

Impact of Social Entrepreneurship on Poverty Reduction in Nigeria: a Study of Wecyclers Social Entrepreneurship Ltd

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Abstract

The poverty level in Nigeria contradicts the country's immense wealth and the unemployment rate in the country has also increased considerably overtime. The main objective of the study is to evaluate the impact of social entrepreneurship on poverty reduction, a study of wecyclers social entrepreneurship Ltd (WCSEL), Lagos State. Data was mainly collected from secondary sources and ordinary least square regression through the help of E-view statistical package was used to analyze the data collected. Also, personal studies from textbooks, journals, publications formed part of the source of information for this study. The research findings revealed that there is a positive significant relationship between social entrepreneurship and poverty reduction. It was concluded that social entrepreneurship represented by Providing Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare are the major determinant of poverty reduction in terms of employment opportunities. It was recommended that the management of Wecyclers Social Entrepreneurship Ltd (WCSEL) and social entrepreneurs as a whole should use the provision of Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare as way of tackling poverty by providing employment opportunities in the society.

Keywords: *Poverty reduction, Social entrepreneurship, Social welfare, Waste Collection Infrastructure, Waste recycling*

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Background to the Study

Hill and McGowan (2016) opined that, entrepreneurship is seen as a process which involves the effort of an individual (or individuals) in identifying viable business opportunities in an environment and obtaining and managing the resources needed to exploit those opportunities. According to Ogundele (2009) entrepreneurship can be defined as the processes of emergence, behavior and performance of entrepreneurs. He notes that a focus on entrepreneurship is a focus on the processes involved in the initiation of a new organization, the behavior of such organization and its performance in terms of profit made.

Social entrepreneurship involves pursuing highly innovative approaches to addressing social problems and doing so in an opportunistic, persistent, and accountable manner, either for profit or non profit. Innovative approaches are typically pursued by non-profits or NGOs, but they can also be launched by for-profits or government agencies. Social entrepreneurship is the socially responsible practice of commercial businesses involved in trans-sector partnerships. Social entrepreneurship combines the passion of a social mission with an image of business-like discipline, innovation, and determination. Owing to this dual-targeted nature, social entrepreneurship often has to exist between three common sectors: non-profit, for-profit and governmental (Parensen, 2011). Proponents of social entrepreneurship run the risk of giving the skeptics an ever-expanding target to shoot at, and the cynics even more reason to discount social innovation and those who drive it.

Furthermore, the embarrassing paradox of poverty in the midst of plenty in Nigeria suggests the compelling need for a single minded pursuit of the objective of poverty reduction and its eventual elimination. Poverty reduction in the country should be the major aim of social entrepreneurship at every point in time. Poverty can be seen as a result of insufficient income for securing basic goods and services. More than a billion people, live in extreme poverty (Collier, 2007), both scholars and policymakers have proposed that social entrepreneurship is an effective means for poverty alleviation in impoverished and lower income regions of the world.

Moreover, wecyclers social entrepreneurship Ltd (WCSEL) is a social entrepreneurship outfit that offers convenient household recycling service using a fleet of low-cost cargo bikes. The business outfit is powering social change using the environment by allowing people in low-income communities to capture value from their waste. The business outfit aim to build a low-cost waste collection infrastructure while raising general awareness on the importance of recycling for environmental sustainability and social welfare gained from reduction in pollution and diseases like malaria. Bilikiss Adebisi-Abiola is a Nigerian social entrepreneur and innovator, and founder and CEO of WeCyclers Social Entrepreneurship Ltd (WCSEL). This Lagos-based company is focused on giving low-income communities in developing countries a chance to capture value from waste and clean up their neighborhoods through an incentive-based recycling program. Her initiative is genuinely changing lives for the better and empowering a new generation of young micro-entrepreneurs in the process.

Statement of the Problem

The poverty level in Nigeria contradicts the country's immense wealth. Among other things, the country is enormously endowed with human, agricultural, petroleum, gas, and large untapped solid mineral resources. But rather than record remarkable progress in national socio economic development, Nigeria retrogressed to become one of the 25 poorest countries at the

threshold of twenty-first century whereas she was among the richest 50 in the early-1970s. Also, unemployment rate in Nigeria increased to 23.90 percent in 2016 from 13.70 percent in 2010 according to the National Bureau of Statistics (NBS).

In addition, there are few studies conducted on social entrepreneurship and poverty reduction in the developing countries Christlieb, (2012), Moses and Maxwell, 2014; Pohle and Hittner, (2013) but few studies have been conducted in Nigeria. Studies have also been conducted on social entrepreneurship in Nigeria but very few researchers considered social entrepreneurship as a tool for tackling poverty and also most of their results were inconclusive. It is in the light of the aforementioned problems that the researcher decided to investigate the impact of social entrepreneurship on poverty reduction in Nigeria.

Research Questions

The research question is thus formulated as:

To what extent does social entrepreneurship impact on employment opportunities

Objective of the Study

The main objective of the study is to evaluate the impact of social entrepreneurship on poverty reduction, while the specific objective is to establish a relationship between social entrepreneurship and poverty reduction (with employment opportunities, education, access to credit, as proxies of poverty reduction).

Significance of the Study

This study shall be of immense benefit to all entrepreneurs both social and business entrepreneurs. Government agencies and parastatals that sponsor young entrepreneurs will also find the study useful and other non-governmental organizations, this is because it will create awareness to these firms on the need for organizations to support social entrepreneurship activities as a way of improving the quality of lives of the society, as well as improving their returns in terms of net profit. Researchers will also benefit from the study, students undertaking academic work in this field of study shall also benefit from this research.

Statement of Hypothesis

In line with the objectives stated above, it is necessary to formulate this null hypothesis

H₀: There is no relationship between social entrepreneurship and employment opportunities

Scope of the Study

The study considered a period that is current compared to some other researches on social entrepreneurship and poverty reduction. The period covered between 2007 and 2016. The study also tries to find out how social entrepreneurship can be an effective tool for alleviating poverty in Nigeria using Wecyclers Social Entrepreneurship Ltd Lagos State as a case study.

Literature Review

This section attempts to review and contribute to existing literature on social entrepreneurship and poverty reduction in Nigeria, and also by providing a Nigerian perspective to the study in terms of the relationship between social entrepreneurship and poverty reduction.

Concept of Social Entrepreneurship

Social entrepreneurship is a for-profit enterprise that has the dual goals of achieving profitability and attaining beneficial social returns Dees, (2016). Many authors such as Brinckerhoff (2000), Borzaga and Solari (2011), Mair (2005), Bright (2006), Prahalad and Hammond (2012) cited in Schaltegger and Wagner (2013) to mention a few, have attempted to conceptualize the term social entrepreneurship. However the definitions presented are usually a reflection of what the authors conceive to be the definition of entrepreneurship as a term.

Social entrepreneurship has been defined by a group of researchers as not-for-profit initiatives in search of alternative funding strategies or management approaches to create social value or impact Austin, Stevenson and Wei-Skiller cited in Garima and Saxena, (2013). Another school of thought defines social entrepreneurship as the socially responsible practice of commercial businesses involved in trans- sector partnerships (Sagawa & Segal cited in Garima and Saxena (2013). A group of researchers simply consider social entrepreneurship as a means to alleviate or curb social problems as well as speed up social transformation (Alvord et al. cited in Garima and Saxena (2013).

Bornstein and Davis (2010), define social entrepreneurship as a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, in order to make life better for many. Hammond (2014), defined social entrepreneurship as an attempt by a social entrepreneur to use a microeconomic solution for a macroeconomic problem that is structural transformation of an economy.

Social entrepreneurship in modern society offers an altruistic form of entrepreneurship that focuses on the benefits that society may reap. Simply put, entrepreneurship becomes a social endeavor when it transforms social capital in a way that affects society positively. It is viewed as advantageous because the success of social entrepreneurship depends on many factors related to social impact that traditional corporate businesses do not prioritize. Social entrepreneurs recognize immediate social problems, but also seek to understand the broader context of an issue that crosses disciplines, fields, and theories. Gaining a larger understanding of how an issue relates to society allows social entrepreneurs to develop innovative solutions and mobilize available resources to affect the greater global society.

Unlike traditional corporate businesses, social entrepreneurship ventures focus on maximizing gains in social satisfaction, rather than maximizing profit gains. Both private and public agencies worldwide have had billion-dollar initiatives to empower deprived communities and individuals. Such support from organizations in society, such as government-aid agencies or private firms, may catalyze innovative ideas to reach a larger audience.

In addition, any definition of social entrepreneurship should reflect the need for a substitute for the market discipline that works for business entrepreneurs. We cannot assume that market discipline will automatically weed out social ventures that are not effectively and efficiently utilizing resources. The following definition combines an emphasis on discipline and accountability with the notions of value creation taken from say, innovation and change agents from Schumpeter, pursuit of opportunity from Drucker, and resourcefulness from Stevenson.

Concept of Poverty Reduction

Poverty is understood as the deprivation of basic capabilities that provide a person with the freedom to choose the life he or she has reason to value (Sen, 2007). According to World Bank (2013) poverty in very broad term such as being unable to meet basic needs requirements'-(physical: food, healthcare, education, shelter e.t.c and non physical: participation, identity e.t.c) for a meaningful life.

Bornstein and Davis (2010), poverty reduction is often used as a short-hand for promoting economic growth that will permanently lift as many people as possible over a poverty line. Bornstein and Davis (2010), poverty reduction aims to improve the quality of life for those people currently living in poverty. Another term that is often used is poverty alleviation. But there are many different objectives that are consistent with “poverty reduction,” and we have to make choices between them. There are trade-offs between tackling current and future poverty, between helping as many poor people as possible and focusing on those in chronic poverty, and between measures that tackle the causes of poverty and those which deal with the symptoms. Because donors focus on just one dimension of poverty reduction (growth) they marginalize other legitimate objectives such as reducing chronic poverty or providing social services in countries that cannot otherwise afford them.

Prahalad and Hammond (2012), poverty reduction refers to efforts aimed at reducing the magnitude of poverty defined in terms of the proportion of the population living below the poverty line. Poverty reduction is a set of measures, both economic and humanitarian, that are intended to permanently lift people out of poverty. Measures, like those promoted by Prahalad and Hammond (2012), in their economics classic *Progress and Poverty*, are those that raise, or are intended to raise, ways of enabling the poor to create wealth for themselves as a means of ending poverty forever.

Today, continued economic development is constrained by the lack of economic freedoms. Economic liberalization requires extending property rights to the poor, especially to land. Financial services, notably savings, can be made accessible to the poor through technology, such as mobile banking. Inefficient institutions, corruption and political instability can also discourage investment. Aid and government support in health, education and infrastructure helps growth by increasing human and physical capital. Poverty reduction also involves improving the living conditions of people who are already poor. Aid, particularly in medical and scientific areas, is essential in providing better lives, such as the Green Revolution and the eradication of smallpox. Problems with today's development aid include the high proportion of tied aid, which mandates receiving nations to buy products, often more expensive, originating only from donor countries

Social Entrepreneurs and Poverty Reduction

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change so as to reduce poverty. The ultimate focus of social entrepreneurs is to create and sustain social value in other to reduce poverty. The reward for a social entrepreneur is not necessarily wealth creation or profits, but social improvements and impact. The motivation of social entrepreneurs is long term social reward on the venture. Their ultimate focus is sustaining social impact as well as creating lasting improvements Ogundele, (2016).

Furthermore, social entrepreneurs are agents of change whose primary focus is the social sector. They make foundational changes and sustainable improvements in social systems, addressing the root causes of poverty and problems rather than the resulting consequences. They always seek to eradicate needs rather than respond to them. It is important to note that their activities and approach to problem solving always has the potentials to stimulate sustainable global improvements.

Social entrepreneurs are usually driven by a vision of how to achieve sustainable social impact and improvements. They persistently develop diverse approaches towards the achievement of their goals. Social entrepreneurs are not easily swayed by obstacles; rather they doggedly modify their strategies with a focus on surmounting social challenges. This persistence and never give up attitude is a reinforcement that facilitates the achievement of sustainable social impact and improvement El Ebrashi, (2013).

Theories of Social Entrepreneurship

The Market Intermediary theory of Social Entrepreneurship by Spector and Kitsuse (1997) asserts social entrepreneurship services add value to client-made products, typically these services include: product development; production and marketing assistance; and credit. The market intermediary either purchases the client-made products outright or takes them on consignment, and then sells the products in high margin markets at a mark-up.

The Employment theory of Social Entrepreneurship by Hammond (2014) assumes that employment opportunities and job training should be targeted towards people with high barriers to employment such as disabled, homeless, at-risk youth, and ex-offenders. The organization operates an enterprise employing its clients, and sells its products or services in the open market. The type of business is predicated on the appropriateness of jobs it creates for its clients, regarding skills development, and consistency with clients' capabilities and limitations, as well as its commercial viability.

The fee-for-service theory of Social Entrepreneurship by Mair and Frair (2005), states that social services should be commercialized and proceeds used to re-invest in other social projects in order to alleviate poverty. The theory believes that social entrepreneurship is not a charity venture and not an entirely profit making venture as well.

Theories of Poverty Reduction

The theory of poverty reduction will be x-rayed from the perspectives of three contrasting definitions namely; the objectivists, constructivists, and mixed perspectives of conceptualizing poverty reduction.

Objectivist theory of Poverty Reduction describes poverty reduction as a social strategy highlighted by a process of scientific enquiry and values which are geared towards alleviating poverty (Manis 1976). As expressed in this theory the objectivists' perspective focuses solely on the strategies of alleviating poverty through investigation, observation and experimentation. This implies that social scientists are able to identify and measure poverty independently even though the populace or stakeholders/policy makers do not consider such strategy as the best way of alleviating poverty.

The Constructionists theory of Poverty Reduction views poverty reduction as the activities of individuals or groups towards identifying the root causes of poverty and finding a lasting solution to curbing it. Spector and Kitsuse (1997). In other words the Constructionists see poverty reduction as expression of the inherent causes of poverty and suffering and getting a solution to the causes of the poverty.

Furthermore, the mixed theory of poverty reduction views poverty reduction as both strategy highlighted by a process of scientific enquiry and values which are geared towards alleviating poverty and as the activities of individuals or groups towards identifying the root causes of poverty and finding a lasting solution to curbing it Henslin (2003).

Empirical Study

Jan (2012), studied the relationship between social entrepreneurship and poverty reduction and to reveal factors that correlate with either high or low impact enterprises. The survey design was used in the study. The study followed two research approaches. On one side, it attempts to develop an alternative social value measurement model on the basis of a thorough literature review. On the other side, an exploratory analysis of 300 social enterprises based upon a second measurement model derived from the data set discloses factors that correlate with either high or low impact social enterprises. The study revealed that there is positive relationship between social entrepreneurship and poverty reduction. The study recommends that social entrepreneurs needs to assess the individual and total impact creation as well as the financial effectiveness of the social enterprise.

Richard (2012), evaluated the impact of social entrepreneurship on poverty reduction in Istanbul, Turkey. The study used survey research design and the data analysis was based on primary data through the administration of questionnaire to 7000 social entrepreneurs in Turkey. Data was analyzed in tables and simple percentages, the hypotheses were tested using Chi-Square. It was found that social entrepreneurs employed approaches from the commercial world that does not really tackle poverty, which means there is no positive significant relationship between social entrepreneurship and poverty reduction.

Chinonye and Maxwell (2014) investigated the role of social entrepreneurship as an effective tool against poverty reduction towards the initialization of sustainable development in an economy. Descriptive research design was used in the study and copies of questionnaire were distributed to 300 staff of a social enterprise (ASAFE) in Cameroon. Ordinary least square regression was used to analyze the data collected. Result analyzed showed that there is a positive significant relationship between social entrepreneurship and poverty reduction.

Methodology

The research used historical research design and ordinary least square regression to analyze the data. Data for this study was gathered from the audited records April (2017) as published by Wecyclers Social Entrepreneurship Ltd (WCSEL), a social entrepreneurship outfit in Lagos State, Nigeria whose focus is to build a low-cost waste collection infrastructure while raising general awareness on the importance of recycling for environmental sustainability and social welfare gained from reduction in pollution and diseases like malaria. The sample interval is for seven years period from 2008 to 2014. The population of the study is made up of one (1) social entrepreneurship outfit in Nigeria and was chosen based on purposive sampling method.

Employment opportunities were used as proxy for poverty reduction while the proxy used for social entrepreneurship was Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability, Provision of Social Welfare. Using e-view statistical software, data obtained from Wecyclers Social Entrepreneurship Ltd were tabulated and analyzed using simple regression models.

$$EO = \alpha + \beta_1 LCWCI + \beta_2 RWES + \beta_3 PSW + e$$

LCWCI stands for Low-Cost Waste Collection Infrastructure, RWES stands for Recycling Waste for Environmental Sustainability, PSW stands for Provision of Social Welfare, α = Intercept, β = Independent variable, e is the error term and EO is Employment opportunities.

Data Analysis

Wecyclers Social Entrepreneurship Ltd (WCSEL)

Hypothesis: There is no Relationship between Social Entrepreneurship and Employment Opportunities

Table 1

Dependent Variable: EO
 Method: Least Squares
 Date: 15/06/17 Time: 11:22am
 Sample: 2008 2016
 Included observations: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
LCWCI	6.944409	1.066410	0.665833	0.5531
RWES	3722.026	23172.62	0.160622	0.8826
PSW	29658.94	17982.55	1.649318	0.1976
R-squared	0.872913	Mean dependent var	3.17E+10	
Adjusted R-squared	0.585825	S.D. dependent var	1.30E+10	
S.E. of regression	8.34E+09	Akaike info criterion	48.82188	
Sum squared resid	2.09E+20	Schwarz criterion	48.79097	
Log likelihood	-166.8766	Hannan-Quinn criter.	48.43986	
F-statistic	3.828880	Durbin-Watson stat	1.204583	
Prob(F-statistic)	0.149645			

Source: Data output from E view Statistical package (2017)

Discussion of Findings

Table 1: The table shows that the coefficients for providing Low-Cost Waste Collection Infrastructure (LCWCI), Recycling Waste for Environmental Sustainability (RWES), Provision of Social Welfare (PSW) are positive and significant in providing Employment opportunities. The R² shows a result of 0.87 which indicates that social entrepreneurship activities as a result of providing Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare contributes to addressing issues of unemployment. The F-statistic value is 3.8 and probability value is 0.14 which shows that there is a linear relationship between Employment opportunities (dependent variable) and

Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare (the independent variables). However, the null hypothesis is rejected while the alternatives hypothesis is accepted which indicated that there is a positive significant relationship between social entrepreneurship and employment opportunities.

Conclusion

The study concludes that social entrepreneurship represented by Providing Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare are the major determinant of poverty reduction in terms of employment opportunities. This study is in agreement with the findings of Chinonye and Maxwell (2014) and Jan (2012) but not in agreement with the findings of Richard (2012).

Recommendations

The following recommendations were made:

1. The management of Wecyclers Social Entrepreneurship Ltd (WCSEL) and social entrepreneurs as a whole should use the provision of Low-Cost Waste Collection Infrastructure, Recycling Waste for Environmental Sustainability and Provision of Social Welfare as way of tackling poverty by providing employment opportunities in the society.
2. They management of Wecyclers Social Entrepreneurship Ltd (WCSEL) and social entrepreneurs as a whole should also try to provide basic infrastructures so as to alleviate the poverty faced by the people especially the downtrodden in Nigeria.

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