

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The historical evolution of ideas about the entrepreneur is a wide-ranging subject and one that can be organized in different ways: theorist by theorist, period by period, and issue by issue and so forth (Dyer, 2000). In 1981, Roy defined Co-operative as a business voluntarily organized, operating at cost, owned and capitalized, controlled democratically by member-patrons who are the users and share risk and benefits, according to their participation in the society. There is a compromise between these possibilities and this starts with some very broad reflections about economic change over thousands of years and the connections between these changes and the economic thinking of the time (Bernd Harms, 2009). A recognizably 'modern' idea of the entrepreneur began to emerge in the eighteenth century and part of this research was devoted to the role of entrepreneurship in classical and neoclassical economic theory

According to Oludimu and Adedoyin, (2010), Co-operative entrepreneurship is a form of joint entrepreneurship. Broadly speaking, this means that there is more than one entrepreneur involved in the creation of a new venture. A more accurate definition of co-operative entrepreneurship is the establishment of a cooperative enterprise. Co-operative entrepreneurship has a number of advantages; perhaps the greatest advantage is the ability of the participating entrepreneurs to combine different skills and competencies (Garba, 2010). Central to the success of co-operative entrepreneurship is the relationship between the entrepreneurs. Cooperatives are a distinct institutional form with a value centred institutional model and social character. The hard skills of financial management, marketing, management etc that are required in cooperatives should be encouraged as part of a wider entrepreneurship and training practice in cooperatives (Eshiobo, 2010). Cooperatives are defined by seven internationally recognised principles giving cooperatives a distinct identity and form (ICA, cited in Ajonbadi, 2001). These principles provide for an institutional form that is inherently social and empowering. Olesin, (2007) described the idea of cooperation to be that 'what everybody saves is pooled and members can take loans either to buy households items, vehicles, lands, houses or do business, but there is a bond that the borrowers must benefit from the same pool'. This focus on providing maximum benefits of various kinds to members contrasts with the focus in the investor-owned model of enterprise where shareholder benefits are defined exclusively in economic terms. It is important to understand that co-operatives are

formed to achieve a mutual objective; the entrepreneurs who set up the business and members who join subsequently must believe that they can achieve more collectively than individually. Make sure you ask yourself whether this commitment to working together exists before continuing with your co-operative business idea. Another important concept to understand at the beginning of the entrepreneurial process is the nature of risk and reward in co-operatives. Entrepreneurs (and subsequently, shareholders) who establish investor-owned companies generally bear all of the risk and appropriate all of the reward (usually in the form of profit). Co-operatives are different in that risk and reward are shared more equitably (and sometimes equally) amongst the founders. This is especially true in relation to the distribution of surplus. Budding entrepreneurs should realize that the sharing of risk is an important advantage embedded in the process of setting up a co-operative (Aliyu, 2013).

Aliyu (2013), is of the opinion that, co-operative entrepreneurs set up businesses and to do this they require many of the same characteristics which other non-co-op entrepreneurs tend to possess naturally or to develop by engaging in business activity. For example, most entrepreneurs display determination, a capacity to innovate and 'think outside the box', a willingness to take risks, and good communication skills to promote their ideas to others. Owing to the unique characteristics of co-operative enterprises, co-op entrepreneurs also need to possess a few specific traits and attributes to be able to establish these types of businesses: a commitment to working democratically and for the good of the collective, rather than purely for personal gain; a willingness to share risks and rewards with other members; an understanding of and commitment to the co-operative values and principles; an understanding of how co-operation adds value to the business. Co-operative entrepreneurship becomes possible when there is a group of like-minded individuals who have a need that is not being met by other companies. Co-operative entrepreneurs work together, not in isolation.

Entrepreneurial and management practices in cooperatives among selected transition and developing economies has identifies the key factors determining the success of cooperative entrepreneurship in the transition from central planning to a market-driven economy Lawal, et al (2012). The present study tempts to cover the broad spectrum of cooperative Entrepreneurs in Lagos metropolis, to the contemporary entrepreneurial skills, and the relevance of cooperatives entrepreneurial activities to development members' private enterprises. Cooperatives are increasingly playing a significant role in helping people to find solutions on how to cooperate out of poverty by tapping their own resources, knowledge and strengths.

1.2 Statement of the Problem

Cooperatives as businesses are subject to the same market and economic forces that affect all models of enterprises. Financial management and analysis, product marketing, supply chain, efficient processes and operations, competent personnel, are important to all businesses, including co-operatives (Dyer, 2000). Yet co-operatives are unique businesses. They distinguish themselves from other models of enterprise in three key areas: ownership, governance and beneficiary (that is, who primarily benefits from the business, especially in terms of surplus). In essence, co-operatives have members who are not only the users of the business' goods or services, but also the owners. Members control and share in the surplus generated. The purpose of a co-operative is to provide maximum support services to its members by engaging in economic activities or, to put it another way, by intervening in the market. According to Fred (2006), support activities of cooperative to its members can be defined in economic, social, and psychological terms. There is usually a mix of these for most members. For example, a co-operative may provide entrepreneurial support activities for its members, as well as supporting new business initiatives in the members' enterprise. Many co-operatives also seek to achieve entrepreneurial objectives at the request of their members.

The focus on providing maximum entrepreneurial supports of various kinds by the cooperative societies to their members contrasts with the focus in the investor-owned model of enterprise where shareholder or business owners benefit are defined exclusively in economic terms. It is important to understand that co-operatives are formed to achieve a mutual objective. The entrepreneurs who set up the business and members who join subsequently must believe that they can achieve more collectively than individually.

Ajonbadi (2001) observed that a number of entrepreneurs involved in business in Lagos state depend on cooperative societies in sourcing for financial and non-financial support for their business to perform effectively well within the competitive environment of Lagos state. Recent statistics revealed by National Bureau of Statistics (NBS,2015), show that almost 50% of all new jobs created in Lagos state are attributable to small businesses and the owners of these enterprises belong to one cooperative society or the other. Many cooperatives in Lagos have not only boast the performance of their members enterprises in terms of increase profit, assets and growth, but have succeeded beyond expectations to enable the members enterprises adapt to the recent economic recession facing the country, through their

entrepreneurial skills acquired by their members which enable them to maintain their performance and even create new jobs in Lagos state (Oludimu and Adedoyin, 2010).

Therefore, in order to verify this claim, there is absolute need to conduct this study so as to really determine the nature of entrepreneurial support activities of cooperative societies rendered to boost the performance of their members enterprises in Lagos state and how the socio-economic profile of cooperative members' business enterprise influence their access to entrepreneurship support services like skills acquisition Training. Evidentially, there is lack of empirical and documented evidence on how these entrepreneurial potentials of cooperative societies improve the performance of their member's enterprise in Lagos state, especially on the aspects of members' capital outlay, sales turnover as well as their income with the help of the entrepreneurial and innovative skills received from their cooperative societies.

But this study specifically laid emphasis on the nature of entrepreneurial support activities delivered to cooperative members' enterprises; and compares the influence of cooperative entrepreneurial support activities like innovative business skills on members' business enterprise growth in terms of working capital; labour capacity, fixed assets worth in naira as well as sales turnover. As well as ascertain the key factors that hinder the performance of cooperative members enterprises business in Lagos state and proffer robust policy implications on how to strengthen cooperative members enterprise for effective performance. This is the focus of this study.

1.3 Objectives of the Study

The broad objective of the study is to evaluate influence of Cooperative Entrepreneurial support activities on members' enterprise performance in Lagos State. The other specific objectives are to:

- i. assess the socio-economic characteristics of cooperative members' business enterprise and its influence on access to entrepreneurship skills,
- ii. identify relevant entrepreneurial business enterprise of cooperative society in the study area;
- iii. comparing the influence of cooperative entrepreneurial support activities on members' business enterprise growth;

- iv. identify constraint confronting the Cooperative Entrepreneurs' in Lagos State and provide robust policy implication on how to strengthen cooperative members enterprise for effective performance.

1.4 Research Questions

- i. What is the nature of entrepreneurial support activities delivered to cooperative members' business enterprises in Lagos state?
- ii. Can socio economic profile of members enterprise have any influence on their access to business skills
- iii. How does the support given to co-operative members (entrepreneurs) by the cooperative society affect their enterprise income (profitability) level positively?
- iv. Has cooperative entrepreneurial support activities rendered significantly influence on member's business growth?
- v. Are there any constraints confronting the Cooperative Entrepreneurs' in Lagos State?

1.5 Research Hypotheses

The following hypotheses are carefully formulated and they are stated in null (Ho) forms

Ho₁: The socio-economic characteristics of members' business enterprise do not significantly influence the extent of entrepreneurial skills acquired from the cooperative society.

Ho₂: The skills acquired by the cooperative members have not significantly improved their enterprise income

Ho₃: The entrepreneurial supports given to cooperative members by the cooperative society have no significant effects on members' business enterprise growth

Ho₄: There is no significant relationship between cooperative entrepreneurial activities and business growth (working capital; labour capacity, fixed assets worth in naira, as well as sales turn) after they acquired entrepreneur skill from their cooperative society.

1.6 Significance of the Study

The findings of this study will benefit the government, Cooperative members, entrepreneurs, investors, Researchers; students and the general public. A major general benefit will be to validate the fact that cooperative society is a potent business model that can sustain economic development.

To the government, the results of the study will aid policy formulation and re direction, particularly in the design and operation of technical support services that should be rendered to the cooperative enterprises, which will facilitates their viability.

Arising from this study will also be data which would be added into the pool for research in form of empirical evidence and literature review for future studies that are relevant to the subject matter. This is particularly important because of the dearth of data for research in the cooperative sector. To this extent, prospective researchers and students would benefit from the availability of empirical results of this study.

Again, the exposition of this work will contribute to quicken the understanding of cooperative efforts in Nigeria, as a platform for entrepreneurship training and skills for their members who have interest in establishing and investing in business.

Besides, the findings of this work will also help the management of cooperatives to develop appropriate and innovative ways of providing demand-driven technical support services to their members' enterprises.

Individual members belonging to cooperative society should create their own jobs and become co-op entrepreneurs since opportunities of getting employment in either government, non-government or a private organization is currently almost declining (Gemechis,2007). This is possible only if the barriers of co-op entrepreneurs are solved. In addition, the study has the following significance.

- It can be one input to existing co-op Entrepreneurs, potential entrepreneurs, MSEs and cooperative society educators to alleviate the problems that co-op members' entrepreneurs face.
- It shows what areas of support should cooperative society and cooperative institutes and MSEs have to work together.

- Since much has not been written in this area, it will also add to the existing literature.

Finally, the general public will benefit from the study as the findings from this study will be exposed to the need and importance of cooperative membership to the entrepreneurs.

1.7 Scope of the Study

The area of focus is on all the registered multipurpose cooperative societies in Lagos State. Also, the study confined its investigation to cooperative entrepreneurs that are exposed to innovative business and entrepreneurial skills acquired from their cooperative society members' business enterprise growth in terms of working capital, labour capacity, fixed assets worth in naira as well as sales turnover in Lagos state of Nigeria.

This study was also limited to only cooperative members that have existing and functional businesses within Lagos state.

The study was also restricted to those cooperative societies' efforts that are rendered and targeted at enhancement of their members' business.

1.8 Limitations of the study

One of the major challenges the researcher faced is the accessibility and coverage. The researcher was constrained with the fact that he cannot cover the whole of the Lagos state and his accessibility was hindered by traffic jam in which the researcher has to spend several hours in traffic throughout the course of this study.

Another major limitation faced by the researcher is the fact that the respondents found it difficult to give accurate data and information on the amount of money they made as profit over a specific period of time as majority of them considered such information to be classified and sensitive to their business.

The limitation of the study also includes time. The researcher found it very difficult to combine this study with his official duties in his place of work as the work demand most of his time and most times travelling out of Lagos state. Also, family responsibilities are highly demanding. However, the researcher did his best to manoeuvre these obstacles in order to carry out this study.

1.9 Definition of terms

Cooperatives: association of individuals who are form the same provision of financial services to low-income clients, including consumers and the self-employed

Micro Enterprise means commercial enterprise whose capital is not exceeding N20,000 other than technological and consultancy services (Ajonbadi, 2001).

Small Enterprise means a business engaged in commercial activities whose capital is exceeding N20,000 and not exceeding 50,000 naira, other than high technological and consultancy service institutions (Ajonbadi, 200).

Performance: overall activities and operations performed by cooperative entrepreneurs in MSEs in strengthening their enterprises.

Supports: training, machinery, financial, raw material and facility assistances that

Cooperative society provide to members running MSEs.

Cooperative entrepreneurs: A member who belongs to cooperative society involves in running their own business rather than employed in any organization.

CHAPTER TWO

LITRATURE REVIEW

This chapter is concerned with review of related works by various authors and scholars and the review will be done under the following sub headings:

- **Conceptual Review**
- **Theoretical frame work**
- **Empirical review**
- **Conceptual frame work**

2.1 Conceptual Review

2.1.1 Concept of Cooperative Entrepreneurship

The term co-operation is derived from a Latin word “co-operari” where the word (CO) means “with” and (OPERARI) means “to work”. Thus, co-operation means ‘working together’ so those who want to work together with some common economic objectives can form a society which is termed “Co-operative Society”. It is a voluntary association of persons who work together to promote their economic interest. It works on the principle of self-help, as well as mutual help. The main objective is to provide support to the members. Nobody joins a cooperative society to earn profit. People come forward as a group, pool their individual resources, utilize them in the possible manner, and derive some common benefit out of it.

(Lambert, 1963) described Co-operative as an enterprise formed and directed by an association of users applying within itself the rule of democracy and directly intended to serve both its members and community as a whole. (Calvert, 1959) viewed it as a form of organization where members voluntarily associate together as human beings on the basis of equality for the promotion of economic needs. Basic to all these viewpoints is the issue that Co-operative is based on the values of self-help, self responsibility, democracy and equality and that co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

Reeves (2003) opined that the best way of pushing back the limit of economic problems of scarcity is by working together. This is because more can be accomplished when people coordinate their efforts with each other and take concerns and talents of other into considerations.

The word entrepreneur originated from the French word, “entreprendre” which means “to undertake” (Akanni, 2010). In business context, it means to start a business, identify a business opportunity, organise resources, manage and assume the risk of a business or an enterprise. It is also used to describe those who (took charge) lead a project, which would deliver valuable benefits and bring it to completion. In other words, those who can manage uncertainty and bring success in the face of daunting challenges that would destroy a less well-managed venture.

Drucker (1995), quoted in Jimngang, (2004) defined an entrepreneur as someone who shifts economic resources out of an area of lower and into an area of higher productivity and greater yield. This definition has two aspects that deserve to be underlined. First, there are resources that undergo manipulation; second, the activity seeks to attain “higher productivity” and “greater yield”.

Hornby (2006) defined an entrepreneur as a person who makes money by starting or running businesses, especially when this involves taking financial risks.

UNDP, (2010) defined entrepreneurship as the process of using private initiative to transform a business concept into a new venture or to grow and diversify an existing venture or enterprise with high growth potential. Entrepreneurs identify an innovation to seize an opportunity, mobilize money and management skills, and take calculated risks to open markets for new products, processes and services. You will observe that entrepreneurship is a derivative word from entrepreneur. To (Shane, 2010), entrepreneurship is the act of being an entrepreneur, which can be defined as "one who undertakes innovations, finances and displays business acumen in an effort to transform innovations into economic goods". This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity.

The concept of entrepreneurship has a wide range of meanings. It was first used in the early 18th century by an Irish man by name Recharad Cantillon who was then living in France. On the extreme, it is a term used broadly in connection within the innovation of modern

industrial business leader, which describe an originator of a profitable business idea (Akanni, 2010).

Garba (2010) asserted that the term entrepreneurship means different things to different people and with varying conceptual perspectives. He stated that in spite of these differences, there are some common aspects such as risk taking, creativity, independence and rewards.

According to Joseph Schumpeter, an Australian economist, the single function which constitute entrepreneurship concept is innovation, such as: new products, new production method, new market and new forms of organisation. Wealth is created when such innovation results in new demand. Entrepreneurship is therefore, a process which involves the creation of an innovative economic organisation for the purpose of gain or growth under condition of risk and uncertainty (Dollinger, (2001) quoted in Akanni, (2010).

Wernerfelt B. 1984 quoted in Akanni, 2010), after reviewing twenty-five definitions, concluded that entrepreneurship is a business activity consisting of some intersections of the following behaviours: creativity, innovation, general management, risk bearing and intention to realise high levels of growth.

The most obvious form of entrepreneurship is that of starting new businesses (referred to as Startup Company). However, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization, it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations.

Cooperatives contribute to develop the local economies where the poor live through their unique and strong linkages with the community. They enable poor people to have their voices heard in addition to improving their daily working and living conditions. Because cooperatives are democratic organisations and owned by those who use their services, cooperatives are an ideal instrument to empower the poor. They are participatory, responsive to local needs, are able to mobilize communities and help particularly vulnerable groups of people. Sarkar, Prabhat Ranjan, (2002) observed, *“What isn’t possible for the individual is possible for many persons acting together!” (Raiffeisen).*

Cooperatives are faced with the same challenge as any other business firm. They must create value. They must produce goods that customers (members) desire at prices they are able and willing to pay. They face the same or very similar macro and microeconomic restraints as other firms.

The major difference between a cooperative firm and a capitalist enterprise is that in a cooperative the owners of the firm and the customers of the products produced by the firm are the *same* persons (*principle of identity*). The entrepreneurial potentials and problems for value creation arise out of this identity.

Co-operatives can successfully compete with other types of economic organisations when they do have a “co-operative advantage”. How can this co-operative advantage be discovered? A solution would be “co-operative entrepreneurs. Theories of Entrepreneurship: Historical Development and Critical Assessment

2.1.2 Concept of Cooperative Entrepreneurship

Cooperative entrepreneur is one who undertakes and assumes ‘the responsibility to discover innovate cooperative opportunity, on the basis of collective effort, which has the cooperative effect for the socio-economic development of the member entrepreneurs simultaneously with the cooperative values. (Karthikeyan, 2004).

Principles of Cooperative Entrepreneurship

1. Principle of innovation
2. Principle of cooperation
3. Principle of active participation
4. Principle of democratic management
5. Principle of communication and information
6. Principle of collective decision-making
7. Principle of honesty and openness (self-confidence)
8. Principle of cooperative development through entrepreneurial development
9. Principle of social responsibility
10. Principle of time management

2.1.2.1 Classification of cooperative entrepreneurship

The pattern of cooperative entrepreneurship may be classified into the following categories:

1. Cooperative entrepreneurs are part of the class of members (Member Entrepreneur).
2. Cooperative entrepreneurs are managers of the cooperative enterprise (Executive Entrepreneur).

3. Director entrepreneurs are elected from among the members as representative to administer the cooperative enterprise.
4. Cooperative entrepreneurs are part of governmental or parastatal administration (Bureaucratic Entrepreneurs).
5. Cooperative entrepreneurs are members of other non-cooperative organization (such as schools, universities, donor/aid and sponsoring agencies, churches) who provide career possibilities and incentives independent from or in addition to cooperative entrepreneurship (Catalytic Entrepreneur).

From these five patterns of cooperative entrepreneurship, the first three can be characterized as effort taking, the other two as external, promoting entrepreneurial decisions are made by person with function within a cooperative society. The five classifications are further explained as follows:

Member Entrepreneur

This kind of entrepreneurial pattern normally assumes, in order to be successful, a high level of member-heterogeneity, and may result in a quite unequal distribution of the wealth created.

The outcomes of members' entrepreneurship should not surprise us, given the difficulties and peculiarities of cooperatives action. The unequal appropriation of cooperative wealth is one of the few realistic avenues open for spontaneous cooperative evolution.

Member entrepreneurs are the basic ingredients for the cooperative entrepreneurship. Individual talents, merits, risk bearing abilities, innovative nature, etc of members are pooled and consolidated for the betterment of the cooperative entrepreneurship. So a member can contribute to the development the cooperative, as an entrepreneur in the form of contributing share capital, member patronage, participation in democratic associations, [providing leadership and acting as the watchdog for the wrongs of his cooperative. Taimni (1998) observed that "...individual members take to entrepreneurship, i.e., scan the environment, identify and seize opportunities, assume risks, deploy their own capital and derive benefits. The role of the cooperative is confined here to provide support services, including essential advisory services so that risk related loses are minimized and links between a member's enterprise and external agents and markets are effectively established".

Executive Entrepreneurs

It is observed that those individuals creating and implementing cooperative opportunities will not necessarily be identical with those who manage the ongoing cooperative. This will be the case especially during the initiating or founding phase of a cooperative venture.

Managers do not necessarily share the objectives of the members' owners. They have some choice in the direction, place, quality and duration of their efforts, depending, among other factors on the effectiveness of members' participation and the cooperative's external environment. Managerial discretion has to be recognized also as a fact commercial life in cooperatives.

- a. Manager entrepreneurs include chief executives of cooperatives with various denominations (general manager, manager, secretary, etc) deputy managers, line supervisors and heads of various sections. Manager entrepreneurs implement the policies and programmes assigned by the board. Hence, they must be well qualified, hardworking, must have integrity, and work for the success of the cooperative. They have to look after the day-to-day working of their cooperatives and provide feedback to the board about the problems and challenges of the cooperative. The special competencies required by managers to promote cooperative entrepreneurship as follows:
 1. Knowledge of cooperative principles and practices
 2. Knowledge of cooperative laws and bylaws
 3. Devotion to the cooperative ideal
 4. Sensitivity and responsiveness to members' interests and wishes
 5. Community orientation
 6. Close watching of the market conditions and the acts of competitors.

Peter Davis, the British cooperator views that "...we desperately need who have the qualities to take responsibility for leading and building the whole community of members and employees into a social and value-based business seeking the fulfillment of the cooperative purpose".

Director Entrepreneurs

The board members are responsible for the administration of a cooperative where they have the board membership. Entrepreneurs are to look after the affairs of the cooperative

enterprise. Board members elect the president and vice-president in order to delegate authority and responsibility. The president is the head of a cooperative enterprise in all respects.

Bureaucrat Entrepreneurs

One prominent and very often empirically attempted solution to the problems of incentive failure in cooperative has been the takeover of entrepreneurial functions by the government: government officials in open or disguised form try to act as cooperative entrepreneur.

The blue print, up-down or synoptic approach may indeed succeed in establishing cooperatives. By bureaucratic command of force, officials are required to set up cooperative societies. Following the colonial model, the government works at the local level, and often through local leaders.

Hierarchical control, or supervision, become indispensable and hierarchical incentives (power, prestige, rank and status) the main motivators for entrepreneurial action. These are the people, who are mostly government officials, engaged in the promotion of cooperatives on behalf of their government. In many developing countries, cooperatives have been introduced as a state subject by their respective governments. During colonial periods the colonial governments introduced cooperation to eradicate poverty and improving: agricultural development. Such countries were not having a level of education to organize and run the cooperatives. So, government officials attached to the Department of Cooperatives had to take the responsibility of organizing the cooperatives, giving guidelines and counseling to the cooperative leaders. The success and failure of cooperatives in many countries depended on the nature and outlook of these bureaucrats. In due course, when the voluntary movement (cooperatives) developed, the necessity' for the involvement of the bureaucrats was reduced. At present in developing countries, the deofficialization of the cooperative movement is taking place, which denoted reducing the importance of officials to run the cooperatives.

Catalytic Entrepreneurs

Catalytic entrepreneurs are external agents, or members of outside agencies, whose task is to get the process of cooperative institutionalization started and to work with and strengthen local cooperatives. These outside cooperative entrepreneurs (or agencies) can be governmental or non-governmental. What makes the "catalyst" different from the bureaucratic entrepreneur is that:

1. He is not working through conventional bureaucratic or technological channels
2. The local cooperative institutions he is initiating, promoting and supporting remain autonomous. Self-organizing organizations i.e. do not become an officialized and regulated part of a governmental or parastatal administration.

Catalytic entrepreneurs are specialists in the initialization, promotion and support of cooperative organizations. The designations for such persons are various. The terms “promoter”, ‘change agent”, “facilitator”, and “motivator” have been used.

To sum up, cooperative theory and policy is not aware of any approach which as addressed the connection between entrepreneurial behavior and the degree of economic success and failure of cooperatives. Policy-makers have theorized, planned and implemented in a virtual vacuum about cooperative entrepreneurship casually related to the main effects of economic growth (increase in incomes, productivity, employment, living standards), not to include entrepreneurial activities in cooperative policy bias and even policy errors. Preventing the potential of cooperatives for development from being used sufficiently and effectively, when innovative entrepreneurship is a necessary condition for the achievement of economic development in general and an organization’s success in specific, there can be no question that cooperative entrepreneurs will have to be included. Without cooperative entrepreneurship, cooperatives cannot succeed. They will not even be established.

2.1.2.3 Functions of Cooperative Entrepreneurship

The primary function of cooperative entrepreneurship consists of the following:

a. Discovering Cooperative Opportunities

This denotes the identification of the problems of the members and the capacities of the cooperatives to discharge such problems. In doing so, there are two important tests; a cooperative has to undertake, namely, the market test and participation test. The market test can be undertaken by means of studying the market behavior and to find out ways and means of providing services and; suppliers effectively and competitively (at a low price) to the members’. The second test, namely, participation test denotes the loyalty of the members towards their cooperative. For the success of the cooperative, the members must express their fuller loyalty by means of actively participating in the management as well as business activities. With regard to business activities, members have to sell their produce only through the

cooperatives even during the times of low; price and depression period. Likewise, in getting the service of their cooperative, members should show their loyalty by linking their service activities to the cooperative perennially.

b. Implement such Opportunities Effectively and Efficiently:

The next stage is the implementation of opportunities explored by the cooperatives to fulfil the needs and desires of the members. Coordination is necessary between members, board, and the executive. They have to keep in mind that they have to face stiff competition from the market economy. To face such economy (private sector) efficiency of service and operations are necessary. Cost of operations must be low and the benefits to be accrued in the form of higher prices and fuller satisfaction must be ensured.

2.1.2.4 Causes for Cooperative Advantage

The cooperative advantages that will accrue out of cooperative entrepreneurship are as follows:

1. Monopoly/Market Failure:

Monopoly practices followed by private sector led to the exploitation of the producers and consumers. The market forces of demand and supply have been manipulated to the dictates of the monopolist. The cooperative advantage comes out with balancing the market force and benefitting both the producers and consumers

2. Transaction Cost:

The transaction cost of the cooperatives is always less than other forms of enterprises. Cooperatives operate with efficient personnel and they have learnt the market changes forces. The operational efficiency and the interdependence of various cooperatives through vertical and horizontal growth led to the reduction of transaction cost, which are transferred to the members.

3. Interlinked Market:

The cooperative operations are interlinked with each other following the principles of cooperation among cooperatives. Intergration between agricultural cooperatives, marketing cooperatives, processing cooperatives, and consumer cooperatives is the best example to express the interlinked market. Such linking of marketing led to the advantage of the producers and consumers and bargaining power of the members has been enhanced.

4. **Uncertainty Reduction:**

Cooperative entrepreneurship by the cooperative has reduced the uncertainty in all walks of life. Uncertainty relating to output of production, price trends, market trends, competition etc has been avoided to the advantage of the members of cooperatives.

5. **Innovations:**

Cooperatives have; introduced innovations in their operations, which redirected the market trend towards them. Recently, in UK, the Cooperative banks have abolished the service charges for current account and gave a rate of interest to that deposit. This made all other commercial banks to extend this benefit to their depositors.

2.1.2.5 Stages of Cooperative Entrepreneurship

Robert and Weiss (1988) have explained the process of cooperative entrepreneurship into the following four stages:

1. **Opportunity Search:**

This stage consists of identifying the opportunities, no matter what their source. When cooperatives are doing traditional services for a long time, they have to search for new opportunities for their growth, development and sustainability.

2. **Opportunity Assessment:**

After searching the opportunity, the practicability of the opportunity is to be assessed. Such opportunity assessment may be useful for the future members of the cooperatives

3. **Opportunity Development:**

This is to decide which of the opportunities emerging from assessment should be developed further. The high potential opportunities are critically analyzed and final action required is identified.

4. **Opportunity Pursued (Implementation):**

This is to individuate the implementation process and methods of the opportunities selected and developed.

2.1.2.6 Preconditions for Cooperative Entrepreneurship

While the training of managers will clearly be a critical element in promoting the entrepreneurial spirit of cooperatives, this is only one element in the creation of a favorable climate for cooperative entrepreneurship.

Restrictive legislation and regulation which impinge on cooperatives' ability to function; as business organizations may have to be removed. Above all, cooperatives must be autonomous and free from outside control. They must become truly democratic and member-governed. Cooperatives must position themselves in such a way as to be able to nurture and develop a culture of entrepreneurship. They must be ready to try out new programmes and; not to be constrained by bureaucratic formalities. They must be allowed to dispose of their own financial resources and have discretion over their use. They must not be dependent on government, or on donor agencies. They must be prepared to take calculated risks in the interest of providing more effective and efficient services to their members. The following are the pre-conditions for cooperative entrepreneurship:

1. Training System:

The first precondition for the success of cooperative entrepreneurship is to introduce an effective training system for the managers and the employees of cooperatives. Only through training entrepreneurial skills can be developed to the managers. The training components should be aimed at harnessing motivation, developing creativity, innovative thinking, imagination and self-assertiveness. They should increase the individuals' ability to plan strategies and tactics, set goals, solve problems, develop negotiating skills, resolve conflicts, and take calculated risks.

2. Cooperative Legal System

The cooperative legal system should be flexible and should not unnecessarily task the cooperatives to go through various procedures and formalities. Less interference should be allowed in the democratic function of the cooperative management. Cooperative being business organizations must be allowed freehand to face competition and challenges.

3. Autonomy and Freedom:

As per the directions of the principles of cooperation explained by the ICA, cooperatives must be provided autonomy in their operations. There should be less interference from the external agencies like the government and official bodies.

4. Positioning the Cooperatives to Develop Entrepreneurship:

Every cooperative positions its activities to develop entrepreneurship at the three levels, namely, membership level, manager level, and bureaucratic level. The membership level entrepreneurship must be given preference to create leadership and continuous growth of the cooperatives.

5. New Opportunities

As mentioned earlier, cooperatives must find out new opportunities to do more services for their continued growth and sustainability. By means of extending the area of operation, enlisting new members, and adding new services, such new opportunities could be created.

6. Self- Reliance:

On no account should cooperatives depend on external agencies like government for their financial and other resources. Within the cooperative movement efficient banking and marketing systems should be developed and that system should provide mutual dependence of cooperatives.

7. Taking Risks:

Cooperatives, in order to promote entrepreneurship must take calculated risks in the interest of providing more effective and efficient service to the members.

2.1.2.7 Determinants of Cooperative Entrepreneurial Behavior

The determinants of cooperative entrepreneurial behavior as noted by Abdullahi and Chilokwu (2014) are as follow:

1. Member Awareness:

This is a significant aspect to decide the cooperative entrepreneurial behavior. Awareness of the problems of members, their cooperatives, and vigilance on running their cooperatives are very important to make the cooperative entrepreneurship a success.

2. Managerial Abilities:

The cooperative must also develop the managerial abilities of its employees to work under competitive circumstances and to discharge the services cost-effectively.

3. Political Climate:

The political climate of the country also plays a role in determining the cooperative entrepreneurship behavior. In spite of drastic political changes in countries like UK, Japan, etc. Cooperatives are running successfully. But in

developing countries, Cooperatives need a favorable political climate to undertake their activities successfully.

4. Economic Climate:

Free play of economic forces and perfect competition situation must prevail to do services to the members. These are the days where fair trade practices have been promoted by the cooperatives, which are to be followed by other market forces.

5. Technical Expertise

Cooperatives, hereafter must add technical expertise to meet challenges and competition. When they enter into new areas of operation they must go for latest technology and they must train their employees by including new skills.

6. Globalization:

Globalization of the economy among countries have opened great opportunities for the cooperatives. Cooperative products can be mutually imported and exported between countries and the cooperative entrepreneurship can go globally.

2.1.2.8 FEATURES AND BENEFITS OF ENTREPREUR COOPERATIVES

Table 1: Features and benefits of Entrepreneurs Cooperatives

Features	Benefits
Supplies of raw materials or Commodities (food and non-food Products)	Usually at lower costs than would be available to individuals
Plant and machinery supplies	Usually at lower costs than would be Available to individuals
Purchase of machinery and Equipment shared among members	The investment costs of which would be prohibited to individual member enterprise
Storage of products	Smoothing of prices
Marketing and distribution	Economics of scale and scope
Publicity and Promotion	Reputation and visibility
Creating brand names	Increased public recognition and eventually market share
Setting and certifying of quality standards	Operation in new markets, such as fair trade or ‘slow food’
Information about products, production and the sector	Product design and production planning improved
Education and training	Management and production skills enhanced
Insurance services	Cheaper and more appropriate risk coverage

Accountancy, management services	Concentration on key business areas
Legal and Tax services	Concentration on key business areas
Investment	Improved financial management
Advising members (tax and legal advice, management advice, among others)	Enhanced strategic decision making
Market analysis and strategic planning	Enhanced strategic decision making
Occasionally access to business and household finance	Bridging bottlenecks in liquidity
Risk Cover	Innovation becomes easier

Sources: Goler Von Ravensburg (2009) and Chesbrough H. 2003)

The services offered by entrepreneur cooperatives and their benefits can produce a huge number of direct economic and socio-economic benefits for their members:

1. Diversification of production of increased volumes of production, followed by improved labour and capital productivity.
2. Higher incomes and employment effects
3. Improved company sizes in the informal and formal MSME sector
4. Better access to and mobilization of local resources
5. Diffusion of innovation
6. Increased knowledge-transfer, resulting in human resource development and contract supervision are reduced).
7. Increased efficiency and savings on transaction costs can credit worthiness, and therefore introduce new investment possibilities
8. Enhanced risk management
9. Possibility to invest infrastructure development
10. Complementary to democratization efforts of local government with regard to allocation and distribution of resources.

2.1.3 Concept Of Innovation

In simple terms, innovation involves the exploitation of new ideas. Innovation is often confused with invention. There is a difference between innovation and invention. Innovation should not be equated to invention. An invention may not necessarily lead on to innovation. This distinction is made clear by Freeman (1982:7) when he noted that: “an invention is an idea, a sketch or model for a new or improved device, product, process or system”, whereas “an innovation in the economic sense is accomplished only with the first commercial transaction involving the new product, process, system or device...”

Innovation can be given different meanings in different contexts. Essentially the main characteristic of innovation is change. Hence it is difficult to have a theory of innovation because the notion of change is still not fully understood. For the purposes of this report the definition proposed by the OECD is adopted:

“Innovation consists of all those scientific, technical, commercial and financial steps necessary for the successful development and marketing of new or improved manufactured products. The commercial use of new or improved processes or equipment or the introduction of a new approach to a social service. R&D is only one of these steps.” (OECD, 1981)

It is apparent from the definition that innovation can be classified into product innovation and process innovation. Product innovation refers to the new or improved product, equipment or service that is successful on the market. Process innovation involves the adoption of a new or improved manufacturing or distribution process, or a new method of social service. This does not mean that the two types of innovations are mutually exclusive. Process innovation, for instance, may lead on to product innovation. Similarly, product innovation may induce innovation in processes.

Organisational innovation can lead to more effective utilisation of human resources that are crucial to the successful exploitation of ideas. Hence, innovations can occur in three broad dimensions – product, process and organisational. This is best summarised in the EU Green “In brief, innovation is: • *the renewal and enlargement of the range of products and services and the associated markets;* • *the establishment of new methods of production, supply and distribution;* • *the introduction of changes in management, work organisation, and the working conditions and skills of the workforce.*” (EC, 1995)

In terms of type, innovations can be classified as radical breakthrough type or incremental progressive type. This framework is useful as far as identifying the typology of a group of innovations is concerned. It is common to think of innovations as occurring only in high-tech environment. However, this notion is ill conceived. Innovation in products, processes and

services can appear in all sectors of economic activity spanning from traditional to high-tech, public to market, industrial, agricultural or tertiary. Many innovations are the result of new combinations of existing knowledge, new uses and creativity in product design. Nevertheless technology is increasingly becoming indispensable in terms of developing, manufacturing and distributing products and services (EC, 1995).

The agricultural revolution was characterised by the farm. Land and labour were the key inputs in the generation of wealth. The acquisition and exploitation of land was seen as a means of wealth generation. The most important output of this era was food. With the advent of the industrial age, the basic inputs shifted to that of capital, labour and raw materials. Manufactured goods were the main outputs. The factory became a symbol of the industrial revolution, where factory outputs driven by investments in plant and machinery generated wealth. The process of innovation creates new forms of software – new products, processes, ways of working – that increase the knowledge stock of a society, thus pushing it up the knowledge ladder. The escalation of knowledge is driven by innovation and is a key determinant of the competitiveness of nations.

The bedrock of innovation is ideas. Ideas are the fuel for the engine of growth in the knowledge economy. The economics of ideas represent a fundamental shift away from the economics of goods. Ideas have two very distinct characteristics. If an individual has an idea and develops it, it can be made available to others. Ideas can be used simultaneously.

Innovation is the key to competitive advantage in a highly turbulent environment. It is a major driving force for economic growth of nations. The ability to innovate has direct consequences for the ability to compete at the individual, firm, regional and national level. The values created by innovations are often manifested in new ways of doing things or new products and processes that contribute to wealth. When we consider a firm as a bundle of resources, skills and competencies, then the effect of innovation is to transform a firm's inner capabilities, making it more adaptive, better able to learn, to exploit new ideas. This enhanced flexibility is crucial in the face of changing market conditions. Given the significance of innovation, what are some of the barriers that hamper the ability to innovate? The literature suggests that there are many barriers to innovation and that these are both internal and external to a firm. The external barriers include the lack of infrastructure, deficiencies in education and training systems, inappropriate legislation, an overall neglect and misuse of talents in society. Some major internal barriers include rigid organisational arrangements and procedures, hierarchical and formal communication structures, conservatism, conformity and lack of vision, resistance to change, and lack of motivation and risk-avoiding attitudes. As

regards barriers to innovation at a regional level, Wiig and Wood (1997) provide some key findings. The factors perceived as restrictive to product/process innovation include: fear of imitation, high costs of innovation, insufficient government support, lack of information, lack of qualified personnel, no market or insufficient knowledge about markets, and shortage of support/infrastructure in the region.

2.1.3.1 The link between innovative skills and business performance

Innovative skills on transforms internal capabilities of firm. Anecdotal evidence suggests that innovative skills are closely linked to business performance. But how is an innovative skill associated with superior performance? Geroski (1994) suggests that there are two alternative views. The first view holds that the production of new products or processes strengthens a firm's competitive position in relation to its rivals. But the profits and growth will be transitory and only last as long as the innovating firm can defend its position against rivals. The second view argues that the process of innovation transforms a firm fundamentally by enhancing its internal capabilities, making it more flexible and adaptable to market pressures than non-innovating firms.

Innovative skill enhances business performance because the product of innovative activities makes a firm more competitive and the process of innovation transforms a firm's internal capabilities. Given that innovation can yield positive benefits for businesses, it seems plausible to conclude that innovation equates to business performance. The literature reviewed suggests that such an assertion is flawed. It should be emphasised that business performance is not an outcome due solely to innovation. Success or failure in innovation should be viewed as a necessary, but not sufficient cause of business performance and survival. The performance of business is dependent on a wide range of factors that are not susceptible to simple conception.

The following discussion will focus on some of the empirical evidence which bears out the impact of innovation on business performance.

2.1.3.2 Empirical evidence showing the link

In discussing the link between innovation and business performance, one should consider the process of innovation in its totality. The innovative capacity of a firm determines its level of innovativeness which has an impact on its competitiveness, vis-à-vis its competitors. A tangible result of increased competitiveness is enhanced business performance.

Only when all the key elements that affect innovative capacity are in synergy can new ideas be successfully exploited leading to enhanced performance. This is in line with the main findings of the CBI/DTI study. In theory, good business performance feeds back into increasing the innovative capacity of the firm which then enhances the innovativeness and hence competitiveness resulting in better business performance. In practice, a whole host of interrelated factors are involved in the innovation process. For instance, the environment of the firm plays a crucial part in determining whether its innovative capacity is high. This environment is in turn shaped by factors such as the macro-economic framework and the support mechanisms available in the vicinity of the firm. Other factors that come into play include the internal processes of the firm and the culture embedded within the firm. The dynamics of all these factors are poorly understood and beg for further research to establish the robustness of the model distilled from the literature

An empirical survey carried out by the Cambridge Small Business Research Centre (SBRC) provides useful insights into SME25 innovative behaviour in the UK26. During the study data were collected from more than 2000 SMEs on a range of issues relating to technology and innovation. This is by far the largest and most authoritative empirical survey. The research found that 60% of the sample had initiated a major product or service innovation in the last five years. The results suggest that SMEs are highly innovative across sectors.

The survey did not measure inputs, such as: innovation cost, proportion of resources consumed and the efficiency in resource usage, and outputs such as: impact on firm performance, market share and profitability. Therefore, it was not possible to quantify the relationship between innovative effort and innovations.

This is not surprising given the difficulties of quantifying a multi-dimensional phenomenon like innovation. It is common that clear paths of causation are not easily mapped. However the results of the survey do suggest a broad correlation between innovation and business performance. The survey in particular draws out some salient differences between innovating and non-innovating firms.

Further evidence of this 1997 survey shows that 80% of the companies who initiated innovations in the last 3 years improved their business performance in terms of profits, market share and new markets penetration. The results have been consistent for the past 3 years. This survey collects data not only on technical innovations in the manufacturing sector, but also polls the non-manufacturing sectors. The key characteristics of innovation in UK

companies are measured from a broad range of information (innovation inputs, external links, innovation outputs, influences on innovation and innovation resources). The survey suggests that innovations have led to improved business performance.

Similarly, a number of studies (Acs and Audretsch, 1992, using innovation counts; Simonetti, 1994 using patent indicators) have confirmed that technology and performance are associated. They also emphasised the fact that it is not easy to establish a causal link from the former to the latter variable (Archibugi *et al.* 1994).

Many studies in the literature have looked at the linkage between innovation and business performance, either directly or as part of a larger study. The results of these studies seem to suggest that there is a close link between innovation and business performance. In general there is clear evidence that innovation play a crucial role to long term profitability and growth in firms (Geroski *et al.* 1992; Cosh and Hughes, 1996). Variables used include: industrial productivity, patent intensity, high-tech firm concentration, industrial structure of region, R&D expenditure, innovation rate. (See Camagni *et al* (1997) for a full list).

Nonetheless, research suggests that being innovative is only one of the many ways to achieving enhanced business performance. This view is expressed in the NSF30 report:

“...neither empirical nor theoretical evidence sustains such a direct relationship between organisational innovativeness and organisational health... Success or failure in innovation is valuable, but it is usually a necessary but not sufficient cause of organisational growth and survival.” (Tornatzky *et al.* (1983)

Other studies such as Geroski *et al.* (1992) showed that innovating firms are able to achieve larger market share and higher growth rates and profits. A major research project²⁷, focusing on the relationship between technological factors (measured by R&D and patents) and economic indicators (productivity and stock market value), has shown that the technological performance of the firm is positively associated to its market value.

2.1.4 The Entrepreneur in Economic History

Entrepreneurship is not a concept that has a tightly agreed definition. In modern common usage an ‘entrepreneur’ is ‘a person who undertakes an enterprise, especially a commercial one, often at personal financial risk’ (Chamber, 2003). It is the product of a ‘modern’ post-enlightenment world in which continual change has become the norm, where ‘progress’

(technical, social and economic) has become expected and where notions of liberal individualism predominate. According to Epetimehin, (2013), the ancient and mediaeval worlds seem not to have developed a concept of entrepreneurship that could plausibly be seen as similar to the modern notion. Philosophers gave only limited attention to economic matters and, in so far as agriculture, industry and trade were discussed, much thinking would have been a sub-branch of politics or ethics. In the Aristotelian tradition, economic thought was highly normative. Trade was a suspect activity liable to undermine the good order of society and sterile in itself. Even if the reality was more complicated, early social thought concerned static societies built upon caste or social position where justice was the outcome of each group faithfully performing its allotted function. In the hierarchy of social esteem, the noble warrior took pride of place, agriculture was respected and compatible with the inculcation of certain virtues, industry in support of military power was too useful to neglect, but commerce was the province of less respected, if not completely despised social groups (Chamber, 2003).

According to Dyer, (2000), it is not difficult to understand this early suspicion of commerce and the trader. The landed aristocrat had large, illiquid and specific (to a geographical region) investments to protect. As with a player in a modern game theoretic model of oligopoly, such a person could plausibly commit to fight interlopers. For the widely travelled merchant with access to ships and with assets in liquid and non-specific form, the temptation simply to move elsewhere when the fighting started and to deal with the winners would have been compelling. The aristocrat's position depended upon a willingness to deter others and to fight for what was his. The merchant's position derived from an ability to go where he was treated tolerably and to flee from unrewarding environments. Where violent conflict was endemic or its likelihood significant, nobles and merchants were thus, hardly natural allies.

Another reason by Fred, (2006) for the early disapproval of trade, and in particular, the use of money was its association with situations of 'distresses. Where agricultural production dominates, and this is mainly accomplished on large estates using slaves or serfs, the economy has many of the features of an extended 'household'. Indeed the modern English word 'economics' derives from the Greek *oikonomiā* or 'law of the household'. Production and consumption in these conditions are largely undertaken locally within the relatively self-sufficient household, and trade with outsiders is limited to luxury goods for high status members, or imports of food and other staple goods at high prices in the event of crop failure.

The result would tend to be an association of the merchant with frippery on the one hand and ruthless exploitation on the other.

According to Gray, (2007), in the mediaeval era, the authority of St Augustine held that it was unjust to buy below or sell above the 'just price', while 'usury' interest on the use of money was condemned in the religious teaching of the era. Each of these doctrines should be seen in the context of the conditions of the time and scholars have argued about their precise interpretation and force, but even allowing for scholarly refinements, the doctrine of the just price would appear to be highly subversive of entrepreneurial activity. When the whole of society is viewed in terms of duty and obligation in the performance of divinely assigned and sanctioned roles; and when preparation for the next life rather than the improvement of material conditions in this one has the higher priority, entrepreneurship could hardly be expected to feature prominently in the prevailing economic thinking(Gray, 2007).

Absence of a well-developed conception of the entrepreneur in the philosophy of the time in no way implies that economic conditions were completely static, trade suppressed or technology totally unprogressive. Roman law, for example, developed (Gray, 2007) highly individualistic concepts of private property and contract which permitted the development of an extensive and sophisticated European trading network. Venetian dominance of Mediterranean trade in the early middle ages could not have developed without an environment sufficiently conducive to entrepreneurial activity. Even the mediaeval economy outside the city-states, which in its social stratification and apparent stability is popularly seen as stagnant, is now regarded by historians as having experienced considerable technological advance Landes (2009). Nevertheless, the distinct notion of an entrepreneurial role awaited an era in which success in commerce and the political power of the State were more closely associated.

With the rise of the modern nations of France, Spain and England from the late fifteenth century onwards, rulers began to take on at least one characteristic of the merchant. No longer able to rely on feudal obligation from the nobility to protect their interests, the accumulation of treasure, and hence the ability to pay armies, became associated with the maintenance and projection of political power. The mercantilist doctrine that emerged from this era was criticized by later classical economists for confounding money with real national wealth, although it is doubtful whether mercantilist writers succumbed fully to such a fallacy. For present purposes, however, it is relevant to note that the building of the power and

revenue of the State was the central concern. Such a project is unlikely to be conducive to the growth of decentralized and competitive markets and thus might be seen as inimical to the social development of the entrepreneur. Bureaucratic intervention, the selling of monopolies, licensing and taxation are not the most obvious routes to the entrepreneurial society. However, the world that had preceded them, the sixteenth and seventeenth centuries were the more conducive to entrepreneurship.

The State as an economic organization, an idea which underlay mercantilist thinking, and the accumulation of treasure that was seen as a means of building State power, required the input of entrepreneurial and not merely bureaucratic talent, at least in the context of the competitive States of Europe Witts, (2006). The whole enterprise may have been statist at heart but it relied on people to develop overseas markets, to build great trading companies, to strengthen domestic industry and to generate a large tax base. People of energy and talent could migrate between jurisdictions, and the willingness of other places to receive them placed limits on the exploitation that they would tolerate in any given location. English words now often used to describe entrepreneurs such as ‘buccaneer’ and ‘privateer’ derive from this period as the state tolerated or even encouraged the piratical disruption of the trade routes of other nations. As the profits of trade increased, the old aristocracy in England began to accept trade as a respectable activity. Money talked. Defoe commented that ‘Trade is here so far from being inconsistent with a gentleman, that, in short, trade in England makes gentlemen’ while Voltaire observed that ‘It is only because the English have taken to trade that England can have two hundred men of war and subsidize allied kings’ Defoe, (2012)

It was, however, the agricultural and industrial revolutions of the eighteenth and nineteenth centuries that finally produced the modern multi-faceted image of the entrepreneur. As rulers gradually submitted to constitutional constraints on their power, and property rights became more secure within the nation States. Entrepreneurial energy was released at a historically unprecedented rate. In England in particular, major advances in agricultural productivity and innovations in transport, mining, textiles, steel, ship building, engineering and banking became associated with particular names. The Duke of Bridgewater in the construction of canals, Richard Arkwright in the transformation of the cotton industry and the evolution of the factory system, (Boulton, Roebuck and Watt, 2012) in the development of steam power, George Hudson in the promotion of rail ways. These and others introduced the revolutionary changes that still colour our image of the entrepreneur.

The 'men of businesses of the nineteenth century represented a new social phenomenon. Checkland, (2004) writes 'It is probably not far from the truth to say that the period from 1815 to 1885 in Britain represents the range of human experience in which individual economic initiative had its greatest opportunity to operate upon men and things, and in so doing to remake an ancient society'. From this period derives the idea of the heroic entrepreneur, a transformer or founder of industries, an undertaker of massive feats of engineering, an opener of continents. Such activities required the raising of enormous quantities of capital, the development of new organizational methods and the coordination of vast numbers of people. The failures could be as spectacular as the successes. Entrepreneurship of this order required as much strategic insight, tactical awareness, personal energy, power of leadership, organizational flair. (Fred, 2006)) ruthlessness and determination as military conquest. And like the military commander, the entrepreneur began to be studied and respected.

In the twentieth century, the cult of the entrepreneur initially receded. The large-scale organizations established in the nineteenth century and the corporations developing in the newer electrical, chemical, communications and motor industries began to look more managerial and professional than heroically entrepreneurial. The entrepreneurs having blazed their pioneering trail, it began to be seriously considered that professional scientists, technicians and managers would be able to maintain momentum. By the 1940s Schumpeter, (2002) was advancing this view, and others such as Jewkes, (2008) were specifically asking the question 'Is the Businessman Obsolete' Later developments in the century were to redress the balance somewhat. In the UK, for example, the shipbuilding, coal, steel and cotton industries all but disappeared and this substantial and continuing restructuring undermined the notion that change of this degree could be brought about by managerialism alone. The growth of the service sector of the economy and the development of computer technology, and communications may also have contributed to a rise in self-employment and small-scale entrepreneurship (Jewkes, 2008).

From this brief historical review it is apparent that popular conceptions of the entrepreneur have evolved over time. The somewhat varied notions that still prevail reflect this history. The small-scale trader and peddler, the self-employed craftsman, the 'buccaneering' chancer, the innovator and improver, as well as the founder of entirely new technologies and industries are all seen as entrepreneurs. It is evident, however, that a coherent theoretical treatment of

entrepreneurship is not automatically suggested by the history of economic and social change. The birth of classical political economy coincided with the upheavals of the agricultural and industrial revolutions of the eighteenth century and an interest in ‘The Nature and Causes of the Wealth of Nations’. Yet, both in its classical and later neoclassical formulations, economics as a discipline have not found it easy to find a formal place for the entrepreneur (Jewkes,2008).

2.1.5 Entrepreneurship and Uncertainty

It was Knight, (2001) who effectively proposed to deconstruct the Marshallian business manager and highlighted the entrepreneurial element. Starting from the proposition that no profit existed in a Walrasian perfectly competitive equilibrium, it followed that pure profits were related to the existence of disequilibrium.

Disequilibrium must imply unexpected change. Fully anticipated change is quite compatible with sophisticated versions of the Walrasian system in which economic agents trade in futures contracts. Similarly, in a world of complete markets and where probabilities could be assigned to potential outcomes, even risk-bearing could be ‘optimized’ by trading-in state contingent claims. In such a world, it was not clear that ‘risk bearing’ and profit were related. ‘Market’ prices would ensure that bearers of risk would be compensated, and that risk was distributed optimally across the population. For Knight, profit was related not to risk bearing but to uncertainty bearing. An uncertain situation was one in which probabilities could not be assigned to outcomes so that decision-making was impossible to model in terms of neoclassical optimization. ‘It will appear that a *measurable* uncertainty, or “risk” proper, as we shall use the term, is so far different from an *unmeasurable* one that it is not in effect an uncertainty at all’.

A world of true uncertainty gave rise to the possibility of pure profits and losses (*residual* income as distinct from *contractual* income) and a distinct role for the entrepreneur. ‘With uncertainty doing things, the actual execution of activity becomes in a real sense a secondary part of life; the primary problem or function is deciding what to do and how to do it’. This view of entrepreneurship is thus a comprehensive twentieth-century elaboration and refinement of the French tradition. What is required from the entrepreneur is judgement in the face of uncertainty. The entrepreneur, having made a judgemental decision, must be able to implement the decision, which will usually involve hiring other inputs. In this way, Knight's analysis of pure profit leads to a view of the firm with the entrepreneur as the central

contractual agent and the residual claimant in so far as the entrepreneur needs to manage resources in order to implement a plan of action, and in so far as these management activities are 'routine', part of his or her income will be a wage. The rest will be pure profit—a return to good judgement and pure luck(Schumpeter, 2009).

Schumpeter's objection to the idea that the entrepreneur undertakes 'risk bearing' has already been discussed and would presumably apply to Knight's uncertainty-based theory. Knight specifically discusses these problems when he remarks that 'it is impossible for entrepreneurship to be completely specialized or exist in a pure form' except by imagining a 'rare and improbable case' in which the entrepreneur provides no capital and undertakes no managerial responsibility. Nevertheless, Knight argues that 'judgement of men' is much more pertinent to successful entrepreneurship than 'judgement of things'. Once we admit the possibility that one person might 'have knowledge, or opinions on which they are willing to act, of other men's capacities for the entrepreneur function' then we can envisage a financier being willing to commit resources to a Knightian 'entrepreneur'. Presumably this is what the modern venture capitalist is effectively doing when financing start-ups or management buy-outs, an activity that represents a clearer apparent separation of entrepreneur from capitalist than was common in the classical era. Similarly, the distinction between manager and entrepreneur can be equally problematic in practice even though the theoretical distinction is clear. An entrepreneur has to exercise 'control' in order to put a judgement about resource allocation into effect. This will tend to result in some 'management' activity unless we can imagine a 'pure' case in which the entrepreneur contracts with managers who can be trusted to follow through on his or her judgemental decisions.

2.1.6 Entrepreneurship and Economic Efficiency

Schumpeter's conception of the entrepreneur focuses attention on the process of technological innovation. A complementary approach concerns the process of uncovering and exploiting all the economic possibilities latent in an existing state of technology the process of diffusion. Here the emphasis is on the discovery of potential gains to trade and hence, by implication, the move from less to more efficient allocations of resources. Casson (2002), for example, presents a theory which is built on Knightian foundations. 'An entrepreneur is someone who specializes in taking judgemental decisions about the coordination of scarce resources'. Over time, opportunities for pure profit are continually occurring, and the Walrasian conditions for 'competitive equilibrium' are never achieved. The entrepreneur fulfils the function of an

intermediary or 'market-maker' exploiting divergences in the marginal valuations of goods on the part of consumers or marginal opportunity costs on the part of producers to achieve a pure profit. Wherever 'market failure' exists, that is, wherever some re-allocation of resources might conceptually harm no one and benefit at least one person profit might be achieved by effecting the re-allocation. Pure profit derives from the 'gains to trade' spotted, or better 'conjectured', by the entrepreneur and is captured by what is essentially a process of arbitrage which, assuming the entrepreneur's judgement is correct, yields a positive residual.

This rather abstract formulation of entrepreneurial activity encompasses simple trading activity, the establishment and growth of firms, the design of suitable incentive contracts, as well as the development of entirely new institutional arrangements. Where perfect Walrasian conditions are contravened and markets do not exist, or property rights in goods and resources are ill defined, entrepreneurial gains will be available to those who can think of ways of overcoming the resulting inefficiencies. Firms subject to external costs or benefits might merge their activities so as to 'internalize' these spillovers. Monopoly restrictions might open possibilities for new entry. Valuable information that cannot be traded in markets because of its 'public good' characteristics might be generated and protected within a firm and used by entrepreneurs to expand the scope of their own activities. Market failure thus implies the possibility of future gain and becomes a generator of entrepreneurial opportunities.

The idea of the entrepreneur as an intermediary, 'market-maker' and hence coordinator of transactions, has resulted in the development of various sub-branches of the literature during the last 30 years. One strand is represented by the neo-Austrian School and the work of Israel Kirzner. A distinctive feature of Kirzner's approach is his emphasis on alertness to currently unexploited opportunities for trade. Pure profit is not a return for bearing uncertainty as much as a reward for pure alertness. The gains from trade have to be noticed before they can be achieved. By spotting potential gains to trade and then arranging the transactions that will capture them, the entrepreneur is the instigator of changes that are efficiency-enhancing. Further, these changes move the economy towards equilibrium. 'The movement from disequilibrium to equilibrium is nothing but the entrepreneurial-competitive process (Schumpeter, 2009).

It is worth contrasting this view of the entrepreneurial process with that of Schumpeter. For the classical economists, entrepreneurial activities were associated with innovation and thus

constituted force acting against the ‘gravitational’ attraction of the stationary state. Schumpeter’s entrepreneur is clearly of this type innovative, disruptive and resisting equilibrium. The neoclassical economists had a different problem. No longer in thrall to Malthusian dynamics and the labour theory of value the neoclassical theorists had a sophisticated account of the state of competitive equilibrium but not of the process by which it was approached. Walras introduced a hypothetical ‘auctioneer’ into his system to adjust prices up or down in response to excess demands or supplies, but although this provided a reasonable theoretical ‘model’ of a dynamic adjustment process the auctioneer was still a ‘deus ex machina’. To explain equilibrating change without recourse to a fictional outside auctioneer required the introduction of some agent of change within the system. According to Kirzner’s (2014), entrepreneur provides this dynamic element and it is generally, though not exclusively, the ‘Austrian’ tradition that has emphasized its importance.

The ‘neo-Austrian’ view of entrepreneurship, because it derives from a recognition that resource allocation is an *information* problem and not simply a *calculation* problem, tends to see it as an activity capable of being pursued by virtually any economic agent. Entrepreneurs are not necessarily specialists and they do not necessarily operate on a very large scale. They may make use of very local ‘knowledge of people, of local conditions and of special circumstances and some of this knowledge may be ‘tacit knowledge’, difficult or impossible to communicate to others verbally or in the form of written documents and blueprints. Entrepreneurship moves the system from the bottom up, so to speak, rather than the top down and it does so through the trading activities of market makers. In this, the neo-Austrians are in the tradition of Alfred Marshall whose theory of economic progress is ‘an incremental, experimental, evolutionary theory’. It should be apparent, however, that the subjectivism of the neo-Austrian economists is capable of undermining the whole concept of ‘equilibrium’. In the absence of any objective set of constraints waiting to be discovered through entrepreneurial alertness, Austrian thinking could lead to a view of economic change that was all process and no particular destination. Once entrepreneurs were conceived to be creative, the economic system, not unlike the natural world, was liable to large Schumpeterian shocks and not merely long periods of incremental adaptation to given underlying conditions.

2.1.7 Entrepreneurship and Innovation

Schumpeter’s most celebrated contribution to the theory of the entrepreneur did not concern his criticism of J. S. Mill, already discussed, concerning risk bearing. This was ultimately a

sub-dispute to his main thesis. His main point is that whether they saw the entrepreneur as a capitalist, a skilled manager or as a risk bearer, the classical economists had overlooked the most important role. The introduction of new products and processes requires organizational skills quite separate from simple management and it is this dynamic task of exploration and innovation that is the distinctly entrepreneurial one. Schumpeter (2012), is particularly associated with this idea of the entrepreneur as a revolutionary innovator.

In a period soon after the 'men of business' in the UK and the 'robber barons' in the US, Schumpeter emphasized the role in economic development of people with the vision and willpower 'to found a private kingdom'. The role of the entrepreneur 'is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility Schumpeter, (2012). He coined the now famous metaphor 'gale of creative destruction' to describe the competitive processes of capitalist development. This unceasing gale derives from the energy of entrepreneurs who, through their innovations, undermine the market position of their rivals. Such competitive threats do not simply strike 'at the margins of the profits and the outputs of existing firms but at their foundations and their very lives'. Entrepreneurship, for Schumpeter, is the force that prevents the economic system running down and continually resists the approach of the classical stationary state.

Two features of Schumpeter's work on the entrepreneur are particularly distinctive. The first is his view of innovation as revolutionary and discontinuous rather than small-scale, marginal, gradual and cumulative. The second is his (later) view that, as capitalism develops and matures of large firms become the power houses of innovation and usurp the entrepreneurial role that was originally so associated with extraordinary and energetic individuals. 'Economic progress tends to become depersonalized and automatized' (Schumpeter 2012). While teams of technicians and specialists eventually receive 'wages such as are paid for current administrative work'. The second of these propositions, somewhat paradoxically, is similar to Mill's mid-nineteenth century classical formulation mentioned above, with an additional emphasis on large firms. Both propositions have been subject to re-examination and criticism. Bhidé, (2000), for example, uses the history of the microcomputer revolution at the end of the twentieth century to investigate Schumpeter's propositions and concludes that firms of varying sizes play a role in innovation as do large research departments and small-scale enthusiasts. 'Individual entrepreneurs and large

companies play complementary roles and helps explain why new combinations evolve in a gradual rather than a discontinuous way' (Bhidé,2000).

2.1.8 Entrepreneurship and the Theory of the Firm

Almost all approaches to the entrepreneur have one thing in common. The entrepreneur contracts with a set of other people and, after all contractual commitments have been honoured, claims the residual. Cantillon, Von Thünen, Schumpeter, Knight, Kirzner and Casson, 2002) in spite of very great differences of emphasis, could at least agree to this basic conception. It is a conception that inevitably places the entrepreneur at the heart of the modern theory of the firm first proposed by (Coase,2007). This theory was originally developed without explicit reference to entrepreneurship although Coase was tutored by Arnold Plant at the London School of Economics in the 1930s and there was undoubtedly an LSE tradition in business organization which was well aware of its importance. The tradition can be seen running through to Edwards and Townsend (2007), and in the writings of Jack Wiseman and Basil Yamey (2012).

The problem faced by Coase was the apparent inability of neoclassical economics to explain the structure of firms or indeed their very existence. Then, as now in elementary treatments of the subject, the firm was defined as a technological relationship between inputs and outputs and the details of its internal organization were simply omitted as unnecessary for the purposes of price theory. Any attempt to explain organizational structure thus required adjustments to the Walrasian framework and Coase's contribution was to introduce transactions cost as the key ingredient. For Austrian theorists, the problem with the Walrasian system was its implicit assumption of full information. For Coase, the problem was its assumption of a zero cost of transacting. The two ideas are obviously closely related since transactions cost derives from incomplete information, but Coase's formulation was more suited to the comparative analysis of contractual arrangements and could be approached using standard techniques of rational maximization.

Coase rationalized the firm as the centre of a set of 'internal' employment contracts which substituted for 'outside' market contracts. Other things constant, resources would be administered within the firm when the costs of doing so were lower than the costs of contracting outside. The boundary of the firm was defined in typical neoclassical style such that the transactions cost of the marginal contract was the same in 'the firm' and in 'the market'. If transactions costs are treated as objective and are known to all transactors, the

theory can be developed without reference to entrepreneurship. Alchain & Demsetz 2012, for example, presented a model in which ‘team production’ and the impossibility of measuring and rewarding individual contributions to output lead to the requirement for a ‘monitor’ to detect and punish ‘shirking’. This person is a residual claimant in order to provide the incentive to monitor the team which, on the assumption that the monitoring technology is well known, is a purely routine managerial task. The residual will turn out, in equilibrium, to provide a competitive market return to monitoring. Thus firms exist even in a purely neoclassical world once information is no longer perfect and has to be ‘produced’ but, as would be expected, it is the manager who is the central contractual agent.

If, on the other hand, transactions costs are subjective, conjectural and uncertain the firm as the coordinator of a set of contracts can be seen as an organization inherently associated with the entrepreneurial process. Knight's view of the entrepreneur, the neo-Austrian approach to the entrepreneur and Coase's conception of the firm can therefore be regarded as complementary and the tradition has been developed further in recent years by Casson (2002). The theory of the firm is re-orientated around the analysis of information flows rather than flows of physical inputs and outputs. Casson criticizes neoclassical thinking that tends to ignore ‘cultural’ factors and is built not simply on methodological individualism but on a particularly desiccated and socially unconnected type of individualism. Some features of the firm can no doubt be explained as a response to predicted opportunism on the part of contractors but entrepreneurs are in the business of reducing transactions costs and improving the quality of information flows by building trust through continuing associations as well as by the power of leadership. Casson prefers a ‘theory of the firm centred on the entrepreneur as the founder and prime mover within it.’

The firm is also a significant element in discussions of the finance of the entrepreneur. Knight, as we have seen, thought that pure entrepreneurship could be envisaged only in ‘rare and improbable cases’. The entrepreneur will almost always have to provide some capital and labour (managerial) services in addition to pure entrepreneurship. Modern theory, however, has explained several observed financial arrangements as methods of mitigating contractual hazards and directing resources to otherwise ‘unqualified’ entrepreneurs. One example is the existence of debt contracts with agreed repayment schedules and finance secured upon slowly depreciating and non firm-specific capital. Equity sharing arrangements with venture capitalists can also enable entrepreneurs with very limited access to personal

wealth to finance their ideas. These methods can be viable even when contractual performance is completely ‘unverifiable’. However, they apply to ‘start-ups’ and the finance of entrepreneurs without a track record or an established reputation. A further theoretical development makes the long-established corporation itself a mechanism for channeling resources to pure entrepreneurs.

Kirzner (2014), argues that modern corporations represent ‘an ingenious, unplanned device that eases the access of entrepreneurial talent to sources of large-scale financing.’ The argument is most fully explored by Wu (2009). Wu sees economic development since mediaeval times as leading to the gradual emergence of specialized markets in land, labour and capital. Apparently insurable contractual hazards prevented a market in entrepreneurship from developing. The non-contractibility of entrepreneurial services leads the entrepreneurs to ‘take the initiative to organize production through non-market means, that is, by organizing a firm’ Kirzner (2014). Although for centuries entrepreneurship was associated with the provision of capital, the modern corporation permits the final stage of specialization to occur. ‘The long historical evolution towards functional specialization among factors of production had reached its destination’. The word evolution is important here, for it is the *evolution of reputation* that provides some assurance to capitalists that a return will be provided on their capital. The firm is ‘a coalition of entrepreneurs’ who share ‘pure entrepreneurial profit’ between them while paying a market return to the providers of capital. Loss of confidence in the willingness of the entrepreneurs to pay such a return would deprive them of future access to capital and the entrepreneurial profit that might be generated with it. This view of the modern corporation is certainly consistent with business ideas about ‘intrapreneurship’, ‘corporate venturing’ and ‘corporate entrepreneurship’.

2.1.9 Concepts of Strategic Entrepreneurship and Collaborative Innovation

2.1.9.1 Strategic Entrepreneurship

Our arguments involving strategic entrepreneurship build on four main assertions about the nature of strategic entrepreneurship. First, as its name suggests, strategic entrepreneurship is the melding of the strategy and entrepreneurship domains. Firms pursuing strategic entrepreneurship engage in both the opportunity-seeking activities required by entrepreneurship and the advantage-seeking activities required by strategy (Ireland *et al.*, 2003). Our contention is that firms desiring to create wealth on a continual basis cannot rely exclusively on the activities associated with either entrepreneurship or strategy. The reason

for this is that actions taken to implement a chosen strategy enable a firm to extract value from existing domains. As such, these actions foster wealth creation in the short run. However, profitable niches evolve, shift, and disappear rapidly in today's economy (Ireland and Hitt, 1999). Thus, a firm focused solely on taking actions to implement a selected strategy might become the most effective producer within a declining market space. Activities associated with entrepreneurship, on the other hand, identify new niches and ways to serve them.

Without being able to successfully use a chosen strategy one that creates a competitive advantage a firm will soon face copycat competitors whose offerings will erode its profits. Thus, the actions associated with strategy and with entrepreneurship are each necessary, but not individually sufficient, to promote sustained wealth creation. Moreover, these two elements must work in concert with each other. The union of strategy and entrepreneurship is one of the foundational notions of strategic entrepreneurship. Strategic entrepreneurship also involves finding a balance between opportunity-seeking and advantage-seeking activities (Ireland et al., 2003). Opportunity seeking involves sorting through potential opportunities to identify areas of future activity for the firm. The overall success of opportunity-seeking efforts depends on how the firm absorbs and integrates new and existing knowledge. More specifically, opportunity seeking is inherently a learning process, wherein a firm gathers knowledge from outside its borders to supplement its own knowledge stocks (Chesbrough, 2003; March, 1991). Outside sources include other firms that are acquired, alliance partners, and promising start-ups that the firm supports through corporate venture funds (Ireland and Webb, 2007). Building a diverse knowledge base enables a firm to expand its competitive repertoire. An expanded repertoire is vital for success during periods of upheaval and unpredictability, because executives cannot know in advance the responses their firms will need to enact. Innovations generated by exploratory efforts can be highly disruptive, especially to industry leaders (Christensen, 1997). Between periods of disruptive change, however, shifts tend to be incremental and gradual (Tushman and Romanelli, 1985). For example, digital music that is stored on hard drives was introduced a few years ago. This represented a radical departure from tangible recording formats, such as the vinyl album, eight-track tape, cassette tape, and compact disc, which had dominated music retailing throughout the 20th Century. Currently, digital music is the dominant format.

The attention of music providers is now focused on advantage seeking finding the best ways to profitably deliver digital music. Indeed, music retailers such as Apple, Wal-Mart, Amazon.com, and Best Buy continually tweak their technology, pricing structures, and product bundling in an effort to effectively and efficiently meet demand. Consistent with the notion of strategic entrepreneurship, each firm also hopes to be the first to identify the next frontier in this ever changing environment. Thus, discovering gold is only half of a firm's challenge the firm must also find an effective way to mine the gold. The most effective 'miners' are firms that offer high-quality products soon after radical change makes an opportunity clear, build market share, and create a competitive moat around their business (Ireland and Webb, 2007). In the digital music arena, Apple has played this role. Its early creation of the iTunes music Web site and the iPod music player enabled it to not only dominate the market, but to do so using a proprietary music format that makes replication by competitors' very difficult. Apple's exploitation of the digital music business helped the firm create enormous wealth. A share of Apple stock that sold for approximately \$12 in early 2004 was worth over \$165 per share in the last quarter of 2007. Being able to balance opportunity seeking and advantage seeking is necessary in today's economic environment. However, achieving this outcome challenges managers. The third pillar of strategic entrepreneurship is an appropriate managerial mindset within the firm (Ireland *et al.*, 2003).

Typically, organizational identities are built around singular distinctions. For example, IBM built its identity around being a service organization, McDonald's has long emphasized consistency, Hermes designs and sells only high-end fashion items, and the focus of the Walt Disney Company has been squarely on entertainment and creativity. Today's executives are forced to find ways to embrace a broader set of capabilities as central to the organization's well being without allowing its identity to become diluted or schizophrenic. Executives must be able to simultaneously initiate and monitor activities that vary between creative opportunity seeking and precise advantage seeking. Evidence suggests that firms led by executives who are skilled at this task are better positioned to create wealth than those who are not (Brorstrom, 2002; Ireland *et al.*, 2003; Miles *et al.*, 2000; Tushman and O'Reilly, 1996).

The final assertion is that strategic entrepreneurship requires a continuous flow of innovations (Ireland and Webb, 2007). Firms strive for a scenario wherein opportunity seeking and entrepreneurship provide a steady pipeline of new ideas whose value is then extracted via integration and advantage seeking. When the flow of innovations slows or stops, the balance required to sustain strategic entrepreneurship is jeopardized. In turn, the

firm may fall into an inertial pattern of simply relying on its existing routines and offerings (March, 1991). As existing niches shift and shrink, the firm is sure to suffer as its ability to create wealth is negatively affected. A recent restructuring eliminated over 25,000 jobs. A more devastating example can be found in the case of Polaroid, a firm that never innovated beyond instant photography and fell into bankruptcy.

2.1.9.2 Collaborative Innovation

Until the 1990s, both the academic and business literatures tended to portray innovation and entrepreneurship as driven by entities acting alone. New ideas and product innovations were thought to be the product of an individual entrepreneur, a small business, or a unit within a corporation. Today, however, the unprecedented level of complexity and change posed by the competitive environment makes a unitized approach to innovation increasingly difficult, and creates opportunities for new idea generation and knowledge sharing that span firms, industries, and countries (Ireland and Hitt, 1999). The concept of requisite variety seems to be as relevant to innovation as it is to social systems. Requisite variety means that an organization's design must match the complexity of its environment, and that its ability to adapt must keep pace with changes in the environment (Ashby, 2016). Accelerating trends in globalization and information technology have helped create competitive arenas whose demands are growing quickly and unpredictably, and competition in such settings exceeds the ability to keep pace of even the most agile individuals, small businesses, and corporate research and development units (Friedman, 2005). The ability to innovate in the face of change and complexity has long been a characteristic of professional communities, occurring regularly among scientists, artists, scholars, doctors, engineers, and other professionals (John-Steiner, 1997, 2000; Lee and Cole, 2003; Miles *et al.*, 2005; Wenger, 2000). For example, scientific challenges are often explored by individual researchers and research teams who are part of international scientific networks. The scope and complexity of such challenges overwhelm the ability of isolated investigators to resolve them. The development of new therapeutic drugs based on the biosciences, for instance, involves thousands of scientists spread around the world who are affiliated with a variety of private, government, and university organizations (Audretsch and Feldman, 2003; Powell, Koput, and Smith-Doerr, 1996). For management scholars, the quest to understand how business strategies influence firm performance began in earnest following the publication of Chandler's (1962), seminal book: *Strategy and Structure*.

Over the next 45 years, hundreds of strategic management researchers worldwide joined this quest using a variety of theories and methods. Neither of these research endeavors could be effectively pursued by individuals acting alone. Researchers and others involved in knowledge production recognize the value of external networks in the innovation process (Brown and Duguid, 1991; Chesbrough, 2003; Powell, 1990; von Hippel, 1988). Interorganizational collaboration is a process whereby two or more parties work closely with each other to achieve mutually beneficial outcomes (Appley and Winder, 1977; Emery and Trist, 1965; Gray, 1989). Collaboration is a philosophically different (and, arguably, more demanding) process than cooperation, where desired outcomes are relatively clear, the distribution of future returns can be negotiated in advance, and the cooperating parties act essentially in their own self-interest (Miles *et al.*, 2005). Collaboration often involves unpredictable outcomes and relies heavily on trust and a joint commitment to values of honesty and equitable treatment. In contrast to cooperation, collaborating parties take each other's interests into account as much as their own (von Krogh, 1998). Collaboration can be directed toward any mutually desired objective: identifying and then solving a problem, resolving a conflict, creating a new product or business, and so on. According to Link and Siegel (2007), interorganizational collaboration in the commercial arena has been growing steadily over the past two decades, fuelled by institutional changes such as (1) investments in public-private partnerships, including incubators, science parks, and small business programs; (2) relaxation of antitrust enforcement to promote collaborative research; and (3) enactment of legislation designed to promote more rapid technological diffusion from universities and federal laboratories to firms (Bayh-Dole Act and StevensonWydler Act, both passed in 1980). Firms that choose to pursue collaborative innovations as a strategy must be able to develop the capabilities, structures, and processes to support a collaborative approach. Nokia is one such firm. Nokia has a network of over 300 small high-tech firms. Nokia and its partners have developed ways of building 'fast trust' among interacting parties in order to facilitate rapid innovation (Blomqvist, 1998). Although Nokia's size relative to its partners provides it with the opportunity to exploit the partners, the firm seems to recognize that a collaborative approach is sometimes essential for the innovator and its partners to capture a significant share of the economic value associated with an innovation (Teece, 1986). Organizationally, Nokia can be viewed as a firm embedded in an ecosystem of flexible 'collaborative networks.' In such a rich ecosystem, a lead firm can participate in multiple networks, each of which has large entrepreneurial potential.

Raytheon Company provides a good example of how portions of an ecosystem can be quickly and effectively activated for purposes of innovation. A few years ago, the firm was involved in developing the U.S. Navy's next-generation aircraft carrier, the U.S.S. Gerald Ford.

The goals for this vessel included increasing aircraft missions (sorties) by 20 percent, improving resistance to future military threats, reducing the number of personnel on board, and reducing maintenance time at port by up to 25 percent. Achieving these goals required all contractors involved in the ship's construction to extend their capabilities in new and sometimes uncertain directions. Raytheon was tasked with providing the warfare and aviation support systems that would ensure that the U.S.S. Gerald Ford excelled in terms of communications, combat, intelligence, surveillance, and reconnaissance. Raytheon executives quickly realized that their firm did not possess the skills to create all of the needed technologies and processes. The typical approach in the defence business is to simply subcontract such work, often to small firms with specialized expertise, and then integrate the results of individual subcontractors' output to create the final product. Given the complexity of the project, Raytheon de-emphasized formal contracting; opting in its place to build an entrepreneurial community it calls a 'small business federation.' The small business federation is a formal consortium composed of the small business partners allied with Raytheon on the contract. Although many aspects of the federation remain a closely guarded proprietary secret, from the outside it is clear that Raytheon provides support to the federation in the form of mentoring, infrastructure, and training that would not be economically viable to offer to individual partner firms. Members also benefit from the federation because it provides a setting for them to exchange new ideas, combine skills, and work together collaboratively to solve problems. For example, when a particular issue or task arises, Raytheon charges a member of the federation to take the lead in addressing the matter.

The lead firm then identifies which members of the federation are needed and assembles a project team. By empowering its small business partners, the value of the creative solutions that emerge from interactions within the federation far exceeds Raytheon's administrative costs. The end result has been a series of innovations that substantially improved the aircraft carrier's capabilities and performance. Raytheon leveraged the knowledge it acquired about multi-firm collaboration through the U.S.S. Gerald Ford project when it recently led the creation of the Warrior Training Alliance. This alliance of 67 firms was assembled to provide support for the U.S. Army's training activities, including war games, electronic simulations, and classroom teaching. The contract runs for 10 years and is worth approximately \$11.2 billion.

The collaborative network was created because senior Raytheon executives realized that their firm could not readily provide the vast array of sophisticated technologies and processes required by the Army. For example, Computer Science Corporation (another large firm) will take the lead in providing support for electronic simulations. For the small specialist firms, Raytheon once again helped these partners create a formal consortium. This second small business federation consists of 43 small firms allied with Raytheon on the contract. The members of the federation are expected to work collaboratively to fulfil a variety of specialized tasks as their contribution to the Warrior Training Alliance, and they will receive collective mentoring and training from Raytheon. In both examples, collaborative innovation enabled a large firm (Raytheon) and a set of small firms (its small business partners) to overcome their own limits. It remains unknown at this early stage whether the enhancements provided by the two networks to Raytheon's ability to innovate will be additive or exponential.

2.2 Theoretical Framework (Theory of Collaborative Innovation)

To this point, the researcher adopted theory of collaborative innovation which was propounded by Ireland and Hitt (1999). Theory of collaborative innovation is most appropriate for this study because the theory help entrepreneurs to pursue strategic entrepreneurship by enhancing their ability to be continuously innovative.

2.2.1 Tenets for Collaborative Innovation Theory

At least four theoretical perspectives inform the integration of these two broad concepts in more specific ways:

- Network theory,
- Learning theory,
- Resource-based theory, and
- Real options theory.

Each tenet is briefly described below in order to delineate possible linkages among strategic cooperative entrepreneurship activities (collaborative innovation), and members' enterprise performance in terms of profitability and expansion.

2.2.1.1 Network Theory

Network theory focuses on the relationships a firm has with other firms, and on how those relationships influence a firm's behaviour and outcomes (Dyer, 2000). Network theory is useful to researcher consideration of strategic entrepreneurship, collaborative innovation, and profitability.

2.2.1.2 Learning Theory

Learning theory focuses on how a firm builds its knowledge base over time and deploys its stock of knowledge to achieve success, including creating wealth. This general scholarly thrust has been pursued under a variety of labels, including organizational learning, the knowledge-based view, and knowledge management.

Within the context of a collaborative network, large and small firms can develop significant synergies along the four learning dimensions.

2.2.1.3 Resource-Based Theory

Large and small firms possess different strengths and weaknesses relative to these four learning dimensions. Most large firms have the infrastructure to acquire and distribute information on a massive scale. Large firms generally have the competitive intelligence systems needed to interpret information as it is gathered. They also have large stocks of memory (often in the form of routines) to draw upon as new situations are encountered. All of these features facilitate the advantage seeking that is central to strategic entrepreneurship (Ireland and Webb, 2007).

2.2.1.4 Real Options Theory

Large firms can provide economies of scale in information processing, while small firms can provide the specialized knowledge needed to identify trends early. Large firms can draw on the recipes that are codified in their memories for time-tested solutions, while small firms' relative lack of memory and recipes helps the network approach situations with a fresh perspective. Our expectation is that to the extent that large and small firms integrate their different learning capabilities, both should improve the quality of their opportunity-seeking and advantage-seeking activities, ultimately resulting in greater economic wealth.

Relevance of Collaborative Innovation Theory to This Study

Collaborative innovation theory is most relevant to this study as it laid more emphasis on how to share strategic and innovative ideas between two firms for better performance. In this regard cooperative societies and their members who are entrepreneurs have so many things in common. Therefore, the application of collaborative innovation theory is built on the following premises:

Premises for the Adoption and Application of Collaborative Innovation Theory

- i. First, network theory takes a relational perspective (Dyer and Singh, 1998). In such a perspective, the capabilities of entrepreneurs and cooperative societies are clearly important. However, the nature and quality of the relationships among various cooperative members (entrepreneurs), members' enterprise and cooperative society are equally important to innovation success. This is consistent with suggestion that cooperative members' own efforts at continuous innovation may fall short, and that collaborative innovation can fill the resulting innovation gap.
- ii. Second, network-based studies indicate the types of collaborative innovation approaches that are likely to lead to successful outcomes (e.g., Hansen, 1999; Tsai and Ghoshal, 1998). That is; if members' enterprise benefited from the cooperative entrepreneur activities it will definitely improve their performance.
- iii. More creative ideas and business skills are likely to arise when members business and cooperative society are characterized by loose ties. where resources and assets are complementary, organizational processes are open, and so on. This allows diversity of thought and experience to be brought to bear on problems and opportunities. Within the context of a multi-firm collaborative network, we expect the looseness of ties among the member enterprises to shape the business network's effectiveness at devising the innovations that help allied firms achieve strategic entrepreneurship on a sustenance basis.
- iv. In terms of wealth creation, it is believed that to the extent that collaborative innovation is pursued largely via loose ties, profit of the enterprise will be increased.

2.3 Empirical Studies

Gweyi Ndwiga and Karagu, (2013) investigated the Impact of Co-Operative Movement in Rural Development in Kenya. The study's overall objective was to investigate the impact of Co-operative movements in rural development in Kenya. The study was descriptive in nature. The researcher used structured questionnaires and face to face interviews especially where

the respondents may not have time to complete the structured questionnaires. Data was analyzed using descriptive statistics involving percentages and charts. The study found out that Agricultural cooperatives have played significant roles in reducing unemployment problem in the study area by generating permanent and temporary employment to both skilled and unskilled individuals, providing credit- and/or grant-based financial support to unemployed people, which enable them to engage in micro and small activities, and building the confidence and awareness of the local people.

Similarly, Adekunle and Henson (2007) did a study to analyzed the entrepreneurial level of micro entrepreneurs in Nigeria using the basis of whether those who belong to groups where there is interdependence like the Cooperative Thrift and Credit Societies have better personal agency belief than those who are not members. The results show that entrepreneurial alertness is predicated upon being a member of Cooperative Thrift and Credit society. The same result also prevails, after taking into consideration pre-existing conditions like age, education and gender.

Kareem, Arigbabu, Akintaro, & Badmus, (2012) conducted a study on the impact of co-operative societies on capital formation using a case study of Temidere-co-operative and Thrift-society, Ijebu-ode, Ogun state. The objectives are to: identify the socio-economic characteristics of the cooperators in the study area; identify the uses of funds of co-operative societies; determine to what extent co-operatives have benefited members in financing their investments; identify problems militating against the effectiveness of co-operative societies; and offer suggestions and recommendations on how to improve the cooperative societies towards enhancing the capital formation of members. The study adopted a non parametric method of analysis which involved Chi-Square method, descriptive statistics and correlation analysis to achieve the stated objectives.

The general economic recession generated by the world financial crisis, with direct implications on funding, economic actors' interactions, economic and social environment, technological progress and knowledge development, imposes the rethinking of the concept of performance in business organizations worldwide.

Oladejo (2013) who examined the Stakeholders Perception of Cooperative Societies as a MicroCredit Delivery Channel in the Nigerian Financial Sector Reform Era. This is to showcase the contribution and impact of cooperative to the socio-economic well-being of the

participants among other reasons (Oluyombo, 2012). The financial sector reform that led to the establishment of microfinance banks is expected to have effect on cooperative development in Nigeria. The study attempted to examine the perceptions of Cooperative leaders in the six states of South Western Nigeria in the era of financial sector reforms. The data collected through the questionnaires and interview were sorted, edited and coded in a table. Analysis of Variance (ANOVA) as well as t-test were used to test the hypothesis on the cross sectional perception of members and leaders of cooperative societies on its impact as a micro credit delivery channel in the six selected states of the south west Nigeria. The result of the Analysis of Variance on the differences in the impact of cooperative societies as a microfinance delivery channel across the six states of Nigeria revealed the F- calculated value of 2.32 whose probability close to zero percent suggest that there is a difference in the impact of cooperative society as a microfinance delivery channel across the state in Nigeria. The multiple comparison of the differences showed that the mean difference is significant at 0.5% between Lagos, Ekiti and Ondo State., also with Ekiti and Lagos and Oyo State. The same thing with Ondo,Lagos and Oyo State. Oyo has significant difference in the impact compared to Ekiti, Ondo and Osun State so also was the impact in Osun State significantly different to that of Oyo State. The mean perception in Ogun State is not significantly different from other selected States see Table 4. From the table of mean of mean perception score of respondents SSEs on the impact of cooperative societies as a microfinance delivery channels across six states in the South Western Nigeria, over 76.5% had mean perception score of 50 or more, indicating the majority of the respondents with high mean perception score in the study area.

Maizura and Abdul-Majid (2014), who used Entrepreneurial servant leadership (esl): a proposed leadership model for social enterprise (cooperative) observed that Leadership and its impact on the organization's performance is a popular research topic among researchers. However, lack of leadership studies in social entrepreneurship (SE) focuses on cooperative organization. Their study is a concept paper to explore SE in a leadership context. It is proposed to discuss possible significant impact of servant leadership attributes on cooperative performance mediated by entrepreneurial orientation (EO). It was reported that ineffective cooperative governance (managerial issues) has occurred among cooperatives around the world and that contributed to low or failure of cooperative performance. Leader is the key persons who are responsible to navigate organization's success must identify the suitable and required roles as leaders to enhance organizational performance. Thus, this research focused to one of the possible leadership styles to best fit with cooperative leader. For this purpose, servant leadership seems congruence to align with the cooperative principles and values. The

research attempts to construct a framework of Entrepreneurial Servant Leadership (ESL) and its relationship on cooperative's performance. Future work can develop and design the instrument of ESL for prevalent and practiced to measure the impact on cooperative performance.

Esuh *et al*, (2014) examined cooperative entrepreneurship as an emerging trend in the entrepreneurship domain that needs urgent attention. It examined past literature and models regarding cooperative entrepreneurship. They argued that past and related models suggested by previous authors are insufficient and inadequate to ensure a successful cooperative entrepreneurship development in any country due to the fact that some key important factors were neglected and not included in their models, and secondly, some of the models lack clear direction and focus as a result of their complexities. Based on this, they propose a new model to examine a successful cooperative entrepreneurship development, in which the key factors that are believed to create a successful cooperative entrepreneurship were duly considered and included in the model. Therefore, the present model ensures that all the necessary elements or factors that are required for a successful cooperative entrepreneurship are duly considered and included in the model. Thus, a good model should consider the important factors. If this is done, a successful model that will drive mainstream economic activities and provide long-time employment opportunities to the members can be created. The model will also become an answer for successful community development, as well as individual self-reliance and survival, since the model emphasizes on the development of entrepreneurial skills of individual members which contribute to the success of the cooperative business. It is hoped that this model will guide individuals as well as groups who are thinking about how to embark on a cooperative entrepreneurship. It will also assist the existing members on the suitable factors to consider in the pursuance of their cooperative business goals.

Omosolape (2010) worked on the impact of some selected personality traits on the innovation behaviour of entrepreneurs. This study examined the impact of openness and extraversion traits on the innovative behaviour of entrepreneurs in a selected area of Akobo-ojurin, Ibadan, Oyo state. Subjects for the study were 120 solo operators (entrepreneurs) consisting of 53 males and 67 females, aged between 18-51. Two hypotheses were tested and the findings of the study revealed a significant difference between openness and innovative behaviour.

The results of the study showed that entrepreneurs who are high on extraversion exhibited more innovative behaviour than those who are low on it. Based on the findings study it was recommended that entrepreneurs should observe and build on dominant traits inherent in them. To be successful entrepreneurs it is pertinent to understand one's personality.

There have been some studies of Nigerian entrepreneurship in industry. Some of the early studies include Schatz and Edokpayi (1962), Harris (1969) Olakanpo (1968) and Akeredolu Ale (1972). Schatz and Edokpayi, in their 1962 study was limited to former western Nigeria. They wanted to determine the reactions of Nigerian Businessmen to government measures to encourage Nigerian Private enterprise. They warned that their study had serious reliability problem. In spite of this shortcoming, their findings reflected the following:

- Most Nigerian businessmen believe that inadequate capital is their main problem.
- Most of their respondents complained about lack of organizational and managerial skills.
- Five (5) indigenous banks responded that the businessmen mis-applied the loans for other purposes.
- Five (5) indigenous banks responded that the businessmen mis-applied the loans for other purposes.

Olakanpo's study cited in Oludimu and Akanni (2010) was limited to the indigenous entrepreneurship in the distributive trade. His study was restricted to indigenous trading shops in Lagos, employing less than 5 people.

A cursory review of Olakanpo's by Oludimu and Akanni (2010) highlighted the need for indigenous enterprises. Harris in his (1965) study tried to isolate the principal determinants of Nigerian entrepreneurial activity in industry. His study covered 269 firms (250 fully indigenous and 19 joint ventures with dominant Nigerian interest) in sawmilling furniture, printing, rubber processing etc. His study thus covered industries with low level of technology and low investment threshold.

In general, Harris found that the main bottleneck confronting the Nigerian entrepreneurship is the shortage of technical and managerial personnel. Akeredolu – Ale in his (1968 – 1970) study involving 52 fully indigenous limited liability companies in Lagos state explored the relationship between:

1. Capital (venture and working)

2. Expatriate Competition
3. Organisational form of indigenous companies
4. Group properties of the indigenous entrepreneurial elite, on the one hand and their performance, on the other.

More recent empirical research – most notably based on the World Business Environment Survey (WBES) and the Global Entrepreneurship Monitor (GEM) project – have helped us to better understand the diversity, if not dynamics, of new firm formation in developing countries like Nigeria.

However, none of these thinkers distinguished between entrepreneurs operating in different business environments or considered differences between entrepreneurship in wealthy and poor countries at various stages in economic history. However, a review of Akeredolu – Ale’s findings showed that the problem of capital and inadequate management skill in indigenous enterprises has re-echoed. The Nigerian business offers many entrepreneurial opportunities with the Nigerian Enterprise promotions Decree of 1972, which was revised in 1977 and with various Federal and state business assistance; the economic environment was encouraging for business pursuit. Eight (8) was established then. The aims of this is to help indigenous business in acquiring the necessary capital, the requisite technical knowledge and the essential managerial know-how that the small industries division of the Federal Ministry of Industries was also instituted to further the interest of small-scale industrialist (Akinyemi 2002). Four (4) types of entrepreneurial firms have been identified in developing countries; such as:

- i. newly established,
- ii. established but not growing,
- iii. established but growing slowly and
- iv. graduates to a larger size (Oludimu and Adedoyin 2010)

The opportunity for entrepreneurship in emerging markets is pervasive. While entrepreneurial opportunities are broader and resultant strategies are self-hedging in developing countries, limited personal and family savings and an absence of financial innovations, severely limits their growth prospects of promising startups, Lawal *et al* (2013). Research on the determinants of private savings in developing countries suggest that countries that have experienced economic instability are more likely to have higher ratings of private savings, maintained as an insurance mechanism (Loayza, Shmidt – Hebbel and Serven 2000). Crisis

represents opportunities, at least as far as forming the purse of private capital necessary for start-up finance is concerned Robert Hisrich & Michael P. Peters (2002). The fore-going review of Literature has demonstrated the need for a conscious programme for the development of entrepreneurship particularly in developing economies like Nigeria's. In this regard, government at all levels, Federal, state and Local should respond aggressively to the situation. The problem of capital is being tackled through the encouragement of specialized banks, micro finance banks and other credit institutions to the needs of small-scale industries/SME's, Wole Akande (2005). The problem of providing management and technical expertise is also being tackled through the various universities, polytechnics, colleges of technology and similar institutions spread across the country.

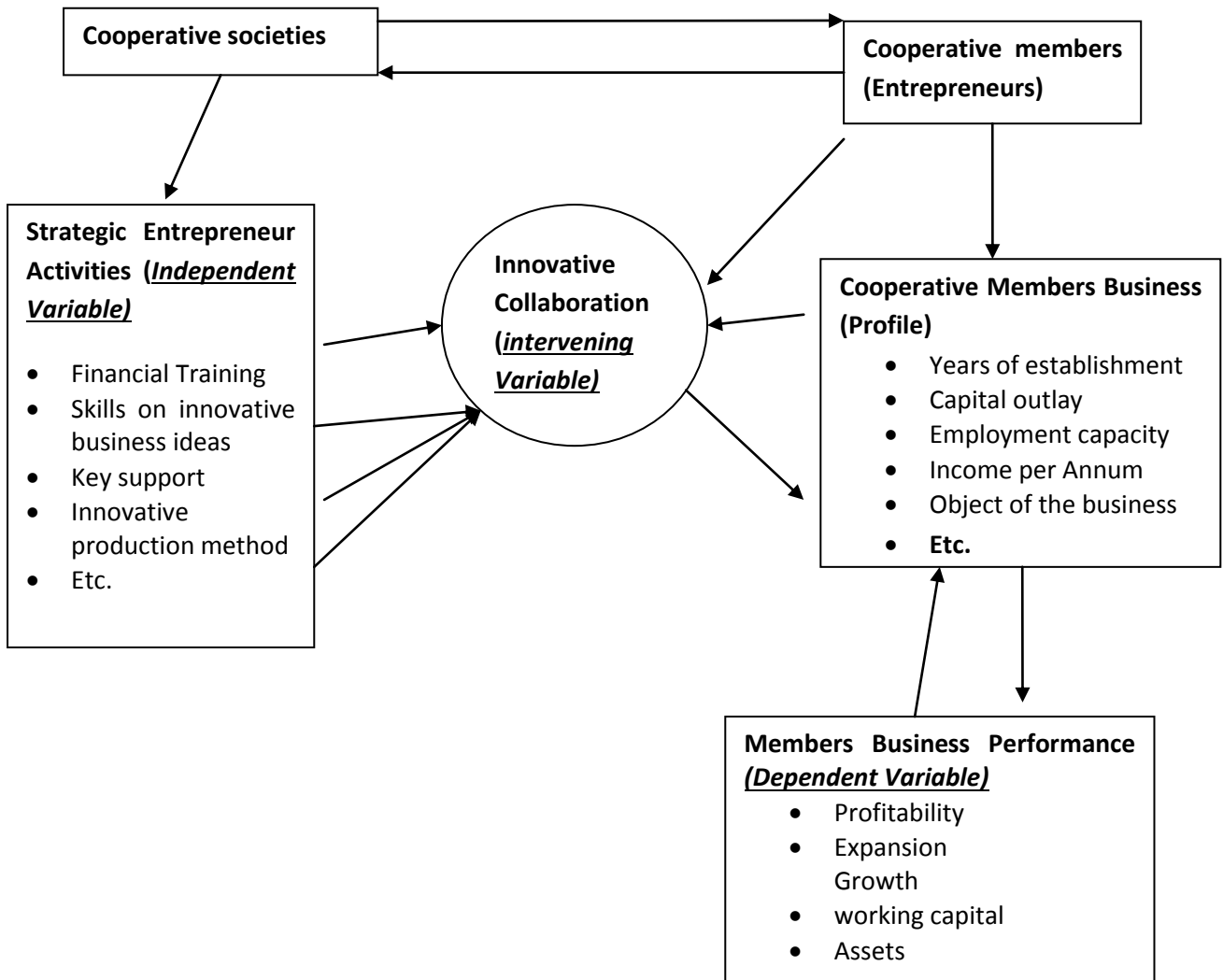
2.4 Summary and Appraisal of the Reviewed Literature

The various studies under review were actually focused on several issues that have to do with entrepreneurship. These vast literature agreed on the importance and contribution of entrepreneurship to the entrepreneurs; micro and macro economy development. Yet, none (literature) seemingly provided any empirical driven effect of cooperative society's effect on the performance of their members' enterprises in terms of profitability; growth and expansion. Indeed, there is no evidence in literature that the effects of cooperative entrepreneur activities on members' enterprise had been undertaken in Nigeria, especially in Lagos state.

The effective practice of strategic entrepreneurship is rapidly becoming an imperative for the entrepreneurs competing within the modern, innovation-driven global economy. For most entrepreneurs, however, finding the proper balance between advantage-seeking and opportunity-seeking activities is extremely difficult. This jeopardizes entrepreneurs' ability to create wealth, and it suggests the need to identify ways to close the gap between what cooperative societies can do on their own and what they need to do in order to pursue strategic entrepreneurship of their members. The researcher believes that collaborative innovation can serve as a tool to fill this gap, particularly with respect to the need for the cooperative societies to continuously render innovation skills and ideas to their members' enterprise which will definitely trickle down to viable investment and profitability. This was the gap this study was meant to fill.

2.5 Conceptual Framework

Figure 1: Operationalisation of Study Variables



Source: Researchers' Own Concept 2016

The Fig 1 displayed the conceptual framework for this study, which shows the relationship between the variables. From the framework, there exist two way network or collaboration between in the cooperative society and the members as the cooperative societies collaborate with the members who are entrepreneurs by rendering strategic entrepreneur activities to their business which is a separate entity from the cooperative members. Therefore, the strategic entrepreneur activities rendered to the members business is an innovative collaboration in the sense that the members might not be exposed to such skills and ideas without being a member of the society. As such, these strategic entrepreneur activities have positive influence on the performance of the members business by boosting their profitability, expansion and growth.

CHAPTER THREE

RESEARCH METHODOLOGY

The aim of methodology is to provide the intending reader steps followed to conduct the research. A clear and concise description of the methods and procedures was done under the following sub-sections:

- Research Design
- Area of Study
- Sampling Procedures and Size
- Sources of Data
- Methods of Data Collection
- Validity of Instrument
- Reliability of Instrument
- Methods of Data Analysis and Techniques

3.1 Research Design

The research design that was used in this study is the survey research design. Here, data were gathered from a large number of respondents who constituted the sample that was representative of the population of interest. These data collection was important to better understand facts and events, give interpretation and explanation, as well as make predictions about variables. Furthermore, in gathering the data, a cross-sectional research design was deployed whereby a one time observation was made on the elements of the sample on those variables that were relevant to this research.

3.2 Area of Study

The study was conducted in Lagos State which is one of the 12 States that were created through Decree No. 14 of 1967. Lagos State with a land area of 3,577 square kilometres, representing 0.4% of the Country, is one of the smallest states in the Federation. The town is situated on the Nigerian Coastline running parallel to the sea. It lies on latitude 6° 25' North and longitude 2° 53' East (Ladigbolu, 1992). Its territorial size is further reduced by lagoons and creeks which constitute about 22 per cent or 787 square kilometres of the total landmass. It shares boundaries to the North and East with Ogun State, and in the West with the Republic of Benin.

It also extends westwards to Badagry and eastwards to Epe terminating in the riverine area of Lekki. Lagos, the town is partly Mainland and Island is predominantly an Awori area and people who inhabit are mainly Yorubas but there are Ogus (Egun speaking people), Lagos State is inhabited by the Aworis and Egus in Ikeja and Badagry Divisions respectively and the Ijebus in Ikorodu and Epe. The Egus are mainly found in the Badagry area, while the original settlers of Lagos Island were an admixture of Benin, Eko Awori, repatriated Yorubas and other Yoruba people from Egba, Ijebu, Oyo and Igbonna areas of Kwara State with partially Hausas, and other part of country. The people of these areas are mostly traders and farmers. Lagos is one of the areas in Lagos, Nigeria that attract migrants from many parts of the world like British, Portuguese, Brazilians Japan, China, Korea, as well as commercial entrepreneurs and industrialists that concentrate in large, medium and small-scale business enterprises with medium agricultural area in the rural parts.

However, Lagos State is a socio-cultural melting pot, attracting both Nigerians and non-Nigerians alike. This situation is attributable to its economic and socio political importance (Kunlelawal, 2000). Between 1991 and 2008, the Lagos State government carried out many meaningful activities, which contributed to the socio-economic welfare development. These are in the areas of Education, Health, Roads, Transportation, Commerce and Industry, Entrepreneurship and Co-operatives among others (Lawal, 2007).

According to NPC (2006) the population of Lagos State was put at 17.5 million during the 2006 national census.

Lagos State is divided into five Administrative Divisions, which are further divided into twenty (20) Local Government Areas, or LGAs.

3.3 Population

According to Ministry of Agriculture and cooperative Lagos State, there are 11,096 Multipurpose Cooperative Societies (MCS) as at 2015, with the membership strength of 7,937,932 who are mostly entrepreneurs that cut across the 20 Local Government Areas of Lagos state. This formed the study population. The population distribution is presented on Table 3.1:

Table 3.1: Population Distribution of Cooperative Societies and their members in Lagos state

SN	Business Zones	Local Government Area	No of Coop (MCS)	Mem. Size
1	Ikeja Zone:	Agege	612	359,939
2		Ikeja	923	184,105
3		Alimosho	852	277,714
4		Kosofe	646	118,166
5		Somolu	267	117,362
6		Mushin	923	387,785
7		Ifakon-Ijaiye	866	127,878
8		Oshodi-Isolo	862	113,196
9	Badagry Zone:	Amuwo- Odofin	814	265,393
10		Badagry	787	209,437
11		Ojo	595	397,720
12		Ajeromi- Ifelodun	875	133,009
13	Epe Zone:	Epe	582	98,071
14		Ibeju Lekki	848	121,509
15	Ikorodu Zone:	Ikorodu	516	410,673
16	Lekki Zone:	Surulere	930	303,975
17		Lagos Mainland	635	88,166
18		Lekki	158	18,071
19		Eti- Osa	441	141,093
20		Lagos Island	746	381,435
	5 Business Zones	20 LGAs	11,096	7,937,932

Source: Lasada.org 2015

3.4 Sample Size and Sampling Technique

The study population is known. This comprises of 11,096 MCS with 3,937,932 membership size. Meanwhile, the study population was considered to be too large. Thus, there is need to determine a manageable sample size that was used for generalization of the population. In order to do that, multistage sampling technique was used to determine the sample size for this study.

Firstly, three (3) Business zones namely Ikeja; Badagry and Lekki zone were purposively selected. The judgmental sampling technique was used to select these zones because it is most convenient, accessible zones and also because of high concentration of entrepreneurial activities in these areas.

Secondly, judgmental sampling technique was also used to select two (2) LGAs from each zone. Therefore, these LGAs were selected based on convenience access to data and information as well as distance. The sampling procedure is presented in Table 3.2:

Table 3.2: Sample size Distribution and their selected LGAs

Business Zones Selected	L.G.As	Cooperatives societies	Cooperative members	Calculated 30% of Membership Size
Ikeja Zone	Agege	612	359,939	107,681
	Mushin	923	387,785	116,335.5
Badagry	Amuwo Odofin	814	265,393	79,617.9
	Ojo	595	397,720	119,316
Lekki	Surulere	930	303,975	91,192.5
	Lagos Island	746	381,435	114,430.5
Total	6 LGAs	5,020	2,096,247	658,874

Source: Lasada.org 2015

Thirdly, since the parameter of interest is cooperative members, as such, the researcher adopted simple percentage method to select 30% from 2,096,247 cooperative Members (Entrepreneurs) within the selected 6 LGAs of Lagos state.

$$\text{Thus, } \frac{30}{100} \times \frac{2,096,247}{1}$$

$$= \mathbf{658,874 \text{ Cooperative members (Entrepreneurs)}}$$

The fourth stage involved the use of Taro Yamane method to reduce the 658,874 cooperative members (entrepreneurs) to a manageable sample size

The Taro Yamani Formula is

$$n = \frac{N}{1 + N(e)^2}$$

Where:

n = the desired manageable sample size

N = Population

1 = Mathematical constant

e = Margin of acceptable error.

In this case,

n =? (Unknown),

N = 658,874

e = 5%

I = constant

Substituting the above values into the formula

Therefore,

$$n = \frac{658,874}{1 + 658,874(0.05)^2}$$

$$n = \frac{658,874}{1,648.185}$$

Thus; $n = 501$

Therefore, sample size (n) = 501 Cooperative members (Entrepreneurs)

Lastly, at this stage, to ensure that appropriate proportions of questionnaires are administered to the respondents, the researcher adopted Bowler's formulae to apportion the number of questionnaires that was administered to the respondents at each LGA:

$$nh = \frac{n \times Nh}{N}$$

Where:

nh = the appropriate proportion size for each LGAs

Nh = Total clients cooperative members that are entrepreneurs

n = Pre Determined and Calculated Sample Size = **501**

N = Determine or Estimated Population for the study = **658,874**

Agege LGA

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 107,681}{658,874}$$

$$nh = 81.87$$

Mushin LG,A

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 116,335}{658,874}$$

$$nh = 88.45$$

Amuwo Odofin LGA

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 76,617}{658,874}$$

$$nh = 58.25$$

Ojo LGA

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 119,316}{658,874}$$

$$nh = \frac{658,874}{90.72}$$

Surulere LGA

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 91192}{658,874}$$

$$nh = 69.34$$

Lagos Island LGA

$$nh = \frac{n \times Nh}{N}$$

$$nh = \frac{501 \times 114430.5}{658,874}$$

$$nh = 87.01$$

Meanwhile, appropriate proportion of structured questionnaires were administered to the cooperative members (Entrepreneurs) in the selected LGAs

Lastly, the researcher randomly administered the questionnaire to entrepreneurs who are members of cooperative society in the selected LGAs.

Note: out of 501 questionnaires administered to the respondents, 475 it was later discovered that twenty six (26) were not properly filled and 436 were diligently filled and returned. The returned rate is 87%

3.5 Sources of Data

For easy access to much needed information for the completion of this research work, the researcher used both secondary and primary sources for data collection. Primary data were sourced through the use of structured questionnaire that were administered to the cooperative members of MCS who are involved in Small business enterprise in the selected zones and LGAs. While secondary data were obtained through the internet, text books; journal articles; magazine and news papers. Also, reviews of relevant textbooks, journals, seminar papers, articles and web pages on the internet were extensively used.

3.6 Description of Data Collection Instrument

The instrument used to collect data for the attainment of the study objectives was questionnaires. This instrument was structured into two sections (A and B). The section A was structured to capture objective one that is socio-economic profile of the respondents' business. While section B was structured to answer research questions, II, III, IV and V. The research question ii; iii and was captured on closed end questions while research question v was structured on 5 point likert scale with the following keys; Strongly Agree (SA) = 5; Agree (A) = 4; Indifferent (IN) = 3; Disagree (D) = 2; and Strongly Disagree (SD) = 1. Also, this 5 point scale has a threshold of 3.0 which indicates that any variable that is less than 3.0 was considered weak while any variable equal to or greater than 3.0 was considered strong.

3.7 Validation of Research Tool

The validity of the measuring instrument refers to the degree to which the instrument measures what it is supposed to measure, The measuring instruments that were used in this study (the questionnaire) was carefully designed in a way that enabled the researcher elicit opinionated, factual and interpretive information pertinent to the purpose and objectives of this study. To ensure that the validity of the measuring instrument is maximized, the researcher avoided ambiguous questions. Questions were made short, easy to understand and solicited objective answers from all respondents.

In order to authenticate the validity of the instrument, copies of the questionnaire were given the supervisor and 4 other research experts in the management; statistics and cooperative field to make their inputs and contributions. Their contributions were appropriately effected.

3.8 Reliability of Research Instrument

Reliability is concerned with the degree to which a test instrument consistently measures what it measures. In order to test for the reliability of the research instrument, the researcher used test-re-test approach. Therefore, 20 experimental respondents were randomly selected from Badagry business zone and 20 copies of questionnaires were administered to them. Then, after the interval of 2 weeks the questionnaires were dully filled and retrieved from them while same set of 20 questionnaires were also administered to the same set of respondents. As such, the responses from the 2 set of questionnaires were subjected to Cronbach Alpha test at 5% level of significance with conventional threshold of 0.6. That is, the instrument was reliable if Cronbach coefficient is higher than the threshold of 0.6. The

tool (Cronbach Alpha) is capable of detecting the strength of each item in the research tool and the possibility of removing unnecessary item in the research tool.

The outcome was subjected to reliability test and the result is presented in Table 3.3:

Table 3.3: Reliability Statistics Result

Cronbach's Alpha Coefficient	Cronbach's Alpha Based on Standardized Items	Number of Items
.839	.824	11

Source: SPSS version 20.

In this study, Cronbach's Alpha was adopted as it has ability to determine the strength or importance of each item in the research tool (if-item-deleted). Table 3.3 result revealed that, Alpha level of 0.824 is greater than the threshold of 0.6. This indicated high level of internal consistency of the research instrument; as such the research instrument is highly reliable to obtain data for decision.

3.9 Administration and Collection Data Instrument

The researcher is not so familiar with all the terrain of the LGAs, and due to the long distance. The researcher used the assistance of 6 trained enumerators in collaboration with the Divisional Cooperative Officer (DCO) in the selection of LGAs. These enumerators were trained on how to administer the instrument, more especially on how to guide the respondents who have little or no knowledge on how to fill the questionnaires appropriately. After the respondents filled the questionnaire, the enumerators collected or retrieved it from the respondents, and submitted to the office of the DCO, while the DCO collated these questionnaires on behalf of the researcher.

3.10 Data Analysis and Technique

The researcher applied descriptive statistics such as simple percentage; mean and frequency distribution to analyze the specific objectives of the study. The inferential statistics was used to test the formulated hypotheses. The hypotheses were formulated to establish significant effects between two variables (cooperative entrepreneurial activities and members business performance) as such, in order to determine if the variables are normally distributed as well as ascertaining the statistical tool to be used, the researcher subjected the variables involved to test of normality. Thus, the results of the observations revealed that the variables were normally distributed, therefore, parametric statistics tools (regression; T test and correlation

test statistics model analysis) were used to determine influence and relationships between independent and dependent variables.

As hypothesis one (*H₀₁*) was analyzed with multiple regression models. This model explains the influence and relationship between the dependent variable (entrepreneurial skills and ideas) and the independent variable (socio-economic profile of member's enterprise). The model specifies the entrepreneurial skills and ideas and socio-economic profile of member's enterprise. The socio-economic profiles of member's enterprise are an indicator which can significantly influenced the entrepreneurial skills and ideas required to performed effectively.

The influence of socio-economic characteristics on entrepreneurial skills and ideas required were considered using enterprise registration status, sources of fund, capital outlay, enterprise type and nature, income generate, employees' capacity, years of cooperative experience and year's enterprise existence, as well as enterprise size.

Multiple regressions were used to ascertain the effect of socio-economic attribute of the member business enterprise on entrepreneurial skills and ideas required. The dependent variable (entrepreneurial skills and ideas required) was explained by the regression line

$$Y = a + b_1 + X_1 + b_2 + X_2 + \mu \dots\dots\dots \text{Eqn 1 (linear)}$$

Equally multiple regression analysis is a statistical tool for evaluating the relationship between one or more independent variable x_1, x_2, \dots, x_n

Y is most often used when independent variable are not controlled as when collected in a sample survey or other observational study (Gollenger, 1964).

Therefore, the model thus explicitly expressed as:

$$Y = f(X_1 + X_2) + e$$

As such, the empirical model (semi Log) for this is stated as

$$Y_1 = a + \beta_1 x 1 + \beta_2 x 2 + \beta_3 x 3 + \beta_4 x 4 + \beta_5 x 5 + \beta_6 x 6 + \beta_7 x 7 + \beta_8 x 8 + \beta_9 x 9 + e_i$$

Thus the functional equation for the model is stated as:

ENT SK (Y_i) = Entrepreneurial Skills and Ideas Required

REG₁ = Registration status of enterprise (Registered = 1, otherwise = 0)

- FUND₂= Sources of fund respondents age (Cooperative = 1, otherwise = 0)
- CAP₃ = Estimated capital outlay (Amount in Naira)
- NAT₄ = Enterprise nature and type (Goods = 1, Services = 0)
- INC₅ = Enterprise Income (Estimated amount in Naira)
- EMP₆ = Employees capacity (Number of persons employed)
- EXT₇ = Years of enterprise existence (existence per No of years)
- MEM₈ = Cooperative membership experience (Experience per No of years)
- SIZ₉ = Size of Enterprise (Large size = 1, Small size =0)
- β_1 - β_{11} = Regression coefficient
- β_0 = Constant term

Note: 1 and 0 Represent Dummy

Therefore,

$$ENT\ SK = a + \beta_1 REG_1 + \beta_2 FUND_2 + \beta_3 CAP_3 + \beta_4 NAT_4 + \beta_5 INC_5 + \beta_6 EMP_6 + \beta_7 EXT_7 + \beta_8 MEM_8 + \beta_9 SIZ_9$$

Meanwhile, correlation and regression were used to test the validity of the parameter estimate. In order words it was used to decide whether the estimate (independent variable) is significant or not. The above stated statistics were used to analyze the Hypothesis two (Ho₂); Hypothesis three (Ho₃) and Hypothesis four (Ho₄). The researcher analyzed the data with the SPSS version 20.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESULTS

This chapter presents findings and analyze generated data from the field survey among members (cooperative entrepreneurial) of cooperative societies for, interprets and discussion of results based on the findings derived from the 501 questionnaires administered to the respondents, 436 were diligently filled and returned. The returned rate is 87%.

4.1: The Socioeconomic Profile of Cooperative Entrepreneurs' Business Enterprise

Table 1: Distribution of Responses on the Respondents Demographic Factors

S/N	Factors	Indicators	Frequency (n = 436)	Percentage (%)
1	Registration Status of the Enterprise	Sole Proprietor	137	31.42
		Partnership	94	21.56
		Joint Ownership	74	16.97
		Private Ltd Liability Company	35	8.03
		Family business	96	22.02
		Total	436	100
2	Enterprise Sources of Fund	Cooperative Society	203	46.56
		Loan from Deposit Money Bank	28	6.42
		Loan from Bank of Industry	8	1.83
		Personal Savings	113	25.92
		Loan from Family and Friends	84	19.27
		Total	436	100
3	Enterprise Estimated Capital Outlay	<i>Less than N100, 000</i>	84	19.27
		<i>N100, 000 – N500, 000</i>	105	24.08
		<i>N500, 001 – N1, 000, 000</i>	95	21.79
		<i>N1, 000, 001 – N2, 000, 000</i>	86	19.72
		<i>N2, 000, 001 – N5, 000, 000</i>	26	5.96
		<i>N5, 000, 001 – N 10,000,000</i>	35	8.03
		<i>Above N10, 000, 000</i>	5	1.15
		Total	436	100
4	Enterprise Type & Nature	Consumer goods production	86	19.72
		Agric business & Agro processing	67	15.37
		Trading	105	24.08
		Craftsmanship	157	36.01
		Service delivery	21	4.82
		Total	436	100
5	Experience (Years) of Cooperative Membership	1 – 2years	71	16.28
		2 – 5years	86	19.72
		6 – 10years	174	39.92
		> 10 years	105	24.08
		Total	436	100
6	Enterprise Estimated Income per Annum (₦)	Less than ₦200, 000	146	33.49
		₦201, 000 – ₦500, 000	248	56.88
		₦501, 000 – ₦1million	38	8.72
		₦1.1million – ₦2million	34	7.80
		₦2.1million – ₦5million	4	0.91
		Total	none	0.00

			436	100
7	Employee capacity	1 – 5 workers	205	47.01
		6 – 10 workers	127	29.13
		11 – 20 workers	82	18.81
		Above 20 workers	22	5.05
		Total	436	100
8	Years of Enterprise Existence	1 – 5 years	106	24.31
		6 – 10 years	265	60.78
		11 – 15 years	43	9.86
		16 – 20 years	18	4.13
		> 20 years	4	0.92
		Total	436	100
9	Size of Business Enterprise	Large scale	76	17.43
		Medium Scale	119	27.29
		Small Scale	241	55.28
		Total	436	100

Source: Field Survey, 2016.

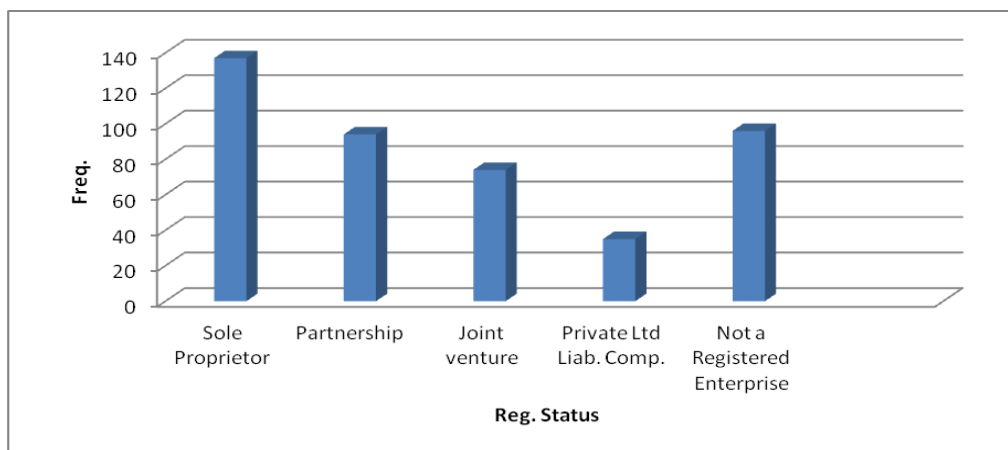
The result of Table 1 revealed the socio-economic profile of the respondents business. Indication from the table shows that the majority (31.42%) of the respondents' business enterprise are sole proprietorship form of business and they are not dully registered (31.42%) with the appropriate authority in Lagos state. Evidence from the Table revealed that most of the entrepreneurs in Lagos state source their capital from the cooperative societies (46.56%) and their personal savings (25.92%), while few sourced from family and friends (19.27%). On the capital outlay for the respondents business it was observed from the Table that most (24.08%) of the respondents used in between N100, 000 to N500, 000 and N500, 000 to N1,000, 000 to run their business. while very few of them used above N1,000,000 to run their business. In the same vein, most of the respondents were involved in craftsmanship (36.01%) and trading (24.08%), while very few of them were involved in production activities. Similarly, most of these businesses have been in existence for 10 years (39.92%) and above 10 years (24.08%).

Evidence from the Table revealed that majority of the respondents earn estimated of ₦201, 000 to ₦500, 000 representing 56.88% as their annual income from their business enterprise, while some of the respondents earn below ₦200, 000 representing 33.49% while the remaining respondents earn above ₦500, 000 as their income from their business enterprise. Also, evidence from the Table shows that majority of the respondents business enterprises have capacity to employ 1 to 5 workers (47.01%), while few of them can equally employ up 10 workers (29.13%). Furthermore, evidence revealed that most of the cooperative members business been in operation for up to 10 years representing 60.70%. Finally, the table revealed that, most of the cooperative members' enterprises is on small-scale (55.28%), while very few of them operated medium-scale enterprises.

Figures for the Socio-economic Characteristics of Respondents Enterprises

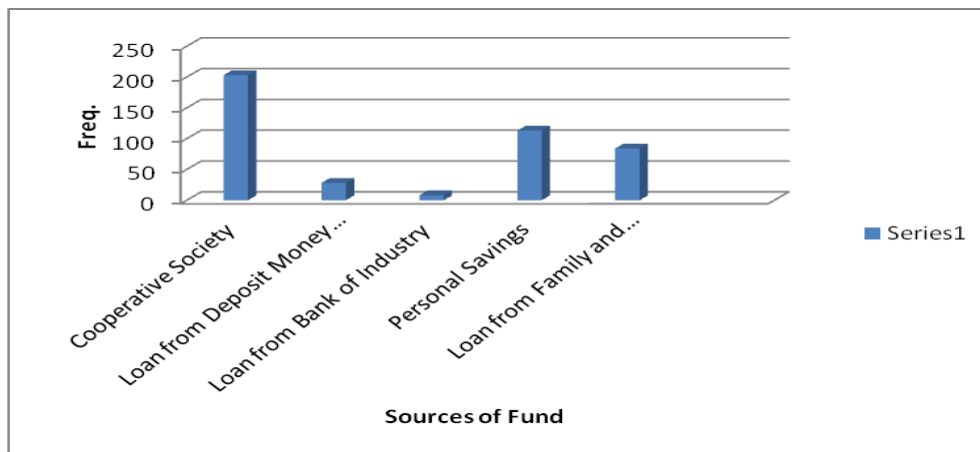
In order to strengthen the result of Table 1, the researcher further subjected the member enterprise socio-economic profile data to descriptive analysis. The socio-economic profile of the respondents' enterprises is depicted in the following charts;

Fig 1: Bar Chart of Registration Status of Members' Enterprise



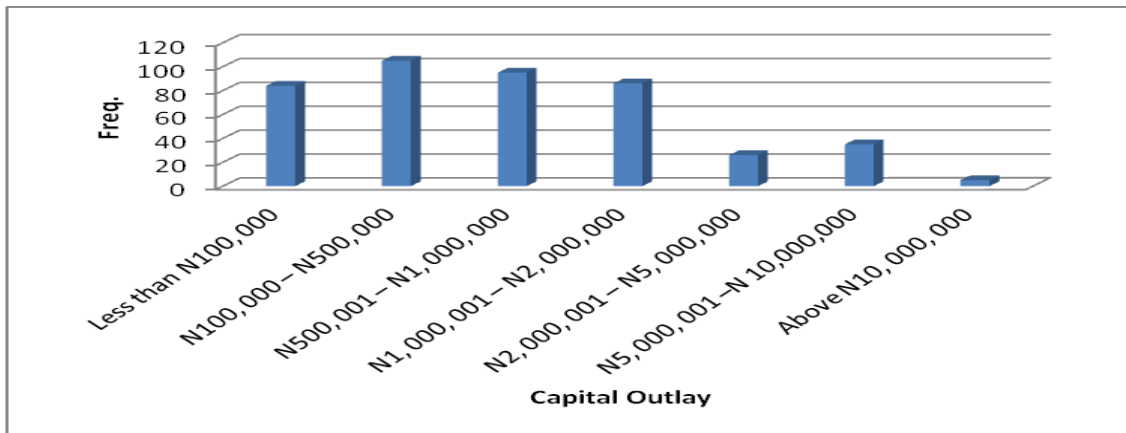
Source: Field Survey, 2016.

Fig 2: Bar Chart of Sources of Fund for Members Enterprises



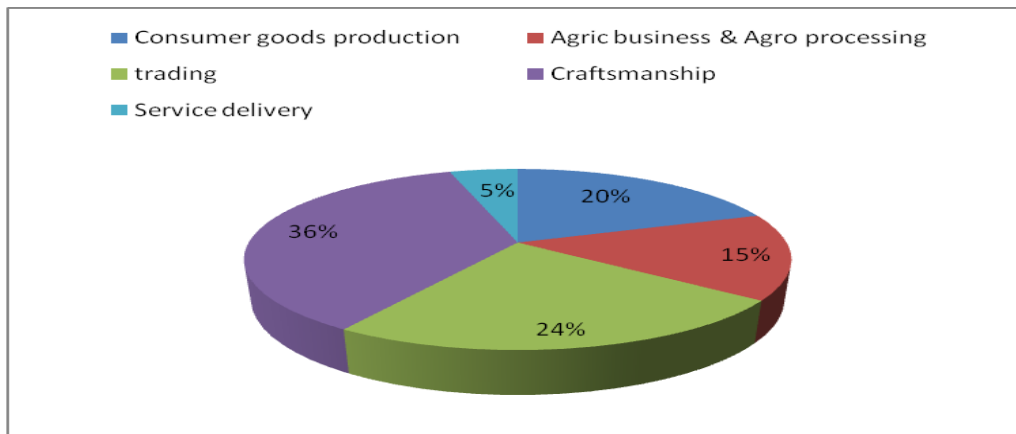
Source: Field Survey, 2016.

Fig 3: Bar Chart of Capital Outlay Members; Enterprises



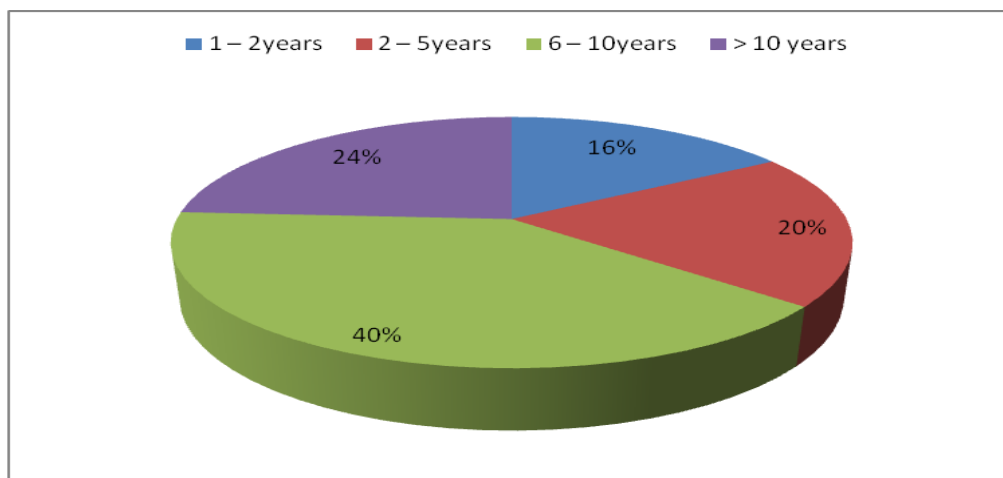
Source: Field Survey, 2016.

Fig 4: Pie Chart of Members Enterprise Nature



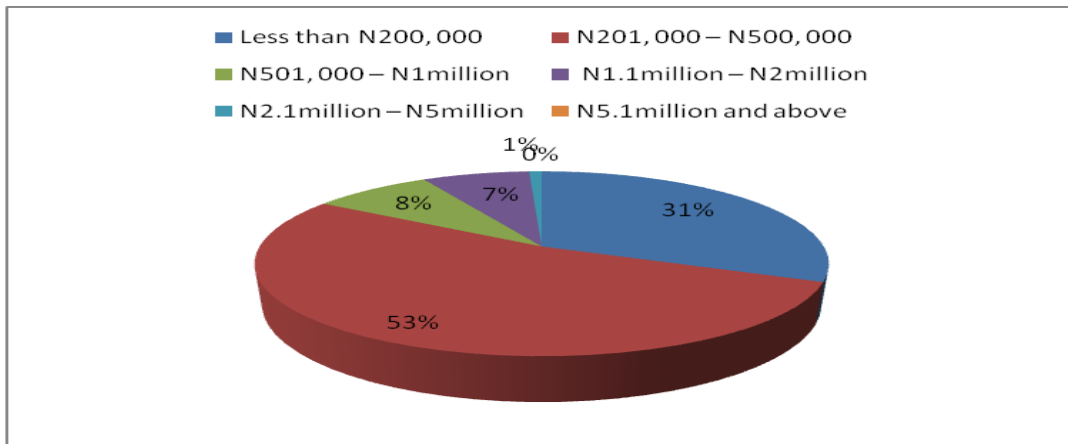
Source: Field Survey, 2016.

Fig 5: Pie Chart of Years of Cooperative Membership Experience



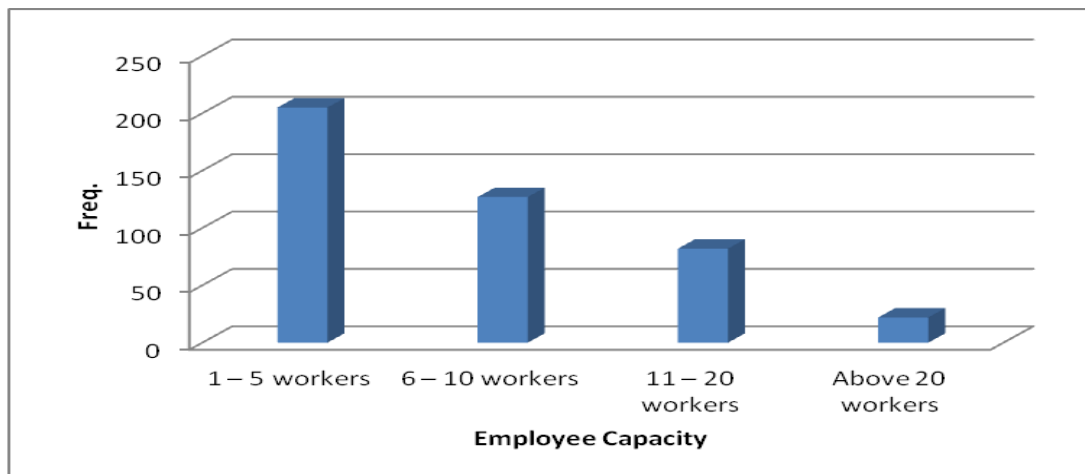
Source: Field Survey, 2016.

Fig6: Pie Chart of Members Enterprise Income per Annum



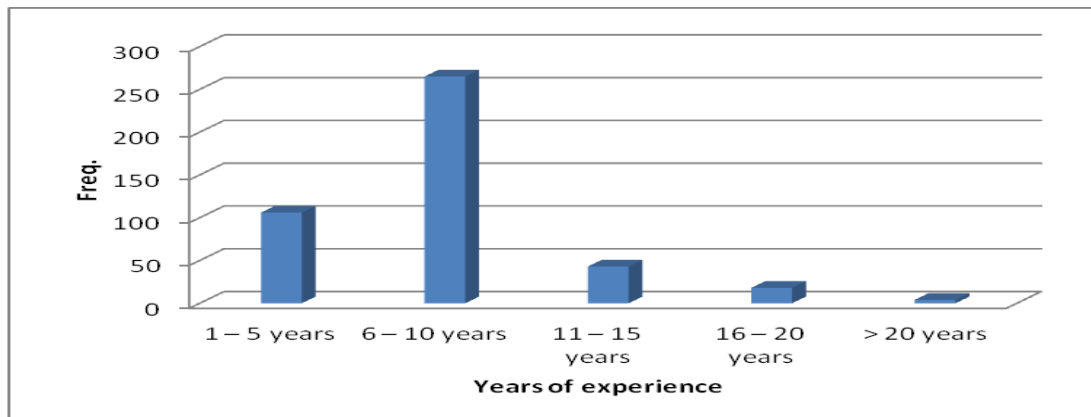
Source: Field Survey, 2016.

Fig 7: Bar Chart of Members Enterprise Employee Capacity



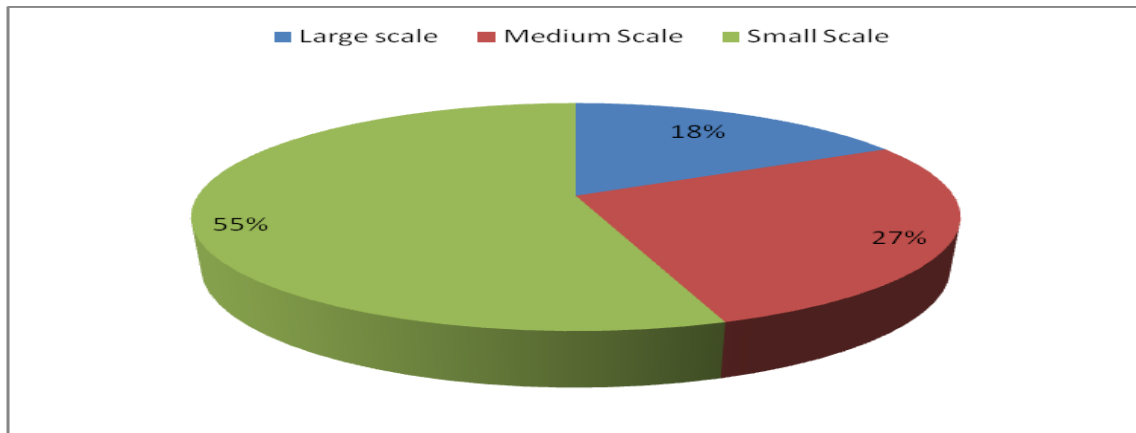
Source: Field Survey, 2016.

Fig 8: Bar Chart of Members Enterprise Years of Existence



Source: Field Survey, 2016.

Fig 9: Pie Chart of Size of Members Business



Source: Field Survey, 2016.

4.1.2 Relationship between the Socio-economic Factors

In this section, Pearson’s Moment Correlation analysis was used to determine strength and nature of relationship between factors of interest such as years of existence and income per annum, size of business and years of existence etc. (See Table)

Table 2: Correlation Analysis of Socio-economic Factors in the Research Tool

	Reg. Status	Capital outlay	Years of membership	Income per annum	Capacity of business	Years of existence	Size of business
Reg. Status	1	0.65	0.68	0.505	0.947	0.318	0.048
Capital outlay		1	0.52	0.391	0.843	0.341	0.635
Years of membership			1	0.649	0.519	0.494	0.729
Income per annum				1	0.607	0.975	0.648
Capacity of business					1	0.467	0.126
Years of existence						1	0.773
Size of business							1

Source: Field Survey, 2016.

Remark

Correlation between a variable and itself is 1.00. This implies perfect and positive relationship exists between a variable and itself. Considering the factors in pair, negative correlation is an indication of inverse relationship and positive correlation implies direct

relationship. Correlation value less than 0.5 implies weak relationship between the variables and correlation value greater than 0.5 implies strong relationship between the variables.

Therefore, majority of the factors scored above 0.5 which implied that they are strong and positive relationship exist between them, except for year's enterprise existence and enterprise capital outlays (0.341); income per annum and capital outlay (0.391); size of business and registration status (0.048); and size of business and employment capacity (0.126). Meanwhile years of business existence had a weak relationship with all the factors except enterprise income per annum. This implied that number of years which a business has been operating has a positive impact on its earnings.

4.1.3 Test of Hypothesis One

Ho₁: The socio-economic profile of cooperative members' enterprise does not significantly influence the extent of entrepreneurial skills acquired from the cooperative society

Ha₁: The socio-economic profile of cooperative members' business enterprise significantly influence the extent of entrepreneurial skills and ideas acquire from the cooperative society

Decision Rule: Accept the null hypothesis if the P-value is greater than 0.05, otherwise, reject.

Statistical Tool: Regression Analysis (OLS; Multiple Regressions)

Test of Multi Co linearity among Independent Variables using Variance Inflation Factor (VIF)

Predictor	Coef	SE Coef	T	P	VIF
Constant	4.40837	0.000000	*	*	
x1	-0.719560	0.000000	*	*	7.071
x2	0.457297	0.000000	*	*	5.550
x3	0.00603255	0.00000000	*	*	25.524
x4	-0.00081020	0.00000000	*	*	65.830
x5	-0.00061020	0.00000000	*	*	2.830
x6	-0.00170633	0.00000000	*	*	14.241
x7	0.00499345	0.00000000	*	*	2.453
x8	0.00167252	0.00000000	*	*	4.996
x9	0.00223251	0.00000000	*	*	25.434

From the values of VIF, variables x3, x4, x6 and x9 are highly correlated with other independent variables. Therefore, they are to be removed from the model.

The Regression Output is:

Regression Analysis: Y versus x1, x2, x4, x5, x7, x8

where x_1 = Registration status of enterprise (Registered = 1, otherwise = 0)

- x₂ = Sources of fund respondents age (Cooperative = 1, otherwise = 0)
- x₃ = Estimated capital outlay (Amount in Naira)
- x₄ = Enterprise nature and type (Goods = 1, Services = 0)
- x₅ = Enterprise Income (Estimated amount in Naira)
- x₆ = Employees capacity (Number of persons employed)
- x₇ = Years of enterprise existence (existence per No of years)
- x₈ = Cooperative membership experience (Experience per No of years)
- x₉ = Size of Enterprise (Large size = 1, Small size =0)

The regression equation is

$$Y = 4.36 - 0.785 x_1 + 0.460 x_2 + 0.000239 x_5 + 0.00714 x_7 + 0.00780 x_8$$

Predictor	Coef	SE Coef	T	P	VIF
Constant	4.36144	0.08162	53.44	0.000	
x ₁	-0.78512	0.08597	-9.13	0.000	6.838
x ₂	0.46005	0.08601	5.35	0.000	5.476
x ₅	0.0002392	0.0002481	0.96	0.348	1.714
x ₇	0.007144	0.001455	4.91	0.000	2.162
x ₈	0.007797	0.001619	4.82	0.000	2.530

R-Sq = 87.3% Adjusted R-Square = 83.7%

Analysis of Variance

Source	DF	SS	MS	F	P
Regression	5	0.74904	0.14981	24.64	0.000
Residual Error	18	0.10942	0.00608		
Total	23	0.85846			

Interpretation

The adjusted R² (83.7) from the regression model score was considered to be strong and this implied that the influence of independent variable (Members enterprise socioeconomic profile) on dependent variable (entrepreneurial skills and ideas) can only be explain by 83%. That one percent increase in independent variables will influence 83 % change in dependent variable.

The P-value of the model from ANOVA table is 0.000 which is less than 0.05. There exists enough evidence to reject the null hypothesis and conclude that socioeconomic profile of

cooperative members' business enterprise significantly influences the extent of entrepreneurial skills and ideas acquire from the cooperative society.

4.2: The Nature of Entrepreneurial Support Activities That Are Accessible To Members' Business Enterprises.

Table 3: Distribution of Responses Based on the Entrepreneurial Support Activities Accessed By the Cooperative Members from Their Cooperative Society:

S/N	Entrepreneurial Support Activities Indices	Mean	Decision
<i>i</i>	Modern business management training	3.5	Agree
<i>ii</i>	Innovative methods of production	3.743	Agree
<i>iii</i>	Skills on how to discover new market	3.765	Agree
<i>iv</i>	Skills on how to discover new business opportunities	3.864	Agree
<i>v</i>	Skills on how to source for new and alternative supply	3.754	Agree
<i>vi</i>	Innovative means of using technologies for business	3.464	Agree
<i>vii</i>	New product design and development	3.332	Agree
<i>viii</i>	Financial intelligence and credit management skills	3.875	Agree

Source: Field Survey, 2016.

***Grand Mean (\bar{x}) = 3.662**

The Table 3 result was deduced from scale analysis of 5 points with weighted mean of 3.0. That is the respondents agreed those indices that are above the weighted mean of 3.0. Evidence from the grand mean ($\bar{x} = 3.662$) scored revealed that the respondents agreed that most of the entrepreneurial support activities are been acquired through their cooperative societies. Some of the innovative business ideas and skills include; Modern business management training ($\bar{x}=3.5$); Skills on how to discover new market ($\bar{x}=3.743$); Skills on how to source for new and alternative supply ($\bar{x}=3.754$); as well as Financial intelligence and credit management skills ($\bar{x}=3.875$).

4.3 The Influence of Entrepreneurial Support Activities Acquired By the Cooperative Members on their Enterprise Income.

Table 4: The Influence of Entrepreneurial Skills Acquired On Members Enterprise Income (Profitability) per Annum;

S/N	Estimated Income from Enterprise per Annum	Freq. n = 436	Percent.
1	Less than ₦N100, 000	98	22.47
2	₦100, 000 – ₦500, 000	143	32.79
3	₦500, 001 – ₦1, 000, 000	67	15.36
4	₦1, 000, 001 – ₦2, 000, 000	55	12.61
5	₦2, 000, 001 – ₦5, 000, 000	24	5.504
6	₦5, 000, 001 – ₦ 10,000,000	34	7.798
7	₦10, 000, 001 – ₦ 50, 000, 000	13	2.981
8	Above ₦50, 000, 000	2	0.458

Source: Field Survey, 2016.

***Average (x) = ₦418,627.331**

Table 4 revealed the estimated income of the members' enterprise in a year, as such evidence shows that few of the respondents earned below N100, 000 representing (22.47%), while the majority earned in between N100, 000 to N500, 000 32.79%. Also, 15.36% of the respondents earn between N500, 000 to N1 million annually. But on average the respondents earned **₦418,627.331** as the annual income from their enterprise.

4.3.2: Test of Hypothesis Two (H₀₂)

H₀₂: The entrepreneurial skills acquired by the cooperative members from their cooperative society have not significantly improved members' enterprise income (profitability);

H_{a2}: The entrepreneurial ideas and skills acquired by the cooperative members from their cooperative society have significantly improved members enterprise income (profitability);

Statistical Tool: in order to affirm or reject the above hypothesis statement formulated, the descriptive result table 3 (independent variable) and 4 (dependent variable) were subjected to *Product Moment correlation*.

Level of significance = 5% (0.05).

Decision Rule: Accept the null hypothesis if the P-value of the test is greater than 0.05, otherwise, reject.

Variables of interest; Mean rating of *entrepreneurial ideas and skills* and *income*

Table 5: Mean rating of Entrepreneurial Skills (Table 3 Result) and Freq. of Respondents on Income (Table 4 Results).

S/N	Skills	Income
1	3.5	143
2	3.743	98
3	3.765	67
4	3.864	55
5	3.754	24
6	3.464	34
7	3.332	13
8	3.875	2

Software Output:

Correlations: Skills, income

Pearson correlation of Skills and income = 0.984

P-Value = 0.042

Table 6: Summary of Correlations Result

		Skills	Income
Skills	Pearson Correlation	1	.984
	Sig. (2-tailed)		.042*
	N	8	8
income	Pearson Correlation	.984	1
	Sig. (2-tailed)	.042*	
	N	8	8

Interpretation

The correlation value of 0.984 shows that, positive relationship exists between the variables of interest. The strength of relationship can be referred to as strong relationship since the value (0.984) is greater than 0.5. Meanwhile, the probability value (P-value) of the model test is less than the conventional threshold of 0.05. There is enough evidence to reject the null hypothesis and accept the alternate. Therefore, the entrepreneurial ideas and skills acquired by the cooperative members from their cooperative society have significantly improve members enterprise income.

4.4: The Influence of Cooperative Entrepreneurial Activities On Members' Business Enterprise Growth In Terms Of Working Capital; Fixed Assets Worth In Naira; as Well as Sales Turn Over Rate per Month in Naira

4.4.1: The Influence of Cooperative Entrepreneurial Activities (Innovative Business Ideas and Skills) On Members' Business Enterprise Growth In Terms Of Working Capital.

Table 7: Distribution of the Responses Based on the Influence of Cooperative Entrepreneurial Activities (Innovative Business Ideas and Skills) On Working Capital

S/N	Estimated Working Capital	Freq. n = 436	Percent.
1	Less than N1,000, 000	209	47.93
2	N1,000, 000 – N5,000, 000	94	21.55
3	N5,000, 001 – N10, 000, 000	47	10.77
4	N10, 000, 001 – N20, 000, 000	35	8.027
5	N20, 000, 001 – N50, 000, 000	27	6.192
6	N50, 000, 001 –N 100,000,000	18	4.128
7	N100, 000, 001 – N500, 000, 000	6	1.376
8	N100, 000, 001 – N500, 000, 000	0	0.00

Source: Field Survey, 2016

*Average (x) = ₦ 1,094,862.06

Result Table (7) shows the frequencies responses and the percentage rates. Evidence from the table revealed that the majority (47.93) of the cooperative members' enterprises have less than N1, 000, 000, as their working capital. Also, 21.55% of the enterprises have N5, 000,000 as working capital, while, 10.77% of the enterprise has N10, 000,000 and very few others have above N10, 000,000 as working capital. On the average, cooperative members enterprises are having # 1,094,862.06 as their working capital and it believed to be influenced

by the entrepreneurship skills and ideas acquired from the cooperative society. The implication of this is that they are operating on small scale level.

4.4.1.1: Test of Hypothesis 3(Ho₃)

Ho₃: Cooperative entrepreneurial activities (innovative business skills) have no significant effect on members' business enterprise growth

Ha₃: Cooperative entrepreneurial activities (innovative business skills) have significant effect on members' business enterprise growth.

Table 8: Data used

S/N	Skills	Business Growth
1	3.5	209
2	3.743	94
3	3.765	47
4	3.864	35
5	3.754	27
6	3.464	18
7	3.332	6
8	3.875	0

Statistical Tool: Simple Regression (Ordinary Least Square Regression, OLS)

Decision Rule: Accept the null hypothesis if the P-value of the test is greater than 0.05, otherwise, reject.

Output

Regression Analysis: Skills versus Working capital

The regression equation is

$$\text{Skills} = 4.69 + 0.00052 \text{ Working capital}$$

Predictor	Coef	SE Coef	T	P
Constant	4.69070	0.09946	47.16	0.000
Working capital	0.000524	0.001178	0.45	0.072

R-Sq = 73.2% R-Sq. (Adj) = 70.0%

Analysis of Variance

Source	DF	SS	MS	F	P
Regression	1	0.00915	0.00915	0.20	0.032
Residual Error	6	0.27701	0.04617		
Total	7	0.28615			

Interpretation:

The P-value (0.032) of the model is less than 0.05, that is, the model is significance, which implies working capital is dependent of skills. Therefore, there exists enough to reject the null hypothesis and conclude that working capital has significant relationship with the skills acquired by the members.

4.4.2: The Influence of Cooperative Entrepreneurial Activities (Innovative Business Skills) on Members' Business Enterprise Growth in Terms of Fixed Assets worth in Naira

Table 9: Distribution of the Responses Based on the Influence of Cooperative Entrepreneurial Activities (Innovative Business Skills) On Fixed Assets Worth in Naira

S/N	Estimated Fixed Assets Worth In Naira	Freq. n = 436	Percent.
1	Less than N1,000, 000	165	37.84
2	N1,000, 000 – N5,000, 000	86	19.72
3	N5,000, 001 – N10, 000, 000	76	17.43
4	N10, 000, 001 – N20, 000, 000	43	9.862
5	N20, 000, 001 – N50, 000, 000	27	6.192
6	N50, 000, 001 –N 100,000,000	21	4.816
7	N100, 000, 001 – N500, 000, 000	18	4.128
8	N100, 000, 001 – N500, 000, 000	0	0.00

Source: Field Survey, 2016

***Average (x) = N2, 109,844.642**

Table 9 result shows the worth of members' enterprise fixed assets which was said to have been influenced by the entrepreneurial activities of the cooperative society. Evidence from the Table revealed that the majority of the members enterprises have an estimated of less than N1,000,000 as the amount of their fixed assets representing 37.84% of the responses. Similarly, 19.72% and 17.43% of the respondents have fixed assets worth of N1,000,000 to N5,000,000 and in between N5,000,000 to N10,000,000 respectively. but on the average the cooperative entrepreneurial activities influence fixed assets of members enterprise by **N2, 109,844.642**. This indicated the importance of entrepreneurial activities of cooperative society to members small scale enterprises.

4.4.3: The Influence of Cooperative Entrepreneurial Activities (Innovative Business Skills) on Members' Business Enterprise Growth in Terms of Sales Turn Over Rate per Month in Naira

Table 10: Distribution of the Responses Based on the Influence of Cooperative Entrepreneurial Activities (Innovative Business Skills) On Sales Turn Over Rate per Month in Naira

S/N	Estimated Sales Turn Over Rate per Month in Naira	Freq. n = 436	Percent.
1	Less than ₦200, 000	143	32.79
2	₦201, 000 – ₦500, 000	98	22.47
3	₦501, 000 – ₦1million	67	15.36
4	₦1.1million – ₦2million	55	12.61
5	₦2.1million – ₦3million	24	5.504
6	₦3.1million and – ₦4million	34	7.798
7	₦4.1million — ₦5million	13	2.298
8	₦5.1million and above	2	0.458

Source: Field Survey, 2016

***Average (x) = N226.937.401**

Table 9 results revealed the extent which the cooperative entrepreneurial activities have influenced the sales turnover of members enterprise. Evidence from the result revealed that majority (32.79%) of the enterprise earn less than ₦200, 000 from their sales of goods and services monthly while some other enterprises made sales of ₦201, 000 – ₦500, 000 and ₦501, 000 – ₦1million representing 22.47% and 15.36% respectively. meanwhile there are few other enterprises that also have sale volumes of above ₦1million. but on the Average (x) the enterprises earned **N226.937.401** from their sales monthly which can be attributed to improved ideas and skills exposed to by their cooperative society.

4.4.4 Test of Hypothesis Four (Ho₄)

Ho₄: There is no significant relationship between cooperative entrepreneurial activities and business growth (working capital; labour capacity, fixed assets worth in naira as well as sales turn) after they acquired entrepreneur skill and ideals from their cooperative society.

Ha₄: There is significant relationship between cooperative entrepreneurial activities and business growth (working capital; labour capacity, fixed assets worth in naira as well as sales turn) after they acquired entrepreneur skill and ideals from their cooperative society.

In order to establish the extent and nature of relationship that exist between the variables (entrepreneurial skill, working capital; fixed assets and sales turn over), result table 3,7,9, and 10 are subjected to multiple regression analysis. The outcome of this will enable the researcher to affirm or reject the hypothesis 4. Therefore, the result is presented as follows;

Table 11: Statistical Tool (Multiple Regression)

Skills (independent Variable Y)	Sales turn over (Dependent variable X ₁)	Working capital (Dependent variable X ₂)	fixed asset worth (Dependent variable X ₃)
3.5	143	209	165
3.743	98	94	86
3.765	67	47	76
3.864	55	35	43
3.754	24	27	27
3.464	34	18	21
3.332	13	6	18
3.875	2	0	0

Source: descriptive statistics result table 3;7; 9 & 10

Output:

Regression Analysis: Skills versus Sales turn over, Working capital, ...

The regression equation is

$$\text{Skills} = 4.66 + 0.0042 \text{ Sales turn over} + 0.00385 \text{ Working capital} + 0.0023 \text{ fixed asset worth} + 0.00217 \text{ labour capacity}$$

Predictor	Coef	SE Coef	T	P	VIF
Constant	4.6570	0.2275	20.47	0.000	
Sales turn over	0.00417	0.01158	0.36	0.043	5.777
Working capital	0.003846	0.009113	-0.42	0.001	3.826
Fixed asset worth	0.00229	0.01289	-0.18	0.070	0.653
Labour capacity	0.002173	0.007610	0.29	0.094	8.304

R-Sq = 74.3% R-Sq (Adj) = 70.0%

Analysis of Variance

Source	DF	SS	MS	F	P
Regression	4	0.04105	0.01026	0.43	0.003
Residual Error	3	0.24510	0.08170		
Total	7	0.28615			

Interpretation

The P-value of the model is less than 0.05. Therefore, there exists enough to reject the null hypothesis and conclude that there is significant relationship between cooperative entrepreneurial activities and business growth.

4.5: The Constraints Confronting the Cooperative Entrepreneurs' In Lagos State

Table 12: Distribution of Respondents Perception on the Challenges Faced By the Entrepreneurs in Lagos State

Sn	Constraints indices	Mean (x)	Decision
<i>I</i>	Inadequate fund	3.847	Agree
<i>ii</i>	Poor access road	2.462	Disagree
<i>iii</i>	Poor supply of electricity	4.501	Agree
<i>iv</i>	High cost fuel and diesel in operating generator for business	4.179	Agree
<i>V</i>	Unfavourable government policies	3.388	Agree
<i>Vi</i>	High interest rate on loan obtained from other source	3.641	Agree
<i>vii</i>	High Competition from other large scale firms	3.204	Agree
<i>viii</i>	High cost of operating business in Lagos	4.244	Agree
<i>Ix</i>	Traffic jam	4.842	Agree

Source: Field Survey, 2016

***Grand mean (x) = 3.812**

Table 12 result was deduced from scale analysis with the threshold 3.0. that is, those challenges indices. The result that fell below threshold of 3.0 was considered not to a strong challenge confronting the entrepreneurs, while that challenges index that falls above 3.0 were considered to be a strong challenge that confront entrepreneurs in the course of doing their business in Lagos state. As such, some of the challenges confronting entrepreneurs include; inadequate fund (3.847); Poor supply of electricity (4.501); High cost fuel and diesel in operating generator for business (4.179); Unfavourable government policies (3.388); High interest rate on loan obtained from other source (3.641); Traffic jam (4.842). Similarly, the grand mean (x = **3.812**) score from the study further affirmed that the entrepreneurs are been faced with challenges.

CHAPTER FIVE

SUMMARY OF FINDINGS; CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Findings

The study analysed the effect of cooperative society's entrepreneurial activities on the performance of cooperative member's enterprises in Lagos. Findings from the study are as follows;

5.1.1 The finding from the study revealed that the majority of the respondents' business enterprises were sole proprietorship form of business and they are not dully registered with the appropriate authority in Lagos state. Evidence from the result revealed that most of the entrepreneurs in Lagos state sourced their capital from the cooperative societies (46.56%) and their personal savings (25.92%), while few sourced from family and friends (19.27%). In the same vein, most of the respondents were involved in craftsmanship (36.01%) and trading (24.08%), while very few of them were involved in production activities. Similarly, most of these businesses have been in existence for almost 10 years (39.92%) and above 10 years (24.08%). Evidence from the table result revealed that majority of the respondents earned estimated of ₦201,000 to ₦500,000 representing 56.88% as their annual income from their business enterprise, while some of the respondents earned below ₦200,000 representing 33.49%, while the remaining respondents earned above ₦500,000 as their income from their business enterprise. Also, evidence from the Table shows that majority of the respondents business enterprises had capacity to employ 1 to 5 workers (47.01%), while few of them equally employed up to 10 workers (29.13%).

Finally, the majority of these socio-economic factors scored above 0.5 which implied that they are strong and positive relationship exist between them, except for year's enterprise existence and enterprise capital outlays (0.341); income per annum and capital outlay (0.391); size of business and registration status (0.048); and size of business and employment capacity (0.126). Meanwhile, years of business existence had weak relationship with all the factors except enterprise income per annum. This implied that number of years which a business has been operating has a positive impact on its earnings.

5.1.2 The evidence from the findings (grand mean \bar{x}) = 3.662) revealed that the respondents agreed that most of the innovative business ideas and entrepreneurial skills are been acquired through their cooperative societies. Some of the innovative business ideas and skills include; Modern business management training; Skills on how to discover new market; Skills on how to source for new and alternative supply; as well as Financial intelligence and credit management skills.

5.1.3 Findings revealed the estimated income of the members' enterprise in a year, and it was observed that few of the respondents earned below N100, 000 representing (22.47%), while the majority earn in between N100, 000 to N500, 000 32.79%. Also, 15.36% of the respondents earn between N500, 000 to N1 million annually. But on average the respondents earned **#418,627.331** as the annual income from their enterprise. These earnings were attributed to the small-scale nature of the respondent's enterprise.

The correlation value (0.984) of hypothesis (Ho2) tested revealed that, positive relationship exists between the variables of interest (skills & Income). That is, strength of relationship can be referred to as strong relationship since the value (0.984) is greater than 0.5. This implied that the entrepreneurial ideas and skills acquired by the cooperative members from their cooperative society have significantly improved members enterprise income.

5.1.4 Evidence from the study result revealed that the majority (47.93) of the cooperative members' enterprises have less than N1, 000, 000, as their working capital. Also, 21.55% of the enterprises have N5, 000,000 as working capital, while very few others have above N10, 000,000 as working capital. On the average, cooperative members enterprises are having **₦1,094,862.06** as their working capital which was influenced by the entrepreneurship skills and ideas acquired from the cooperative society.

Furthermore, the probability value of 0.032) of the hypothesis (Ho3) tested affirmed that, working capital is dependent of skills. That is, working capital has significant relationship with the skills acquired by the members from their cooperative society.

In the same vein, The evidence from the result table revealed that the majority of the members enterprises have an estimated of less than N1,000,000 as the amount of their fixed

assets representing 37.84% of the responses, but on the average the cooperative entrepreneurial activities influence fixed assets of members enterprise by *N2, 109,844.642*. This indicated the importance of entrepreneurial activities of cooperative society to members small scale enterprises.

5.1.5 The result (grand mean (\bar{x}) = **3.812**) from the study revealed that entrepreneurs in Lagos state are been confronted by various challenges which ranged from inadequate fund; Poor supply of electricity; High cost fuel and diesel in operating generator for business; Unfavourable government policies; High interest rate on loan obtained from other source as well as Traffic jam.

5.2 CONCLUSION

Cooperative society support activities have significantly improved members (coop entrepreneurial) enterprise performance. The cooperative society should seek support of the government to permanently solve the problems identified or provide palliative strategies that will cushion the effects of these factors on cooperative small scale enterprises.

Absence of a well-developed conception of the entrepreneur in the philosophy of the time in no way implies that economic conditions might be completely static, trade will be suppressed or technology will be totally unprogressive. The introduction of new products and processes requires innovative ideas and skills which will be quite separated from the simple management functions.

The role of the cooperative societies in Nigeria at large is to reform or revolutionize the pattern of investment, by exploiting an innovation in business or, more generally, an untried technological possibility. By extension, this will eventually facilitates the performance of their members' enterprises as they will generate more income and diversify their livelihood.

5.3 RECOMMENDATIONS

In order enhance the performance of members' enterprise the following recommendations are made:

5.3.1 There are a lot of innovative business skills that cooperatives can adopt. In this case the cooperative societies involved in the entrepreneur activities should think outside

the box by coming up with more entrepreneurs strategies that will increase the skills and business ideas of their members. This will enable the cooperative members in strengthening their enterprise profile or status in terms of more capacity to employ more workers; upgrading to medium or large scale business; more income; more capital; as well as moving into full production of commodities.

5.3.2 As a matter of necessity, the cooperative societies should partner other private firms and the government so as close the gap of business innovations between the cooperative members business. This will enable the members' enterprise to be more current and relevant within the competitive environment. As a result of this collaboration with other private entrepreneurs firms and the government, the members' enterprise will perform favourably in terms of increase in sales turnover; increase working capital and income.

5.3.3 The cooperative societies involved in entrepreneurial activities should not only give or render these entrepreneurial skills and ideas to their members' enterprise. Rather, they do a follow up to track the performance of the of their members enterprise so as to ascertain and detect if they are making progress with the ideas giving to them or not. This will facilitates early detection of poor performance with quick fix or solutions.

5.3.4 In order to increase the working capital, sales turnover and the fixed assets of the members enterprises the cooperative society should endeavour to increase the amount of credit facilities they give to their members. This will enable them to diversify their investment in other areas of entrepreneurship.

5.4 Suggestion for Further Studies

The challenges like shortage power supply, unfavourable government policies and traffic jams should urgently be looked at the government. These are some of the factors that contribute to poor business performance and high cost of operating business in Lagos state. Therefore, the government should permanently solve these issues or provide palliative strategies that will cushion the effects of these factors on small scale enterprises. Solution to this problem will automatically improve the performance of cooperative enterprise.

The research suggests that other researchers that have interest in cooperative entrepreneurship should further explore other areas (Epe & Ikorodu) not covered by this current study.

The researcher adopted theory of collaborative innovativeness for his studies, but the future studies on the same subject matter should endeavor to explore other relevant theories of entrepreneur for their studies

Finally, the researcher suggests that future study should be carryout from the perspective of how cooperative entrepreneurial activities influence the overall performance of cooperative societies in Lagos as this current study was based on the influence of cooperative entrepreneur activities on member's enterprise performance. This will facilitates two way approach and insight into effects of cooperative entrepreneurship and the need for cooperative entrepreneurial activities for every cooperative society which is the strategy to diversify member's livelihood and as well improve performance of cooperative societies.

5.5 CONTRIBUTIONS TO KNOWLEDGE

The study explored the co-op entrepreneurship activities prospects and potentials of cooperative societies and its influence on members' enterprises in Lagos state, Nigeria. Before now literatures showed how cooperative societies were perceived to be a business model meant for those people that are economically and socially excluded.

Similarly, many people believed that cooperative lack creativity and innovativeness that can enhance members business. This notion really underestimates the potentials of cooperative societies in Nigeria. Over the years evidence revealed that there is existence shortage with the documented evidence and literatures on the entrepreneurial roles of cooperative societies in Lagos state and Nigeria in general.

Thus, with the completion of this study it is able to bridge the gap created by previous studies in the context of cooperative entrepreneurship activities. And the study was able to ascertained the nature and extent of the entrepreneurial activities rendered to

the members and these entrepreneurial activities was able to improve the performance of members enterprises.

The result from this study provide basis for the empirical evidence for researchers that have interest in cooperative entrepreneurship, as it will be used by various researchers as a threshold for future studies based on the vacuum filled by this study.

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APPENDIX 1

Nnamdi Azikiwe University,
Faculty of Management Science,
Department of Cooperative Economic and
Management,
P.M.B 5025, Awka.

Dear Respondent,

Request for Information

I am a post graduate (PhD) student of the above named school, faculty and department, conducting a research on the topic: *Influence of Cooperative Entrepreneurial support activities on members' enterprise performance in Lagos State.*

Attached here in is a questionnaire designed to deduce information based on the above topic, you are graciously requested to answer the questions based on how it best represent your opinion.

The information gotten from you will only be exclusively used and limited to this research project.

Thanks for your cooperation.

Yours faithfully,

Lawal, Kamaldeen A.A

QUESTIONNAIRE

Instruction: Tick (✓) as appropriate that will suit your opinion.

SECTION A: Socioeconomic Characteristics of members of multipurpose cooperative society

- 1) **Registration Status of the Enterprise:** a).Sole Proprietor [] (b) Partnership [] (c). Joint venture [] (d). Private Limited Liability Company [] (e).Not a Registered Enterprise []
- 2) **Enterprise Sources of Fund:** (a).Cooperative Society [] (b). Loan from Deposit Money Bank [] (c). Loan from Bank of Industry [] (d). Personal Savings [] (e). Loan from Family and Friends []
- 3) **Enterprise Estimated Capital Outlay:** (a). Less than N1, 000, 000 [] (b). N1,000, 000 – N5,000, 000 [] (c).N5,000, 001 – N10, 000, 000 [] (d) N10, 000, 001 – N20, 000, 000 [] (e) N20, 000, 001 – N50, 000, 000 [] (f).N50, 000, 001 –N 100,000,000 [] (g) N100, 000, 001 – N500, 000, 000 [] (h) Above N500, 000, 000 []
- 4) **Enterprise Type & Nature** (a) consumer goods production [] (b) Agric business & Agro processing [] (c). Trading [] (d).Craftsmanship [] (e).service delivery []
- 5) **Experience (Years) of Cooperative Membership:** (a). 1 – 2years [] (b). 2 – 5years [] (c). 6 – 10years []
- 6) **Enterprise Estimated Income per Annum (₦):** (a).Less than ₦200, 000 [] (b). ₦201, 000 – ₦500, 000 [] (c). ₦501, 000 – ₦1million [] (d). ₦1.1million – ₦2million [] (e).₦2.1million – ₦5million [] (f). ₦5.1million and above []
- 7) **Employee capacity:** a). 1 – 5 workers [] (b). 6 – 10 workers [] (c).11 – 20 workers [] (d). Above 20 workers []
- 8) **Years of Enterprise Existence:** (a). 11 – 5years [] (b). 6 – 10years [] (c). 11 – 20years [] (d). Above 20years []
- 9). **Size of Business Enterprise:** (a). Large scale [] (b). Medium Scale [] (c) Small Scale []
- 10). **Marital status:** Married [] Single [] widow [] others []
- 11). **Gender:** Male [] Female []
- 12). **Age bracket:** (a). (a). Below 25years [] (b). 25 – 50years [] (c). 50yearsAbove []

SECTION B

The Extent of Innovative Business Ideas and Entrepreneurial Skills Acquired By the Cooperative Members from Their Cooperative Society;

Based on your experience as a cooperative society member, do you believe that it has significantly affects the amount of money (capital) you are using to run your business? Considering the under listed estimated amount of capital, value in naira as last accounting period. **Strongly agree (SA), Agree (A), Undecided (UD), Disagree(D), Strongly disagree(SD)**

S/N	Innovative Business Ideas and Entrepreneurial Skills Indices	SA	A	UN	D	SD
<i>i</i>	Modern business management training					
<i>ii</i>	Innovative methods of production					
<i>iii</i>	Skills on how to discover new market					
<i>iv</i>	Skills on how to discover new business opportunities					
<i>v</i>	Skills on how to source for new and alternative supply					
<i>vi</i>	Innovative means of using technologies for business					
<i>vii</i>	New product design and development					
<i>viii</i>	Financial intelligence skills					

SECTION C

The Influence of Entrepreneurial Skills Acquired On Members Enterprise Income (Profitability) per Annum;

Based on these estimated value below, what is the estimated value (amount) of your turn over and income? Choose from the estimated amount in naira as provided below.

- a).**Less than N100, 000 [] **(b).**N100, 000 – N500, 000 [] **(c).**N500, 001 – N1, 000, 000 []
(d) N1, 000, 001 – N2, 000, 000 [] **(e)** N2, 000, 001 – N5, 000, 000 [] **(f).**N5, 000, 001 – N 10,000,000 [] **(g)** N10, 000, 001 – N50, 000, 000 [] **(h)**Above N50, 000, 000 []

SECTION D

The Influence of Cooperative Entrepreneurial Activities (Innovative Business Ideas and Skills) On Members' Business Enterprise Growth.

- (i).** **Working Capital:** Based on the entrepreneurial skills acquired from your cooperative society, do you believe that it has significantly affects the amount of money (capital) you are using to run your business? Considering the under listed estimated amount of capital, value in naira as last accounting period.
- a).** Less than N1,000, 000 [] **(b).**N1,000, 000 – N5,000, 000 [] **(c).**N5,000, 001 – N10, 000, 000 [] **(d)** N10, 000, 001 – N20, 000, 000 [] **(e)** N20, 000, 001 – N50, 000, 000 [] **(f).**N50, 000, 001 –N 100,000,000 [] **(g)** N100, 000, 001 – N500, 000, 000 [] **(h)**Above N500, 000, 000 []

(ii). Fixed Assets Worth In Naira:

- a). Less than N1,000, 000 [] (b).N1,000, 000 – N5,000, 000 [] (c).N5,000, 001 – N10, 000, 000 [] (d) N10, 000, 001 – N20, 000, 000 [] (e) N20, 000, 001 – N50, 000, 000 [] (f).N50, 000, 001 –N 100,000,000 [] (g) N100, 000, 001 – N500, 000, 000 [] (h)Above N500, 000, 000 []

(iii). Sales Turn Over Rate per Month in Naira

- (a). Less than ₦200, 000 [] (b). ₦201, 000 – ₦500, 000 [] (c). ₦501, 000 – ₦1million [] (d). ₦1.1million – ₦2million [] (e).₦2.1million – ₦5million [] (f). ₦5.1million and above []

SECTION E

The Constraints Confronting the Cooperative Entrepreneurs’ In Lagos Metropolis

What is your perception on the challenges faced by the entrepreneurs in Lagos state? Use the 5- point scale (1-5) to measure your perception on the under listed challenges strongly Agree (SA)

S/N	Constraints indices	SA	A	UN	D	SD
<i>i</i>	Inadequate fund					
<i>ii</i>	Poor access road					
<i>iii</i>	Poor supply of electricity					
<i>iv</i>	High cost fuel and diesel in operating generator for business					
<i>v</i>	Unfavourable government policies					
<i>vi</i>	High interest rate on loan obtained from other source					
<i>vii</i>	Competition from other films					
<i>viii</i>	High cost of operating business in Lagos					
<i>ix</i>	Traffic jam					

APPENDIX II

Software Output: Minitab Output

Correlations: Reg. Status, years of coo, Capital outl, Income per a, ...

years of coopera	Reg. Status	years of coopera	Capital outlay
	0.684		
	0.316		
Capital outlay	0.653	0.520	
	0.047	0.030	
Income per annum	0.505	0.649	0.391
	0.095	0.051	0.609

capacity of busi	0.947 0.023	0.519 0.041	0.843 0.017
yrs of existence	0.318 0.682	0.494 0.506	0.341 0.659
Size of business	0.169 0.831	0.729 0.021	0.635 0.035

	Income per annum	capacity of busi	yrs of existence
capacity of busi	0.607 0.033		
yrs of existence	0.975 0.025	0.467 0.533	
Size of business	0.648 0.052	0.126 0.874	0.773 0.027

Cell Contents: Pearson correlation
P-Value

APPENDIX III
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