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Social Entrepreneurship As A Mechanism For Poverty Reduction: Evidence From Southwestern Nigeria

by

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ABSTRACT

Poverty remains one of the most persistent developmental challenges in Nigeria, particularly in rural and peri-urban areas where unemployment, income inequality, and weak institutional support limit opportunities for sustainable livelihoods. In recent years, social entrepreneurship has emerged as a promising alternative mechanism for addressing poverty through innovative, inclusive, and locally driven solutions. This study examined the role of social entrepreneurship as a mechanism for poverty reduction in Southwestern Nigeria. A mixed-method approach was adopted, combining survey data from 250 respondents (comprising 50 social entrepreneurs, 180 beneficiaries, and 20 local government officials) with key informant interviews. Quantitative data were analysed using descriptive statistics, Pearson correlation, and multiple regression analysis, while qualitative responses were thematically interpreted using Braun and Clarke's (2013) six-step framework. The findings revealed that social entrepreneurship has significantly improved income generation, employment creation, and access to essential services among low-income households. Regression analysis indicated that social entrepreneurship activities explained 62.3% of the variation in poverty reduction outcomes ($R^2 = 0.623$, $p < 0.05$). However, challenges such as inadequate funding, weak policy frameworks, and low public awareness hindered wider impact. The study concludes that social entrepreneurship can serve as a sustainable mechanism for poverty reduction if adequately supported through enabling policies, access to finance, and capacity building. The paper recommends the establishment of regional hubs for social innovation and stronger public–private partnerships to scale impactful ventures across Southwestern Nigeria.

Keywords: Social entrepreneurship, poverty reduction, sustainable development, innovation, Southwestern Nigeria

Background to the Study

Poverty continues to be one of the most pressing socio-economic challenges confronting Nigeria. Despite its vast natural and human resources, the country has struggled to translate growth into equitable development. According to the National Bureau of Statistics (NBS, 2023), approximately 40% of Nigerians live below the poverty line, with higher rates of multidimensional poverty in rural communities. The persistence of poverty has been attributed to structural unemployment, limited access to credit, weak governance, and the absence of inclusive development strategies (World Bank, 2022).

In response, social entrepreneurship has gained global attention as an innovative mechanism for addressing poverty and inequality. Unlike conventional entrepreneurship, which primarily pursues profit maximisation, social entrepreneurship combines social mission with business principles to achieve sustainable impact (Dees, 2001; Zahra *et al.*, 2009). Social entrepreneurs identify social problems and design market-based solutions that empower marginalised groups, enhance livelihoods, and promote community resilience (Yunus, 2017). In Nigeria, particularly in the southwestern region, several social enterprises have emerged to fill gaps in education, agriculture, healthcare, and vocational training. Organisations such as *Paradigm Initiative Nigeria*, *LEAP Africa*, and *Farmcrowdy* have demonstrated that innovative business models can improve lives while maintaining financial sustainability (Akanbi, 2021). However, despite growing interest in social entrepreneurship, empirical evidence on its direct impact on poverty reduction in Southwestern Nigeria remains limited.

Statement of the Problem

Conventional poverty reduction strategies such as government welfare programs, donor interventions, and microcredit schemes have often produced limited or short-term results in Nigeria (Akinola, 2020). While social entrepreneurship has been proposed as an alternative model (Dees, 2001; Yunus, 2017), empirical evidence on its poverty reduction impact in Nigeria remains scarce. Existing studies have predominantly focused on either social enterprise success stories (Akanbi, 2021) or isolated case studies without rigorous quantitative validation. Furthermore, regional variations in socio-economic conditions mean that findings from one area may not generalise to others. There is a significant gap in understanding the measurable contributions of social entrepreneurs in Southwestern Nigeria, as well as the contextual factors that enhance or constrain their effectiveness. This study addressed this gap by providing empirical evidence on the relationship between social enterprise activities and poverty reduction outcomes across four states.

Objectives of the Study

The main objective of this study was to examine the role of social entrepreneurship as a mechanism for poverty reduction in Southwestern Nigeria. Specific objectives were to:

i. Assess the level of social entrepreneurship activities across selected states in Southwestern Nigeria.
ii. Examine the impact of social entrepreneurship initiatives on poverty reduction indicators such as income, employment, and access to basic services.
iii. Identify the challenges faced by social entrepreneurs in implementing poverty reduction strategies.
iv. Suggest policy and institutional measures to enhance the effectiveness of social entrepreneurship in combating poverty.

Research Questions

i. What is the nature and extent of social entrepreneurship activities in Southwestern Nigeria?

ii. How have social entrepreneurship initiatives contributed to poverty reduction among beneficiaries?
iii. What are the major challenges hindering social entrepreneurs in achieving sustainable impact?
iv. What policy strategies can enhance the role of social entrepreneurship in poverty alleviation?

Hypotheses

H_{01}: There is no significant relationship between social entrepreneurship activities and poverty reduction in Southwestern Nigeria.

H_{02}: Social entrepreneurship initiatives do not significantly improve income and employment among low-income households.

Significance of the Study

This study contributes to the growing body of literature on sustainable development and social innovation in Africa. By providing empirical evidence from Southwestern Nigeria, it offers insights into how social entrepreneurship can complement traditional development approaches. The findings are expected to benefit policymakers, development practitioners, investors, and social innovators by highlighting best practices and barriers to success. Academically, the paper bridges the knowledge gap between social innovation theory and practical poverty reduction outcomes in developing economies.

Scope of the Study

The study focused on selected states in Southwestern Nigeria Lagos, Ogun, Oyo, and Ondo where social enterprises are increasingly active. The investigation covered enterprises involved in vocational training, agro-processing, education, and microfinance. The scope was limited to social entrepreneurs registered and operating between 2018 and 2024.

LITERATURE REVIEW

Conceptualising Social Entrepreneurship

The concept of social entrepreneurship has evolved over the past few decades as scholars and practitioners search for sustainable approaches to address persistent social problems. According to Dees (2001), social entrepreneurs play the role of change agents by adopting innovative solutions to social issues, using entrepreneurial principles to create and sustain social value rather than personal or shareholder wealth. Similarly, Austin, Stevenson, and Wei-Skillern (2006) define social entrepreneurship as the pursuit of opportunities to catalyze social change and meet pressing needs through resource mobilisation and innovative strategies.

Social entrepreneurship combines elements of business entrepreneurship and social innovation. It focuses on the *double bottom line* achieving both financial sustainability and social impact (Mair & Martí, 2006). Unlike traditional businesses that measure success by profit margins, social enterprises prioritise outcomes such as improved education, healthcare, environmental protection, and poverty alleviation (Zahra *et al.,* 2009). In many developing economies, including Nigeria, social entrepreneurs have become critical actors in bridging the gap between government welfare initiatives and the private sector's profit-driven motives.

In the Nigerian context, social enterprises typically emerge in response to unmet community needs. These organisations often provide employment opportunities for marginalised groups, develop skills, and promote inclusive growth. For instance, social ventures in agriculture provide training and access to markets for rural farmers, while education-focused social enterprises use technology to deliver affordable learning resources to low-income communities (Akanbi, 2021).

Poverty and Poverty Reduction Strategies

Poverty is a multidimensional phenomenon encompassing economic, social, and psychological deprivations. The United Nations (2023) defines poverty as the inability to access basic human needs such as food, shelter, healthcare, and education. In Nigeria, poverty is both widespread and deeply entrenched due to economic inequality, unemployment, and governance challenges (World Bank, 2022). Several poverty reduction strategies have been implemented over the years, ranging from government programs to donor-funded initiatives. Examples include the National Poverty Eradication Programme (NAPEP), the National Directorate of Employment (NDE), and the Social Investment Programme (SIP). While these efforts have made modest contributions, their long-term effectiveness has been questioned because of bureaucratic inefficiency, corruption, and a lack of local ownership (Akinola, 2020). Social entrepreneurship offers an alternative path by empowering communities to create their own solutions. Through capacity building, microfinance, and social innovation, it promotes sustainable livelihoods rather than dependency. For instance, Grameen-style microcredit models adapted in Nigeria have empowered women entrepreneurs and reduced vulnerability among rural households (Yunus, 2017).

Theoretical Framework

This study is anchored on two interrelated theories: the Social Innovation Theory and the Sustainable Livelihood Framework**.**

a. Social Innovation Theory

Social Innovation Theory posits that innovative social practices can generate systemic change and address unmet social needs (Mulgan, 2006). It emphasises creativity, collaboration, and experimentation in developing solutions that improve the welfare of communities. Social entrepreneurship, therefore, is a practical manifestation of social innovation it creates new forms of value by combining resources, technology, and partnerships in ways that traditional actors (government or business) may not. In this study, the theory explains how social entrepreneurs in Southwestern Nigeria identify local challenges (e.g., youth unemployment or lack of access to finance) and develop novel business models (such as vocational hubs or cooperative ventures) that reduce poverty while remaining financially viable.

b. Sustainable Livelihood Framework

The Sustainable Livelihood Framework (SLF), developed by the Department for International Development (DFID, 1999), provides a holistic understanding of how people use assets (human, natural, financial, physical, and social capital) to sustain their living. It argues that poverty reduction is achieved when individuals and households have access to diverse livelihood opportunities and the capability to cope with shocks. Social entrepreneurship aligns with this framework because it enhances people's assets through skill acquisition, financial inclusion, and social networks. For instance, social enterprises that train artisans or farmers enhance human and financial capital, while those promoting cooperative systems strengthen social capital. Hence, SLF supports the argument that social entrepreneurship contributes to sustainable poverty reduction by empowering individuals rather than providing one-off aid.

This study integrates social innovation theory and the sustainable livelihood framework to provide a comprehensive analytical lens. Social Innovation Theory explains the process by which social entrepreneurs create novel solutions to poverty (Mulgan, 2006), while the Sustainable Livelihood Framework explains the outcomes in terms of enhanced assets (human, financial, social, physical, natural capital) (DFID, 1999). Together, these theories suggest that social entrepreneurship reduces poverty by (a) introducing innovative interventions that address unmet needs and (b) strengthening the asset base of poor households, thereby improving their capacity to sustain livelihoods.

EMPIRICAL REVIEW

Several empirical studies have explored the relationship between social entrepreneurship and poverty reduction across different contexts.

In Bangladesh, Hossain (2019) found that social enterprises like Grameen Bank and BRAC significantly reduced poverty through microcredit, education, and women's empowerment programs. Similarly, in Kenya, Mwangi and Kinyanjui (2020) demonstrated that social entrepreneurship initiatives enhanced rural livelihoods by improving market access and employment for low-income farmers.

In Nigeria, Okafor and Nwankwo (2021) examined the role of social enterprises in reducing youth unemployment in Lagos and found that 67% of participants gained sustainable livelihoods through vocational training and mentorship programs. Likewise, Oladipo (2022) reported that agricultural-based social enterprises in Oyo and Ogun States improved rural household incomes by an average of 35% through cooperative farming and microfinance interventions.

However, empirical gaps remain regarding the *mechanisms* through which social entrepreneurship influences poverty reduction. Most studies emphasise outcomes (such as income gains) but rarely explore the process how innovation, collaboration, and sustainability interact to create impact (Akanbi, 2021). Additionally, regional variations in Nigeria's development landscape mean that findings from one region may not apply elsewhere. Hence, a localised study of Southwestern Nigeria is crucial.

METHODOLOGY

Research Design

This study adopted a mixed-method research design, combining both quantitative and qualitative approaches to provide a holistic understanding of how social entrepreneurship serves as a mechanism for poverty reduction in Southwestern Nigeria. The quantitative approach enabled the measurement of relationships between social entrepreneurship activities and poverty indicators using statistical tools, while the qualitative approach captured deeper insights from participants' experiences. This design was considered appropriate because it allowed the researcher to triangulate data from multiple sources social entrepreneurs, beneficiaries, and policy stakeholders thereby enhancing the validity and reliability of the findings (Creswell & Plano Clark, 2018).

Study Area

The study was conducted in four states of Southwestern Nigeria: Lagos, Ogun, Oyo, and Ondo. These states were selected due to their relatively high concentration of social enterprise activities and diverse socio-economic structures.

- **Lagos State** represents an urbanised and innovation-driven environment.
- **Ogun and Oyo States** are semi-urban, characterised by emerging agro-based enterprises.
- **Ondo State** provides a mix of rural and coastal economies.

Collectively, these states offer a representative picture of the region's socio-economic diversity and the varying contexts in which social entrepreneurship operates.

Population of the Study

The target population comprised:

i. **Social entrepreneurs** operating registered social enterprises between 2018 and 2024.

ii. **Beneficiaries** (individuals and households) who had directly benefited from social enterprise programs (e.g., vocational training, microcredit, or agricultural support).
iii. **Policy stakeholders**, including government officials from ministries of commerce, youth, and community development.

Based on preliminary mapping using directories from the Nigerian Social Enterprise Network (NSEN, 2024), an estimated 1,200 social enterprises were active across the four states. Each enterprise served multiple beneficiaries, bringing the estimated population of direct and indirect beneficiaries to approximately 15,000 individuals (NSEN, 2024).

Sample and Sampling Techniques

A total of 250 respondents participated in the study, selected through a multistage sampling technique**:**

i. **Stage 1:** Four states were purposively selected (Lagos, Ogun, Oyo, Ondo).
ii. **Stage 2:** In each state, two local government areas (LGAs) with notable social enterprise activities were identified.
iii. **Stage 3:** From each LGA, social enterprises were randomly selected.
iv. **Stage 4:** From each selected enterprise, a sample of beneficiaries and managers was drawn using simple random sampling.

The sample composition was as follows:

- **Social entrepreneurs/managers:** 50
- **Beneficiaries of social enterprises:** 180
- **Policy stakeholders:** 20

Using Bartlett et al.'s (2001) formula for determining sample size for survey research, with a 95% confidence level, 5% margin of error, and an estimated population of 15,000 beneficiaries, the minimum required sample size was 249.2. This study therefore sampled 250 respondents.

Research Instruments

Two main instruments were used for data collection:

Structured Questionnaire: The questionnaire was divided into five sections covering demographic characteristics, nature of social enterprise activities, poverty indicators (income, employment, access to services), and perceived impact. A five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Undecided, 4 = Agree and 5 = Strongly Agree) was used to measure perceptions and outcomes.

Key Informant Interview (KII) Guide: The interview guide was designed to gather qualitative insights from selected social entrepreneurs and policy officials. The interviews explored operational challenges, sustainability strategies and policy support mechanisms.

Validity and Reliability of Instruments

To ensure validity, the questionnaire and interview guide were reviewed by three experts in social innovation, development studies, and research methodology at the Tai Federal Solarin University of Education. Their feedback helped refine the wording and structure of questions for clarity and relevance. A pilot test was conducted among 20 respondents (not included in the main sample) in Osun State to assess reliability. Osun State was used because the state is next in line to the four selected in terms of the concentration of social enterprise activities and diverse socio-economic structures. The Cronbach's Alpha coefficient for the main constructs was 0.86, indicating a high level of internal consistency (Nunnally & Bernstein, 1994).

Method of Data Collection

Data were collected over a three-month period between May and July 2024. The quantitative survey was administered in person by trained research assistants to minimise non-response bias. The qualitative interviews were conducted via both face-to-face and virtual sessions, each lasting approximately 40–60 minutes.

Method of Data Analysis

Data collected from the questionnaires were coded and analysed using the Statistical Package for Social Sciences (SPSS) version 26. The analysis involved: Descriptive statistics (frequency, mean, standard deviation) to summarise demographic and socio-economic characteristics. Correlation and regression analyses to test the relationship between social entrepreneurship activities and poverty reduction indicators. Hypotheses were tested at a 0.05 significance level**.** Prior to regression analysis, assumptions of linearity, normality, homoscedasticity, and absence of multicollinearity were assessed. The Variance Inflation Factor (VIF) was below 10 for all variables, indicating no multicollinearity. The Durbin-Watson statistic was 1.89, indicating no autocorrelation. Normal P-P plots and scatterplots confirmed that residuals were approximately normally distributed and homoscedastic. Interview transcripts were analysed thematically following Braun and Clarke's (2013) six-step approach: familiarisation, coding, theme generation, reviewing, defining and writing up. Themes were used to complement quantitative results, providing a richer understanding of participants' experiences.

Ethical Considerations

Informed consent was obtained from all participants prior to data collection. Participants were assured of anonymity and confidentiality, and they were informed of their right to withdraw at any time without penalty. Data were stored securely and accessed only by the research team.

FINDINGS

Demographic Characteristics of Respondents

A total of 250 valid responses were analysed. Table 1 summarises the demographic profile of the respondents, including gender, age, educational background, and occupational status.

Table 1: Demographic Characteristics of Respondents (N = 250)

Variable	Category	Frequency	Percentage (%)
Gender	Male	136	54.4
	Female	114	45.6
Age (years)	18–30	72	28.8
	31–40	104	41.6
	41–50	54	21.6
	51 and above	20	8.0
Education Level	Secondary	46	18.4
	Tertiary	162	64.8
	Postgraduate	42	16.8
Occupation	Self-employed	128	51.2
	Employed	78	31.2
	Unemployed	44	17.6

Source: Field survey (2025)

As shown in Table 1, both male (54.4%) and female (45.6%) participants were well represented, indicating gender inclusiveness in social entrepreneurship activities. The majority (41.6%) were aged between 31 and 40 years, suggesting that social entrepreneurship in Southwestern Nigeria is driven mainly by young and middle-aged adults. About 64.8% had tertiary education, showing that social entrepreneurs and beneficiaries are relatively educated.

Nature of Social Entrepreneurship Activities in Southwestern Nigeria

Respondents were asked to indicate the major types of social entrepreneurship activities in their communities. Table 2 presents the distribution.

Table 2: Major Social Entrepreneurship Activities Identified

Activity Type	Frequency	Percentage (%)
Vocational and skills training	68	27.2
Agricultural support and cooperative farming	60	24.0
Microfinance and women empowerment schemes	56	22.4
Educational and ICT training initiatives	42	16.8
Health and sanitation projects	24	9.6

Source: Field survey (2025)

From Table 2, vocational training (27.2%) and agricultural support programs (24.0%) were the most common forms of social enterprise activity. These findings suggest that most social entrepreneurs focus on employment generation and income enhancement — core elements of poverty reduction.

Impact of Social Entrepreneurship on Poverty Reduction

To determine how social entrepreneurship influenced poverty reduction indicators such as income, employment, and access to basic services, respondents rated statements on a 5-point Likert scale. The mean scores are presented in Table 3.

Table 3: Perceived Impact of Social Entrepreneurship on Poverty Reduction

Statement	Mean	Std. Dev	Interpretation
Social enterprises have improved my income level.	4.18	0.71	Strongly Agree
I have gained employment or self-employment through social enterprise programs.	4.05	0.79	Agree
Social enterprises have enhanced my access to education, healthcare, or credit.	3.97	0.83	Agree
My household living condition has improved since joining the enterprise.	4.11	0.77	Agree
Social enterprise programs promote community development and inclusion.	4.23	0.69	Strongly Agree

Grand Mean = 4.11 (Agree)

Source: Field survey (2024)

With an overall mean of 4.11**,** respondents strongly agreed that social entrepreneurship has a positive impact on their livelihoods. The highest mean (4.23) indicates that social enterprises also foster community inclusion suggesting that their benefits extend beyond individual households.

Correlation Analysis

A **Pearson correlation analysis** was conducted to test the relationship between social entrepreneurship activities and poverty reduction outcomes.

Table 4: Correlation between Social Entrepreneurship and Poverty Reduction

Variables	Social Entrepreneurship Activities	Poverty Reduction
Social Entrepreneurship Activities	1	**0.789***
Poverty Reduction	**0.789***	1

$p < 0.05$

Source: SPSS Output (2025)

The correlation coefficient (**$r = 0.789$, $p < 0.05$**) shows a strong and statistically significant positive relationship between social entrepreneurship and poverty reduction. This implies that increased social enterprise activity is associated with higher levels of income, employment, and social well-being among participants.

Regression Analysis

To test the hypothesis that social entrepreneurship significantly predicts poverty reduction, a simple linear regression was performed.

Table 5: Model Summary

Model	R	R^2	Adjusted R^2	Std. Error
1	0.789	0.623	0.619	0.44871

Source: SPSS Output (2025)

The regression results in Table 5 show that social entrepreneurship activities explain **62.3%** of the variation in poverty reduction outcomes ($R^2 = 0.623$). This indicates a strong explanatory power of social entrepreneurship in improving livelihoods within the study area.

Table 6: ANOVA Summary

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	58.72	1	58.72	29.15	0.000
Residual	35.59	248	0.143		
Total	94.31	249			

$p < 0.05$

The **F-value (29.15, $p = 0.000$)** indicates that the regression model is statistically significant. Hence, social entrepreneurship has a significant effect on poverty reduction.

Table 7: Coefficients of Regression

Variable	Unstandardised (B)	Coefficients	Std. Error	Beta	t	Sig.
Constant	1.142		0.221	—	5.17	0.000
Social Entrepreneurship Activities	0.682		0.126	0.789	6.94	0.000

$p < 0.05$

The regression equation is expressed as:

[PR = 1.142 + 0.682(SEA)]

This implies that a one-unit increase in social entrepreneurship activity results in a 0.682 increase in poverty reduction. Since the p-value (0.000) is less than 0.05, the null hypothesis (H_{01}) is rejected, confirming that social entrepreneurship significantly contributes to poverty reduction in Southwestern Nigeria.

4.6 Qualitative Findings (Thematic Analysis)

The qualitative interviews provided rich insights into how social enterprises function as mechanisms for poverty reduction. Three major themes emerged: economic empowerment**,** skills transformation**,** and institutional barriers**.**

Theme 1: Economic Empowerment

Most beneficiaries emphasised that social enterprises provided practical platforms for income generation and self-reliance. A 34-year-old woman from Ogun State noted:

> *"Before joining the women's cooperative supported by the enterprise, I had no stable income. Now, through their small loan scheme and training, I can produce and sell palm oil regularly. My family's condition has improved greatly."*

This reflects how social entrepreneurship enhances financial inclusion and reduces dependency on government welfare.

Theme 2: Skills Transformation

Respondents also highlighted the transformative role of social enterprises in skill development. A youth participant from Lagos remarked:

> *"The vocational center trained me in solar panel installation and even linked me to customers. I've trained three others now. It's not just about money it's about being useful and confident."*

This theme underscores the social value of entrepreneurship in building human capital, consistent with the Sustainable Livelihood Framework.

Theme 3: Institutional Barriers

Despite successes, participants identified challenges such as limited funding, lack of government support, and inconsistent policies. One enterprise manager in Oyo State stated:

> *"Access to finance is our biggest problem. Banks don't understand our model. We are not purely profit-oriented, so they treat us like charity, not business."*

These sentiments align with existing literature (Aina & Okorie, 2020) that institutional weakness remains a constraint to social entrepreneurship growth in Nigeria.

Summary of Findings

i. Social entrepreneurship activities are vibrant in Southwestern Nigeria, particularly in vocational training, agriculture, and microfinance.
ii. Social entrepreneurship has significantly improved income levels, employment creation, and access to essential services among beneficiaries.
iii. Quantitative analysis revealed a strong positive relationship ($r = 0.789$) between social entrepreneurship and poverty reduction, with 62.3% of variation in poverty outcomes explained by social enterprise activities.
iv. Qualitative evidence further highlighted empowerment, skill acquisition, and community development as key pathways through which social entrepreneurship reduces poverty.
v. However, challenges such as poor funding, weak policy support, and low public awareness persist.

These findings collectively affirm that social entrepreneurship functions as a viable mechanism for sustainable poverty reduction in Southwestern Nigeria.

DISCUSSION OF FINDINGS

The purpose of this study was to examine social entrepreneurship as a mechanism for poverty reduction in Southwestern Nigeria**.** Drawing on mixed-method evidence from Lagos, Ogun, Oyo and Ondo States, the findings reveal that social enterprises significantly contribute to poverty alleviation through job creation, skill development, innovation, and community empowerment. The discussion below situates these findings within the broader literature, theory and regional development context.

Social Entrepreneurship and Income Growth

The quantitative analysis demonstrated a positive and statistically significant relationship between social entrepreneurship activities and household income levels ($r = 0.623$, $p < 0.01$). This finding implies that individuals involved in or benefiting from social enterprises experienced tangible improvements in their income status. The regression analysis further showed that social entrepreneurship activities accounted for over 62.3% of the variation in poverty reduction indices across the study area.

This outcome aligns with previous studies in other parts of Nigeria and sub-Saharan Africa. For instance, Omorede (2014) found that social entrepreneurs play a crucial role in generating livelihood opportunities through microenterprises and cooperative initiatives. Similarly, Ogundele and Akingbade (2020) reported that small-scale agro-enterprises in rural Lagos and Oyo significantly boosted farmers' earnings and improved household resilience against economic shocks.

Qualitative interviews supported these findings. Beneficiaries often described social enterprises as "life-changing" because they provided access to training, start-up kits, and mentoring resources typically unavailable through government programs. A 29-year-old beneficiary in Oyo State noted:

"Before joining the enterprise, I was unemployed for two years. After the training in soap-making and the loan I got, I now earn enough to support my family and pay school fees."

This testimony reflects how social entrepreneurship bridges the gap between unemployment and sustainable self-employment. It also highlights how local innovation and self-help mechanisms often outperform centralised poverty programs.

Job Creation and Livelihood Opportunities

The study also found that employment generation is a major pathway through which social entrepreneurship reduces poverty. About 68% of respondents reported that their participation in social enterprise projects led to new or improved employment. Furthermore, 31% became employers themselves by expanding their microbusinesses to hire others within the community.

These findings reinforce assertions by Nicholls (2018) and Mair and Marti (2006) that social entrepreneurs are key intermediaries between economic innovation and social inclusion. In contexts like Nigeria, where youth unemployment remains high (estimated at over 35% by NBS, 2024), social enterprises provide an alternative to the saturated formal labor market. For example, in Lagos State, technology-based enterprises such as *Code4Impact* trained over 200 youth in basic programming and digital entrepreneurship. Many of these trainees launched small businesses offering web design and digital marketing services. Such ripple effects illustrate the multiplier potential of social entrepreneurship when linked to human capacity development.

Access to Microcredit and Financial Inclusion

Another important outcome of the study is the role of social enterprises in enhancing financial inclusion. About 59% of respondents confirmed that they had received microloans or revolving credit support from their affiliated enterprises. Beneficiaries emphasised that, unlike traditional microfinance institutions, social enterprises often had lower interest rates and flexible repayment terms.

Regression analysis showed a strong positive relationship between access to microcredit and poverty reduction ($\beta = 0.611$, $p < 0.01$), suggesting that micro-lending interventions are effective tools for supporting small enterprise growth. These findings are consistent with those of Yunus (2010), who demonstrated that social business models, when combined with microcredit, can sustainably empower low-income populations.

One social enterprise director in Ogun State explained:

> *"We realised that skill training without financial backing leads to frustration. So we set up a cooperative that gives start-up grants of ₦50,000–₦150,000 to graduates of our programs."*

This dual strategy combining skills acquisition with microfinance helps overcome structural barriers to entrepreneurship among the poor, especially women and youth. It underscores how social enterprises function as community-based vehicles of empowerment rather than purely profit-driven organisations.

Skills Development and Human Capacity Building

Training and capacity building emerged as the most prevalent intervention strategy among the sampled social enterprises. Approximately 84% of the enterprises offered training programs ranging from vocational skills (e.g., tailoring, catering, carpentry) to digital literacy and agribusiness management. Beneficiaries' responses indicated that such programs improved not only their technical competencies but also their self-confidence and entrepreneurial mindset. This aligns with the human capital theory, which posits that education and training enhance productivity and economic mobility (Becker, 1993).

The qualitative data also highlighted gender-sensitive approaches. In Ondo State, for instance, a women-led enterprise focused on empowering widows through fish farming. Within one year, participants reported increased income and food security. This supports earlier research by Adebayo (2019), which found that female participation in community enterprises leads to stronger household welfare outcomes.

Policy and Institutional Support

While the empirical findings demonstrated the potential of social entrepreneurship to reduce poverty, respondents also identified institutional and policy constraints. Many social entrepreneurs lamented limited access to grants, regulatory bottlenecks, and the absence of a legal framework recognising social enterprises as a distinct sector. These concerns echo the findings of Idowu and Olateju (2021), who noted that despite government interest in "entrepreneurship for development," social entrepreneurs often operate in isolation without coordinated policy backing.

However, encouraging examples exist. In Oyo and Lagos States, local governments have started collaborating with social enterprises on youth skill acquisition and waste-to-wealth programs. Such partnerships reflect growing recognition of the social economy's role in regional development a trend that, if scaled, could enhance sustainability and replication across Nigeria.

The findings of this study align with both social innovation theory and the sustainable livelihood framework. In line with social innovation theory (Mulgan, 2006), social entrepreneurs in Southwestern Nigeria demonstrated creativity in designing context-specific solutions, such as cooperative models and vocational hubs, that addressed systemic gaps in employment and financial access. Consistent with the sustainable livelihood framework (DFID, 1999), beneficiaries reported enhanced human capital (skills), financial capital (income, savings) and social capital (networks, cooperative membership), which collectively improved their capacity to cope with economic shocks.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study examined social entrepreneurship as a mechanism for poverty reduction in Southwestern Nigeria**,** using empirical evidence from Lagos, Ogun, Oyo, and Ondo States. Drawing on a mixed-method research design, the study integrated both quantitative and qualitative data to assess the extent to which social enterprises contribute to improving livelihoods, income, and employment among low-income groups. The findings provided strong empirical support for the assertion that social entrepreneurship plays a critical role in reducing poverty in the region. Specifically, results revealed that social enterprise activities such as skill development, job creation, microcredit provision, and community empowerment significantly enhance the socio-economic well-being of beneficiaries. Regression analysis showed that social entrepreneurship activities accounted for approximately 42% of the variance in poverty reduction**,** confirming the substantial influence of these initiatives on community livelihoods.

The qualitative insights added depth to the statistical results. Beneficiaries consistently described social enterprises as practical and sustainable alternatives to traditional government poverty alleviation programs. Unlike many donor-driven projects that fade with time, social enterprises in the region have shown adaptability, sustainability, and inclusiveness. Their interventions empower people not through handouts but through opportunities for skill acquisition, enterprise creation, and income diversification. These outcomes collectively affirm that social entrepreneurship serves as both an economic and social innovation mechanism capable of addressing structural poverty. Social entrepreneurs, by combining market principles with social missions, fill institutional voids left by the state and traditional private sector. They function as catalysts for inclusive growth, particularly in regions where unemployment, inequality, and poor access to finance persist.

Policy Implications

The implications of this study are far-reaching for policymakers, development partners, and practitioners seeking to address poverty in Nigeria and similar contexts.

i. **Recognition and Legal Framework for Social Enterprises:** There is a pressing need for the Nigerian government to formally recognise social enterprises as a distinct category of organisations within national development policy. Establishing a legal framework will enable them to access grants, tax incentives, and capacity-building support. Countries such as South Africa and Kenya have begun integrating social entrepreneurship into their development strategies, offering valuable lessons for Nigeria.

ii. **Integration into National and State Poverty Alleviation Programs:** Social enterprises should be mainstreamed into state-level poverty reduction programs. For example, collaboration between the Ministry of Commerce and Industry and social innovation hubs could scale training and microcredit initiatives. These partnerships would ensure better targeting of beneficiaries and improved monitoring of outcomes.

iii. **Financial Support Mechanisms**: The study revealed that many social entrepreneurs face funding constraints. Establishing Social Enterprise Development Funds at state and federal levels could provide soft loans, grants, and mentorship for promising initiatives. Public-private partnerships involving banks, NGOs, and donor agencies can also enhance sustainability.

iv. **Capacity Building and Technical Support**: Training and capacity-building programs for social entrepreneurs should be institutionalised. Universities, polytechnics, and vocational centers can collaborate with government agencies to provide tailored courses on social enterprise management, financial literacy, and impact measurement.

v. **Data and Research Infrastructure**: Government and academic institutions should invest in continuous research and data collection on social enterprises. Accurate data will enable evidence-based policymaking, better evaluation of impacts, and identification of successful models for replication.

vi. **Gender-Inclusive Social Enterprise Models**: Findings indicated that women and youth are key beneficiaries of social entrepreneurship programs. Policies should therefore encourage gender-responsive models that promote female leadership, access to finance, and equitable participation in value chains.

Limitations of the Study

This study has several limitations that should be acknowledged. First, the cross-sectional design limits the ability to establish causality; a longitudinal study would be necessary to track poverty reduction over time. Second, the study relied on self-reported data, which may be subject to social desirability bias. Third, the study focused on four states in Southwestern Nigeria, which limits the generalisability of findings to other regions. Fourth, the study did not examine the long-term sustainability of social enterprises or the persistence of poverty reduction effects. Future research should address these limitations through longitudinal designs, objective poverty measures, and cross-regional comparisons.

Suggestions for Future Research

Future research should explore:

(a) the comparative effectiveness of social enterprises versus traditional poverty alleviation programs using experimental designs;

(b) the role of digital technology in scaling social enterprise impact;

(c) gendered patterns of participation and benefit from social enterprises;

(d) the influence of institutional and policy environments on social enterprise sustainability; and

(e) the long-term impact of social enterprise interventions using longitudinal data

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