

Exploring Religious Networks for Sustainable Entrepreneurship and Economic Development in Nigeria: Conceptual analysis

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ABSTRACT

The role of personal and professional networks in the practice of entrepreneurship is a well-established and much researched area. However little is actually known about the roles played by religious networks in Nigeria in the promotion of entrepreneurship. This paper seeks to offer an overview of the potential of harnessing religious networks for improved entrepreneurial performance and to develop conceptual framework for future research. After synthesizing literature from economics, management and entrepreneurship, the paper concludes that if properly harnessed, religious networks in Nigeria can positively impact on entrepreneurship development. Implications of these findings for theory and practice are discussed and recommendations for future research outlined.

INTRODUCTION

What determine or create entrepreneurship has been globally researched and documented in literature (Setyawati, Shariff and Saud 2011; Minniti, 2010). Consequent upon this, the concern of policy makers and scholars now is what makes a successful entrepreneur (Peprah, 2013). It is in this regard that research on the role of social networks in the practice of entrepreneurship is attracting growing attention in recent years (Dana, 2009; Tong, 2005; Duanmua and Guney, 2013; Adamu and Adah, 2014; Adah and Adamu, 2014). This is in view of its salient positive impact on economic and business outcomes. Networks refer to the inter-personal linkages that make up social life. Networking may be conducted indifferent contexts as in job, social life, religious, political set ups as well as many in life situations. In enterprise, networking is studied excessively for its role in supporting entrepreneurial success (Lechner, Dowling & Welp, 2005). Most specifically, in a business management context, networks are sometimes seen as a key element of the social resources (or social capital) which small businesses are able to exploit in order to overcome some of their size-related resource constraints (Starr and Macmillan, 1990; Shaw and Conway, 2000). The network analysis approach to entrepreneurship emphasizes that entrepreneurs are embedded in a network of personal relationships which influence their actions (Hansen, 1995).

In all environments, entrepreneurs must build reputation-enhancing relationships with outside resource providers who are willing to share valuable information, technology, and finance. According to Peprah (2013), networking with others is carried out because the entrepreneurs mostly depend on the information, raw materials, technology or knowledge, in order to make their enterprises continuously develop and be acceptable to societies. In this regard entrepreneurs use their own informal business and personal networks to establish new firms or expand existing businesses. For example, social network contacts are the most needed by new and small businesses to overcome their difficulties in getting suppliers and customers at the early stage of business formation. As such, sustainable entrepreneurship demands that entrepreneurs use networking as a means of building social capital. Hence comprehensive explanations of entrepreneurship must include the social relationships through which people obtain information, resources and social support (Aldrich and Zimmer, 1986).

Networks could be religious, ethnic, political, financial, technical or business. One of the contacts which affect entrepreneurial performance positively is religious networks, promoted by adherence to particular beliefs and practices. Religious networks are found in religious organizations to bring people together. The main objective of religious networks is to ensure that religious group members come together to achieve a particular religious objectives (Peprah, 2013). However, religious network not only reinforces the behavioural norms of the faith, but also provides a primary source of contacts for the individual (Dana, 2009).

Despite the potential benefits of religious networks identified above, in the literature of the Nigerian entrepreneurship much seem not have been discussed on the issue especially with regard to how they contribute to sustainable entrepreneurship. This is despite the high religiosity found to exist among African entrepreneurs (Benzing and Chu, 2009; Bowditch, 1999; Hayes and Robinson, 2010). Drawing from the above background the thrust of this paper is to give a conceptual account of the contributions of religious networking to sustainable entrepreneurship and economic development. In this regard the paper answers one key research questions: does religious networking influence access to social capital to entrepreneurs? On account of this, a conceptual framework would be proposed to guide future research direction. By so doing this study contributes to the inadequate literature on the subject matter in the Nigerian context thereby narrowing the exiting research gap.

Religious Networks and Social Capital

Bourdieu (1985) was one of the first to use the term social capital contrasting it with economic and cultural capital. Pennington and Rydin (2000) have offered a working definition of social capital which includes levels of trust, the extent of networks, the density of relationships within networks, knowledge

of relationships, obligations and expectations about relationships, leading to reciprocity, forms of local knowledge, operating norms and existence and use of sanctions to punish free riding.

Hatala (2007) has recognized the need and the ability to access social capital as an important component toward mobility, both personally and professionally. Whether it is for the purpose of finding a job, starting a business or seeking a promotion, accessing network resources represents the needed advantage to achieving success through networking.

Previous studies have identified entrepreneurial factors that contribute to the success of entrepreneurs. For example, Markman and Baron (2003) propose that a successful entrepreneur must possess outstanding qualities such as high self-efficacy, opportunity recognition, perseverance and social skills. In the face of global financial meltdown the ability to network contribute to finance acquisition (Peprah, 2013).

Furthermore, entrepreneurship requires information resources to start business activities. While they hold some of these resources themselves, they often complement their resources by making other contacts. These contacts create social capital which serves as a necessary and sufficient condition for successful entrepreneurship. As network is deepened, one comes in contact with a number of people to discuss business ideas (Renzulli, Aldrich & Moody, 2000). Network enhances access to capital for setting up businesses and also for business top-up capital.

Most specifically, religious networks were also found to be important source of social capital. One hypothesis is that religious networks could facilitate connections between sellers and buyers, prompting consumers to view producers as part of their community, thus increasing a sense of responsibility and fairness due them (Reynolds, 2013). Similarly, as Jaffee (2007) noted, religious groups were central in the United States and Europe in initially trying to establish alternative markets for disadvantaged or marginalized producers to sell goods. Such church activity, he argues, helped alternative trade as a movement to develop. Furthermore, religious communities have been recognized for the strength of their networks. As transnational communities, they have been found to provide a sense of personal relationships to people living across borders, and they connect people across borders because of their global nature (Lechner and Boli 2005).

In line with this contention, it is argued that religious beliefs and practices may be an important source of various types of capital for entrepreneurs through the networks and interactions fostered (De Noble, Galbraith, Singh and Stiles, 2007; Putnam, 2000; Kwon, 1997). Such capital include economic (goods and service, and financial support), social (companionship and comfort) and spiritual. For instance, Kwon (1997) found that churches with highly developed structural linkages through cell group evangelical ministries facilitated business contacts between Korean parishioners.

Similarly, in his study of 227 Muslims entrepreneurs in London to see the relationship between cultural attributes and entrepreneurial behaviour, Altinay (2008) found a strong relationship between religion and advice-seeking practices. He found that Muslims who practice their religion rely more on advice from co-ethnics on issues relating to their entrepreneurial pursuits. Dana (2006) also observed that co-religionists facilitated the dissemination of knowledge and availability of finance among themselves as was the case with the Jewish cattle dealers who relied heavily on other Jews for financing. He noted too that an individual was given assistance by other merchants when in a state of financial stress or in the event of bankruptcy. Furthermore, Galbraith (2004) found that traditional, well-established Catholic congregations are instrumental to transferring both financial and intellectual capital to these newly arrived Hispanic entrepreneurs in North Carolina. Again, it was also found that the transaction costs of intra-sect exchange can be reduced through social networks and religious affiliation (Galbraith, Stiles and Benitez-Bertheau, 2004). The authors further averred that such networks also enhance social capital and formation of economic 'clubs.'

Religious Networks, Social Capital and Sustainable Entrepreneurship

Numerous research done found that networking provided many benefits and encourages success of an enterprise. Hite and Hesterly (2001) in their research found that networking increases profit from investment and access to growth, particularly for new founded companies and made dynamic relationship to these companies. In a similar vein, Setyawati et al. (2011) studied what makes successful entrepreneurs in Indonesia; they observed that networking is an important factor for developing a successful entrepreneurship. In another study by Lechner, Dowling & Welppe (2005) networking is strongly needed to develop entrepreneurial capabilities since networking enhance learning.

Furthermore, it was suggested that the entrepreneurial spirit of evangelical religious sects may also contribute to economic achievement among their immigrant members (Galbraith, 2004; Martes and Rodriguez, 2004; Champion, 2003). For instance, Galbraith (2004) found that economic performance of newly arrived Hispanic immigrant entrepreneurs in North Carolina who were members of the church was enhanced through religiosity (measured by church attendance).

Religious Networks and Economic Development

The importance of networks in society cannot be overemphasized as a result of its role in developing the private sector in contributing to gross domestic product (GDP), employment creation, and raising income levels through its spill-over effects (Peprah, 2013). An entrepreneur's network position reveals its ability to access external information and knowledge. This knowledge is transformed

into production of new products and improving upon existing ones. By occupying a central position in the network, a firm is likely to access desired strategic resources including finance, knowledge and skills. Such resources will again fuel the enterprise's production activities by providing the external information necessary to generate new ideas. The theory of economic development as proposed by Schumpeter (1947) indicates that, for development to occur there have to be new innovations. These innovations produce supernormal profits in the economic sense for further investment. Once the new innovation becomes successful and profitable, other entrepreneurs follow it. Since investment is assumed to be financed by creation of bank credit, it increases money incomes and prices to help to create a cumulative expansion throughout the economy.

Although the above discussion painted a beautiful picture of the effect of religious network on entrepreneurial performance, the relationship is not as simple as it may appear. Some words of caution need to be taken into cognizance. For instance, Woolcock (1998) warns of the limitations of certain networks based on close ties such as those found among certain ethnic or religious groups. This he sees as being characterised by an excess of community built on such fierce loyalties and familial attachments that members are discouraged from advancing economically, moving geographically, and engaging in amicable dispute resolution with outsiders. Members of such communities may therefore be restricted in participating in wider networks because of obligations.

Hatala (2007) argues that it is not just networking per se that matters but the individual's position within the network. The implication is that an individual's social position within a network may help to determine the utility of the network itself. What happens when a person's position within a network is not favourable? It is inferred from the latter that is a person's position in a network is not strong; even though the network will be there it cannot be used effectively and efficiently to achieve desired results.

Furthermore, research had shown that heavy reliance on ethnic/religious network may hinder economic performance by limiting access to a wider range of business-related ideas and constrain the ability of producers to respond to 'exogenous developments' (Annen, 2003; Knorringa and van Staveren, 2006; Nooteboom, 2007). In addition Ali and Peerlings (2011) averred that exclusive social network based on religious or ethnic ties may also impact the performance of entrepreneurs negatively either through limited flows of new business related ideas or manipulative power structure on the side of traders who can take advantage of their control over market information with consequent loss in profit.

Conceptual Framework

One important theory that underpins this study is the social network theory. According Boudourides (2004) social network theory is a social science concept that discusses the connection and relationship in a social structure. The

theory attempts to find something that might connect people in their group or communities. Similarly the study is also supported by the literature which theorized positive relationship between religious network, social capital and sustainable entrepreneurship (Dana, 2009; De Noble et al, 2007; Minns and Rizov, 2005; Peprah, 2013; Galbraith et al. 2004). Drawing from the above discussion the present study proposes a conceptual frame work to illustrate the theoretical relationship between dimensions of religious networks and business performance. Figure 1 below depicts the proposed model and the key relationships formulated for further research.

Social Capital Dimensions

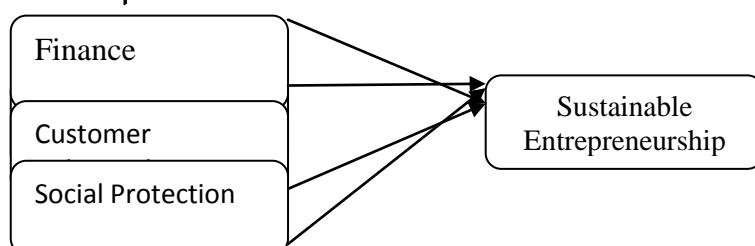


Figure 2: Conceptual model

CONCLUSION AND FUTURE RESEARCH DIRECTION

Based on extensive review of literature, the evidence generated by this study supports the conclusion that when effectively harnessed, religious network can serve as a potential vehicle for improved entrepreneurial performance and consequently sustainable entrepreneurship. However, the conclusion of this research remains tentative in the Nigerian context until empirical investigation is carried out. Thus, an important agenda for future researchers would be to undertake empirical study in order to validate the model developed by this study.

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