

2016

Social enterprise in Ghana



SE GHANA

DEFINITION OF SOCIAL ENTERPRISE IN THE GHANAIAIAN CONTEXT

Introduction

There are myriad of definitions of the term social enterprise/entrepreneurship/entrepreneur. It is believed that these changes in definition are also sometimes affected by the difference in geographical location (Abu-Saifan & Drayton, 2012). For instance, the difference in the conceptualization of capitalism between America and Europe has resulted in the difference in definition of the term. There has however been other research works that says that even though there are these differences in the conceptualization and definition of social enterprise, the different definitions relate a lot to each other (S Bacq & Janssen, 2016).

The differences in definition also result from different approaches researchers from different parts of the world use in defining the term. A good definition of the term relative to Ghana's economic structure is important to be able to measure the extent of social impact and to do a proper analysis of requisite government policies that may affect it. It is in this regard that the Draft Ghana Social Enterprise Policy finds it pertinent to define the term in the Ghanaian context and proposes this definition: *“A social enterprise is an organization that applies commercial strategies to maximize improvements in social and environmental goals. The focus of the organization could be more geared towards social and environmental impact than profits for external shareholders. In Ghana, social enterprises can be structured as a for-profit or non-profit”*

This research is to find how the term “Social Enterprise” or “Social Entrepreneurship” has been defined in existing literature and how the key factors of social entrepreneurship is captured in the definition of “Social Enterprise” in the Draft Ghana Social Enterprise Policy.

The definition of the term as proposed in the draft was pegged against four characteristic of existing definitions. Most of the existing definitions try to combine factors that make the definition of social entrepreneurship different from other forms of entrepreneurship. These factors as presented in Technology Innovation Management Review in 2012 (Abu-saifan & Drayton, 2012) are

1. Mission-driven. They are dedicated to serve their mission of delivering a social value to the underserved.
2. Act entrepreneurially through a combination of characteristics that set them apart from other types of entrepreneurs.
3. Act within entrepreneurially oriented organizations that have a strong culture of innovation and openness.
4. Act within financially independent organizations that plan and execute earned-income strategies. The objective is to deliver the intended social value while remaining financially self-sufficient. This is achieved by blending social and profit-oriented activities to achieve self-sufficiency, reduce reliance on donations and government funding, and increase the potential of expanding the delivery of proposed social value.

This work proceeds to ascertain from social entrepreneurs in Ghana how the definition in the draft policy captures the practice of social entrepreneurship in the country.

Methodology

A two-stage formal research methodology was used in this study. These stages were data collection and data analysis. The data collection stage involved data collection approaches for qualitative

research. It involved placing phone call to the subjects of this research (Ghanaian Social Entrepreneurs) and conducted a structured interview on the definition of social enterprise and how this definition should be understood in the Ghanaian context. It also involved testing the definition as presented in the draft against key elements of the definition in academic literature. The structured interview questions were in two parts. The first part, respondents had to answer to questions pertaining to existing definitions of social enterprise in academic literature and how that compares to the definition presented in the policy draft.

The second part of the structured interview involved some test scenarios on the definition of the social enterprise. The goal was to test the various aspects of the social enterprise definition so as to explore the potential adaption of a definition that best suit our local Ghanaian context and how that definition should be understood in our Ghanaian context.

The first part was three questions in total. Subjects were presented with definitions of social enterprise in academic literature and they were to compare and contrast with the definition of social enterprise as presented in the draft policy. The second parts of the structured interview were 6 questions in total. The second stage of the research which was data analysis involved deductive and inductive methods of qualitative research. Deductive method included content analyses and inductive method was done through analytic induction. Results from the analyses was then interpreted to complete the three-fold qualitative research which are describing, analysis and interpreting as opined by Wolcott (1994).

Results and Discussion

Respondents were made aware of two definitions of social enterprise in the academic literature. The two definitions are reproduced below

[Social entrepreneurship] “Combines the passion of a social mission with an image of business-like discipline, innovation and determination (Dees, 1998)”.

Bacq Definition

“Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources (S Bacq & Janssen, 2016)”.

Out of the ten (10) valid responses, nine out of the ten social entrepreneurs agreed with the definition above, with most of these social entrepreneurs agreeing to the fact that the definitions above capture the meaning the social enterprise. Most of the nine social entrepreneurs who agreed with the definitions above, agreed strongly with the second definition. One of the respondents reinforced the definition as more explicit and explains social entrepreneurship very well. They emphasized the need for the definition to be more explicit to help a lot of the folks here who know very little about social entrepreneurship.

I think the first one is more implicit. But the second one is better because it's more explicit. Social entrepreneurship definition should be more explicit because a lot of people do not understand it, in terms of service to people. The first one doesn't come out clear but the second one does as respondent 3 said.

Respondent 4 however, disagreed with the above definition and proposed the two definitions be merged to better define the term social entrepreneurship in Ghana.

Respondents were also asked to compare and contrast the above definition as published in academic literature with the definition proposed in the draft: “A social enterprise is an organization that applies

commercial strategies to maximize improvements in social and environmental goals. The focus of the organization could be more geared towards social and environmental impact than profits for external shareholders. In Ghana, social enterprises can be structured as a for-profit or non-profit”

Again nine (9) people agreed with the definition in the draft policy and made the case that it does not disagree with the definition in literature. Most of the respondent pointed to “social and environmental impact” as a strong link between the definition in the draft policy and the above definition in academic literature.

Well, I think there are lots of similarities. For social enterprise, some do it for profit, and some don't get anything at all. But the social enterprise should have a social impact. If it doesn't have that social impact, then it is not a social enterprise- respondent 6 said.

Again, respondent 4 thought the definition as presented in the draft policy fails to capture the meaning of social enterprise.

It is not accurate because it does not capture all the centers within SE”, he said.

Respondents were also asked how they would define social enterprise differently. The responses from the respondents varied but all the answers hovered around the idea of solving a social problem and finding innovative means of being sustainable. The table below shows the different sources of the definition of social enterprise.

Table 1: The Different Sources of SE Definition

Definitions from academic literature	Definition in the draft policy	Definitions given by some of the respondents
<ul style="list-style-type: none"> ● [Social entrepreneurship] “Combines the passion of a social mission with an image of business-like discipline, innovation and determination(Dees, 1998)”. ● “Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources(Sophie Bacq & Janssen, 2011)”. 	<p>A social enterprise is an organization that applies commercial strategies to maximize improvements in social and environmental goals. The focus of the organization could be more geared towards social and environmental impact than profits for external <i>shareholders. In Ghana, social enterprises can be structured as a for-profit or non-profit</i>”</p>	<ul style="list-style-type: none"> ● I see a social enterprise as a structured organization solving a social challenge while making little profit from it. The focus of the SE is impact and making some revenue to sustain itself. <i>Respondent 9</i> ● A social enterprise is an enterprise that is geared towards social development. Thus SE creates a business, create profit or none at all. <i>Respondent 6</i> ● A social enterprise is an organization that creates market value, taking risks as a normal entrepreneur, but with the focus not on so much on profit and providing solutions to social issues. <i>Respondent 5</i> ● “A social enterprise is an organization that inculcates commercial and strict business management ethics into its operations and focuses on solving the most daunting social, economic and environmental problems with qualitative interventions that has great social, economic and environmental impacts” <i>Respondent 10</i>

From the above table it can be inferred that the most occurring phrase in the definition is social impact with words like business, and entrepreneur in the mix of the definitions. This goes to show that the definition in the policy draft does not deviate from the traditional understanding of social enterprise(Defourny & Nyssens, 2012) (Boschee & McClurg, 2003) (Austin, Stevenson, & Wei-Skillern, 2006). The definition in the draft policy also resonates well with local social entrepreneurs with their definitions agreeing a lot with the definition in the policy.

NVIVO software trail version 10 was also used to analyze 37 uniquely identified academic literature. Most of the articles were about the definitions of social enterprise and how social enterprise should be understood. The figure below summarizes the results from that analysis.



Figure 1: Word frequency results for 37 articles defining social entrepreneurship.

From the above results, the word “social” was very predominant with words like business, enterprising following suit. This further proves the point of the great similarity between the words that are used in defining the term social enterprise in academic literature and the words used to define the term in the proposed policy (Acq, 2011)(S Bacq & Janssen, 2016)(Leadbeater, 1997). This trend and concept of defining social entrepreneurship/entrepreneur/enterprise to capture entrepreneurial ventures and social mission cut across all the definitions recorded, even though it is true that the definition means different things to different people and the definition may vary culturally, politically, historically and socially (Teasdale, 2010). These definitions are put in various forms (Teasdale, 2010) and have had many ramifications but the traditional meaning(entrepreneurship and social impact) is implied in all of them. And this particularly is evident in how some of the social entrepreneurs in Ghana defined the term.

Second part of the questionnaire presented some case scenarios to help explain the concept of social entrepreneurship. Since “social impact” was across all the definitions, the first question in this category asked the respondents how importance it is for a social enterprise to have the concept of social enterprise captured in the mission statement or the concept of social impact implied in the mission statement. Some of the answers to these questions are reproduced below:

To me, if the social impact is not within the mission then it is not a social enterprise but it's more like a business- Respondent 9

It should be implied in the mission, because if it is not in the mission, there is the tendency for people to deviate, so it is very important -Respondent 3

I think that is the sole of social enterprise and the main driving force of social enterprise- Respondent 2

All the above statements indicated how high the respondents believed the concept of social impact should be captured or implied in the mission statement. This phenomenon showed a strong understanding of the definition of social enterprise by local practicing social entrepreneurs which does not deviate from studies from other parts of the world (Huybrechts & Nicholls, 2012) (Stryjan, 2006). All respondent agreed to the fact that the mission statement should capture intent to achieve some social and environmental impact.

The next question presented the respondents a scenario like this: " *Some companies publicly show intent to achieve social impact but with little action; others engage in activities to realize social impact but don't talk a lot about it. In your view, which is the **least** desirable company to associate with and why? Both intent and action, or action only or intent only*"?

Again all respondent inclined toward associating themselves with companies that realizes some form of social impact and yet talks little about it. Most of the respondents sought to say if the impact is being felt, then very soon a lot of people will get to know about it. So the focus should be primarily on achieving social impact. Some of the responses are reproduced below:

I prefer the people who don't talk about it but actually impacting lives- Respondent 4

I think social impact should be highlighted. You should be able to highlight it and measure so that people can see and also measure it - Respondent 7

To me, those who are not talking much about are the people to associate with. Talking about is just a way to get funding. But for ventures to talk about it and do very little means there is little monitoring in the system- Respondent 9

Patent from the above responses, indicates the proclivity of the social entrepreneurs to associate with those having impact and talking less about it. It can also be said from the responses that, the respondent preferred a way to measure impact so that companies do not tag themselves as social enterprises but in practice, do something very different. Some of the respondents also hinted that, they talk about it only to raise funds or get access to funding. Generally, if there is a metric to measure impact then it may be easier for social entrepreneurs to access funding.

When respondents were asked what should be the main motivating factor for setting up a social enterprise venture, all the ten respondents implied the motivation should be about making an impact in society by solving social problems in an innovative way. And this demonstrates a good understanding of the concept of social entrepreneurship among our local social entrepreneurs.

On their thoughts on “*Should social enterprises be judged based on their capacity to make an impact; such that smaller ones carry less expectation than bigger ones* “? Most of the respondents disagreed and defended their stance that, impact is relative. So the best measure of impact should be against the objectives set out by the social enterprises themselves. Others also mentioned some companies maybe small in terms of financial capacity but are achieving more social impact. Yet, others also pointed out the fact that for some enterprises, the impact may not be in the short term and so for proper analysis of impact, the type of social enterprise should be considered. Some of the responses are reproduced below:

I don't agree. Because impacts are different in all term. Some will be financial, other will be policy, so you don't need to be particularly big to solve some kind of social problem. Because not all social problems are financial and also small businesses solving a particular social problem can even position themselves so that they can even attract financial support from a bigger organization. What should be done is to segment the impact areas so that it is easy to measure them- Respondent 7

Yes and no. Yes because, some organization are small because of their capital base. In that sense they can be judged by their size. But there are others who are also big and they are doing big things because they have the capacity to do more. But also there are small grass-root companies who are doing massive things compared to some big organizations whose impact is very little in the society- Respondent 5

Questions that are worth considerations from the above answers are, how to design an all-encompassing metric to measure the impact of social entrepreneurs taking into account the various forms and shapes social enterprise can take. This would make the impact being realized by social entrepreneurs be quantifiable, and this is extremely important (Grieco, 2015).

The last two questions that respondents had to respond to, was about corporate social responsibility (CSR) and how different that is from social entrepreneurship. It was clear that companies undertaking cooperate social responsibilities maybe doing it out of obligations but social enterprises are set out from the onset to make social impact (Saatci & Urper, 2013)(Baron & Baron, 2005). So even though a company is achieving some form of social impact through CSR they should not qualify as a social enterprise. This again demonstrates a deep understanding of the scope and depth of what social entrepreneurship is about.

Recommendation

Since social impact is a key component of the definition of social enterprise and the practice thereof, there is a need to design a way to be able to measure the impact of social entrepreneurs (Grieco, 2015). This would help performing social ventures secure funds and also will help government and other bodies to invest in this sector if the metric shows more positive results.

Conclusion

In conclusion, the definition as presented in the policy really captured the concept of social entrepreneurship well because it agrees a lot with what is in academic literature and what local social entrepreneurs understand the concept to mean.

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Appendix

Questionnaire

Dees Definition

[Social entrepreneurship] “Combines the passion of a social mission with an image of business-like discipline, innovation and determination(Dees, 1998)”.

Bacq Definition

“Social entrepreneurship is the process of identifying, evaluating and exploiting opportunities aiming at social value creation by means of commercial, market-based activities and of the use of a wide range of resources(S Bacq & Janssen, 2016)”.

Test 1

These questions are asked to key players after they have been shown both definitions

What is your take on the above definitions?

All the two are in line with social entrepreneurship.

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Contrast with the definition of social enterprise provided by SE Ghana

“A social enterprise is an organization that applies commercial strategies to maximize improvements in social and environmental goals. The focus of the organization could be more geared towards social and environmental impact than profits for external shareholders. In Ghana, social enterprises can be structured as a for-profit or non-profit”

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How would you define social enterprise differently?

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Test 2

For the second test, a pool of respondents will be expanded and a few scenarios are provided to them for feedback. The goal of this research is to test the various aspects of the social enterprise definition so as to explore the potential adaption of those definitions to our local Ghanaian context.

Scenarios

1. How important is it for a social enterprise to have the phrase ‘social impact’ in its mission, or the concept of social impact implied in its mission?

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2. Some companies publicly show intent to achieve social impact but with little action; others engage in activities to realize social impact but don’t talk a lot about it. In your view, which is the **least** desirable company to associate with and why? Both intent and action, or action, or intent only?

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3. What should be the main motivation for setting up a social enterprise venture? Why?

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4. Should social enterprises be judged based on their capacity to make an impact; such that smaller ones carry less expectation than bigger ones?

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5. In your view, what is the difference between social enterprise (SE) and corporate social responsibility (CSR)?

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6. What do you think about the statement- Corporations undertaking CSR are merely undertaking their duties to stakeholders- Such companies may be achieving some social impact but will not qualify as a social enterprise?

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OVERVIEW OF SOCIAL ENTERPRISE IN GHANA

The social enterprise business sector has in recent time received massive attention from scholars and practitioners alike. This has especially been the case in developed economies like Europe, United Kingdom, United States of America, Eastern part of the Asia (Japan and China) and some parts of Latin America (Defourny & Nyssens, 2008). Social enterprise developments have been identified as vehicle with potential to trigger economic and social regeneration in deprived communities (Mason, Kirkbride & Bryde, 2007). Furthermore, the concept is presently esteemed as a tool for fostering inclusion, poverty alleviation (Yunus, 2007), and has been identified as a major part of the “third sector” (Defourny, 2001). Notwithstanding these benefits, very little attention has been paid to social enterprise sector in most developing economies like Ghana.

Ghana, like many developing economies plagued with intractable social ills and poverty (Smith & Darko, 2014), is in dying need of social entrepreneurs that can serve the needs of the marginalised poor. This is even more pressing because, while the government is haunted by the scarcity of resources and stringent budgetary allocations, most of these social ills are not considered commercially viable for private sector businesses (Dalberg, 2012). It is in this respect, that some international development partners have emphasized social businesses as the “third sector” to address the marginalised needs of deprived populations (British Council, 2015). This, to a large extent has contributed to the recent focus on social enterprise developments in developing economies.

In spite of the growing interest, social enterprise and entrepreneurship research still lags behind the practice in several developing and developed economies (Johnson, 2000). Discussions on the subject have mostly centred on the conceptualisation and policy needs required to create an enabling environments for such enterprises thrive. Notwithstanding, some efforts have focused

on understanding the types of social enterprises springing up in the social space, which has culminated into attempts to offer a description of the social enterprise landscape in Ghana for instance (British Council, 2015). Though their report (British Council, 2015) describes social enterprise relatively nascent sector, it has seen massive influx of firms, especially from the private sector, which may be suggestive of the need for policy to regulate and foster growth in the sector.

Several trends of social enterprise have emerged in the last decade, consequently contributing to the multiplicity of players and stakeholders in the sector (British Council, 2015). From a broader perspective, Social enterprise activities in Ghana span from institutionalised profit seeking organisations with social initiatives all the way to entities explicitly set out solely to pursue social goals and benefits (Kohonen, 2012). In recent times, the social enterprise landscape has witnessed a hybrid of social activities including partnership between public agencies and non-profit organisations, as well as collaborations between for-profit organisation and non-profit organisations. Consequently, the emergence of these trends has contributed to the difficulty with the conceptualisation of the term. Thus, finding a comprehensive and all-encompassing definition of the subjects has become a herculean task (Weerawardena & Sullivan Mort, 2006). This situation does not only necessitate a need for a common definition of the subject, but also calls for policy- decisions to streamline activities in the sector.

Some of the earliest forms of social enterprise organisations established in the Ghana include workers and occupational cooperatives (Kohonen, 2012). Most of which were mostly state formed co-operatives, instituted in the agricultural sector, with the Kuapa Kokoo farmers' cooperative being one of the most popular. Additionally, several credit unions, rural banks and

society security banks were established after the independence of Ghana, under the cooperative legal structure enacted in 1931 to service a social purpose (Tsekpo, 2008).

In recent times, several private enterprises are seeking to channel their resources to dealing with social impactful activities across of a myriad of sectors. Social enterprise firms are presently making strides in the educational, health, environmental and financial sectors, with firms such as Moringa Connect, Soronko solution and Child Research Resource Centre playing important roles in this respect. In addition to these social firms, commercial organisations (for profit organisations) are also partnering with donor and/or not-for profit firms to offer social value to deprived populations. As an emerging trend, these commercial organisations are establishing social wings of their firms, with the primary intention of providing social values through their projects. The socially focused wings are often solely or jointly funded by the commercial entity or/and supporting donor respectively.

Social enterprise development have been focused mainly on some few sectors, these include agricultural, environments, health, sustainable energy and educational sectors (Brine, 2006 Kohonen, 2012). More recently, some attention has been focused on the information communication technology and technology, as a whole (Kohonen, 2012). Again, some current studies have emphasized huge social enterprise opportunities in the telecentre industry, in Ghana and in other African nations (Meddie, n.d). Furthermore, though some example of social enterprises can be identified in the agriculture, environment, health and educational sectors, still scholars and practitioners agree that the social needs of these sectors are heavily under met (Kohonen, 2012).

With respect to geography, the economic disparity between the south and northern belts of Ghana, contributes to more than 80% of the social problems in these regions of the country (Darko & Atazona, 2013). These regions are faced with acute health changes, transportation difficulty, lack and inadequate infrastructural development, low level of education, high unemployment rates, and suffer immensely from the rural-urban drifts (Al-Hasan & Diao, 2007; Darko & Atazona, 2013). In this respect, though considerable amounts of social intervention have been directed towards these regions, still a great deal of social based interventions are required to bridge this gap. The region has special needs in the agricultural sector, protection of human right, health, educational sectors and sustainable energy sectors.

In conclusion, a comprehensive outlook of the social enterprise space in Ghana is highly inhibited by the limited availability of information on sector on the national level; diversity of conceptualisations; and the biases of methodologies used to identify social enterprises (biased by self-identification). Additionally, such an understanding of the sector (SE sector) is presently difficult to ascertain because of the lack of policy that would constitute a working legal and institutional framework for the sector.

SOCIAL ENTERPRISE ECOSYSTEM

Accounting to the burgeoning impact of social enterprises in developing and developed economies, the subject of social entrepreneurship have attracted attention from both researchers and practitioners alike (Borzaga & Defourny, 2004; Kerlin, 2006). In view of this, some attention have been given to assessing the mechanisms and tools that can be used to improve and stir such enterprises to reaching their full growth potential (Harding, 2004), in order to increase their impact in society. Consequently, scholars have suggested such tools as financial management; technology adoption; creativity and innovation as being at the crux of sustainable growth among social enterprises (Network, 2006; Leadbeater, 2007). Though scholars allude to the importance of understanding the social enterprises ecosystem (Borzaga & Defourny, 2004; Harding, 2004), very little attempts have been made to assess the actors, entities and elements that interplay to facilitate growth among social enterprises, especially in the context of developing nations.

An ecosystem illustrates the economic relationships existing between *actors, entities, and elements* whose functional goal is to enable venture creation, technology development and innovation (Spear, 2001; Defourny, Adam, & Callaghan, n.d; Paton, 2003). Several studies have been conducted in respect of this topic, to identify and assess the interplay of actors or entities in the social enterprise and SME space (Hazenbergh, Bajwa-Patel, Roy, Mazzei & Baglioni, 2016; Koltai, Mallet & Muspratt, 2013; Pan, 2014). Previous studies in the subject area have produced some consistent findings and have aided in revealing actors and elements across geographical and economic contexts (Shrivastava, 2015; Fukuda & Watanabe, 2008), important for social enterprise development. This notwithstanding, very little is known about the necessary constituents of the social enterprise ecosystem in Ghana and most developing economies, hence, the need for such a perspective to be attained.

Several different social enterprise ecosystems have been postulated by scholars and practitioners (Hazenberg et al., 2016). Some international organizations like the European Commission, S&R Foundation (SocEntCity.org), British Council and World Bank Group (SEED 2015) have sponsored a number of social enterprise ecosystem related studies across different geographical and economic contexts. For example, the European Commission sponsored an analysis of the SE ecosystem in several member countries, while the World Bank Group (SEED 2015) also sponsored some investigations into the SE ecosystem for seven (7) African nations (Kenya, Uganda, Tanzania, Rwanda, Malawi, South Africa and Zambia). The S&R foundation also assisted inquiries into the SE ecosystem of the SEs in the United States of America.

The S&R Foundation (2015) (SocEntCity.org) explains that the SE ecosystem of firms in the U.S is based on four broad pillars. These include *funding, quality of life, human capital and regulation and receptivity*. The European Commission SE mapping (2014) study also aggregates result from 29 member states that have some form of social enterprise activities on going in the country. The result reveals that six main SE ecosystem elements can interplay to foster SE development in the region. These include *certification system; legal framework; social investment markets; specialist business development services and support; networks and mutual support mechanism; and impact measurement and reporting systems*. Shrivastava's (2015) study of the African nations reveal the following ecosystem elements, *financing; information and networks; infrastructure and human capital; and policy regulation*. The table below summaries some of the parities identified in these studies.

The finding from most of these studies and other similar ones epitomizes the importance of a policy framework that can aid the legal recognition of social enterprises, as this fundamental to all its development. Additionally, these results also emphasize the importance of funding to the

business models of social enterprises, further suggesting the need for policies that encourages business support to social enterprise, provide exemptions as well as improve access to funds (Borzaga, 2009).

Though most of these studies were country specific, and may have economic and social characteristics that are different from that of Ghana's, the findings of these studies are however relevant to the present inquiry. For instance, in respect of the European SE ecosystem (European Commission SE mapping, 2014), most of the countries involved at the time of the research, were in the same place as Ghana is today. Countries like Austria, Cyprus and several others, as at 2014, had no explicit policy or legal framework for SE activities in their country. Additionally, though most of the African countries considered in Shrivastava's (2015) study had a more established social enterprise system relative to Ghana, several lessons can be drawn from their analysis considering that Ghana shares some sociocultural and economic point parity. Hence, the current study would adopt an aggregation of these ecosystem constituents in its assessment of the ecosystem in Ghana.

Table 1. Showing the SE Ecosystem Components of Selected Regions in the World

U.S SE Ecosystem	Europe SE Ecosystem	Africa SE Ecosystem	Point of Parity
<i>Funding</i>	<i>Certification system</i>	<i>Financing</i>	<ul style="list-style-type: none"> ● <i>Funding/financing</i> ● <i>Human capital</i> ● <i>Network</i> ● <i>Legal framework</i> ● <i>Business support services</i>
<i>Quality of life</i>	<i>Legal framework</i>	<i>Information and networks</i>	
<i>Human capital</i>	<i>Social investment markets</i>	<i>Infrastructure and human capital</i>	
<i>Regulation and receptivity</i>	<i>specialist business development services and support</i>	<i>policy regulation</i>	
	<i>networks and mutual support mechanism</i>		
	<i>impact measurement and reporting systems</i>		

In spite of the several similarities between these geographical contexts (shown in Table 1), there are still a few differences between these results. For example, only the European SE ecosystem considers an impact measurement and reporting system. Again, quality of life as an ecosystem of element is only captured by U.S SE ecosystem. Additionally, though similar terminologies are adopted in describing some of the ecosystem elements, some still differed in terms of conceptualization.

In this respect, in order to have a comprehensive assessment of the SE ecosystems of Ghana, an aggregation of these ecosystems elements from the three aforementioned studies were adopted. In this respect, findings from this study may produce some updates for SE ecosystems in Africa and reveal some new directions. The study focuses on these three SE ecosystem frameworks

because they offer the geographical and economical balance (developing and developed economies), required to produce a more probable view of the present and expected SE ecosystem in Ghana.

Methodology

The present study seeks to assess the social enterprises ecosystem in Ghana (developing nation context). In doing so, the study seeks to reveal the key actors or factors necessary for SE development. This is in an effort to inform and influence policy decisions in respect of the SE space in Ghana. It also seeks to reveal partners, facilitators and support organization that can play in the social enterprise space.

In view of this, the study adopted SE ecosystem elements three geographical identified in some international studies across 3 geographical context (America, Europe and Africa) and two economic contexts (developed and developing context). This allows the researchers to consider a broader spectrum of elements that may be necessary for social enterprise growth in Ghana. Nonetheless, the study does not consider this analysis as an exhaustive representation of the ecosystem elements in Ghana. Further and further study can employed to qualitatively assess the subject, in order explore some contextual factors.

The study considered 30 social entrepreneurs on the subject. Additionally, the number interviewed for the study is justified by Barlett, Kotrlik, & Higgins (2001) who explains that researchers adopting a survey approach must of a necessity consider a minimum 30-50 subject.

The study adopted a quantitative approach in the data collection and analysis. Thus, self-administrated survey questionnaires were adopted for the study. The survey approach was

used to affirm the elements present and anticipated in the SE ecosystem of Ghana. Additionally, it will ascertain the importance of these ecosystem constituent to social entrepreneurs in Ghana.

Informed consent

An informed consent waiver would be included in the data collection. All data were collected anonymously.

Research Protocol

A select number of thirty firms registered with SE Ghana members, were considered for the study. The survey is completely anonymous, in that, the participating SMEs are not required to provide any identifiable information.

Results

This section discusses the findings of the study. The findings were mainly illustrated in the form of frequency, percentages and tables. The study sought to identify the elements of the SE ecosystem that are present in the SE space. Additionally, the study also attempted to rank the ecosystem elements as “not important”, “important” and “very important”. The study considers 30 social enterprises. The first section of the result offers some information on the demographic profile of the respondents. The second part of the findings reveals the availability and non-availability of some of the elements social ecosystem in Ghana. The final section reveals how the respondents rank the importance of these social ecosystem elements to their development.

Demographic Information of SME owner-managers and businesses

In an attempt to offer a lucid description of the respondents for the current study, the researcher, in relation to the objectives of the study gathered some demographic information of the businesses as well as the owners of the social enterprises. This was done to allow the researcher contextualize the findings of the study to the type of social enterprises considered.

In view of this, the research considered the geographical location of the business as well as the gender of the respondents investigated. To this, the study found that most of the respondents had their businesses based in the capital region of Ghana (Greater Accra). Thus, more than two-thirds of the respondents were located in the Greater Accra region, while the remaining one-third were located in the Western, Ashanti, Eastern and Volta; with the Western Region dominating with three social enterprises.

Additionally, an assessment of the gender of the respondents revealed the dominance of males among the respondents considered. The gender ratio was approximately 5:1 in the favor of the males. Thus, the results suggest that out of every 5 social entrepreneurs, only one of them is likely to be a female. This is quite similar to the imbalance in SME ownership among the genders, and may be as a result of the existing male dominance in the sector (Domeher, Frimpong, & Mireku, 2014)

The study also attempted to investigate the presence or absence of some of the ecosystem elements in the Ghanaian social space. According to the respondents all the ecosystem elements adopted for the study were somehow present in the social space. However, some elements had

counts of “present” than the others. This may probably be because some of these elements are more visible to the respondents than others.

In order to aid the comprehension and conceptualization of the results, the research adopted the terms “insignificantly present”, “relatively present” and “very present” for elements that scored a “present score” between “1 and 9”, “10 and 19” and “20 and 30” respectively. Furthermore, the elements are illustrated on a canvass with the colour orange, green and blue signifying “insignificantly present”, “relatively present” and “very present” respectively.

The figure below illustrates the social enterprise elements in present and/or absent in Ghana.

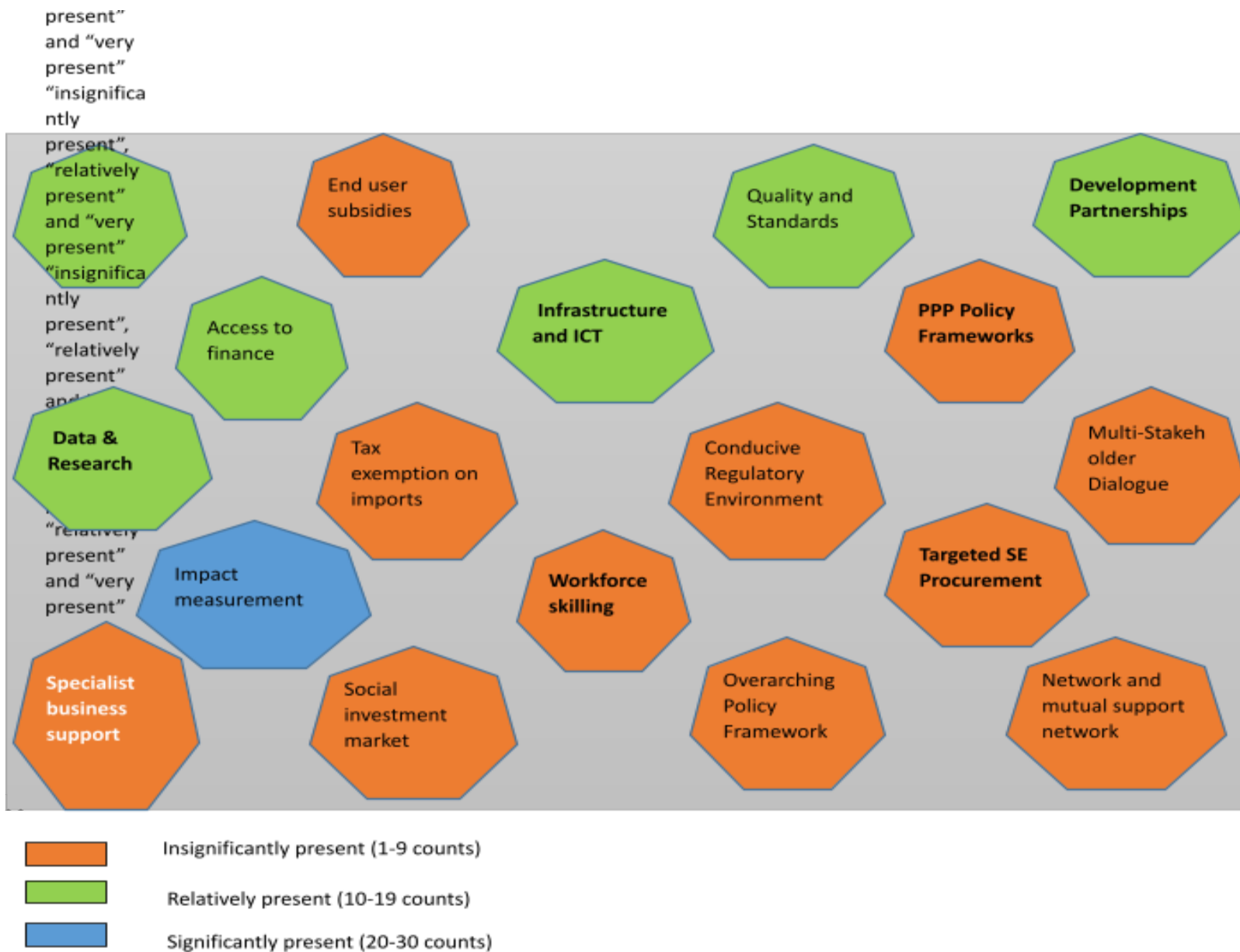


Figure 1. State of Social Enterprise Ecosystem in Ghana

The study identified seventeen ecosystem elements and assessed their presence or absence in the Ghanaian social enterprise space. To this end, the study found that only one of the elements “impact measurements” was explicitly present in the Ghanaian social space. Thus, social enterprises have a structure for assessing and monitoring the impact of their project, which are most of the time laid down procedures, impressed upon them by the financial partners.

Ten out of the seventeen ecosystem elements were specified as being insignificantly present in Ghanaian social space (See Fig 1). Chief of all, the respondents noted that there was no “overarching policy framework” to foster the activities of social enterprises in Ghana. Additionally, they also noted that the absence of a conducive regulatory environment as well as the lack of network and mutual support organizations for social enterprises.

The growth of social enterprises in Ghana is heavily stifled by the lack of specialist business support and the absence of a social investment market. The ecosystem also lacks the multi-stakeholder dialogues that could help identify innovative ways to foster growth among social enterprises in Ghana. Workforce skilling, PPP policy framework, targeted SE procurement and a tax exemption for imports number among the elements that are missing in the social enterprise ecosystem in Ghana.

The state of the social enterprise ecosystem in Ghana may be indicative of the rate of growth among social enterprises in Ghana. The absence of these elements has emerged as bottlenecks to the growth and expansion of social enterprise in most developing economies.

According to Shrivastava (2015), countries with no legal regulatory framework, PPP policy framework, infrastructure and ICT support, skilled workforce, research and data within their social enterprise ecosystem are described as having a “Nascent social enterprise sector”. The

study shows that the state of each of these SE ecosystem elements can be described by a maturity matrix. Thus, the elements can be described as “nascent (lowest), emerging, growing or mature (highest)”.

Considering the state of these SE ecosystem elements in Ghana, the country’s social enterprise sector can be described as a nascent sector, as most of the elements find themselves at this stage of the maturity matrix. According to Shrivastava (2015), countries like South Africa, Uganda, Kenya, Rwanda and Zambia have well advanced social enterprise ecosystems. Most of the ecosystem elements in these countries are migrating from emerging to growing on the maturity matrix.

In contrast to the situation in most developed economies, these ecosystem elements are advancing into the mature stage of the maturity matrix (European Commission SE mapping, 2014). For example, 92% of the respondents of the S&R Foundation (2014) study indicated that funding for social enterprise project was readily available, whereas 84% of the respondents also agreed that there was a good pool of talent for social enterprises in the United States.

Not important

Important

Very important

POLICY IMPLICATION OF THE STUDY

This research focused on identifying the social enterprise ecosystem elements in Ghana, and assessed their absence or presence in the Ghanaian social enterprise space. The study has immense implication for practice and academia, and hereby posits the following implications and recommendations:

- **The current study identified a low policy recognition of SEs. This was noted because of the absence of an overarching policy framework for social enterprise in Ghana. As a result, the growth and expansion of the social enterprise sector have been hampered. Considering the burgeoning state of social problems in Ghana, there is an urgent need for government and policy makers to enact policies that will foster the recognition of social enterprises. This is important because social enterprise has the potential to introduce innovative and sustainable solutions to solving most of the social problems that are not attractive for-profit private sector firms**
- **The study also found that existing legal forms do not fit social enterprise nature, thereby, this goes to hamper the formation of hybrid models. This goes to further stress the need for an overarching policy, as this will create room for a legal recognition of the legal form of social enterprise.**
- **As a result of the absence of the PPP policy framework, most of the PPPs have been focused on large scale infrastructure to the neglect of Bottom-of-the-Pyramid (BoP) service delivery. Policy must be enacted to foster such partnership, and to offer incentives by allowing some tax exemptions.**

Note: See Key for figure 1

Figure 2 Rating of social enterprise elements in Ghana

Figure 1 above illustrates the respondents rating of the ecosystem elements. Respondents were required to rank the element as either being “not important”; “important” or “very important”. The classification of the elements was done based on the respondents choice of which element is important. Thus, an element ranked very important if majority of the respondents indicated it as “very important”.

Additionally, the study wants to show the link between the availability of ecosystem elements (present or absent) and their rank. Thus, the research illustrated the absent ecosystem elements that are considered by the respondents as being “very important”, as well as those that are “not important”.

As demonstrated by figure 1 above, all the ecosystem elements that were indicated as being absent were rated as “important” and “very important”, except for the PPP policy framework. This shows that several important and essential elements can foster social enterprise growth and developments are missing in Ghana. Additionally, this result also goes to confirm the state of the social enterprise sector in Ghana, as a nascent sector compared to its counterpart in other developing economies like Rwanda, Uganda, Kenya and others (Shrivastava, 2015).

The only elements (impact measurement) that respondents considered present in the social enterprise ecosystem in Ghana, was also rated as being very important. This result is supported by similar results from some developed economics like the United Kingdom, Germany and Spain (European Commission SE mapping, 2014; Social Enterprise UK, 2015). Impact measurement is rated as a very important activity among social enterprise in these economies, especially because most of these social enterprises are funded/assisted by government, private donors and some external partners.

The respondents also indicated that a PPP policy framework, though absent from the ecosystem, is “not important”. This may be as a result of the respondents believes that a PPP policy framework is of little relevance presently because very few (insignificant numbers) or no collaboration have been carried among these parties. Hence, the current study is of the view that this perspective is subject to change, especially when social enterprise sector moves towards maturity.

Conclusion

The current study focused on assessing the state of the social enterprise in Ghana, as well as investigating the social enterprise ecosystem element present and absent within the countries social enterprise space. In connection to the result ascertained from the study, the research draws some relevant insight for growth of social enterprise activities in Ghana, and to influence policy action in respect of the sector. Thus, the study draws the following implication and recommendations:

Government and other social enterprise stakeholders must work to enact a policy framework that will guide the legal constitution of social enterprise, in order to provide legal recognition for such firms. Currently, social enterprise are not legally recognized as a form business in Ghana, forcing several of these entities to register as a company limited by guarantee. This form of registration to some extent does not foster the legal protection and recognition of social enterprise. Hence, has hindered several people from engaging in social businesses.

In order to create an environment that allows social enterprises to thrive, government must endeavor to create conducive enact special policies to the advantage of social enterprise. These

may include offering tax exemption to social enterprise imports, end user subsidies, creating a conducive regulatory framework for social enterprises, in addition to creating an overarching.

Additionally, the study suggests that effort should be made to establish network and mutual support groups, as such institutions are at the crux of social enterprise growth. Network and mutual support groups can culminate to the creation of strong collaborative partnerships among social enterprises, to better position them to take up and successful implement heavy duty projects.

The study also has implications for further and future studies in the field of study. Considering that the present inquiry adopted the quantitative approach, there is the need a qualitative enquiry that explore reason why some ecosystems are considered important and other not important. Again, a qualitative enquiry can also be focused on assessing elements that may not have been considered in the present inquiry.

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Appendix

Survey Questionnaire

The current study seeks to assess the SE ecosystem constituents in Ghana. The statements in the table below are listed elements of ecosystem from different settings (Africa, U.S and Europe). With respect to Survey 1, respondents are required to identify constituents present in the Ghanaian SE space. With regard to Survey 2, research participants are entreated rate the importance of these constituents to their dealings as social entrepreneurs.

Survey 1

Statements	Present	Not Present
Awareness Campaigns		
Data & Research		
Specialist business support		
Access to finance		
End user subsidies		
Tax exemption on imports		
Other financial incentives		
Infrastructure and ICT		
Workforce skilling		
Conducive Regulatory Environment		
Overarching Policy Framework		
Quality and Standards		
PPP Policy Frameworks		
Targeted SE Procurement		
Development Partnerships		
Multi-Stakeholder Dialogue		
Network and mutual support network		
Impact measurement		

Survey 2

Statements	Not important	Important	Very important
Awareness Campaigns			
Data & Research			
Specialist business support			
Access to finance			
End user subsidies			
Tax exemption on imports			
Other financial incentives			
Infrastructure and ICT			
Workforce skilling			
Conducive Regulatory Environment			
Overarching Policy Framework			
Quality and Standards			
PPP Policy Frameworks			
Targeted SE Procurement			
Development Partnerships			
Multi-Stakeholder Dialogue			
Network and mutual support network			
Impact measurement			

BEST PRACTICES AMONG SOCIAL ENTERPRISES IN GHANA

Several scholars attribute the recent hype of Social enterprises (SEs) activities to their huge potential to contribute to economic growth, via fostering social and financial inclusion to alleviate poverty (Shaw, 2004; Social Enterprise London, 2001). Social enterprises are considered as agents of change that have the potential to introduce strategic social innovation that can culminate to the creation of new industries, as well as open new niche markets. In developed economies like the UK, SEs are described as agents of economic recovery, as most of these countries are still recovering from the waves of the economic crisis across Europe and North America (Social Enterprise UK, 2015). In view of these several advantages, social enterprise scholars and practitioners hold as commonplace knowledge, the need to assess the best practices that can aid the actualisation of these expectations from social enterprise.

In view of this concern, scholars and practitioners alike, have sought to investigate the operational, strategic and policy level practices that are required to ensure SEs harness their full growth potential (Shaw, 2004). Thus, questions regarding best/good practices that SEs must of necessity adapt to aid their growth and development have been recently and frequently been asked.

Though no empirical consensus have been reached on the subject matter, some attempts have been made to offer some ideas on the best practices that ought to be adopted by social enterprises. Some studies have circuitously offered some insight to the subject area, whereas, other have directly assessed the best practices necessary for SE growth (Shaw, 2004; Social Enterprise UK, 2015; Co-operative Enterprise Council, 2014; Canadian Social Enterprise Guide, n.d). For example, though the chief aim of Social Enterprise UK (2015) was to investigate the

state of SEs in UK, some efforts were made indirectly to identify practices that have contributed to massive growth in the social enterprise space.

From an assessment of 1159 social entrepreneurs, Social Enterprise UK (2015) noted that the ability of social enterprise to attract new customers or clients is very essential for their growth and scaling. Additionally, the study also emphasized the importance of new product development and diversification to the success of social enterprises. Expanding into new geographical territories was also identified as one of the practices that yielded massive returns to social enterprises.

Among the very few studies that attempted to direct focus on the subject matter, the MESSE (2014) compilation of good practices in social enterprise for 10 European countries stands as one of the most comprehensive. The study focused on 9 developed countries including Germany, Greece, Hungary, Italy, Romania, Sweden, United Kingdom, Spain and Bulgaria. The study's prime aim was to identify good practices that have fostered social enterprise growth in these countries.

The research identified two main criteria for classifying a practice as a seemingly good practice. Thus, practices must either comply with one of the strategic or operational criteria. With regard to the strategic criteria, the practice was to support and promote social enterprise; strengthen the local economy; support structure and approaches that assist social enterprises; support innovation and partnerships (profit/not-for-profit) enabling social enterprises.

In respect of the operational criteria, practices were expected to achieve one or more of the following objectives; ensure legal/ financial inclusion; adaptation to new realities; ensure cross

sectorial working; ensure the creation of amenities for local people; foster educational opportunities and aid an effective financial crisis response.

According to the MESSE (2014) research, the Third Agreement for the Social Economy in Andalusia (Spain) and Crowd funding and social integration actions (Spain) were identified in the study as some good practices that have fostered social enterprise development. Again, establishment of the School of social economy (Spain) and the introduction of the Social Enterprise Network (Greece) were also classified as some examples of strategic practices in different countries that have fostered innovation and support the structures that assist social enterprises.

Their study identified that the creation of a co-operative for the management of public sport facilities (Spain); establishment of ceramic production centres for people with addictions (Hungary); creation of the Fair Kauf Department Store for the sale of second- hand good for the pursuit of social objectives (Germany) were all actions to promote employment and inclusion (by providing affordable goods to all citizens) respectively. Furthermore, the introduction of the Green Bridge- an organisation to address unemployment by promoting social entrepreneurship (Greece), is another example of operational practices that can foster employment, among others, adopted in the country.

In summary, the MESSE (2014) study identified as good practices, those practices undertaken by firms (internal practices) and/or government/ other external agencies (external practices) that foster and support the growth of social enterprise activities. The current study will adopt and adapt this approach in the analysis of the best practices of social enterprises in Ghana. This approach will offer a sense of the internal and external practices that foster growth of social enterprises in Ghana.

In addition to the aforementioned discussed studies, some related studies have circuitously investigated the best practices of social enterprises, especially with respect to developed economies. For example, Bull and Crompton (2006) assessed the business practice of social enterprise in the UK. This was a baseline study that attempted to understand the practices peculiar to social enterprises. Additionally, Bull (2007) focused on the development of a social enterprise performance analysis tool, while Seanor and Meaton (2008) also investigated the failure, ambiguity and trust in social enterprises. Thus, these two studies only emphasized how these practices should be assessed and how previous entrepreneurial failures and ambiguity in the social business sphere affect social enterprise performance.

Though the chief aim of the aforementioned studies was not to point out the best practices of social enterprises, and plainly illustrate the importance of establishing such best practices. They also agreed that such practices as networking (thus, small social enterprises ought to collaborate on activities to achieve massive social impact) were very essential to the growth of social enterprises. Additionally, their study asserts that social firms ought to embrace business logic and discourse to meet their social ambitions.

Methodology

The present study seeks to assess the best practices necessary for social enterprises development around the globe. In doing so, the study seeks to reveal the firm related practices (internal practices) and the government and non-governmental related practices (external practices) necessary for SE development. In this respect, the researchers seek to point out some examples of efforts that have contributed to massive social enterprise growth in different parts of the

world. By this, the current study seeks to reveal actions that governments and policy makers in developing economies like Ghana can learn from or imitate in their effort to foster social enterprise.

Firm related practices often include plausible management practices that ought to be adopted by social enterprise, whereas government /non-government related practices include external policy actions that can foster the growth and activate social enterprise in Ghana thereby, creating room for social enterprise to increase social impact.

The examples of good practices illustrated in table 1 were considered in the MESSE (2014) study of good practices of social enterprise across eight European countries. According to the MESSE (2014) study, a practice was considered good, if it adhered to the strategic and operational criteria used in the study. Thus, the practices will be considered as best practices, if they meet at least one of the following strategic or operational criteria:

Strategic

- Measures related to social enterprise that help to strengthen the local economy
- Policies that support and promote social enterprise
- Support structures and approaches that assist social enterprises
- Specific measures that support innovation in social enterprise
- Examples of public/private or profit/not-for-profit partnerships enabling social enterprise

Operational

- Legal/financial exclusion
- Creation or conservation of local employment
- Adaptation to new realities

- Cross sectorial working
- Enablement of social enterprise
- Amenities for local people
- Educational opportunities
- Financial crisis response

In addition to this analysis, the current study also grouped the best practices into internal and external practices, with internal practices referring to firm related practices, while external practices comprised government and external stakeholder related practices that support social enterprise growth.

Though the researchers agree this approach may be inadequate in assessing the best practices that may contribute to social enterprise development in developing economies like Ghana, it is clear that the social enterprise sector in Ghana (for example) is nascent and has very few tried and tested practices as well as experienced practitioners in the sector that can contribute on authority to this discussion. Additionally, the current study also suggests that a focus group discussion between key industry players in the near future could be a good approach to assess this topic.

Table 1: Summary of Good Practices Illustrated in MESSE (2014) Analysis of Nine Countries

GOOD PRACTICE/NAME OF PROJECT	DESCRIPTION OF PRACTICE	CHIEF AIM/PURPOSE	LOCATION/COUNTRY	INTERNAL/EXTERNAL
Third Agreement for the Social Economy in Andalusia	The agreement seeks to develop programs promoting entrepreneurial activity; develop an innovation strategy; develop a training program; investment incentives to support the innovation and competitiveness of the social economy enterprises.	This was a policy to support and promote social enterprise	Spain	Internal and external Practices/ Efforts
Crowd funding and Social Integration	The project supports social integration and uses crowd funding as one of the tools for expansion	This is a specific measure to support innovation in social enterprises	Spain	Internal and external structures
School of Social Economy	The School of Social Economy is in charge of training, research and development of the local social economy	This is a support structure and approach to assist social enterprises	Spain	External Supports
Social Enterprise Network	A national network of Social Co-operative Enterprises to promote the interests of Social Economy and Entrepreneurship. The network provides dissemination of information between its members and support services.	This is a support structure and approach to assist social enterprises	Greece	External Supports
Co-op Service	Co-op is an umbrella organization (co-operative) for 8 municipalities and 40 small scale businesses. The project assists in the launch of new social workers' co-operatives.	This is a support structure and approach to assist social enterprises	Sweden	Internal and External Supports
Agency for the Sustainability of Social Enterprises	The Agency facilitates and strengthens the synergies between for-profit enterprises, social enterprises and public entities by promoting new forms of collaboration between them and providing support services	This is a support structure and approach to assist social enterprises	Italy	External Supports
Co-operative Sierra de las Nievas	The group is a conglomerate of a number of co-operatives aiming to achieve the best exclusive products. Each of them specializes in a particular aspect of the industry. They form a common	This is a measure related to social enterprise that helps to strengthen the local economy	Spain	Internal Practice/ Efforts

	management body in charge of market strategies and expansion			
Co-operation Agreement to Expand Markets	SUPLA is an insertion company offering cleaning and support services for dependent people. Its workers are people at risk of exclusion. Workers are not only employed in the company, but also receive social support from it	This an examples of public/private or profit/not-for-profit partnership that enables social enterprise	Spain	Internal Practices/ Efforts
Reference Hospital “La Equina”	It is a social company made of specialist from several fields to provide service such as assisted reproductive programs, research on disease response and so on.	This was aimed at Creating and conserving employment	Spain	Internal Practices/ Efforts
From Corporation to Co-operation	The Co-operative provides employment for people with different types and degrees of disability. The firm produces plastic products, sewing works and marks on fabric.	This ensured rehabilitation and/or Labour Market Integration	Bulgaria	Internal Practices/ Efforts
Green Bridge	Green Bridge is a co-financed project that seeks to address unemployment by promoting social entrepreneurship.	Served as an enablement for social enterprise	Greece	Internal and External Practices/ Efforts
Creation of a Co-operative for the Management of Public Sport Facilities	As a result of the disuse of public sport facilities, a co-operative applied to manage the facilities in a way to bring about new uses of the premises, thereby enlarging the business and the benefits.	This was to ensure they provide and manage amenities for local people	Spain	Internal and External Practices/ Efforts
Resohelp	Resohelp counsels and supports delinquents, sentenced prisoners, ex-prisoners and their families to gain social rehabilitation and reintegration.	This was aimed at promoting social, financial and legal inclusion	Germany	Internal Practices/ Efforts

The table shows some examples of practical approaches that have been adopted in different settings to achieve and enhance social impact. These practices/projects to a large extent illustrate the need for social stakeholders to provide an enabling ecosystem that can allow social enterprises to thrive. Additionally, it also shows the possibility of collaborative activities between social enterprises, government, non-government organizations, as well as points out the need to create networking opportunities.

The chief characteristic of social practices that were considered as good practices in the study was their ability to bring about sustainable social impact. Majority of the projects/practices adopt business models that foster profit making, and allow reducing their dependency on grants, donation and government supports.

Though some of these examples may not be common in Ghanaian social space, the criteria upon which the practices were determined as best practices may be helpful even in the Ghanaian context. Additionally, the researcher believe that these examples were worth considering because when such practices are imitated and contextualized in Ghana, they are likely to produce the same successful effect it has created in other regions. Hence, this approach is adopted in assessing the best practices of social enterprises in Ghana.

Conclusion

The analysis postulated in the present study reveals the good practices that have been adopted in different regions of the world, in the social enterprise space. In addition to the commercial opportunities, the present of state of the world leaves it with us with a lot of social needs that to tackle. Though some efforts have been advanced to deal with these social issues, scholars and

practitioners agree that these efforts have not attained their full potential yet. This has erupted several discussions on the practices can help these social enterprise attain their full potential and increase their impact on the community.

The current study illustrate some examples of good practices that have fostered social enterprise growth in some regions, as well as practices that have had massive impact on their societies. In this respect of this study, the current research draws inferences and proffer recommendations as to the kind of practices that foster social enterprise activities in developing economies like Ghana. The following are recommendations implied from the study:

Social enterprise networks have been identified as one of the important practices that can foster social enterprise growth. Several evidence exists to support the benefits that individual firms derive from participating in networks. Such networks open opportunities for social enterprises to share information; improve innovativeness and collaborate in tackling social issues. Governments, interested non-government organization and development partners can promote such platforms by offering the needed financial supports. Additionally, individual firms can be pulled into participating in networking opportunities by offering incentive for their involvement-for example access to funds.

Considering that access to funds remaining one of the major constraints of social enterprise around the world, it is important for internal and external structures that foster a firm's chances of accessing funds to be considered. It is important for government and policy makers to enact policies that can create favorable environments for financing models like crowd-funding to thrive. Additionally, firm level actions like embracing online commerce among micro-businesses and social enterprise should be encourage, as this is a major financing option for these firms. Thus, some efforts must be made by external and internal agents to promote the integration of crowd-funding in social enterprises and micro-businesses in Ghana.

This can be achieved by organizing conferences and sharing information that will open these firms up to the opportunities presented in adopting these model of financing. Additionally, from the policy perspective, specific policies to promote crowd-funding can enacted-for example enacting laws to reduce or eliminate taxes and/or charges on finances generated via this crowd-funding mediums.

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CROWDFUNDING AMONG SOCIAL ENTERPRISE

Introduction

Crowd-funding is broadly described by a plethora of scholars as the collection of small amounts of money, obtained from a large pool of individuals or organisations, with the prime objective of funding project, personal loan, and/or any other need through an online web-based platform (Ibrahim, 2012; Stemler, 2013). Increased globalisation and connectivity in recent times, have contributed to the popularity of this system of assessing funds, which has been ferociously enhanced through the use of technology and other instruments (Surowiecki, 2005; O’Rielly, 2007).

Though not a popular means of sourcing funds for most non-governmental agencies (NGO’s) within developing economies, Crowd-funding is gradually gaining some fame among in these regions. In most developed economies, crowd funding stands as one of the most flexible tools available to NGO’s that seek to raise funds (Kirby & Worner, 2014). The system has gained this recognition because the conducive regulatory environment, which has been made possible by the availability of empirical evidence in the subject areas (Kirby & Worner, 2014; Mollick, 2014). In order for developing economies to harness the full potential of crowd-funding, there is need to follow the example of creating a conducive regulatory environment for the funding model. This would require scholars and practitioners to focus some research to understand the factors that may play significant roles in system.

In this respect, the current study seeks a general understanding of crowd-funding activities around the world and attempts to draw lesson that can be adopted to create a conducive environment for crowd-funding in developing economies like Ghana, in order to foster social enterprise growth.

Though, a considerable amount of literature exist with regard to the subject matter, especially with regard to developed economies (Belleflamme, Lambert, & Schwienbacher, 2011; Bradford, 2012), a paucity of scholars have focused efforts on assessing crowd-funding activities in a developing economies (Elkuch, Brunner & Marxt, 2013). Which is mainly because such practices have not been very popular in such countries in the last decade (Mollick, 2014) .In this respect, there is a need for scholars to attempt to provide some evidence on the practice among countries in this category. This is especially important because the creation of policy and regulatory frameworks will depend on such evidence.

According to some scholars, one prime reason for the emergence of crowd-funding as an important source of fund for Non-commercial organisations and social enterprises is the plummeting rate of bank loans offered to non-financial corporations around the world (Bloomberg, 2014a; 2014b). For example, in Western Europe, access to bank loan for non-financial corporations was reducing to its lowest in history of the continent. This and many other reasons necessitated actions to create alternative sources of funds for non-financial/ non-commercial corporations like NGO's, social enterprises and not-for-profits organisations (Schwienbacher & Larralde, 2010).

In spite of its peculiar limitations and regulatory challenges, crowd-funding as an alternative source of funds for social enterprises and NGO's, according to some scholars, have lived to its expectation (Mollick, 2014). This fundraising system has proven to have massive potential for generating huge sums from donors all over the world, with very little complexity and complications, compared to other means of raising funds (Schwienbacher & Larralde, 2010). For example, though the rate of failed crowd-funding projects is higher, 23,719 crowd funding projects have successfully received the needed funds they need to finance their projects in the United States (representing 48.1% of the total projects).

Factors contributing the rapid rise of Crowd Funding

Scholars consider the crowd-funding model as a relatively nascent fund raising model. According to these scholars, the concept first became popular in the United Kingdom (UK) in 2006, spread to the United States in 2007, and was in full swing in China in 2009 (Farnish, 2013; Xiaoxiao & Lu, 2013). Since its inception, the model has been growing rapidly and gaining relevance in many parts of the world. This, according to Kirby and Worner (2014) has resulted from two main factors, namely: (1) technological innovation and (2) financial crisis in previous years.

Technological advancement makes crowd-funding viable

Crowd-funding emerged as a viable option for fund raising for most social enterprise and non-profit organisation because of the invention of some specific technologies. As indicated by some scholars, the model first became popular in the UK upon the invention of the Web 2.0 application on the internet. This technology (Web 2.0 application) allowed users of the internet to also participate in the creation of content hosted on websites. Thus, the software system enables a two-end participation and creation, that is, creation of content by websites hosts and users. Some example of this kind of software is Wikipedia, Tonaton, and EBay, just to mention a few.

This technological advancement provided the impetus for the introduction of the peer-to-peer lending and equity crowd-funding systems (Chaffee & Rapp, 2012). Crowd-funding since its inception has provided a more efficient and cost effective means of raising funds. The online aspect reduces cost and makes it more convenient for borrower/issuer and lender/investor. In addition, this financing model has a burgeoning potential of drawing contribution from different parts of the globe. Thus, this model of fund raising (crowd-funding) has not geographical boundaries.

Financial crisis

The second factor that has contributed to the establishment and growth of crowd-funding around the globe is the recent financial crisis. In 2008, the financial crisis resulted in the failure and closure of several banks, as well as a general downturn in economic and commercial activities (Frezza, 2013). This situation adversely affected the donation and lending of funds to social and commercial projects. As a result, innovative methods of raising funds were required to push social goals/projects. This eventually culminated to the introduction of crowd-funding model (IOSCO, 2013). Crowd-Funding allows a large number of contributors to lend or donate small amounts of money to a project via an online platform.

The aforementioned factors are also prevalent in Ghana, further suggesting some opportunities for this model of funding to be established and strengthened in Ghana. Given scholars and practitioners have affirmed the increase in adoption of e-business platforms in Ghana (Hinson & Sorensen, 2006), the current researchers suggest that Ghana may also be well positioned for high growths and income from the crowd-funding model. Additionally, the adverse effect of the financial crisis in 2008 was also seen among developing economies like Ghana (Massa & te Velde, 2008), in form of decreased access to finance, inflation and so on. The presence of these factors position Ghana for a take-off with the crowd-funding model.

Types of Crowd Funding

Scholars group crowd-funding according to four main categories, namely, (1) social lending or donation crowd-funding, (2) reward crowd-funding, (3) peer-to-peer lending and (4) equity crowd-funding (Pierrakis & Collins, 2013). These four types are further categorised into two broad forms, namely “community crowd-funding” and “financial return crowd-funding”.

Community Crowd-funding

Community crowd-funding comprises *social lending/donation and reward crowd-funding models*. These include fundraising for charitable causes or pre-paying for a product from a business. Community crowd-funding are not meant to produce any form of financial yield or return on investment. Social lending/donation and reward crowd-funding models are internet based fundraising approaches.

Financial Return (FR) Crowd-funding

Financial Return Crowd-funding includes *peer-to-peer lending and equity crowd-funding*, which are both internet based. Peer-to-peer lending can be described as an online platform that attempts to match lenders/investors with respective borrowers/issuers for the provision of unsecured loans. This type of crowd funding model is the most popular FR crowd-funding markets. With respect to this model, the lenders provide fragments (loan parts) of the overall financial loan required by the borrowers (FSA, 2012). According to Verstein (2012), the peer-to-peer lending often focuses on niche markets, and includes, but is not limited to platforms focused on transaction in real estate financing, venture capital, business-to-business, graduate financing, and technological start-ups.

Equity crowd-funding has some similarities with the peer-to-peer lending, as both of them are online platforms that allows individuals to invest in businesses via the platform. However, with regard to equity crowd-funding model, investors seek to have a stake in the business, rather than lend to the issuers. Majority of the businesses considered for equity crowd-funding are often early stage start-ups, with little or no access to funds. Another difference between equity crowd-funding and peer-to-peer lending is that investors that prefer equity crowd-funding often bore a greater risk compared to their counterparts (Chaffee & Rapp, 2012). It is generally agreed that equity

crowd-funding holds a 50% chance of producing the desired returns to the investors. This is because start-ups are 50% more likely to fold up in the first 5 years of their existence (Kirby & Worner, 2014).

In most developed economies like the United Kingdom and Germany, almost all of these types of crowd-funding are well represented and used by the social institutions and non-profit organisations (Aschenbeck-Florange, Blair, Beltran, Garcia, Nagel, Piattelli & Quintavalla, 2013). Nonetheless, a cursory observation of the situation in most developing economies reveals that most social enterprises and non-profit organisations are more leaned towards community crowd-funding rather financial crowd-funding. This may also be because most non-profit organisations and social enterprises have stable sources of income to service financial loans. These institutions rely more on grants and donation from donors to achieve their social goal.

This goes to suggest that, policies focused on fostering crowd-funding in developing economies should be concentrated on how the model can be used to access grants and donations, rather than financial loans etc.

State of crowd-funding in Ghana-The Way Forward

Though some contemporary scholars believe that crowd-funding is new and under-utilised in most developing and under-developed economies, other empirical evidence have proven that the concept has existed in unconventional forms in some of these regions. For example, Zhang (2013) notes the “Susu” business in Ghana as one example of the crowd-funding model in the past, though these models were not situated on internet platforms. Again, Zhang explains that the “Susu” business was initially established to help impoverished and underprivileged borrowers, with no collateral, to have access to credit. According to the study,

interested individuals organised themselves on a microloan platform, in order to directly lend and borrow money to themselves.

From this perspective, the concept of crowd-funding is not very new in Ghana, contrary to the view of several scholars who view it as new to most developing economies. However, the advent of the internet and online platforms in facilitating this matching process and organisation has introduced new perspectives to crowd-funding (Nance-Nash, 2011). This innovation was aided by the invention of the web 2.0 platforms, which allows both borrowers and lenders to create content.

The introduction of the internet and online platforms has massively increased the potential of the crowd-funding model. For example, it fostered easy and quick matching of borrowers and lenders and also helped to efficiently organise lenders and borrowers (Agrawal, Catalini, & Goldfarb, 2011). In 2013, scholars estimated that given the adoption of the internet in the crowding funding model, it was expected to produce returns equal around \$5 billion (Nance-Nash, 2011).

In Ghana, efforts migrate of Susu and other business with potential to excel on online and internet systems have been very dawdling. Again, not many of the existing platforms have been used to finance commercial activities and humanitarian projects. Hence, crowd-funding in this respect has not been of much benefit to social enterprises. Some of the challenges that could have contributed to this situation are the lack of investment in micro-lending technology and little government attention on the microloan market. Previous studies suggest that micro-lending and Susu businesses are at the crux of crowd-funding development (Allison, Davis, Short & Webb, 2015), hence policy makers should consider making policies that can encourage these businesses to consider re-engineering their businesses to incorporate this model of funding.

The crowd-funding model has been identified as being at the crux of small scale and nascent entrepreneurship development in developing economies (Allison, Davis, Short & Webb, 2015). Thus, the posture that government and policy makers in developing economies adopt towards crowd-funding has the potential to impact entrepreneurial activities in these regions. Crowd-funding has been identified to be particularly important for entrepreneurial activities undertaken by social, women and micro-business entrepreneurship, just to mention a few (Zhang & Liu, 2012). Thus, any efforts to develop these categories of entrepreneurial activities must start with developing crowd-funding.

In conclusion, considering that SMEs are described as the engine of economic growth in Ghana (Robson, Haugh & Obeng, 2009; Kayanula & Quartey, 2000), and social enterprises as mainstay players in adopting innovative models to social problems. The current research recommends that policy makers and government ought to consider focusing some attention on crowd-funding in Ghana. Thus, to consider enacting policies that can foster the growth of crowd-funding in order to support social enterprises and other non-profit organisation that play active roles in solving social menaces.

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