computation using SPSS 20

The extraction method adopted here is principal component analysis. From the listed factors, cross country factors are extracted as it contributes the highest percentage.
### Table 5. Factors of evolution in social enterprises

<table>
<thead>
<tr>
<th>Source</th>
<th>VLE (%)</th>
<th>LE (%)</th>
<th>U (%)</th>
<th>SE (%)</th>
<th>VSE (%)</th>
<th>Mean</th>
<th>Std.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political factors</td>
<td>16(21.1%)</td>
<td>36(47.4%)</td>
<td>9(11.8%)</td>
<td>10(13.2%)</td>
<td>5(6.6%)</td>
<td>3.63</td>
<td>1.15</td>
<td>4</td>
</tr>
<tr>
<td>Economic factors</td>
<td>21(27.6%)</td>
<td>42(55.3%)</td>
<td>4(5.3%)</td>
<td>7(9.2%)</td>
<td>2(2.6%)</td>
<td>3.96</td>
<td>0.97</td>
<td>1</td>
</tr>
<tr>
<td>Socio-cultural factors</td>
<td>16(21.1%)</td>
<td>27(35.5%)</td>
<td>16(21.1%)</td>
<td>14(18.4%)</td>
<td>3(3.9%)</td>
<td>3.51</td>
<td>1.14</td>
<td>5</td>
</tr>
<tr>
<td>Cross country factors</td>
<td>18(23.7%)</td>
<td>30(39.5%)</td>
<td>18(23.7%)</td>
<td>10(13.2%)</td>
<td>0(0.0%)</td>
<td>3.74</td>
<td>0.97</td>
<td>2</td>
</tr>
<tr>
<td>Technological factors</td>
<td>25(32.9%)</td>
<td>19(25.0%)</td>
<td>20(26.3%)</td>
<td>6(7.9%)</td>
<td>6(7.9%)</td>
<td>3.67</td>
<td>1.24</td>
<td>3</td>
</tr>
<tr>
<td><strong>Cluster mean</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.70</strong></td>
<td><strong>1.09</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** VLE = Very Large Extent; LE = Large Extent; U = Undecided; SE = Small Extent; VSE = Very Small Extent; VLE = 5; LE = 4; U = 3; SE = 2; VSE = 1

### Table 6. Challenges of social enterprises in Nigeria

<table>
<thead>
<tr>
<th>Source</th>
<th>VLE (%)</th>
<th>LE (%)</th>
<th>U (%)</th>
<th>SE (%)</th>
<th>VSE (%)</th>
<th>Mean</th>
<th>Std.</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of education</td>
<td>12(15.8%)</td>
<td>26(34.2%)</td>
<td>21(27.6%)</td>
<td>13(17.1%)</td>
<td>4(5.3%)</td>
<td>3.38</td>
<td>1.11</td>
<td>4</td>
</tr>
<tr>
<td>Lack of financial assistance</td>
<td>27(35.5%)</td>
<td>34(44.7%)</td>
<td>0(0.0%)</td>
<td>12(15.8%)</td>
<td>3(3.9%)</td>
<td>3.92</td>
<td>1.16</td>
<td>1</td>
</tr>
<tr>
<td>Comparative disadvantage to business</td>
<td>8(10.5%)</td>
<td>32(42.1%)</td>
<td>21(27.6%)</td>
<td>15(19.7%)</td>
<td>0(0.0%)</td>
<td>3.43</td>
<td>0.93</td>
<td>3</td>
</tr>
<tr>
<td>Lack of government support</td>
<td>9(11.8%)</td>
<td>13(17.1%)</td>
<td>18(23.7%)</td>
<td>29(38.2%)</td>
<td>7(9.2%)</td>
<td>2.84</td>
<td>1.18</td>
<td>5</td>
</tr>
<tr>
<td>Lack of skilled manpower</td>
<td>13(17.1%)</td>
<td>34(44.7%)</td>
<td>12(15.8%)</td>
<td>10(13.2%)</td>
<td>7(9.2%)</td>
<td>3.47</td>
<td>1.19</td>
<td>2</td>
</tr>
<tr>
<td><strong>Cluster mean</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>3.41</strong></td>
<td><strong>1.11</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** VLE = Very Large Extent; LE = Large Extent; U = Undecided; SE = Small Extent; VSE = Very Small Extent; VLE = 5; LE = 4; U = 3; SE = 2; VSE = 1
5.5 Scree Plot

The Scree plot is a plot of the component number versus eigenvalues. The result as presented below indicates that two components are extracted for the analysis. The two components extracted explained about 64.2% of the variances in the system.

![Scree Plot](image.png)

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial eigenvalues</th>
<th>Extraction sums of squared loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>1.728</td>
<td>34.564</td>
</tr>
<tr>
<td>2</td>
<td>1.482</td>
<td>29.635</td>
</tr>
<tr>
<td>3</td>
<td>.863</td>
<td>17.263</td>
</tr>
<tr>
<td>4</td>
<td>.595</td>
<td>11.893</td>
</tr>
<tr>
<td>5</td>
<td>.332</td>
<td>6.644</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Source: Researcher’s computation using SPSS 20

The component matrix above shows that in the first component, political factors are extracted while in the second component, cross country factors are extracted.

<table>
<thead>
<tr>
<th>Component Matrix</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political factors</td>
<td>.765</td>
<td>-.390</td>
</tr>
<tr>
<td>Economic factors</td>
<td>.757</td>
<td>-.101</td>
</tr>
<tr>
<td>Socio-cultural factors</td>
<td>.649</td>
<td>.536</td>
</tr>
<tr>
<td>Cross country factors</td>
<td>.223</td>
<td>.868</td>
</tr>
<tr>
<td>Technological factors</td>
<td>-.314</td>
<td>.529</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
Source: Researcher’s computation using SPSS 20

a. 2 components extracted

The component matrix above shows that in the first component, political factors are extracted while in the second component, cross country factors are extracted.

The cluster mean value (Table 6) of 3.41 > 3.0 (likert average) indicates that the listed factors are actually the challenges of social entrepreneurship in Nigeria. The rank statistics singled out lack of financial assistance to be the major challenge but due to that this is still a descriptive analysis, we cannot draw our final conclusion based on this result. Hence, the study intends to carry out an inferential statistics of factor further analysis in order to make a solid and reliable conclusion.
6. FACTOR ANALYSIS

6.1 Scree Plot

The scree plot shows that as the graph level off after the second component, hence, two components are extracted and considered important in the analysis. The two components explained more than 63% of the total variances in the system, thus are considered adequate.

The communalities matrix above indicates that lack of financial assistance is the key challenge to entrepreneurship in Nigeria.

The component matrix shows that lack of government support is extracted in component 1 while lack of financial assistance is extracted in component 2.

The likert analysis of trends of social entrepreneurship in Nigeria shows that the most emerging trend is social media and technology followed by rise in decentralized micro-giving opportunities, cross-sector partnerships and lastly government drive for all-inclusive economic growth and development through SME. The cluster mean value of 3.42 > 3.0 (likert average) indicates (Table 7) that the listed factors are actually the trends that aid social entrepreneurship in Nigeria.

The cluster mean value of 3.36 > 3.0 (likert average) indicates (Table 8) that the listed factors are actually the sources of funds for social entrepreneurs in Nigeria. The Pie chart below presents the degree of consideration of each factor.

From the pie chart above, we discovered that contributions from social entrepreneurs, subventions from government, donor supports, loans and advances and retained earnings/reserves are the various sources of funds for social entrepreneurs with the major being the contributions from social entrepreneurs, followed by loans and advances, subventions from government, retained earnings/reserves and lastly donor supports.
Table 7. Trends of social Entrepreneurship

<table>
<thead>
<tr>
<th>Source</th>
<th>VLE (%)</th>
<th>LE (%)</th>
<th>U (%)</th>
<th>SE (%)</th>
<th>VSE (%)</th>
<th>Mean</th>
<th>Std.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media and role Technology</td>
<td>23(30.3%)</td>
<td>33(43.4%)</td>
<td>16(21.1%)</td>
<td>0(0.0%)</td>
<td>4(5.3%)</td>
<td>3.93</td>
<td>1.00</td>
</tr>
<tr>
<td>Rise of decentralized micro-giving opportunities</td>
<td>11(14.5%)</td>
<td>28(36.8%)</td>
<td>23(30.3%)</td>
<td>12(15.8%)</td>
<td>2(2.6%)</td>
<td>3.45</td>
<td>1.01</td>
</tr>
<tr>
<td>Cross-sector partnerships</td>
<td>8(10.5%)</td>
<td>32(42.1%)</td>
<td>22(28.9%)</td>
<td>10(13.2%)</td>
<td>4(5.3%)</td>
<td>3.39</td>
<td>1.02</td>
</tr>
<tr>
<td>Government drive for an all-inclusive economic growth and development through SME</td>
<td>3(3.9%)</td>
<td>27(35.5%)</td>
<td>20(26.3%)</td>
<td>12(15.8%)</td>
<td>14(18.4%)</td>
<td>2.91</td>
<td>1.19</td>
</tr>
</tbody>
</table>

Cluster mean

|                      |     |       |       |       |       | 3.42  | 1.06  |

Note: VLE = Very Large Extent; LE = Large Extent; U = Undecided; SE = Small Extent; VSE = Very Small Extent; VLE = 5; LE = 4; U = 3; SE = 2; VSE =1

Table 8. Sources of funds for social Entrepreneurs

<table>
<thead>
<tr>
<th>Source</th>
<th>VLE (%)</th>
<th>LE (%)</th>
<th>U (%)</th>
<th>SE (%)</th>
<th>VSE (%)</th>
<th>Mean</th>
<th>Std.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution from social entrepreneurs</td>
<td>19(25.0%)</td>
<td>34(44.7%)</td>
<td>2(2.6%)</td>
<td>12(15.8%)</td>
<td>9(11.8%)</td>
<td>3.55</td>
<td>1.34</td>
</tr>
<tr>
<td>Subventions from Government</td>
<td>12(15.8%)</td>
<td>29(38.2%)</td>
<td>19(25.0%)</td>
<td>12(15.8%)</td>
<td>4(5.3%)</td>
<td>3.43</td>
<td>1.10</td>
</tr>
<tr>
<td>Donor Supports</td>
<td>3(3.9%)</td>
<td>31(40.8%)</td>
<td>21(27.6%)</td>
<td>15(19.7%)</td>
<td>6(7.9%)</td>
<td>3.13</td>
<td>1.04</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>14(18.4%)</td>
<td>23(30.3%)</td>
<td>30(39.5%)</td>
<td>7(9.2%)</td>
<td>2(2.6%)</td>
<td>3.53</td>
<td>0.99</td>
</tr>
<tr>
<td>Retained earnings/reserves</td>
<td>16(21.1%)</td>
<td>16(21.1%)</td>
<td>14(18.4%)</td>
<td>23(30.3%)</td>
<td>7(9.2%)</td>
<td>3.14</td>
<td>1.31</td>
</tr>
</tbody>
</table>

Cluster mean

|                      |     |       |       |       |       | 3.36  | 1.16  |

Note: VLE = Very Large Extent; LE = Large Extent; U = Undecided; SE = Small Extent; VSE = Very Small Extent; VLE = 5; LE = 4; U = 3; SE = 2; VSE =1
enhanced through due government participation
SMEs’. This has become necessary as the
perspective. This is to enhance the achievement
empower entrepreneurs from the social
implications. Rising from this study is the need to
The outcome of this study have some key policy
implications. Rising from this study is the need to
empower entrepreneurs from the social
perspective. This is to enhance the achievement of
all-inclusive growth in the economy through SMEs’. This has become necessary as the
emerging trends the world over is technology/ICT
driven social entrepreneurship which can be
enhanced through due government participation
in the areas of building enablers such as credit,
infrastructure, policies and others.

By way of research implications, this topic is
novel and is expected to trigger off local and
international discourses in the area of social
entrepreneurship. In addition, it is expected to
open frontiers in revisiting the approaches to
tenrepreneurship in economies of developed and
developing nature. More so, focusing the study
on Nigeria is of significance given the population
status of the country as well as her pivotal role in
the economy of the African Sub-region even
beyond. It is expected that the findings can be
used for the purposes of generalization in this
area of study and the likes.

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COMPETING INTERESTS
Authors have declared that no competing
interests exist.

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7. SUMMARY OF THE FINDINGS, CONCLUSIONS AND IMPLICATIONS OF THE STUDY

It was observed that political factors, economic
factors, socio-cultural factors, cross country
factors and technological factors are the major
evolution experienced by social enterprise in Nigeria. It was also observed that lack of
education in entrepreneurship, lack of financial
assistance, comparative disadvantages to
business, lack of government support and lack of
skilled manpower are the key challenges in
social entrepreneurship in Nigeria.

The current trends in social entrepreneurship in
Nigeria are social media and the role of
technology, rise of decentralized micro-giving
opportunities, cross-sector partnerships and
government drive for an all-inclusive economic
growth and development through SME. The
analysis carried out on sources of funds for
financing the social entrepreneurs are
contributions from social entrepreneurs,
subventions from government, donor supports,
loans and advances and retained
earnings/reserves.

The outcome of this study have some key policy
implications. Rising from this study is the need to
empower entrepreneurs from the social
perspective. This is to enhance the achievement
of all-inclusive growth in the economy through SMEs’. This has become necessary as the
emerging trends the world over is technology/ICT
driven social entrepreneurship which can be
enhanced through due government participation

Fig. 6  Pie chart of sources of funds for social entrepreneurs
Source: Researcher’s computation using MS-excel


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