

# A review of Sociological Methodologies to the study of Entrepreneurship in Nigeria

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**Abstract:** *Entrepreneurship has generated increase interest in Nigeria because it helps in combating unemployment, poverty, under-development and engenders economic development. Interest has led to Sociology of Entrepreneurship which is concerned with the relationships between group characteristics and the development of business activity, the interaction between the economic and social environments of the entrepreneur. Sociology in social sciences explains the behavior of human beings in society as a result it is being called a general science of society. However, entrepreneurship is multidimensional because it cut across some discipline among which sociology is one of them. This study examined the influence of sociology on entrepreneurship in comparison to other disciplines. The study is based on a review of literature published in scientific journals, books, reports from national, regional and international organizations, theses, conference papers and other knowledgeable materials. Two major perspectives (the supply side and demand side) were examined. The study emphasized on Demand side corroborated with Paul Reynolds Societal Perspective, because it combines individualism, ethnicity and communism with environment. This is the focus of Sociology. It was also noted from the study that apart from the personal traits, motives and incentives of an individual, Sociologists also identified environmental, socio-economic, political and cultural factors as hindering or contributing to entrepreneurial development: Poor infrastructural facilities, epileptic power supply, poor road network, inadequate water supply and incessant cases of kidnapping and insurgence of "Boko Haram". Hence, sociology contributes immensely to the study of entrepreneurship.*

**Keywords:** *Entrepreneurship, Sociology, Approaches, Economic development, Demand side.*

## 1. INTRODUCTION

Entrepreneurship has generated increase interest in Nigeria. It helps in combating unemployment, poverty and under-development. It also engenders economic development. This has led to Sociology of Entrepreneurship, which is concerned with the relationships between group characteristics and the development of business activity. That is the interaction between the economic and social environments of the entrepreneur. The primary objective of this paper is to justify the sociological

methodologies to the study of Entrepreneurship in Nigeria

## 2. BACKGROUND OR RELATED WORK

In recent time entrepreneurship has generated and is still generating increased interest in Nigeria partly due to the belief that entrepreneurship will help in combating unemployment, poverty and under-development and partly due to the belief that entrepreneurship will engender economic development (Clausen, 2006; Praag and Versloot, 2007). One of the fields of study (just like other fields) which has become interested in the subject matter of entrepreneurship in recent times is Sociology. This interest has even led to a coinage of what is known today as Sociology of Entrepreneurship. Sociology of entrepreneurship main subject matter concerns the relationships between group characteristics and the development of business activity.

One of the basic aspects of these is the interaction between the economic and social environments of the entrepreneur. Put differently, factors within the social environment determine the focus and locus of business interest or venture pursuit. Group characteristics such as ethnicity, race, teams, social networks, cultures among others are issues that sociologists are interested in the explanation of the phenomenon of entrepreneurship.

It must be noted and recognized that environmental and cultural influence also provides explanation to entrepreneurial inclination. Here lies the interest of the sociologist (Ugochukwu .U. Ikeije and Chinwe .O. Onuba, 2015).

## 3. METHODOLOGY OF THE STUDY

This is a review study that has examined the sociological methodologies to the study of Entrepreneurship in Nigeria from the flow of existing literature. In this study, we conducted a general search of sociology, entrepreneurship, and other social sciences disciplines in different online database sources. Articles that have been published in entrepreneurship, sociology, business and management, and economics journals were included, as they reflected the focus of the search and were also the most appropriate publication outlets for sociological methodologies of entrepreneurship. The literature was

searched and reviewed and then synthesized after adhering to all the set criteria.

### 3.1 Theoretical Framework Explanation of the study

Sociologists argued that a person's environment is the major motivating factor for entrepreneurship, and that ideas, traits (behavioural traits) and motives are not enough on their own for entrepreneurship to manifest (Emmanuel, 2008). The importance of environment lies on the fact that the entrepreneur searches out potential viable ventures and coordinates producers and consumers towards profit. This role of searching out viable ventures underscores the influence of environmental factors to motivation for entrepreneurship. Thus, the entrepreneur's role as the highly visible hand depends on the environmental (social) context.

According to Virtanen (2004), the main focus of sociological enterprise is to identify this social context. Thus, Reynold (1991) differentiates four social contexts in relation to entrepreneurial opportunity: (i) social networks, (ii) life course stage, (iii) ethnic identification and (iv) population ecology stage.

This study utilized the combination of sociological theories of entrepreneurship and entrepreneurship innovation theory. Sociological theories of entrepreneurship are among the contemporary theories of entrepreneurship. It argues that the success of an entrepreneur is affected by their social culture. They are more likely to achieve growth in particular social settings. Among the social aspects that affect an entrepreneur include the social values, customs, taboos, religious beliefs and other cultural activities. He or she has to conform to the social expectations when carrying out their business. However, according to Schumpeter, J. (1934), entrepreneurship innovation theory is the theories of entrepreneurship that make an entrepreneur not merely conduct business to better their lives alone. Rather, through their activities, they are able to cause development in the economy and the society at large. The inventor of this theory, Joseph Schumpeter, argued that an entrepreneur grows by being creative and having a foresight.

One of the creative things that an entrepreneur does is introduce a new product. A new product often comes to solve a certain problem in the society or make it more convenient. Another innovative aspect is that in a bid to achieve growth and have more profits, an entrepreneur introduces a new production method. Notably, enhanced production methods lead to a reduction in the cost of production and an increase in the goods manufactured. Innovation also comes in when an entrepreneur opens a new market. This is often done after the identification of a growth opportunity or a void in the economy. The discovery of new sources of raw materials and establishment of

organization are also aspects of entrepreneurs being innovators. These activities of an entrepreneur lead to the creation of jobs and accessibility of commodities, thus improving the economy.

Schumpeter (1934) argued that entrepreneurship consists of creating innovations rather than inventions and that entrepreneurship is to be regarded only during the phase when actions are related to these issues. Therefore, according to Schumpeter, nobody is an entrepreneur forever, but only when he or she is actually pursuing innovative activities (Swedberg, 2000). As such social entrepreneurship involves seizing opportunity for the market-changing innovation of a social purpose (Corner and Ho, 2010).

### 3.2 Defining Sociology and Entrepreneurship

Sociology is the science of society, social institutions, and social relationships specifically: the systematic study of the development, structure, interaction, and collective behavior of organized groups of human beings ([https://www.merriam-webster.com > dictionary > sociology](https://www.merriam-webster.com/dictionary/sociology)). It is also the systematic study of society which encompasses all the elements of society i.e. social relation, social stratification, social interaction, culture. Sociology can perhaps be best regarded as an attempt to name that which secretly keeps society going (Whitty and Young, 1976). Therefore, Sociology is a general science of society.

Sociology is one of a number of social sciences which attempts to explain and understand the behaviour of human beings in society (Haralambus and Holborn, 2008). It is a discipline that studies human society scientifically. In its effort to explain and understand behaviour in the society, sociology looks at different aspects of social life, one of which includes social determinants of entrepreneurship. For instance, Auguste Comte, the founding father of sociology, defines sociology as the science of social phenomena "subject to natural and invariable laws, the discovery of which is the object of investigation". Kingsley Davis says that "Sociology is a general science of society". Emile Durkheim: "Science of social institutions".

However, entrepreneurship is the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses ([www.businessdictionary.com > definition > entrepreneurship](http://www.businessdictionary.com/definition/entrepreneurship)). Entrepreneurship is also the act of creating a business or businesses to generate a profit. The modern definition of entrepreneurship is about transforming the world by solving social problems. Like initiating social change, creating an innovative product or presenting a new life-changing solution. It could also be looked at as how people upgrade their careers and dreams and turn it into the direction of their own choice by building a life on your own terms. It must be

noted that the meaning of entrepreneurship involves an entrepreneur who takes action to make a change in the world. This resulted to the merging of sociology and entrepreneurship being called 'sociology of entrepreneurship' which analyzes the social context, process, and effects of entrepreneurial activity (<https://www.emerald.com › insight › content › doi › full › html>).

### 3.3 The Concept of Social Entrepreneurship

A Social entrepreneurship is an organization which uses business methods to address a social or environmental problem in an innovative way. Social entrepreneurship is an approach by start-up companies and entrepreneurs, in which they develop, fund and implement solutions to social, cultural, or environmental issues. This concept may be applied to a wide range of organizations, which vary in size, aims, and beliefs (Wikipedia) (<https://www.toppr.com › business-management-and-entrepreneurship>).

Some have defined it as applying commercial practices to social problems. In this case, social entrepreneurs use business skills and knowledge to create enterprises that accomplish social purposes, in addition to being commercially viable (Emerson & Fay, 1996). The kind of enterprise created by the social entrepreneur is social enterprise.

Social enterprises according to Haugh and Tracy (2004) "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."

Social entrepreneurship is also defined as a mechanism for fostering innovation within the context of the myriad of social problems that we face and focus more attention on the innovative arrangements that resolve social problems, rather than economic viability (Dees, 1998). This view is akin to the idea behind corporate social responsibilities of entrepreneurs which would be further discussed on.

One group of researchers refers to social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies, or management schemes to create social value (Austin, Stevenson & Wei-Skiller, 2003). Another group of researchers understands it as the socially responsible practice of commercial businesses engaged in cross-sector partnership (Sagawa & Segal, 2000). And a third group views social entrepreneurship as a means to alleviate social problems and catalyze social transformation (Ashoka Innovators, 2000).

## 4. SOME SOCIOLOGICAL CONSIDERATIONS AND CONTRIBUTIONS TO ENTREPRENEURSHIP

According to Paul D. Reynolds (1991), Sociological perspectives and research provide important and distinctive contributions to the understanding of entrepreneurship in three ways. The first is through the development of societal conceptions regarding productive activities that encompass the entrepreneurial role or function. The major alternatives emphasize socioeconomic systems as (a) moving toward an equilibrium (reflecting a broad consensus) or (b) reflecting the outcome of class competition (emphasizing conflict resolution). Both assume the inevitable dominance of massive productive organizations. These conceptions have recently been supplemented with attention to the dual nature of advanced economies or the benefits of flexible specialization.

For Reynolds the second is through attention to specific societal characteristics affecting entrepreneurship: modernization; the role of the state in economic development; variations in the scope and nature of the unregistered (underground) economy; and the character of organizational populations and their ecological niche as they affect new firm foundings. The third is through attention to the impact of social context on the decisions of individuals to pursue entrepreneurial options. This includes attention to the individual's life course stage; social networks and embeddedness; ethnicity; and work experiences.

Several perspectives have been utilized as a means of understanding entrepreneurial processes. To better understand socioeconomic systems, three primary perspectives are identified: (i) a review of the socioeconomic system as both a system progressing toward equilibrium and an array of conflicting homogenous groups; (ii) an evaluation of the societal and contextual factors influencing entrepreneurial activity; and (iii) an exploration of the role of individual entrepreneurial behavior in the societal context. Literature reviews of the most recent research address each of these perspectives (Reynolds, Paul D.1991).

Moreover, apart from Reynolds ideas stated above, two major approaches were also employed in the consideration of entrepreneurship from sociological perspective in this work. The two approaches are: (i) the supply side approach and (ii) the demand side approach. Each of the approaches views the emergence of entrepreneurship from different dimensions though both have sociological implications. But more emphasis would be laid on the Demand side perspective.

### 4.1 The Supply Side Perspective

This perspective has both (a) psychological and (b) sociological dimensions, but the bone of contention in this study is sociological dimension.

The Psychological Supply Side has to do with attributing entrepreneurship and its practice to the presence of certain traits in 'special individuals', which are missing in others. Prominent theorists in this area are McClelland (1961), (Amit, Glosten and Muller, 1993), and Rotter's (1966).

Other significant contributions among many dealing with the theme of psychological traits include, Kets de Vries (1977) and Brockhaus and Horwitz (1986).

However, the sociological supply side, rather than attribute entrepreneurship to the 'special individuals', focus on the compelling influence of society on engendering entrepreneurial practices. Explanatory variables in sociological supply side perspective include presence of congenial cultural attributes that are facilitating of entrepreneurial practices, social class or ethnic group that extols the credibility of entrepreneurial activities or that are compatible with entrepreneurship.

Scholars in this mould include Weber, (1904), Shapero and Sokol (1982), Aldrich and Waldinger, (1990) and Shane (1993) amongst others. These scholars contend that the presence of entrepreneurship-compatible culture, social class or group is capable of engendering behaviours that facilitate and enhance entrepreneurial activities. The Demand Side perspective would be briefly discussed here.

#### 4.2 The Demand Side Perspective

The more macro view and which is more recent in entrepreneurship research hold that entrepreneurial success is not only a condition of traits and behaviours of individuals but also of the environment in which entrepreneurship takes place (Lee and Peterson, 2000).

Wilken (1979) corroborates the imperatives of socioeconomic environment to academic discourse on entrepreneurial activities. His analysis attributes a major causal influence to government actions on conditions that are facilitating of entrepreneurship. Environment, in this sense, they are encompassing of such factors as infrastructure, cultural, economic, social and political. These environmental forces have been found to be capable of either impeding or facilitating entrepreneurial activities in society.

Gnyawali and Fogel (1994) define the entrepreneurial environment as the overall economic, socio-cultural and political factors that influence people's willingness and ability to undertake entrepreneurial activities.

The above view is summed in what is known in entrepreneurship literature as demand side perspective which is also known as an "opportunity structure, an 'objective' structure of economic

opportunity and a structure of differential advantage in the capacity of the system's participants to perceive and act upon such opportunities" (Glade, 1967). A number of approaches have derived from this perspectives among which are ecological and institutional processes. The two perspectives cannot be discussed in this study.

#### 4.3 The Scope of the Research

The study is only limited to the Sociological Methodologies of Entrepreneurship, using the demand side perspective corroborated with Paul Reynolds (1991) study on the Societal Perspective of Sociological Entrepreneurship, because it combines individualism, ethnicity and communism with environment. This implies that evidences were totally gathered from past literatures of authors/writers on the Sociological Entrepreneurship field all over the World. Alas, no new data were collected for this study.

#### 4.4 The challenges of Entrepreneurship in Nigeria

Sociological analysis has identified environmental factors as contributing to entrepreneurial development. Notwithstanding how plausible factors like personal traits, motives and incentives of an individual may sound, environmental factors also pose challenges to entrepreneurship. Especially, in the case of Nigeria, major constraints to the development of entrepreneurship relate to environmental, socio-economic, political and cultural factors that affect both entrepreneurial firms and non-entrepreneurial small businesses (Eneh, 2010; Abimbola & Agboola, 2011).

Agbola and Ukaegbu (2006) cited in Idam (2014) emphasized the devastating effect of poor infrastructural facilities, including epileptic power supply, poor condition of road network and inadequate water supply on emerging businesses. Idam (2014) added that a related environmental factor is the incessant cases of kidnapping and insurgence of 'Boko Haram Sect', which create unhealthy and insecure environment for business operation.

According to Idam (2014), the high cost of doing business in Nigeria imposes economic dimension of challenges encountered by nascent enterprises. "The weight of high incorporation costs, legal and professional fees, business permits and licenses add up to other start-up costs to create heavy burden on small businesses faced with limited access to credit facilities and high interest rates.

The incidence of multiple taxation and levies in different forms at federal, state and local government levels constitute militating forces for emerging small businesses, whether entrepreneurial or not" (Idam, 2014).

Added to this, is the 'son-of-the-soil' syndrome - a situation where start-up businesses are mandated



to pay certain amount of money to host community or youth of the community for operating in that community. At times it comes in form of periodic levies by the community on the businesses, thus adding up to high cost of doing business in Nigeria (Idam, 2014).

In the same vain, Okeke and Eme (2014) reporting World Bank (2008) and write that in a 2008 report commissioned by the World Bank to assess the challenges confronting businesses in Nigeria a wide array of issues were identified as constraints to doing business. These include poor electricity supply, inadequate access to finance, poor transportation, unfriendly tax regime, poor access to land, high cost of finance, crime rate, corruption, political environment, customs and trade regulations, inadequately trained workforce and labour regulations.

The foregoing empirical evidence suggests that environmental, economic and political issues constitute major challenges to entrepreneurship in Nigeria. Even though many individuals in Nigeria are driven by the need to achieve, but this drive has either been frustrated or limited by the prevailing environmental conditions which are anti-entrepreneurial development (Ugochukwu .U. Ikeije and Chinwe .O. Onuba, 2015).

## 5. CONCLUSION

Sociology contributes immensely to the study of entrepreneurship. Two major perspectives (the supply side and demand side) have been examined which was corroborated with Reynolds ideas. Emphasis is on Demand side because it combines individualism with environment. This is the focus of Sociology.

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